SID

EAST AFRICAN SCENARIOS PROJECT
RESEARCH COMPENDIUM

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The Society for International Development

The Society for International Development (SID) is an international non-governmental network of individuals and organizations founded in 1957 to promote social justice and foster democratic participation. Through locally driven international programmes and activities, SID strengthens collective empowerment and facilitates dialogue and knowledge-sharing worldwide. In addressing issues from a multi-disciplinary perspective the Society emphasises systemic and long-term approaches with a central focus on institutional and social transformation. SID has over 55 chapters, 50 institutional and 3,000 members in 125 countries. Its secretariat is located in Rome, Italy and it operates a Regional Office for Eastern Africa based in Nairobi, Kenya.

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THE EAST AFRICAN SCENARIOS PROJECT

The East African Scenarios Project is a response to the rapid political, economic and social changes taking place in East Africa and globally, which have created significant uncertainty for leaders, decision-makers and citizens.

Initiated by the Society for International Development, the project takes advantage of the opportunities emerging as a result of economic liberalisation and the gradual expansion of political space in region to understand the forces shaping these changes and their implications for the future. The Project thus proposes new ways through which leaders and citizens can interrogate the past and present through the lens of the future. It will catalyse and promote dialogue between the decision-makers and the citizens about the future of their countries and the region, and what the roles of both might be in shaping or responding to these changes as they unfold.

The East African Scenarios Project shall produce the following major outputs: a series of Annual *State of East Africa Reports*, this *East African Scenarios Research Compendium* containing 10 research papers unravelling the trends, patterns and driving forces in four thematic areas that were identified as being critical to understanding the region's future, and the *East African Scenarios Stories* describing the potential futures facing the region.

These publications, and the conversations they shall catalyse, will inform and help politicians, technocrats, business, civil society leaders and citizens to think critically about the futures they might have to face, and to test how they would respond to situations that they might encounter.

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ABOUT THE RESEARCH COMPENDIUM

This Compendium presents the output of a research process which started at the very beginning of the East African Scenarios Project in February 2005 when a group of 40 East Africans met to brainstorm, identify and discuss the major challenges and opportunities facing the region as it sought to consolidate and expand economic, social and ultimately political integration through the East African Community.

It was quickly apparent that the diversity of histories, contexts, problems and experiences that individual East African countries had gone through were fundamental to an understanding of the motivation - official and popular - for regional integration. It was also clear that an understanding of the prospects for successful regional integration, and more broadly, the future welfare of East Africa's people required deeper research and reflection on the nature, status and underlying forces shaping the East African region.

The following four major thematic areas emerged as a neat way to organise this reflection:

1.   The People of East Africa (origins and identities)
2.   Institutions
3.   The Regional Economy
4.   East Africa and the World

This Research Compendium compiles ten research papers commissioned by the Society for International Development and written by East Africans from academia, policy analysis and civil society. The papers went through two peer review sessions in Nairobi and Arusha and an iterative process of discussion and correspondence between the authors and project management team. An overview of each chapter is provided below.

OVERVIEW OF THE CHAPTERS

The People of East Africa

In the opening chapter, *East Africa: one identity or multiple identities?* Adams Oloo argues that a meaningful political federation will require an East African identity to be developed and nurtured. He shows that East Africans' multiple identities, expressed through ethnicity, religion, nationalism and race, are growing stronger and may inhibit the establishment of such an identity.

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Godfrey Chesang explores *Migration in East Africa: past present and prognosis* and contends that migration and society are mutually constitutive, with migration shaping the dynamics that underpin society. The chapter assess the impact of migration on the state, society and economy and its contribution to the informalization of economic and political activity, the deterioration of the state through marginalisation, criminalization and subversion and the emergence of differentiated micro-political regimes in areas of migrant concentrations. It concludes by asserting that due to porous borders, economic interdependence, cultural proximity, geographic contiguity and common political and historical trajectories, migration in East Africa is a norm rather than an aberration and wonders why therefore, national immigration policies remain so restrictionist and nationally exclusive.

Institutions

Jacob Akech unpacks the assumptions underlying regionalism and regional integration in his chapter, *The East African Community: miracle or mirage?* He reviews the two EAC eras in order to explore the reasons behind this revival and the ideological currents underlying the previous and present moves towards regionalism. In examining the key assumptions of the proponents of the present drive towards regionalism: market size, development, regional conflict and political stability; he also seeks to draw lessons from other regional schemes. Finally, using a game-theoretic framework, it examines the historical circumstances under which regional integration, or ultimately a federation, are likely to be founded, and whether or not such a body will be successful. The conclusions are challenging: that interdependence, however defined, is not reason enough to lead to regional integration, and that the security logic, one in which a group of discrete states have a clear collective conception of the enemy, recognise the inadequacy of their

individual capacity for self-defence and the strategic imperative for cooperation to survive is a more powerful motivator.

In his *Institutional Analysis of The East African Community: some initial reflections*, Don Deya takes an analytical tour through the history, evolution and composition of the institutional framework of East African Community in five phases, from its initial conception in the late nineteenth century until modern times. He compares the institutional outlay of the first Community, which collapsed in 1977, with the second one, which was revived in the 1990s, and concludes with some proposals for institutional strengthening and reform.

Professor Gingyera-Pincywa asks, in *Governance and regional integration in East Africa*, whether present attempts at regional integration will last or fizzle out like earlier efforts. His analysis takes stock of existing arrangements for governance in East Africa and the political values or ideologies underpinning them, assessing their capacity for transition towards scenarios considered relevant for integration. He concludes by acknowledging that some progress toward good governance has been made across the region since the 1990s, although significant inter-country variations remain to challenge the transition from regional cooperation to political federation.

Regional Economy

In *Economic policy and performance in East Africa*, Eyakuze and Gitau survey the economic policy and performance landscape of Tanzania, Kenya, Uganda and Rwanda, focusing on the period between 1980 and 2006. The authors highlight the internal and external drivers of policy evolution, economic performance and welfare outcomes; examine areas of commonality and divergence between the four countries; and assess the economic policy and performance implications for the countries and the region in the context of a dynamic global economy. Given the observation that the structure of the economy is changing as agriculture, the region's largest labour sink, shrinks and gives way to services, two major questions arise; what will be the foundation of the region's livelihood, and what quality of life awaits the majority of East Africans in the context of a rapidly evolving labour market?

James Kashangaki looks at the public finance trends in the four East African countries of Kenya, Tanzania, Uganda and Rwanda in *Public Finance in East Africa*. He looks for similarities and differences between the countries and proposes questions about how these might affect a future economic and political union; examines the scope for revenue generation given the present trends; explores how present rigidities might affect future prioritization between recurrent and development expenditure and how this might influence thinking about future integration. The analysis on debt concentrates on sustainability issues, the impact of debt relief and implications for regional cooperation.

Gertrude Mugizi examines the relationship between East African countries and their development partners in *Washington Consensus meta-narrative: what next for East Africa?* She reviews the evolution of the aid architecture from focusing on projects through programmes and policies to politics. After assessing the effectiveness of the Washington Consensus and a new meta-narrative for the aid relationship, and taking a brief tour of the experience in Tanzania, Kenya, Uganda and Rwanda, she concludes by asking why is has been difficult for the aid business to match results to stated intentions and challenges East Africans to own their own development by taking responsibility for the good and the bad, the past, the present and the future.

East Africa and the World

In *Multilateral relations and the East African Community*, Kwame Owino explores the character and content of the key multilateral agreements to which the East African countries are party, both individually and collectively. He also examines the domestic impact of these agreements and the implications of conflicting obligations to these bodies. It is argued that given the multiplicity of agreements to which East African states are party, realignments are imperative for a successful integration. A further set of challenges are the conflict with sovereignty that arise from attempts at coordinating positions at the multilateral levels if member state delegations continue to receive instructions at the national level and to assert their sovereignty. Finally, the opacity of East African countries' bilateral trade, political and military agreement has significant implications for the speed and depth of integration.

Musambayi Katumanga analyses how interstate relations in eastern Africa could be affected by the emergence of an East African federation in the final chapter on the *Geostrategic implications of Shirikisho la Africa Mashariki (SAM)*. He contends that while such a federation could stem existing regional conflicts, there is a risk of further conflict due to internal lateral pressures. After situating geostrategic imperatives, the chapter considers current regional integration efforts, before examining the challenges that SAM will have to tackle internally, as well as at the continental and global level. Finally, the strategic imperatives for a strong SAM are explored.

Northern Voices

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The East African region is important in the global geopolitical and economic context. This has primarily been because of the conflicts in the Great Lakes and the Horn of Africa, and the peace agreements that have been negotiated, with varying degrees of success and durability. International perceptions of the region play an important role in informing official engagement policy towards the region - in aid, diplomacy, trade and investment.

For that reason, a number of academics, analysts, business leaders and commentators in the United Kingdom (London), Europe (Brussels and Rome) and the United States (New York and Washington DC) were interviewed for this Compendium. Their 'northern voices' are included as quotes from the interviews in between the chapters to create a dialogue and provide both supportive and contrasting counterpoints to the perspectives and arguments of the region's authors.

EAST AFRICA: ONE IDENTITY OR MULTIPLE IDENTITIES?

ADAMS OLOO

EAST AFRICA: ONE IDENTITY OR MULTIPLE IDENTITIES?

ADAMS OLOO

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ABSTRACT

Since 1999, the three East African states have embarked on economic integration designed to culminate into a political federation. This study argues that a meaningful political federation will require an East African identity to be developed and nurtured. The study shows that East Africans' multiple identities expressed through ethnicity, religion, nationalism and race are growing stronger and are likely to inhibit the establishment of such an identity.

INTRODUCTION

Identity is not a constant phenomenon, it is a process (Anderson, 1991: 113-14) that evolves over time and thus is never absolutely stable. Identity is a relationship of the other to the self, and is subject to the dictates of history and social difference. There are two coexisting but opposing forces of identity formation (Cocks, 1996). The first is state-generated or manipulated collective identity, which is typically aimed at the perpetuation of a hegemonic order; here state power-holders establish an identity as well as its components, such as language, culture and in some cases religion. The other force is that generated by civil society or non-state actors; this tends to be pluralistic, as it involves various identities competing for supremacy. Civil society-led identity formation also aims at a collective identity, but unlike that dictated by the state, it proceeds on the basis of accommodation (rather than assimilation, exclusion or conquest), such that when a collective identity emerges, it is quite often negotiated (Osaghae, 1996: 4-5). These two competing dimensions have therefore given birth to the concept of multiple identities in any given state.

The concept of multiple identities challenges the view of the nation-state as a collective homogeneous entity as it obscures the real nature of national identity. Advocates for the concept argue that nationalism has wrongly been perceived as overriding other forms of identification within a society, such as religion, race, language, class and gender, hence encompassing these differences in a larger identity. The contention here is that national identities are unstable, not only because they are susceptible to splitting, whether by alternative criteria of identity formation (for example, religion rather than language), but also because positive nationalisms have a transnational vision (for example, Pan-Africanism, Pan-Asianism, Pan-Europeanism, Pan-Islamism etc). Thus, the nation and all the identities that go with it can be reabsorbed into larger communities that overreach and interconnect national identities. At the same time, there is also movement down below. Peoples, groups and tribes who were previously harnessed together in the entities known as nation-states begin to discover identities that they had forgotten (Anderson, 1991: 114; see also Osaghae, 1996: 3-5).

The concept of identity is closely related to the concept of citizenship. Citizenship denotes membership of a political society and the right to participate in the management of its affairs. Historically, membership of the political society, or the state, has not always been open to all sections of the community and population. In the pre-industrialized European society in which the conception of 'citizen' assumed its modern form, only male property owners were qualified to be citizens and could therefore participate directly or indirectly in the governance of society. Men without property, women, children and slaves were excluded from citizenship and the roles inherent in that status. However, as a result of social struggles, from the nineteenth century onwards, membership of the political society was steadily expanded to the point of universal adult suffrage. Therefore, citizenship as identity is never fixed. As a social process, it is constantly and simultaneously being enacted, contested, revised and transformed (Ndegwa, 1997: 352; 1998: 351-68). In general, contestations over citizenship have tended to be fiercer in Africa where ethnic identities are usually reinforced by class, regional and religious divides, and where power-holders favour authoritarian rather than democratic or pluralist methods of constructing citizenship and managing conflicts.

This chapter addresses the question on how identities and citizenship are manifested in East Africa. It traces historical events and incidents that have shaped

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and continue to inform and influence identity and citizenship construction in East Africa. It also examines the challenges to the quest for a single East African identity and citizenship as the East African integration process unfolds. It argues that even as member states unveil lofty ideals to create a political federation, their existing internal dynamics are a pointer to the value they place on their sovereign status. Furthermore, all three countries are yet to address and settle the teething identity and citizenship contests within their respective borders. The chapter thus concludes that even in the event of a political federation being realized, East Africa's multiple identities will remain stronger than the envisaged single East African identity.

IDENTITY AND CITIZENSHIP: THEORETICAL CONTESTATIONS

Social science explanations of political identity have long centred on the debate between primordialists and instrumentalists. Both theoretical explanations pay little attention to the historical processes. The primordialists simply assume an essential, unchanging identity, whereas the instrumentalists, who usually attribute the creation of such identities to manipulation by interested elites or others, often find the past to be irrelevant. A third school of thought, the constructivists, sees identities as constructed (Ssenkumba, 1996). This challenges the primordialists' conception of identity as unchanging and constant. While both primordialists and constructivists focus on the origins of identity, their instrumentalist counterparts focus on how identities are manipulated by political elites. This chapter considers identity as a constructed phenomenon that political elites have over time used for their own subjective and national interests.

Citizenship is an integral part of state and nation-building. It is not natural or given, but something to be claimed and constructed. The process of constructing citizenship is two-pronged. It involves the construction of national identity and allegiance as well as the primary identity of members of a polity. For the purpose of engendering the legitimacy of the state and consolidating its control by power-holders, national identity construction is aimed at fostering an overarching identity to which all other competing identities and allegiances in the polity - ethnic, racial, religious, regional - are subordinate. Thus, citizenship is a major instrument of building the state and its legitimacy. On the other hand, citizenship construction involves the granting or extension of civil, political, social and economic rights by the state to members of the polity in return for the duties they render to it, for example, allegiance, patriotism, payment of taxes, national service etc. The two aspects of citizenship are linked by the fact that membership to the state and national identity are the basis upon which citizens lay claim to the rights and privileges provided by the state.

The fact that citizenship is constructed means that it is essentially a contested terrain as the process is controlled by the state, whose power-holders often pursue hegemonic projects that require competing groups and classes to be subjugated or excluded. In Africa, the state is relatively new and artificial; its origins date back to colonial conquest and integration. Furthermore, fundamental issues of coexistence remain largely unresolved and in a constant state of flux (Osaghae, 1996: 4). As such, citizenship is expressed as:

a set of normative expectations specifying the relationship between the nation-state and its individual members which procedurally

> *establish the rights and obligations of members and a set of*
> *practices by which these expectations are realized (Malcolm, 1989:*
> *160).*

Theorizing on citizenship requires that one takes up questions to do with membership, (national) identity, civic allegiance, and all the commonalities of sentiment and obligation that prompt one to feel that one belongs to this political community rather than that one (Beiner, 1995). Conceptions of citizenship, always 'defines those who are, and who are not, members of a common society' (Barbalet, 1988: 1).

As a starting point, modern discussions on citizenship tend to take the ideas developed by T. H. Marshall in his 1949 lecture 'Citizenship and social class'. Marshall (1964: 78) noted that citizenship is captured by full membership of a community, where membership entails individuals' participation in determining the conditions of their own association. Different types of political communities give rise to different forms of citizenship. Citizenship, however, denotes membership in a community of common interests and the right to participate in the affairs of that community on an equal basis; citizens are thus carriers of equal social and economic rights and obligations. Citizenship also provides identity and builds a sense of belonging and security among a people. These attributes have certain important historical origins that make citizenship a controversial and, therefore, intensely contested concept.

The western origin of the concept of citizenship has been the dominant paradigm in defining the duties and responsibilities of citizens and the state. Here, the citizen is a product of centuries of building nation-states. From these nation-building struggles, citizenship came to be understood as membership in one or even more communities to which individuals owed their loyalty and from which they expected protection and preservation. Common identity, rights and protection became the hallmark of citizenship. In this conception, emphasis was placed on the need to access an array of civil and political, as well as socioeconomic and cultural rights. From this perspective, the political-legal status enables individuals to be treated equally and likewise to treat others equally in the public realm. To some extent, it also provides for social justice by providing all members with rights that make everyone equal. It is thus an obligation of the state to be accountable and accessible to all members of the society by placing the individual at the centre of the governance process. However, citizenship is not only a legal status defined by a set of rights and responsibilities. It is also an identity, an expression of membership of a political community. Marshall also saw citizenship as a shared identity capable of integrating previously excluded groups and providing a source of national unity in British society.

This western conceptualization of nation-state is, however, inadequate in explaining problems regarding citizenship in contemporary Africa. As argued by Ndegwa (1998), it does not help in providing a full understanding of the concept of citizenship in the context of Africa's socioeconomic and political conditions. It assumes that the nation-state is the only level of enacting and elaborating citizenship and that citizenship is coterminous with the state. This conceptualization also assumes that the history of citizenship is the history of nation-states, but Africa comprises mixed identities and therefore competing citizenships. Moreover, the nation-state boundaries are porous. Those living around the nation-state boundaries rarely recognize them. The Maasai of East Africa graze their cattle across the boundaries without reference to the existence of a border. This also applies to the Basarwa of the southern Africa region, the

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Somali in the Horn of Africa, the Tuareg in western Africa and other 'borderless' communities.

The nation-state thus cannot be the only level of explaining citizenship in Africa, as ethnic groups to which individuals belong by ascription are as important as the nation-state. Ekeh (1978), for example, observes that Africa comprises two opposing publics: a moral civic realm (the state level), and a moral primordial realm (the native sector). Within the former conception, citizens expect rights from the state but owe no duties to the state. With the latter, citizens pay their duty to their ethnic group but expect no rights from the group. These two publics create different attitudes on citizenship, thereby giving rise to political conflicts. The nation-state identity, however, exacerbates political contestations over national identity because 'construction of a national identity has been mostly at the behest of authoritarian states whose power-holders suppress rival claims' (Osaghae, 1996).

Colonial Africa, like the rest of the colonized world of the nineteenth and twentieth century, became connected to the wider issues of citizenship and the constitutional state in the era that the franchise was extended and made universal. Consequently, when the anticolonial and nationalist struggles intensified in the post-1945 era, culminating in the decolonization and formal political independence of the colonized territories, the exclusion of the indigenous population from citizenship and participation in government ended. Formal political independence was attended by the legal bestowal of citizenship irrespective of race, colour, sex and creed, on all individuals and groups who met specified criteria of birth, ascription or naturalization. Citizenship in decolonized and contemporary Africa has thus been associated with the attainment of statehood or emancipation from minority domination (Halisi, Kaiser and Ndegwa, 1998).

Following this, citizenship can be distinguished into political and legal citizenship. Political citizenship is based on the representational quality of the constitutional state. It endows a special status on the holder. It empowers them with a bundle of rights, duties and obligations and also mandates the accountability of state officials for their actions and deeds to the citizen. In such regard, political citizenship is conjoined with the accountability of government. To this end, the idea of citizenship involves a reciprocal relationship between the individual and the state. While the state is supposed to protect the rights of the citizens, or create an enabling environment for their enjoyment, the citizen has certain obligations, principal among which is obedience to the laws of the state. Meanwhile, from a legal perspective, a citizen is someone who by birth, registration or naturalization belongs to a state (Marshall, 1964: 78; see also Kanyinga and Katumanga, 2003). The present chapter, however, focuses on political citizenship.

The notion of political citizenship has competing dimensions, as demonstrated by the conflicts between political rights based on individual equality and rights related to collective identities. Modern notions of citizenship are based on universal criteria and recognize primarily the individual as the proper bearer of citizenship rights and duties. However, realization of these notions is often restricted or constrained by collective identifications like ethnicity, which play an important role in determining the collective shape of the citizenry. Thus, at one end of the scale are group or collective rights, while at the other are the individual rights of all people seeking state attention and accommodation. Those groups with a remote chance of accessing state power are generally treated, or regard themselves, as second-class citizens, discriminated against in the granting of political, economic and social rights, and marginalized or excluded from state power. Contestation over citizenship then takes the form of resistance to the exclusion from state power,

which, in the context of postcolonial Africa where the state is the main instrument of social production, is tantamount to group (and individual) annihilation (Osaghae 1996: 3-5).

Citizenship is an integral part of nation-building. As nation-building is a process under continuous construction and negotiation (Wamba-dia-Wamba, 1996), the claiming of citizenship through political struggles has meant that it too has become a process of continued construction and negotiation. Both processes are under the control of the state, whose powerful elite seek to exclude rival groups, particularly because control of state power also means control of economic and social resources. Citizens whose groups fall outside of the power elites, are often regarded as 'outsiders'; they are excluded from state power, and sometimes do not enjoy the rights of citizenship (Halisi et al., 1997: 3-4; Ndegwa, 1998). Unequal access to resources and inequitable distribution of resources are characteristic of exclusive modes of rule, and close down the possibility of 'national identity' having any meaning to certain people.

However, it is important to note that subnational identities and loyalties do not have to be eliminated or suppressed in order for citizenship to be national or universal. The homogenizing conception of nation as involving common language, culture, and identity with and loyalty to the state, is a wisdom widely accepted by state power-holders in Africa, yet it is problematic in a multi-ethnic situation. Such a conception tends to justify the suppression of competing claims, usually through assimilation and subjugation in the name of forging a nation. It is important to note that although they are relatively stable and enduring, ethnic identities and boundaries are not immutable. Ethnicity itself is situational and only comes into play when activated in pursuit of individual or constitutive interests. This implies that ethnic identity is malleable, and can be reconciled with or subordinated to the nation-state if sufficient integration and complementarity is to be attained in the economic and social spheres, and if state power is used in such a way that the individual's group of origin does not adversely affect their entitlement from the state (Osaghae 1996: 6; see also Kymlicka and Norman, 1995: 283).

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IDENTITY, ETHNICITY AND CITIZENSHIP IN EAST AFRICA

In contemporary Africa, citizenship has had to cope with the additional limitation imposed on it by authoritarian regimes intent on coercing and pacifying their subjects. Throughout Africa, people are invading the political arena in an attempt to have leaders finally take their will into account, an ambition often expressed through ethnic competition. The bifurcation of rights and obligations affirmed by Ekeh (1975) suggests that modern ethnic conflict, most often rooted in the colonial past, has encouraged a 'dual citizenship consciousness' among Africans. In their societies, liberal citizenship - no less than its republican counterpart - has been influenced by the colonial heritage of state. Mahmood Mamdani (1996) contends that within the confines of the bifurcated colonial state, 'citizenship would be a privilege of the civilized'. Africans' attachment to a primordial community may produce a sense of ethnic republicanism deeper than the often hollow solidaristic rhetoric of the modern state (Halisi, Kaiser and Ndegwa, 1998: 337-50).

Thus, the problems of citizenship in Africa mainly arise from collective rights. A primary reason for this is the prevalence of precapitalist social formations, which, in contrast to the individualist basis of universal citizenship, rights (and corresponding duties) are conceived in organic, communitarian or collectivistic terms (Hyden, 1986; Ake, 1994). At the broader level, the collectivism that ties the individual's social progress to the fortune of their primary group underlies the group approach to politics, and explains the ascent on group rights as a necessary adjunct of human rights in Africa (Eze, 1984; Osaghae, 1996). The ethnic group identity is central to this conception. The implication is that whether or not the individual adopts the ethnic identity, they are often subject to ethnic considerations in matters of citizenship.

Second, is the manner of constructing citizenship within the broader framework of nation and legitimacy-building. This accentuates the political contestations that have hallmarked national identity formation and rights in postcolonial Africa. The fact that the construction has been mostly at the behest of authoritarian states whose power-holders suppress so-called nation-threatening rival claims and pursue hegemonic projects, underlies these heightened contestations (Osaghae, 1996: 2). In East Africa, the dilemmas of practising citizenship stem from competing and sometimes complementary ascriptive and associational identities in the political realm. These entail the rights and protections associated with political membership and the social identities that influence the formation of an active popular will.

According to Mamdani (1996), contemporary Africa's citizenship crisis cannot lie simply in the right mix between the individualist legacy of liberalism and collectivist legacy of ethnicity at the level of formal citizenship. At stake is a more profound transcendence of the dialectic between rights and custom. This involves, at least in part, the active inclusion in public politics of those who have in the past lost out, and whose presence continues to be ignored in corrupt and crumbling states. Their inclusion in civic politics necessitates a conception of citizenship that goes beyond rights and custom, and accommodates the kind of political practice that fosters bonds of solidarity, preserving memories of past injustices as well as working out alternative conceptions of the self and community. It involves the establishment of enclaves of resistance and protected spaces for active, democracy-generating (as opposed to passive, privilege-receiving) citizens. Alongside the issues of rights and custom, then, lies the question of active versus passive citizenship. Passive forms of citizenship are those in which the citizen is a mere subject and recipient of privileges. Active forms of citizenship are those in which the citizen is an active bearer of effective claims against society via the state. What happens to active citizenship when the state has ceased to function, however, is steeped in illegality and fails to stabilize the public sphere.

The politics of citizenship and identity in Africa can be traced to the colonial period. The two major colonial nations, Britain and France, sought to legitimate their authoritarian rule in sub-Saharan Africa by drawing on the ideals of republican and liberal citizenship respectively. The manipulation of ethnic republican sentiment was a strategy employed by most colonial regimes on the continent, but particularly by the British. In contrast to France's policy of universal citizenship via assimilation, Britain directly appealed to ethnic republican ideals with its policy of indirect rule based on the redeployment of native institutions. This was further compounded by the artificial boundaries created by the British to enhance efficiency and control over the African natives who were essentially confined to reserves or ethnic enclaves, which on the one hand enhanced ethnicity if a particular group was homogeneous, but at the same time created new ethnic groups where they did not exist. The advent of the cash economy consolidated

ethnic consciousness as different ethnic groups started competing within the capitalist mode of production. Factors that have informed identity and citizenship contestations in the three East African states over time are identified below.

First, ethnicity is the major contention over citizenship in East Africa. Ethnicity hinges on and is sustained by territory-based exclusivist and discriminatory claims. As such, it is antithetical to citizenship, which is a more egalitarian concept that thrives on the notion of formal equality of citizens and forbids discrimination. The stratification and inequality of ethnic groups in East Africa, coupled with the fact that ethnicity is largely conflictual and thrives on competition, has made politicized ethnicity dangerous for citizenship in the region as politicians have instrumentally used ethnic groups not only to bargain for power but also to pursue their own selfish interests.

Second, ethnonationalism, which involves the construction of ethnic identity and solidarity, has often been a counterideology to the nationalism of the multi-ethnic nation-states of East Africa, with some ethnic groups actually desiring to be separate nations in terms of asserting their right to self-determination, as the case of Buganda in Uganda will demonstrate.

Third, the highly emotive character of ethnicity makes it a powerful ideology for mobilization, especially in cases where there is discrimination against members of the group by the state, or a threat to the collective security or survival of the group. Here Uganda and Kenya provide vexing examples in various facets.

Fourth is the hierarchical configuration of ethnic groups and the marked inequalities among them in terms of population, political and socioeconomic advancement, and access to, and actual control of political power and the public sector. Most of the problems here are part of the legacy of colonial rule in East Africa. Colonial authorities established systems of ethnic ranking, placing favoured groups to superior and dominant political and economic positions. These inequalities were maintained, even extended, by exclusivist postcolonial regimes in Kenya and Uganda, thereby fanning the embers of competitive ethnicity and contested citizenship.

Finally, ethnicity involves some formal organization - ethnic union, cultural or linguistic association, social movement, communal self-help development union, etc. These not only function as interest groups making demands on the state, but also perform shadow-state functions, serving as alternatives to the state, which has been incapable of fulfilling the demands and desires of citizens since colonial times. The case of Tanzania and Zanzibar will help illustrate this point.

It is against the background of these factors that the popularity of the one-party system and later military regimes as instruments of nation-state (and citizenship) construction in East Africa should be analysed. Encouraged by the anticolonial nationalist coalitions that brought together segments of different ethnic groups and led their countries to independence, postcolonial East African power-holders were eager not to lose the momentum of cohesion. The forging of national consensus through supplantation of competing claims was thus stressed. Leaders like Julius Nyerere of Tanzania and Jomo Kenyatta of Kenya sought justification for their schemes in traditional African social formations and political thought. Nyerere even attempted to organize social relations along these lines (Ujamaa). The paradigms not only pointed to the absence of class divisions and institutionalized opposition in traditional African society, but more importantly, they emphasized the organic solidarity of that society, the primacy of the community over the individual and the role of the ruler as the symbol and embodiment of the

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unity of the nation. Opposition parties, which were mostly ethnic and sectional (largely due to the absence of issues and ideology-based divides), and their leaders were repressed or outlawed. In all this, the so-called nation-destroying ethnicity was the enemy.

In an attempt to come to terms with ethnic reality, the postindependence regimes in the three East African states responded by employing different methods, although they all looked for some form of ethnic accommodation. Before uniting with Zanzibar, Tanganyika sought ethnic accommodation under a unitary system, and both Kenya and Uganda sought to address ethnicity through consociational power-sharing devices.

As it was impossible to curtail ethnicity, the leaders were forced by reasons of political expediency to introduce ethnic arithmetic formulas to redress ethnic and social inequalities in the public sector, and balance competing ethnicities in the composition of central government and its agencies. But by and large, as was consistent with the overall strategy of monopolization, the coercive apparatus of the state was deployed to deal with ethnicity and ethnic mobilization. Rival ethnic claims were suppressed and brought down by violent means. This trend was the mainstay of nation-state and citizenship construction in the first two decades of independence in East Africa. By completely foreclosing civil society's performance of its roles of rule setting and national contestations and resolutions, many governance issues were left unresolved. The failure of the respective regimes to meet the high expectations of independence ensured that the ethnic leaders' hold on the masses of the people was kept strong, especially in Kenya and Uganda.

However, this trend has continued even in the multiparty era. This is mainly a result of the continued poverty of ideology and issue-oriented programmes in emerging political parties. It is thus not surprising that most of the opposition groups competing for state power, like those of the 1960s, have mobilized along ethnic lines. Furthermore, this has resurrected the old argument of the inappropriateness of multipartyism in Africa because of encouraging ethnic division and aggravating the crisis of legitimacy. Moi of Kenya, who was the most vociferous in making this argument, was forced by political conditionality to embrace multipartyism, although Museveni has been successful in maintaining that Uganda could only be held together by his novel zero-party democracy model.

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KENYA, TANZANIA AND UGANDA: A COMPARISON

This section analyses how identity and citizenship have informed state formation in the three East African countries and tries to answer the question whether the three countries are ready for integration into the East African Community (EAC) under a single identity.

For about 15 years, the three East African countries of Kenya, Uganda, and Tanzania pursued a successful regional cooperation initiative that was increasingly seen as an example of how a group of countries sharing geographical adjacency could integrate. In 1977, however, this project collapsed amid bitter acrimony. The break-up of the first EAC was blamed on a wide range of reasons, including tensions created by the adoption of capitalism in Kenya and socialism in Tanzania; Amin's unpredictable, arbitrary and authoritarian rule of Uganda and his disagreements with Nyerere of Tanzania; and uneven levels of development in the three countries.

Although the EAC member states negotiated a mediation agreement for the division of assets and liabilities, which they signed in 1984, the break-up initially occasioned bitter rivalry. In 1979, Amin invaded Tanzania, and the latter responded by deposing and sending him to exile in Saudi Arabia, where he died in 2003. The border between Kenya and Tanzania was closed. On their part, Uganda and Kenya fought a brief border war in December 1987. While this was ongoing, all the three countries joined other trading blocs such as the Common Market for East and Southern Africa (COMESA) and South African Development Cooperation (SADC), thereby demonstrating a persistent felt need for regional cooperation, even when they desisted from cooperating among themselves. Officially, prospects for cooperation among the three countries appeared poor.

It was therefore somewhat surprising when on 30 November, 1993, the heads of state of the three countries signed the Agreement for the Establishment of the Permanent Tripartite Commission for East African Cooperation, marking the start of a new round of cooperation. Since then, the three countries have re-established the EAC,[1] and are cooperating in a wide range of areas, including education, defence and cultural matters. They have launched an East African passport for their nationals, and since 1 January, 2005, the EAC customs union. Even more interestingly, they have formed a committee to study how the political federation of the three countries could be fast-tracked. Chaired by Kenya's attorney-general Amos Wako, the group has recommended that full political federation be attained by 2010. Meanwhile, other countries in the region, such as Rwanda and Burundi, have applied to join the EAC, and the heads of state of these two small countries have been attending EAC summit meetings. Clearly, regional integration is in vogue once again.[2]

But as the quest for regional integration grows in earnest, there are also peculiar home-grown developments on the identity and citizenship front in the member countries that are certain to challenge the quest for a uniform identity and citizenship in East Africa.

Tanzania

According to Gaudens Mpangala (1998: 311), there are three main views on ethnic relations in Tanzania. One view, which is mainly held by the ruling party and the government, regards ethnicity in Tanzania as a phenomenon that has been managed completely and that the country has therefore attained national harmony. The second view is that the issue has, for the most part, been controlled and therefore minimized. Such control and minimization has been due to a number of factors, including the development and use of Kiswahili as a national language, the absence of relatively strong and privileged ethnic groups, the postindependence abolition of chieftains, the one-party political system, the policy of socialism and self-reliance, and a number of other party and government policies and measures. The third view considers ethnicity as a recent phenomenon that has only recently begun to be revived.

Factors attributed to the revival of ethnicity include the growing economic crisis that has given rise to economic liberalization; the decline of state monopoly in the provision of essential social services such as education and health services; and

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1. *The Treaty for the Establishment of the East African Community was signed by presidents Benjamin Mkapa of Tanzania, Daniel arap Moi of Kenya and Yoweri Museveni of Uganda on 30 November, 1999*
2. *.For a summary of East African integration efforts, visit the EAC Secretariat website at www.eac.int.*

political changes, in particular the transition from one party into a multiparty system, resulting in the creation of an ideological vacuum. Consequently, there has been a tendency to fill the vacuum with backward ideologies of racism, religious bigotry, regional parochialism and ethnic consciousness, in order to satisfy certain elite interests.

Tanzania has managed interethnic relations better than Kenya and Uganda. It developed nationalist policies guided by the ideology of African socialism. This was meant to erase the remnants of the protonationalist groups that were based on ethnic groups, and which had played a significant role in the struggle against colonialism. Thus, one of the important steps, facilitated by the ideology of African nationalism, was to ensure unity in the nationalist struggle for independence. This was effectively played by the Tanganyika African National Union and its predecessor, the Tanganyika African Association.

After independence, policies based on the ideology of nationalism continued to affect the management of ethnicity. One of the earliest steps directed against ethnicity and ethnic identity and consciousness was the abolition of all chiefdoms by the government in 1962. That meant that the system of local government had to change from one based on traditional ethnic chiefs, to a new one based on direct government-appointed administrators called ward and division secretaries. This step was part of the application of the philosophy of national unity, which was one of the important guiding principles of policy-making after independence (Mpangala, 1998).

The second policy measure was the introduction of the one-party system. The introduction of the system was guided by the philosophy of African democracy. This philosophy was based on the principles of traditional African societies. Based on this philosophy, Tanzania adopted a one-party system in 1965. The system played a significant role in developing national consciousness and a sense of national unity, thus weakening ethnic consciousness. The third policy was that of constructing socialism and self-reliance. This was introduced in 1967, through the Arusha Declaration. Arising from the declaration, steps taken in the process of socialist construction included nationalization of the major means of production, and villagization in the rural sector. Nearly all villagers were compelled to live in Ujamaa or planned villages. The policy of socialism also contributed to preventing the development of conflictual ethnic relations in Tanzania. Development of national culture and Kiswahili as a national language are also considered vital policies in facilitating the development of national unity and weakening conflictual ethnic relations (Mpangala, 1998: 322).

Under Nyerere, Tanzania also made remarkable strides toward national integration, without recourse to authoritarian formulas. A model national culture, with Swahili as its linguistic base took root. Thus, during his reign, ethnicity and religion although visible, remained muted themes in the political process. Also fading in the background during his reign was the racial divide between European, Asian and African, which once appeared as likely to dominate the conflict patterns.

In the 1990s, however, a new form of ethnic struggle emerged in Tanzania, with some of the new political parties beginning to propagate a struggle of indigenous Tanzanians against Asians or Tanzanians of Indian and Arabic origin. Thus, an ideology of Walalahoi versus Magabacholi, reflecting indigenous Tanzanians against Asians respectively has begun to emerge and is taking on conflictual dimensions. This suggests the revival of racial ethnicity. Tanzanian society is also experiencing a revival of tribal ethnicity as reflected by regional, district and even constituency competition for meagre national resources.

In 1993, Tanzania did away with socialism and embraced multipartyism. A national multiparty election was held in both Zanzibar and mainland Tanzania in 1995 and the ruling Chama Cha Mapinduzi (CCM) won, thereby locking out the opposition parties. As noted by Luanda (quoted in Kanyinga and Katumanga, 1996: 166), among others, multipartyism in Tanzania has occasioned tensions in society. It has caused the resurgence of religious identities and their struggle for impact on the secular state. For example, Muslims are questioning the secular basis of the nation-state, while Christians are sceptical about the state's inability to maintain and protect a secular constitution. This is in addition to tension over the union between Zanzibar and the mainland (this question will be revisited later in the chapter).

Uganda

Ethnic and religious conflicts have both been quite severe in Uganda. The most economically developed and socially favoured segment of the country, Buganda, threatened secession in 1960 on the eve of independence, and again in 1966 when they were militarily humiliated; this has informed their subsequent hostility to central institutions. The country's Asian community was dramatically expelled in 1972, and its security forces have been torn by debilitating ethnic and religious animosities, leading to several instances of serious armed encounters within the military. If Tanzania exhibited noteworthy progress toward national integration in its first decade of independence, Uganda seemed more characterized by cultural impasse.

The colonial state in Uganda had been built around the kingdom of Buganda, which enjoyed an extraordinary status within it. The internal revolution within Buganda, which coincided with colonial penetration, brought to power an elite particularly adapted to reap the advantages of their new situation. The context was epitomized in the name given to the colonial domain, 'Uganda' being simply a Swahili form of 'Buganda' (Young, 1976: 221).

Today, Uganda is a conglomeration of many ethnic groups without a unified sense of Ugandan nationalism, and as such, the ethnic question in Uganda's politics is an important factor. The simmering ethnic problems in Uganda can be traced to the advent of colonialism, when Buganda was at its peak as the strongest of the kingdom states in the region, a factor of which the British took advantage to establish and consolidate their hegemony over the surrounding areas. Thus, while the rest of Uganda was ruled directly through a system of provincial commissioners, Buganda was allowed to administer itself through the machinery of the king's government. More significantly, however, the British appointed the Baganda to help them in the administration of the rest of Uganda. This could have bred in the Baganda feelings of preferment, superiority and even some sort of arrogance. As a result, when the British tried to introduce a system of direct rule in the 1940s, Buganda resisted the overture. Likewise, when the idea of the East African Federation was floated, it was the Baganda who demanded clarification of how this would affect the position of their kingdom. They demanded that the affairs of Buganda be removed from the Colonial Office to the Foreign Office. The British overruled this demand and in 1953, the Kabaka was exiled to underline the fact that Buganda was part of Uganda (Kasfir, 1976).

The interests of Buganda subsequently became an important factor in the negotiations leading to independence, and even came to shape the postindependence politics. First, Buganda succeeded in ensuring that its representatives to the national assembly were indirectly elected through the Buganda parliament, the Lukiiko, even though the rest of Uganda elected its

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representatives directly. Second, was the issue of the three counties that Buganda had, with British help, wrested from the kingdom of Bunyoro. The independence constitution provided for the resolution of this issue through a referendum to allow the people in these counties to choose whether they wished to belong to Buganda or Bunyoro. However, despite Buganda's machinations to influence the outcome in their favour, the result went against them. The colonial government also encouraged ethnic nationalism through its policy of indirect rule, such that Ugandans continued to pay allegiance to traditional rulers.

A closer look at some of the ethnic disputes that aroused intense passion helps explain the politics of ethnic involvement in Uganda. Six cases, including three movements, two controversies (based on somewhat less opposing movements), and the supposed confrontation between linguistic coalitions are worth mentioning. These examples are the Kabaka Yekka movement, which attempted to preserve Buganda's autonomy at independence; the Sebei movement for a separate district; the Rwenzururu secessionist movement; the 'Lost Counties' dispute between Buganda and Bunyoro; the Mbale dispute between the Bagisu and the inhabitants of Bukedi; and the ongoing opposition between the Bantu and the Nilotic blocs, which many claim to have dominated Ugandan politics from independence until 1966 (Kasfir, 1976).

These cases were highly salient for their participants, arousing significant public concern in Uganda, and involving a considerable portion of the energies of the central government in coping with them.

As Kasfir (1976) notes, five of the six cases discussed, leaving aside the more inclusive Nilotic and Bantu blocs, illustrate the extraordinary importance placed on ethnic concerns by both leaders and followers. In each case, a territory presumed to belong to particular people by virtue of their objective ethnic characteristics galvanized subjective perception of membership in an ethnic group. A cultural rationale was simultaneously developed. The Baganda and, to a lesser extent, the Banyoro shaped theirs over years of battle with protectorate officials, while most of the others discovered a new rationale with new political implications as the colonial era was ending. The Baganda focused heavily on the political symbols of ethnicity their king and his government. The Bakonzo and Baamba, on other hand, began with linguistic and cultural features perceived as destroyed by the actions of contemptuous outsiders also linked by their ethnic identity.

The scope of participation in each of these cases turned on the general issue of protection or promotion of ethnic group. Several significant differences are, however, apparent. Kabak Yekka and the Bakedi were fighting defensive battles in their efforts to hold on to territory and privileges. The Sebei, Baamba, Bakonzo and Banyoro, on the other hand, were attempting to gain new status with the coming of independence. Scope also differed because tradition played varying roles in the claims made by these movements. The privileges the Baganda enjoyed during the colonial period helped them to maintain the illusion that their precolonial independence dominance continued intact. Consequently, postindependence readjustments were defined as a direct attack on their core values. The revival of traditions was the original basis of the Rwenzururu movement, but its leaders quickly switched to political claims and a political organization more suitable to the battles of the day, than any based on historical customs. Where subunits of the ethnic movement held radically different traditional values or had been rivals in the precolonial period, the problem of maintaining a solid front became difficult. Ethnicity remained a factor in both regimes in postindependence Uganda, the only difference being that Obote consistently implemented a government policy that

avoided ethnicity, particularly in public, but Amin barely paid lip service to ethnic departication (Kasfir, 1976).

These divergent approaches toward ethnicity highlight the role of governments in shaping situations that can affect ethnic participation. In formulating their policy, the leaders of the Uganda People's Congress (UPC) were most directly concerned with contracting the scope of participation by removing ethnicity from public discourse. The attacks on tribalism in speeches by public officials, the removal of the 'tribe' question from the census, and the plan for the new electoral system illustrate this. However, reducing scope without attending to the bases, weight and personae of ethnic participation would have been futile. For this reason, among others, the autonomy, financial powers, and independent electoral bases of Buganda officials and district councillors were eliminated. In addition, the importance of the district in the party structure was reduced and top party officials were insulated from ethnic demands by virtue of being appointed rather than elected. Near the end of its rule, the party banned opposition parties, a move that eliminated the possibility of using the parliamentary channel for ethnic pressures. In taking these measures, the government significantly diminished the weight of participation of those most likely to organize or respond to popular ethnic demands. The same actions deprived ethnic middlemen of the opportunities to accumulate financial and organizational resources with which they might have been able to force UPC leaders to accept ethnic linkages (Kasfir, 1976).

The strategy of the government was flawed, however, because it could not avoid the dilemmas growing out of the uneven pattern of modernization, and because it chose policies that kept the Baganda ethnicity alive and intense. Moreover, the UPC government never freed itself from the suspicion that it was covertly employing ethnic criteria in guiding the process of development. Amin manipulated these resentments to legitimize his coup, and in so doing made ethnicity politically vital once more.

In these disputes, Ugandans were mobilized for political action as Baganda, Baamba, Bakonzo, Bagisu and Banyoro. Language, traditional customs and territory became the most salient dimensions of identity. In the ensuing struggles, ethnic groups emerged and played prominent political roles, but without becoming monolithic.

Since independence in 1962, Buganda has undergone a period of manipulation because of its political potential and leverage conceived in terms of its large population (nearly a quarter of Uganda's population). Major political actors up to the present day have tended to appease Buganda to make whoever comes to power acceptable. It is in this light that one can appreciate the political calculus behind seemingly insignificant events. Idi Amin returned the body of the late King Mutesa and made a state funeral to underline a marked contrast from Obote, who had abolished the kingdoms. When it came to the Moshi conference that discussed Uganda's future after the liberation war of 1979, a Muganda, Yusuf Lule, was elected to the post-Amin presidency in a similar vein. Subsequently, Godfrey Binaisa, another Muganda, was found convenient for similar reasons. Similarly, in 1993, the National Resistance Movement (NRM) regime found it prudent to restore kingdoms as well as crown the 36th King of Buganda to gain support in anticipation of the constituent assembly deliberations. However, traditional rulers were not allowed to indulge in politics (Ssenkumba, 1996: 10-11).

The Buganda problem has manifested itself differently over the years. At various points in the colonial and postcolonial periods, there have been confrontations between Buganda and the central government. Being large, rich

and centrally located, Buganda occasionally presented a direct challenge to the central government. The crux of these confrontations revolved around how much autonomy Buganda would enjoy. Parallel to this, the sentiment of 'Buganda versus the rest' has had a tremendous impact on Uganda's politics. Thus, the pressure to revive the kingship in Buganda had much to do with recovering pride after the destruction inflicted on it in 1966. Nevertheless, the elite in Buganda have been cognisantly of the fountain of power, which under Amin and Obote has been situated in the north and subsequently in the west with the NRM. In addition, to the avowed monarchists, the restoration has been conceived as strengthening Buganda's position and identity with regard to the central government and the rest of Uganda (Ssenkumba, 1996: 12).

It is also important to note that through its policy of indirect rule, the colonial government encouraged nationalism on local levels, so that Ugandans continue to pay allegiance to traditional rulers and local councils instead of the central government. There was no immediate cause for nationalists to identify themselves with Uganda as a nation and their political ambitions could only find vent in their respective local areas.

This trend still persists. For example, the current NRM government restored kingdoms in a bid to marshal a majority in preparation for the constituent assembly deliberations. This move was spearheaded by Museveni himself who used his debating skills to persuade and coerce the reluctant republicans to accept the principle of restoring the monarchies and traditional sites seized by the central government. Consequently, the constitution was amended to enable the restoration of traditional rulers (Amendment Statute, 23 July, 1993). The freedom to adhere to the culture and cultural institutions of a community was inserted in the constitution. It was made clear, however, that a traditional ruler could not take part in partisan politics nor stand for election for a political office. Such a ruler was also prohibited from exercising administrative, legislative, executive or judicial powers at local or central government level (Ssenkumba, 1996: 10). Subsequently, traditional rulers were restored in Buganda, Bunyoro, Toro and Busoga. The Buganda question has unquestionably shaped identity and citizenship struggles in Uganda. This issue, in addition to ethnicity in general, remains lingering in the Uganda socioeconomic and political arena and is likely to dent any progress towards a uniform East African citizenship.

Kenya

In Kenya, as in many other African countries, citizenship has developed in the modern state in ways that reflect both the colonial heritage and the hasty transition to postcolonial state-society relations. Current forms of citizenship retain some structures of colonial society and continue to confer privilege on the state rather than society. An evolving discourse between the state and civil society has recently challenged this status quo, asserting the centrality of individual rights, including the right to restrain the state from trampling on these rights (Ndegwa, 1998: 352).

In Kenya, citizenship has been characterized by two trends. The first is the duality of citizenship that individuals hold in ethnic communities as well as in the nation-state. The second is the relations between the individual and the state as relates to rights and obligations expected to accrue from the state and vice versa. The bifurcated field of authority (civic and traditional) has been unable to breed a singular form of identity and citizenship. Indeed, the existence of numerous centres of legitimate power has tended to multiply fields of citizenship in Kenya. As a result, the two dominant spheres of authority in Kenya have bred two forms of citizenships - one civic, the other ethnic (see Mamdani, 1996; Ndegwa, 1997).

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Since the transition to independence, when negotiations on the independence constitution were pegged to ethnic groups camouflaged in the two main political parties, Kenya African National Union (KANU) and Kenya African Democratic Union (KADU), these trends have influenced citizenship concurrently. This resulted in a semi-federal constitution representing civic citizenship, while at the same time the negotiated constitution catered for citizenship rights via the bill of rights that represented ethnic citizenship. However, citizenship rights, especially those of assembly, speech and association were directly undermined (Ndegwa, 1998).

Some of the laws that undermined individual freedoms guaranteed in the constitution were enacted during the colonial era, particularly in an effort to suppress the Mau-Mau movement. Ironically, these laws remained on the books as Kenya promulgated liberal constitutional tenets at independence. For instance, laws against sedition and those permitting detention without trial were rigorously enforced during both the Kenyatta and Moi eras. Similarly, the local chief - an appointed administrative officer with broad powers at the local level - remained a stark manifestation of the controlling, often brutal, hand of the state. Typically, chiefs invoked their broad powers with impunity to suppress any activity deemed inimical to state and elite interests (Ndegwa, 1998).

The politics of identity and citizenship in Kenya have mainly been influenced by ethnicity. This has mainly been because no particular ethnic group claims overall majority. The largest single group, the Kikuyu, account for about 20 per cent of the whole population. This has rendered politics in the country to be an act of balancing ethnic and geographical claims. Mahwood (1993) has argued that ethnic considerations and ethnicity have become useful tools for explaining much of what has happened in the country since independence. In this representation of ethnic interest, political power remains dispersed, with many local political issues being determined on a local basis (Bienen 1974: 193; Mahwood, 1993: 171-3).

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Ethnic relations that existed during the precolonial period were mutually beneficial and helped to neutralize potential rivalry and conflict. The colonial situation itself, together with the policies pursued to give expression to it, combine to explain the development of ethnicity. In particular, this includes the creation of 'superior' versus 'inferior' ethnic groups and the assignment of sociocultural stereotypes to each; the creation of artificial politico-administrative boundaries which in many cases coincided with what would turn out to be ethnic boundaries; the introduction of a money economy and the so-called modernization process that accompanied it; the concentration of missionary-led education in agricultural societies at the exclusion of nomadic communities, hence limiting access to white-collar jobs to only the Kikuyu, Luo and Luhya who had formal education; the accommodation and preferential resettlement of the displaced Kikuyus on the eve of independence; and the fostering of an indigenous middle class as a buffer between the white elite and the African masses, which would invoke the ideology of ethnicity to protect and promote its interests. Kenya's overall social structure is thus characterized by strong tensions along both ethnic and class lines (Brett, 1973; Leys, 1975; Lonsdale, 1989; Ochieng, 1989; Berg-Schlosser, 1992; Oyugi, 1994, 1998).

These structural variables would provide the basis upon which ethnic identities would be consolidated and differences sharpened, over the years leading to mutual suspicions, tensions and ultimately to conflictual relationships. Factors with postindependence roots have aggravated the problem, namely, poor political and economic management over the years, characterized by an exclusive and unfair structure of access to opportunities and services.

The political groupings that emerged between 1955 and 1962 were parochial, ethnic-based district associations resulting from the 1950s ban on territorial political organizations, which would be used as a framework for bargaining, if not competing, with the central government. It is against this background that both KANU and KADU emerged as ethnic political parties. Therefore, as politicization of ethnic groups proceeded, the ethnicization of politics became the norm (Oyugi, 1998).

KANU drew the bulk of its support from Kikuyu and Luo, while KADU attracted the so-called minority ethnic groups such as the Kalenjin, Maasai, coastal tribes and Luhya. The transition to independence that politicized ethnicity involved the struggle for the determination of the structure of state power in the postindependence period.

With party politics now dead as a result of Kenya being a de facto one-party state, there was a resurgence of tribal associations: Gikuyu Embu Meru Association (GEMA), encompassing Kikuyu, Embu and Meru, was formed in 1971, followed by the Luo Union, New Akamba Union, etc. GEMA was essentially a tool to continue holding the reins of power. The beneficiaries of Africanization in the formative year were mainly those who benefited from colonial education, the Kikuyu, Luo and Luhya. The contention at some point by other groups was that what started as Africanization had by design developed into Kikuyunization. By the end of the Kenyatta regime, the reigns of power as well as the control of the structure of access were fully in the hands of the Kikuyu elite. They controlled the major state organs through the occupation of the most important positions. In every department or state agency that mattered, they were in strategic and numerical control as a matter of routine (Okumu, 1970; Hyden, 1995; Oyugi, 1998).

Ethnicity in Kenya became a national concern as early as during the colonial period but was accentuated in the postindependence period during the implementation of Africanization. Ethnic tensions developed especially around the structure of access to economic opportunities and redistribution of land formerly owned by the white settlers. Most of the land in question was in the Rift Valley province and was historically settled by the Kalenjin and the Maasai.

However, the policy that gave rise to large-scale land acquisition by 'outsiders' in Rift Valley was the 'willing buyer willing seller' land transfer policy that the government pursued after the initial political settlement of about 1 million acres. Using the economic and political leverage available to them during the Kenyatta regime, the Kikuyu, Meru and Embu groups, but especially the Kikuyu, took advantage of the situation and formed many land-buying companies. These companies would, throughout the 1960s and 1970s, facilitate the settlement of hundreds of thousands of Kikuyu in the Rift Valley, especially in the districts with arable land, notably Nakuru, Uasin Gishu, Nandi, Trans Nzoia and Narok. The land in these districts historically belonged to the Kalenjin, Maasai and kindred groups such as the Samburu. However, the Kikuyu, Embu and Meru were not the only ones to acquire land in the Rift Valley after independence. The new entrants in the postindependence period included the Kisii, Luo and Luhya, who bought and moved into land that bordered these districts (Oyugi, 2001).

Thus, when Moi came to power, his primary concern during his first two years in office was the neutralization of Kikuyu hegemony in the system. To shake the foundation of Kikuyu unity, Moi launched an assault on GEMA, camouflaged in a resolution passed in 1980 to dissolve all tribal associations. The dissolution of GEMA was followed by the dismantling of its vast economic empire, which was the source of its power and influence over GEMA communities.

Moi would also bring in other tribes by appointing them to the cabinet - with the Kalenjin taking the lion's share - as a counterforce in the struggle to neutralize GEMA forces. With his political team in place, Moi began an assault on the inherited public service team still dominated by members of the Kikuyu-Embu-Meru elite. A progressive programme of rectification was pursued that saw many hitherto excluded groups - especially the Kalenjin, Maasai, Turkana, and Samburu (KAMATUSA) minority ethnic group groups - join the service in large hordes. To accommodate the 'outsiders', it sometimes was necessary to ignore the service norms, such as when, shortly after Moi took power, a number of serving officers were promoted from the ranks of under secretaries to permanent secretaries (thus jumping a grade). By the late 1980s, the Kalenjin controlled some of the most powerful ministries and public corporations, either as administrative or political heads (Oyugi 1998).

The ethnicization of politics did not end with the arrival of multipartyism. The jostling for power within the Forum for the Restoration of Democracy (FORD), once it became apparent that elections were not far off, assumed an ethnic character, leading the party to split into two factions - the Odinga faction, which became predominantly Luo in its support base, and the Matiba-Shikuku, which became predominantly Kikuyu. The factions were later registered as FORD-Kenya and FORD-Asili with Odinga and Matiba as their respective leaders. The other party with a huge following - the Democratic Party - was associated with GEMA and was formed following the realization that the GEMA group lacked credible representation in FORD.

It is therefore clear that when speaking of interethnic conflict, what is really meant is the phenomenon of politicized ethnic conflict. Politicization of ethnicity is used by both the in-group and the out-group. The ethnic conflicts in Kenya during the 1990s illustrate vividly the use of such politicization by the in-group. In the run-up to the 1992 and 1997 multiparty elections, what were generally regarded as politically instigated ethnic conflicts took place. These were evidently intended to protect the interests of those in power by destabilizing the opposition support base in the Rift Valley Province and parts of Nyanza Province in the run-up to the 1992 general elections, and in Mombasa in Coast Province in the run-up to the 1997 general elections (Oyugi, 1998).

The present political conflict in Kenya demonstrates the competition between the various groups staking out claims to rights in the liberty polity. The contentiousness of the current political transition reflects the debate between those seeking to retain only minimal citizens' rights (i.e. subject status) and those seeking not only to expand these rights, but also to establish that they are inherent in the individual rather than gifts dispensed by a generous state, and therefore cannot be withdrawn at will. Much of the political class and mainstream political parties can be placed in the first camp; civil society components that have been at the forefront of making citizenship claims rather than seeking to compete with the incumbent party can be placed in the second (Ndegwa 1998; see also Kanyinga and Katumanga, 2003).

The civil society's vision of citizenship is essentially a liberal concept that asserts the existence of a social contract among Kenyans, guaranteeing individual, inalienable rights and privileges. The political class, whose basic ideas about state-citizen relations were shaped during the colonial era and informed by the authoritarian Kenyatta and Moi regimes, does not accept the civil society's vision. Rather, opposition parties have adopted a 'politics as usual' stance. Although opposition politicians grumble about unfair rules, they accept the privileges held by the incumbent regime, hoping they will enjoy the same advantages when they come

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to power. The current regime and opposition parties remain of the old style of politics, characterized by elite pacts to ensure the status quo, stability, and common class interests, even when the system is faced with fundamental challenges.

In addition to the 1997 pre-election reform agreements, a second set of events expresses the fundamental divide between conceptions of citizenship and notions of the proper relationship between the state and the individual. Specifically, the incumbent elite's politics are crucially defined by ethnic conceptions. In 1993, for example, the incumbent regime, and leading KANU barons in particular, sought a rapprochement with the Kikuyu, the largest ethnic group in Kenya and thus the one most likely to dominate in a democratic setting. With Moi's apparent approval, senior KANU leaders reached out to the so-called Kikuyu elders, many of whom were politicians representing the old guard. A number of the Kikuyu had served in the Kenyatta regime, while others had been influential players in the hegemonic GEMA. These talks between KANU barons and Kikuyu elders were termed Kikuyu-KAMATUSA, and were held behind closed doors. According to news reports, the talks sought to ease tensions between the KANU elite and the Kikuyu, who were vehemently opposed to Moi and had suffered during the ethnic clashes that accompanied the 1991-1992 multiparty transition. The talks were exclusive in at least three ways: in class terms, they involved only the very well-off Kikuyu leaders; ethnically, they excluded other communities that had also suffered greatly from ethnic violence in the early 1990s; in outlook, they included only politicians who were willing to discuss conciliation in terms of group rights rather than individual rights and who made no pretensions of being accountable to the groups they purported to represent. The talks eventually floundered in late 1994 with no conclusive outcome (Oyugi, 1998).

In 1997, Moi again tried to woo the Kikuyu elite, hoping they would deliver the Kikuyu vote in the 1997 elections. Furthermore, by offering them access to the state, he hoped to guarantee future Kalenjin economic and political support and access to the state. Moi sought the support of previously low-key or nonpolitical commercial elites who were sympathetic to his cause.

With more democratization, the fields of citizenship have expanded significantly and ethnic citizenship is getting more recognition than in the first three decades of independence. This recognition is based on the realization that human beings are primarily members of families and communities distinguished in terms of ethnicity, religion and class. Those who appropriate a civic culture only do so through some socialization. If the civic sphere does not meet their needs, they simply retreat to their natural state where the family, clan or ethnic groups are the familiar spheres of existence (Ngunyi, 2002). This is what has happened in parts of Kenya.

The challenge here has been that of balancing the illiberal interests of the individual as an ethnic citizen and their civic aspirations as a civic citizen. This aspect of the transition has remained invisible to civil society during the last ten years of political liberalization in Kenya.

The union question: Zanzibar and the quest for a federation

The union question is a noteworthy issue in East Africa considering the fact that Tanzania is already a political union, established in 1964 by the two independent, sovereign states of Tanganyika and Zanzibar. The success of the Tanzanian polity is partly based on developing and formulating a national political discourse, where ethnic or parochial sentiments have been muted. This legacy of Nyerere has

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seemingly forged a vibrant and all-embracing Tanzanian identity. At least, this is how it was perceived until the fall of the single-party doctrine in the early 1990s (Tronvoll, 2005: 2). This Tanzanian identity has since faced challenges for a number of reasons.

First, Zanzibar and Tanganyika emerged as a consequence of decolonization and a Cold War context, where the electorate/people of the two constituent parts were not consulted or asked about their opinion on the union. Second, the union has seemingly been sustained by what might be considered authoritarian policies (such as rigging elections and prohibiting people from working/speaking out against the union). Third, many Zanzibaris maintain the opinion that the union works to the disadvantage of Zanzibar, and that the union government is overruling Zanzibari affairs. Fourth, these grievances are also related to economic affairs, where Zanzibar is perceived to be on the losing end of the economic development of Tanzania (Fair, 2001). Lastly, the union arrangement as originally entered into in 1964, has been repeatedly amended as part of a centralizing process, where the political autonomy of Zanzibar has been gradually undermined and weakened. Consequently, in light of such an interpretation of comparative federalist theory, the prospect for a sustainable and stable Tanzanian union seems bleak.

The introduction of a multiparty democratic system in Tanzania in 1992 and thus the broadening of civil and political rights in the country have inspired a renewed interest in the union. A number of questions have been raised, challenging the union system as inherited from the Nyerere era. Is the Tanzanian union an equally relevant label or category of identity among all its citizens? Has it managed to bridge the divided identities among the mainlanders and islanders? Is the union, as it operates today, an adequate organizational model that accommodates the political aspirations of all its peoples? And, more specifically, is the union arrangement capable of upholding and guaranteeing political autonomy for Zanzibar (Tronvoll, 2005: 2)?

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The union as it operates today is not perceived as a relevant category of identification by many Zanzibaris. The union has thus seemingly failed to bridge the divided identities between mainland and isles. The era of multipartyism has in fact exposed the political grievances and political aspirations of the majority of Zanzibaris. Cameron (2001: 282-6) concludes that the 2000 elections 'revealed once again CCM's refusal to address the grievances of the majority of Zanzibaris on a union well past its Cold War "sell by" date'. Likewise, the 2005 elections have also tended to address the Zanzibaris' concerns. Instead of serving as an agency of accommodation, the multiparty elections have so far have been manipulated to serve the needs and political agenda of the incumbent party. Indeed, the Civic United Front (CUF) secretary general has warned that the repeated violations of the electoral process and the shipping of people from the mainland to Zanzibar to register as voters 'is weakening the union and might lead to its eventual collapse' (Cameron, 2001).

The opposition to the union as raised by Zanzibari representatives finds its origin in notions of a separate and distinct Zanzibari identity. The demand for more autonomy, or even independence by some, is grounded in several factors: Zanzibar's precolonial and pre-union status as an independent polity; its unique history as a centre of commerce and trade in the Indian Ocean cultural sphere throughout centuries; its unique cultural blend of various groups of people; the long and prominent trajectories of Islam as organizing principle; and its distinct current political and juridical status (Tronvoll, 2005: 6). These factors all contribute to separate Zanzibar from mainland Tanzania. Put bluntly, Zanzibar's history as a separate and distinct unit of identity, far surpasses the rather short period of unity

with Tanganyika. Therefore, in contexts where issues of identity are made relevant, distinctions rather than commonness are communicated.

This is not to say that Zanzibaris have a common and homogeneous understanding of their own cultural and political identity - quite the contrary. The political history of Zanzibar can be read as various intersected trajectories of the formation of identities; in other words, political positions and viewpoints often originate within or relate to one distinct group of people. Considering that Zanzibar society is composed of various groups of people with different origins (mainland, Persia, Oman, Asia/India, Comoros, etc), the politics of the isles can also be understood as a balancing act, aiming to accommodate different identities. However, cultural identities can also be applied and projected as political identities, and used as means to create distinctions between the in-group - i.e. those who have rights and privileges as Zanzibaris - and the out-group devoid of such prerogatives. Although the line of distinction can vary from context to context, the main dividing line is often drawn between Wabara (people originating from the mainland) and islanders. This distinction has in particular figured prominently during the contested phase of multiparty democratization in Zanzibar, where one political discourse (mainly driven by the CCM government party) has been focusing on the possible consequences of a change of government on the island in terms of enhancing distinctions between segments of the population (mainlanders versus islanders). The opposition, on the other hand, has been arguing that Zanzibar is heading towards a major political crisis and large-scale violence if the democratization process is not consolidated and the civil and political rights of the population are not respected (Tronvoll, 2005: 6).

However, the status as a 'Zanzibari' is somewhat ambiguous. The term 'citizenship' is not applied to a Zanzibari (as in 'Zanzibari citizenship'), as citizenship is the domain of the union. Nevertheless, the Zanzibari status is a de facto quasicitizenship as certain rights and privileges are given exclusively to a Zanzibari and not to a Tanzanian (i.e. mainlander). The status as a Zanzibari thus reflects the historical position of Zanzibar as an independent state. The issue of a Zanzibari identity under the union is contested culturally, politically and juridically. By focusing on identity and xenophobia, political discourse in Zanzibar is creating, recreating and cementing enemy-images of the other and polarizing politics. Such a process of politically engineered distinctions contributes to and strengthens existing notions of social and cultural categories of people who are considered as friends and 'insiders', or enemies and 'aliens'. Below it will be illustrated how the ambiguous and ambivalent position of identity is manipulated in the democratization process in a way that might lead to violence.

It is plausible to argue that the CCM's adamant position on preserving the status quo of the union arrangement has blocked the way for genuine democratization in Zanzibar. The fear of a regime change in Zanzibar and its possible effect on the configuration of the union has led the incumbent party to manipulate the electoral process in their favour. The CCM union government has until now accepted the electoral rigging in Zanzibar in order to preserve its political hegemony within both parts of the union. Moreover, they reject any claims for reform of the union structure, arguing that a federal system as proposed by CUF would break the union altogether. President Mkapa has stated that this 'will never be allowed to happen', and simultaneously warned Zanzibaris for the consequences of pushing for such a solution (Cameron 2001: 283; see also Tronvoll, 2005). In addition, the new CCM presidential candidate will continue this policy, as Mr Kikwete promised in his inauguration speech to defend the union as a 'matter of life and death' (British High Commission, 2005). President Karume of Zanzibar has also repeatedly warned the

CUF of possible reprisals if they push for a union reform and demand more political autonomy for Zanzibar.

Instead, demands for a stronger degree of autonomy or separatist sentiments are fostered as a response to the perceived failure to protect and accommodate the interests of Zanzibar. The push for greater sovereignty for Zanzibar may also be read into the recent national flag debate. In September 2004, the house of representatives on the isles approved in unison the creation of a new Zanzibar flag.[3] Although the flag is supposed to be hoisted on non-sovereign occasions, such as during national soccer tournaments where the Zanzibari national team is playing, many interpret the flag as a step towards greater autonomy and eventual sovereignty for Zanzibar. Thus, an internal dispute over sovereignty in combination with a manipulated electoral process may actually stimulate - or at least be conducive to - demands for secession or a stronger degree of autonomy from the marginalized/dominated component part of the federal arrangement.

The Asian question in the three East African states

East African Asian writing clearly portrays two interpretations of citizenship. The first limits citizenship to possession of a passport, the magical book that demystifies territorial boundaries and internationalizes travel. This tendency has its origin in the libertarian conception of citizenship, which sees citizenship predominantly as a legal status and attempts to give individuals the maximum amount of freedom, and believes that self-interest is the basic motive upon which citizens act. This, self-interest is, of course, controlled by the laws of the state, which stipulate given rights and obligations for its citizens. As a trading immigrant community, the Asians of East Africa adopted this libertarian conception of citizenship mostly because their major concern was the security of their families, their trade and savings (Vassanji, 1989: 52).

The second interpretation of citizenship emphasizes social participation in public and community affairs and demands that the individual citizen contribute to the common good of their community (i.e. nation). This interpretation, which Voet (1998: 10) calls the communitarian conception of citizenship, appealed to the indigenous Africans who wanted to see the Asians contribute more and more to the economic, social and political development of the postcolonial East African nation-states of Uganda, Kenya and Tanzania. The aspects the Africans wanted to see in their relationship with the Asians were primarily unity in the struggle against British colonialists; racial tolerance and social inclusivity; and fairness in business and trade. These aspects coalesced to create the African view of a good Asian citizen as a person who worked towards harmony between Africans and Asians. This harmony essentially entailed improving the living standards of the Africans, which in turn meant heavy sacrifices on the part of the Asians, whose major concerns, as mentioned before, were the security of their families, their trade and savings. This inevitably led to a clash of interest - the libertarian self-interest (favoured by Asians) and the communitarian self-interest (favoured by Africans). This clash of interest was inevitably racialized with the unfortunate result that the Asian citizen was considered a harmful element, prejudicial to the interests of East African nation-states. Moreover, as a harmful citizen, the Asian was considered a provisional and partial citizen whose citizen status could be erased. This was demonstrated by Idi Amin, when he expelled both citizen and non-citizen Asians from Uganda in 1972 (Kahyana, 2003: 99-111).

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3. CUF, however, argued against the design of the flag, which incorporates the Tanzanian national flag in the upper-left corner.

One reason for this provisional Asian citizenship is that some Asians did not fully identify themselves with the postcolonial East African nation-states. For example, either they did not apply for Ugandan, Kenyan or Tanzanian citizenship, choosing to remain British passport holders, or if they did, they still identified themselves not as Ugandans, Kenyans or Tanzanians, but as Goans, Pathans and Indians, despite holding Ugandan, Kenyan or Tanzanian passports. Those who held British (or any other nationality) passports were technically aliens in their countries of adoption (Gupta, 1975: 125). Indeed, 80 000 of the Asians expelled from Uganda held British passports, thus making them British citizens, hence Amin asked the UK to make arrangements and receive them (*Uganda Argus*, 1972).

Colonial East Africa was a racially stratified society, with the whites constituting the upper class, the Asians the middle class and the Africans the bottom class. In this three-tiered racial structure, the British used the Asians to serve the imperial interests by acting as the intermediary between the white colonizers and the black Africans. Being individuals who put colonial exploitative policies into effect, they came to assume the blame for an exploitative colonial system while the real authors of the system, operating invisibly behind the buffer, remained relatively free from black African hatred (Ocaya-Lakidi, 1975: 82).

The racial stratification of the colonial East African society also affected the Asians in another way. Coming second to the British, the Asians considered themselves superior to the Africans whom they regarded members of the lowest caste, and atavistic remnants of the Neolithic Age (Seidenberg, 1983: 7). Simatei (2001: 74) suggests that this feeling of racial superiority on the part of the Asians, together with the notion of exclusion, which is so ingrained in their caste-centred social organization that it comes to them almost naturally, militated against social (and sexual) intercourse between them and the Africans. No wonder then that Asian social clubs, for instance the Goan institutes in Kampala, were until independence, racially exclusive (Nazareth, 1972: 133).

Yet despite this seclusion from their African counterparts, East African Asians were dedicated to the liberation of East Africa from colonial rule. For instance, Isher Dass, as a member of the legislative council from 1933 to 1942, made frequent representations on behalf of Africans, especially in respect of their demands for more land, political representation and the removal of restrictions on the growing of economic crops. Other Indian representatives on the Legislative Council (LEGCO), such as B.S. Varma and U.K. Oze, helped him in this task by opposing further acquisition of land by non-Africans (Mangat, 1969: 168).

Logistically, the Asians helped in the printing of African nationalist newspapers from 1942 to 1952 (and even earlier in the 1920s when Harry Thuku was agitating for freedom from colonial rule). Examples of these newspapers are the Kikuyu daily *Inoororia Gikuyu* (Gikuyu Sharpener), a Swahili weekly, *Afrika Mpya* (New Africa), *Mwiguithania* (Conciliator), *Sauti ya Mwafrika* (Africa Voice), *Hindi Ya Gikuyu* (Gikuyu Times) and *Habari Za Dunia* (News of the World) (Seidenberg, 1983: 76). The contribution of these newspapers (and therefore of the Asians who financed their printing) to the achievement of Kenya's independence in 1963 cannot be underestimated.

Besides, East African lawyers helped defend African nationalists like Jomo Kenyatta and other Mau Mau detainees. In 1954, for instance, A.R. Kapila (who, together with F.R.S. De Souza, S.N. Pritt, Chaman Lall and Jaswant Singh had defended Jomo Kenyatta) defended General China, a renowned leader of the Mau Mau. From 1953 to 1957, De Souza defended over 200 Mau Mau suspects. Other East African Asian lawyers, such as E.K. Nowrjee, A.H. Malik, S.M. Akram, S.P.

Handa, Sheikh Amin, M.K. Bhandar, K.D. Travadi and Arvind Jamidah, worked behind the scenes defending Mau Mau suspects (Seidenberg, 1983: 116). Asian journalists, for instance, Harun Ahmed, Pranlal Sheth, D.K. Sharda and Pio Gama Pinto - on whom Peter Nazareth modelled his African-Goan politician, Pius Cota - also threw in their lot to support the African cause. These examples show that not all East African Asians were anti-African independence/progress. Thus, labelling all the Asians as traitors, opportunists and exploiters is erroneous, just as it is to label all Africans as true nationalists (Kahyana, 2003: 109).

The Asian question also reflects on political discourse due to Asian control of the economy in the region. Across the region, the more general debate on rights has also aroused such issues as the rights, entitlements and obligations of minority racial groups.

The above discussion makes clear that the most important marker of national identity in East Africa is ancestry/descent, not commitment/contribution to the nation-state, and not nationality. This point becomes more clear when the question of distribution of resources and opportunities arises. Where the Asian citizen amasses wealth, it is expected by the indigenous citizens that they use part of this for the development of the country, to avoid being labelled an ingrate or a foreigner fit for deportation, irrespective of whether or not they were born in East Africa, India or Pakistan. In other words, the Indian citizen is expected to negotiate citizenship through being good, which really means being charitable and apolitical. The black citizen, on the other hand, remains a citizen whether he is a thief or a rebel. At worst, the black citizen can become a bad citizen, but never a foreigner.

The success of the EAC should be judged, in one respect, from its commitments to social integration across ethnicity and race so that the three countries face the challenges of poverty and economic stagnation in an environment of ethnic and racial harmony.

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EAST AFRICAN CITIZENSHIP: THE FUTURE

The initial, postindependence attempt to unite Kenya, Uganda and Tanzania floundered in the wake of ideological differences, among other factors, between the political leadership of the three countries. However, the idea of a united East Africa survived, and in 1993, cooperation between the three countries was revived. Indeed, today, the three East African countries are discussing the possibility of a political federation.

Federations differ from unitary states because federal partners (and their citizens) do not want to relinquish all of their autonomy, sovereignty and identity. This can be interpreted to mean that federal partners do not have to or wish to accept a deep, monolithic conception of citizenship and identity as the basis of their union. Furthermore, they do not all have to share the same reasons for accepting the federal union, and their citizens do not have to identify with the federal state in the same way or to the same extent. This is the problem that the East African federation has to contend with.

At another level, a political federation presupposes the existence of synchronized political systems and ideology as well as legal and policy framework,

which is not the case in East Africa. Despite the existence of the EAC Secretariat, there is minimal coordination and follow-up of the planning processes, as well as implementation of agreed positions. Uganda is a quasimilitary and no-party movement state, Tanzania is practising a multiparty system that has a dominant ruling party, while Kenya is practising multipartyism with political parties devoid of any ideology but instead driven by ethnicity and ethnic coalitions. The failure to harmonize the political systems in the region poses the danger of asymmetry. Tanzania was more vocal over its scepticism about the survival of the EAC (*Daily Nation*, 2005) particularly due to the political turmoil in Kenya and Uganda, specifically in relation to the persistent internal battles with the ruling NARC coalition in Kenya and the debate over Museveni standing a third term in Uganda. Likewise, both Kenya and Uganda have recently conducted referendums on the constitution and multipartyism respectively, thus making clear the sovereign path that they seek to follow, even as their respective leaders give lip service to the fast-tracking of the federation.

It is also noteworthy that the Treaty for the Establishment of the East African Community 1999 makes no reference to the question of East African citizenship. As noted in a recent study undertaken by the Kituo Cha Katiba, there is overwhelming evidence that a majority of East Africans are baffled as to whether the ultimate aim of the EAC is to become a trading bloc, a political federation, a unified nation or whether it has just been an exercise in futility. Equally ambiguous has been the idea of the political federation, with some acclaiming it and other dismissing it as rhetoric. In trivializing it, it was argued that history had already affirmed that regional integration is not sustainable on the sole initiative of the leadership. Consequently, the unilateral decision by the Summit to fast-track towards political federation, without first appraising the populace about their intention, has bred anxiety over their commitment to the principle of people-centeredness and ultimately the sustainability of the EAC (Kituo Cha Katiba, 2005).

It is in this light, that despite the perceived projection that the federation will bequeath possession of common rights of citizenship, members may feel still excluded; and this has been a common problem with the EAC. The challenge then is on how to revise current definitions of citizenship to accommodate increasing pluralism of the projected federation, and how to ensure that East African citizenship can indeed provide a common experience, identity and allegiance for its members. Put in question form, on what should 'a shared citizenship identity that will supersede rival identities drawing on ethnicity' (Kymlicka and Norman, 1995: 309) be based?

To answer the above question, for integration in East Africa to be meaningful, the region needs to accept that its population can be members of an overarching political community while at the same time retaining cultural identities and distinctiveness. The people need to be socialized to accept that they can pay allegiance to the overall political community, but at the same time retain the right to make decisions on critical matters affecting their respective groups. Groups need to be given political power and institutions of self-government in order to make decisions for themselves, and block the potential 'tyranny of the majority'. The resultant effect is that, for East African citizenship to become a reality, a recognition and accommodation of differences, and management of diversity must take priority in the political agenda. Everyone in East Africa has multiple identities - some political, some not. The region needs to accept that multiple identities can coexist, as even different identities are 'nested' and can be mutually supportive.

As Mamdani (1996) has stated, what is required is a form of citizenship that is capable of negotiating both rights-based and ethnic identities. This would likely

take care of the tensions that are likely to crop up between nationality of respective states and an East African identity. These can manifest themselves in situations of unequal economic development, particularly where the 'alien other' is doing comparably better that the national citizens. In other words, in the scramble for limited resources, there is resistance to being economically displaced by aliens. The question of the Maasai pastoralists that straddle the borders of Kenya and Tanzania is a good example.

It is imperative to note that unless there are clear benefits accruing from East African citizenship, there is no motivation for members to assume it, leaving them instead to seek to retain their current respective national identities. In the event that tangible events are absent, the EAC would remain a super-structure that leaves ethnic and national interests and identities intact.

On a positive note, the ordinary people of East Africa are ahead of the politicians and are already federated without the formal legal process. This is demonstrated through the opportunity to visit relatives across borders, without problems, organized around the principles of good neighbourliness. The border communities are effectively integrated, speak a single language, and have been described as 'true East Africans'. This is the case with the people in Kigoma and neighbouring Burundi, the Maasai in Namanga, the Digo in Mombasa across Kenya and Tanzania, and the Nyamwanga at the Zambia-Tanzania border. In fact, for the Nyamwanga, one chief rules in both countries and is expected to have a wife in both countries. Petty crimes are often not reported to the police, but are addressed within the community, as promoted by the concepts of community policing and decentralization by devolution. Further, among the pastoral communities such as the Turkana, Pokot and Maasai, one of the most fundamental rights is access to resources, such as grass and water as a means of both production and survival. Because their survival needs are not just localized but also regionalized, they easily transcend borders and are functionally East Africans. As an illustration, the Maasai cows have access to cattle dips in Kenya irrespective of whether their owner is Kenyan or Tanzanian. In situations of conflict, the cross-border Maasai are able to distinguish between the cattle and the people of the different countries, which alludes to an elaborate traditional dispute resolution infrastructure. There are also dynasties of identities that are tied by common cultural similarities, such as the Hima in Uganda, the Hema in the Democratic Republic of Congo, and the Tutsi in Rwanda, thus reinforcing the artificiality of borders (Kituo cha Katiba, 2005: 26).

Regrettably, despite the above manifestations of East African identity, there have been no specific programmes to study these experiences with regard to East African integration. Moreover, it has also been observed that conflicts among cross-border communities are often politically instigated, particularly in the run-up to elections, thus complicating the regional integration process. Consequently, the motives of the politicians are viewed with suspicion and cynicism, as captured by the phrase, 'when politics enters into things they fail' (Kituo cha Katiba, 2005: 27).

These developments have arisen mainly because the state has failed to live up to its fundamental responsibility of promoting the welfare of its peoples, and has compelled the cross-border communities to seek protection from more than one state, shifting citizenship as and when the need arises. For instance, in crises, the border communities seek refuge from the country that offers the most protection at the time. Furthermore, many of them vote in each of the bordering countries. This alludes to the concepts of citizenship and identity as fluid concepts, which are deconstructed and reconstructed on the basis of benefits derived at a given moment. On the flipside of the coin, such communities do not pay permanent

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allegiance to any of the countries, as demonstrated by the fact that they rarely meet their tax obligations to any of the states (Kituo cha Katiba, 2005: 27).

Another area of significant cooperation is in the field of education. Although Ugandan students are also found in Tanzania, Zanzibar and Kenya, there is generally heavier traffic towards Uganda. The cheaper but high-quality education in Uganda, in terms of private schools coupled with the universal primary education, is another non-traditional facilitator of regional integration and solidarity among East Africans, with a number of Kenyans, Tanzanians and Zanzibaris studying in educational institutions at primary, secondary and tertiary educational levels.

Overall, from the pre-independence days, the peoples of East Africa have always cooperated, especially in the area of trade, sports and education. In fact, the Confederation of East and Central Africa Football Association and the Inter University Council survived the break-up of the defunct community not only because they were properly conceived but also because they are motivated by mutual interest. Such accommodation of duality has enabled the above institutions to survive, and it is the same duality of single and multiple identities that must be encompassed vis à vis the question of identity and citizenship in East Africa.

CONCLUSION

This chapter set out to analyse whether East Africans can go beyond the rhetoric of integration and federation and espouse the rights and responsibilities pursuant to formal membership in the envisaged political community. The aim was to assess whether such a federation would provide a framework in which citizens feel they belong, and thus develop a sense of a common identity in which individuals feel a sense of mutual and reciprocal obligation to and from the new federation of states.

Three bases of differentiation in Kenya, Tanzania and Uganda may be noted as having had political impact, namely ethnic, civic and racial bases, although the importance of the last factor is fading. The ethnic factor, however, remains the most significant and must be seriously addressed if the quest for an East African identity is to gain any foothold. While Tanzania under the inspiration of the late Mwalimu Nyerere was once the most united nation-state in the region, tensions of an ethnic nature are now beginning to emerge. Indeed, the tensions within Zanzibar, where citizenship is now perceived as defining a Zanzibari and a Zanzibara, may soon spill over to the Tanzanian mainland.

In Kenya and Uganda, ethnicity is much stronger and is having a negative influence on political and economical progress. With the restoration of traditional kings, chiefs and their cultural institutions, Uganda has institutionalized the ethnic factor in the country's constitutional development. In Kenya, both the Kenyatta and Moi regimes have been criticized for giving special favours to their respective ethnic groups and provinces. The current NARC government is also seen as a coalition of various ethnic groups, each competing for their share of the available resources, although Kibaki, the incumbent president, has been accused of favouring his own ethnic community. The above discussion clearly shows that East Africans primarily identify themselves with their ethnic identity, hence integration in a federal state enjoying a single identity is currently unrealistic. More emphasis should be given to the creation of a multiple identity federation that seeks inclu-

siveness in its policies as opposed to marginalization, both at the state and ethnic division level.

This study has also shown that one encounters an astonishing breadth of recognizable individual cultures throughout East Africa, each with its unique array of languages, customs, religion etc. As the world has moved into a new century, East Africans have crisscrossed their respective borders, become urbanized, intermarried and intermingled in institutions of higher education, as well as in border trade, thus leading to an informal East African identity. The result has been that the traditional and modern forces are both at play, each pulling in different directions, although the former still remains the more influential.

For this reason, the East African leaders who are tirelessly struggling to rejuvenate the EAC should seriously address the possibility of a multiracial and multicultural East African society. They should work towards the elimination of racial discrimination in their countries, and should strengthen links between East African governments and Asian countries like Pakistan and India, where descendants of East African Asians have migrated. The leaders should demonstrate that true multiculturalism is possible. The indigenous Ugandans' voting of Jay Tana, a Ugandan Asian, to the sixth parliament as a representative of the youths from the eastern region of the country shows that it is possible to iron out racial prejudices, and for different races to become accommodative.

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ON IDENTITIES
VIEWS FROM EUROPE

...The change from Moi to Kibaki was the result of the Kenyan middle class worrying that they ought to be doing better than Tanzania and Uganda, yet they are falling behind - this form of peer pressure has led to regime change in Kenya.

...T(here) is a militarization of political parties as the vigilante groups are directly connected to different political parties. Peace-building will be hence fundamental.

...There has been a resurgence of "alternative identities", not necessarily rejecting the state but operating in a context just as important as national identity. Because of a frustration with the state provision of health and education, these organisations fund their own programmes, through religious NGOs, replacing state-provision of services.

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MIGRATION IN EAST AFRICA:
PAST, PRESENT AND PROGNOSIS

GODFREY CHESANG

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ABSTRACT

This chapter reviews the past and present trends and dynamics of migration in East Africa. It holds that migration and society are mutually constitutive, with migration shaping the dynamics that underpin society. In turn, it is argued that these dynamics determine and drive the trajectories, forms and patterns of migration. Accordingly, migration in East Africa is examined as a window through which to explore patterns of social, economic and political dynamics, and processes and modes of interaction in the region. The chapter provides a historical perspective of migration in the region, focusing on its political and socioeconomic underpinnings, and examines the linkages between migrants and their countries or places of origin. It assesses the socioeconomic and political impact of migration in the region and evaluates the analytical and policy implications of migration for integration in East Africa.

INTRODUCTION

This chapter reviews the past and present trends, patterns and dynamics of migration in East Africa. It proceeds on the premise that migration and society are mutually constitutive; that migration shapes the dynamics that underpin society, and in turn, these dynamics determine and drive the trajectories, forms and patterns of migration (Castles and Miller, 2003). Accordingly, the paper examines migration in East Africa as a window through which to explore existing patterns of social, economic and political dynamics, processes and modes of interaction in the region.

It is argued that migration in East Africa today is a product of longstanding dynamics that go back to precolonial days. Over the years, migration has mutated according to the imperatives of specific historical periods. Colonialism disrupted longstanding patterns of migration and introduced new strands. Political turmoil in the postindependence period, together with the disparate ideological paths followed by East African countries, produced a potent concoction of new migration driving dynamics and underpinned new waves of migration that persisted until the 1990s. Declining economic conditions in the 1980s and exponential population growth in turn fed extant streams of migration. The end of the Cold War similarly triggered a new deluge of forced migration. The effects of these migratory flows in the region have been mixed, although in the final analysis have set in motion little-acknowledged integrative processes. Finally, migration has resulted in fundamental transformation in social patterns of interaction and organization, although such changes have been spatially limited to migrant-affected areas.

The chapter is organized into four sections. The first section provides a historical overview of migration in the region, focusing on the political and socioeconomic dynamics underpinning the phenomenon. The second section examines the linkages between migrants and their countries or places of origin. The third section evaluates the impact of migration on socioeconomic and political dynamics in the region. The final section explores the prospects for East Africa's integration against the background of cross-border communities in the region.

MIGRATION IN EAST AFRICA: A HISTORICAL PERSPECTIVE

Migration within the East African region has been ongoing with varying intensity during different historical periods. This section of the paper reviews the changing nature of migration in the region from the precolonial time to the present.

Precolonial migration

Precise information on migration during the precolonial period is scarce. While political boundaries and border regimes as they are today were nonexistent, people still moved from one region to another in search of new lands, to escape drought and disease, as part of their pastoral practices and for many other reasons. Virtually every ethnic group in the region came from outside the geographical area that is now East Africa. The Tutsi, for instance, moved to present-day Rwanda from what is presently Ethiopia. The Baganda, on their part, moved from southern Africa to settle in the modern-day Uganda, while the Luo emerged from the region that now

constitutes Southern Sudan. Migration was often a communal decision and movement occurred in large groups. Sometimes only a few clans of an ethnic group would migrate, leaving behind the rest of the group. For the purposes of this chapter, migration during the immediate precolonial period can be categorized into the typologies described below.

Ecologically-driven migration

Pastoralist and nomadic communities living in arid and semi-arid areas moved from one place to another according to changing seasons in order to maximize the utility of their severe ecological environments. With hundreds of years of living in arid and semi-arid areas, these itinerant lifestyles became regimented into peculiar forms of social organization. Economically, most were pastoralist, while social organization was articulated and reproduced through extensive social networks broadcast over expansive geographical spaces over which individual clans were sparsely dotted. These networks constituted part of social safety networks for communities, which from time to time needed hospitality from neighbours experiencing better ecological fortunes.[1]

Political formations in these communities were largely egalitarian. In accordance with their nomadic lifestyles, sovereignty was also itinerant among these groups (in contrast to the modern, geographically bounded and sedentary forms of sovereignty) with the implication that when the whole community had to move, patterns of social and political organization and interaction remained essentially the same. This kind of sovereignty ensured social cohesion, thus eliminating fears of social disintegration. Furthermore, fears of social disintegration acted as a systemic constraint on migration. While they were initially reflexes to the imperatives of harsh ecological environments, the peculiar forms of socioeconomic and political organization among pastoralist groups grew over time into a life of their own, and in the process created migration-driving dynamics. The existence of extensive social networks, for instance, reduced the risks that come with migration. Unlike sedentary communities where the lifestyle discouraged large-scale migration, nomadic communities had more support systems for constant movement (see Horst, 2001).

Ecologically-driven migrations were, however, not exclusively limited to nomadic pastoralists. They also occurred among communities with more sedentary lifestyles. This was especially the case where and when communities experienced cataclysmic ecological events such as long droughts, earthquakes and floods, or population growth to the extent that scarce ecological resources were overwhelmed. What is distinct in this kind of migration is that it was often a one-off event, which arguably led to fundamental changes in social organization.

Politically-driven migration

There were broadly two types of politically-driven migration during precolonial days. The first of these occurred when communities were forced to move away from routine harassment by expansionist martial neighbours. In such instances, the consequences on economic, political and social organization varied according to the impact of the migration-inducing event. Where whole communities were displaced, and were subsequently successful in colonizing a new geographical territory, the community would begin a new life, although there would naturally be fundamental changes in socioeconomic and political organization. The more common scenario, however, was the displacement of sections of communities rather than whole communities. In this case, the displaced sections integrated into new communities that adopted them, internalizing their cultures in the process,

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1. See Horst (2001) for a discussion of the functionality of networks in the lives of the nomadic Somali community.

but also introducing new strands. In addition to displacement due to neighbours' aggression, political fallouts among communities also led to the departure of usually weaker clusters of clans, who subsequently established new communities. This was the case among the Maasai in the late nineteenth century following succession tussles that resulted in the community breaking into three political clusters with essentially the same culture.

Trade migration

Before the advent of colonialism, vibrant intercommunity trade flourished among East African communities. Trading activities were based on barter between neighbouring communities that pursued different but compatible economic activities. Agricultural communities, for example, traded their produce for farm implements from communities with a well-developed artisan industry. Besides routine trading activities among neighbouring communities, the region was also home to long-distance trading activities that spanned the region, from the coast to the Buganda Kingdom.

Such trading resulted in a continuous flow of migrants in and around the region, and consequently robust exchanges among the different communities. These exchanges went beyond primary trading activities and significantly affected sociocultural, economic and political systems. In the short term, the result was cultural crosspollination, so that today many communities share common cultural practices and values. In the much longer term, however, such exchanges had the potential to produce entire crossbreed cultures. A prominent case in point is that of the Waswahili on the East African coast, whose genesis is the intensive sociocultural and economic intercourse between Arab traders/migrants and local Bantu communities.

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Migration in colonial East Africa

The advent of colonialism fundamentally affected migratory patterns in the region, disrupting longstanding patterns of migration. The institution of arbitrarily created border regimes constrained the free movement of people from one location to another. In a number of cases, communities that previously existed as single entities were divided into two countries, producing what Zartman (1995) refers to as 'trans-state nationalities'. Such was the case with the Luhya community at the Kenya-Uganda border, the Tutsi and Hutu in Rwanda and Burundi, the Maasai on the Tanzania-Kenya border, the Oromo on the Kenya-Ethiopia boundaries, and the Nyasa on the Tanzania-Malawi border. The dramatic case here is that of the Somalis who were divided into five colonial administrative territories, *viz*. Somaliland, Somalia, Djibouti, Ethiopia and Kenya.

Other than external border regimes, control regimes built around internal administrative units served to disrupt the movement of people from one region to another. Within Kenya, for example, African residents were forcibly displaced from agricultural areas with high potential (the White Highlands) to make way for British settlers. These residents were subsequently forced into colonial 'labour reserves' located in ecologically marginal areas. The migration of Africans from one area to the next was in turn regulated by administrative rules designed to discourage such movements except where they served the broader extractive logics of the colonial political economy.

In addition, colonialism produced new socioeconomic and political dynamics, which in turn spawned novel forms of migration with a corresponding impact on pre-existing patterns of migration. Three broad strands of this are most salient and are examined below.

Rural-urban labour migration

By design, the colonial state was a political apparatus tuned to the logics of the extractive colonial political economy (Young, 1994). The transport infrastructure in the region served as a conveyor belt for the transfer of raw material from the hinterland to ports from which it was shipped to colonial metropolises. In urban areas dotted along this transport infrastructure were industries to partially process raw materials in order to make them more portable for transportation to the metropolises. Against the background of dismal socioeconomic conditions in the native reserve, employment opportunities created by these industries produced a pull factor for labour migration into these urban centres.

The colonial policies of confining Africans to underdeveloped and overcrowded rural reserves fed the rural-urban migration impetus, as resources in rural areas were scarce and family members migrated to towns to seek employment. In Kenya, the colonial government imposed a personal tax on every male African over 18 years, payable in cash, which served to institutionalize migration. Male members of the family would migrate to towns and white-owned farms to seek employment, only returning home periodically (Adepoju, 1977). Social amenities and facilities such as schools and hospitals were also centred in the areas where the white settlers had farms or in urban areas, providing a pull factor to urban areas. As the colonial economy took root and the urban population swelled, a subsistence economy inured to the needs of the urban population of labourers began to emerge. In turn, this economy created more employment opportunities, giving added impetus to an incipient rural-urban migration.

Labour migration also took on an international aspect. In Rwanda, a Belgian colony, an unknown number of migrants left the country to work in the mines of mineral-rich Belgian Congo between 1918 and 1959. In the 1950s and 1960s, Uganda also received labour migration from Rwanda, Burundi and Zaire. This migration was driven by the need for labour in Uganda's coffee and cotton plantations, a trend that continued through the 1970s and 1980s (Black, Hilker and Pooley, 2004).

International migration by political exiles

The degeneration of socioeconomic conditions combined with the injustice of colonialism precipitated a groundswell of social discontent beginning in the 1940s. This spurred the emergence of a forceful and purposive nationalism in the region. By victimizing the leading voices of discontent, the colonial government spawned migration in the form of refugee movements across the colonially instituted borders. Many of these refugees were freedom fighters and political figures (Gwasa, 1976), leaving to seek asylum in neighbouring countries, hence the movements across the borders were on a small scale. This migration grew through the 1940s and peaked in the 1950s as nationalist struggles climaxed. Labour migration, however, remained the most common form of migration in the region (Mwalimu, 2004).

Immigration of European settlers and Indian migrant workers

Another significant form of migration was that of labourers from the Indian subcontinent into the East African region. Between 1895 and 1914, the British colonial government facilitated the migration of 37 000 Indians to Uganda to work on the construction of the railways (Black *et al.*, 2004). This first wave of immigration underwrote a longer stream of migration which saw the number of Indian migrants in Uganda rise to 17 300 in 1939 and 77 400 by 1962 (Black *et al.*, 2004).

From the 1920s, the colonial government in Kenya encouraged and facilitated the migration of British settlers to occupy the areas with a high potential for agriculture in Kenya's so-called 'White Highlands'. The first wave of migration came in the 1920s when the colonial government was keen to develop a colonial agricultural economy. In the 1940s, Kenya experienced another wave of migration by colonial settlers, mainly retired soldiers from the Second World War.

Postindependence migration in East Africa

Tanzania, Uganda and Kenya attained independence from the British government in 1961, 1962 and 1963 respectively, while Rwanda, a Belgian colony, became independent in 1962. The end of colonialism presented new nationalist leaders across the continent with novel challenges as East African countries went through the throes of fundamental socioeconomic and political change. The overarching challenge in most African countries was the need to break away from the sociopolitical and economic legacies of colonialism and create new configurations to address the demands and challenges of independence.

Like other African states, East African countries attained their independence at the apogee of Pan-Africanism. Most African leaders agreed on the need to redress the injustices of colonialism. There was also general consensus on the need for African unity, although there was disagreement on whether to begin with continental political federation or with regional integration. The latter position triumphed in at the 1960 Organization of African Unity (OAU) conference, and African leaders agreed to promote regional integration as a first step towards continental unity (Wallerstein, 1966). In East Africa, Kenya, Uganda and Tanzania signed a pact in 1967, giving rise to the East African Community, which replaced the defunct East African Common Services Organization. The new regional federation was focused on economic and political growth. It did not address the question of migration as it was not perceived as a major political issue then.

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The federation had a weak foundation in the sense that, despite their voiced commitments, member countries were more committed to nationalistic development than regional integration. Accordingly, the three members of the East African Community adopted different economic and political paths. Tanzania and Uganda (at least between 1967 and 1971) followed a decisively socialist economic path with a strong emphasis on reducing socioeconomic disparities in society, while Kenya took a capitalist path (Barkan, 1994). Despite the three countries' membership in the Non-Aligned Movement, and as such supposedly non-partisan in the Cold War rivalry between the East and the West, all three in fact sided with one or the other side of this antagonism. Tanzania and to a lesser extent Uganda oriented to the East, and enjoyed close relations with China and the Soviet Union. Kenya on its part sided with the West and, as a result, enjoyed significant diplomatic, military and economic support.

The disparate development paths and ideological orientations of the three countries precipitated a cocktail for internal and external conflict that stimulated migration in the region. In an attempt to consolidate his power base, the Ugandan prime minister, Milton Obote, engineered a constitutional coup to elevate himself to the position of executive president, while abolishing the position of president, which was then held by the Kabaka of the Buganda Kingdom. This alienated Obote from Buganda, an important constituency by virtue of its economic, political and popular clout in the country's politics.

In Kenya, Jomo Kenyatta oversaw the emergence of a mainly Kikuyu capitalist elite that also had significant political influence through Kenyatta's patronage.

Kenyatta's ethnic bias seeded a political culture of ethnicity. To date, ethnicity remains a strong feature of Kenya's politics, which often flares into conflict, inducing forced migration as witnessed in 1992 and 1997. At the same time, the regime's political and ideological proximity with the British resulted in a rapprochement between Kenya's capitalist elite and British business interests. The effect of this rapprochement was to pre-empt fundamental changes in the political economy of Kenya. This ensured continuity rather than rupture in the configurations of politicoeconomic relations within the country and with the former colonial power.

To a larger extent than the other East African countries, Tanzania successfully nurtured a unifying national identity. The country also successfully reduced internal socioeconomic disparities. These successes were to save Tanzania from the ethnic divisions that took root in the other East African countries, but did not prevent dismal economic performance, a factor that was to generate rural-urban migration in the country in later years.

While mixed development outcomes were experienced in the three countries, the overall picture was an affirming one. Positive strides were made in improving the social welfare of the Africans who had been oppressed under colonial rule, economies were showing positive growth, and there were attempts to open up and develop the rural interior, which had been neglected under colonial rule. There was a significant focus on agriculture as the engine for economic growth in African countries, which was reciprocated by a global demand for primary produce in the 1960s (Osei-Hwedie and Bar-on, 1999). Governments' policies and efforts to enhance political participation and economic growth across their countries were successful in improving employment opportunities, education possibilities, health services and rural development, particularly agricultural growth (Black *et al.*, 2004). Rural urban migration as well as cross-border migration declined significantly as a result.

Rwanda broke from the East African mould. With decolonization, popular elections inverted the balance of power in Rwanda. Under colonialism, the Belgians had propped up the monarchical rule of the minority Tutsi over the majority Hutu. Following independence, the Hutu majority won the election, leading to a transfer of power. Subsequent killings of Tutsis by Hutus sparked the first major wave of Tutsi refugee flows to Uganda, Congo and Burundi. In 1963, Tutsi refugees in neighbouring countries began to organize sporadic raids into Rwanda. The backlash of these raids was more violence against Tutsis, leading to more outflows, so that by 1964 the number of Tutsi refugees stood at over 150 000, most of whom, except about 2000 who fled to Europe, were housed in neighbouring countries (Black *et al.*, 2004). This pattern continued through the late 1960s, seeing a continuous flow of refugees to neighbouring countries throughout the period (Black *et al.*, 2004).

Migration in the 1970s

In the 1970s, the general picture of migration changed remarkably following dramatic political developments in the region. In 1971, Idi Amin ousted Milton Obote through a military coup. Amin's coup initially enjoyed popular support among many Ugandans, but especially among the Baganda and other groups disillusioned with Obote's rule. This support waned only a few months later, however, when Amin's personal belligerence and autocratic tendencies became overbearing to his neighbours. In 1972, Amin decreed the expulsion of an estimated 55 000 Asians from the country on the pretext of Africanizing the Ugandan economy (Black et al., 2004). The expulsion of Asians, also the principal actors in Uganda's economy,

marked the beginning of an economic crisis that escalated as Amin became more insecure and erratic in his rule. The despondent economy, human rights abuse, wanton execution of opponents, corruption and general malgovernance that marked Amin's rule combined to generate a massive outflow of Ugandans in search of asylum in the region and beyond. By the end of Amin's rule, over 500 000 Ugandans had been forced into exile (Black *et al.*, 2004).

Externally, Amin became increasingly confrontational with neighbouring states, leading to the collapse of the East African Community in 1977. In 1977, Amin threatened to annex Kenya's rift valley province, further hardening relations with Kenya, although it did not result in Kenya excluding Ugandans fleeing from regime from seeking asylum in Kenya. In 1979, Amin invaded the Kagera region in Tanzania. In defence, Tanzania's military forces repulsed Amin's soldiers, and went on to invade Uganda and topple Amin later in the year. The defeat of Amin and his subsequent escape led to a mass exodus from Uganda to Zaire and Sudan. Estimates of the number of refugees that left for Zaire and Sudan from Uganda by 1980 have been placed at 150 000 and 40 000 respectively (Black *et al.*, 2004).

The economic meltdown in Uganda in the 1970s following a combination of Amin's misrule, the expulsion of Asians and global economic recessions saw many businesses and industries close down in the country. The result was a mass exodus of Ugandan professionals and highly-skilled workers, who left for better fortunes mainly in Tanzania and Kenya, but also Europe, North America and other parts of Africa. Yet even as Ugandans continued to flee from their country throughout the 1970s, Rwandese and Zairian refugees continued to flow into Uganda; by 1980, the United Nations High Commissioner for Refugees (UNHCR) estimated Uganda to host over 80 000 refugees from Rwanda and 30 000 from Zaire (Black *et al.*, 2004).

In Tanzania, the main spark for migration was Julius Nyerere's villagization programme. The government initiated the programme in 1969, following its adoption of the Arusha Declaration in 1967 as a guiding policy document. The programme was initially voluntary, with potential villagers lured to locations for planned villages by the promise of economic, welfare and infrastructure development. Due to the slow pace of the programme, the government decided to accelerate it in 1973, decreeing that all people must live in villages. To pre-empt resistance, the government involved the military, where necessary, to forcibly move people into these villages. In 1976, between 5 million (independent estimates) and 13 million (government estimates) had been moved into villages (Black *et al.*, 2004).

However, poor living conditions in the villages, crop failures, sabotage by resistors and growing corruption combined to undermine the success of the programme, so that the villages were characterized by dismal socioeconomic and welfare conditions. The result was a steady trickle of migrants from the rural areas to urban areas. Throughout the 1970s, many Tanzanians moved into urban areas, resulting in one of the fastest urbanization rates in the country's history (Black *et al.*, 2004).

Migration in the 1980s

Migration in East Africa in the 1980s took a distinctly bifurcated form. One dimension involved a stream of politically-motivated migration that included refugees fleeing political persecution, human rights abuse and civil strife in their countries. The other dimension involved rural-urban labour migration. These dimensions are addressed in respective sections below.

Politically-driven migration

For most of the 1980s, migration in East Africa was composed of refugees fleeing political persecution in Sudan, Uganda, Zaire, Rwanda and Burundi. In Southern Sudan, an incipient revolt by the South was aggravated when the Arabist and northern regime declared its intentions to make Sudan an Islamic state. A revolt by Southern Sudanese soldiers led to intensified attacks by the northern government, leading to an upsurge of refugee flows to Uganda, Zaire, Kenya and Ethiopia. In Uganda, the failure by the Tanzanian-led invasion to consolidate power and restore order in a post-Amin Uganda resulted in an intense and deadly competition for power among several rebel groups for seven years. By the time Yoweri Museveni's National Resistance Movement (NRM) took power in 1986, an unknown number of Ugandan refugees had fled the country and settled in neighbouring countries. Although the first impulse of refugees from Ethiopia came from the 'Red Terror' in the 1970s, the increasingly authoritarian rule of Mengistu Haile Mariam ensured a continuous if erratic flow of refugees from the Ethiopia into Sudan, Kenya, Somalia and beyond. Daniel Moi's clampdown on popular dissent in Kenya also produced a small number of high-profile exiles who sought refuge in Uganda and Tanzania, but mainly in Europe and North America.

To a great extent, however, politically-motivated migration in the 1980s was a continuation of migration patterns that began in the 1970s, the driving factors of which were sustained through the 1980s. Indeed, by 1980, the UNHCR had made little progress in the search for permanent solutions to the refugee crisis that also addressed development challenges, leading to the International Conference on Assistance to Refugees in Africa (ICARA I and ICARA II). However, the region also witnessed new waves of migration. In 1988, Burundian Hutu refugees fleeing ethnic massacres in their country joined earlier streams of Tutsi migrants in Western Tanzania. The distinct development in the 1980s, however, was the large-scale voluntary return of Ugandans to their country following the normalization of politics and the stabilization of the economy as a result of the NRM's decisive victory in 1986.

Economically-motivated migration

After an initial period of spectacular growth in the 1960s, East African economies in the mid-1970s, like the rest of Africa, began to experience 'deep, pervasive and continuing economic crises' (Osei-Hwedie and Bar-on, 1999). Among the East African countries, these crises were the result of malgovernance, political instability (especially Uganda and Rwanda), failure of development strategies and, more broadly, a global economic recession. As a remedial measure, Structural Adjustment Programmes (SAPs) were introduced by the IMF in the 1980s . SAPs were aimed at reducing state control of markets and economic forces, and at encouraging the privatization of state-owned corporations and public services, in the hope that this would lead to better economic performance. Among other things, the specific policy measures that were recommended and carried out within the SAPs framework included down-sizing bloated bureaucracies, reducing social spending by the government, and freezing civil service employment in certain government departments (Herbst, 1990; Logan and Mengisteab, 1993; Buchmann, 1996; see also Balbo and Marconi, 2005: 3).

Rather than ameliorate the economic crisis in the region, SAPs created new problems. Besides failing to revamp economies, SAPS ended up slowing the region's economic growth. The reduction of the public labour force added to already high unemployment rates in the region. It also took away a regular income from previous government employees. The reduction of government social spending and the introduction of cost-sharing policies also meant that people had to expend already scarce resources on education and health services. Additionally, protectionist trade regimes initially designed to cover nascent domestic industries,

such as agriculture, from competition from more established international industries were eliminated. Overall, the impact of SAPs was to reduce the pool of domestic savings necessary for re-investment, expose domestic industries to adverse international competition and, through the reduction of government social spending, to reduce socioeconomic standards in the region's countries (Herbst, 1990; Logan and Mengisteab, 1993; Buchmann, 1996; Muwanga, 2001; see also Balbo and Marconi, 2005: 3).

Besides declining socioeconomic performance and livelihoods, the region also experienced a massive growth in its populations. Throughout the 1980s, like in the 1970s and 1960s, the populations of the four East African countries grew exponentially. This tremendous population growth resulted in a wide-based population pyramid, which in turn meant increasing social welfare burdens on the three countries' economies. Declining socioeconomic standards in this period, together with a demographic explosion, thus distilled into a potent concoction of 'push' factors that drove rural-urban migration.

Migration in the post-Cold War period

Migration in post-Cold War East Africa is striking for its unprecedented scale, spectacle and complexity. By the end of the 1990s, over 4 million East Africans had been displaced at different times, and most had sought asylum within the region. Single waves have seen the displacement of hundreds of thousands of East Africans, many, as in the case of Hutu refugees, fleeing when the Rwandan Patriotic Front (RPF) captured power in 1994, peaking at 1.7 million (Black et al., 2004). Although the socioeconomic and political impact of this migration is yet to be fully evaluated, it is, however possible to examine the context of this migration. Equally important is that migration in the 1990s has been as much the result of changes in global politicoeconomic relations as it has been the result of a build-up of extant tensions in society. Three sets of migration strands are identifiable in East Africa during this period, and are separately addressed below.

The Great Lakes

Migration in the Great Lakes region in the post-Cold War era was patently the result of a historical build-up of previous migratory flows. On the 1st October 1990, the RPF, a rebel fighting force made up of exiles from migrations dating back to 1959, began their invasion of Rwanda from Uganda. Their objective was to depose the Hutu-dominated government and create political space for Tutsis in Rwanda. This invasion resulted in civil war in the country, pitting the Tutsi minority against the Hutu. Systematic persecution of Tutsis by the incumbent government followed, with the consequence that more Tutsis fled and joined the RPF, thereby boosting its strength.

By 1993, the strength of the RPF had grown enough to create a stalemate in the civil war. This stalemate forced both parties to negotiate a truce under the patronage of Mwalimu Julius Nyerere of Tanzania. The death of President Juvenal Habyarimana in a plane crash in April 1994 resulted in the collapse of the talks. Many Hutus were convinced that the attack that caused the plane crash had been instigated by the Tutsi-dominated RPF. This development thus brought simmering political and ethnic tensions in Rwanda to boiling point and set in motion one of the most spectacular yet grim events in Rwandan history.

Immediately after, sporadic violence between Hutus and Tutsis erupted. Within weeks, this violence had morphed into a systematic genocide jointly led by the Hutu-dominated army and the Interahamwe militia. By July 1994, when the RPF rebels captured power in Kigali, between 700 000 and 1 million Tutsis and

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moderate Hutus had been killed; in addition, it is estimated that close to a million refugees were displaced to neighbouring countries (Black *et al.*, 2004).

The capture of power by the RPF in turn resulted in the forced migration of over 500 000 refugees to Tanzania. Of these, over 250 000 had crossed the border within 24 hours of the RPF's victory (Black *et al.*, 2004). The flight of Hutu refugees continued thereafter for several months as the government continued to hunt down suspected perpetrators of the genocide, leading to further refugee flows from the country. The bulk of Hutu refugees fleeing Rwanda sought asylum in Tanzania, and between 1994 and 1996, Tanzania hosted close to a million refugees in refugee camps in the western side of the country. The RPF's capture of power also spurred the immigration of an estimated 700,000 Tutsis who had fled the country in the preceding three decades (Black *et al.*, 2004).

Popular pressure from Tanzanians and declining commitment to refugee protection, together with socioeconomic and ecological strains of the refugee influx in Tanzania came together with popular if ungrounded association of migration and crime to inform a hardline stance by the Tanzanian government towards refugees. In 1996, the government made a unilateral decision to repatriate Rwandese refugees. By the end of the year, the government declared that the repatriation exercise was complete. Despite this, it continued to expel Rwandese refugees through to 2004. In addition to the Rwandese refugees expelled earlier, the Tanzanian government began to repatriate about 168 000 Burundian refugees in 2001. Even so, a significant number of refugees remained in the country; by government estimates, some 320 000 were living in refugee camps, and 470 000 were living outside refugee camps, most of whom came to the country in 1972 (Black *et al.*, 2004).

The Horn of Africa

Unlike migration in the Great Lakes that was triggered by longstanding problems inherent to the national politics in the region, the impulse for migratory waves in the Horn of Africa was triggered by seismic changes in global politicoeconomic relations. The thawing of ideological tensions in the late 1980s, the collapse of the Soviet empire and the end of the Cold War destabilized client regimes of the principal Cold War protagonists across the globe.

The Siad Barre regime in Somalia, a client regime of the Soviet Union, had for decades, relied on diplomatic, economic and strategic support from the Soviet Union to sustain its authoritarian apparatuses of power. The withdrawal of Soviet support in the late 1980s progressively weakened Siad Barre's hold on power. Declining domestic resources forced the increasingly desperate regime resort to predatory tactics, including the looting of residents' shops and fuel stations, and more large-scale theft of public resources to replenish military supplies. Furthermore, the withdrawal of superpower support led to economic collapse in the country. The attendant socioeconomic crises further legitimized an incipient clan-led revolt. With the arrival of rebels in Mogadishu, Siad Barre first evacuated from the city and later fled to Kenya. The collapse of the Barre regime led to a flare-up of civil conflict that pitted Somalia's clans against one another. In its wake came a massive wave of migration to Kenya, Ethiopia Djibouti, Tanzania, as well as to geographical locations further afield, such as South Africa, North America, Europe and the Middle East. As an index of its magnitude, by December 1992, Kenya alone had received over 500 000 refugees from Somalia (UNHCR, 2002).

A similar sequence of events unfolded in Ethiopia. The ousting of Mengistu Haile Mariam by the onslaught of Tigrinya Peoples Liberation Front (TPLF) led by Meles Zenawi was followed by a massive exodus of the members of Mengistu's regime to

neighbouring countries. The bulk of this refugee flow crossed the border into Kenya, although some sought asylum in countries further afield, such as southern Africa, Europe, the USA, Canada and Australia. On assuming power, the TPLF faced a surging and sometimes violent opposition from residual elements of the Mengistu regime and other ethnic formations. The Oromo Liberation Front (OLF) presented the biggest challenge. Under the Mengistu regime, the Oromo were systematically marginalized from the country's economic and political affairs, leading many of them, alongside other Ethiopians, to leave the country. The Oromo continued to feel marginalized by Meles Zenawi's regime as it became increasingly nepotistic and tribal. Opposition by the Oromo, sometimes by violent means provoked equally violent retaliatory responses by the government. A predominantly Oromo stream of refugees migrating out of the country was thus sustained.

Other than Ethiopia and Somalia, ongoing conflict in Southern Sudan sustained the pre-1990 flow of Sudanese refugees. As such, this stream of migration does not constitute a significant new development, but is rather a continuation of a pre-existing pattern.

Internal and external economic migration in East Africa in the post-1990 period

Economically motivated internal and external migration in the 1990s also underwent profound changes. These changes were driven by a number of factors in the region. The liberalization of economies after 1990 opened the market to more established international competitors who, albeit with mixed records in the region, pushed the weakly-developed regional industry from the market. More than any other sector, the agricultural industry (textiles, dairy and cereal) was the most acutely affected. The adverse effects of liberalization combined with the poor governance and corruption in the region resulted in the collapse of a number of factories.

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In rural areas, the effects of the onslaught of international capital was felt through the declining prices of agricultural produce, increasing prices of farm inputs and shrinking market niches for locally-produced agricultural goods as imports saturated the markets. Consequently, agriculture, the mainstay of the rural economies of East Africa, increasingly became an unrewarding enterprise that barely satisfied the growing needs of an expanding rural population. An extant pattern of migration to urban areas was thus given a new momentum.

Urban areas by this time were reeling from the consequences of pre-1990 migration, which saw the exponential growth of informal housing in urban areas. Given the saturation of informal settlements in urban areas, the post-1990 wave of migration dilated into peri-urban areas, thus intensifying an incipient process of 'rurbanization'.[2] What was distinct about this migration wave was that rather than a migratory trajectory into the epicentre of urban areas, there was instead migration into the peri-urban areas where housing and the general costs of living were much lower. Such areas, however, also have underdeveloped infrastructure and social amenities, with the effect that urban areas in the region were characterized by a perimeter of poorly serviced, unplanned and unsightly settlements.

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2. The term 'rurbanization' is usually used to describe a unique complex of sociological relations, forms and interactions at the interface of rural and urban forms of livelihood. The term was popularized by American sociologists Pirim Sorokin and Carle C. Zimmermann in Principles of Rural-Urban Sociology (1929).

LINKAGES BETWEEN MIGRANTS AND THEIR COUNTRIES OF ORIGIN

Migration can be viewed as a social strategy for accumulation but also as means of spreading, avoiding or mitigating political, economic or sociocultural risk. Even under the most desperate of circumstances, the decision to move largely remains a collective agreement among family members and socially-connected people (Turton, 2003). As a process, therefore, migration is a joint venture that is collectively owned and mutually beneficial to migrants and the communities from which they migrate. As people move, for whatever reason, they remain inextricably linked with their places of origin, partly for material needs for livelihood or affectional needs such as identity. Accordingly, migrants develop complex social relations broadcast over multiple geographical locations (Akuei, 2005). The linkages migrants keep with their countries are diverse and peculiar to individuals and disparate groups of refugees and migrant groups. This section explores the distinct forms of linkages witnessed among migrants in East Africa.

Political linkages

Political linkages can be divided into two broad categories. The first category is formal linkages mediated through formally structured political outfits in host countries with connections to political groups in the countries of origin. This has especially been the case where the scale of migration has been relatively large and has involved the displacement of significant portions of individual communities. Exiles, refugees and migrants from such migratory flows have (re)organized them-selves in overtly political formations such as the Oromo Liberation Front (OLF), the Sudanese People's Liberation Front (SPLF) and the RPF discussed earlier.

In the pre-1990s, host governments were generally hesitant to openly provide diplomatic or political support to organized groups of exiles, as such support essentially involved meddling in the affairs of other countries in contradiction of OAU principles.[3] Governments were also afraid of damaging diplomatic relations with neighbours. In the 1990s, governments became bolder in relation to their engagement with exiles. Kenya and Uganda, for example, afforded diplomatic and political support to groups such as the Sudanese People Liberation Movement (SPLM), allowing them to have offices and conduct political activities in their countries. Uganda on its part gave tacit support to the RPF in their invasion of Rwanda in 1990. In 2005, the government of Kenya facilitated an election among Somali refugees in Kenya, the result of which was the formation of a Somali government - the first since the collapse of the Siad Barre regime in 1991.

Where host countries have accorded such political support to refugees and migrants, political linkages between refugees and migrants and their countries of origin have been much more formalized and directly linked with the host governments as well as with like-minded groups in the countries of origin. Migrants have also used the political space so afforded in host countries to lobby support in the host government as well as other governments through participation in international meetings and conferences.

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3. Mwalimu Julius Nyerere's open support for rebels allied to Uganda's deposed president Dr Milton Obote in 1979 was the exception to the rule. Even so, there were important attenuating reasons, such as the fact that Tanzania had already severed its diplomatic ties with Uganda and the fact that Nyerere had publicly expressed his disdain for Idi Amin.

In the post-Cold War era in East Africa, engagements between host governments, refugee groups and countries of origin have had some positive impacts, especially when viewed against the background of peace-making in the region. For example, Sudanese migrants in Kenya lobbied different groups during the peace talks in Kenya to achieve the tentative agreement between the South and the government in Khartoum in January 2005. The presence of thousands of Somali migrants in Kenya throughout the recently concluded peace negotiations served as a strong impetus for the warring factions to achieve some semblance of agreement.

The second type of political linkage between migrants and their home countries is informal linkages involving non-organized and non-formal political connections between individual (groups of) migrants. In such instances, individual migrants continue to maintain affectional linkages (ideological, political or otherwise) with their home countries. Linkages between migrants and their home countries are mainly mediated through informal channels and migrants tend to play more discreet roles in host countries, such as secretly organizing meetings, recruitment and mobilization, as well as propagating the ideas of the political groupings they support in their countries of origin. Alternatively, migrants may play out their political affections in host countries through providing support to other refugees with proximal political and sympathetic leanings to their own.

In the latter case, host governments usually monitor the activities of migrants but generally ignore them unless they threaten their own national security, such as in the post-1994 genocide period in Western Tanzania when Hutu militants infiltrated refugee camps and targeted other refugees. Part of the problem is that prohibiting political activities by migrants does not preclude them from taking place. Transnational political networks with different control nodes tend to spread their tenterhooks to many parts of the globe regardless of such sanctions (Castles and Miller, 2003: 1-20).

Finally, advances in telecommunications have helped minimize the spatial and time constraints of transferring money, in the process enhancing the ability of migrants to remotely monitor political events in their countries of origin, but also to participate in them directly though elections or the internet. This scenario fosters the political linkages and encourages migrants to retain their national identities as well as influence political outcomes. Appreciating this trend, political parties in East Africa are now opting to open offices and branches in countries with a sizeable number of nationals in order to tap into their financial and social capital and intellectual resources.

Socioeconomic linkages

More than political linkages, socioeconomic linkages among migrants in East Africa, as elsewhere, are complex and densely interwoven between (communities of) migrants in their countries of residence and their countries of origin. Without denying their complexity, three elements of the economic linkages between migrants and their countries of origin are of most importance. These are trade linkages; linkages of reciprocal benefaction including remittances, sending gifts and other exchanges of material favours such as loans and sponsorships; and social capital networks as they are used as a trust-assuring mechanism in social and economic transactions. Each is discussed in turn.

Trade linkages

A dearth of information and reliable data makes it difficult to estimate the precise volume of trade by migrants. Regardless, anecdotal evidence suggests that

there exists a vibrant trade between the host countries and countries of origin, in which migrants are central players. Migration to new countries presents trade opportunities that migrants are in a most advantageous position to exploit because of differentials of opportunity and risks in the two locations and the nature of insertion of migrants in both countries. Due to a lack of formal immigration status, the majority of East Africa's migrant economic activity dispenses through the informal economy. Poor and sometimes nonexistent regulation of informal economic activity means that much of the commodities channelled thus are untaxed. This makes them relatively cheaper than goods obtained in the formal economy. Migrants with knowledge of the country of origin from which such goods are exported or sourced as such stand in good stead to capitalize on the benefits thereof.

It has been consistently established that once migration starts, it takes a life of its own (Castles and Miller, 2003). With time, the number of migrants from a particular place increases and they reproduce their ethnic or cultural habits and preferences in their new location. This creates markets for goods and services that are produced in their own countries, thereby creating business opportunities for their own business people. Among such commodities are traditional foods and spices, herbs such as khat, popular among Somalis, as well as clothing. Given that such items can often only be sourced from countries of origin, an opportunity for robust trade is created among migrants. However, such people also send new items and goods to their places of origin, which may foster business linkages and further migration.

In addition to preferences for certain commodities among migrants, significant variation in the cost of commodities between countries creates a differential that drives cross-border trade in these commodities. It is, for example, cheaper to obtain goods sourced from the Middle East and Asia in Somalia than in Kenya, owing to the lack of a regulatory framework ensuring that commodities are taxed. The largely uncontrolled Kenyan boundary also allows most goods to pass the boundaries without being detected and taxed by Kenya's revenue officials.

Linkages based on systems of benefaction

Another important form of socioeconomic linkages between migrants and their countries of origin relates to ingrained systems of mutual benefaction in African societies (Sorenstein, 2001; Ahmed, 2003; Akuei, 2005). East African societies are characterized by highly communalized social structures. Owing to the cost of migrating to these destinations, potential migrants are forced to raise funds through family members, friends and relatives. Such funds are very often given in form of 'soft loans' to be paid back when the migrant gets a job. Often such assistance is given with the understanding that they will facilitate the migration of some other family members or relatives.

Migrants leaving their homes for other countries therefore remain tied to expectations that they will reciprocate the benefaction of their families, relatives and friends back home. Studies indicate that migrants send significant amounts of money to relatives and communities in the countries of origin (Ahmed, 2003; Eckstein, 2003; Horst and Van Hear, 2003). In East Africa, such benefaction has taken the form of cash remittances, gifts sent home, and other consumable goods that can be easily transferred electronically such as airtime credit for cell phones. In addition, remittances are sent to support family members for their immediate needs, such as food, education, healthcare and other services. Because most migrants still intend to go back to their home countries, they also send money for investment in land, housing and other economic activities. Many migrants also have

filial obligations such as children back home, relatives and parents, to whom they send money for upkeep (Vertovec, 1999).

Sociocultural linkages

Like their political and economic counterparts, sociocultural linkages between migrants and their home countries take different forms. Longstanding patterns of migration indicate that East African migrants migrate mostly to richer anglophone countries; colonial ties and continued political affiliation enable migrants from East Africa to go mostly to the UK, USA, Canada and Australia. The similarities in education systems and shared language mean the time and cost of adaptation is minimal. Those with adequate education and professional skills can therefore get jobs more quickly than if they went to a country with a different language and unfamiliar education system.

As the number of migrants increases in a new location, they reproduce their own communities with unique cultural practices that blend cultural elements of their new place with those of their countries of origin. Religious activities, popular food, entertainment, education preferences and other social activities come to resemble those that have been left behind. This way, children are taught about their parents' countries and their own history and traditions. Social sanctions to control members' behaviour are put in place. Migrant communities are also known to observe their own rites and symbols to help them maintain their identities. The presence of large migrant communities also helps to rebuild social capital, which is used to access goods and services.

Transnational families are a consequence of migration. This is the case where members of the same family live in different countries yet retain strong familial ties through communication, support and engaging in joint decisions across borders. Indeed, some individuals even maintain multiple families in different countries or towns. The flipside to this is that migrant communities are also increasingly being blamed for complicity in criminal activities such as human trafficking, drug trafficking and transnational criminal networks (Alt, 2005).

THE IMPACT OF MIGRATION ON THE STATE, SOCIETY AND ECONOMY IN EAST AFRICA: AN ANALYTICAL PERSPECTIVE

That migration impacts on societies is a thesis that is well supported by research (for example, see Chambers, 1986; Daley, 1991; Jacobsen, 1997; Whitaker, 1999; Landau, 2003). This section discusses the effects of migration on the social, economic and political patterns of interaction underlying socioeconomic structures; in turn, it then examines how interaction affects the livelihood strategies and lives of migrants, as well as those societies affected by migration. Rather than an exhaustive summary of the literature, or an analysis of the macroeconomic impact of migration, as is generally done (see, for example, Van Hear, 2003), this section explores seven broad patterns of social change that migration has engendered in East Africa. These are the informalization of economic and political activity; the subsequent criminalization of these activities; the transnationalization of erstwhile parochial socioeconomic and political identities, structures and patterns of interaction; the internationalization of labour; the ascendance and reification of nativism and autochthony as modes of politics; the reconfiguration of gender and other social roles; and donor dependency.

The informalization of economic and political activity

Immigration policy regimes in East African countries exclude migrants from social welfare and civic rights. At the same time, labour policy regimes exclude foreigners from employment in the public sector, except for a few jobs that need highly-specialized but scarce technical skills, for which a few foreigners are hired on contract basis in both the public and private sector. By excluding migrants from formal economic activity, a functional vacuum in the lives of migrants is created - provisioning of welfare, livelihoods and general socioeconomic needs - which a pre-existent and growing informal economy in East Africa fills. The informal economy in East Africa, as elsewhere, is itself one of the many unintended consequences of neoliberal policies which were preceded by the economic austerity measures introduced in the early 1980s (McMichael, 2000). Like other parts of the world, the reduction of social expenditure has resulted in the expansion of the informal economy, where many urban dwellers increasingly seek livelihoods (Alt, 2005; Balbo and Marconi, 2005: 3; Campbell, 2005).

More than just a socioeconomic arena where migrants meet their livelihood and welfare needs, the informal economy also becomes a key political arena where the question of who gets what, usually the state's function, is resolved. Being unregulated, political activities are also mediated through informal social structures such as religion, culture and social networks. The effect of the informalization of political and economic activity is to draw political initiative away from the state and to situate it in informal structures, in the process challenging the state as the primary regulator of socioeconomic and political processes, thus eroding the state's legitimacy (Alt, 2005; Campbell, 2005).[4] This is discussed below.

Deterioration of the state: Marginalization, criminalization and subversion

Deterioration of the state is the result of a combination of three processes. The first process relates to the state's marginalization from economic and political activity. This process takes away from the state its core functions of regulating economic activity and revenue collection and diffuses them into informal social structures. The effect of this process is to deny the state potential revenues collected from economic exchange, with the result that it loses the monetary resources necessary to perform its other functions. Related to this point is that by situating regulatory functions within informal structures, the state is also denied a basis for its power and legitimacy, which is instead appropriated by non-state actors, who, by performing these functions, subsequently challenge, subvert and undermine state power.

The second process by which the state loses its legitimacy is through the shift of state responsibilities from the state to non-state agencies. This is especially the case where humanitarian agencies intervene in complex crises, such as when there is a refugee influx (Landau, 2003). Humanitarian agencies intervening in such crises inject significant amounts of money and material resources that fundamentally transform the microeconomic landscape in often marginal areas where huge refugee populations are hosted (Landau, 2003; Alt, 2005). It is increasingly the norm that such humanitarian intervention is targeted not only at refugees but also to the host communities (Gorman, 1983). In intervening as such, humanitarian agencies perform certain functions traditionally associated with the state. In the long term, the effect is also to transform political regimes so that the

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4. For a more theoretical treatment of the subject, within the context of the politics and the state in Africa, see also Bayart et al. (1999) and Chabal and Daloz (1999).

expectations of affected populations with regard to the performance of welfare functions shifts from the state to humanitarian agencies, even if sovereign authority primarily remains with the state (see Landau, 2003).

The third process by which the state loses its legitimacy is through criminalization (Bayart, Ellis and Hibou 1999). Criminalization has two dimensions. The first relates to the criminalization of the state itself. Migrants without social welfare and civic rights bounded by law are in a tenuous socioeconomic and political situation. This vulnerability makes migrants more pliant to predation by corrupt government officials keen to exploit rent-seeking opportunities. Such opportunities emerge from the officials' power to arrest or prosecute migrants for being in the country illegally, and from the impunity that comes with the lack of a formal redress mechanism for migrants, given that they are already bereft of legal sanctions for their socioeconomic and political rights from the state.

In Kampala, Nairobi and Dar es Salaam, agents of the state, most notably police officers, are reported to routinely harass and violate the human rights of refugees and other migrants, as part of an elaborate extortion racket, all while being hidden behind the façade of routine patrols and law-enforcement activities (Human Rights Watch, 2002). Such rent-seeking behaviour by police officers is anchored on their ability to arrest and prosecute refugees and migrants for being in the country illegally (Landau, 2004). While such migrants could potentially explore legal redress, they are unlikely to do so because this would expose their being in the country illegally in the first place. An ascendant xenophobia in Kenya and Tanzania at the same time gives social legitimacy to the mistreatment of migrants. Nor does the nascent democratic culture in the three countries guarantee any broad social support for the legal or moral challenges to the mistreatment of migrants by the authorities.

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While such behaviour can also be interpreted as banally characteristic of corrupt police officers, the pervasiveness of the practice suggests a deeper entrenchment as a moral regime with police forces in the region. Considered from a Weberian perspective as an integral component of the state's coercive disciplines, what is striking here is the state's radical departure from the liberal ideal of the sovereign as the custodian of individual's rights; instead, the state is a privileged rent-seeking gatekeeper of resources within the confines of its jurisdictional competences. Access to these resources, but more relevantly, exemption from risk - mundanely in the form of arrest, incarceration and other violations of the individual - is only guaranteed by paying periodical if irregular rents in the form of bribes.

The consequences of the criminalization of the state are, of course, not limited to non-nationals; indeed, in fact, it begins a process of decay in the state that spreads to the state and society as a whole. When state officials deviate from their core functions to engage in privately motivated activities with direct pecuniary gain, they fundamentally erode their very *raison d'etre*, and become an instrument of private non-state interests. In the case of the police, for example, participation in corrupt activities derails resources meant for law enforcement. Conversely, much informal economic activity, being by nature unregulated, transgresses the bounds of law and as such technically constitutes criminal activity.

The articulation of differentiated micropolitical regimes in areas affected by migration

As mentioned above, the informalization and the deterioration of the state have the overall effect of locating the initiative for socioeconomic and political processes

in the informal sector among disparate social actors and structures driven by a diverse repertoire of interests, ideals and logics. The result of this miscellany is the emergence of patterns of interaction, hierarchies and relationships, which with time morph into multiple, spatially defined and distinct political practices that simultaneously feed on, challenge and subvert the state's legal frameworks (Landau, 2004).

One example that captures the point above is Eastleigh, a residential area two kilometres to the east of Nairobi's central business district. In many ways, Eastleigh is distinct from the rest of the city. Its migrant inhabitants are predominantly foreign and of Somali nationality. The economy is also largely informal, unregulated and controlled by foreigners. Economic and political activity and patterns of interaction are primarily mediated through informal social networks rooted in Somali cultural norms, values and structures rather than on regulations laid out by the Kenyan state. The role of the state and its insertion in the area is at the same time distinct in the sense that it takes a uniquely predatory form. Police officers and city or municipal council administrators, are perfunctory in relation to performing their formally recognized functions of regulation and maintaining law and order, as these functions are already taken up by other agents. However, they retain their power as state officials. The use of this power is thus directed to 'official rent-seeking'.[5]

It is pertinent that state agents are arguably as corrupt as their counterparts elsewhere. In migrant-dominated areas such as Eastleigh, however, they are unfettered by popular checks to their discretion, such as may be formally channelled through elected representatives. The migrants in Eastleigh do not have access to such channels; they cannot vote and prefer to keep off the bounds of law because they are, in any case, technically illegal in the country. This thus creates an 'outlawville' island within a city and country that is largely regulated by law.

Different sociodemographic sections experience the effects of a criminal sovereign in varying form and degrees of intensity. More than any other group, migrants are most adversely affected, because of their marginalization in these countries. Even so, other sociodemographic groups that are in similar states of marginalization are as vulnerable to predatory behaviour by the police, especially the poor who live in close proximity to refugees and also rely on the informal economy for their livelihoods.

The diaspora of identities, economic activity and political conflict

Even as they integrate in new societies, migrants retain socioeconomic, political and affectional linkages with the societies, as well as patterns of interaction from where they come from (Crisp, 1999a). These linkages, however, undergo important changes as migrants integrate into new societies and adopt new values, attitudes and practices. Socioeconomic and political linkages and patterns of interaction are recast in response to new social risks and opportunities in receiving societies. In East African countries, an interesting trend has been the transnationalization of identities. Three aspects of this trend are of pertinence.

First, the socioeconomic marginalization in East Africa encourages refugees to seek material assistance from relatives and friends in richer countries such as Canada. The routine transfer of money from the developed countries to East Africa has resulted in the development of an elaborate international money transfer

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5. See also Campbell (2005) on the informal economy, power and production in Eastleigh, Nairobi.

system. Much of this monetary activity is carried out through and within informal systems, which often skirt the regulatory frameworks of states. In effect, therefore, an internationalization of the previously described informal economic activity is occurring.

Second, the diaspora of refugees following prolonged conflict in their countries, or cataclysmic political events, such as the collapse of the Siad Barre regime, has resulted in the transnationalization of previously parochial identities. Among the Somalis, for example, the persistence of the clan system as the basic form of social organization, even in international contexts is striking. A refugee leaving Kenya for Canada, for example, will be able to leave through the support of primarily clan members, and on arrival in Canada will be received and hosted by a clansman/woman. In other words, networks are central in determining the trajectories of migrant itineraries (Gundel, 2003: 7).

Third, with the migration of refugees to new countries, erstwhile domestic political differences are also translocated to their new homes. Given the continuity of their affectional commitment to their countries, as well as their despondent status in host countries in the region, the outcomes of domestic political conflicts and processes are crucial to migrants and refugees. Many migrants and refugees play strategic roles in domestic conflicts. More importantly, however, migrants organize into communes that provide nodal points for mobilizing international support - material, political or moral - for conflicts back home. Where conflicting groups are situated in the same locations or countries, tensions and divisions originating from domestic political sympathies are recreated, which can lead to a spillover of domestic discord to host countries. In East Africa, this has been repeatedly witnessed through occasional violent skirmishes between different refugee groups in refugee camps in Kenya, Uganda and Tanzania, as well as in urban areas in the same countries (Lischer, 2000).

The internationalization of labour

More than any other outcome of migration, the internationalization of labour has been the most controversial. Experience has shown that migration most often takes the most qualified, most resourced and mobile population groups from sending societies. By taking the most useful components of a society's human resources, migration, particularly the economic strand, has thus been negatively viewed as contributing to underdevelopment in sending societies, often understood in the normative rubrics of 'brain drain'. Much debate on the subject has focused on the negative impacts of migration, in part the result of the preoccupation of host societies with the socioeconomic and political risks migration is supposed to produce (Balbo and Marconi, 2005: 12; de Haas, 2005). The thesis that migration has a negative effect on development has been questioned by a number of studies that show that the effects of migration are contextual, and not always necessarily negative (see, for example, Stark *et al.*, 1997; Adams, 2003).

Migration nevertheless has a net positive effect on receiving societies and sending societies. Apart from optimizing the exchange value of labour, migration also provides labour to areas eschewed by local population (see, for example, Stark, Helmenstein and Prskawetz, 1997; Adams, 2003). Other benefits of migration include the diversification of demographic and cultural profiles of cities, a driving factor of globalization, as well as the transfer of resources through remittances from high income zones around the globe to poor income locations (see, for example, Stark *et al.*, 1997; Adams, 2003).

If the argument that migration constitutes a net loss of vital human resources is put aside, then one can see that the process is actually internationalizing labour previously quarantined within the geopolitical enclaves of the bounded nation-state. In this respect, the movement of migrants from one place to another can be viewed as a rational process by which labour is transferred to locations where it attracts the greatest return (de Haas, 2005: 5). Rather than an aberration, this process can be viewed as simply part of globalization, a phenomenon with the defining characteristic of being able to transfer capital, labour and commodities across wide geographical expanses, cheaply and efficiently to locations where they attract the greatest return.

The ascendance and reification of nativism and autochthony as modes of politics

Migrants in new locations are, as much as the host population, socioeconomic and political actors. They participate in political processes and as such pose socioeconomic and political threats, imagined or real, to their hosts (Jacobsen, 1996). Yet their position as migrants places them in a vulnerable position in relation to political entitlement. Being newcomers, they are often viewed as lacking an autochthonic claim to resources that naturally comes with being rooted in the host country, although in many cases, migrants themselves are responsible for marginalizing themselves in this manner by rooting themselves in their countries of origin rather than in the host countries.

As a consequence, migrants are wont to be spuriously made scapegoats for sociocultural, economic or political ills in the host country by host populations (see, for instance, Harris, 2001; Hoyweghen, 2001). This is especially the case where there are genuine socioeconomic problems in the country, for which political leaders in host societies are unwilling to take blame. Equally important, where hosts societies are undergoing a process of identity formation, such as through nation-building or otherwise, there is a propensity to define identities against an 'other' (Anderson, 1991). Migrants hence provide that convenient 'other' (Landau, 2004: 5-6).

In contrast to the pre-1990 period, where East Africans were generally hospitable to refugees, the post-Cold War period in the region has seen a steady hardening of public attitudes towards refugees and migrants in general. Increasingly, competition for resources *vis à vis* migrants and refugees in the region is framed in terms of autochthonic and nativist claims to political entitlement, thus marginalizing migrants. As such, migrants have become the subject of xenophobic public sentiments and exclusionary rhetoric by politicians, which feeds into increasingly restrictionist immigration policy regimes in the region (Hoyweghen, 2001; Landau, 2003).

TRANSNATIONAL BOUNDARIES, COMMUNITIES AND THE PROSPECTS FOR EAST AFRICAN INTEGRATION

Political boundaries in East Africa, like in the rest of the continent, were created by colonial powers with disregard, and indeed, disruptions, to pre-existing solidarities and sovereignties (Herbst, 2000; Turton, 2001). A number of communities were split between two or more states, with the upshot that boundary communities found themselves saddled with multiple, coexistent and sometimes competing loyalties, identities and jurisdictions (Nugent and Asiwaju, 1996; Cohen, 1997; Wilson and Donnan, 1998).

Rectifying these boundaries has never been a feasible option for most governments in Africa due to the inherent difficulties and complications that may arise. Moreover, governments have not been able to police these boundaries effectively, partly because of a failure to broadcast state power over expansive and sparsely populated geographical areas effectively (see, for instance, Merkx, 2000). In addition, the attenuated power of states in the region has added a premium to the risks of severing communal and ethnic linkages, making states unwilling to do so by implementing border regimes more rigorously. This scenario presents serious challenges for the prospects of East African integration, but also exceptional opportunities, as explored below.

The challenge of the East African Community boundaries

The first problem relates to how to conceptualize and define the boundaries of the East African Community. Past efforts at integration in the region have set great store by a statist juridical model. In this framework, geographically demarcated national boundaries have been taken as the key organizing category for integration. Such boundaries lend themselves to a neat definition on paper, but in reality, socioeconomic and political patterns of interaction, building community identity and cohesion and structuration transcend these boundaries. The result is a disjuncture between the boundaries of a juridical state and its empirical configuration (Jackson and Rosberg, 1982).

The challenge in this regard is to move beyond an atomistic statist model of integration to a molar and lateral model that also takes into account the diffused nature of interaction, social cohesion and structuration in society. Thus, rather than the overlapping spheres of socioeconomic and political interaction among border communities being a problem *per se*, it is viewed as a specific nuance to the region's social reality, which does not preclude integration. Indeed, such an approach would be more realistic and fruitful, as it takes into account integrative processes that spill outside juridical pigeonholes. In East Africa, substantive integrative processes between countries have occurred at the micro-level of society, and as long as they continue to be determined by policies made within the frameworks of juridical statehood, there will always be a dissonance between what is happening on the ground and policy interventions.

Cross-border spillovers

Beyond the conceptual problem of defining the boundaries of the East African Community, are the more practical concerns of insecurity and political instability in

the broader eastern and Horn of Africa region. Spillover effects from regional insecurity and political turmoil adversely affect efforts at integration. Security concerns arising from instability in neighbouring states tend to externalize the resources and focus of states towards their source, such as was the case with Rwanda's and Uganda's occupation of the Democratic Republic of Congo (DRC) from 1997.

The persistence of conflict in countries like Sudan, Somalia, Burundi and DRC into the region leads to conflict spreading into the East African states (see Crisp, 1999b). The proliferation of arms across the Kenyan borders with Somalia, Ethiopia and Sudan, Ugandan borders with Sudan and the DRC and Tanzania's western boundaries, has subsumed these regions into states of insecurity - 'outlawvilles' - where, in some extreme cases, state authority is seriously challenged by bandits, rebel groups and armed militias. In response to rising insecurity, residents acquire arms for self-protection, which creates an upward spiral of insecurity. Furthermore, it also founds an economy based on trade in weapons, which are in turn used to secure the control of resources. Through trade and other channels, light arms in turn end up in the hands of criminals who use them in urban areas to commit criminal acts. Indeed, the pervasive violent crime in cities like Nairobi and Kampala has been linked to the ease with which guns can be obtained illegally (Kamenju *et al.*, 2003).

Reflexively, states institute more restrictionist policy regimes that concentrate on policing these spillovers, including restrictionist immigration policy regimes and harsher policing of boundaries. The consequence is that hurdles are thrown in the path of integrative processes such as the cross-border movement of people. At the same time, migrants tend to be associated with rising insecurity; as such, they are treated as the problem rather than as victims.

That cross-border communities transverse state boundaries also creates a dissonance between provincial spheres of belonging that are defined by history (ethnic solidarities) and national spheres of belonging prescribed by law (national solidarities). As the experience of Rwandese in Uganda and the DRC demonstrate, cross-border communities have problems being fully accepted by both countries. These communities end up being enmeshed in conflicts with usually deleterious consequences (Mamdani, 2001).

Hospitality to refugees versus sharing the refugee burden

Given the ethnic characteristics of conflicts in many parts of the region, transborder communities bear a significant portion of the refugee burden. First, displacement creates constraints on the environment, livelihoods and social welfare systems. This may have the adverse effect of hardening host communities' attitudes (Waters, 1999). More than just undermining the hospitality of host communities, refugees also get spuriously blamed for social ills, including insecurity and the depletion of natural resources. One effect, as explained previously, is the reification of autochthonic discourse that casts refugees as the 'evil other' (Landau, 2004), thereby also undercutting longstanding cross-border solidarities, and host communities' predilection to hospitality.

The other aspect of this problem is that porous borders may work to the economic advantage of cross-border communities. They can exploit opportunities existing in the two different countries to seek temporary employment in farms or as domestic workers, as well as in the informal sector, without much acrimony. The advantage of being in such situations is being privy to new developments on both sides of the market in terms of emerging opportunities.

Porous borders also allow communities to pursue their economic activities, such as nomadic pastoralism, fishing and commerce, without much hindrance. While some of these trades have been vilified as smuggling, the people concerned may look at them as normal trade that they have carried out for ages with their neighbours. Weak government structures imply that much of the border trade is neither regulated nor taxed. The uniform taxation regime already adopted by the three East African countries aims at reducing the smuggling of goods within member countries, yet porous borders will allow traders and criminal elements to use cross-border communities to smuggle goods from non-East African countries.

As governments try to control illegal migration from neighbouring countries, cross-border communities will receive increased government attention, which may benefit them or change their way of life. Cross-border communities have been used to help smuggle goods, which generates income for those involved. With increased government presence, such activities may be curtailed. Economic progress within the East Africa region will attract cross-border migration as communities cross to access social services like schools and healthcare facilities.

CONCLUSION

Migration is conceived as a problem only where a sedentarized and immobile social life is assumed as the normal order of things. Obviously, such a conception of the social is, to say the least, erroneous. Indeed, migration is part and parcel of socioeconomic and political processes, and will remain so in the near future. The perceptions of migration as a problem, or as a surrogate to many problems are based on certain unfounded assumptions. Among these assumptions are that states can and in fact have unchallenged discretion over a nation's borders; that physical proximity is necessary for social organization and the reproduction of social relations; and that national identities can only be forged within geographical-ly-bounded communities. In the twenty-first century, the processes of globalization are increasingly challenging the absoluteness of state boundaries. Processes of social differentiation and stratification, as well as the reproduction of social relations and values continue unabated, albeit in radically new forms that spread over unprecedented transnational scopes. Today, identities and solidarities are globally broadcast, even as they remain specific and distinct from each other; thus rather than one homogeneous global identity or solidarity, there are many global identities and solidarities.

This is no less true in East Africa. What adds nuance to the East African case are extant features which only make migration the norm rather than an aberration. Among these features are porous borders; economic interdependence and differentials of opportunities across borders; cultural proximity among communities in East Africa; geographical contiguity, and common political and historical trajectories. It is therefore surprising that despite the evidence of vibrant cross-border interactions, East African countries maintain restrictionist immigration policy regimes. Indeed, it is contradictory that as political leaders in East African countries prospect for political federation in less than a decade, national immigration policies remain restrictionist and nationally exclusive. This area undoubtedly needs more research. It would be useful to understand the factors in which such restrictionist migration policies are rooted, when on the face of it, migration appears to promise more benefits than costs.

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ON MOVEMENT OF PEOPLE
VIEWS FROM EUROPE

...There are still major restrictions on the movements of people: while anyone from the UK or Australia can get a work visa in Tanzania, African Kenyans have a much harder time and Kenyan Asians are rejected outright.

...There are many Tanzanians working in Uganda and many Kenyans working in Tanzania and vice versa; there is a lot of movement. When it comes to critical skills, there is even more movement.

...There is nervousness in both directions: from Tanzania and Uganda that Kenya is going to dominate and that their industries are going to dry up, taken over by Kenya. Then there is nervousness from Kenya over the migrant workers from Uganda and Tanzania ... who think that life is cheaper and jobs are better in Kenya.

THE EAST AFRICAN COMMUNITY: MIRACLE OR MIRAGE?

JACOB A. AKECH

THE EAST AFRICAN COMMUNITY: MIRACLE OR MIRAGE?

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ABSTRACT

Since the end of the Cold War, there has been renewed interest and efforts towards reviving the East African Community (EAC). This chapter examines the two EAC eras in order to explore the reasons behind this revival and the ideological currents underlying the previous and present moves towards regionalism. The chapter examines the key assumptions of the proponents of the present drive towards regionalism: market size, development, regional conflict and political stability; it also seeks to draw lessons from other regional schemes. Finally, using a game-theoretical framework, it examines the historical circumstances under which regional integration, or ultimately a federation, are likely to be founded, and whether or not such a body will be successful.

The East African Community in Historical Perspective

There have been two waves of effort towards regionalism[1] in East Africa: one at the height of the Cold War and, the other at the end of the Cold War. The first wave of efforts towards regionalism occurred in the immediate postcolonial period, influenced by the ideas and ideals of Pan-Africanism, nationalism, the geostrategic importance of the individual state, and state-dominated economies within the context of the Cold War. The aims of this wave included continental unity, self-reliance, coordination of investments, trade, industrialization policy and process, and disengaging the African economies from the international economic order. Subregional schemes such as the East African Community (EAC) were at its foundation. Its rhetoric was anti-imperialist. In contrast, post-Cold War efforts towards regional integration are being undertaken in the context of the ascendance of neoliberalism (globalization, a redefined role for the state in a market economy, and the place of markets in the provision of public goods), in which markets rather than geographical location determine what is strategic. In the post-Cold War period, ambitions are for subcontinental, competitive economies, and the rhetoric is pro-market, seeking to include and protect developing countries' economies within the international capitalist economic system (see Cheru, 2002: 122-52; Palloti, 2004).

The First Wave: Pan-Africanism, nationalism, state-led development, Cold War and the EAC

The first East African Community (EAC I), emerged as a political entity in postcolonial East Africa as an expression of the founding fathers' - Julius Nyerere, Jomo-Kenyatta, and Milton Obote - commitment to Pan-Africanism (albeit the less radical type than that favoured by Kwame Nkrumah) based on the colonial infrastructure of the East Africa Common Service Organisation (Nye, 1965). Dani Nabudere observed that:

> The difference between the colonial-inspired East Africa High Commission and the post-colonial East African Community that was formed in 1967 was 'no more than' the sentiment of Pan-Africanism that characterised the latter (cited in Mandaza, 1987: 213).

Thus, the initial drive for the integration of the three East African states of Kenya, Uganda and Tanzania was in large part the ideals of Pan-Africanism and nationalism, which were assumed to be complementary. Indeed, Julius Nyerere noted:

> The role of African nationalism is different - or should be different - from the nationalism of the past; that the African nation-state is an instrument for the unification of Africa, not for dividing Africa; that African nationalism is meaningless, is dangerous, is anachronistic, if it is not at the same time Pan-Africanism (cited in Legum, 1965: 5).

However, EAC I floundered. This was firstly, as Legum (1965) observed, because of the inherent contradiction between nationalism and Pan-Africanism, in addition to the postindependence leaders' inability to reconcile these contradictions in favour of a regional state. Contrary to Nyerere's assumption that nationalism was in the service of Pan-Africanism and that the two were complementary,

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1. *Fawcett and Hurrell (1995) suggest that there is a distinction between regionalism and regionalisation. Whereas the former refers to conscious attempts to facilitate the exchange of values across borders by various actors with the state as a dominant or a key actor, the latter refers to the spontaneous exchange of values as a result of demand and supply. The present chapter focuses on regionalism.*

nationalism became irreconcilable with Pan-Africanism in its latter phase, and in this competition, Pan-Africanism lost. To the extent that it nurtured nationalism, Pan-Africanism contained within it the seeds of self-destruction. No sooner was Pan-Africanism triumphant in its quest for the liberation of Africa from colonialism through the various nationalist movements it spawned, than it succumbed to the interests of the postcolonial elite and their instrumental use of sovereignty in the international system. This ceded no ground for a supranation-state, neither of the continental variety espoused by Nkrumah, nor of the less ambitious type such as EAC I.

Secondly, regionalism floundered because of the opportunities and constraints of the Cold War, which valued the nation-state and geostrategic location above all else, viewing regional schemes with suspicion. Henry Kissinger (2005), a key Cold War strategist, observed of this period that 'The stake in the Cold War was perceived to be the political survival of independent nation-states allied with the United States around the Soviet periphery'.

Fawcett and Hurrell also noted that:

> *Throughout the Cold War period ... regionalism remained on the international agenda, but its scope was limited, partly as a consequence of the continuing bi-polar nature of the international system to which all regional arrangements were subordinate, but also because of the extreme tenacity with which states clung to the sovereignty, not only in most matters of high politics, but also in many matters of low politics as well (Fawcett and Hurrell, 1995: 16).*

James Mayall noted of the first wave of regionalism that:

> *Governments in all part of the Third World flirted with regionalism on a European model, and talked loudly about the importance of South-South trade; but regionalism turned out to be a poor bulwark against their own nationalist aspirations and internecine rivalries, and inadequate antidote to their comprehensive dependence on the industrial West (Mayall, 1995: 184).*

There was therefore little support for regional integration schemes in a bipolar world as the superpowers vied for cooperation and control of the peripheries on the basis of the co-optation of the nation-state. Furthermore, because the nation-state was the dominant frame of reference, nationalism and the accompanying notion of state-led development prevalent in the immediate postindependence period had little space for regional integration.

The Second Wave: Post-Cold War, neoliberalism and the resurgence of the EAC

The resurgence of the EAC in the post-Cold War period can be attributed to a number of factors, including:

- the end of the Cold War;
- the commitment to the 1982 Lagos Plan of Action, which advocated for the establishment of regional economic groups as a stepping stone to the African Economic Community (Nyirabu, 2004: 22);
- the demonstration effect and influence of powerful regional schemes such as the European Union (Fawcett and Hurrell, 1995: 30), in particular the idea of a 'fortress' or bulwark against unfavourable economic policies of globalization;

- the emergence of a democratic South Africa as a regional power; and
- the decline of the economic fortunes of African countries in general and of Kenya's in particular.

The end of the Cold War marked the emergence of a unipolar international system that encouraged regional integration schemes in development, conflict resolution and peace-building processes among states, and ultimately in the formulation of international trade agreements and integration of the developing countries into the international economic order.[2] Regional integration schemes are therefore seen as one of the means of redressing African development concerns and marginal contribution to the global economy, and are tasked with the responsibility of being both the planning and implementing units of market-friendly economic policies and resolving conflicts. Hence, in the post-Cold War era, it is markets and the potential of market-based solutions to Africa's political and economic problems, rather than the geostrategic contest between superpowers, that provide the international context within which the EAC has re-emerged.

Andrew Hurrell (1995) notes that regionalism is a natural response of weak economic and political entities, trapped in a world of powerful economic and political actors. In this sense, the East African countries are responding to those changes in the international system that threaten their respective economies.

Yet, in another sense, Hurrell (1995) suggests that regionalism also tends to emerge as a counterweight to a hegemony prompted by the real or perceived vulnerability of nation-states to the dominance of a hegemony. The emergence of South Africa with its continental ambitions[3] probably prompted Kenya's enthusiasm for the renewed integration process. The resurgence of the EAC can also be seen as a response to the emergence of a democratic South Africa as a regional power, and the decline of Kenya's economic fortunes and the associated erosion of Kenya's hegemonic ambition within her traditional markets of Uganda and Tanzania.

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The Stated Rationale for the EAC

While the aforementioned may be implicit reasons for the resurgence of the EAC, proponents of East African integration cite other reasons for its desirability. Geographic proximity, cultural affinity, shared colonial history, interdependence and the promise of a market of over 80 million people, make regionalism not only desirable, but also feasible. As such, its promoters suggest a linear path modelled on the EU experience, in which EAC II will evolve from a common market through a monetary union to a political federation.[4]

This however, is an optimistic view that may discount that:

- while economic interdependence, cultural affinity, geographical contiguity, and shared colonial history may be supportive and might even be necessary, they are not sufficient conditions for successful integration;
- interdependence does not necessarily find full expression in a federation;

- markets do not always facilitate cooperation and instead they can and
    sometimes do brew conflicts that may run counter to the process of
    integration;
- the experience of other regional schemes suggests that the path from
    integration to federation is not linear; and
- in the absence of security concerns that impose a Nash equilibrium on all
    actors, internal factors alone do not account for integration or federation.

This chapter examines the assumptions underlying the current drive for East African integration through an analysis of the historical circumstances that have given rise to regionalism or federation in other parts of the world.

The European Union: Model or exception?

The proponents of the EAC either implicitly or explicitly draw inspiration from the EU's functionalist approach to integration. In such an approach, cooperation in a relatively noncontentious field spills over, with positive results, into other contentious fields, which gradually leads to the emergence of a single political unit and identity. Consequently, proponents of the EAC prescribe a linear path that goes from a common market via monetary union to political federation.[5] However, such a linear path is not borne out by the experience of the EU itself, or by the territorial entities that constitute the nucleus of the federations in Switzerland and the USA.

William Wallace (1995) suggests that the European integration process was not just a product of geographical proximity, similarities of political system, cultural affinity and interdependence. It was the result of a common disaster and predicament: the Second World War and its aftermath, the spectre of Soviet communism and American hegemony.[6] The nucleus of the original states that made up the EU gelled in the historical context of the threat of communism. Postwar European integration was constructed within the wider security framework and the concerns of France and the Benelux countries in a period that could count on the cooperation of a divided Germany.[7]

Indeed, Konrad Adenuer noted:

> Europe can only benefit if the two neighbouring countries in the
> heart of Europe are closely united. France and Germany will form a
> firm political dam against the advance of Soviet Communism which
> threatens freedom of us all. (Adenuer, 1962: 59)

According to Hurrell (1995), European integration was made possible because of external pressures, namely the threat of Soviet invasion on one side and the leadership of the USA on the other. It was also overtly promoted as a means of containing German power. Hurrell notes of the postwar period:

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5. See the East African Community Treaty 1999 and Alot (2004). See the East African Community Treaty 1999 and also Magaga (2004). The East African Community Treaty was signed on 30 November 1999, it came into force on 7 July 2000, and was officially launched on 15th January 2001 (see Senelwa, 2002).
6. The threat of Stalin to western Europe carried with it, not only the threat of domination, but also of abolishing individual liberty on the one hand, and on the other, private property, markets and economic and political competition as the basis of organizing the economy and polity.
7. Henry Kissinger (1994: 80) notes, with respect to the unity of German states and Europe's stability, 'Both the relationship between these two largest German states and their relationship to other states were central to European stability. Indeed, at least since the Thirty Years' War, Germany's internal arrangements had presented Europe with the same dilemma: whenever Germany was weak and divided, it tempted its neighbors, especially France, into expansionism. At the same time, the prospect of unity terrified surrounding states, and has continued to do so even in our own time.'

> *Although the division of Germany mitigated the fears of other Europeans, it certainly did not remove them. Europe needed German economic power to fuel post-war recovery and Germany military power to counter Soviet threat. Indeed the specific project of regional integration arose precisely as the preferred means of dealing with this problem: permitting re-armament and economic rehabilitation by taking a semi-sovereign Germany into an integrated network of institutions. From Germany's perspective, regionalism has provided the essential multilateral cover under which it could first of all re-establish its position and recover its sovereignty, and more recently to re-establish its influence (Hurrell, 1995: 50-1).*

The structural threats created in the bipolar world in the immediate postwar period explain why France and Germany, the rival powers of continental Europe, were key to the European integration process. Both states found cooperating beneficial when separate security arrangements posed the gravest threat to their existence, and in which their only ally, the USA, favoured a collective regional approach through NATO. States in such a security dilemma integrate not only for the often-stated economic gains, but more importantly to counter real or perceived threats to their survival.

The EU made good progress towards integration because security concerns necessitated the cooperation of the founding European states, and being part of the transatlantic security framework facilitated its evolution. Kissinger (1962) observed that the immense and difficult tasks of political, military and security concerns were left to the leadership of the USA. According to Kissinger, the USA was interested in rebuilding the European states and building the EU as a counterbalance to the Soviet Union. This was done in the manner of the balance of power politics of old Europe, but aligned to its own goals (Kissinger, 1994: 395). By leaving security and matters of high politics to the USA, the EU member states were able to negotiate matters of low-politics with greater ease.

Francis Fukuyama (2004: 150-2) notes that the unbridled exercise of state sovereignty by European powers explained the two world wars. As a consequence, the EU was deliberately constructed to embed the sovereignty of the states in multiple layers of rules, norms and regulations. Germany's freedom to act would henceforth be circumscribed by multiple organizations, including the United Nations.

These scholars suggest that more than any other set of factors, security concerns, particularly the fear of invasion and domination by the Soviet Union, explain why Europe integrated, and how this was possible in the immediate postwar period under US leadership. This implies that factors such as cultural affinity, geographical proximity, similar political systems and interdependence, by themselves, may not account for the emergence of the European regional integration scheme.

The examples of Switzerland and the USA bear this out further. The core of the political-territorial entities that would constitute the Swiss federation founded in 1291 by the forest cantons of Uri, Schawtzy and Nidwalden (and little later Oblwaden) was a defence pact against the Habsburg league (Bounjour, Offler and Potter, 1952: 69-86; see also *New Encyclopaedia Britannica*, 1997).

Within the African context, the nucleus of the South African Development Cooperation Community (SADCC) gelled in the context of the security threat to the frontline states, posed by apartheid South Africa, and the need to end economic

dependence on that country (Alden and Soko, 2005: 374). The dependence of these countries on external support, especially the European countries that viewed the apartheid South Africa as a bulwark against communism and radical nationalism during the Cold War period, circumscribed the limits of benign technical cooperation. This suggests that while external support is important in regionalism, the interests of external actors, and those of the regional states constituting the bloc, when at variance, yield results unlike those of the EU.

Indeed, as the Middle East experience demonstrates, not all threats to collective existence, given external support, translate into a regional scheme or unity for the state concerned. In response to the threats posed by Israel and other imperialistic Arab states, various regional schemes such as the Arab League, Gulf Cooperation Council, the Arab Magreb Union, and the Arab Cooperation Council were created. However, these schemes have not been as successful as the EU. In part, this is because US security interests during and following the Cold War have been at variance with such unity because of the likely threat it would pose to the control of oil as a scarce resource. Instead, US policy has often supported regimes, not regional stability, and eschewed any measure that would threaten the existence of Israel as a state. Moreover, the security interests of the authoritarian regimes of this region have coincided more with support for the USA, rather than with each other, out of fear of dominance by powers such as Saudi Arabia, Libya or Egypt. These factors have negated the emergence of a strong regional bloc, despite many shared internal characteristics. That an external actor has inspired some of these regional groupings has not helped the integration process either (Tripp, 1995).

These cases suggest that the most successful integration schemes, such as Switzerland and the USA, are formed in the context of the threat of physical invasion and domination, rather than in attempt to increase their power. The cases also suggest that regional integration schemes are not purely economic projects driven by the market demands. According to Fawcett and Hurrell:

> *...economic regionalism can often be a mechanism by which broader security and political goals can be pursued. Moreover, even if regionalism is to be built around economic consideration, it is unlikely to prove resilient if there is serious divergence over other issues (Fawcett and Hurrell 1995: 4).*

In sum, these examples suggest that security, more than any other dimension, defines the limits and shapes that integration schemes take. Thus, the chapter will examine the hypothetical conditions for EAC regional integration given a Nash and non-Nash equilibrium originating from security considerations.

The Challenge of Hegemonic Ideals to East African Integration

The relationship between the hegemonic ideals of globalization, open markets and democracy on the one hand, and regional integration on the other, is ambivalent. Globalization supports and hinders successful integration. Under the influence of international financial institutions such as the World Bank, the EAC countries have moved away from being nationalist regimes, thereby ceding space for private capital, as national economies privatize and allow market-based provision of public goods. However, these hegemonic ideals may undermine the economic contribution of the local capitalist class as they benefit the world's more industrialized economies in the competition for control of markets. Thandika Mkandawire notes:

There is something illogical about juxtaposing globalisation and marginalization. Either the process is 'global' and encompasses all spaces on the globe or is only partial, marginalizing certain sections of the planet. Globalization does not necessarily mean that everyone gains; it entails gains and losers, core and periphery, top and bottom etc. African economies are encompassed by and subordinate to the global economy (Mkandawire, 2005: 26, note 1).

According to Mkandawire, citing Bangura, Africa's globalization experience has been characterized not only by substantial integration of policy and institutional reforms into the international system, but also poor performance at the macroeconomic level. Mkandawire argues that the implementation of structural adjustment programmes has not only failed to adjust the African economies, but has also placed African economies on a low growth path, which has discouraged investment, trade expansion and diversification, and weakened the investment-growth-trade nexus. African economies have been maladjusted to take advantage of the opportunities of globalization. During the most recent period of globalization, economic growth rates have fallen across a number of African economies:

The poorest group went from a per capita GDP growth rate of 1.9% annually in 1960-1980 to a decline of 0.5% per year (1980-2000). For the middle group (which includes most poor countries), there was a sharp decline from an annual per capita growth rate of 3.6% to less than 1% (Mkandawire, 2005: 9).

Mkandawire further adds that the globalization process in Africa has been synonymous with industrial stagnation and even deindustrialization. In his analysis of investments during the globalization period, Mkandawire notes that the following patterns are discernible:

First there has been high country concentration of investment, with much of the investment going to South Africa. Second there is the sectoral concentration on mining. Little FDI has gone into the manufacturing industry. As for investment in mining, it is not drawn to African countries by macro-economic policy change, as it is often suggested, but by prospects of better world prices, changes in attitude towards national ownership and sector specific incentives. Thirdly, there is the problem of the type of investment. The unintended consequence of policies has been the attraction of least desirable forms of foreign capital. Most of the new investment (a) has taken the form of the highly speculative portfolio investment attracted by 'pull factors' that have been of a transitory nature - extremely high real domestic interest rates on the treasury bills caused by the need to finance the budget deficit and temporary booms in export prices which attract large pre-financing loans or (b) has been driven by the acquisitions facilitated by the increased pace of privatisation to buy existing plants that are being sold, usually under 'fire sale' conditions. Such investments now account for approximately 14% of FDI flows into Africa. Little has been driven by plans to set up new productive enterprises (Mkandawire, 2005: 26).

Mkandawire argues that while such expansion may have been a boost to economic growth, direct investment is preferable to portfolio investment, and foreign investment in 'green fields' is preferable to acquisitions. In his estimation, Structural Adjustment Programmes have not led to the desired adjustments. He notes that:

At a first glance one can see signs of structural change, especially in the decreased shares of industrial and agricultural sectors in overall GDP and significant increase in services. Such changes

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would seem to be following the norms established by Simon Kuznets and other observers of structural change in the process of development. However, in the case of Africa, such an interpretation is misleading because the transformation taking place is perverse, reflecting, as it does stagnation of the economy, de-industrialisation and poor agricultural performance rather than structural change ... The expansion of the service sector is evidence of growing informalisation, pauperisation of the middle class and 'compradorisation' of African economies (Mkandawire, 2005: 20).

It is thus suggested that globalization has not only undermined Africa's productive capacities and the local content of intraregional economic cooperation, which, according to neoliberal theories that emphasize market exchanges, is critical for successful integration, but it has also weakened the social contracts that provided a modicum of cohesion within African states.

Moreover, as Sideri (1997) notes, globalization has led to economic integration and political separation, that is, rapid homogenization of markets, concentration of ownership of capital on one hand, and the rise of ethnic, cultural and regional identity and conflicts, on the other. Globalization has engendered a conflict between the economic integration and political separation. These, then, are the contradictions used to examine what the politics of the market and identity portend for the EAC integration process.

Democracy and the Politics of Identity

According to Clapham (1985: 28), democracy and regionalism are not mutually reinforcing processes; neither is democracy a necessary condition for regionalism. It has been attempted in authoritarian states in Africa, Latin America and the Middle East as well as Europe. Regionalism is not limited to countries where democracy has taken root. It has also taken place between countries where democratic institutions were weak or nonexistent. However, integration seems to have enjoyed greater success when it has happened between liberal, like-minded states. One of the major challenges facing the EAC is that its member states are in varying degrees of political transition, which makes the move towards regional integration fraught with danger.

Proponents of the EAC also point out that with a population of almost 90 million people, the EAC promises a bigger market. This, however, ignores the fact that markets, while central to regional integration processes, can and do generate conflicts that sometimes turn violent. As arenas of competition, markets lend themselves easily to politics of identity, of claims to exclusivity and counterclaims of rights, and tend to reward individuals, groups and member states of a regional scheme differently, sometimes reinforcing historical patterns of inequality.

Stefano Ponte (2004) notes that the liberalization of Tanzania's coffee sector saw the dramatic capturing of the Tanzanian coffee markets by foreign-owned companies at all levels, except for farming, where 95 per cent of coffee is still produced by smallholders, although foreign investors now dominate estate production. This created tension in the coffee industry particularly in Moshi. The sharp dichotomy between foreign and local, and the attendant debates on the legitimacy, or otherwise, of foreign ownership, and who is foreign and who is not, has thus been variously discussed and constructed. For example, if the preliberalization Kenyan-Asian ownership was viewed as foreign in the late 1990s, it was still considered more local than ownership by large mulitnational companies. Indeed, in the electoral politics that ensued after liberalization, the identity of who owned what in the Kagera region became critical.

In response to these concerns, the politics of ownership emerged, clothed in the garb of neonationalism, which, in contrast to the nationalism informing EAC I, neither seeks to exclude foreign actors entirely nor to restrict or protect domestic markets completely. Instead, it speaks of the need to include more local actors in the market process.

Tanzania's recent political debate has been galvanized in part by the issue of the racial composition of the owners of the country's (productive) assets, and the beneficiaries of the new market-oriented policy initiatives. Ronald Aminzade (2003) notes that when asked in 1997 why he had promulgated and implemented nationalization policies in the 1970s, Nyerere replied that he had no choice. He argued that had he left the country to the private sector, 'it would have become entirely Asian, and this would have produced unacceptable racial conflict'.[8]

Consequently, in the period immediately following independence, in an effort to play down the salience of race as a factor in the political process, the ruling Chama Cha Mapinduzi (CCM) party declared a race-blind policy and a moratorium on race as a frame of reference in the political contest. However, as the twin processes of economic and political liberalization deepened, the salience of race and later, indigenous and nonindigenous citizenship, could not be suppressed.[9] In the multiparty political contest, different frames of reference, vied to tear down and rebuild the boundaries of inclusion or exclusion, and correspondingly, to identify enemies and threats (Mamdani, 2002).

Tanzania's privatization process, in which 92 of 143 privatized companies had been bought by foreigners, 22 by indigenous investors, and 28 sold as joint ventures (Aminzade, 2003) awakened the rhetoric of illiberal nationalism. If its initial marker was race, with Tanzanian of East-Asian origin projected as the 'other', its more recent marker has been colonial boundaries, with those coming from beyond the Tanzanian border identified as the 'other' (Lusekelo, 2005).[10] This perhaps reflects the current context in which Tanzania's economic space is deemed to be under threat of South African and Kenyan invasion.[11]

Similarly, Onyango-Obbo (2005) has noted that in Uganda's privatization process, 97 per cent of state-owned firms that were sold to 'indigenous' Ugandans have failed. He observes that the successful ones are those that were sold to

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8. The Asian as a political identity has been an East African political phenomenon since colonialism. As a political question, it not just that they are dominant market minority; rather, it is that they are associated with wealth. Indeed, as Chege (1998) demonstrates, the belief that Asians dominate the Kenyan economy has no empirical basis; however, in political processes, perceptions as much as reality count in the shaping of political agenda and policies.
9. Mamdani (2002) has noted that independent African states tend to identify their own history with the birth of colonial state, hence only those who happened to have been in at the turn of colonial conquest, and were encompassed by its boundaries are considered indigenous, bona-fide citizens, often with the accent placed on race, and decent; this gives immigration, migration, naturalization, and residence, a short shrift in, defining who belongs.
10. In a classical case of identity construction, Lusekelo (2005), writing on why he is opposed to EAC federation, notes that others, especially Kenyans, think Tanzanians are 'Thickos. "Mabwege" ... Nay they are not, and can see through Kenya's invidious plans, and unbridled greed of its elite for land', and 'it is time Tanzania started to be selfish, just to be normal. You have to think of yourself first! Tanzania should be for Tanzanians. It is not only whites who can be colonialist. You can have black colonialists too.' This is by no means representative of the Tanzanian attitude to the EAC, however, Adam Lusakelo is no ordinary Tanzanian, but is a widely respected and accomplished journalist in Tanzania. As such, this piece cannot be ignored. Moreover, it fits within the wider context of the present discussion on politics and identity.
11. Mohabe Nyirabu (2004: 29) notes that in 2002, South African investment to Tanzania topped US$443 million - a country that a few years ago had virtually no trade links with South Africa. The leading South African investors in Tanzania include Amalgamated Banks of South Africa, Vodacom, South African Breweries, De Beers, Protea Hotel Chain, Murray Robert Construction Company and South African Airways.

foreigners or non-natives. This raises an interesting question: what is to be done in the absence of indigenous entrepreneurial abilities? Is there a need for affirmative action? And even if affirmative action can momentarily redress the disparities in ownership, does it ever develop entrepreneurship in the long term?

Kenya has also accused South Africa of unfair trade practices. In an address to a Common Market for Eastern and Southern Africa (COMESA) Summit, President Moi cautioned that 'after this meeting we will stick to COMESA members while other countries will have to take second or third place'. In an editorial, the *Daily Nation* newspaper was hard-pressed to understand why new South African leaders, as beneficiaries of Africa's collective sacrifice in the fight against apartheid, had adopted a menacing posture, threatening the interests of the rest of Africa in its trade relations, by assiduously protecting its own markets (Nyirabu, 2004: 20).

Kenya and Tanzania have promulgated local content-friendly legislation, designed to ensure that local investors do not miss out entirely in the liberalization process.[12] The reluctance of the Kibaki administration to divest itself of key parastatals, and the insistence that at least 30 per cent of the shares of any government-owned enterprise, must upon privatization be held by Kenyans, suggests that the regime would like to determine the extent of the opportunities and constraints in the market-led integration process. Thus, while boundaries of economic nationalism may be circumscribed, as a force informing economic policies it has not altogether been obliterated by globalization.

The nature of the concentration of market power shapes identities that are both economic and political. Amy Chua (2003) notes that in a context of competitive politics, where real or perceived economic dominance rests with a distinct ethnic minority, and political power is wielded by the majority, the struggle for power in a competitive political system engenders conflict and endangers the success of economic processes of integration. Chua contends that globalization enables minority populations to control the 'crown jewels' of an economy, which often symbolize national patrimony and identity. Resentment of those 'outsiders' is often just below the surface of national sentiment.

Amy Chua notes:

> *Where free-market democracy is pursued in the presence of a market-dominant minority, the almost invariable result is backlash. This backlash typically takes one of three forms. The first is the backlash against the market, targeting the market dominant minority's wealth. The second is the backlash against democracy by forces favourable to the market dominant minority. The third is violence, sometimes genocide directed against the market-dominant minority itself (Chua, 2003: 10).*

The politics of market control tend to produce the following political identities: the market-controlling minority, the indigenous majority, the immigrant, the citizen and the noncitizen. The competition between these identities is familiar to East Africans through the examples of the expulsion of Asians from Uganda in 1972, and recently that of Kenyan journalists from Tanzania, ostensibly for the lack of work permits.

Mahmood Mamdani (2002) has previously questioned citizenship in Africa in the context of the Great Lakes crisis, although the questions are relevant to the present

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12. See Onyango-Obbo (2005) on Kenya and Standard Bank of South Africa's bid for a 48 per cent holding in the National Bank of Kenya.

integration process in East Africa: Who belongs? Who is a citizen and to what bundle of rights are they entitled? What are/should be their obligations to the potential East African state? Following Mamdani's thoughts, the first question that the EAC should ask is, 'Who is a citizen in its sphere of influence?' In this line of thought, the problem is not exclusively one of resource scarcity, but about defining who can have access to available resources. If citizenship does not entitle access to resources, it does entitle one to enter the struggle for those resources, and to a mechanism within which to pursue justice, including against the state should it infringe one's rights (see Mamdani, 2002: 505).

> *Citizenship is not simply a form of belonging but also an important agency through which the fundamental principle of fairness and justice in a polity are institutionalised and guaranteed. How a polity administers citizenship is a powerful measure of its core commitments (Rubenstein, 2003: 256).*

Defining citizenship is no simple matter, and poses a significant challenge to East African states as they attempt to integrate. Citing Klusemeyer, Rubenstein notes:

> *Choices among citizenship rules are usually shaped more by historical experience, existing cultural norms and expedient political calculations than by deduction from abstract principle or compelling reasons of logical consistency (Rubenstein, 2003: 256).*

The question of 'who belongs' and whose rights should be guaranteed is necessary in deciding who will have an important influence on the process and ultimately the success of integration. Thus, while other identities matter, the East African citizen as a political identity, with a bundle of rights and obligations, more than any other identity, is singly the most import identity that both the state and civil society must strive to foster, either in conjunction with Kenyan, Ugandan or Tanzanian national identities, or in place of these and other forms of identity. However, as the discussion on identities and politics suggests, the emergence of the East African is neither inevitable, nor guaranteed.

Geographical Coordinates, Conflicts and the EAC

For supporters of the EAC, integration is desirable a means of redressing the arbitrary colonial boundaries of the constituent member states, which have ignored human settlement patterns. Critics warn that geographically expansive states breed instability and conflict (Herbst, Mills and Ottaway, 2004). They point out that some of Africa's conflicts have taken place within Africa's most expansive states and suggest that there is a correlation between the size and instability of the African nation-state. They note further that with the exception of South Africa, the other expansive nation-states of Nigeria, Ethiopia, Democratic Republic of Congo and Angola, tend to be chronically unstable (Herbst et al., 2004).

However, both supporters and critics would do well to consider two important issues. First, although Africa's national borders were a creation of colonial partition, these borders have been perpetuated by parochial African nationalism, and their instrumental value has undoubtedly served the ruling elite well. Colin Legum notes:

> *The balkanisation (sic) of Africa is largely the result of historical process and to a considerable extent of colonial policies: but it is also a reflection of parochial nationalist aspirations (Legum, 1965: 38).*

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Not surprisingly, the principle of nonintervention in internal matters that had the effect of 'sanctifying' national boundaries was central to the Organisation of African Unity Charter. By emphasising the agency of colonial experience, those who support regionalism as a way to overcome this aspect of the colonial legacy, underestimate the role of the ruling elite in the perpetuation of these boundaries and their instrumental use in the international system.

Second, while the critics of a geographically expansive nation-state rightly point out that there is a correlation between size and instability, correlation does not mean causality. Rwanda, Burundi and Somalia are small countries, but they have also been chronically unstable. This suggests that African conflicts are not necessarily fuelled by geographical factors, but by issues of political power within the nation-state. This may be an important point for the East African integration process.

EAC and Conflict Resolution

International support for regional integration is often justified in terms of its supposed and desired role in conflict resolution. However, the role of regional grouping in conflict resolution is contested, and whether a regional scheme can indeed intervene in internal conflicts, which account for the majority of violent conflicts in Africa, especially as they attempt the transition from authoritarian regimes to democratic systems of governance, is debatable (see Adibe, 1997). The response of the African governments to the Darfur Crisis suggests that the shift from Organisation of African Unity (OAU) to African Union (AU) is not merely a change of name, but of morality regarding intervention in the internal affairs of member states. However, it is too early to celebrate the death of the clause regarding noninterference in the conflicts of other states, for which the OAU was noted. As the AU intervention in the Darfur crisis demonstrates, there are various constraints to peace-keeping, peace-building and effective conflict resolution. Key among these constraints is the actors' capability.

Moreover, as demonstrated by the experience of the Economic Community Of West African States (ECOWAS) in West Africa (Morrison Taw and Grant-Thomas, 1997), successful regional schemes have been characterized by an over-reliance on a dominant partner's idiosyncrasies of leadership and circumstances. This suggests that such interventions may be unpredictable, and that where one partner, such as Nigeria, has been its linchpin, it can only work when the dominant power so desires. As such, the regionalism of such intervention is questionable. Worse still, should the dominant power be a state in involved in the conflict, there is not much the other states in the region can do. In this regard, regionalism without international involvement does not hold much promise for conflict resolution.

Hurrell and Fawcett (1995: 314-15) note that common interest is difficult to forge in the face of conflicting interests and competing prescriptions. This is true particularly where the use of military power is required in resolving state collapse, civil war or ethnic conflict, precisely because of intimate and intricate interests occasioned by geographical proximity and cultural affinities.

While the internal factors of geographical proximity, cultural affinity, shared history and language are often assumed to work for integration, they can, and sometimes do, act as transmission belts for conflict and arms transfer rather than extinguishing the flames of war. Thus, neighbours, either as states or civil societies, not only contribute to each other's peace, but also to conflict, and there

is no guarantee that conflicts will be resolved in a peaceful way. This certainly is one of the key lessons of the Great Lakes conflicts.

In other words, desire and efforts made by East African countries to integrate is based on the expectation that they will better ensure economic and social development, diffuse internal tensions, resolve or manage neighbouring conflicts and deal with external threats to their sovereignty collectively rather than as individual states. However, this belief rests on a premise that grossly discounts the conflicting and competing interest of national and international actors on one hand, and civil society on the other. Indeed, to argue for the federation of the East African countries, as discussed in this chapter, is to discount the lessons of the history of federal schemes and regionalism. It further assumes that the benefits of cooperation, including those that are distant and intangible, would outweigh the economic and political costs of coordination and realignment of interests. Making the assumption that that the EAC will evolve, the following section uses a theoretical model to explore the likely impact of these interests on the trajectories of the EAC federation.

Hypothetical Conditions for Cooperation Given a Non-Nash Equilibrium

Taking their cue from the experience of the EU, the dominant theoretical frameworks use the functionalist approach to explain why sovereign states integrate. In these models, technical and economic cooperation between both state and non-state actors have spillover effects that lead to supranational cooperation. The functionalist school suggests that successful integration requires a diversified economy in which a significant share of intraregional trade is between the states that want to create the prospective regional bloc. Using this argument, one can argue that, given very similar economic structures and low levels of intraregional trade, Africa's integration efforts seem doomed to failure.

For functionalists, the argument of state survival in an unfavourable international system is of little value in illuminating why Switzerland, the USA, EU, SADCC, EAC and others have succeeded in varying degrees, to integrate. Instead, the functionalist approach emphasizes the apparently neutral technical and market exchanges that compel actors to integrate. It ignores the nation-states' instinct for survival in a hostile international system.

The similar historical experiences of successful federation in the USA and Switzerland and that in the EU, which had to overcome years of divisions, suggest that perhaps a high interregional trade volume is necessary, but is not sufficient for the formation of a successful federal political system. Whereas in the cases of Switzerland and the USA, in the thirteenth and eighteenth century respectively, the decision to federate was in the first instance political; in the case of the EU, despite interregional trade between member states exceeding 60 per cent, the spillover effect is yet to translate into a political federation. In these examples, the purely economic rationale for integration, as a determining path to federation is discounted. When sovereign states have integrated, there is strong evidence to suggest that this is due to concerns of security and survival, more than economic gain.

Kenneth Waltz (1979) notes that whereas states are self-interested rational actors pursuing individual national interests in the international system, that pursuit is not a zero-sum game played in an anarchical international system devoid of cooperation (see also Brown, 1997: 45-9). This school suggests that the state, as

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a unit actor in the international system, is concerned with its survival and will cooperate in order to guarantee its survival. States continually adjust their stance in accordance with their readings of the power of other states, relative to their own power. This school also contends that states cooperate to pursue relative gains, as opposed to absolute gains.

Therefore, efforts towards supranation-state forms of organization must be located within the security concern of the relevant historical moments. The Swiss federation must be located within the security concerns of thirteenth-century Europe; the USA within those of the eighteenth century, in which Spain and Britain were the dominant powers; the EU within the context of the Cold War; SADC within the insecurity posed by apartheid South Africa (Bounjour et al., 1952; Kissinger, 1962; Mandaza, 1987).

In the absence of a clear external enemy, or the threat of physical invasion, under what conditions do sovereign nation-states cooperate? The next section, borrows from Howard White's (2003) model on game theory and collective action which analyses situations where individual member states of a regional integration scheme have different degrees of commitment to the process of integration. Analysis of idiosyncratic elements which have come to bear on the calculation of the cost-benefit ratio; the size of the group initiating the scheme; external actors; and non-Nash equilibrium[13] can potentially shed light on how EAC cooperation is likely to unfold.

This model predicts that rational states are likely to cooperate under the following circumstances: when the nonexcludable benefits (B) of cooperation are equal to the transitional cost (C),[14] or when the benefit of cooperation is greater than the cost: $B \geq C$. A rational actor may also cooperate when the transactional cost is greater than the nonexcludable benefit, or where the cost of cooperation equals the benefits, *and* the actor attaches a high nonmonetary value ($\S$) to the pursuit of cooperation ($B \leq C$ given).

One, two or three nation-states can cooperate even when the short-term economic and monetary gains do not justify cooperation, provided one or two states are willing to meet the cost or attach a higher value to cooperation than the monetary gains and are also willing to give up a measure of autonomy. This reflects EAC I and the nonmonetary value of Pan-Africanism and commitment to the ideas of regional integration as a building block for economic and political self-reliance, and may explain why Nyerere was committed to the EAC even when the economic benefits did not match his ambitions for Tanzania. Yoweri Museveni's commitment to the EAC II customs union, despite opposition from the Ugandan business sector suggests that in a state where foreign policy-making is dominated by the head of state, the process of regional integration can move forward, driven by the leader's idiosyncrasies, even when the domestic constituency it is not in favour (see SID, 2006: 57).[15] The commitment of the heads of state, and the size of the nonmonetary

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13. *A Nash equilibrium refers to a situation in a game of two or more players (such as the - prisoner's dilemma) where players cannot make themselves better off by changing strategy. In the EAC context, the non-Nash equilibrium refers to a situation in which the various asymmetries, opportunities and constraints of the neoliberal economic order facing the various weak states of East Africa and their policy options, makes a change in strategy possible, and therefore a setback to collective action or the collective bargaining process.*

14. *Transitional cost refers to the monetary and nonmonetary cost that a political and economic actor may incur as a result of change to a new order in which his or her capacity to influence policy is curtailed, truncated or eviscerated altogether. See John Toye (1995) for a discussion on transitional cost and institutional change.*

15. *Given that donors account for about 50 per cent of the Ugandan recurrent budget, this is a position that a Pan-Africanist such as Yoweri Museveni can afford. Indeed, by running a 'trust economy' in a liberalized economy and illiberal political system, Museveni can afford not to listen to the business community, with minimal loss of revenue or political support.*

value placed in the integration process remains critical in the East African context. However, because different actors attach a different value to § the pay-off matrix is nonsymmetrical. Competing political and economic interests and actors determine the transitional cost-benefit ratio, thus the nature and extent of cooperation varies with the value placed on nonmonetary benefits.

If the motivation to integrate in based on a higher value of § attached to it by dominant actors, it is hard to ensure continued successful cooperation in an iterated game because this value is not only almost impossible to observe but also very difficult to pass on to future generations of dominant actors.

However, if a sizeable constituency can enjoy the nonexcludable benefits of cooperation, and these exceed the transitional costs ($B>C$), it creates a more reliable basis upon which to ensure successful cooperation and ultimately integration in a repeated game.

Better still, assuming a win-win situation for all parties and given an equal commitment to the nonmonetary value of cooperation, then a rational actor will cooperate where $B>C$ given §, where § is an ideal, such as such as Pan-Africanism.

However, because regionalism often brings together nation-states with different capabilities, the cost of cooperation should be weighed against relative rather than absolute benefits. Thus, rational actors will cooperate when $B_k > C$ and where C is inversely proportional to the number of actors, so that the total cost C, given n number of states is: $B_k \geq C/n$. where $n > 1$ equals the number of states participating in the integration process.

States are therefore likely to cooperate where benefits exceed the costs of shifting to the regional scheme and continuing to participate in it. Perceptions of who benefits, and time horizons within which these benefits can be realized are consequently critical to the evolution of regional schemes. The integration process is therefore dictated by these factors, as well as the nature of East African state political systems, checks and balances within the ruling regime, condition measures, and the integration policy options open to leaders.

The participation of two or more states may induce a third to participate, as this lowers the cost and can easily lead to a snowball effect. Thus, more states may be willing to join out of expectation of greater benefits and lower costs. However, the perception that an individual member state's gains are absolute at the expense of the other states may be a disincentive to participation or lead to withdrawal of member states. Those who receive lower benefits are less likely to participate. The regional scheme must therefore pay attention to the actual redistribution of benefits, but also the perception as to who benefits in either the long or short term. The role of the civil society and the media in shaping these perceptions is thus critical to the success or failure of the integration process.

The greater the number of nation-states participating and contributing to the cost of coordinating the regional group, the lower the cost and the entry barrier for those willing to join the group. This suggests that the EAC should consider extending its reach to include other countries in eastern Africa. As Walter Kennes notes, an increase in the number of member-states adds dynamism to the process of integration:

> Under variable speed, a set of common objectives is agreed, but
> some members are able to move rapidly towards implementation.
> Rather than let the pace of integration be determined by the slowest
> member state, some member states can move ahead on a common

policy while others catch up when they are ready. Variable geometry allows a situation where a sub-group of member states move towards deeper integration than others, on a more or less permanent basis (Kennes, 1999: 33).

Thus, a regional scheme can hasten its speed towards integration by enlarging its membership, which in turn accords its dominant partners greater space for policy manoeuvre, as suggested by Kennes. This facilitates a varied integration process within a single scheme, but significantly, it curtails the policy options of those states that are unwilling to embrace certain policies or the integration process by securing the commitment of would-be partners. By circumscribing the policy options of a reluctant member on key issues, through the varied integration process, the integration process moves not at the pace of the slowest member, but at the pace of the dominant and fastest member states.

Alternatively, given few willing integrators, the cost of integration can be lowered by the intervention of an external actor. Such a donor could absorb part or all of the cost of integration, including the initial costs of the secretariat and of common projects. Kennes proposes that an external actor do the following:

Provide assistance for capacity building at regional and national level; balance of payments or budget support to contribute to covering of the transitional cost for government implementing a policy package; and assistance to private sector to help with restructuring so as to enable it take advantage of wider regional and world markets (Kennes, 1999: 38).

However, the danger is that such a donor may be viewed with suspicion if perceived to be pursuing self-interest inimical to the interests of one or more of the states seeking to integrate. It may also lower the value of $\S$, if such support is seen to be contrary to the ideals contained in $\S$. However, the donor's nominal or instrumental commitment to $\S$ may avoid this and secure continued commitment to cooperation (see Adefulu, 1993).[16]

Non-Nash Equilibrium in a Repeated Game

The current effort to integrate is driven by strong concern for economic survival in a liberal international economic order, in which collective bargaining is important.

However, states want to preserve their sovereignty, and they have many strategic options available to them in order to survive and even thrive in the international system. The outcome for integrating states is that of a non-Nash equilibrium. Given the multiple options and varied interests of actors in this process, the states are rarely constrained by the choices of other states in the same sub-region - no East African country is constrained by the choices that any other member state makes on how to deal with the security threat posed by lack of investments or small markets. Unlike the security threats faced by postwar Europe, the USA's first 13 colonies after rebellion or medieval Switzerland, the EAC does not appear to find itself so explicitly threatened. There is no clear-cut enemy who can only be repulsed collectively, and who in the absence of such cooperation, is sure to annihilate these states separately. The EAC faces a non-Nash dilemma of a war on many fronts and against a more nebulous enemy, poverty. The result is a non-Nash equilibrium that leaves room for individual countries to adopt

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16. *Indeed, Adefulu avers that regional integration can succeed in solving sub-Saharan complex development problems only if external actors are actively involved.*

strategies in pursuit of improved individual welfare, unconstrained by the choices of others, resulting in a weakening of the process of regional integration.

Conclusion

This paper has examined the stated and implicit reasons for current moves towards East African integration, and the conditions under which regional integration is likely to succeed. It has been argued that whereas the current drive for regional integration is based on a neofunctionalist approach in which gains in noncontentious areas spill over to facilitate cooperation in other more contested areas, there are insufficient grounds to believe that this is often the case for all regional groups. Nor is there sufficient reason to believe that interdependence, however defined, always leads to regional integration, in particular as a means of facilitating such interdependence. The chapter has further argued that the success of regional integration depends on the nature of the international system, its polarity and the extent of the security threats posed to states, as individual actors. The security logic is one in which the states that would constitute a regional group or ultimately a federation, have a clear collective conception of the enemy, the inadequacy of their individual capacity for self-defence and the strategic imperative for cooperation in order to survive.

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ON THE EAST AFRICAN COMMUNITY
VIEWS FROM EUROPE

...Regional integration is a hot topic for the donors and they are eager to fund such initiatives all over Africa. The consequent problem is that this gives these initiatives a "donor drive", this fuels much corruption as integration initiatives become a partial component for enrichment of civil servants thanks to high per-diems.

...The commercial world is fairly agnostic, though there is a general buy-in to regional association for a variety of reasons and there is a bias against a multiplicity of foreign agencies working in these countries.

...This will be an interesting experiment of a ready-group of countries which can act as a microcosm which can lead the way on what could happen on a broader scale across the rest of Africa. The economic benefits of cutting out border problems, ease of access, development of bigger markets, different products from the different countries, will generate the growth needed to eradicate poverty and attract external investment. This can have big lessons for other countries and can make huge inroads against the poverty in the countries.

...External actors have focussed too much on individual countries, and not enough on regional and pan-African dimensions. The EAC provides an interesting channel to increasing resources to the region and to joining it up more to allow the region to generate more resources internally. It is hoped the UK and other governments support this idea and provide not only resources but also technical support to improve the joining-up process.

...There are strong vested interests against it [the EAC], particular in the institutions of government, where people get benefits from taxation, customs dues, and from possessing the attributes of sovereignty.

...But the EAC could learn from the EU as to how not to go about it - with a huge bureaucracy - probably no more than 20 people are needed in the region to run this, a Brussels-like monolith of an administration is no good.

...[The] truth is that for Africa to develop at the pace we would want it to develop, its trade within Africa needs to grow, and provide better movement across borders. This in particular needs to happen on a smaller sub-regional scale before it spreads to the rest of Africa. The EAC could set a lead ...

WILL THE EAC BRING BENEFITS OR DISAPPOINTMENTS
VIEWS FROM EUROPE

Yes, it can work and bring benefits

...The EAC will work if it delivers on getting a bigger market, making it easier for all investors, including local ones.

...The federation is a good idea in general terms - open movement of people for employment, standardisation of income and other taxes etc

...As the countries work together they can address a number of different issues that concern them such as trade, infrastructure, roads water management etc.
...when we see investors come in we will see the building of infrastructures, improvement of social life thanks for employment in newly formed companies

...I am absolutely convinced that any regional economic, institutional integration can only bring benefits.

...There would be benefits in the regional group as resources, strategies and policies could be pooled... Even for attracting aid, the countries would be stronger and better placed as a union than as individual countries. So for health there would be definite benefits in instituting a union.

...When the EAC has been formed I would look for economic and social development

No, it is likely to disappoint

...What is the potential of the EAC? I would have thought probably zero.

...It will likely be another organisation which sounds good in the beginning but nothing desperately concrete comes out of it.

...I am sure there will be some sort of an EAC at some point in a vague and loose organisation. But whether it would represent an overall national interest - I would be surprised.

...the classical concept of integration does not fully apply to developing countries because the reduction of tariffs does not play a major role in (East) Africa. Non-tariff barriers (NTBs) are much more important and much more difficult to eliminate. Therefore, the beneficial results of tariff reduction will not meet the expectations.

...A lot of people will be heading for disappointment. The donors will not be disappointed because they see activity, they spend their money.... The government will not be disappointed as they make lots of money through attending meetings at $300 per diems - the less progress and the more meetings the better for them. The population will be disappointed as they do not care about integration given that their necessities are not taken into account. ... they will see many meetings, but no changes on the ground.

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AN INSTITUTIONAL ANALYSIS OF THE EAST AFRICAN COMMUNITY: SOME INITIAL REFLECTIONS

DONALD DEYA

AN INSTITUTIONAL ANALYSIS OF THE EAST AFRICAN COMMUNITY: SOME INITIAL REFLECTIONS

DONALD DEYA

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ABSTRACT

The chapter renders an analytical history of the development of the East African Community, in five phases, from its initial conception in the late nineteenth century until modern times. It compares the institutional outlay of the first Community, which collapsed in 1977, with the second one, which was revived in the 1990s, and concludes with some proposals for institutional strengthening and reform.

INTRODUCTION: THE FIVE PHASES OF THE EAST AFRICAN COMMUNITY

Mukandala and Killian (2004) divide the historical development of the East African Community (EAC) into five phases. These are described below, and summarized Table 1.

Table 1: The five phases of the East African Community

Phase/period	Milestone dates	Attributes
First phase: Kenya and Uganda, up to 1920	1897–1901	Construction of the Kenya-Uganda Railway
	1900	Establishment of the Customs Collection Centre
	1905	Establishment of the East African Currency Board
	1905	Establishment of the East African Postal Union
	1909	Establishment of the Court of Appeal for Eastern Africa
	1919	Establishment of the Eastern African Customs Union
Second phase: The entry of Tanganyika, 1920s to 1960	1919	Eastern African Customs Union expanded to include Tanganyika
	1926	Establishment of the East African Governors' Conference
	1940	Establishment of the East African Income Tax Board
	1940	Establishment of the Joint Economic Council
	1947	Establishment of the East African High Commission (1947–1961)
Third phase: Independence, 1961–1977	1961	Establishment of the East African Common Services Organization (1961–1966)*
	1965	Formulation and signing of the Kampala Tripartite Agreement on addressing imbalances of the existing common market system
	1966	Tanzania withdraws from the East African Currency Board, introduces own currency and establishes a national central bank Uganda, and then Kenya follow suit
	1967	Establishment of the first East African Community (1967–1977)
	1971	General Idi Amin Dada violently seizes power in Uganda Tensions between Dar es Salaam, Kampala and Nairobi worsen The East African Authority stops meeting
	1975	East African Ministerial Commission attempts to revive the EAC
	1976	President Amin makes noisy territorial claims against Kenya Second attempt at salvaging the Community is launched, headed by the World Bank
	June 1977	The partner states fail to approve the General Fund Services Budget, thus dealing the EAC the *coup de grace*
	August 1977	Kenyan government publicly acknowledges the collapse of the EAC
Fourth phase: The interregnum, 1977–1991	September 1977	East African finance ministers sign a memorandum of understanding in Washington, DC, pledging to seek a solution with the aid of a mutually accepted mediator
	December 1978	The EAC headquarters in Arusha cease to function Dr Victor H. Umbricht, a Swiss diplomat, is accepted as mediator
	1984	The Agreement for the Division of Assets and Liabilities of the former East African Community (the Mediation Agreement) is signed in Arusha by presidents Nyerere, Obote and Moi Article 14 commits them to 'explore and identify further areas for future cooperation'
Fifth phase: The 'new' EAC: 1991 to date	30 November 1993	The Agreement for the Establishment of a Permanent Tripartite Commission for Cooperation between the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya, is adopted
	26 November 1994	Protocol on the Establishment of a Secretariat for the Permanent Tripartite Commission for Cooperation between the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya, is adopted
	24 May 1996	The Convention for the Establishment of the Lake Victoria Fisheries Organization enters into force
	June 1996	The Secretariat of the Permanent Tripartite Commission (PTC) is launched, in Arusha
	29 April 1997	Presidents of the partner states take decision to upgrade the PTC Agreement into a Treaty
	30 November 1999	The Treaty for the Establishment of the East African Community (EACT) is signed
	7 July 2000	The EACT enters into force, upon ratification by the partner states
	15 January 2001	The EAC is formally and publicly launched
	30 November 2001	The East African Court of Justice (EACJ) and the East African Legislative Assembly (EALA) are formally launched in Arusha EACJ Judges and EALA MPs are sworn in.

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29 November 2003	Protocol for Sustainable Development of Lake Victoria Basin is signed
2 March 2004	Protocol on the Establishment of the East African Community Customs Union is signed
1 January 2005	The EAC customs union enters into force
August 2005	The Zero Draft Protocol to operationalize the extended jurisdiction of the East African Court of Justice is launched for public discussion

**To replace the East African High Commission
The author is most grateful the publications of Hon. Wilbert Kaahwa, Dr Khoti Kamanga and Professor Rwekaza Mukandala, (Kamanga, 2003, 2005; Mukandala and Killian, 2004: 181) for the formulation of this table.*

Kenya and Uganda: Up to 1920

Cooperation in East Africa started at the end of the nineteenth century with several initiatives to integrate the economies of Kenya and Uganda (Mukandala and Killian, 2004: 181). The first prominently quoted step was the construction of the Uganda Railway. Its completion in 1901 paved the way for economic development in both Uganda and Kenya. When it was time to inaugurate a customs service in the British-controlled areas of mainland East Africa, it was set up on a basis common to Kenya and Uganda. As it was under German colonial control, Tanganyika was not invited to be part of the unfolding common East African agenda and attendant institutions at this stage.

The entry of Tanganyika: 1920s to 1960

The incorporation of Tanganyika into the unfolding regional cooperation arrangements commenced when Great Britain was given mandate over it following the First World War (1914-1918). Due to the war, a new military link railway was constructed from Voi in coastal Kenya to Kahe in Northern Tanganyika.

In 1924, a British Parliamentary Commission visited East Africa to consider and report on the measures necessary to accelerate economic development of the East African countries, and the means of securing closer coordination of policy on such matters as transportation, cotton growing, and the control of human, animal and plant disease.

In 1925, the Commission made the following recommendations:

- a customs union for the three countries;
- uniformity of commercial law on companies, bankruptcy, patents, design and trade marks;
- creation of a central research institute at Amani in Tanganyika, to serve all three countries;
- operation of the Voi-Kahe railway line by the Kenya-Uganda Railway Corporation.

Even before the Commission tendered its report, a scheme to amalgamate the postal and telecommunications services had already been worked out between the Posts and Telegraphs Departments of Kenya and Uganda.

In 1926, a Permanent Secretariat was set up in Nairobi, which shared the services of the Kenya Statistical Adviser on East African Statistics. It also discussed many matters of common interest, such as the desirability of three interterritorial fundamental research stations: Amani (Tanganyika) for agriculture, Kabete (Kenya) for veterinary research, and Entebbe (Uganda) for trypanosomiasis.

The Governors' Conference also recommended the construction of a railway link between Dodoma (Tanganyika) and Northern Rhodesia; but this was not undertaken because Britain failed to secure the capital.

In 1927, administration of the port of Mombasa, which had until then been administered by the government of Kenya, was transferred to the Kenya-Uganda Railway Corporation, the name of which was altered to the Kenya-Uganda Railways and Harbours Corporation.

In 1929, the East African Meteorological Department was established, and this operated interterritorially under the Governors' Conference. In the same year, a British parliamentary group recommended closer union for the three countries, under a central authority, to deal with such matters as railways and harbours, roads, aviation, posts and telegraphs, customs, defence and research. However, this did not receive a favourable reaction, and after further consultations, the problems of closer union were remitted, along with other political problems, to a Joint Select Committee of both houses of parliament.

In 1931, the Select Committee reported the rejection of a single federal high commissioner, but emphasized that the machinery of the Governors' Conference should be increasingly used to ensure continuous and effective cooperation and coordination of all matters of interest. Such areas included transport, customs duties and administration, scientific and technical research services, posts and telegraphs, commercial law and defence.

In 1933, the Posts and Telegraphs Departments of Kenya, Uganda and Tanganyika were amalgamated into a single service under one postmaster general. This was based on previous experience in running a single department for Kenya and Uganda. Income tax was first introduced in 1937 in Kenya, as a result of the Report of the Commission of Enquiry into the country's financial position and system of taxation. It was extended to Uganda and Tanganyika in 1940 and the Joint East African Income Tax Board was set up to handle its administration. Interterritorial veterinary research became a reality in 1939 when a central research organization, which had been envisaged back in 1926, was set up in Kabete.

The Second World War (1939-1945) expedited the establishment of several interterritorial bodies, including the East African Industrial Council and Industrial Research Board, all designed to meet the defensive needs of the region. The Governors' Conference Secretariat also became the channel through which liaison was maintained between service commanders and civil governments.

In 1945, the British government put forward proposals to overcome the defects inherent in the Governors' Conference system, to rationalize the structure of the various East African bodies and to give them a legislative and constitutional background. These included the creation of an East African High Commission and a central legislature, a single Customs and Excise Department and a single Railways and Harbours Administration. Legislation was passed on a wide range of subjects, including the control of commercial motor transport, commercial legislation, mining and broadcasting, and also collective marketing and interterritorial communications.

During the process of public discussion of these proposals, three further common services were started. These were the Directorate of Civil Aviation, the East African Fisheries Research Organization (both launched in 1946) and the East African Literature Bureau (launched in 1947). After public discussion, revised proposals were made in 1947. These were accepted, and as a result, Tanganyika

Railways was amalgamated with Kenya-Uganda Railways and Harbours to become East African Railways and Harbours. Consequently, various EAC entities and services not already in existence took shape.

In the earlier part of this phase, decisions were made by the colonial powers and supplemented by the governors via administrative fiat. In the latter part, the 1947-1961 East Africa (High Commission) Orders in Council were used as the tools to undertake matters and services of common interest to the three countries. Among other things, they were used to establish the East Africa High Commission and the East Africa Central Legislative Assembly.

Independence: 1961-1977

The 1961-1966 East Africa Common Services Organization Agreements cancelled the 1947-1961 Orders in Council, and established the East African Common Services Organization, with the East African Common Services Authority as the principal executive organ, and the East African Central Legislative Assembly as the legislative organ.

The desire to preserve the common services on the approach of Tanganyika's independence in 1961 stemmed partly from experience of their success, and partly from a spreading and genuine feeling among the people and political leaders in favour of African unity, and more particularly East African unity. Furthermore, Tanganyika won her independence before the other two countries, and by the political arrangement for the proposed East African Common Services Organization (EACSO), it was necessary to ensure that her sovereignty could not be infringed by the colonial authorities. In expectation that all three countries would shortly be independent, EACSO was set up on Tanganyika's attainment of independence in December 1961. In view of the prospect of considerable withdrawal of support from the colonial power, arrangements were made to give EACSO its source of finance in a general fund. This fund comprised 3 per cent of all customs and excise revenue collected in the three countries and 20 per cent of the tax of the profits of all companies engaged in manufacturing and finance throughout East Africa.

The acceptance of the EACSO constitution was spurred by the desire of the three East African countries to come closer together in the form of a political federation. Events of the first year did not bear out this sentiment and it soon became evident that the preconditions for unity were fast disappearing. The organizational structure of EACSO might have contributed significantly to this feeling. Major decisions had to be taken by five ministerial committees which only met infrequently and which consisted of national ministers who were already overburdened with national responsibilities. Temporary members often had to deputize for the substantive members whenever the former were unable to attend, which made it difficult to arrive at unanimous decisions. This situation sometimes led to long delays or even disagreements among members. Nearer to the root of the problem was the economic pattern that had been fostered in the three countries. The location in Kenya of most of the common services' headquarters, though desirable for administrative coherence, gave rise to the feeling that Kenya was having the lion's share. Further, in view of Kenya's advancement in manufacturing industries, the common market that had developed during colonial administration in East Africa was manifestly more advantageous to Kenya than the other two countries. Thus, in the absence of a federation, which could have corrected these discrepancies within wider political confines, East Africa was faced with a choice: either to break up the common services arrangements, or to develop a pattern of economic cooperation that would prove more acceptable to all its partners.

The latter alternative was chosen, and in November 1965, the East African Common Services Authority - the highest political arm of the common services - announced the decision to appoint a Special Commission consisting of three ministers from each country to examine and recommend ways of strengthening East African cooperation, the common market and the common services. The Commission held its meetings in rotation between Nairobi, Kampala, Dar es Salaam and Arusha before the Treaty for East African Cooperation was presented for signature to the presidents of Kenya, Uganda and Tanzania at Kampala on 6 June 1967. Broadly speaking, the Treaty established the East African Community and a common market as an integral part of the EAC, and set 1 December 1967 as the date on which this arrangement would come into force. The foundational legal instruments of the first East African Community (EAC I) are detailed in Table 2, with the Annexes to the Treaty for East African Cooperation detailed in Schedule 1.

Table 2: The foundational legal instruments of the first East African Community

Treaty/Protocol/Other instrument	Comments
The East African (High Commission) Orders in Council, 1947 to 1961	Established the: East Africa High Commission East Africa Central Legislative Assembly
The East Africa Common Services Organization Agreements, 1961 to 1966	Revoked the 1947–1961 Orders in Council Established the East African Common Services Organization, with the East African Common Services Authority and the East African Central Legislative Assembly
The Treaty for East African Cooperation, 1967	
The Treaty for East African Cooperation (Modification) Agreement, 1969 L.N. 30/1969	
The Treaty for East African Cooperation (Amendment of Annex IX) Order, 1970 L.N. 19/1970	
The Treaty for East African Cooperation (Modification) Agreement, 1970 L.N. 22/1970	
Amendments to the Charter of the East African Development Bank under Annex VI to the Treaty L.N. 35/1970	
The Treaty for East African Cooperation (Modification)(No. 2) Agreement, 1970 L.N. 72/1970	
The Treaty for East African Cooperation (Modification) (No. 3) Agreement, 1970 L.N. 1/1971	

Schedule 1: Annexes to the Treaty for East African Cooperation, 1967

Annex 1: Rules for the Administration and Application of Article 11 ('No Internal Tariff on East African Goods')
Annex 2: Contractual and other Obligations (Under Article 12: 'No Quantitative Restrictions on East African Goods')
Annex 3: Agricultural Products (Under Article 13: 'Exception for Certain Agricultural Products')
Annex 4: Manufactured Goods (Under Article 20: 'Transfer Tax')
Annex 5: Value of Goods Liable to Transfer Tax (Under Article 20: 'Transfer Tax')
Annex 6: The Charter of the East African Development Bank (Pursuant to Article 22: 'Charter of the Bank')
Annex 7: Current Account Payments (Under Article 25: 'Payments and Capital Transfers')
Annex 8: Statute of the Common Market Tribunal (Under Article 42: 'Statute and Rules of the Tribunal')

Annex 9: Services to be administered by the Community or the
Corporation (Under Article 43: 'Functions of the
Community')
Annex 10: Matters with respect to which Acts of the Community may
be enacted (Under Article 43: 'Functions of the
Community')
Annex 11: Procedural Provisions (Under Article 45: 'Procedure with
in the Community')
Annex 12: Income of companies engaged in manufacturing or
finance business (Under Article 68: 'Distribution of the
principal revenue')
Annex 13: Control of the Corporations (Under Articles 55 {'Functions
of the Councils'} and 73 {'Control of the Corporations'})
Annex 14: Decentralization and related measures (Under Article 86:
'Decentralization and related measures')
Annex 15: Transitional Provisions (Under Article 90: 'Transitional
Provisions')

A number of interrelated factors contributed to the subsequent collapse of EAC I:

- *Political differences within the partner states*: While Kenya had adopted a liberal
political philosophy with a capitalist market structure, Uganda and
Tanzanian embarked on varying degrees of 'African socialism'. The then
East-West divide, polarizing the world into capitalists and socialists,
unleashed ideological forces to which the EAC was not immune.

- *Military coup in Uganda*: After General Idi Amin Dada deposed the Ugandan
president, Apollo Milton Obote in 1971, Tanzania's president, Julius
Kambarage Nyerere, swore never to share a discussion table with an
illegitimate ruler. Hence, the EAC's highest decision-making body, the
East African Authority, did not meet from 1971 until EAC I collapsed in
1977.

- *Disagreements over the benefits of jointly-owned common services*: The oft-cited
contention that Kenya gained much more from the EAC and common
market than its two partner states was not without merit. More significant,
however, was the failure to formulate policies, strategies and programmes
to remedy the imbalance.

- *Lack of strong private sector and civil society participation*: Low private sector and
civil society input into the running of EAC I alienated it from the people,
making it into a project of the political elite, the fortunes of which ebbed and
flowed with the mood of the apex politicians.

These issues are discussed in further depth in due course.

The interregnum: 1977–1991

Kamanga (2003) chronicles how, in June 1977, the 'Partner States failed to
approve the General Fund Services Budget, thus dealing the EAC the *coup de grace*.
From then on, it was only a matter of time before the entire edifice came tumbling
down.' In August of the same year, the Kenyan government formally acknowledged
the collapse of the EAC. It is often narrated how Charles Mugane Njonjo, the then
Kenyan attorney general, celebrated the collapse of the EAC with a champagne
toast. But this was just the formal acceptance of what had already happened.

Nevertheless, even as the health of the EAC deteriorated, there were concerted efforts, both within and outside of the partner states to resolve the thorny issues, revive the Community or at least preserve some of the gains made. Thus, in September 1977, while at a meeting in Washington DC, the three EAC finance ministers negotiated and signed a memorandum of understanding pledging to seek a solution to the EAC impasse, with the assistance of a mutually accepted mediator. In December 1978, even as the EAC headquarters in Arusha shut down, Dr Victor H. Umbricht, a Swiss diplomat, was accepted as the mediator. His efforts led to the signing, in 1984, by presidents Nyerere, Obote and Moi, in Arusha, of the Agreement for the Division of Assets and Liabilities of the former East African Community. Article 14 of the Agreement contained a commitment by the partner states to 'explore and identify further areas for future co-operation' (dubbed 'the Umbricht Clause' by Kamanga (2003)). Thus a platform for continuous dialogue was erected. Table 3 details the legal instruments during the interregnum between the old and new East African Community.

Table 3: The legal instruments during the interregnum between the old and new East African Community

Treaty/protocol/other instrument	Enactment/ratification status
Agreement for the Division of Assets and Liabilities of the former East African Community	Signed in 1984, in Arusha, by presidents Nyerere, Obote and Moi
Agreement for the Establishment of a Permanent Tripartite Commission for Cooperation between the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya	Adopted 30 September 1993
Protocol on the Establishment of a Secretariat of the Permanent Tripartite Commission for Cooperation between the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya	Adopted 26 November 1994

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The 'new' EAC: 1991 to date

From 1991, there was increased activity towards cooperation among the three East African states. In November 1993, the three heads of state signed the Agreement for the Establishment of a Permanent Tripartite Commission for Cooperation (PTC) between the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya. A year later, in November 1994, they concluded the Protocol on the Establishment of a Secretariat of the PTC. By June 1996, the Secretariat of the PTC was formally launched in Arusha.

The Secretariat now provided a focal point and a renewed impetus for accelerating negotiations. In April 1997, the presidents of the partner states took the decision to upgrade the PTC agreement into a treaty. For the first time in the history of the region, the governments and the PTC Secretariat sought the views of the East African people, in discussing and negotiating the draft treaty. Organizations such as the East Africa Law Society (founded in 1995), the NGO Coalition for East Africa (NGOCEA) and others capitalized on the newfound space to energize their mandates and contribute to the unfolding dialogue on integration. Several academics and researchers also joined the debate. Ultimately, on 30th November 1999, the Treaty for the Establishment of the East African Community (EACT) was signed in Arusha. Among other things, it elevated the PTC Secretariat into the EAC Secretariat, one of the key organs of EAC II. After the necessary ratification procedures, the Treaty came into force in July 2000. The inaugural members of the East African Legislative Assembly and judges of the East African Court of Justice were sworn in on 30

November 2001, on the second anniversary of the signing of the EAC Treaty. Table 4 summarizes the foundational legal instruments of the new East African Community.

Table 4: The foundational legal instruments of the new East African Community

Treaty/protocol/other instrument	Enactment/ratification status
Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of taxes on income	Concluded 28 April 1997
The Treaty for the Establishment of the East African Community	Signed 30 November 1999 Entered into force 7 January 2000 Inaugurated 15 January 2001
Protocol on Combating Drug Trafficking in the East African Region	Concluded 13 January 2001
Protocol on Standardization, Quality Assurance, Metrology and Testing	Concluded 15 January 2001
Protocol on Decision-Making by the Council	Concluded 21 April 2001
Tripartite Agreement on Road Transport	Concluded 29 November 2001
Protocol on the Establishment of the Inter-University Council for East Africa	Concluded 13 September 2002
Tripartite Agreement on Inland Waterway Transport	Concluded 30 November 2002
Search and Rescue Agreement	Concluded 13 September 2003
Protocol on Sustainable Development of Lake Victoria Basin	Concluded 29 November 2003
Protocol on the Establishment of the East African Community Customs Union	Concluded 2 March 2004
Other important rules	
Protocol on Environment and Natural Resources	Open for signature on 3 April 2006*
Rules of Procedure of the East African Legislative Assembly	
East African Court of Justice Rules of Procedure	
East African Court of Justice Arbitration Rules	

As at the time of compilation of this chapter (June 2006), preparatory work was ongoing on Protocols on Immunities and Privileges, Cooperation in Defence and on the Free Movement of Persons, Labour, Services, Rights of Establishment and Residence.

THE INSTITUTIONAL OUTLAY OF EAC I

The shared aim of setting up the EAC by Tanganyika (and later Tanzania), Uganda and Kenya was to strengthen and regulate the commercial, industrial, scientific, infrastructural and other ties among the three with the view to bringing about harmonious and balanced development.

The EAC tried to establish and maintain a common customs and excise tariff, abolish generally trade restrictions between partner states, coordinate economic planning and transport policies, and in the long term, establish a common agricultural policy.

In the old Treaty and EAC, the supreme organ, consisting of the three heads of state, was known as the East African Authority. The Authority was responsible for the general direction and control of the executive functions of the EAC. Its chairmanship[1] was rotational. Immediately below the Authority were the three East African ministers, whose duties were to assist the Authority in its executive

1. This term is used deliberately as there has never been a female head of state in any of the partner states of the (old or new) East African Community.

functions to the extent required by and subject to the control of the Authority. They advised the Authority in respect of EAC affairs. The ministers, one from each partner state, were assisted by three deputies. The secretary general was the principal executive officer and head of the EAC civil service, as well as secretary to the Authority.

The central secretariat was based in Arusha, Tanzania, and consisted of three ministers and secretaries (finance and administration; common market and economic affairs; and communications, research and social services),[2] the Office of the Secretary General, the Chambers of the Counsel to the Community and the East African Legislative Assembly (EALA).

The EALA legislated on all EAC matters. It had 36 members, namely a chair, the three East African ministers and three deputy ministers, the secretary general, and counsel to the Community. Nine other members were appointed from each of the three partner states.

There were five councils, with membership was at ministerial level. These were finance, common market, economic consultative and planning, communications, and research and social. The three East African ministers were members of the councils and each chaired one of the councils.

Several institutions were also set up under the EAC I. These included:

- *Agriculture*: The Agriculture and Forestry Research Organization was stationed at Muguga, near Nairobi, Kenya. It dealt with research into the possibilities of better production of cash and food crops in East Africa and the best ways of growing healthy forests in conjunction with national agriculture and forestry ministries.

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- *Airways*: The East African Airways Corporation provided air transportation on a commercial basis for East Africa and linked the three countries with each other by operating domestic routes. It also linked East Africa with the rest of the world. The headquarters was in Nairobi.

- *Animal husbandry*: The Veterinary Research Organization, situated at Muguga, near Nairobi, carried out research into animal diseases, produced vaccines and also carried out crossbreeding experiments between local and exotic breeds.

- *Aviation*: The Directorate of Civil Aviation was responsible for directing all civilian flights while within the East African flight information region, which extended beyond the boundaries of the three East African countries. It was also the licensing authority for commercial and private aircraft pilots, examined the planes and trained its own air controllers at its school of aviation, based at Wilson Airport, Nairobi. There was another flying school at Soroti, Uganda to train pilots, engineers and air traffic and communications staff.

- *Court of Appeal*: The Court of Appeal for East Africa was the highest appeal body in East Africa for criminal and civil cases. It sat in Kampala, Nairobi, Mombasa and Dar es Salaam. It had a president, vice president and three justices of appeal. This court had no jurisdiction in Zanzibar.

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2. Each was headed by a minister at a political level and a secretary at civil level.

- *Development*: The East African Development Bank had an authorized share capital of 400 million shillings, the greater part of which was con tributed by the partner states. It participated in development projects aimed at bringing about industrial development by providing financial and technical assistance.
- *Fisheries (freshwater)*: The Freshwater Fisheries Organization, which was located in Jinja, Uganda, dealt with research work into freshwater fish in East Africa. It also determined fish populations and abundance in order to assist potential fish-canning industries in the three states.

- *Fisheries (marine)*: The Marine Fisheries Organization, which was located in Zanzibar, carried out research into all aspects of seawater fishing, with particular accent on long-lining, with a view to determining the fishing potential of East Africa's coasts.

- *Harbours*: The East African Harbours Corporation ran its services in all the seaports of East Africa, specifically excluding inland ports. The headquarters was in Dar es Salaam.

- *Industry*: The Industrial Research Organization was located in Nairobi, Kenya. Its research work was to improve the manufacturing processes in existing industries and offer advice for manufacturers intending to set up new plants within East Africa. It contributed in the areas of chemical, ceramics, processing and food technology.

- *Leprosy*: The Leprosy Research Centre was based at Alupe, Kenya. It tested the effectiveness of new drugs against leprosy. It ran a clinic for treatment and prevention of further infection for purposes of research and medical service.

- *Literature*: The East African Literature Bureau aimed at promoting African writing, and published and disseminated books for literacy and cultural work in East Africa. It also conducted literacy campaigns throughout East Africa via book vans, making books accessible to the people of East Africa.

- *Malaria*: The Institute of Malaria and Vector-Borne Diseases, which was situated in Amani, near Tanga, Tanzania was responsible for developing ways of controlling the constant threat of malaria and other diseases carried by insects in East Africa. It also carried out eradication campaigns against mosquitoes and black flies, which cause river blindness.

- *Medical research*: The Institute for Medical Research was based at Mwanza, Tanzania. It was involved in a bilharzia eradication campaign in the Lake Victoria and surrounding areas and a hookworm survey in several towns in East Africa.

- *Meteorology*: The Meteorological Department dealt with all matters relating to weather and climate in East Africa, providing weather forecasts for farmers, aviation, shipping and motoring organizations such as the East African Safari. This department was located at Dagoretti Corner in Nairobi. There was also a meteorological school in Nairobi for training weather personnel.

- *Pests*: The Tropical Pesticides Research Institute, based in Arusha, Tanzania, conducted research work connected with pests that attacked plants and human beings.

- *Postal services*: The East African Posts and Telecommunications Corporation not only linked together various parts of East Africa, but also linked the region with the rest of the world by providing telephones, telegraphs, cable and postal services. It had its headquarters in Kampala and conducted training in its three regional centres and central training school.

- *Railways*: East African Railways was the largest single corporation in the EAC. It operated passengers and cargo railway services in East Africa and ran steamer and bus services on certain stretches not covered by railways. It was headquartered in Nairobi, and also had two training schools.

- *Revenue collection*: The Income Tax Department was responsible for assessing and collecting income taxes from individuals, firms and commercial enterprises throughout East Africa. The Customs and Excise Department would assess and collect customs duty on goods entering the East African market from outside and excise duty on goods manufactured within the partner states. It also levied transfer tax on behalf of the governments and enforced the laws relating to imported goods that were not considered desirable.

- *Sleeping sickness*: The Trypanosomiasis Research Organization, located in Tororo, Uganda was responsible for evolving ways of controlling sleeping sickness in humans, and nagana in cattle, caused by the tsetse fly.

- *Statistics*: The Statistics Department's work was to collect, analyse and supply statistical information on a wide range of subjects in order to give an accurate economic picture of the three countries. These subjects included trade, transport and communications, insurance, banking and finance, population and employment. In addition, the East African Statistical Training Centre existed for training middle-level personnel from the whole East Africa region.

- *Tuberculosis*: The Tuberculosis Investigation Centre was located in Nairobi. It carried out research into ways and means of controlling and eradicating tuberculosis in East Africa. It pioneered a new and revolutionary form of tuberculosis treatment in East Africa.

- *Viruses*: The Virus Research Institute located in Entebbe, Uganda, carried out research into humanity's smallest enemy, the virus, which caused diseases such as yellow fever, flu, smallpox, chickenpox, etc.

Driving forces behind EAC I

Table 5 presents the institutional structure of the old East African Community.

Sebalu (2006), Kamanga (2003) and others assert that the genesis of the EAC lies in the British colonial strategy of imperial domination of the Eastern African region, with Kenya as the hub of regional British imperial power.

Kamanga continues, opining that Britain's initial interest in East Africa was influenced by the anti-slavery crusade. Soon, however, a more decisive, enduring impetus arose: the desire to secure 'control of the headwaters of the Nile in order

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Table 5: The institutional structure of the first East African Community

Organ, agency or office (founding instrument)	Comment
The East African Authority (Art. 3 and 46 of the 1967 Treaty*)	Composed of the presidents of the three EAC partner states. Responsible for, and had the general direction and control of, the performance of the executive functions of EAC I.
The East African Legislative Assembly (Art. 3 and 56 of the 1967 Treaty)	Composed of the 36 MPs: 27 (nine each) nominated by the partner states, the three East African ministers, the three deputy ministers, the secretary general, and counsel of the EAC.
The East African Ministers (Art. 3 and 49 of the 1967 Treaty)	Had one representative from each partner state, nominated by the latter and appointed by the Authority. Primary duty was to assist the Authority; also had several powers and duties specified under the 1967 Treaty.
Deputy East African Ministers (Art. 52 of the 1967 Treaty)	At the discretion of the Authority; one per partner state. To assist the East African ministers, and perform any other duties assigned by the Authority or Treaty.
The Common Market Council (Art. 3 of the 1967 Treaty)	
The Common Market Tribunal (Art. 3 of the 1967 Treaty)	
The Communications Council (Art. 3 and 53–55 of the 1967 Treaty)	
The Finance Council (Art. 3 and 53–55 of the 1967 Treaty)	
The Economic Consultative and Planning Council (Art. 3 and 53–55 of the 1967 Treaty)	
The Research and Social Council (Art. 3 and 53–55 of the 1967 Treaty)	
The East African Industrial Court (Art. 85 of the 1967 Treaty)	Settlement of disputes concerning employees of the Community and the corporations; composed of the chair of the Tanzanian Permanent Labour Tribunal and the presidents of the Ugandan and Kenyan Industrial Courts, respectively.
The key corporations, bodies, departments and services of the first EAC	
East African Airways Corporation	
East African Customs and Excise Department	
East African Development Bank (The Charter of the East African Development Bank, as re-established by Art. 21 and Annex VI of the 1967 Treaty)	
East African Income Tax Department	
East African Tax Board (Art. 88 of the 1967 Treaty)	An advisory body

to protect [the British] position in Egypt and the ... Suez Canal, in particular' (Kamanga, 2003).[3] Subsequently the pre-eminent interest became opening up the region to the highly exploitative and profitable large-scale farming, and attendant commerce and industry. Kamanga's words are instructive in this regard:

> There were several other benefits from occupying East Africa. German imperial designs in the region would be checked and opening up the Kenyan hinterland by rail transport would introduce the lucrative large-scale farming. No wonder that from a mere British sphere of influence subject to direct British rule, East Africa quite rapidly became a fully-fledged, de jure colonial possession. And indeed, for the avoidance of doubt, the 'East African Protectorate' was in 1920 'elevated' to the 'Kenya Colony'.

3. Kamanga quotes the 'Agreement for the Division of Assets and Liabilities of the former East African Community', as reproduced in Umbricht (1988).

To summarize, three key observations are worth stressing. The structural measures at 'regional cooperation' introduced during this period 'were initiated or directly introduced by the Colonial Office in London' either on the basis of Orders in Council or 'mere instructions by the Colonial Secretary'. Secondly, the overriding impetus of such measures was 'British interest'. Thirdly, and finally, was the untenable, lop-sided nature of benefits for the regional partners. Umbricht puts it this way: 'The common market system within East Africa favoured the Kenyan industrial base which was able to exploit (sic) considerably more to the neighbouring countries than vice versa; this led to marketing difficulties for Ugandan and Tanzanian products and to bitter complaints (Kamanga, 2003).[4]

Thus it is apparent that for the first part of EAC I's life, the predominant driving interest was that of the British to crudely extract as much as it could from the region. This was conducted directly, through agriculture and other extractive enterprises; and indirectly, through politically leveraging its domination of the source of the Nile in East Africa, for gain in its interest, further north, in Egypt and, more particularly, the Suez Canal. It is thus instructive that it is in this very era that the contentious series of 'Nile Treaties' were signed.

However, many African scholars and commentators frequently allude to the fact that the Africans of the region had close historical, cultural, social and even economic ties that preceded the advent of colonialism. Indeed, several ethnolinguistic communities were literally split in half by the haphazard colonial determination of state borders. These include the Samia (who straddle Kenya and Uganda), and the Maasai (who straddle Tanzania and Kenya), to name but two. A latter-day manifestation of this was the close cooperation between the freedom fighters and pro-independence movements, including evident consultations - well before independence - between the likes of Julius Kambarage Nyerere, Apollo Milton Obote, Jomo Kenyatta, Jaramogi Oginga Odinga, and the like.

This then meant that the Africans who took up leadership at independence had 'internal' (historical and sentimental) and 'external' practical reasons for continuing the cooperation. These included the need for mutual security as well as the more traditionally acclaimed economic imperatives, such as pooling of resources and economies of scale of a larger, regional market. They also envisioned East African regional integration as part of the wider plan for African unity.[5]

CHALLENGES FOR THE EAC IN 1977

Several scholars and publications, including the preamble to the 1999 Treaty itself, acknowledge the myriad and complex challenges that contributed to the collapse of EAC I. It was not as simplistic as is sometimes suggested, especially in political rhetoric and some public (media) debates. These challenges are discussed below.

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4. *In this, Kamanga liberally quotes Umbricht (1988).*
5. *The Preamble to the 1967 Treaty has a clause explicitly stating that: 'AND WHEREAS the said countries having regard to the interests of and their desire for the wider unity of Africa are resolved to co-operate with one another and with other African countries in the economic, political and cultural fields...'.*

Lack of strong political leadership

The unequal enjoyment of benefits was the strongest manifestation of the insufficiency of political leadership in EAC I. This problem was on the table right from independence, yet never resolved. This is discussed in more depth below.

Similarly important was the fact that the Authority, the highest decision-making body of EAC I, had not met - and was thus unable to transact important EAC business - since Nyerere refused to sit on the same negotiation table as Amin, following his coup in 1971. The experience of both the old and new EAC, and indeed of other regional integration programmes worldwide, are that some decisions can only be taken by heads of state, and that only they can resolve certain impasses. The fact that the supreme authority had not met for seven years was enough for the organization to grind a halt. The (few) unresolved issues had the strong potential of poisoning the entire community, including those aspects or facets that were previously working well.

Lack of strong private sector and civil society participation

The drafters (and signatories) of the 1999 Treaty, as well as other scholars and commentators, have reiterated that the old Treaty (and dispensation) was a government project that was neither rooted in nor involved the East African people. Thus, the East African people could neither really demand its implementation nor insulate it from challenges, threats or its eventual demise. To repeat a much-used legal cliché, the East African people had no *locus standi* in EAC I.

It must also be borne in mind that the political environment of the 1970s did not allow citizens to be articulate, let alone be critical of, governance at the national or subnational levels. Whatever indigenous civil society that had existed at independence, such as the independence or land rights movements, trade unions, self-help groups, as well as alternative/opposition political groups, had been deregistered, bludgeoned and intimidated into submission or co-opted or compromised.

Nevertheless, there were a number of regional civil society institutions in that era, such as the Association of Professional Societies in East Africa, which even owned (and continues to own) a prestigious building in the Nairobi City Centre. There were also some regional social, cultural and/or sporting activities, the most prominent being the East African Safari. However, it appears that while these institutions, initiatives or activities had great 'social bonding' value, none had any significant public advocacy capacity or orientation.

One example of failed political leadership is the inability to agree on how to manage the continued disproportionate sharing of Community benefits among partner states. Much has been written about the differing levels of economic and industrial sophistication and development inherited by the newly-independent East African partner states (see Umbricht, 1988; Kamanga, 2003). This crisis - and the apparent inability of the political leadership of the partner states to resolve it - has frequently reared its head, threatening, on a number of occasions, to lead to the collapse of the EAC. For instance, it led to the disagreement that catalysed the establishment of the committee that negotiated the Kampala Tripartite Agreement of 1965. It also precipitated at least two ultimately unsuccessful attempts at reviving the stalling EAC: in 1975 by an EAC Ministerial Commission, and in 1977 by the World Bank. The inability of the Authority to meet, resolve difficult issues or sanction important decisions/initiatives had a slow but cancerous effect on the EAC Secretariat and on other EAC corporations and institutes.

Insufficient financial resources

In addition to weak political leadership, money was also a problem. Anecdotal evidence from officers who served in various capacities in EAC I[6] also demonstrates that there were insufficient resources, especially to undertake large infrastructural activities, and insufficient political will by the partner states to take steps to remedy or at least ameliorate this situation. It is instructive that it is the failure of the partner states, in June 1977, to approve the General Fund Services Budget that sounded the EAC's death knell. The oft-cited Kenyan government's public acknowledgement of the EAC's collapse, two months later, was merely hammering the last nail in the EAC coffin.

Poor institutional ethos

In addition, as has been amply illustrated above, the genesis of the EAC was a British imperialist, extractive and exploitative project. It was never intended to be of the people, for the people, serving the people, let alone incorporating the people. Issues such as human dignity, equality, equity, fairness - especially in allocation of resources and enjoyment of benefits - never formed part of its ethos. This is not to say that no individuals espoused any of these attributes. Rather, it was never a completely shared, institutional goal, visibly practised in the day-to-day operations of the organization.

This is not unique; the lack of shared popular goals was seen in virtually all of the newly-independent African states. The experience of the ordinary African, but for two or three refreshing examples, has been that the only change is the skin colour of the oppressor; the *modus operandi* and even the objectives of the political leaders remain the same. These include clinging to power at all costs; surrounding and insulating the leadership with cronies and/or kinsfolk, appointing them to all the 'plum' or 'sensitive' positions; appropriating public resources for personal enrichment and patronage; and appropriating the state law enforcement and defence machinery for sustenance of power, subjugation of all opposition and oppression of the masses.

The leaders of the partner states and officials/servants of EAC I made several positive initiatives between 1961 and 1977, but these did not include changing the orientation of the rank and file EAC employee from serving the 'master' to serving or involving the citizenry.

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THE SURVIVORS OF EAC I

The collapse of EAC I in 1977 was followed by a period of frenzied 'nationalization' or other forms of appropriation of EAC institutions and assets. For example, it is prominently repeated in the public domain that the largest portion of the East African Airways was annexed by Kenya. So were the physical facilities and equipment of the headquarters of the Income Tax Department, in what is still popularly known as 'Community Hill', just outside the Nairobi city centre. Similarly, the EAC headquarters and staff facilities in Arusha were also nationalized and converted into a state parastatal.[7] The corporations and public service utilities,

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6. Such as Edwin Mtei and Paulo Sebalu.
7. Ironically, the Secretariat, Legislative Assembly and Court of the new EAC are currently tenants in their former property, which is now owned and managed by the Arusha International Conference Centre, a government parastatal. Several EAC staff are also tenants of the same parastatal, in what was previously EAC staff housing.

such as the railways, harbours, ports, tax and other services were all broken down into three country-level counterparts.

Some managed to retain their regional outlook, however, and were subsequently re-adopted under the new EAC dispensation. These are now generally referred to as the 'surviving institutions of the former EAC'. The following provisions of the Treaty for the Establishment of the East African Community (EACT), 1999 are instructive and deserve to be reproduced verbatim:

> *Article 1: Interpretation*
>
> (…)
>
> *'Surviving institutions of the former East African Community'* means the East African Civil Aviation Academy, Soroti, the East African Development Bank, the East African School of Librarianship and the Inter-University Council for East Africa.
>
> (…)
>
> *Article 9: Establishment of the Organs and Institutions of the Community*
>
> (…)
>
> 3. Upon the entry into force of this Treaty, the East African Development Bank established by the Treaty Amending and Re-enacting the Charter of the East African Development Bank, 1980, and the Lake Victoria Fisheries Organization established by the Convention (Final Act) for the Establishment of the Lake Victoria Fisheries Organization, 1994 and the surviving institutions of the former East African Community shall be deemed to be institutions of the Community and shall be designated and function as such.

Thus, the key institutions that survived the collapse of EAC I, and have been redesignated as institutions of EAC II are:

- The East African Civil Aviation Academy, Soroti;

- The East African Development Bank;

- East African School of Librarianship;

- The Inter-University Council for East Africa;

- The Lake Victoria Fisheries Organization.

One remarkable institution is the Eastern and Southern African Management Institute (ESAMI), which is based at Njiro Hill, just outside Arusha. ESAMI was originally the EAC Staff Institute, designed, as the name suggests, as a training and development institute for EAC staff. Mwalimu Julius Nyerere laid its foundation stone on 3 December 1971, and was also available to officially launch it on 6 December 1975.[8] With the collapse of the EAC in 1977, it could have gone either of the two ways that most EAC institutions went: nationalization (in this case by Tanzania) or complete collapse. However, a few visionary individuals intervened,

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8. *From the inscription stones at the ESAMI entrance.*

such as Professor Adebayo Adedeji, the executive secretary of the United Nations' Economic Commission for Africa (UNECA). With the political support of Mwalimu Nyerere, and resources raised by or through UNECA, the institution was actually expanded to become an African Centre of Excellence for management education, owned by 13 eastern and southern African states.

Over seven years after the signing of the new EAC Treaty, and over five years since the formal, public launch of EAC II, some EAC I survivors remain as national institutions. Here fall the majority of the public utilities and services, and research institutions. It may be advisable for the people and the leaders of the EAC to assess, on a case-by-case approach, which of these should remain 'decentralized' at the partner state level, and which should be merged to become regional utilities or services.

WERE LESSONS LEARNED?

The key lesson from the collapse of EAC I is that regional integration, as indeed every other human developmental endeavour, must be firmly rooted in the people (the citizens). They must want it, own it, design it, drive it, monitor and evaluate it, and redesign or reform it. The challenge, then as now, is double-sided. On the one hand, the leadership, especially the political and bureaucratic leadership, must consciously endeavour, plan for and implement measures, programmes and activities that involve and consult the people. On the other hand, the people themselves must proactively engage the national and regional leaders and institutions in ensuring that the integration is people-driven. It is the people that can ensure that their leaders and institutions not only consult and involve them, but are accountable in decision-making, resource raising and allocation, and in the bilateral or multilateral partnerships and agreements that they enter into, ostensibly for the people. The people can do this quite effectively though the diversity of organized civil society groupings to which they may subscribe, from community-based organizations, women and youth groups, self-help groups, cooperatives, trade unions, societies, professional associations, non-governmental organizations, faith-based organizations, think-tanks, academics and students, etc. Sufficient literature on this exists in the public domain, such that it need not be elaborated further.

A second, striking difference between EAC I and EAC II, at least from an institutional viewpoint, is that there was previously a much greater emphasis on science and research, especially joint/collaborative research. EAC I had over 20 research[9] institutions, including agriculture, livestock and veterinary, fisheries, human, animal and plant disease, industry, education, book-publishing, etc. As indicated above, the majority of these were nationalized. The challenge, also highlighted above, is to see which ones can and should be reverted to regional institutions, and how to ensure optimal collaboration among those that remain national or subnational institutions.

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9. The writer acknowledges, with gratitude, that the partner states and the EAC are in the final stages of negotiating a regional East African Science and Technology Strategy and attendant Policy. But this is yet to be prominently unveiled in the public domain. The inexorable conclusion is that there has been limited, if any, public involvement, in the formulation and negotiation process. Otherwise it would have been prominent in the public domain.

THE DRIVING FORCES BEHIND THE REVIVAL AND GROWTH OF EAC II

Several factors have contributed to the revival and growth of EAC II, and continue to drive it. The more prominent of these include:

- unfinished business of EAC I;
- globalization, and the growing need for regional security and economic collaborative arrangements;
- the unfolding African Union;
- the people, history and sentiment.

Nostalgia for the EAC I survives among academics, former EAC employees and persons who lived, worked in and witnessed the old EAC dispensation. Many of these individuals have taken every opportunity, in academic and popular discourse, the mass media, conferences, workshops and seminars to harken back to the 'good old days', to remonstrate and castigate the persons or causal factors responsible for the collapse of EAC I, and to call for a rapid return to 'where we had reached'. Some of the prominent voices that this writer has been privileged to interact with include Dr Nashon Fitzwanga, Mr Edwin Mtei, Justice Kasanga Mulwa, Professor Dani Wadada Nabudere, Mr Colman Mark Ngalo, Professor Edward Frederick Ssempbewa, Mr Paulo Sebalu, Professor Sam Tuliya-Muhika. There are, of course, legions more that have not been mentioned here.

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THE INSTITUTIONAL DESIGN OF EAC II

In EAC I, the Authority (consisting of the heads of state) retained executive authority over the EAC; the East African Ministers were merely 'assistants' of the Authority, performing only such tasks as the authority delegated to them. The text of the Treaty for East African Cooperation, 1967 is instructive:

Article 46: Establishment of the East African Authority

There is hereby established an Authority to be known as the East African Authority, which shall, subject to this Treaty, be the principal executive authority of the Community.
(...)

Article 48: Functions of the Authority

1. The Authority shall be responsible for, and have the general direction and control of, the performance of the executive functions of the Community.

2. The Authority shall be assisted in the performance of its functions under this Article by the Councils and the East African Ministers.

EAC II, however, has several organs and institutions which are clearly established by the Treaty and other agencies, established by the Protocols or administratively by the organs.

The key organs of the EAC are described below and in Table 6.[10]

The Summit

Table 6: The institutional structure of the new East African Community

Organ, Agency or Office (founding instrument)	Comment
*The seven key organs of the EAC**	
The Summit of heads of state and government of the EAC (EACT[†], Art. 10–12)	Composed of the heads of state or government of the EAC. Meets once a year in ordinary session, but can also meet in extraordinary session. Is the supreme organ of the EAC. Headed by a chairperson, rotating from among its members, who holds office for one year.
The Council of Ministers of the EAC (EACT, Art. 13–16)	Composed of the ministers of foreign affairs or such other ministers[‡] or authorities as are designated by the governments of the member states. Meets twice a year in ordinary session, but can also meet in extraordinary session.
Sectoral Councils (of the Council of Ministers) (EACT, Art. 14(3)(i))	In practice, established from among the corresponding ministries of the partner states, to carry out preliminary work on issues relating to their specific mandates, to be adopted/ratified by the Council of Ministers. Consist of the ministers, assisted by high-ranking ministerial staff. Currently 16 such Councils exist, as described in Schedule 2 of this chapter.
The Coordination Committee (of Permanent Secretaries) of the EAC (EACT, Art. 17–19)	Composed of the permanent secretaries of foreign affairs or such other ministries or authorities as are designated by the governments of the member states. Meets several times a year in ordinary and extraordinary sessions.
Sectoral Committees (of the Coordination Committee) (EACT, Art. 20–22)	In practice, established from among the corresponding ministries of the partner states, to carry out preliminary work on issues relating to their specific mandates, to be adopted/ratified by the Coordination Committee. Consist of senior civil servants and technical staff below the permanent secretary. Currently 19 such Committees exist, as described in Schedule 3 of this chapter.
The East African Court of Justice (EACT, Art. 23–47)	Has six judges, two from each partner state. Hon. Justice Moijo ole Keiwua (Kenya) is its inaugural president.
The East African Legislative Assembly (EACT, Art. 48–65)	Has nine representatives from each partner state, at least three of which must be women. Hon. Abdulrahman Kinana (Tanzania) is its inaugural speaker.
Parliamentary Committees (EACT, Art. 49(2)(e))	Currently seven such Committees exist, as described in Schedule 4 of this chapter.
The Secretariat of the EAC (EACT, Art. 66–73)	Headed by a secretary general, assisted by three deputy secretaries general (in charge of projects and programmes, finance and administration, and fast-tracking East African political federation, respectively). The current secretary general is Amb. Juma Volter Mwapachu (Tanzania).
*The surviving institutions of the former EAC***	
The East African Civil Aviation Academy, Soroti	
The East African Development Bank (The Treaty Amending and Re-enacting the Charter of the East African Development Bank, 1980)	
The East African School of Librarianship	
The Inter-University Council for East Africa	
The Lake Victoria Fisheries Organization (The Convention [Final Act] for the Establishment of the Lake Victoria Fisheries Organization, 1994)	

10. For a simple yet lucid narration of the seven key organs, the author gratefully acknowledges a recent paper by the counsel to the EAC, the Hon. Wilbert Kaahwa (2005).

The 'new' institutions of the EAC	
The Directorate of Customs and Trade of the EAC (The Protocol on the Establishment of the East African Community Customs Union)	The principal institution driving the EAC customs union. Headed by a director-general of customs and trade, deputized by two directors, in charge of customs, and trade, respectively. The inaugural director-general is Mr Peter Kiguta (Kenya).
The EAC Committee of Trade Remedies (Art. 24 of the Customs Protocol)	Composed of nine members – three from each partner state – to handle matters pertaining to rules of origin, anti-dumping measures, subsidies and countervailing measures, safeguard measures and dispute settlement, provided for under the various annexes to the Customs Protocol, and the general EAC customs law.
The Lake Victoria Basin Commission (The Protocol for Sustainable Development of Lake Victoria Basin[††])	The principal institution for management of the Lake Victoria Basin, which has been designated as an EAC economic growth zone. It will ultimately supervise and supersede both the Lake Victoria Fisheries Organization and the Lake Victoria Environmental Management Programme. It is headed by an executive secretary, deputized by an assistant executive secretary. The inaugural executive secretary is Dr Tom Okurut (Uganda) [‡‡]

* As defined in the Treaty for the Establishment of the East African Community (1999) Chapter 3, Article 9 (Establishment of the Organs and Institutions of the Community.

† The Treaty for the Establishment of the East African Community (EACT) was signed on 30 November 1999, ratified by the three partner states and consequently came into force on 7 July 2000.

‡ Kenya appointed a minister for East African and regional cooperation (Hon. John Koech) to concentrate on the EAC on a full-time basis in mid-2005. Tanzania followed suit (Hon. Andrew Chenge) in early 2006, and Uganda (Hon. Eriya Kategaya, first deputy prime minister and minister for East African and regional cooperation) in mid-2006. Note, however, that in EAC I, the three East African ministers were proposed by their respective partner states but appointed by the Authority (consisting of the three heads of state.) Similarly, they could only be removed by the Authority, upon the request of the respective partner state. As such, they were somewhat insulated from the internal political dynamics of their parent country, and were truly ministers of the EAC. See Articles 49-51 of the old EAC Treaty of 1967.

** Article 1 (Interpretation) of the EACT states that: 'surviving institutions of the former East African Community' means the East African Civil Aviation Academy, Soroti, the East African Development Bank, the East African School of Librarianship and the Inter-University Council for East Africa'.

†† See especially Article 34 of the Protocol which stipulates that: 'The Lake Victoria Basin Commission shall be an institution of the East African Community as provided for in the Treaty...'

‡‡ The EAC Summit resolved, in May 2005, that the Lake Victoria Basin Commission would be based in Kisumu, Kenya, but this decision is yet to be fully implemented, as at the time of compiling this chapter (July 2006). The writer is informed that all that remains is conclusion of a headquarters agreement with the government of the Republic of Kenya; and that this is at an advanced stage.

The Summit[11] consists of the three heads of state of the EAC partner states. It is the supreme organ, the role of which is to give general direction and impetus to the development and achievement of EAC objectives. It is headed by a chairperson, which rotates among the three heads of state.

It is envisaged that the Republics of Burundi and Rwanda may soon join the EAC, in which case the Summit will be expanded accordingly.

As noted previously, unlike in EAC I, where the Authority (which was the equivalent of the Summit) held the executive authority, executive authority in the new dispensation is shared between the Summit, the Council and other executive organs of the EAC, which are described below.

11. The Summit was established by Article 9, and its powers and functions laid out in Articles 10-12 of the Treaty for the Establishment of the East African Community, 1999.

The Council of Ministers

It is clear from the above that the ministers under the new Treaty enjoy much greater executive powers than they did under the old dispensation. This also suggests that, under the old dispensation, an absent or muted Authority could more easily cause paralysis of the EAC. Under EAC II, an active Council of Ministers can significantly make up for an inactive Summit, although, in the final analysis, it is not a substitute for the latter.

The Council consists of the ministers responsible for regional cooperation and such other ministers as each partner state may determine. It is the major policy organ, charged with implementation of the Treaty provisions and programmes and also directing, monitoring and keeping under constant review the efficient functioning and development of the EAC. It has powers to make legally binding regulations, issue directives, take decisions and make recommendations.

Thus, unlike EAC I where the ministers were merely agents of the Authority, under EAC II, the Council wields considerable executive powers, and could easily be the most prominent organ, in the eyes of the public.

At inception of EAC II, the partner states designated their respective ministers for foreign affairs and international cooperation to sit on the EAC Council. In practice, this was found to be less than ideal as those ministers' agendas were already overflowing with other regional, continental and international affairs. Persistent lobbying by members of the other organs (especially the Legislative Assembly and the Secretariat) and civil society and the business fraternity, was ultimately successful. By the middle of 2006, each of the three partner states had established a ministry, headed by a minister, solely charged with regional cooperation under the EAC framework. It is hoped that these ministers will ultimately be permanent residents of Arusha (the EAC headquarters), while retaining their cabinet status in the partner states. In this way, decision-making and problem-solving at the EAC would be significantly expedited.

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The Coordination Committee

This comprises the permanent secretaries responsible for regional cooperation and such other permanent secretaries as each partner state may determine. It is responsible for ensuring consistency and complementarity of projects and programmes as agreed by the Council.

It is the principal 'assistant' of the Council of Ministers, and is composed of the permanent secretaries of those ministers. Thus, at its inception, in tandem with the Council, the permanent secretaries of the ministries of foreign affairs and international cooperation sat in the Committee. They have now been replaced by the permanent secretaries of the three EAC ministries, established by the partner states over the last year.

Sectoral Councils

The Treaty empowers the Council to establish Sectoral Councils, from within the cabinets of the partner states, to 'deal with such matters that arise under the Treaty as the Council may delegate or assign to them and the decisions of such Sectoral Councils shall be deemed to be decisions of the Council' (Art. 14(3)(i)).

The Sectoral Councils carry out preliminary work on issues relating to their specific mandates, to be adopted/ratified by the full Council of Ministers. In practice, the Sectoral Councils consist of the ministers, assisted by high-ranking

ministerial staff.[12] There are currently 16 Sectoral Councils, as described in Schedule 2.

Schedule 2: Sectoral Councils of the Council of Ministers

Agriculture and Food Security
Approximation of Municipal Laws
Bureaux of Standards
Education and Culture
Legal and Judicial Affairs
Energy
Environment
Foreign Policy
Health
Immigration, Labour and Employment
Gender and Community Development
Fiscal Policy
Tourism and Wildlife
Trade and Industry
Statistical Bureaux
Transport and Communication

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Sectoral Committees

Sectoral Committees are established by the Council on the recommendation of the Coordination Committee. They are primarily responsible for the preparation of comprehensive implementation programmes and setting out priorities for different sectors of cooperation. They are also charged with monitoring and keeping under constant review the implementation of the Community's sectoral programmes. There are currently 19 Sectoral Committees, as described in Schedule 3.

Schedule 3: Sectoral Committees of the Coordination Committee

Agriculture and Food Security
Capital Markets Development
EAC Statistics
Education, Culture and Sports
Energy
Facilitation of Movement of Persons, Immigration, Labour/Employment and
        Refugees
Environment and Natural Resources
Legal and Judicial Affairs
Lake Victoria Development Programme
Tourism and Wildlife Conservation
Finance and Administration

12. The legality and propriety of the Sectoral Councils as well as the extent of their powers has been questioned on a number of occasions. Indeed, the issue has been placed before the East African Court of Justice for Treaty interpretation in EACJ Application No. 1 of 2005: Calist Andrew Mwatela, Lydia Wanyoto Mutende and Isaac Abraham Sepetu v The East African Community.

Fiscal Affairs
Gender and Community Development
Inter-Parliamentary Committee for East Africa
Interstate Defence
Interstate Security
Monetary Affairs
Trade, Industry and Investment
Transport, Communications and Metrology

In practice, Sectoral Committees are established from among corresponding ministries of the partner states, to carry out preliminary work on issues relating to their specific mandates, to be adopted/ratified by the Coordination Committee. While they are headed by the respective permanent secretaries, they are assisted - and the bulk of the work is done by - senior civil servants and technical staff below the permanent secretary.

To the outsider observing the operations of the EAC, it is very difficult to see the practical distinctions between the Sectoral Councils and Sectoral Committees. On a day-to-day basis, many of the deliberations are commenced by technical teams from the ministries (or other agencies) of the partner states, often hosted/convened/-facilitated by the EAC Secretariat. At some point - usually when a draft way forward has already been hammered out, perhaps with a few contentious areas - the technical teams are joined by the high-ranking bureaucrats from their ministries, who, more or less, ratify or validate the consensus (with an attempt to resolve the disputed areas). These will shortly be joined by the permanent secretaries, who will repeat the same process; shortly to be followed by the ministers. There will be one penultimate report, which has both the narrative reporting of the entire process and also the 'resolutions/directives' prominently highlighted. These resolutions/-directives form the legal basis for implementation.

How 'legal', 'legitimate' or 'regular' this process is can be contentious. This is especially so because the Treaty is explicit that:

> The Council shall cause all regulations and directives made or given by it under this Treaty to be published in the Gazette; and *such regulations or directives shall come into force on the date of publication* unless otherwise provided therein (Art. 14(5); emphasis mine).

A literal interpretation of the above could mean that no decision of the Council (or Sectoral Councils, Coordination Committee or Sectoral Committees) is legally binding unless and until it is published in the (East African) *Gazette*, notwithstanding its prominence in any report. On this basis, any citizen/litigant could challenge the legality or enforceability of a resolution/directive/action. Indeed, this matter has already been raised in the first Application to be filed before the East African Court of Justice (*EACJ Applic. No. 1 of 2005, Calist Mwatela and 2 others v the EAC*). The main issue in this case centred on restating separation of powers (more aptly referred to as 'institutional balance') between various organs of the EAC, principally the Council of Ministers *vis a vis* the East African Legislative Assembly. But among the corollary issues addressed was that several decisions of the Council of Ministers could have no legal effect as they were only to be found in narrative records of deliberations and had not been formally '*gazetted*'. In its landmark ruling, delivered in October 2006, the Court:
-    Reasserted the principles of separation of powers and institutional balance between the various organs of the EAC. In essence, it adopted the position of the European Court of Justice that each of the principal organs

of the regional entity must be allowed to fully exercise its Treaty mandate and therefore act as checks and balances of each other.

- Ruled that the Sectoral Councils must only consist of legally competent 'ministers' in the various cabinets of the partner states. It went on to declare that the Sectoral Council for Legal and Judicial Affairs of the EAC was improperly constituted as it consisted of the three partner states' attorneys general yet only the Ugandan attorney general was a 'minister' under the Ugandan national constitution. It declared that the Tanzanian attorney general was definitely not a minister. The Court adopted the contention of the Counsel for the Kenyan attorney general that, while the Kenyan constitution does not explicitly make the latter a cabinet minister, its interpretations and general provisions statute states that s/he can act as a minister. This latter position is contestable, but the question is moot as the Court had already declared the said Sectoral Council improper.

- In passing, expressed doubts on the legality of decisions, directives or regulations that can only be found in 'Minutes' or other narrative records of deliberations not yet officially '*gazetted*'. It exercised its advisory mandate under the Treaty to advise that the previously lax attitude of the EAC in failing to '*gazette*' the foregoing ought to cease henceforth.

- Finally, applying the principle of 'prospective annulment', it preserved the previous decisions of the Council of Ministers and Sectoral Council for Legal and Judicial Affairs, to avoid anarchy in past actions of the EAC.

The legal fraternity and civil society in the region, led by the East Africa Law Society (EALS), which had participated in the case as *Amicus Curiae*, applauded the decision. But there was silent resentment from some quarters in the EAC, including the attorneys general of the partner states.

The East African Court of Justice

The East African Court of Justice (EAJC) exists (at least currently) to ensure adherence to law in the interpretation and application of the Treaty. It is competent to accept and adjudicate upon all matters pursuant to the Treaty, and can also give advisory opinions regarding questions of law arising from the provisions on the Treaty. It has jurisdiction to determine the legality of any act, regulation, directive, decision, action or matter as shall have been referred to it by any partner state, the EAC secretary general or by any legal or natural person. It is also the 'labour court' of the EAC, handling disputes between the EAC and its employees. It is composed of six judges, two from each partner state. Hon. Justice Moijo ole Keiwua (from Kenya) is its inaugural president.

Jurisdiction of the Court is described in Article 27 of the Treaty:

1. The Court shall initially have jurisdiction over the interpretation and application of this Treaty.

2. The Court shall have such other original, appellate, human rights and other jurisdiction as will be determined by the Council at a suitable subsequent date. To this end, the partner states shall conclude a protocol to operationalize the extended jurisdiction.

Intensive lobbying to expeditiously operationalize the extended jurisdiction of the Court commenced almost as soon as the Court was formally established, gathering more prominence in the recent past.[13] Thus, in late 2005, the EAC

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Secretariat, at the instruction of the Council, published and disseminated, for public discussion, a 'Zero Draft Protocol to operationalize the extended jurisdiction of the East African Court of Justice'. The EAC Secretariat convened an initial regional consultative forum,[14] followed by three national consultative fora, in conjunction with the respective EAC ministries in the partner states.[15] The EAC hoped to receive further stakeholder input, after which it would revise the zero draft and table it for adoption by the Council as early as November 2006. This process may however have stalled pursuant to the second case filed before the Court.

In early November 2006, the constituent parties in the ruling coalition in Kenya filed the second case in the EACJ (*EACJ Applic. No. 1 of 2006*), *Hon. Prof. Peter Anyang' Nyong'o and 10 others v The Attorney General of the Republic of Kenya and 5 others*. They sued the Government of Kenya, challenging the manner in which the government had handled nominations for the Kenyan representatives to the second EALA, which was due to be sworn in on 30 November 2006. Among other things, they sought an interim injunction stopping the swearing in of the Kenyan nominees to EALA. On 27 November 2006, after listening to all the parties in the reference, the Court granted an interim injunction, barring the swearing-in of the Kenyan nominees to the EALA pending full hearing of the application. The Court urged all parties to expedite hearing of the main reference. The Summit, led by Kenyan president Mwai Kibaki, and the Kenyan EAC minister, Hon. John Koech, immediately launched a series of disparaging attacks against the Court. Among other things, they alleged that the Court was biased against the government of Kenya because the two judges from Kenya, Moijo Mataiya ole Keiwua (its president) and judge Kasanga Mulwa had a grudge against it. The two were among the judges 'purged' by the Kibaki government in late 2003, in an exercise the ostensible objective of which was to rid the Kenyan judiciary of corruption.

As a consequence, the EAC Summit decreed an urgent process of amendment of the EAC Treaty to clip the EACJ's wings by, among other things, establishing an appellate division, which could reverse decisions of the existing Court. This was contained in the official Communiqué issued by the Summit after its meeting of 30 November 2006. Within one week, the staff of the three attorneys general and the EAC Secretariat had agreed upon draft Treaty amendments solely targeting the Court. These were approved by the attorneys general, and sent to the EAC Council of Ministers, who cleared and forwarded them to the Summit for signature, all within two days. Thus, in less than a fortnight after the interim Court decision, the Summit had signed the momentous amendments and begun procedures for ratification. In less than a month after the Court decision, the Kenyan cabinet purported to 'ratify' the amendments, without taking them to the Kenyan Parliament, as the law requires. In this same period, civil society in the region, again led by EALS, mounted a campaign aimed at protecting the independence and integrity of the Court and attempting to stop the Treaty amendments. The essence of their campaign was that:

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13. For example, over the last four years, the East Africa Law Society has campaigned for this with increasing vigour. Similarly, several academics and civil society activists ('The Wako Committee') reiterated this point to the Committee - appointed by the Summit of the East African Community - with respect to fast-tracking East African regional integration when it went round the region consulting the citizenry, in late 2004.

14. .In Arusha in November 2005. It invited representatives of the EACJ, national judiciaries, the regional and national magistrates' and judges' associations, various ministries, law reform commissions and a few regional civil society organizations (the East Africa Law Society and Kituo cha Katiba).

15. Between April and June 2006, in Dar es Salaam, Kampala and Nairobi, to which a wider array of civil society institutions were invited.

• The EACJ had made only an interim decision in the Kenyan EALA MPs' case. It was yet to hear the case on its merits. The kind of condemnation by the Summit (including in its official Communiqué), the Chairperson of the Council of Ministers and some Kenyan politicians had the effect of ridiculing, intimidating and attempting to influence the ultimate decision of the Court.

- The hasty (proposed) amendments were made without any consultation or discussion whatsoever with the people of East Africa, contrary to the obligation, repeated several times in the EAC Treaty, that the EAC shall be people-centred and driven.

- The Treaty amendments were made in violation of Article 150 of the Treaty, which sets out a mandatory process, and a minimum timeframe of 120 days for amendments.

- Many of the proposed amendments had the effect of weakening, rather than strengthening, the EAC organs. This weakens and imperils the entire regional integration project. For example:

· They allow the partner states to remove judges for unspecified reasons, including mere allegations of impropriety from the partner states, which severely dents the independence, integrity and image of the Court.

· When allegations have been made against two or more judges, it allows the EAC Summit to discriminate by choosing to suspend one but retain the other.

· The new provisions limit the period in which citizens of East Africa can lodge cases before the Court to only two months from the date of commission of the action complained against. This is manifestly too short and has the effect of shutting out access to the Court for ordinary citizens. There is neither justification nor explanation for a limitation period of 60 days for regional matters when none of the partner states has a similar limitation period for national matters.

· They try to shut the EACJ's jurisdiction out of matters 'designated to organs of the Partner States'. Under the EAC principle of subsidiarity (delegation of powers), this could lead to total collapse of the EAC, as a partner state can violate an EAC provision, e.g. on the customs union, and there is nothing anyone can do.

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• Several equally urgent Treaty amendment issues were left out, which opens the EAC and the partner states' governments to allegations of bad faith. For example:

- While the above amendments envisage a five-member EACJ, and therefore provide for judges from Rwanda and Burundi, there was no similar provision for expansion of the EALA, or any other EAC organ.

- The amendments did not incorporate the public consensus on the zero draft protocol to operationalize the extended jurisdiction of the EACJ, which had been published in late 2005 and had been substantially discussed by the legal profession and civil society fraternity in the course of 2006. In fact, they had the opposite effect of negating the public consensus on strengthening and enhancing the jurisdiction of the EACJ.

• In addition, the government of Kenya embarked upon an equally illegal and abortive ratification of an international treaty, by attempting to   ratify it at cabinet level rather than in parliament.

As a consequence of the above:

• The legal profession in East Africa commenced a high-visibility campaign, including through a number of international press releases, aimed at protecting the independence, integrity and image of the Court, and opposing the contentious treaty amendment process.

• EALS and the Law Society of Kenya used their status as *Amici Curiae* (friends of the Court) in the case in contention (*EACJ 1 of 2006*) to amplify the United Nations' Basic Principles on the Independence of the Judiciary, and the United Nations' Basic Principles on the Role of Lawyers.

• The lawyers reiterated that they supported urgent treaty amendment in principle, but asserted that it must be consultative and comprehensive. They highlighted other urgent issues for Treaty reform, possibly more urgent than creating a two-tier court. These included providing for direct elections of EALA MPs, a more transparent and consultative mode of appointment of EACJ judges, diversifying the financing of the EAC by the partner states and a sanctions mechanism for partner states that fail to meet their obligations financial or otherwise.

As at the time of concluding this chapter, the Court was yet to give its final udgment in the case in contention. The partner states were also yet to actualize their threat to establish an appellate tier for the Court. Thus the penultimate phase of the tug of war was yet to be written.

The East African Legislative Assembly

The EALA is the Community's legislative organ, charged with enacting legislation, debating and approving the budget, overseeing the functioning of the EAC and actively representing the population in the integration process. It is also expected to liaise with the national assemblies of the partner states on matters relating to the EAC, consider annual reports of the EAC and otherwise discuss all matters pertaining to the EAC. It has a total of 32 legislators, being nine representatives from each partner state[16] (at least three each of which must be women) and five *ex officio* members of the Assembly. These are the three members of the Council of Ministers, the EAC secretary general and the counsel to the Community. Hon. Abdulrahman Kinana (from Tanzania) is its inaugural speaker.

The EALA was inaugurated on 30 November 2001, when the MPs were sworn in. Its term of office is five years, and thus the term of office for the inaugural Parliament ended on 29th November 2006. As at the time of conclusion of this

16. Selected, essentially, by the national legislatures.

chapter, the second Parliament had not commenced, due to the interim injunction in the Court case mentioned above (*EACJ 1 of 2006*). It is, however, envisaged that the Court case will be resolved, either way, and the second Assembly will be in office at the latest by the second half of 2007.

Article 49(2)(e) of the Treaty, supplemented by the Rules of Procedure of the East African Legislative Assembly provides for the establishment, by EALA, of such parliamentary committees as it deems fit, to carry out such specific actions as it finds and specifies as necessary. There are currently seven such parliamentary committees, as described in Schedule 4.

Schedule 4: Parliamentary Committees of the East African Legislative Assembly

House Business Committee
Regional Affairs and Conflict Resolution Committee

Table 7: Statutes enacted by the East African Legislative Assembly

Act
The Community Emblem Act (No.1), 2004
The East African Legislative Assembly (Powers and Privileges) Act (No.2), 2004
The East Africa n Community (Appropriation) Act (No.3), 2004
The East African Community (Appropriation) Act (No.4), 2004
The Acts of The East African Community Act (No.5), 2004
The Laws of The Community (Interpretation) Act (No.6), 2004
The East African Community (App ropriation) Act (No.7), 2004
The East African Community Customs Management Act (No.1), 2005
The East African Community Standardization, Quality Assurance, Metrology and Testing Act (No.1), 2006

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Agriculture, Tourism and Natural Resources
Accounts Committee
Communication, Trade and Investment Committee
General Purpose Committee
Legal, Rules and Privileges Committee

The EAC Secretariat

The Secretariat is the principal executive organ of the EAC, charged with the strategic planning, management and monitoring of EAC programmes and implementation of the Council's decisions. It is headed by a secretary general, assisted by three deputy secretaries general (in charge of projects and programmes, finance and administration, and fast-tracking East African political federation,[17] respectively). The current secretary general is Ambassador Juma Volter Mwapachu (from Tanzania).

Next are the institutions of the EAC. These are such bodies, departments and services as are established by the Summit (EACT Art. 9(2)). They can be divided into the surviving institutions of EAC I and the 'new institutions'.
The surviving institutions are those which existed under EAC I, and which have been re-established in EAC II (EACT Art. 1 and 9(3)). These are:

• The East African Civil Aviation Academy, Soroti;

17. In April 2006, this portfolio was established and its first occupant appointed and sworn in. This was one of the recommendations of the Wako Committee.

• The East African Development Bank;
• East African School of Librarianship;
• The Inter-University Council for East Africa;
• The Lake Victoria Fisheries Organization.

It is noteworthy that all of the surviving institutions of EAC I are those which were based in Uganda. The other two partner states (Kenya and Tanzania) nationalized the EAC I institutions that were based in their territories and did not give them back when EAC II commenced.

The following are the new institutions of the EAC:

• *The Directorate of Customs and Trade*: This is the principal institution (of the Council of Ministers) for trade liberalization and development, with power and authority to administer and drive the EAC customs union. It commenced on 1 January 2005. It is headed by a director-general of customs and trade, deputized by two directors, in charge of customs, and trade, respectively. The inaugural director-general is Mr Peter Kiguta (from Kenya).

• *The EAC Committee of Trade Remedies*: This Committee was established under Article 24 of the Protocol on the Establishment of the East African Community Customs Union. It is a quasi-judicial body, composed of nine members - three from each partner state. Its mandate is to handle matters pertaining to rules of origin, anti-dumping measures, subsidies and countervailing measures, safeguard measures and dispute settlement, provided for under the various annexes to the customs protocol, and the general customs law of the Community. EAC officers insist that the Committee has been established and its members appointed. However, they are yet to attain visibility, let alone make a public impact, one and a half years after the customs union was unveiled. Annexes of the Protocol on the Establishment of the East African Community customs union are presented in Schedule 5.

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Schedule 5: Annexes of the Protocol on the Establishment of the East African Community customs union

Harmonized Commodity Description and Coding System (CET)
Programme for the Elimination of Internal Tariffs
Rules of Origin Rules*
Anti-Dumping Measures Regulations
Subsidies and Countervailing Measures Regulations
Safeguard Measures Regulations
Export Processing Zones Regulations
Freeport Operations Regulations
Dispute Settlement Mechanism Regulations

Schedule 2 of Annex III relates to: Definitions of Workings and Processes Leading to a Change in Tariff Headings and Exclusions from this Principle for the Application of the EAC Rules of Origin.

• *The Lake Victoria Basin Commission*: This is the principal institution for management of the Lake Victoria Basin, which has been designated as an EAC economic growth zone. It was established pursuant to the Protocol for Sustainable Development of Lake Victoria Basin, which was signed on 29 November 2003. It will ultimately supervise and supersede both the Lake Victoria Fisheries Organization and the Lake Victoria Environmental Management Programme. It is headed by an executive secretary, deputized by an assistant executive secretary. The inaugural executive secretary is Dr Tom

Okurut (Uganda). The EAC Summit resolved, in May 2005, that the Lake Victoria Basin Commission would be based in Kisumu, Kenya, but this decision is yet to be fully implemented, as at the time of compiling this chapter (July 2006). The writer is informed that all that remains is conclusion of a headquarters agreement with the government of the Republic of Kenya, and that this is at an advanced stage.

National-level institutions and services undertaking EAC mandates/tasks

Under the principle of subsidiarity,[18] which is one of the principles emphasized by the EACT, a great deal of EAC mandates, duties and powers are to be exercised by the various institutions and agencies of the partner states. For instance, the customs union dispensation assigns several duties and powers to the national revenue authorities, to administer the provisions of the EAC customs law, such as implementing the common external tariff and prosecuting customs offences. It also designates the national judiciaries to be able to adjudicate over such offences. Further, the customs union protocol requires the partner states to designate, within their respective territories, an investigating authority that can initiate and conduct investigations on behalf of the Committee of Trade Remedies (Art. 24(3)).

CONCLUSION

It is imperative that there are strong and functioning institutions in place if EAC II is to succeed. There are lessons to learn from the successes and failures of the previous attempts at an East African union, and the role of the institutions in this. For example, the appointment of the three EAC ministers is currently at the sole discretion of the three presidents of the partner states. This means that the presidents can appoint and dismiss the ministers at any time.[19] Further, these decisions can be solely motivated by internal political dynamics and considerations, without due regard to the needs, dynamics or the pressures occasioned on the EAC. In EAC I, the three East African ministers were *proposed* by their respective partner states but *appointed* by the Authority (consisting of the three heads of state.) Similarly, they could only be removed by the Authority upon the request of the respective partner state. As such, they were somewhat insulated from the internal political dynamics of their parent country, and were truly ministers of the EAC.[20]

The above notwithstanding, the process of presidential and general elections within the partner states places a heavy toll on the EAC. These elections take three years out of every five-year cycle, starting with Tanzania, then moving to Uganda and finally Kenya.[21] During election years, the work of the EAC is significantly slowed down, as the partner states concentrate heavily on internal politics. There have been suggestions that the partner states should carry out elections simulta-

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18. *The Interpretations Article of the EACT (Art. 1) defines: '"(the) principle of subsidiarity" means the principle which emphasizes multi-level participation of a wide range of participants in the process of economic integration'.*
19. *Kenya appointed a minister for East African and regional cooperation (Hon. John Koech) to concentrate on the EAC on a full-time basis in mid-2005. Tanzania followed suit (Hon. Andrew Chenge) in early 2006, and Uganda (Hon. Eriya Kategaya, first deputy prime minister and minister for East African and regional cooperation) in mid-2006.*
20. *See Articles 49-51 of the Treaty for East African Cooperation, 1967.*

neously or, at least, in the same year. This idea is yet to be exhaustively interrogated.

It is also apparent that communication and coordination between the various organs and institutions of the EAC has been less than ideal. For instance, the first case brought before the EACJ[22] principally arises from a breakdown of communication between four of the organs (the Assembly, the Council of Ministers, the Sectoral Council for Legal and Judicial Affairs and the EAC Secretariat). As illustrated previously, such communication breakdowns can be detrimental to the union.

Moreover, unlike the former Court of Appeal for East Africa, the current EACJ was inaugurated with a rather limited jurisdiction, confined only to those matters closely related to the application of the Treaty. This was despite intensive lobbying by members of the region's legal profession and human rights fraternity during the discussions and negotiations that preceded the signing of the Treaty for the Establishment of the East African Community in 1999. Manifestly, the political leaders were afraid to 'give teeth' to a regional court, whose guaranteed independence may work against their political interests and machinations. Especially among the legal profession, they wanted to settle for no less than a revamped version of the old East African Court of Appeal; one which could hear civil and criminal appeals, and also exercise an original as well as appellate human rights jurisdiction.

A further challenge that requires urgent redress is access to and accountability of the semi-autonomous institutions of the EAC, such as the East African Development Bank, the Inter-University Council for East Africa or the Lake Victoria Fisheries Organization. In the interregnum between EAC I and II, these institutions appear to have become accustomed to being autonomous. With the advent of EAC II, they still appear to be on the periphery and outside the immediate scope of the people of East Africa, or even the oversight mechanisms of the EAC, such as EALA. Much political will as well as spadework, both on the part of the partner states, the EAC as well as East Africans in general, is required to ensure that these institutions are seen and treated as part of the larger institutional outlay of the EAC.

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21. For instance, Tanzania held its elections in 2000, followed by Uganda in 2001 and Kenya in 2002. Barely three years later, Tanzania was at the polls again, in 2005, followed by Uganda in 2006. Kenya's next elections are in 2007. A third cycle will begin in 2010 (Tanzania), 2011 (Uganda) and 2012 (Kenya.)
22. EACJ Application No. 1 of 2005: Calist Andrew Mwatela, Lydia Wanyoto Mutende and Isaac Abraham Sepetu v The East African Community.

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Appendix: List of statutes

EAC legal instruments
The Treaty for East African Cooperation, 1967
The Treaty for the Establishment of the East African Community, 1999
Protocol on Sustainable Development of Lake Victoria Basin
Protocol on the Establishment of the East African Community Customs Union
Rules of Procedure of the East African Assembly
East African Court of Justice Rules of Procedure
East African Court of Justice Arbitration Rules
The East African Community Customs Management Act (No. 1), 2005
The East African Community Competition Bill, 2004
EAC Formal Policy Documents and Reports
EAC Development Strategy 1997-2000
EAC Development Strategy 2001-2005
EAC Development Strategy 2006-2010: 'From cooperation to integration'

Republic of Kenya
The Treaty for the Establishment of the East African Community Act (No. 2 of 2000)

Republic of Uganda
The Treaty for the Establishment of the East African Community Act (No. 13 of 2002)

United Republic of Tanzania
The Treaty for the Establishment of the East African Community Act (Chapter 411 of the Laws of Tanzania) (Act No. 4 of 2001)

ON POLITICAL WILL AND THE EAST AFRICAN FEDERATION
VIEWS FROM EUROPE

...A lot will depend on the [East African] constitution, whether or not it reflects the wish of the countries such that no-one is seen to benefit more from the union than the others. It is going to be an important negotiation such that they all feel like equal partners in an enshrined constitution beneficial to all.

...Since Tanzania's independence there have been seven major changes to the constitution without any referendum... One wonders about the proposed 2009 referendum - whether it is a referendum about the union or whether other issues will be tagged to it as it happens in Europe. For example the state of the Union with Zanzibar may be linked to the referendum and this would undermine support for the EAC Federation.

...Getting the leaders to believe there is something in it for all of them.

...political will ... is (a) fundamental prerequisite to overcoming technical hurdles.

...The politicians, and I saw the Ugandan foreign minister and health minister yesterday, if asked, they will say that the EAC is a marvellous thing ... but they do not want to shake you and talk about the great EAC project.

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GOVERNANCE AND REGIONAL INTEGRATION IN EASTAFRICA

A.G.G. GINGYERA-PINYCWA

GOVERNANCE AND REGIONAL INTEGRATION IN EASTAFRICA

A.G.G. GINGYERA-PINYCWA

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ABSTRACT

The movement towards regional integration in East Africa is gathering considerable impetus. However, the question in many people's minds is whether present attempts at regional integration will last or fizzle out like earlier efforts. This chapter takes stock of existing arrangements for governance in East Africa and the political values or ideologies underpinning them, assessing their capacity for transition towards scenarios considered relevant for integration. Where possible, the chapter also puts forward suggestions and recommendations to facilitate movement towards regional integration.

CONCEPTUAL CLARIFICATIONS

Governance

In modern political discourse, the concept of governance now carries a much broader meaning than ever before. Although some scholars like Hyden and Bratton (1992) contend that it is not a new concept, many others would agree that the significance of the idea, and the manner in which it dominates intellectual and political discourse today is unprecedented. This dominance can be traced to the initiative taken by the World Bank in 1989, which placed governance (or absence of 'good governance') at the heart of Africa's economic and development crisis. In that year, the World Bank released its study *Sub-Saharan Africa: From Crisis to Sustainable Development*. The study attempted to establish a strategic agenda for the 1990s - an agenda that, it was hoped, would get Africa away from the economic and political decay of the preceding years. Among other things, the key elements of that agenda included structural adjustment programmes to achieve macroeconomic stability, government divestiture and privatization programmes, private sector-led development frameworks and regional integration.

Very significantly, the study cautioned in its own words, that:

> *none of these measures would go far, nor would much external aid be forthcoming, unless governance in Africa improves. Leaders must become more accountable to their people. Transactions must become transparent, and funds must be seen to be properly administered, with audit reports made public and procurement procedures overhauled (World Bank, 1989).*

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With these words, the study set the general tone that has since been guiding the movement for sound governance.

Thereafter, the World Bank itself, sister institutions in the United Nations family, and a number of scholars undertook further elaboration and refinement of the concept. The United Nations Development Programme (UNDP)'s conception and refinement of the concept is particularly pertinent here. It defines governance as 'primarily, the exercise or application of political, economic and administrative authority to manage a nation's affairs, so that sustainable Human Development may be achieved'. The UNDP in a development policy published in 1994 and entitled 'Good Governance and Sustainable Human Development' maintains that governance will only be sound if the exercise of authority involves the participation of people and a combination of several critical organizational structures at central, regional and local levels of government.

The UNDP's emphasis on the state and its structures or organs as key actors in the development arena is significant. This is because, previously, common wisdom in the west held that the state in Africa was following inappropriate policy, damaging African development with misguided programmes of socialism, state enterprise, corruption, single-party system, etc. The west's libertarian view was that the state, as an agency of development, had failed, and was therefore irrelevant in the context of the new challenges that African countries were facing. However, UNDP takes the view that it is impossible to ignore the state, and that it remains vital for African development. Instead, it is necessary to have the state 'tamed', 'redirected' and 'made effective' to play a much more accountable role (Sandbrook, 1993). Once this is done, the state is in a position to play an important role in sound governance, so the argument goes.

Integration

According to the US political scientist Karl Deutsch (1988), to integrate in the political sense generally means to make a whole out of several parts - in other words, to turn previously separate units into components of a coherent whole. The process of integration has many dimensions according to Deutsch. These include the following:

- The *domain* of integration, which consists of the populations of the geographic areas integrated.

- The *scope* of integration, that is, the different aspects of behaviour to which the integrated relationship applies.

- The *range* of integration, which measures the range of rewards and deprivations for the component units. It is through the application of such rewards and the threat of such deprivations that the integrated relationship among the component units is maintained. The ready availability of rewards and deprivations determines the strength of integration.

- Finally, the *cohesiveness* of integration. According to Deutsch 'an integrated system is cohesive to the extent that it can withstand stress and strain, support disequilibrium and resist disruptions'. A reasonably integrated system or region will, generally, have enough cohesion to withstand challenges to its existence.

Looking at the Treaty Establishing the East African Community 1999, which currently provides the platform for the region's integration efforts, the question as to whether the Deustchian dimensions apply is apt: What is the domain of integration that the treaty envisages? What precisely is the scope of the integration? What is the range of integration to be found in the treaty? What is the cohesiveness of its arrangement for integration? What institutions have been established for the pursuit of all these? What are the political values or ideologies underpinning these arrangements?

These questions provide the framework for this chapter's enquiry and analysis. The operative assumption and argument here is that congruence or symmetry in governance values and institutions within the partner states, between the partner states, and between the partner states and the East African Community (EAC) as separate actors, will tend to facilitate integration. The converse of this is that lack of congruence or symmetry will tend to render integration problematic.

We now delve into the actual state of institutions and the political values that underpin them.

INSTITUTIONS OF GOVERNANCE IN PARTNER STATES: A SURVEY

The colonial institutional legacies and postcolonial institutional architecture

Following the demise of the Cold War in 1990 and the wave of democratization it unleashed, the states of East Africa, like others in the world, have been trying to

adapt to the demands of democratization. Generally, this adaptation has meant a shift away from the authoritarian political patterns these states had improvised for themselves shortly after independence. But what was the previous character of governance and institutions?

Initially, as the East African countries obtained their political independence, the departing colonial power, Britain, set the three states on the path of parliamentary democracy, firmly rooted in the Westminster model. At the centre of this arrangement were parliaments in Nairobi, Dar es Salaam and in Kampala vested with power to make laws, to levy taxes and to authorize expenditure. Executive authority was formally vested in the British monarch, who was represented locally by a governor general. There was in each state a prime minister who was to advise the governor general and in whose hands lay effective and operative executive power to govern. He was to govern with a cabinet of ministers. Together they were expected to be responsible or accountable to parliament, to which they had to justify and explain their policies and actions on the basis of collective responsibility. Below and outside parliament in each state were the institutions of day-to-day governance and administration or the civil service, consisting of diverse line ministries - defence, foreign affairs, education, agriculture, local government etc.

Even at the local level, attempts had been made to emulate the corresponding level of the so-called metropolitan Westminster model in the East African states. In that regard, supreme power was presumed to lie with the centre, which delegated to lesser authorities, such as local governments.

Another important aspect of the Westminster model is what is generally referred to as the 'rule of law'. The idea of the rule of law assumes that the exercise of government powers is conditioned by law, and that the subject or the citizen shall not be exposed to the arbitrary will of their ruler. In effect, the notion requires that the powers of the Crown and its servants shall be derived from and be limited by either legislation enacted by parliament or by judicial decisions taken by independent courts. The watchdog for the rule of law is the legal system, which helps to ensure that the administration that acts on behalf of the Crown conforms to the law or will of the people as expressed by their representatives in parliament. But the judges themselves, while given the power to apply the law to the practice of the administration, are bound to follow the decisions of the legislature, as embodied in the statutes and other popularly accepted bodies of law. In effect, the rule of law protects the citizen both from the administration and from the judiciary, which cannot punish them unless they have broken an existing law.

Closely connected with the rule of law in the Westminster model is the idea of fundamental rights of the citizen. These rights, which emerged in the case of Britain from the constitutional struggles between the crown and parliament in the sixteenth and seventeenth centuries, include personal freedom, freedom of expression, freedom of public assembly, right to one's property etc. All these provisions found their way into the independence constitutions of the East African states.

To be sure, the British allowed certain variations in the application of the Westminster model to suit local circumstances, particularly for Kenya and Uganda. In the former, strong demands arising from the fears of smaller ethnic groups gave rise to *Majimboism* or federalism, of sorts. In the case of Uganda, the existence of traditional rulers, especially the Kingdom of Buganda, resulted in a 'polyglot' or complex constitutional arrangement that accorded federalism to Buganda, semi-federalism, or a much weaker version of federalism, to the three kingdoms of Bunyoro, Toro and Ankole, as well as to what was then known as the Territory of Busoga. Fourteen other districts, however, remained unaffected and were

subjected to that measure of unitarism that, as seen above, was a key element of the Westminster model.

Notwithstanding these variations to meet local circumstances, in all the three states the political classes that inherited power from the British were, by and large, unhappy with the institutional inheritance. Those in Kenya could not tolerate *Majimboism*, nor could those in Uganda accept their highly 'polyglot' and complex maze of institutions. Even those in Tanzania, where the Westminster model had been least tampered with, were not happy.

In Kenya and Tanzania, the political elite wasted little time to effect institutional changes to reflect their own political predilections. By and large, such predilections were propelled by new political ideologies that swept across the region and the continent as a whole from the 1960s and purported to contain better formulae for African advancement (Gingyera-Pinycwa, 1997). The necessity and urgency of nation building, and of national unity for such nation building; the 'irrelevance' of the multiparty system to the conditions of Africa; and the necessity and aptness of socialism for tackling the problems of African development were all aspects of the new political ideologies that suddenly became attractive and fashionable to the political classes, both at the level of theory and practice at which all three East African countries actively participated.

In the process, Tanzania became what Lawson (1985) described as a presidential parliamentary system, in which the president now appointed a prime minister who he could remove at will. Kenya also moved to a presidential system, altogether removing the provision for prime minister. These changes substantially affected the other institutional arrangements, and were all manipulated towards much stronger unity in favour of the centre and the presidency. *Majimboism* was gone and political parties were now tightly curbed in the interest of these innovations. Needless to say, such measures also adversely affected the democratic ethos and those civil liberties associated with the original Westminster model.

Uganda was behind the other two sister states in effecting these changes. But when the opportunities presented themselves as they did in 1966, in a showdown between the central government and the Kingdom of Buganda, resulting in victory for the former, the government effected changes with a vengeance. The concentration of power at the centre has since then been a constant feature in all administrations, from Obote to Amin to Museveni. The changes effected by Milton Obote in 1966-7 swept away the complex independent constitution of 1962 and abolished federalism, as well as monarchism. If they appeared radical and ruthless, they nevertheless, now brought Uganda on a par with the other two states where republicanism and unitarism reigned supreme.

In 1971, Idi Amin went even much farther than Obote. He not only abolished the centrepiece in the Westminster model, namely, parliament, but also discarded the key tenets of democracy and civil liberties which run through the Westminster model. Instead, open dictatorship and militarism became institutionalized (Gingyera- Pinycwa, 1997). In the end, there was simply too little congruence among the partner states for peaceful coexistence within the region, let alone within the EAC of the time. This lack of congruence between Uganda and the other states, while toned down considerably since the fall of Idi Amin, continues to haunt Uganda so many years down the road.

Meanwhile, we reiterate our assumption about the necessity for some degree of institutional congruence. It helps, not just for coexistence among states, but also for their integration. It should be kept in mind that the whittling down of such

congruence between 1971 and 1977 has been identified, without much dispute, as one of the major factors in the collapse of the first EAC. Is there any guarantee that East Africans will fare better in the new EAC, should such asymmetries in political values multiply or be replicated in other areas of public life? It is difficult to answer the question emphatically one way or the other. But there can be little doubt that interstate coexistence and integration become precarious in the face of such asymmetries.

The armed forces

Very little attention was accorded to the army on the eve of independence. Indeed, as had been the case in the colonial period, they were generally expected to occupy the background in public affairs, leaving the foreground to the politicians. Their role was expected to be mainly ceremonial during festive seasons and occasionally - very occasionally - to help the civilian police with security challenges, which the latter could not, by themselves, contain because of the nature of their equipment and training.

In Uganda, for example, the army was hardly noticed. In fact, it was mentioned only in terms of the governor general, later the president, whose role was described, among other things, as the 'Commander in Chief of the Uganda Armed Forces'. It is difficult to believe this today, but the constitution had little further mention of the armed forces, as the traditional authorities were considered the most politically relevant group. Other relevant groups included parliament, the judiciary, the civil service and the police. Accordingly, ample provisions were made for them in the independence constitution.

But Uganda was not alone in this respect. Kenya, the then Tanganyika, and other African states were equally complacent. Today, it is evident that downplaying the role of the army or to assume it would remain politically inert or indifferent was a mistake on the part of the political leaders of the departing colonial powers and of the western scholars of African politics of the time (Johnson, 1962; Shils, 1962; Janowitz, 1964). For reasons that can hardly be appreciated today, these scholars tended to have a very positive attitude about the place and role of the armed forces in society. Thus, while they were able to see the negative characteristics in the civilian politicians of the day, they hardly associated soldiers with such negative attributes, but wrote positively about them, and their views on the military dominated the field of African scholars in the 1960s. They associated the military with positive attributes including internal solidarity, orderliness and precision, training in technical subjects, nationalism, patriotism and a tradition of abstention from or intrusion into political affairs, etc (Shils, 1962: 39-40).

It did not, however, take too long after the attainment of independence for such the complacent and sanctimonious view of the armed forces to be proved untenable. Soon, virtually everywhere in independent Africa, the armed forces demonstrated in a frightening manner that they would not live up to the early expectations regarding their place and role in society. Thus, beginning with the assassination of Togo's president Sylvanus Olympio in 1963 and the seizure of state power thereafter by Gnangssibe Eyadema, muscle-flexing by the armed forces sometimes culminated in forcible seizure of state power and became almost pandemic on the continent (Grundy, 1968).

Here, in East Africa, the story began in 1964. On 19 January, troops of the Tanganyika Rifles from the Colito Barracks, eight miles away from Dar es Salaam, moved in to the city and took control of key points: the radio station, police stations, the airport and State House. On 21 January, the Second Battalion in Tabora also

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mutinied. Elsewhere in East Africa too, strange developments were taking place. On 23 January, troops of the Uganda Rifles based in Jinja mutinied. Then on 24 January, troops of the Kenya Rifles at Langata in Nairobi and in Lanet in Nakuru also mutinied (Bienen, 1968). As was to be expected, these events resulted in an immediate revision of attitudes about the armed forces in all of these states.

In Tanganyika, a new strategy for organization of the military was adopted. It hinged on two principles: to reduce 'military anomie' and to create a 'countervailing force' to the military (Mazrui and Tidy, 1984: 259). The approach involved getting away from the western habit of pure and neutral soldiers engaged in nothing else besides idle life in the barracks and fighting in battlefields. The new idea now was to engage them in two major ways: full involvement in politics and development works.

In Kenya during the colonial period and immediately after independence, the armed forces had been dominated by the Akamba tribe and some other smaller tribes, as the British had deliberately seen to it that the two very large tribes of the Kikuyu and Luo were excluded through nonrecruitment. After the 1964 mutiny, the Kenyatta government boosted recruitment from these two major tribes, which were then acting together in the new independence government. Subsequently, when the Kikuyu and the Luo broke up their ruling partnership, Moi used his presidential power to see that the ethnic group collectively known as the Kalenjin to which he too belonged was heavily represented in the armed forces. The second strategy adopted by Kenyatta, which has remained a major plank in the strategy against military intervention, was to pursue a kind of informal alliance with the British by providing them with a military base in Mombasa. This arrangement continued even in the Moi and Kibaki regimes.

In Uganda, the Obote regime is generally considered by critics not to have done enough in its reaction to the mutiny. It accepted the demands by the soldiers for increased pay, but it retained most of the soldiers who had participated in the mutiny. Thereafter, it was not watchful enough over the matter of new recruitments, a failure which permitted Major Idi Amin to pack up the force with a number of alien ruffians from the Sudan and Congo who were subsequently loyal to him alone, to the detriment of other leaders and Ugandans as a whole.

The measures taken in Tanzania can be considered successful as they gave rise to a professional and national army. Notwithstanding the attempted coup of 1982 by the air force, the measures taken in Kenya have also gone a long way in creating a professional and national army. Many observers were impressed by the behaviour of the armed force in the 2002 transition of presidential power from Daniel Arap Moi to Mwai Kibaki.

Uganda still remains the odd man out here. From Amin's time to the present, the armed forces are highly personalized by the president. In addition, the armed forces have assumed too high and too activist a profile in society, such that what is happening in Uganda can be described quite correctly as unnecessary and unhealthy militarization of the country's politics (see Gingyera-Pinycwa, 1992).

If the earlier assumption about institutional symmetry is anything to go by, the role, profile and character of the army in Uganda bodes ill for integration efforts. Uganda and the other partner states will simply have to address this issue. The present provisions in the EAC Treaty (Arts 124-125) that address the need to foster an atmosphere conducive to peace and security through cooperation and consultations on issues pertaining to peace and security, and to closely cooperate in defence affairs, are probably good enough for the present loose EAC scenario. But, ultimately, something much more substantial will have to be done in the

interest of symmetry with regard to these very cardinal institutions, especially as the region draws nearer to the scenario of the East African Federation.

Institutions of local governance in the partner states

The notion of devolution of power in the arrangements for local governance is important. It implies that power is devolved or delegated by the central government to local authorities who exercise it on behalf of the central government.

As discussed earlier, even at the local level, attempts were made to emulate the corresponding institutions and principles of the so-called Westminster model, particularly with respect to three key features of the model: a popularly elected and accountable council for each administrative territorial unit of local government; the devolution of responsibility to a council for the majority of local services in an area; and the devolution to the local governments of some power to levy and collect their own taxes. This model of local governance was adopted in all three partner states. In Uganda, even after independence, the country was still divided into four large territorial units or regions namely, Buganda, Western, Eastern and Northern regions. Although the political institution of the regional or provincial commissioners for the four regions had been abolished by the independence constitution of 1962, all four regions still retained the large and unwieldy districts into which the British had carved them, namely Ankole, Acholi, Busoga etc, while Buganda was administered as a single unit. In this respect, one of the few commendable things that the post-Amin regimes in Uganda have done has been to subdivide these large and unwieldy units through the policy of decentralization. This has the potential and the effect not only of bringing services nearer to the people, but also of boosting the participation of the people in their own governance.

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In the 1970s and 1980s, the principles of local governance as seen above were debunked throughout the East African countries in favour of tighter control of local governments by the centre. Uganda's Local Government Act 1967, enacted shortly after the central government had triumphed over the Kabaka's government of Mengo, typifies the new line that came to prevail in the three states. Under this new dispensation, little could now be done without the approval of the minister of local government.

However, local governance in Uganda as well as in Kenya and Tanzania was remodelled following the wave of democratization that became characteristic of the 1990s. Thus, in all three countries, local governance is now inspired by the political vogue of decentralization in terms of its principles as well as structures. According to these principles and structures, powers and functions are taken away from the centre in order to ensure more people's participation in governance, either through the remodification of existing local authorities structures (such as Kenya and the Local Authority Transfer Fund process) or new inventions of fiscal decentralization (such as Kenya's Constituency Development Fund). In this context of rethinking local government, Uganda's reformulation has been probably the most radical and is discussed below.

Admittedly, the decentralization project has not been anywhere near perfect. As Tukahebwa (1997) has revealed, the process faces many teething problems. However, there is an appreciable symmetry in theory and practice among the three partner states. In terms of the assumptions spelt out earlier, this is commendable and should help to facilitate integration among the people of East Africa.

DEMOCRACY AND CIVIL LIBERTIES IN EAST AFRICA

In mainland Tanzania, the constitution was amended in 1992 to legalize a multiparty political system. Since 1995, elections have been held regularly, with a number of different parties competing. Although the usual complaints in Africa about electoral rigging and fraud have not been absent, and even though only one party, the Chama Cha Mapinduzi, has won all these elections, there is general appreciation that the country has been trying to conform to the requirements of democracy. With regard to political and civil rights, the country is not doing very badly. For example, in its latest assessment, Freedom House considered Tanzania to be a 'partly free country'.[1] Thus, on a scale of 1-7 (most free to least free), it gives the country ratings of 4 and 3 for political rights and civil rights, respectively. Zanzibar, however, remains a worrisome blot on Tanzania's image. Its elections of 1995, as well as those of 2000, and more recently in October 2005 have all been tarnished with violent clashes, disputes and even forcible displacements of people for fear of revenge and retribution.

Kenya's politics, unlike Tanzania's, tend to be more turbulent. However, its presidential and parliamentary elections held in 2002 went down quite well in the eyes of many of its critics. President Daniel Arap Moi and his party, the Kenya African National Union (KANU), peacefully conceded defeat to the National Rainbow Coalition (NARC), under which Mwai Kibaki formed the government. Inexplicably, in light of its assessment of Tanzania, Freedom House considers Kenya to be a free country. On a scale of 1-7 (most free to least free), it gives the country a rating of 4 for both political rights and civil rights.

More recently, critics have also been impressed by Kibaki's ready acceptance of the loss by the side he had openly identified with in the referendum over a draft constitutional charter. When more than a million voters chose the 'no' option, in line with some of Kibaki's cabinet, but against the president's wishes, it was a substantial humiliation. However, many saw such a disposition to accept defeat as auguring well for the future of democracy in Kenya and hoped that it would provide a powerful demonstration not only for Kenyans but for other East Africans as well.

After recovering from the shock of this defeat, Kibaki appointed a new cabinet without taking into account prominent members of the erstwhile NARC coalition, a move which has disappointed some Kenyan nationalists, as well as outside well-wishers. But this will hardly affect the credentials he has earned for himself as a leader who is willing to accept the rules of the democratic game. He was, after all, exercising his legitimate discretion to appoint ministers with whom he felt he could work.

As noted earlier, Uganda has tended to come off as the odd man out in many respects. The matter of democracy and civil liberties is one respect in which its story is not similar to those of its sister states in the region.

The National Resistance Movement (NRM) regime, which has been in power in Uganda since 1986, has claimed to have liberated Ugandans from oppression, dictatorship and wanton abuse of their human rights. It is said to have ushered in peace and democracy, and secured human rights. By these claims, the regime earned for itself local and international supporters and sympathizers for quite

1. Freedom House reports are now available through Wikipedia at http://en.wikipedia.org/wiki/User:Electionworld/Electionworld (accessed 10 May 2007).

some time. Several elections were organized under the 'One-Movement System', to which all Ugandans, whether they liked it or not, were supposed to belong. On its part, the international community effectively gave the regime a blank cheque to bankroll its strange version of democracy and civil rights, in which freedom of association was so conspicuously missing for so many years, and other party political parties were not permitted to function freely and openly.

Accordingly, even Freedom House, rather bizarrely, found nothing odd with considering Uganda to be 'a partly free country', just like Tanzania. Thus, on a scale of 1-7 (most free to least free), it gives the country ratings of 6 and 4 for political rights and civil rights, respectively.

Currently, both internationally and locally, Uganda's claims to democracy and civil liberties are being increasingly challenged. This is particularly so in view of a few but significant executive actions and trends which include the confinement of political parties to their offices at their headquarters; the 'internment' of nearly 2 million Ugandans into concentration camps that have been euphemistically labelled 'internally displaced persons (IDP) camps', in many parts of North and Northeast Uganda, where a seemingly unending 20-year war has been raging; and the way the opposition, particularly the Forum for Democratic Change (FDC), which is Museveni's strongest challenger, was treated during the election period in February 2006.[2] These blots on the country's image have contributed to reappraisal of the Museveni regime. Certainly, Mwesige (2005) was referring to this when he suggested that Uganda's political instability could wreck the East African Federation that 'Museveni loves to promote'!

In reaction, there have been attempts by the regime to improve on this situation in Uganda. For example, political space has been opened and multiparty politics now prevails. There are also attempts, more seriously-minded than ever before, to end the 20 years of war in northern Uganda. But at the moment, it is not yet certain how far the country will go with its endeavours to swing the country on a symmetrical footing with the two other states in the matter of democracy and civil liberties.

The positions of individual partner states aside, there is, happily, appropriate congruence at the level of political values that should be guiding the institutions of both the EAC and the individual states. On its part, the Treaty Establishing the East African Community pronounces itself commendably on the matter of democracy and good governance. In its Art. 7(2), the treaty co-joins the partner states to undertake to abide by the principles of good governance, including adherence to the principles of democracy, the rule of law, social justice and the maintenance of universally accepted standards of human rights. Even the granting of membership or participation in any of the EAC activities to a foreign country is made by Art. 3(b), conditional on 'adherence to universally acceptable principles of good governance, democracy, the rule of law, observance of human rights and social justice'. The same canons relating to democracy and good governance feature prominently among the fundamental principles that are to govern the achievement of EAC objectives by the partner states. Thus, having seen the position of the individual partner states, one cannot but question the congruence between them and the Community on this important matter. Such congruence, if we may revert to one of the basic assumptions above, should help to facilitate the engine of the movement toward regional integration.

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2. The FDC leader, Dr Kizza Besigye, was arrested and kept in jail for some time, accused of rape and treason.

But that is dependent on another kind of congruence - the congruence between theory and practice; theory as expressed in the treaty, and practice as seen on the ground in each of the partner states and at the collective level of the EAC itself. What therefore is the current state of affairs in that regard? An examination of the actual institutions of governance in the partner states and at the EAC level should furnish some answers to the question.

POLITICAL PARTIES IN THE PARTNER STATES

Kenya

The role of political parties is crucial, not only for governance, but also for integration, whether national or regional. By their nature, these are par excellence agencies that can mobilize people for or against democracy and for or against integration.

As discussed previously, all three EAC partner states attained political independence as multiparty polities, but soon cast away that system and adopted the single-party system instead. In Kenya, Jomo Kenyatta, the country's first president, had by 1964 established a single-party state with his own KANU as the only legitimate party. He ruled in that way up to his death in 1978. His successor, Daniel Arap Moi, followed in his footsteps with the same arrangement until 1992, when pressure from both within the country and from international donors forced him to succumb to a multiparty system (Reuters Foundation AlertNet, 2006a). Moi thereafter led his KANU to election victories in 1992 and 1997 in the face of a vigorous though divided opposition under Ford-Asili, Ford-Kenya and other minor parties.

Eventually Moi's KANU, fronting the late Jomo Kenyatta's young son, Uhuru Kenyatta, as its presidential candidate, lost the presidential and parliamentary elections of December 2002 to a coalition of political parties known as the National Rainbow Coalition (NARC) led by the current president, Emilio Mwai Kibaki. The NARC government has since turned out to be an unmanageable coalition, particularly with regards to one of its prominent promises in the December 2002 campaign, namely, the speedy promulgation of a new constitution for Kenya. The background to this is that a constitutional review was launched in 2000 in response to public opposition to the existing constitution, which it was argued, gave too much power to the president. Although Kibaki himself had initially subscribed to that view, he changed his stance on coming to the presidency and, along with a powerful group in his cabinet, became an opponent of a strong executive premiership. In the end, the issue had to be decided by a popular referendum, which took place on 21 November. The president's side lost.

The campaign had been hot and virulent, notwithstanding the fact that the two sides in it were members of a single coalition government. The president accepted defeat, but he dissolved his cabinet and prorogued or suspended parliament, as well.

How is all this likely to affect the state of political parties as institutions of governance in Kenya? New political alignments or realignments can be expected. But the multiparty system appears to have planted its roots firmly in Kenya. Accordingly, all things remaining constant, it may be expected to persist and to remain vigorous in the country in the coming decades.

The United Republic of Tanzania

On its part, the United Republic of Tanzania formed by the 1964 union between the then Tanganyika and the nearby island of Zanzibar, rejected the multiparty Westminster model in 1977. That was when a single-party system was formally established with the merger of the Tanganyika African National Union (TANU) and Zanzibar's Afro-Shirazi Party to form the party that came to be known as Chama Cha Mapinduzi (CCM).

The pressure to move away from the single-party system that was felt in Kenya was eventually, although less vigorously, felt in Tanzania as well (Reuters Foundation AlertNet, 2006b). Accordingly, the country's constitution was amended to allow the introduction of a multiparty system in 1992. Chama Cha Mapinduzi was, therefore, now joined in the political arena by the Civic United Front (CUF) and several other small parties.

In December 1995, the country had its first democratic elections under the new multiparty system, with Benjamin Mkapa leading the CCM, while Augustine Mrema led the CUF on the mainland. Under Mkapa, the CCM won in mainland Tanzania and the islands of Ugunja in Zanzibar, while the CUF won in the islands of Pemba. Despite complaints of electoral fraud, the results held. Mkapa became the president of the United Republic of Tanzania and Amani Abeid Karume president of Zanzibar. These patterns were repeated in subsequent elections in 2000 and 2005.

The preponderance of the CCM over other parties has been clear over the years since the adoption of multipartyism in 1992. But there is little reason to expect that it will overwhelm and stifle the other political parties to death as TANU had done in the days immediately after independence on the mainland.

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Uganda

As in many other respects, Uganda has not been marching abreast with these two other countries with regards to the evolution of its political party system, a matter of no small concern as the region contemplates its integration.

Uganda, like Kenya and Tanzania, started its political independence on the path of the Westminster model. But its situation was unique and complex, and it could not move as fast as the other two countries in putting aside the institutional arrangements bequeathed to it. It had robust and multiple monarchical systems within it - the Kingdom of Buganda, the Kingdom of Ankole, the Kingdom of Bunyoro and the Kingdom of the Territory of Busoga. Its political parties were equally robust and strong. The Democratic Party of Benedicto Kiwanuka, the Kabaka Yekka (or King Only Party) which fronted for Kabaka Edward Mutesa, and his Kingdom of Buganda, and the ruling Uganda Peoples' Congress (UPC) under Milton Obote. Then there was the broad ideological orientation of the country, which was generally hostile to the radical and left-wing antics of many of the prominent leaders associated then with the single-party system. Clearly, the cards were initially overly stacked against the single-party system (Gingyera-Pinycwa, 1978: 51-75).

The single-party system did eventually arrive in Uganda, too, although later than it did in Kenya and Tanzania. The trajectory it took to arrive in the country is a different story. Suffice it to say that by late 1969, the Democratic Party and the Kabaka Yekka were banned to leave way for the UPC as the only legitimate party in Uganda.

But after only one year, Idi Amin struck through a military *coup d'état* that brought to an end, not only the Obote regime itself, but also its single-party system as well. He then proceeded to rule the country in a manner asymmetrical in several respects to the mode of governance then prevailing in both neighbouring Kenya and Tanzania. Amin, believed that he had banned the entire phenomenon of politics, and would not brook any 'nonsense' about political parties, whether single or many within the state.

Even after Amin had been overthrown, the experience of Uganda with regards to political parties was at odds with the experiences of Kenya and Tanzania. To be sure, the fire of political party activism flickered a little in December 1980 when the UPC, the Democratic Party, and the newly founded Uganda Patriotic Movement (UPM) of Yoweri Museveni and the Conservative Party of Yehoash Mayanja Nkangi and John Ken Lukyamuzi campaigned for the parliamentary elections of that year. Thereafter, the events of Yoweri Museveni's bush war, launched in January 1981, and the military takeover of July 1985 when Obote was again overthrown by Tito Okello and Bazilio Okello, and of January 1986 when Yoweri Museveni and his forces overthrew the latter, so overwhelmed political parties that they virtually ceased to be of any practical consequence in the country. Meanwhile, Kenya and Tanzania continued to operate, albeit in single-party systems.

The advent of Yoweri Museveni in January 1986 did not help matters at all. He did not ban political parties per se, but he did put them under a kind of house arrest, under which they remained until 2005 (Reuters Foundation AlertNet, 2006c). This was in contrast with the two other sister states, where political parties were permitted to function and campaign openly.

Under Museveni's new political dispensation beginning January 1986, all Ugandans were automatically deemed to belong to a single 'movement': the NRM, which he had formed in the 'bush' while fighting the central government. Elections, to be held in a hierarchy extending from village level up to the very top in Kampala, were not to be contested on the basis of political parties, which were also not allowed to campaign in the country. In effect, Museveni had established a single-party political system in which only his party, notwithstanding the fact that he called it a movement, monopolized the political arena.

This continued well into the days when ruling regimes in the other two sister countries had succumbed to pressure to open up their political space to other political parties. Internally, the new regime, strongly backed by armed forces it had created for itself from scratch, was unassailable. Externally, the regime was spared from much of the rough handling that other African countries were receiving from donors. It simply had too much support and goodwill from those quarters, originally, to be mishandled (Gingyera-Pinycwa, 1994: 265). Accordingly, the issue of a shift from the single-party system to the multiparty system was one such respect in which the Museveni regime, until only very recently, was handled with extreme sensitivity.

The regime's arrangements relating to the status of political parties within the state did not, therefore, parallel arrangements in its two partner states. However, the regime appears now to have had a change of heart, having organized a referendum in July 2005, in which voters were asked to indicate whether or not they wanted the political space to be opened up to other political parties. A majority supported the opening up of the political space, and so, after nearly 20 years, other political parties were at long last permitted to function openly.

Away from the asymmetry between Uganda and the other partner states, it is unfortunate that none of the extant parties in the region has any regional

orientation. Indeed, it is only those in power who stick out their neck to transact East African public affairs. Yet all this is done without consultation or without the mandate of their political parties, none of which has yet developed any cross-border political interests or political constituencies beyond their national boundaries.

The region is, therefore, well below the level of the Mulungushi Club of the late 1960s. The so-called Mulungushi Club consisted of three like-minded leaders and political parties. These were Julius Nyerere of Tanzania and his TANU party, Milton Obote of Uganda and his UPC party, and Kenneth Kaunda of Zambia with his United National Independence Party. They all professed the ideology of socialism and were all keenly interested in what was taking place within their three respective countries. It was, as a matter of fact, the friendship created in this club that encouraged Nyerere to host Obote when he was overthrown by Amin in 1971. The very same friendship made Kaunda extend asylum to Obote when he was overthrown the second time in 1985.

Given the very well known and significant role of political parties as agents for mobilizing the masses behind political programmes, this lack of regional orientation by the present political parties in the three countries is obviously a major weakness as East Africans seek to market the EAC and to propel it to federation status in the near future.

This challenge can hardly be overemphasized. Political and social trailblazers keen on East African integration will have to work on this potentially rewarding front in order to establish cross-border political parties, as well as to implant the seeds of cross-border interests in national parties currently in existence.

CIVIL SOCIETY ORGANIZATIONS IN THE PARTNER STATES

Another crucial matter in East African integration is trans-border political social and economic agencies that can help cement the region together. Political parties, civil society groups, and private sector groups that operate across countries will simply have to receive more attention than they now do. At the moment, such agencies are few, especially in the nonprofit sectors.

One significant consequence of the wave of democratization that seized Africa at the end of the Cold War has been the multiplication of civil society institutions on the continent. In most countries, including the three East African countries, institutions of this kind exist in large numbers. Thus, in the latest Directory of Development Organizations (2006), Kenya is reported to have about 910 such institutions, Uganda, 658 and Tanzania 495. These consist of both local and international organizations.

The operations of such civil society organizations are diverse. They include social service delivery as well as advocacy on issues of governance, including economics and development work. As pressure groups, they therefore either respond to the welfare concerns of the masses or help articulate or voice their political concerns. In this respect, therefore, they have the potential to play a similar role for the promotion and maintenance of the integration process

At the moment, however, many civil society institutions in the region are handicapped in three major ways: financial capability; narrow horizons of concern, rarely extending beyond the borders of their respective countries of operation; and overly cautious operations to avoid clashing with government.[3]

Despite these shortcomings, civil society organizations in the region continue to contribute to public policy, to politics and to development in a manner that was unthinkable a decade or so ago when the states of the region were still in the grip of repressive and authoritarian single-party systems. It is therefore to be hoped that these institutions will regionalize their focus and operations in order to deepen EAC integration.

DESIGN OF THE EAC TREATY: AN OVERVIEW

Background

The process of European integration that began in the 1950s with the Treaty of Rome, and ushered in the European Community, the forefather of the present European Union, may, to an extent, be a model for the East African integration process.

The Treaty Establishing the East African Community is articulated in terms of three categories of actors: nation-state actors or partner states, as they are called; non-state actors, and the EAC itself. As yet another actor, we should not forget the federal unit to which the treaty alludes all along.

According to the EAC Treaty, the nation-state continues to operate with the full panoply of institutions and values associated with it in traditional international relations. In terms of institutions of governance, each of the three nation-states has at the centre a national legislature, administrative bureaucracy, a judiciary, a military bureaucracy, a policy bureaucracy etc. Traditional values of the state as sovereignty, equality and national interests are expected to be respected.

But the EAC Treaty was crafted at a time in international politics when the state is no longer the only actor on the international or even on the domestic scene. Indeed, many other actors now share that arena with the nation-state. This is a reality that the treaty drafters were well alive to as they pay due attention to the theory of interdependence (Keohane and Nye, 1977). Other actors have thus been accorded room within the ambit of the EAC Treaty, and their possible contribution to the functioning of the EAC and to the promotion of the region's integration is recognized.

The treaty drafters were also keen to reflect the political values of the time especially with respect to good governance. Several articles of the treaty seem to demonstrate this fact. For example, the following fundamental principles for the partner states are identified in Art. 6(d) of the treaty:

3. Haki Elimu, a civil society organization with an interest in education, has routinely run into problems with the Tanzanian government. Experiences of these kinds where government-civil society relations deteriorate are also not uncommon in Kenya and Uganda.

Good governance including adherence to the principles of democracy, the rule of law, accountability, transparency, social justice, equal opportunities, gender equality, as well as the recognition, promotion and protection of human rights in accordance with the provisions of the African Charter on Human Rights.

These values or principles are again reiterated under the Operational Principles of the Community in Art. 7(2), in which the partner states:

Undertake to abide by the principles of good governance, including adherence to the principles of democracy, the rule of Law, social justice and the maintenance of universally accepted standards of human rights.

Consensus has thus been emerging about good governance as well as about the fundamental principles that shall govern the achievement of the EAC objectives by the partner states. The latter include the following:

• mutual trust, political (good) will and sovereign equality;
• peaceful coexistence and good neighbourliness;
• peaceful settlement of disputes;
• equitable distribution of benefits;
• cooperation for mutual benefits.

It is important at this point to enquire whether the requisite management and operational institutions for the pursuit of these values are currently in place; to this we now proceed.

Community institutions of governance

As stipulated in Art. 9 of the treaty, the EAC has the following organs of governance in Arusha:

• the Summit
• the Council;
• the Coordination Committees;
• Sectoral Committee;
• the East African Court of Justice;
• the East African Legislative Assembly;
• the Secretariat; and
• such other organs as may be established.

In terms of compliance with the requirements of good governance, the Summit is perhaps the easiest to fault. It consists of the partner states' heads of state or government. Giving supreme decision-making power to this small clique of persons is dangerous, as such decision-making is expected to be conducted through the rule of unanimity, whereby all members must agree or disagree in order to arrive at a valid decision (Claude, 1964). This was a problem in the previous East African Community (1966-67), which was similarly structured, as members of the Authority (equivalent to the Summit here) could not sit to transact Community business for various reasons, including personal differences between Idi Amin of Uganda and Julius Nyerere of Tanzania.[4] In addition, this kind of arrangement has little regard for the views and sentiments of the vast masses of East Africans; as a result, there is little guarantee that the Summit will take into consideration the people's views. This, to reiterate, was also a detrimental factor in the previous attempt at East African unity.

4. *Nyerere refused to sit with Amin, who had overthrown his political friend, Milton Obote.*

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Notwithstanding the assertion in Art. 65 and in several other places in the Treaty that popular participation in the achievement of its objectives is the policy of the EAC, Assembly membership is still based, as was the case in the first East African Community, on indirect elections by the national assembly of each partner state (Art. 50). A provision in the same article which states that representation should cater for all shades of political opinion can hardly be regarded as an adequate consideration in favour of the requirements of good governance. Such a matter must be addressed not only in the interest of good governance, but also in the interests of genuine regional integration.[5]

At the moment, the East African Court of Justice (EACJ) is confined to matters arising from the operations of the Treaty only. Its jurisdiction is therefore limited. But there is even more limitation imposed on it outside the Treaty. This lies in the fact that following the collapse of the first East African Community in 1977, individual states quickly moved to increase the jurisdictions of their own courts. Thus, whereas the old Court of Appeal for East Africa (Arts 80-81) heard appeals from all the national courts and applied the pertinent laws in the respective partner states, today the partner states have their own courts of appeal and supreme courts. As such, an institution which could do invaluable service to extend the 'range of integration' under the EAC was, until late 2006, very much underutilized. Since November 2006, the EACJ has made three rulings concerning the East African Legislative Assembly. East Africans are waking up to the opportunities being provided by the EACJ to foster good governance and regional integration.

Apart from such Arusha-based institutions, a number of other institutions of governance are envisaged by the Treaty to cater for a wide diversity of functions and responsibilities that the EAC is expected to shoulder. However, a number of these are intended for technical and administrative tasks and do not lend themselves easily to being evaluated in terms of their compliance with the canons of good governance. It is, instead, more pertinent to assess them on the basis of their adequacy for the challenges or tasks in the fields in which they are expected to operate.

Handled in this manner, one could say that while tasks and responsibilities have been well and impressively identified in the Treaty, for many of them, there is still a long way to go, as the requisite institutional bases or arrangements are not yet in place.

The EAC is still, admittedly, too young to be judged or assessed too harshly. Instead, one should recognize the opportunities that are so abundant in it and patiently await their exploitation for governance and regional integration along an impressive spectrum of public life in the region.

However, it can be legitimately emphasized that in pursuit of an East African community, the requisite management and operational institutions should be in place. There is a need to examine what is currently in place to assess its adequacy in sustaining the EAC as currently instituted, and determine its capacity to help propel East Africa from one stage of integration to the next.

5. *National assembly-led elections of the East African Legislative Assembly members have generated disagreement among Kenyan political parties who have had to file a case at the East Africa Court of Justice to determine the extent to which those elections were faithful to the provisions of the Treaty.*

Governance and integration through the might of arms

Whereas the integration discourse is predominantly premised on achieving it through peaceful means, we must, without any intention of scaring readers, also consider possibilities where integration is brought about through the use of force. Prominent examples of the integration of small and distinct political units in - modern European history include, for example, modern Italy's integration or unification (1866), inspired and propelled by the genius and military valour of men like Count Camillo Benso di Cavour (1810-61) and Giuseppe Garibaldi (1807-72). Another instance in modern history is the integration or unification of modern Germany (1871) inspired and propelled by the genius and military valour of Prince Karl Otto von Bismarck (1815-98). The integration of peoples by virtue of the might of arms has, in fact, been a common pattern from the ages of the ancient Greeks before the era of Christ, through the ages of the spread of Islam, to the spread of such major imperialisms as those of the French, the British, the Spaniards and the Portuguese. What, then, would prevent the eventuality of such application of arms in the interest of unity or integration in East Africa?

For the time being, the answer to this question has, perhaps, to do with lack of political ambition or imagination, thus inhibiting leaders and would-be leaders to cast their nets farther afield, to capture, control and integrate the region in the same manner the abovementioned leaders successfully did elsewhere. It is not easy to prophesize whether the situation will always remain the same, but the dice could be cast either way in the future. In other words, East African integration through the might of arms remains a potential scenario, especially as the youth of East Africa interact, as they have begun to do once again through cross-border higher education. Furthermore, the militarization culture is fairly strong in the region and might one day strike in the direction of "seizing" integration by the force of arms.

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TOWARDS EAST AFRICAN FEDERATION

Understanding the challenges: History, popular participation, size, units

Given the historical background of aborted efforts at an East African Fedration, is it worthwhile spending any more time on an issue which experience seems to tell us is so elusive and slippery? Yes, we should; for human history teaches us that the disappointment and frustration of one generation or of one historical era cannot necessarily condemn all other subsequent generations and eras to a similar fate. Otherwise, there would be no progress or movement forward. In any case, the widely shared assumption in East Africa at the present historical juncture is that there might well be a significant difference this time. Indeed, we seem now poised to 'fast track' into such a federation. The early stages of the federation project appear to be sound and promising. But will development into a federation come about that easily? Is enthusiasm waning? Why is the federation not on the front pages of our newspapers these days? Admittedly, these are rather disturbing lingering questions.

A strident criticism of the earlier federal project of 1963-65 was its sociopolitical distance from the general populace. The argument then was that it was a project of only the political elite of the time. Even when it aborted, its substitute, which came

to be known as the East African Community (1966-77), was equally elitist in character (Tulyamuhika, 1995).

The Summit meeting held in Dar es Salaam on 30 May 2005, sought to cure this problem. At that meeting it was observed that a strong federation was only possible if it was owned by the people of East Africa themselves through their effective and informed participation from the very beginning of the process up to the end. Accordingly, the heads of state underscored the need for each partner state to widen consultations and to include all key stakeholders, including the general public, parliaments, civil society, academia, religious institutions and political parties in order to obtain more views and comments on the best way to go to the political federation stage.

As the region ponders federation, it is important to note that size is yet another factor that matters. Indeed, one of the potential obstacles to federation may well be the large and rather unwieldy sizes of the three countries. The argument here is that after many years of existence as separate and distinct sovereign states, the three states in terms of identities and national interests have become so well established that it may become simply too difficult for them to accept submergence in a single sovereign supranational entity.

Assuming then, that the present nation-state units remain intact, what is to be said about the very important matter of central governance in the overall East African context? What about at the level of local governance? It seems not unreasonable to expect that, all things remaining constant, the institutional arrangements for the central or federal government will conform to the pattern that has been in vogue since that post-Cold War wave of democratization discussed earlier. This same presumption is equally reasonable with regard to institutional arrangements for local governance. For both levels, the political values of democracy and civil liberties are also likely to remain important if they are to succeed.

Now, looking at the administrative units within the federal states, what are the possible options for local governance? One can look and learn beyond the experience of Uganda, to the experiences of such existing federal states such as the USA and Nigeria. They must be closely studied in the interest of creating workable units of local governance for East Africa. However, two important points may be advanced here:

> • the need for a common or uniform arrangement for the East African federation, whatever geographical units are opted for;

> • the need for common federal laws that cut across both the boundaries of the main federal units and hence across local governance.

It is, after all, in such respects, that the oneness of the federation can be promoted, sustained and felt by East Africans at large. Explanations and lessons arising from the previous efforts at federation must also be revisited to enhance the prospects of success this time.

Private sector institutions

The days of the Arusha Declaration (1967) with its *Ujamma* or socialism in Tanzania are long since gone. So are those of the Common Man's Charter (1969) in Uganda, as well as of Kenya's African Socialism and its Application to Planning (Kenya Government Sessional Paper No. 10 of 1965). The ideological shift has

instead ushered in an open and unmitigated belief in private enterprise as spelt out by the World Bank (1989). With or without the EAC, the private sector has existed, comprising of local organizations that operate exclusively within the confines of a state, and few multinationals like Shell, BP, Caltex and TOTAL in the oil industries, and large banks like Barclays, Stanbic etc. There are also a few cross-border ventures with their operations in all three partner states. Most of them are engaged in the pursuit of business alone. However, a few are also involved in policy issues or advocacy relating to business interests and development, and are also legitimate actors in governance (e.g. the East Africa Business Council).

Secondly, the establishment of the East African customs union, which commenced operation in January 2005, has already been reported to have precipitated a sharp increase in intra-community trade. Statistics from the Uganda Revenue Authority show that Uganda's imports from Tanzania and Kenya have shot up by 37 per cent (*Daily Monitor*, 2005). More trade activities and more gains for all can, therefore, be expected in the decades ahead, particularly for private sector institutions who will be the main actors in the customs union. This is also reflected in public policies of all the EAC partner states. Moreover, elaborate provisions exist in the Treaty (Art. 127(1), for the provision of an enabling environment for the private sector and civil society).

On its part, the East African Business Council is an apex body of some 19 East African business associations. It has an open-door membership policy to cater for membership of major companies from the region that might wish to join. Established in November 1997, its main objectives are:

- to provide a forum to enable the private sector to speak with a
  single East African voice;

- to coordinate the efforts of the business sector for the
  promotion of trade and investment in East Africa;

- to ensure an enabling environment for business in East Africa;

- promotion of a single market and investment areas in the
  private sector.

The Council also has observer status in all the organs of the EAC. It is therefore quite well placed to promote and serve as a watchdog over the interests of the private sector in the whole East Africa region, although the region could do with a lot more of such institutions. However, whether engaged only in the pursuit of business, or in advocacy work as well, the private sector offers a considerable potential for the promotion of shared interests among East Africans. If current growth is anything to go by, the private sector in the region is expected to grow in terms of numbers, vigour and intensity of operations in the coming decades, a development which will, no doubt, have some positive impact on regional integration.

News media, both print and electronic, have also experienced phenomenal growth and vivacity over the last decade or so. The numbers of newspapers have shot up remarkably in all three partner states. So have those of television stations and FM radio stations, as, for example, Table 1 shows for Uganda, which, until around 1987, had only one radio station and one television station for the whole country.

The situation in Uganda is not unique, as Kenya and Tanzania have also experienced similar developments in this regard.

Table 1: Number of parent radio stations, reporter stations and television stations in Uganda, 27 July 2005

TYPE OF STATIONS	NO.
Total parent radio stations	92
Total booster stations	41
Grand total	*133*
Total radio stations licensed but not operational	18
Terrestrial TV stations	7
Pay TV	2
Total TV stations operating	2
Total TV stations granted licence but not operating	12

Source: The Broadcasting Council (Uganda), 2005

The gains in this area of the news media go beyond numbers and vivacity. They extend to the quality and quantity of traditional news coverage, sports coverage, business advertisements, social and political criticism, humour, etc.

The media is already cross-border in its coverage and circulations, prominent among them in this regard are the East African, a weekly published from Nairobi, *The Daily Nation* (Nairobi), *The Sunday Nation*, (Nairobi), *The East African Standard* (Nairobi), *The New Vision* (Kampala), *The Sunday Vision* (Kampala), *The Daily Monitor* (Kampala) and *The Sunday Monitor* (Kampala). Even The Red Pepper, a tabloid published from Kampala with a lot of emphasis on sex, is trying its best beyond the borders of Uganda. This cross-border circulation is a potential strength, and furnishes wonderful opportunities for the promotion of regional integration.

The human factor in governance and regional integration

The human factor is very significant in East Africa's transition to better governance and regional integration. A vital component of this is the element of leadership, as all the efforts towards East African cooperation and integration have been leadership-driven. The federal initiatives of the 1960s were taken by the political leaders of the three states, such that when that initiative aborted, much of the blame fell on these leaders. Similarly, the initiative that culminated in the first East African Community was largely from the top leadership of the region, so it is not surprising that it was disagreements within the ranks of the top leadership that determined its collapse (Gingyera-Pinycwa, 1992). Even today, it is the top political leadership and their ministers or hand-picked emissaries have taken the lead in crafting the EAC.

But, although good leadership is indeed, desirable and indispensable for sound governance and regional integration, it must be strengthened by the participation of the general populace. The broad masses of East Africa need to be politically mobilized and sensitized to participate in EAC affairs. And what better tools are available for this purpose than the political parties, civil society and the private sector institutions discussed earlier? People need to be politically socialized into the EAC from the cradle to the grave.

This process can also target specific social categories in societies, such as women and the youth, and identify them as special agents for regional integration efforts. They are many and mobile, and their roles and contributions should be taken much more seriously than has been the tendency so far. As many young people are pursuing education, public education becomes an effective medium through which the seeds of sound governance and of regional integration may be implanted. Appropriate precepts of good governance and what it entails can be made to form part of the educational curricula in schools. This process of political socialization can be made to begin from the very earliest stages of formal education as is the practice in other parts of the world such as the USA or China.

Socioeconomic and cultural factors

A number of socioeconomic and cultural factors have positive or negative relevance to good governance and regional integration. These include;

- ethnicity;
- language as medium of communication;
- religion;
- traditional political systems;
- games and sports.

They too, deserve some observations here with respect to their possible impacts on governance and regional integration.

Ethnicity

It can be argued that ethnicity, if politicized, is inimical to good governance and national unity in the African state. In this respect, Coleman (1958) contended that the kind of ethnicity which is problematical is that of the big groups. For example, in the context of Nigeria, the Yoruba of the western region, the Ibo of the eastern region, and the Hausa/Fulani of the then northern region, each represented millions of people, but not the smaller ethnic groups. If one buys this argument and applies it to East Africa, there are many such large groups: for Kenya, the Kikuyu, the Baluhya, the Luos and the Wakamba; for Tanzania, the Wachagga, the Wanyamwezi, the Bahahya and the Wasukuma etc; and for Uganda, the Baganda, the Banyankole, the Basoga, the Iteso and the Langi.

In Tanzania, the insignificant roles of such major ethnic groups seem to undermine Coleman's theory. However, in Kenya and Uganda, some of these ethnic groups have, indeed, been flexing their political muscle. How important, then, are their roles likely to be in the integration and, later, federation of East Africa?

The enlargement in the geographical and demographic scale that will be that will be brought about by the community or the federation, particularly if they involve active participation of the masses in public affairs through elections, should help neutralize the political influence of such groups. Some of them might find themselves considerably 'submerged' into the much larger political sea of East Africa.

On the other hand, it has been argued that 'ethnicity is not nearly as central to Africans' conceptions of who they are as is frequently assumed' (Bannon, Miguel and Posner, 2004: 1). In research also conducted in Kenya in 2004, Wolf and others reported that Kenyans show a high level of identification with their nation, Kenya, first and foremost. It is further reported that when one asked 'Besides being Kenyan, which specific group do you feel you belong to, first and foremost',

respondents, did not show any significant preference in their answers for their ethnic groups (Wolf, Logan and Owiti, 2004: 27-30).

Even in Uganda, where a protracted and brutal war has impoverished the populace and restricted them into IDP camps, national, rather than ethnic identity, remains strong:

> When asked whether they feel greater attachment to their self-identified sub-group or to their national identity as Ugandan, 70 per cent of the respondents, both insiders and outsiders, select the latter, suggesting a very strong commitment to their country (Logan, Muwanga, Sentamu and Bratton, 2002: vii).[6]

Managing ethnic diversity will, without doubt, constitute one of the challenges facing the federation project. As hinted above, however, the federation itself may, in relation to the large ethnic groups, provide the opportunity and framework for dealing with this issue conclusively in a manner that the nation-state has been unable to do.

Traditional authorities

Traditional authorities remain important phenomena in the African political landscape. Even the most modern of East Africans, by virtue of the fact that they are mobile between their urban homes and their rural villages, are still largely subject to such authorities. But the focus here is on those that are well organized and hold sway over large territories or large populations. In Kenya and Tanzania, such authorities have largely been divested of their political powers. However, in Uganda they are still a force to be reckoned with. What, then, is their likely impact on governance and on regional integration?

The relationship between such authorities and governance is easy to see. They form political and cultural foci around which people in their societies can rally and lobby for their special interests. In addition, because of their capacity to rally people together, they can serve as watchdogs against excesses of governance.

But when it comes to regional integration, these authorities may not be so enthusiastic. Indeed, some may perceive federation and integration as inimical to their interests and identities. The Kingdom of Buganda is a case in point, which has been hostile to any federalism whose scope goes beyond Uganda. Thus, the kingdom opposed the idea in 1948 when it was mooted. It did the same when the idea returned under Sir Andrew Cohen, governor in the 1950s, resulting in the deportation of the Kabaka to the UK from 1953 to 1955. The question is whether this scepticism and hostility regarding regional federation will remain with respect to the present initiatives towards federation, and how they will be managed.

Perhaps because it caters for obvious functional necessities, the EAC's efforts have not so far been met with any noticeable opposition from the kingdom. Will the same attitude prevail if, on top of the EAC's functionalism, the political dimension is imposed, as will be the case in the event of a political East African federation? Only time will tell. But it is in anticipation of possible resistance from here, and perhaps from elsewhere, that the earlier suggestion about extensive mobilization and socialization of the populace becomes pertinent.

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6. Here, insiders are those expressing strong affiliation with the Museveni government, as well as those from the central, eastern and especially western region, compared with political and social outsiders who hail from the north of the country or are affiliated with the opposition to the Museveni government (Logan et al., 2002).

The role of an appropriate language as medium of communication in a region as vast as East Africa with its 1.65 million km2 and a population of over 90 million belonging to well over 100 linguistic groups, can hardly be overemphasized. While Kenya and Tanzania are fairly at ease with Kiswahili, Uganda may need to catch up. The Museveni regime does not hide its predilection for Kiswahili, although in that regard, it will have to overcome Buganda's well-known and longstanding opposition to that language.

Religion

Uganda, for one, has been historically notorious for its politicization of religion, making it an important dimension for political conflict and contest right from its establishment as a modern state. The experiences of Kenya and Tanzania, on the other hand, have been quite dissimilar in this regard. While Anglicanism and Catholicism, along with Islam, are dominant in both countries, they have not, at least until recently, been dragged into politics as bases for conflict and contest. On the contrary, particularly in Kenya, they have tended to serve remarkably well as factors of joint mediatory and advocacy action in society, as evidenced, for example, by the roles played recently in Kenya by the Ufungamano Initiative, the Catholic, Anglican and other Protestant churches in the debate over the constitution and the referendum of December, 2005. Earlier to that, they had also assumed a commendable role in the advocacy for multiparty politics during the Moi regime.

This is the kind of role that religion is likely to continue to play in those two countries, and to some extent, even in Uganda. But religion has the potential to spread its wings along lines beyond the confines of the individual partner states. It could very well play a mediatory and advocacy role in the contexts of the EAC and, indeed, of the federation as well, considering that the dominant religions of Islam and Christianity, in the form of Roman Catholicism and Protestantism, are to be found in all the partner states.

CONCLUSIONS

This discussion on governance and regional integration in East Africa has pointed out the political values and institutions of governance in the region, and has analysed how this will play out in the integration process. Stocktaking of the main political values that have underpinned governance, the institutions of governance, and the levels of integration achieved and planned in the country has been undertaken. The chapter then examined whether or not the institutions, currently in place and planned are viable for the task of regional integration.

All in all, one can say that worthy new beginnings toward good governance have been made in the partner states since 1990, although significant variances among the states can be detected. This chapter has argued that the process of regional integration would be better facilitated in a context in which such variances are minimal.

At the Community level, attention to the good governance imperative exists, and to that extent there is movement towards congruence between the EAC and the partner states. There is, however, room for improvement on the levels of democratization and institutional adequacy even there.

More generally speaking, while the present beginnings are indeed commendable, there is still much work to ensure a transition from the scenario of

cooperation to one of federation. Much mobilizational work remains to be done not only through the formal institutions of governance, but also through many other informal agencies and forces as have been identified. The process of regional integration along the dimensions spelt out by Karl Deutsch in the early parts of this chapter would be hastened if we reduce the asymmetries of governance that have been discussed above.

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ON STATE-SOCIETY RELATIONS IN EAST AFRICA
VIEWS FROM EUROPE

The webs of dependency are multiple now and that is partly because the WB, the US, the EU, are themselves much more porous and partly because of the profusion of non-state actors in these countries. This results in a web of relationships including NGOs, activists, commercial operators, which are active in these countries and have means of recourse, protection and influence that don't just go to the state. But now activists in Uganda can go to ActionAid or Amnesty International and get influence directly in Westminster or the World Bank.

Civil society in east Africa is more regional than the states are…. They are a very strong force in regionalism.

MILITARIZATION OF AFRICA
VIEWS FROM THE US

Question: Have you seen a significant change in US policy over the years?

Yes, I think it is changing. You have the notion of lily pad style bases, which is new. ... there is an increase in weapons ... [but] also a lot more military exercises with governments in Africa. ... Not many in the United States are even aware of this. ... [They are using] a source of money buried in the Pentagon budget. ... So, larger training programme with proto-bases will have greater impact.

Question: What is the goal behind all this?

Part of it is anti-terrorism. Part is the Pentagon's projection of power more quickly to more places using a smaller military infrastructure which is less visible politically and based more on informal arrangements. ... They want to keep the global reach of the American military, but without raising the number of global troops. They want to be 'light' and 'mobile'. This also means there is more emphasis on special forces.

... [In opposing control of the small arms trade] ... the military lobby say the President needs the flexibility [to arm] the Iraqi National Congress or other opposition groups. The ability to do that is valued more than the consequences of creating chaotic countries like the DRC ...where minerals still make it to market via the warlords. So they can live with the instability so long as the resources are still available.

Question: What you are describing is a situation in which a lot of forces are let loose, but there is no place where they are called to account.

I think that is true. The Pentagon is unleashing forces that it probably cannot control. Bin Laden, after all, was a rebel in Afghanistan who benefited from US support.

Question: What makes them think this will succeed in Africa?

They think it will succeed because African states ... still respond to whoever brings in the biggest sack of money.

Question: What about the things I have been reading about: oil, terror and lily pads?

The lily pads - forward bases in Africa - is an issue but since Somalia there has been huge resistance in the USA to any intervention in Africa. ... So, the fear of the consequences of the US bases in Africa, the lily pads, is an overblown fear. There is a big commitment to African peace.

Question: What are lily pads? What is this policy?

Our military friends think in military terms and have to start planning, which leads them to think of lily pads. It is insanity! In Africa of all places it is offensive culturally and politically. To Africans, a base is an area, by definition, which is exclusively under the control of the Americans. No one is going to agree to that!

Interviews in Washington, D.C., USA, September 2005

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ECONOMIC POLICY AND PERFORMANCE IN EAST AFRICA:

A survey of Tanzania, Kenya, Uganda and Rwanda

AIDAN EYAKUZE and M.J. GITAU

ECONOMIC POLICY AND PERFORMANCE IN EAST AFRICA:

A survey of Tanzania, Kenya, Uganda and Rwanda

AIDAN EYAKUZE and M.J. GITAU

Aidan Eyakuze is an economist and former corporate banker. He has analysed the investment climate, policy and corporate constraints to private sector growth in East Africa, and advised a number of public and private companies on developing corporate strategies for improved business performance. Aidan has participated in scenario-building projects in Kenya (1999), Tanzania (2003), South Africa (2004), Nigeria (2006-07) and the East Africa region (2006-08).
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ABSTRACT

This chapter provides, first, a high-level survey of recent economic experience in East Africa by describing and analysing the developments in the economies of Tanzania, Kenya, Uganda and Rwanda between 1980 and 2005. From this survey, the chapter extracts some broad themes and messages to reveal the deep underlying trends, drivers and structures of the region's overall economy. It surveys the economic policy and performance landscape of Tanzania, Kenya, Uganda and Rwanda, focusing on the period between 1980 and 2006; highlights the internal and external drivers of policy evolution, economic performance and welfare outcomes; examines areas of commonality and divergence between the four countries; and assesses the economic policy and performance implications for the countries and the region in the context of a dynamic global economy.

INTRODUCTION

Objectives

This chapter provides, first, a high-level survey of recent economic experience in East Africa by describing and analysing the developments in the economies of Tanzania, Kenya, Uganda and Rwanda between 1980 and 2005. From this survey, the chapter extracts some broad themes and messages to reveal the deep underlying trends, drivers and structures of the region's overall economy. The chapter:

-   Surveys the economic policy and performance landscape of Tanzania, Kenya,Uganda and Rwanda, focusing on the last 25 years (1980-2005). Descriptions of the earlier period (1960-1980) provides historical context where necessary.
-   Highlights the internal and external drivers of policy evolution and performance, and assess areas of commonality and divergence between the four countries.
-   Evaluates the welfare outcomes and accounts for similarities and contrasts between the four countries.
-   Assesses the economic policy and performance implications and prospects for the countries and the region in the context of a dynamic global economic context and examines points of regional convergence or divergence with respect to policy, performance and welfare outcomes.

While each of the four countries is analysed individually, the emphasis is regional and the chapter focuses on highlighting areas of commonality and divergence in the countries' policies and outcomes.

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Country introduction

Tanzania's recent economic history reflects the leadership and priorities of the three presidents whose terms defined policies and performance. It is a story of an economy's evolution from the centrally planned, socialist approach of Julius Nyerere, through liberalization under Ali Hassan Mwinyi (1985-1994), to the most recent decade of privatization, fiscal prudence and market-orientation under Benjamin Mkapa's third phase administration. Early indications suggest that the priority of the current president, Jakaya Kikwete, is to empower Tanzanians to improve their own quality of life.

From independence in 1963, Kenya pursued policies aimed at growing its traditionally agriculture-based economy. It experienced rapid economic growth and major improvements in social indicators in the first two decades. In 1986, following some years of economic stagnation, the country adopted Sessional Paper No. 1, 'Renewed economic management for economic growth', which laid the foundations for liberalization and brought an end to the era of controls that characterized the 1970s. Due in part to important developments in Kenya's political life since the early 1990s, economic performance has been both modest and fairly volatile, resulting in major welfare challenges for the country. It remains, however, the largest economy in the region.

A decade after independence, Uganda entered into a protracted period of domestic political crisis marked by a coup (1971), a costly war with Tanzania (1979) and the civil war (1984) that brought Yoweri Museveni's National Resistance

Movement (NRM) government into power in 1986. Since then, the economy has been recovering through a process of reconstruction and liberalization, resulting in sustained periods of high growth and falling poverty. By 2000, economic growth in Uganda had surpassed that of Kenya, albeit from a smaller base.

Rwanda's contemporary economic performance must be understood in the context of two important driving forces. The first is a combination of its small size and rapidly growing population, the overwhelming majority (over 90 per cent) of whom depend on subsistence agriculture from small land holdings, the productivity of which has been declining for over a century, by some estimates. The second force arises from the underlying ethnic tensions which have been a hallmark of its political evolution over many decades and which lead to the genocide in 1994. Before the genocide, the economy was stagnating for a variety of reasons. In 1994, the economy shrank by around 40-50 per cent. It has subsequently recovered strongly, but important challenges remain, particularly with respect to the structural transformation required to enhance growth and improve the long-term standard of living in Rwanda.

ECONOMIC POLICY EVOLUTION
Policy background and sociopolitical context

Tanzania: Socialism and self-reliance

At independence in December 1961, Tanzania's economy was largely based on subsistence agriculture and the production of coffee, cotton and sisal for export. There was very little manufacturing activity. In 1967, with the Arusha Declaration, president Nyerere altered the ideological and economic direction of the country and put it on a centrally planned, government controlled, inward-looking path towards self-reliance. Industrialization was to be import-substituting and the emphasis in agricultural production shifted towards self-sufficiency in food production. By the mid-1970s, in part through nationalization, parastatals had become Tanzania's largest exporters and importers.

On trade policy, trade restrictions were used as a development tool. Farm-gate prices of cash crops were pegged below world prices and cash crops had to be sold to marketing parastatals. Foreign exchange earned from exports of other non-traditional goods had to be surrendered. Exporters were subject to a fairly comprehensive, but discretionary and cumbersome system requiring them to obtain a licence for each consignment. Imports were also regulated through the administrative allocation of foreign exchange and import licensing, which became more restrictive as foreign exchange earnings declined toward the end of the 1970s.

The first eight years after the Arusha Declaration saw important achievements in social development, with the reduction in illiteracy rates and improving health indicators. The economy grew faster than the rate of population growth, supported by strong production of export crops and a fairly supportive external environment. The coffee price boom of 1975-77 was particularly beneficial to Tanzania. Unfortunately, the happy times did not last much beyond 1977. Externally, Tanzania was hit hard by the collapse of the first East African Community (EAC) in 1977, war with Idi Amin's regime in Uganda (1979) and the second global oil shock (1979), which contributed to the accelerating decline in the country's terms of trade.

Cash crop production fell as farmers switched to food crops in response to the significant direct and indirect taxation of the export crop sector. Non-traditional exports also declined due to similar heavy taxation and other tough administrative restrictions. Falling export earnings led to foreign exchange shortages, a reduction in the ability to import the raw material and intermediate goods needed by the highly import-dependent industrial sector, a reduction in industrial production, and the deterioration of the country's infrastructure and capital stock. Internally, the limits on allocative efficiency of a state-dominated economy began to show. Industrial capacity utilization and the performance of many public enterprises remained well below expectations, and their financial and economic viability was under serious threat. The government was forced to support a large number of parastatals with subsidies and transfers.

Tanzania's fiscal position came under increasingly serious pressure. Government revenue was eroded as exports fell, resulting in lower import and export duties and taxes. Between 1970 and 1980, the share of import duties in the government budget fell from 22 per cent to 11 per cent. The state became increasingly dependent on transfers from the parastatal sector. However, the parastatals themselves were facing shrinking profits as production was constrained by lack of inputs, and the domestic consumer market was squeezed by falling incomes. Government subsidies and transfers to parastatals grew sharply, and essential spending on operations and maintenance had to be reduced. Fiscal imbalances resulted in strong inflationary pressures. The government accumulated significant domestic arrears and increasingly found itself relying heavily on external borrowing.

Between 1980 and 1985, Tanzania's real exports fell by 10 per cent annually, while the real effective exchange rate rose by 16 per cent, an appreciation that effectively undermined the competitiveness of Tanzania's exports on global markets and further strangled the growth of exports and the import-substituting industrial sector. Official gross reserves fell to just one week of imports. By 1986, major economic reforms became essential for the country to avoid economic collapse.

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Kenya: Managed capitalism[1]

From independence in 1963, Kenya adopted a policy of state-led development that was informed by the need to provide a base for industrial take-off and rapid economic growth. In 1965, economic policy was articulated in Sessional Paper No. 10, 'African socialism and its application to planning in Kenya'. This paper outlined a strategy that placed primary responsibility on economic growth as the instrument for an equitable improvement of living standards. During the first 15 years of its independence (1963-78), Kenya's economy performed relatively well.

The major driver was improved agricultural production and productivity as Kenya's African elites took over the large farms previously owned by European settlers. Smallholders took full advantage of the new opportunities to participate in cash crop production, which had been hitherto banned, so that 'their marketed production grew rapidly and surpassed that of large farmers in the 1970s in all but a few major crops' (Mwega and Ndung'u, 2002: 26). There was significant expansion of the area under cultivation, the introduction of new technologies, including hybrid maize varieties with increased yields, and an enthusiastic focus on the production of tea and coffee for export. Agriculture grew by an annual mean of 4.6 per cent in

1. This section draws significantly on Mwega and Ndung'u (2002) and Roberts and Fagernas (2004).

1964-73 and 3.9 per cent in 1974-79, accounting for over 25 per cent of Kenya's total annual economic growth performance.

The manufacturing sector also grew through import-substituting industrialization to serve the large EAC market. Manufacturing value-added grew at 6.3 per cent in 1960-70 and increased to over 9.0 per cent in 1970-80 (Roberts and Fagernas, 2004: 16, Table 4.4), accounting for over 17 per cent of Kenya's total economic growth performance. It is argued that EAC membership constrained Kenya's ability to use tariff escalation for protective purposes, and that the mean import-weighted tariff rate was a fairly low 16.5 per cent (Mwega and Ndung'u, 2002: 27).

Service sector growth was driven by expanding government, the increasing demand for commercial services in a growing economy, and private investment in the country's tourism product. In the 1960s, government services grew by 17 per cent annually, while commercial services (finance, real estate, tourism) grew by almost 10 per cent. In the 1970s, the annual growth in government services had slowed to 6.5 per cent, while growth in commercial had accelerated to 12.4 per cent (Roberts and Fagernas, 2004: 27, Table 3.6).

Kenya's policies of supporting export-oriented agricultural production, import-substituting industrialization and private investment in services helped its economy to perform well during the early years. As the economy grew, macroeconomic management achieved low inflation and modest government borrowing. Unfortunately, external economic events were to have an important and negative set of results for Kenya's economy, starting in the early 1980s:

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> *This policy mix favoured economic growth for a while, but led to mounting economic rigidities and distortions which prevented ease of adjustment to the terms-of-trade shocks - oil price shocks in 1973 and 1979 and the coffee price spike of 1976-7, in the 1970s. These were aggravated by rising, poorly controlled, public expenditure commitments. The increase in expenditure associated with a short-lived increase in revenues arising from high coffee export prices in 1976-7 led directly to mounting macroeconomic difficulties in the 1980s (Roberts and Fagernas, 2004: 11).*

Uganda: Optimism to crisis[2]

Uganda attained independence in 1962. The first government embarked on a rapid nation-building programme in which it aimed to demonstrate its ability to provide health and education services to all citizens, especially in rural Uganda, and to create modern jobs in the urban areas. To achieve this, the state was seen as the key player in the economy. Political competition was thwarted and pluralism discouraged from early on in Uganda's independence.

Given that Uganda's economy was dominated by the subsistence agricultural sector, where the influence of government was limited, the government's dirigiste policies geared towards ensuring rapid growth and employment creation had limited impact. The initial policy focus on agricultural development through subsidies inputs, research and extension services switched to the modern sector, which was deemed to have grown too slowly. Wage legislation and import-substituting industrialization policies were put in place. However, exports continued to contribute a significant share of Uganda's gross domestic product (GDP).

2. This section draws significantly on Bigsten and Kayizzi-Mugerwa (1999).

The 1960s also saw substantial public sector expansion as a result of the 'Ugandanization' policy. Public sector employment grew, as did employees' real wages, although this was concentrated in the Kampala region of the country. As real wages rose, employment creation slowed in the latter part of the 1960s. By the end of the decade, the government was frustrated by the low level of private savings and slow rate of investment. Blame was laid partly on the door of Uganda's Asian business community 'for "sitting on the fence" and for "anti-Ugandan" transfers of capital abroad' (Bigsten and Kayizzi-Mugerwa, 1999: 13)

President Milton Obote's 'Common Man Charter' justified and signalled a move towards greater state control over all major enterprises; however, his efforts to preserve political power failed when he was ousted in a coup in 1971. A year later, Idi Amin expelled Ugandan-Asians in a move that, in retrospect, did very little for the ordinary Ugandan. Indeed, the effect of the expulsion was to replace skilled managers with unskilled people, to create a reputation for Uganda as a high-risk investment location, and to reward short-term asset-stripping behaviour by the new business owners, due to the insecurity of tenure inherent in the manner in which they were allocated. While the formal productive sector shrank, Amin expanded the public sector further (from 10 to 23 parastatals, controlling over 250 business enterprises) primarily as an instrument of patronage.

The external oil price shock exacerbated Uganda's internal imbalances, and the country's worsening international reputation denied it access to external assistance and commercial credit. The government's response to stem the economic decline was to tighten control on consumer goods, import restrictions and foreign exchange controls. Despite stiff penalties, however, influential groups and their allies disregarded these restrictions, and smuggling and parallel markets increased significantly.

By 1980, after the war with Tanzania that ended Amin's rule, Uganda's economy had capped a decade of decline with a 3.4 per cent drop in GDP, while per capita GDP was 38 per cent smaller than in 1973. In addition, the country had an inflation rate of 150 per cent, no domestic savings at all, and an external debt that had ballooned from US$173 million in 1971 to over US$700 million (Bigsten and Kayizzi-Mugerwa, 1999: 15, Table 1.2).

After three weak governments had failed to consolidate their position following Amin's departure, Obote's return to power in 1981 rekindled economic reform efforts supported by the International Monetary Fund (IMF) and World Bank. These market-oriented reforms aimed at raising the efficiency of production, ensuring prudent expenditure of public funds, and encouraging domestic and foreign investment. The success of the reform programme hinged on 'progress made in the area of exchange rate reform; that is arriving at an exchange rate that would ensure a more efficient resource allocation' (Bigsten and Kayizzi-Mugerwa, 1999: 17). A two-window exchange rate market was developed, but as it forced farmers who produced export commodities to be compensated at the policy-determined rate rather than market-determined rate, it acted as a major tax on the traditional agricultural exports.

Due to the reforms and the relative peace, the economy began to recover, with annual growth increasing from 4.0 per cent in 1981 to 7.5 per cent in 1983. Unfortunately, politics conspired to derail the economy from 1984 as a guerrilla war started, prompted by controversial elections in 1980. The war led to a sharp rise in military expenditure, a four-fold increase in public sector wages and an expansion of government borrowing. This fiscal stance exceeded the limits agreed with the IMF and World Bank, leading to the latter suspending assistance to the

country in mid-1984. Uganda's economy went into serious decline as exchange controls were reintroduced, and military purchases competed with consumer imports; massive shortages of consumer goods and petrol ensued in 1985, a large portion of the coffee harvest was smuggled and the rural economy was devastated. Yoweri Museveni's NRM assumed power in January 1986.

Rwanda: Population, land and politics

Rwanda has a total area of 26,338 square kilometres (EIU, 2005) and a population in 2002 of 8.12 million people (Republic of Rwanda, 2003), a four-fold increase over the 50 years since 1950, when it stood at 2.16 million people. This shows a mean annual population growth rate of 3.5 per cent between 1950 and 1990. The growth rate seems to have slowed to below 1.5 per cent between 1990 and 2002, in part due to the effects of the genocide in 1994. However, if World Bank and UN projections are broadly accurate, the estimate of a population size of 9.0 million in 2005 signals a return to the high growth rate of about 3.7 per cent.

Such population growth in a small country has meant a substantial increase in population density - the number of people per square kilometre increased from 82 in 1950 to 322 in 2002 (Verpoorten and Berlage, 2004) and 327 in 2004 (EIU, 2005).[3]

Rwanda's economy is dominated by subsistence agriculture and land sizes are small, with a mean of less than one hectare per household (Verpoorten and Berlage, 2004: Tables 1 and 2).

Ninety-five per cent of the total population is involved in mainly traditional agriculture. Food crops represent 94% of all cultivation. Forty-five per cent of the land area is cultivated; 42% of the land is devoted to food crops and less than 3% to export crops. Most farmers are self-employed, including an estimated 510 000 involved in the production of coffee. About 5% of the cultivated land is devoted to the cultivation of food crops for sale (Eltringham, 1996: 11).

The structure of Rwanda's economy has remained unchanged for decades. Agriculture, the main employer, contributes around 40% of GDP. Tea and coffee, the main cash crops, contribute less than 2% of GDP, but usually generate over 80% of export earnings (EIU, 2005: 22).

However, the productivity of the land has declined as the population has grown. Between 1975 and 1990, not only was there a decline in food production (see Figure 1),
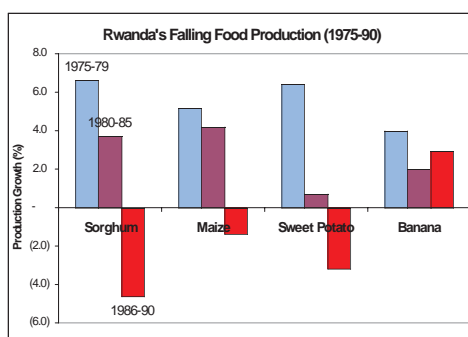
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Figure 1

3. EIU (2005) notes a rural population density of 447 people per square kilometre in 2004.

but mean daily caloric intake also fell from 2014 to 1938 calories (Eltringham, 1996: 14, 28).

Researchers have noted that no innovation has occurred to counter the effects of population pressure on the land and on food production.

> *Population pressure will generally encourage conservation of the most scarce resource, land, and increase utilization of the abundant resource, labour. A surplus is still produced and reinvested in other inputs, such as fertilizers which compensate for the loss of fallow. This 'induced innovation' has not occurred in Rwandese smallholder agriculture. Instead, in the short-term, it has made good micro-economic sense for smallholders to 'mine' the land of its fertility in response to the pressure on resources caused by rapid population expansion. The potential positive benefits of population growth have been superseded by the detrimental effects of continued cropping ... Had successful adoption of innovations occurred, it would have been indicated by two changes:*
>
> *- Food crop yields per hectare would have increased, faster than the rate of population growth. This would have released land for com-mercial crop and or export crop production.*
>
> *- A shift from low to high value crops which generate cash to purchase soil-enriching inputs.*
>
> *Agriculture in Rwanda has not undergone these changes. Instead:*
>
> *- There has been a movement away from cultivating high-value export crops towards a predominantly subsistence food crop orientation.*
>
> *- Aggregate yields have been dropping for most crops.*
>
> *- There has been a population expansion into marginal areas (Eltringham, 1996: 13).*

In summary, the combination of Rwanda's small size and rapid population growth exerts significant pressure on the land, constraining its capacity to cater to the food and other economic needs of its people. The country's political developments have been equally challenging.

The ethnic composition of Rwanda's population is approximately 85 per cent Hutu, 14 per cent Tutsi and 1 per cent Twa (US State Department, 1996)[4]. Given the importance of ethnic tensions and politics on Rwanda's economy, the country's political chronology between 1918 and 1994 is set out in the appendix.

Policy: From reforms and transformation to convergence and consensus

Tanzania: The Mwinyi transformation (1986–1995)

The early 1980s marked a watershed for Tanzania's economy. Living standards had declined to unprecedented levels in the country's relatively short postindependence history. President Nyerere may have been partly influenced by

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4. *EIU (2005: 17) notes that 'ethnic monitoring is illegal in Rwanda'.*

this in his decision to hand over power to his chosen successor, Ali Hassan Mwinyi in 1985. President Mwinyi wasted little time in grappling with the economic crisis by reorienting the country towards openness and the market.

In 1986, the first comprehensive economic recovery programme (ERP) refocused policies towards reducing the role of the state, while promoting an open, market-based economy. Revitalizing the export sector by eliminating price distortions and liberalizing imports was vital to improving the country's fiscal position and ultimately bringing economic recovery. A number of measures were introduced, including:

- introduction of multiple channels for marketing cash crops and allowing farmers to keep a higher portion of export sales revenue;

- restructuring marketing boards and improving their efficiency, including the replacement of some parastatals by cooperatives with some discretion to set producer prices (as Kanaan, 2000) describes, full liberalization of crop marketing did not occur until 1994 'when regulations were issued allowing private sector competition in the marketing and processing of cash crops');

- allowing non-traditional crop exporters to retain an increasing share of their export proceeds to finance their import requirements (1985), abolishing all export licensing and foreign exchange surrender requirements, (1994), and eliminating almost all export restrictions (1999) (Kanaan, 2000);

- rationalizing import tariffs and reducing the trade-weighted mean tariff rate from 35 per cent in 1986 to 23 per cent in 1988, and abolishing all administrative allocations of foreign exchange and import licensing (1993).

> *There were some unanticipated negative effects of trade reforms on government revenues. Tax revenue as a percent of GDP fell from about 22% in 1986 to less than 10% by 1993. Government become increasingly dependent on import taxes, whose contribution to total revenues doubled from 16% in 1985 to over 32% by 1996. The unanticipated effect of the trade and structural reform was to shrink the tax base as an 'easy-to-tax' public sector-dominated economy transformed into a 'hard-to-tax' private (and informal) sector dominated economy (IMF, 1999: 24-5, footnote 29).*

This unexpected negative impact on government revenues contributed to a slowdown in the pace of trade reform, including further reductions in import tariffs, until the tax administration issues could be addressed. In the early 1990s, the ERP also focused on macroeconomic stabilization by improving fiscal management and comprehensively reforming the public sector, including civil service reform and the privatization of parastatals. The pace of more general structural reforms also slowed down as Tanzania changed its constitution in 1992 to introduce multi-party politics, and in 1995, elected a new administration led by Benjamin Mkapa.

Tanzania: Mkapa administration - fiscal discipline and economic growth (1996-2005)

The major economic focus of the Mkapa administration was to reform tax administration to increase revenues and streamline the civil service. Cash budgeting and management constrained expenditures and tight monetary policies reduced inflation from 37 per cent in December 1994 to 12 per cent in 1998 and 4 per cent in 2004. The administration also attempted to make substantial changes

in the structure and efficiency of Tanzania's economy through privatization, the reform of Tanzania's tax administration, financial sector and trade policy reforms.

Privatization

In 1961, Tanzania had three government-owned firms, but this rose to 43 in 1966 as the government became involved in mining, electricity and manufacturing. After the 1967Arusha Declaration, the government's direct economic activity expanded rapidly in scale and scope.

> By 1988, 410 parastatals accounted for 20% of GDP and about two-thirds of employment in the formal industrial sector; their activity was largely controlled by sector ministries (IMF, 1999: 13, para 23).

However, the performance of the large parastatal sector did not live up to expectations and it became a major drain on Tanzania's economic resources.

> By the beginning of the 1980s, the large costs associated with the dominant role of the parastatal sector became apparent ... The average capacity utilization of parastatals was estimated at about 25% and net losses at 8% of GDP in 1988/89 (July-June). In 1991, only 43 out of 220 surveyed commercial parastatals were capable of generating revenues adequate to fully service their debts. As a result, government subsidies increased from 1% of GDP in 1985/86 to 4% of GDP in 1992/93, at the same time as the parastatals built up salary arrears and arrears to commercial banks and the treasury (IMF, 1999:13, para 24).

Given the significant economic burden of the parastatal sector, and in the context of structural adjustment, the government adopted a privatization strategy. To implement this strategy, the Parastatal Sector Reform Commission was formed in 1993. By 1998, 239 of the 400 entities earmarked at the beginning of the task, had been divested. Most were small and medium enterprises, and their sectoral composition was agriculture and agro-processing (33 per cent), manufacturing (31 per cent) and services (17 per cent). As a result of the privatization programme, there was a decline in budgetary transfers to parastatals from Tshs 20 billion (1993) to Tshs 7 billion (1998), while privatization receipts (net of costs and retrenchment) were Tshs 17.7 billion (1996), Tshs 12.7 billion (1997) and Tshs 6.5 billion (1998). By December 2004, 312 entities had been privatized and 499 non-core assets sold (Government of Tanzania, 2005: 41).

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Tax reform

The primary objective of the tax reform measures undertaken was simply to generate more revenue. The work involved budgetary measures and improving the tax administration system. From 1996, there were a number of tax measures in the budget process, but these were mixed in terms of their supporting the effort to generate more revenues. For example, sales tax was extended to cover more services, and excise and stamp duty taxes were raised, but a number of new exemptions were also introduced. In 1997-98, 16 explicit tax measures were introduced to boost revenues. The 1998-99 budget,

> ...included the single most far-reaching measure in Tanzania's tax reform program: the introduction of the VAT at 20% on mainland Tanzania as of July 1, 1998 replaced a cumbersome and inefficient set of sales taxes (IMF, 1999: 26, para 54).

With respect to tax administration, an important measure was the establishment of the Tanzania Revenue Authority as an executive agency on 1 July 1996.

Its objectives were to establish 'a sustained revenue base to enable Tanzania to finance its recurrent and development expenditure needs without being excessively dependent on external aid' and to develop a 'tax regime which is transparent, effective and conducive to unencumbered growth of private investment and international trade' (IMF, 1999: 25, para 52).

Despite these measures, and although the shilling amount collected increased from Tshs 133 billion in 1992 to Tshs 1.45 trillion in 2004, the tax revenue to GDP ratio has stubbornly remained in the 10-13 per cent range between 1992 and 2004. By way of comparison, Kenya's has consistently been above 20 per cent (IMF, 1999, 2004).

Financial sector reforms

In 1967, the eight foreign private banks operating in Tanzania were nationalized and combined to form the National Bank of Commerce. The government formed another four institutions with specific mandates operating under institution-specific legislation that provided for their operations and regulation. It also controlled interest rates and used the banks to direct credit to parastatals and cooperatives. Large non-performing loans accumulated as a result of a lack of attention to credit quality and adverse economic conditions.

In 1991, financial sector reform began with the liberalization of interest rates and the enactment of the new sector-wide Banking and Financial Institutions Act. The Bank of Tanzania was charged with the responsibility of licensing supervising and regulating the banking sector, and the Bank of Tanzania Act 1995 further strengthened its authority.

From six deposit-taking public banks in 1991, the reforms have attracted new entrants and the sector expanded dramatically so that by 2003, there were 21 banks and nine non-banking financial institutions. In other areas of the financial sector there are four pension funds, 14 insurance companies, 63 bureaux de change, about 650 functioning savings and credit cooperatives, several hundred micro-finance institutions and a stock exchange (IMF, 2003, 2004: 7).

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Kenya: Structural adjustment (1980-1990s)[5]

In the 1980s and 1990s, government policy struggled to reignite growth by liberalizing the trade, exchange, investment and financial regimes and privatizing some public firms. Starting in the 1980s, Kenya embarked on a wide-ranging structural adjustment programme in a bid to transform its economy by removing or reducing the controls imposed during the 1970s. Mwega and Ndun'gu (2002) distinguish between 'market reforms started in the 1980s geared towards enhancing competition in the economy ... and institutional reforms [which] were a phenomenon of the 1990s (Mwega and Ndung'u, 2002: 35).

External trade liberalization saw an increase in the value of goods that could be imported without any restrictions rise from 24 to 48 per cent of the total value of imported items. The mean tariff was also reduced by 8 per cent between 1980 and 1985. By 1992, imports requiring licensing were restricted to health, security and environmental grounds.

The foreign exchange market, which had been a 'severely controlled' fixed regime prior to 1982, was changed to a crawling peg regime before the Kenya

5. This section draws significantly on Mwega and Ndungu'u (2002).

shilling was fully floated in 1992. Whereas the domestic prices for manufactured and agricultural goods had been controlled in the 1970s, this system was dismantled so that by 1995, prices for all commodities had been liberalized, followed by the petroleum and pharmaceutical industries as well as the maize market.

Financial sector reforms were aimed in part at removing distortions in the credit market and strengthening the central bank's inspection and regulatory role. As interest rates were liberalized, credit tightened and bank scrutiny enhanced, in 1986 and again in 1998, several banks and financial institutions faced serious liquidity problems and some had to be put under statutory management. The government's efforts to control inflation through a combination of tight monetary policy and increases in cash ratio requirements for commercial banks starved the productive sectors of credit, contributing to the slower pace of economic growth.

The two major institutional reforms initiatives focused on public enterprise and public service reform. The parastatal reforms were aimed at reducing the state's equity stake in over 250 enterprises. In 1991, 207 public enterprises had been chosen for divestiture, but 33 were to remain under government control as strategic investments. By 2001, 168 of the 207 had been divested, but major progress on crucial infrastructure-related organizations - ports, railways, posts and telecoms and power - was much slower. Only in 2006 was there partial privatization of Kenya's electricity generator (Kengen) through a hugely oversubscribed initial public offering in Nairobi, and a concessioning of the Kenya (and Uganda) Railways to a foreign operator. Public service reform was initiated in 1992, aiming to reduce the 272 000 civil servants at an annual rate of 6 per cent for five years. However, apart from the reduction to 248,057 through voluntary early retirement no other significant developments had taken place by 2002.

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However, these market and institutional reform policies suffered from erratic implementation, mixed policy signals and growing governance difficulties. Uncertain economic management led to volatile price signals. Interest rates rose sharply and encouraged speculative capital flows. In addition, the tight monetary policy stifled private sector response, which was also not helped in the 1990s by worsening perceptions of policy and politically induced risks.

Uganda

The Museveni government faced some key macroeconomic constraints in 1986. Reforms in Uganda were aimed at two broad objectives: macroeconomic stabilization and market-based policy reforms (Jebuni, Musinguzi and Stryker, 2004). At the time, there was an urgent need for promoting long-term growth through substantial investments in physical assets and infrastructure. A consultative meeting in 1989 emphasized the need to deregulate and open Uganda to trade and to market forces. This marked an important step for macroeconomic reforms in two ways. First, the open dialogue that was pursued on key reform measures moved ownership of policies from the government to domestic actors, albeit with some form of significant participation by external actors. Second, as a result of the liberal policies that were being implemented at the time, the late 1980s and early 1990s marked a gradual shift from the inward-looking policies of the 1980s to a more market-based economy. Uganda's liberalization in the late 1980s led to a shift from farm and agricultural activities to trade and manufacturing.

Promoting the private sector

The Uganda government continues to support private sector growth. The guiding document for private sector development has been the medium-term competitive strategy for the private sector 2000-2005. Its four main pillars are infrastructure provision, the financial sector, the commercial justice sector and export promotion. Major reforms have taken place in the selected sectors. Reforms began in telecommunications by the breaking up of the former Uganda Posts and Telecommunications Corporation, which gave rise to an industry regulator, a telecommunications company and a separate company to deal with postal services. A separate postal bank was also set up to cater for the rural saving population, while radio and television broadcasting were liberalized in 1996. In the financial sector, reforms begun in 1993 when the government launched a financial sector reform programme aimed restructuring weak banks, closing insolvent ones, and strengthening bank supervision under the Bank of Uganda. In the later period, financial sector reforms suffered a setback when the privatization of the Uganda Commercial Bank had to be reversed because of alleged irregularities in the sale process. The sale was subsequently completed when it was acquired by Stanbic, a South African bank.

Uganda's trade and investment policies

After experimenting with export taxes, Uganda scrapped a tax on coffee exports and abolished commodity monopolies and boards in the early 1990s. This was in response to evidence that export taxes were dampening gains from commodity exports and inducing smuggling, particularly of coffee. During the 1990s, Uganda also substantially reduced its tariffs on imports.

The Uganda Investment Authority was set up in 1991 and Uganda's Investment Code Act 1991 replaced the Foreign Investment Act 1977 and the Industrial Licensing Act 1969. However, it was later realized that the enactment of new tax codes contained many exemptions that undermined competition and the tax base. This was addressed by a gradual removal of these exemptions and the introduction of ad valorem taxes (MacKinnon and Reinikka, 2002).

Rwanda

Rwanda pursued 'financial prudence' in the 1960s and 1970s, which, coupled with generous aid and favourable terms of trade, resulted in steady growth in per capita income and low inflation rates. The economy grew by 6.5 per cent annually between 1973 and 1980. However, from 1980 to 1985, growth slowed to less than 3 per cent per annum and stagnated from 1986 to 1990, partly due to the sharp decline in the price of coffee, Rwanda's main export.

In 1990, the government devalued the currency and removed price controls, which were two key measures of an IMF structural adjustment programme. 'The consequences on salaries and purchasing power were rapid and dramatic. This crisis particularly affected the educated elites, most of who were employed in civil service or in state-owned enterprises' (US State Department, 1996: 17). Civil war broke out in 1990, and the ensuing peace process, which collapsed into the genocide in 1994, interrupted the economic policy reform programme.

Rwanda's post-1994 economic policy framework has focused on restoring macroeconomic stability and creating the conditions for a rapid growth rate.

Rwanda signed a three-year enhanced structural adjustment facility with the IMF in June 1998, which was later converted into a poverty

reduction and growth facility (PRGF) worth about US$93m. This funding is mainly used for balance-of-payments support. Rwanda's performance under the PRGF has, until recently, been judged satisfactory by the IMF, and in October 2001, after completing its annual review of the programme, the Fund released a further disbursement, bringing total disbursements under the PRGF to US$67m. The PRGF expired in April 2002, with a replacement finalized in June 2003 following talks that had begun in January 2002. The talks were prolonged, as the IMF and the Rwandan government differed on the fiscal implications, with the government pushing for greater spending and to be allowed to run a substantial fiscal deficit (in the order of 10% of GDP), while the Fund has been keen to restore greater fiscal discipline (EIU, 2005: 23).

Rwanda's current economic policy framework closely follows the standard World Bank and IMF model (EIU, 2005). It involves first, trade liberalization measures, which have seen mean import tariffs fall to 11 per cent in 2002 from 17.5 per cent in 1998. Rwanda joined the Common Market for Eastern and Southern Africa (COMESA) in January 2004, which has meant zero-rating all imports from COMESA member states.

A second major component of the economic policy model was privatization, which started in 1996. By December 2004, a large number of privatization transactions had been completed[6]. These included:

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- *agriculture and agro-industry*: tea factories (two), coffee washing stations and fisheries (three each), livestock firms (four, including one to a Red Cross street children project), and eight other agro-processing firms, including the Kabuye Sugar Office, which was sold to Uganda's Madhvani Group in 1997;

- *hotels and tourism*: seven properties, including a management contract for two hotels signed with Southern Sun (Intercontinental Hotels) in 2003;

- *industry*: five operations sold, including a majority stake in cigarette-maker Tabarwanda, which was sold for US$1.5 million to Tabacofina-VanderElst in September 2001;

- *mining, energy and services*: five firms, including Electrogaz, which is being operated under a management contract with Lahmeyer International;

- *financial sector*: in August 2004, 80 per cent of Banque Commercial du Rwanda was sold for $6.05 million to the UK-based CDC Group and 80 per cent of BACAR was sold for US$3.76 million to a consortium comprising of FINA Bank Ltd and Botswana-based Enterprise Holdings Ltd.

The biggest privatization in 2005 was the sale of 99 per cent of Rwandatel for US$20 million to Jersey-based Terracom Communications in June (EIU, 2005). Other privatization transactions in 2005 included the sale of several tea and rice factories, a pharmaceutical laboratory, a printing school, a hotel and an export-import business. Rwanda is also keen to attract foreign direct investment and the privatization process has assisted in generating external investor interest in the country. The EIU notes that:

The main foreign investors in Rwanda since 1994 have been South African, and have been assisted by strong diplomatic relations

6. See http://www.privatisation.gov.rw/eng/indexe.htm (accessed 11 November 2005).

between the two countries. Some companies, such as the mobile-phone giant MTN, have prospered, while others, such as the fuel company Engen, which left the country suddenly in 2001, after just a three-year presence, have found the operating environment hostile (EIU, 2005: 23).

ECONOMIC PERFORMANCE (1985-2006)

Macroeconomic growth

Tanzania

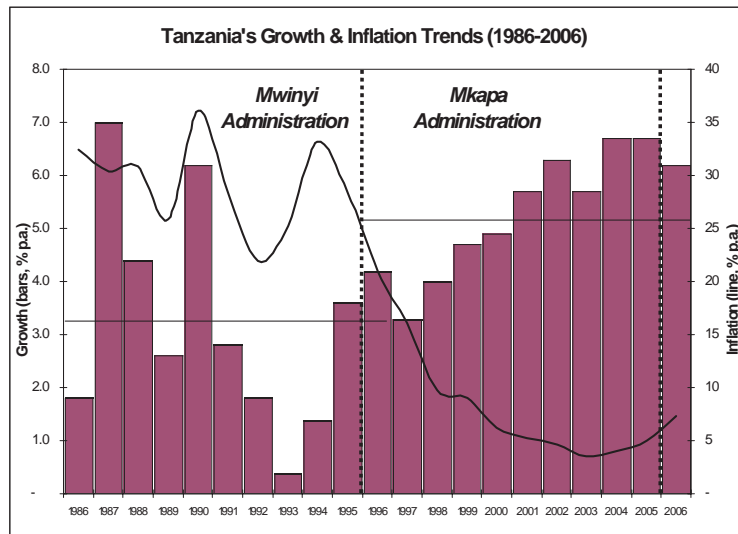The economic growth outcome of the past two decades of reform is summarized in Figure 2.

Figure 2. Trends in Tanzania's GDP growth and inflation (1986-2006)

It highlights the striking contrast between the volatility in annual economic growth performance and inflation rates during the early years of reform under the Mwinyi administration and the steady improvement of macroeconomic fundamentals under the Mkapa administration. During the Mwinyi decade, the economy showed a mean annual growth of 3.2 per cent, increasing to 5.0 per cent during the Mkapa decade. Mean annual inflation fell from 30 per cent under Mwinyi to 8.8 per cent under Mkapa. Tanzania's economic growth rate was above 6.7 per cent in 2004 and 2005 but slipped to 6.2 per cent in 2006. Inflation was also contained below 4.5 per cent in 2003 and 2005, before increasing to 5.0 per cent in 2006.

Kenya

Prior to the first multi-party elections in 1992, Kenya's economy had been growing at a respectable mean annual rate of 4.1 per cent from 1984 to 1991, with a mean inflation rate of 11.7 per cent during that period (see Figure 3).
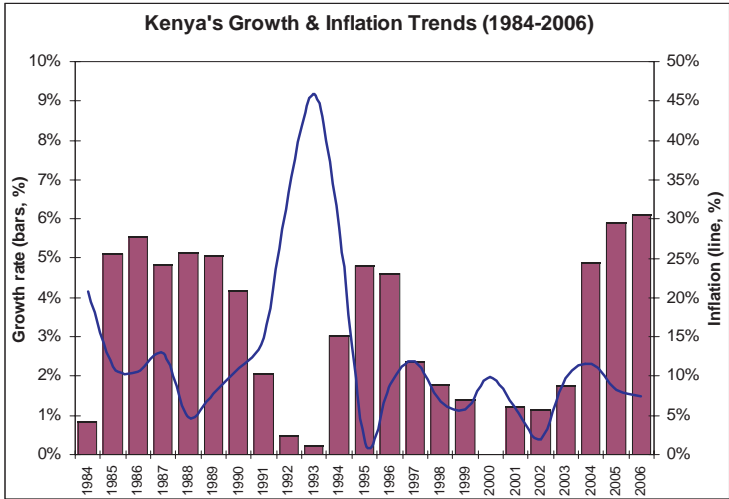
Figure 3. Trends in Kenya's GDP growth and inflation (1984-2006)

The economic growth rate declined in 1991, probably due to the charged atmosphere in the country as politicians, in both the ruling and opposition camps, jockeyed fiercely for the resources with which to ensure victory in the 1992 elections. Mean annual growth has remained below 2 per cent between 1992 and 2003, with signs of recovery appearing from 2004 (4.9 per cent) to 2006 (5.5 per cent). Inflation peaked at over 45 per cent in 1993, fluctuating around a mean annual rate of almost 15 per cent between 1993 and 2003, but it too has eased, falling to 10 per cent in 2006.

Uganda

Uganda started with two years of negative economic growth (-3.0 per cent) in 1984 and 1985. The economy grew at a mean annual rate of almost 6.0 per cent for the next decade (1986-96), during which time inflation was brought under control, from over 200 per cent in 1987 to 6.2 per cent in 1996 (see Figure 4). The economy

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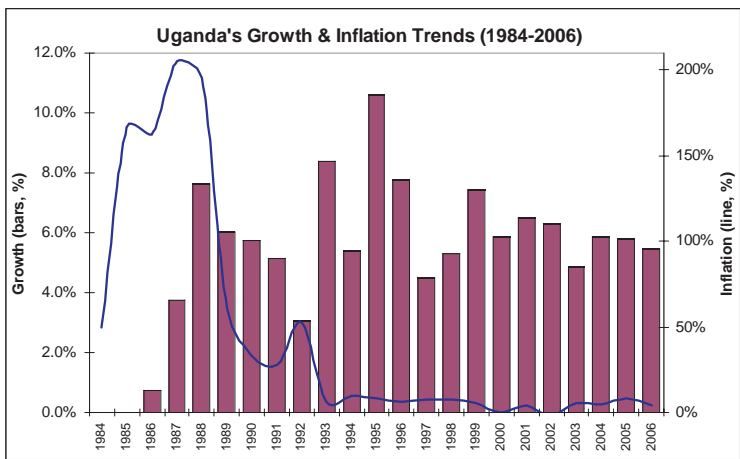
Figure4. Trends in Uganda's GDP growth and inflation (1984-2006)

remained robust through to 2003 (annual average growth rate of 5.8 per cent), and inflation dropped to 4.2 per cent in the latest decade. However, between 2004 and 2006, the economy's growth rate has slowed somewhat from 5.9 per cent to 5.5 per cent, while inflation has remained fairly modest at between 5.0 per cent to 4.5 per cent.

Rwanda

Economic performance in Rwanda is punctuated by the 1994 genocide. Between 1984 and 1993, a decade that produced four years of negative growth (1984, 1990, 1991 and 1993) and two years of zero growth (1987 and 1989), the economy showed a mean annual growth of 0.3 per cent (see Figure 5). In 1994, the economy shrank by 50 per cent. In 1995, it rebounded with a strong growth of 35 per cent, and has been in good positive territory since then, growing by an annual average of 7.8 per cent (excluding the huge increase in 1995). Inflation was approximately 8 per cent in the decade prior to the genocide, and it has fallen to an average of 6 per cent during the recovery period (1996-2006). Rwanda's economy grew by 4 per cent in 2004 and 5 per cent in 2005 (EIU, 2005). It was forecast to accelerate further to 6.2 per cent in 2006. Inflation increased to over 12 per cent in 2004 as a result of rising food and fuel prices, before easing to 9.1 per cent in 2005 (Ministry of Economy and Finance, 2006).
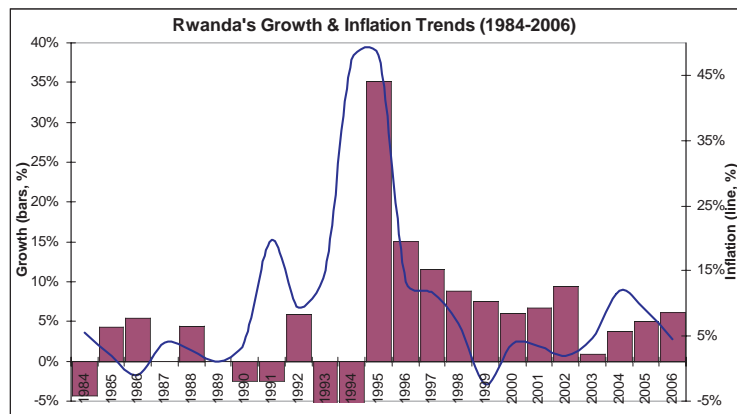
Figure 5: Trends in Rwanda's GDP growth and inflation (1984-2006)

Structural change in the East African economies

All sectors of Tanzania's economy have grown since 1988, but at differing rates. The industrial sector leads the way, growing from 1.6 per cent in 1988-93 to 7.8 per cent in 1998-2003, driven primarily by mining, which expanded by almost 14 per cent in the most recent five years under consideration. The construction subsector was also brisk, partly reflecting public investment in infrastructure, and the construction of residential and commercial real estate. Despite this, however, the overall share of the industrial sector in Tanzania's total GDP shrank, as many of the public enterprises that dominated it stagnated, closed down and were privatized. The recent mining-driven growth, the post-privatization revival of a number of factories and foreign investment in manufacturing may reverse this trend. Tanzania's service sector saw its annual growth rate increase from 2.3 per cent to 5.7 per cent between 1988-93 and 1999-2003. The trade and tourism subsector was the most dynamic (6.5 per cent mean annual growth in 1998-2003) followed by transport and communications (5.9 per cent) and financial and business services

(4.3 per cent). The agricultural sector registered slightly less impressive growth during the period, going from 3.4 per cent to 4.4 per cent and contributing 2.1 per cent to GDP growth in 1998-2003. Within agriculture, fishing was the fastest growing activity as it responded to the robust demand in the export markets. However, despite the different sectoral performance, the underlying structure of Tanzania's economy has not seen fundamental change. Tanzania remains an agricultural country, with this sector accounting for more than 43 per cent of Tanzania's economy, while industry and the service sector represent 18 per cent and 38 per cent respectively (Government of Tanzania, 2005).

Kenya's economy seems to have followed the pattern of many developing economies, with growth leading to structural transformation manifested by industry and service sectors contributing a greater share of GDP, while the agricultural sector shows a corresponding reduction in share. Due to its dependence on rain, domestic policy and administrative constraints, and the fluctuations in international commodity prices, the performance of Kenya's agricultural sector has been variable, and its share of GDP has declined from 37 per cent in 1980 to 30 per cent in 2003. It continues to exhibit mixed performance, with horticulture and fishing demonstrating strong growth and good returns, while the traditional cash crop sector (comprising coffee, tea, sugar) continues to struggle. Industry's contribution to Kenya's GDP shrank modestly to 15 per cent in 2003 from 17 per cent in 1980. This may reflect unfavourable domestic policy and market constraints, and a tough external environment that stifled overall industrial growth. However, the manufacturing and construction subsectors have recently demonstrated good growth, helping to drive overall GDP growth to 4.3 per cent in 2004. The service sector increased its share of GDP from 47 per cent in 1980 to 55 per cent in 2003. Strong growth has been registered recently in trade, hotels and restaurants, finance, real estate and business, financial services, and the households sector.

Uganda's economy seems to have experienced significant transformation during the last 25 years. Agriculture's contribution to GDP fell from over 60 per cent in 1980 to 41 per cent in 2003 (African Development Bank, 2005) and further to 36.3 per cent in 2004 (Uganda Ministry of Finance, Planning and Economic Development, 2005). However, the sector's annual growth rate has also declined from an annual mean of 3.4 per cent in 1995-2000 to 2.9 per cent between 2000 and 2005. As with the other regional countries, the sector's performance is variable and hinges strongly on rainfall, the prevalence of disease and pests for major cash and food crops, and prevailing commodity prices for export crops. Uganda's industrial sector has increased its share of GDP from 11 per cent in 1980 to 20 per cent in 2005. During 2000 and 2005, construction, manufacturing (sugar, edible oil soft drinks, cotton ginning, cement and roofing) and utilities (electricity) had strong years and drove the growth of the sector. Construction has registered double-digit growth since 2001. Between 1980 and 2005, the service sector increased its share of GDP from 29 per cent to 43 per cent. During the last five years, transport and communications (mobile phones) services grew by an annual mean of over 15 per cent, and the tourism subsector by over 12 per cent. The attraction of Uganda's education sector to East Africans has led to a modest but steady (6.6 per cent) growth rate in 2005.

Rwanda's economy remains agricultural. Between 1980 and 1990, agriculture's share of Rwanda's GDP declined from 40 per cent to 34 per cent, but it has reclaimed its prominence during the last decade, accounting for over 45 per cent of the economy in 2003. This sector has underperformed recently. It shrank by 4 per cent in 2003 as food and export crop production fell (by 20 per cent in the case of export crops), and the sector as a whole was not expected to grow in 2004.

Industry's share fell from 26 per cent in 1980 to 19 per cent by 2003. Manufacturing's contribution fell by more than half from 17 per cent in 1990 to 8 per cent in 2004. Over 80 per cent of manufacturing activity is in agro-processing. While competition from regional manufacturers may be behind this decline, an erratic power supply in 2004 did not help. This raised manufacturing costs as firms had to use diesel generators at a time when global oil prices were rising to unprecedented levels. Construction posted a strong 15 per cent growth in 2003, but this was expected to have slowed to 7.5 per cent in 2004 following the completion of two major hotels. Rwanda's service sector contribution grew from 34 per cent in 1980 to 36 per cent of GDP in 2003. In 2003, the sector grew by 4.7 per cent, driven by top performance in the finance and business services subsector. Growth in 2004 was projected to remain strong at 7.9 per cent, again due to a doubling of the growth rate in the financial and business service sector.

The abovementioned developments are summarized in Figure 6.

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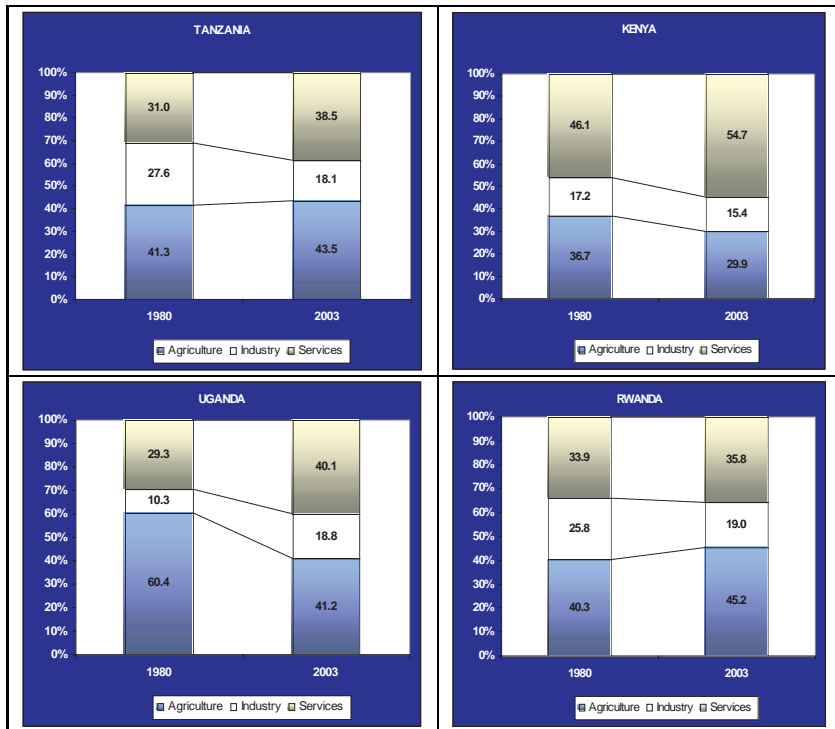
Figure 6 Structural Change of East Africa's Economies (1980 and 2003)

While there are some signs of the beginnings of structural transformation, these seem to be rather weak. With the exception of Uganda, the share of industry in East Africa's economies has declined, which does not bode well for a regional industrialization strategy. In all four countries, the service sector has seen significant growth, driven by transport and telecommunications, tourism and business services. Agriculture remains the mainstay for all four countries, even Kenya, where it still accounts for almost one-third of the economy.

Exchange and interest rates

From Figure 7, one can note the differences between the countries in terms of the movements in the exchange rate and interest rates. Uganda's volatility is immediately noticeable, as the country's exchange rate went from 1.54 Ush/US$ to over 1900 Ush/US$ during the period 1980-2003. Tanzania has also seen its currency depreciate fairly strongly to over Tsh 1000/US$in 2003 from Tshs 11.14 in 1983. The Kenyan and Rwandan exchange rates have taken a much more stable route to devaluation.

The deposit rate has been rather variable between 1980 and 2003, again with Uganda leading the jump from 7 per cent to over 35 per cent in twelve years, before settling down to 11 per cent within four years of its peak. Tanzania and Kenya had fairly robust increases in rates in the 1980s and early 1990s. However, by 1996-98, as fiscal discipline and macroeconomic stability were being pursued, deposit rates fell again in all four countries.
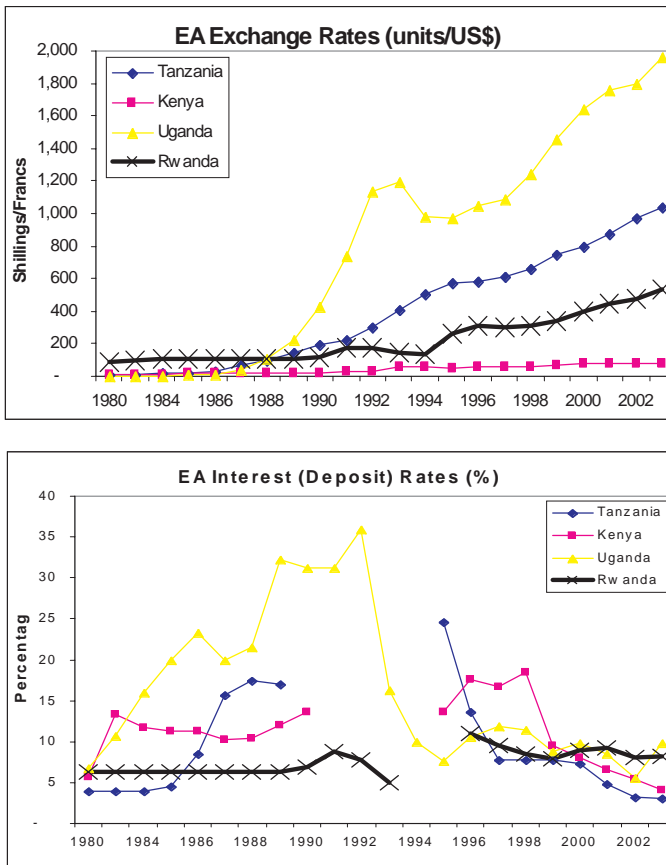
Figure 7 East Africa's Exchange and interest rates (1980 - 2003)

Trade and foreign direct investment

Tanzania

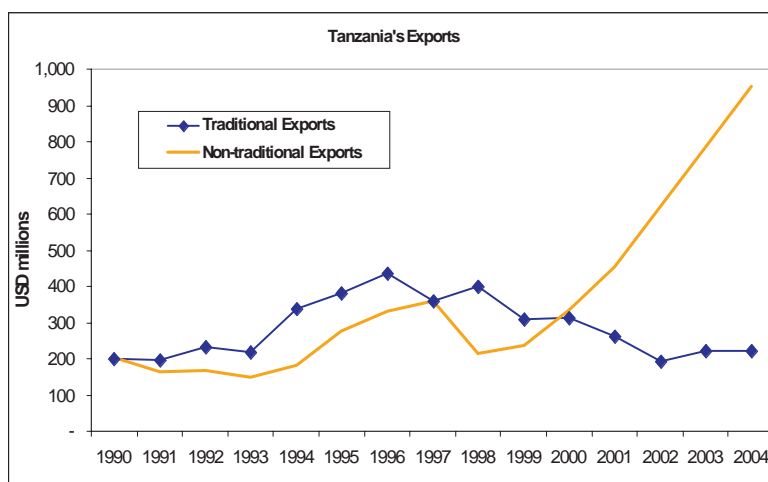Tanzania's exports grew from US$400 million in 1990 to US$1.17 billion in 2004 (Figure 8).

Figure 8

It is worth noting the significant growth in nontraditional exports made up primarily of minerals, manufactures and fisheries products. In 1990, the split between traditional agricultural commodity exports (cotton, tobacco, tea, sisal, cashew nuts) and nontraditional exports was even. By 2004, the latter accounted for 89 per cent of total exports. Of that, minerals and primarily gold, comprised 65 per cent. While Tanzania's exports have diversified in terms of products, they are showing an increasing reliance on receipts from mineral exports. Such a concentration risks leaving exports and overall economic performance vulnerable to any future negative commodity price shocks.

Tanzania's imports grew from US$1.36 billion in 1990 to US$2.3 billion by 2004. Consumer goods imports show a steady increase from US$213 million in 1990 to US$633 million, reflecting the growing demand as incomes have increased. Imports of capital goods (transport and equipment, construction and machinery) rose to support public and private investment in infrastructure and real estate. Imports of intermediate goods (two-thirds of which is oil and the balance mostly industrial raw materials) were erratic, but seem to have settled into a growth pattern since 1998, in line with the strong performance of the industrial sector mentioned previously.

Tanzania's largest export markets are in Europe, accounting for over 55 per cent of exports in 1990, dipping to a low of 29 per cent in 1997 and rebounding to 56.7 per cent in 2003. India comes next, accounting for 6.7 per cent of Tanzania's exports, a share that peaked at 20.4 per cent in 1999 before falling again to 6.2 per cent in 2003. Japan became Tanzania's second largest single market in 2002 when it accounted for almost 11 per cent of exports. Tanzania's trade with the EAC is fairly limited. In the recent past (1995-2002), only 5 per cent of its exports went to

the EAC member states of Kenya and Uganda, while only 7 per cent of its imports came from these countries.

Kenya and Uganda

A large proportion of Kenya's exports go to other EAC countries. In 2002 about 22.7 per cent of Kenya's total exports went to the EAC market in contrast to Tanzania's 9.9 per cent and Uganda's 2.2 per cent. Close to half of Uganda's total imports came from within the EAC (48.4 per cent in 2002) compared with just 1.4 per cent in Kenya. Between 1998 and 2005, both Kenya's and Uganda's trade balance positions have been in annual deficit of US$1,579 million and US$741 million respectively. Uganda's worsening trade position (a deterioration of US$556 million in 1998 to US$1,241 million in 2005) has been attributed to poor terms of trade, a narrow export base and the export of raw materials or unprocessed goods.

Approximately 38 per cent of Kenya's African exports were to Uganda, and about 19 per cent to Tanzania. Kenya maintains a trade surplus with all East African economies. As Figures 9-11 show, Uganda remains Kenya's most important regional export market. It is followed by Tanzania then Rwanda. Kenya's trade surplus with Uganda has averaged US$385 million annually between 1998 and 2005.
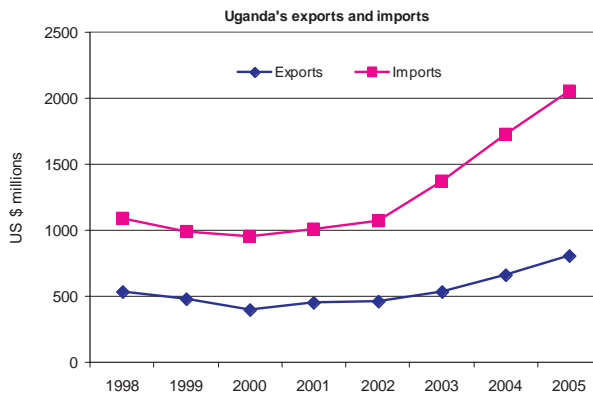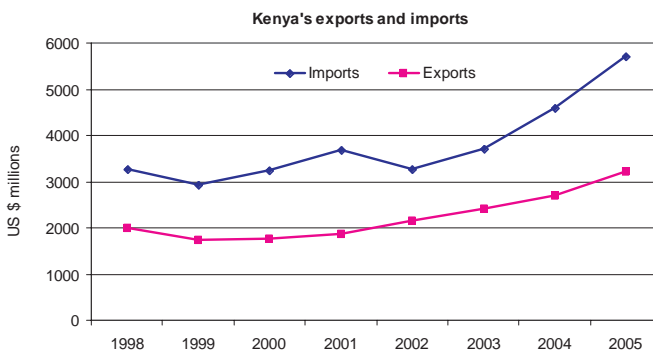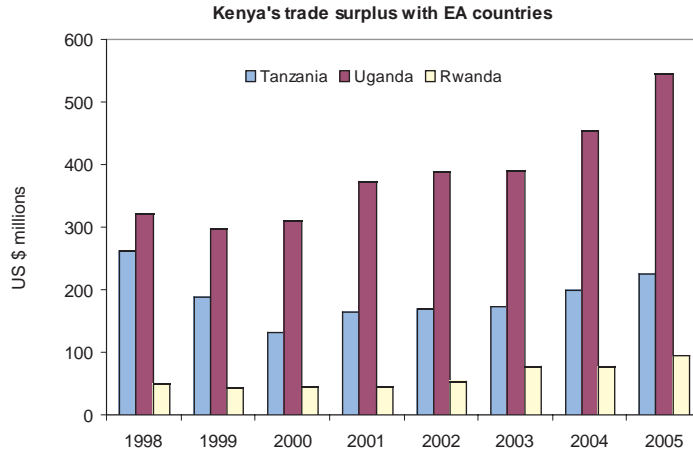
Figure 9

Source: Central Bureau of Statistics

Figure 10

Kenya's trade surplus with EA countries

Source: Central Bureau of Statistics

Figure 11

Kenya is also the highest export market for Uganda, although it exports proportionately less to Kenya than it imports from her. Interestingly, Figure 12 shows that Uganda exports much more to Rwanda than to Tanzania. Over the period 1998-2005, average exports from Uganda to Rwanda and Tanzania were US$18.1 million and US$7.9 million respectively.

Kenya exports mainly manufactured goods to Uganda. In 2001, 53 per cent of Kenya's exports to Uganda were made up of manufactured goods and 26 per cent were petroleum products. In the same year, 65 per cent of Ugandan exports to Kenya were made up of food products, 13 per cent was energy (electricity) and just 3.3 per cent was manufactured goods (Castro, Kraus and Rocha, 2004). In terms of external markets, half of the region's exports in 2001 went to industrialized countries, mainly the EU, USA and Japan. Uganda is very dependent on these three markets as they account for more than 75 per cent of its exports, compared with Kenya's 41.9 per cent.
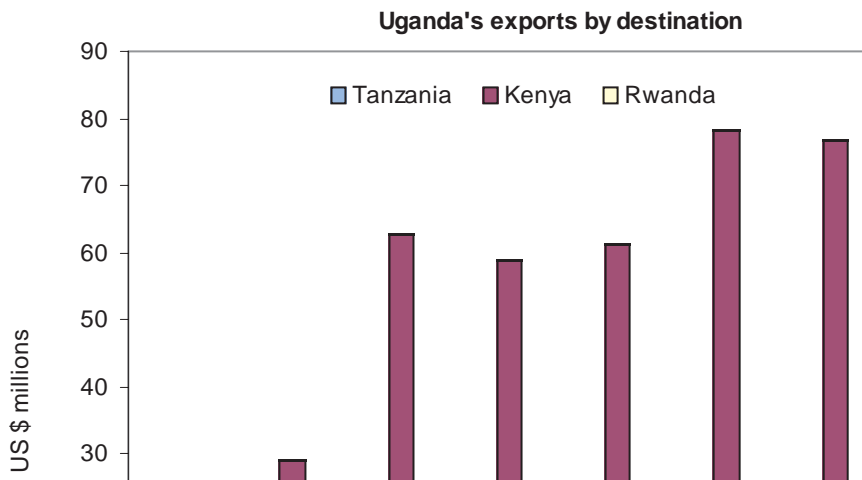
Uganda's exports by destination

Figure 12

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Rwanda

Rwanda's total exports have fallen from US$121 million in 1980 to US$98 million in 2004, although this latest figure was a major improvement from the $63 million achieved in 1999 and 2003 (Figure 13). The share of traditional commodities (tea and coffee) has been declining from approximately 80 per cent of total exports in 1998 to 55 per cent in 2004. The growth in the share of nontraditional exports from 7 per cent to 30 per cent has been driven by mineral products, such as cassiterite and coltan, both of which are found in Rwanda.

> Because of its increasing application in a range of high-tech products, global interest in cassiterite began picking up in 2003, and in 2004 there was a dramatic 60% annual increase in its international price (EIU, 2005: 29).

Strong demand from China also helped boost the mineral's export. The spike in 2001 was due to the export of US$44.5 million worth of coltan in a year when international prices reached an all-time high of US$120/lb and coltan smuggled from Democratic Republic of Congo (DRC) found its way into international markets through Rwanda. However, the price subsequently crashed to $15/lb in 2004 and Rwanda's coltan exports fell to just $4.5 million (EIU, 2005). Therefore, despite the signs of increasing diversification, Rwanda's export performance remains very vulnerable to the volatility of international commodity prices.
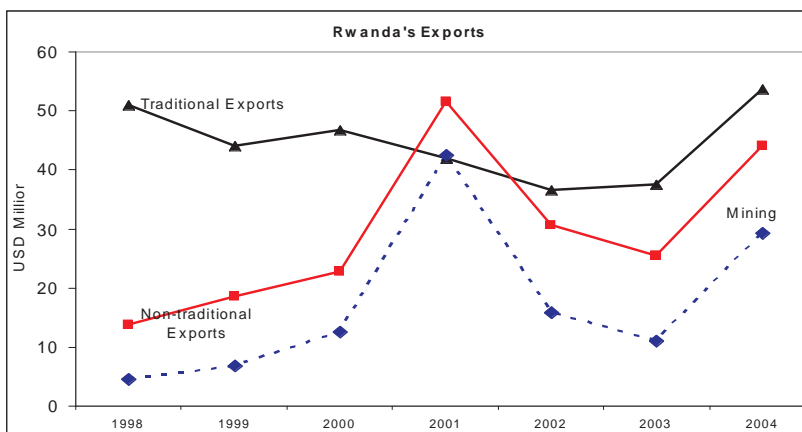
Source: Banque National du Rwanda, 2005

Figure 13

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Rwanda's imports have grown from US$262 million in 1980 to $343 million in 2004 (Figure 14). The trend shows a decline in imports of intermediate and capital goods, reflecting weakness in the country's industrial sector as competition from foreign suppliers has increased, and recent power problems have constrained manufacturers. Consumer goods accounted for 43-53 per cent of total imports in 1998. Food imports are an important component of consumer imports, and these grew by 53 per cent in 2004 compared with 2003 due to poor harvests following bad weather. The value of fuel imports (energy and lubricants) has been rising, driven primarily by oil price increases. Rwanda's landlocked location adds around 20-30 per cent to its annual import bill in the form of freight and insurance costs. The country's ability to finance its imports has experienced a serious decline since the 1980s, when the value of exports was almost 50 per cent of its import bill. In 2004, Rwanda's exports covered just 23 per cent of its imports.
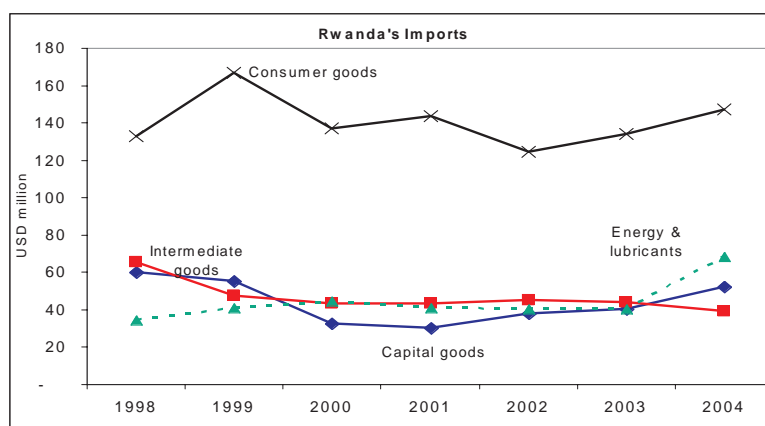
Source: Banque National du Rwanda, 2005

Figure 14

In terms of trading partners, Rwanda's most important export destination in 2003 was Indonesia, while Kenya was its major source of imports (EIU, 2005). South Africa and Uganda are the other African countries that feature in Rwanda's top five trading partners.

Foreign direct investment

Tanzania

Tanzania has enjoyed a significant increase in foreign direct investment (FDI) since 1986. UNCTAD's latest report estimates that FDI flows into Tanzania increased from an annual mean of $0.3 million (1986-90) to $260.4 million in 1996-2000. FDI flows peaked at between $442 million and $467 million in 2001[7], before slowing to $248 million by 2003 (UNCTAD, 2004: 18, Table II.4). In his report on the economy to Tanzania's Parliament in June 2005, the Minister for Planning and Privatization noted that 'the value of foreign direct investment increased from $247.8 million in 2003 to $260.2 million in 2004', maintaining the fairly robust pace of FDI into Tanzania (Government of Tanzania, 2005: 44, para 73).

In terms of origin, Europe, with 38 per cent, had the largest share of FDI stock by 2001, while the USA and Australia together accounted for 19 per cent. Investments from non-EAC and non-SADC Africa, combined with other countries accounted for 21 per cent of FDI, and the remaining 22 per cent was made up from EAC and SADC countries. It is interesting to note the three-fold increase in FDI from the Southern African Development Community (mainly South Africa) between 1998 and 2001, which saw its share grow from 7.7 per cent to 18.1 per cent. The East African countries accounted for 3.4 per cent, which was unchanged from 1998 (Kweka and Mboya, 2004).

Investment into Tanzania was attracted primarily into mining and quarrying, manufacturing, trade and tourism, agriculture, transport and communications. In 1998, these sectors accounted for almost 83 per cent of the stock of FDI, a share that increased slightly to 85 per cent by 2001. FDI grew fastest in the transport and

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7. EIU (2004: 36) mentions a peak of $517 million in 1999.

communications sector (which expanded almost six-fold). Investment in agriculture, trade and tourism, and mining also expanded by over 60 per cent.

An interesting picture emerges when FDI is decomposed into its destinations within Tanzania. While the share of FDI going into Dar es Salaam increased from 40 per cent to 53 per cent, the other regions, except Shinyanga (due to increasing mining activity there) saw their share of FDI decline. In Mwanza's case, it almost halved, falling from 20 per cent to 13 per cent. Overall, these five regions accounted for 87 per cent of the FDI stock in 2001. Launching the 2005 World Investment Report, the chief executive officer of the Tanzania Investment Centre updated the statistics on the origin of investment into Tanzania since 2000.

> Statistics he presented at the launch put the UK at the top of countries investing in Tanzania with 474 projects that have created 224 975 jobs. The UK is followed by India then Holland and South Africa, which have jointly created 14 674, 5691 and 13 011 jobs respectively. Next is Kenya with 190 projects that have employed 33 011 people. The other major investors in the country [are] the US, China, Canada, Germany, Italy, Switzerland and Sweden (The Citizen, 2005a).

Uganda

Investment in the postconflict period was discouraged by institutional and political stability risks. Between 1985 and 1995, an average of US$30 million in FDI was received by Uganda annually (UNCTAD, 2005a). In the post-1992 period, assets were gradually being restored to an ethnic emigrant minority, a process that was politically difficult, but important in the process of restoring confidence in Uganda's property rights regime. Private investments as a share of GDP increased from 5.6 per cent in 1994 to 9.1 per cent in 1995. The total number of domestic and foreign investment projects increased from 12 in 1991 to 554 in 1995, and the value of actual investments jumped from US$25 million to US$285 million during the same period[8]. By 1997, it was estimated that about 17 per cent of the capital held outside Uganda had returned to the country, but this still left a significant amount abroad. However, during the latter half of the past decade, Uganda saw FDI flows increase from US$185 million in 2002 to US$285 million in 2005. Uganda's stock of foreign investments had more than doubled from US$0.8 billion in 2000 to US$1.83 billion in 2005 (UNCTAD, 2006a).

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Major sources of FDI into Uganda were the UK, Canada, India and Kenya. Some of the early investment was done by returning Asians who were previously expelled from Uganda by Idi Amin in the 1970s. The sectors of manufacturing, real estate, transport, communications and storage have attracted the largest share of Uganda's FDI. UNCTAD also reports that:

> [the] manufacturing sector has attracted the largest share of planned investment in Uganda, with investment being concentrated in beverages, sugar, textiles, cement, footwear, packaging, plastics and food-processing for the local market. Investment in agriculture is mainly in coffee, tea and cotton plantations (UNCTAD, 2005b: 18).

Kenya

Kenya experienced a rapid increase in FDI in the late 1970s, with investments peaking at about US$80 million in 1979-80. However, FDI fell to about US$22 million

8. See Obwona, Marios B. (1998) 'Determinants of FDI and their impact on economic growth in Uganda', http://www.idrc.ca/uploads/user-S/10330689810WP_Obwona_1998-1.pdf (accessed 14 December 2006).

annually in the 1980s and US$26 million in the 1990s as Kenya carried out its Structural Adjustment Programme. In the early 1990s, investments were mainly driven by the privatization process. In the mid-1990s, investment flows fell to negligible levels mainly because the economy was volatile and an uncertain political and business climate adversely affected Kenya as an investment destination. During the 1990s, Kenya was becoming an important investor in the region. UNCTAD (2006b) also reports a modest recovery between 2000 and 2005 to an annual mean of US$49 million in FDI (although this masks wide swings between the US$111 received in 2000 and the US$5.3 million received in 2001).

Power generation, tourism, agriculture and agro-processing are the leading recipients of Kenya's FDI. Hotels and tour operations have attracted FDI in tourism, while horticulture (flowers and vegetables) has dominated FDI in the agricultural sector. In financial services and consulting, there is also a significant amount of foreign participation. FDI to Kenya comes mainly from the UK, USA and Germany. The UK has significant investments in the country in financial services and printing, the US in manufacturing and banking, and Germany in chemicals production. South Africa has been a more recent but increasingly important investor, especially in the fast food industry.

Rwanda

Foreign direct investment flows into Rwanda have been fairly modest. UNCTAD data show the FDI stock rising from US$54 million in 1980 to US$279 million in 2004. Annual FDI inflows were $16 million in 1980, but do not seem to have returned to those levels yet. Between 2000 and 2004, mean annual FDI inflows were US$7 million and were probably due to the ongoing privatization programme described previously. In 2004, Rwanda received $11 million in FDI, most of it from the privatization of two banks. The sale in 2005 of Rwandatel for US$20 million was probably the largest injection of FDI in the country since 1980.

Competitiveness and economic freedom

Competitiveness

Measures of competitiveness summarize surveys that gauge the perceptions of mostly foreign investors about a particular country across a range of indicators. Their subjectivity must, however, be kept in mind when interpreting the rankings. That said, the decision to invest is informed by calculations about future risks and returns. As such, it cannot avoid being influenced by the investors' sentiment about the current status and future prospects of a target location or productive activity.

Tanzania was ranked the most competitive economy in East Africa in 2005 by the World Economic Forum's Global Competitiveness Report 2005-2006. It was ranked 71 out of 117 countries surveyed, ahead of Uganda (87th place) and Kenya (92nd). Tanzania also improved its position by 11 places from 2004, whereas Uganda and Kenya saw their positions worsen by eight and 14 places, respectively (*The Citizen*, 2005a). In the African Competitiveness Report 2000/01, Tanzania was ranked 14th on the continent, ahead of Uganda's 17th place and Kenya's 22nd place (World Economic Forum/Centre for International Development, 2001). Tanzania also ranked first among surveyed countries in the 'improvement index' and second in the 'optimism index', a strong indication of investors positive sentiments towards the country. Rwanda does not appear to have been one of the 25 African countries

analysed for the African Competitiveness Report (2004) rankings nor among the 117 countries assessed in the Global Competitiveness Report (2005-06).

Economic freedom rankings

The Heritage Foundation, which produces an annual survey since 1995,[9] defines economic freedom as:

> the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself.

The four broad categories of economic freedom in the index are:
1. *Free*: countries with an mean overall score of 1.95 or less,
2. *Mostly free*: countries with a mean overall score of 2.00 to 2.95,
3. *Mostly unfree*: countries with a mean overall score of 3.00 to 3.95,
4. *Repressed*: countries with a mean score of 4.00 or higher.

Figure 15 shows an improving economic freedom index score for all countries from 1995 to 2006. However, with the exception of Uganda, which moved into the 'mostly free' category between 1996 and 1999 and again from 2003, Kenya, Tanzania and Rwanda have remained in the 'mostly unfree' category.
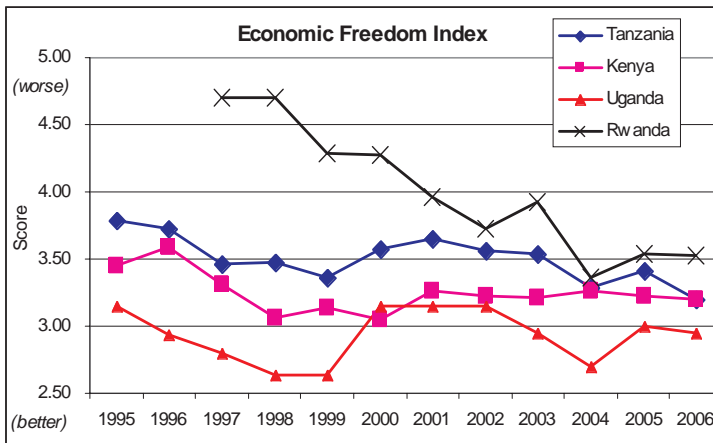

Figure 15

Welfare outcomes

The structure of employment

The structure of employment in East Africa summarized in Figure 16 demonstrates how important the agricultural sector is to employment in the region. It accounted for over 85 per cent of employment in Tanzania (2001) and Rwanda (2002) and approximately 77 per cent in Uganda (1997). Most of these are subsistence crop and livestock farmers.

Kenya's wage earners are primarily in the public service (over 40 per cent). However, the fact that almost 20 per cent of all wage earners (over 300 000 people)

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9. See http://www.heritage.org/index/ (accessed 5 March 2007).

are employed in agriculture is likely a reflection of the commercial agricultural sector in Kenya being relatively more developed than in the other regional countries.
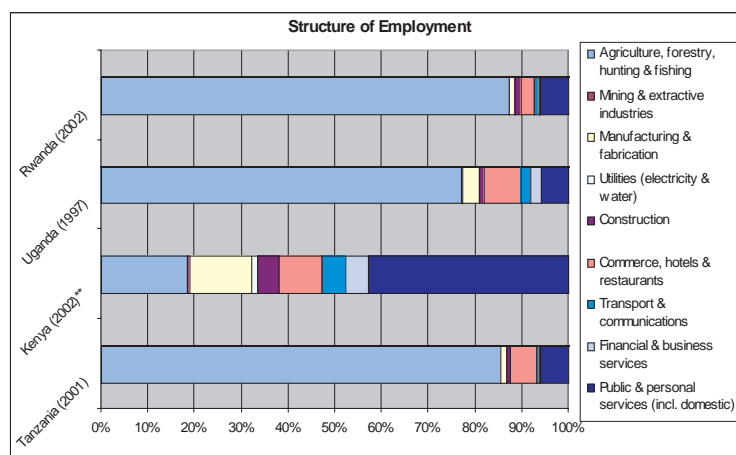

Figure 16

Most people in agriculture, forestry, hunting and fishing are not counted in the official statistics as wage earners, but are instead part of the informal economy. Kenya's manufacturing and commerce sectors account for a larger share of total employment compared with neighbouring countries, where these sectors employ comparatively fewer people.

Rwanda's 2002 census showed the economic activity and employment status of Rwanda's citizens as follows (Republic of Rwanda (2003, Tables TA01, TA16, TA18):

- seventy-nine per cent (6.4 million people) of the total population of 8.12 million people was economically active;
- fifty-three per cent (3.3 million people) of the economically active population was employed, while students made up 25 per cent (1.6 million people) and unpaid house help 12 per cent (762 000 people) of the economically active population;
- of the 3.3 million employed Rwandese, 2.9 million (87 per cent) were engaged in farming and related activities;
- some 3.4 per cent of Rwandese were unemployed, looking for work or had no work.[10]

Unemployment

The unemployment rates in the region vary widely, from 3.2 per cent in Uganda[11] to 23 per cent in Kenya (Figure 17).[12]

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10. The World Bank (2002: 10, footnote) notes that a 'recent CWIQ survey found that 83 per cent of the population 15 years and older was economically active. About 12 per cent of this population was found to be unemployed or underemployed, with only 1 per cent reported to be unemployed. These results probably understate the extent of unemployment and underemployment.'
11. Uganda Bureau of Statistics (2006) 'Uganda 2002/03 Labour Force Survey', http://www.ubos.org/stlabour.html (accessed 5 March 2007).
12. See Chune, Noah C. (2003) 'Highlights of labour market conditions in Kenya', http://www.gpn.org/data/kenya/kenya-analysis.pdf (accessed 14 December 2006). The CIA World Fact Book 2005 reports an unemployment rate of 40 per cent in 2003 for Kenya.
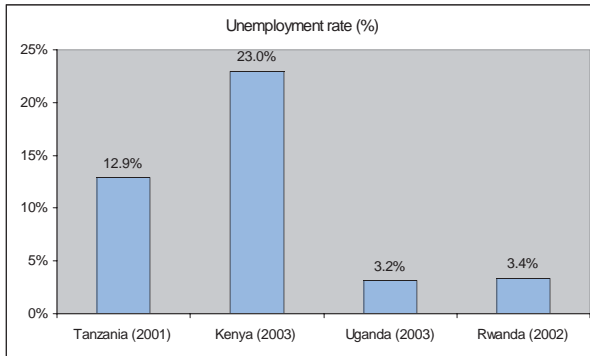
Figure 17

These figures may not be directly comparable due to differences in definition, measurement and survey years, but they do suggest that Uganda and Rwanda have a smaller unemployment problem compared with Tanzania and Kenya. Given that Uganda and Rwanda have also got the lowest rates of urbanization in the region, and Kenya the highest, suggests that there could be a strong correlation between the rate of urbanization and the rate of unemployment. Alternatively, unemployment may be easier to measure in the cities, while rural people are not obviously unemployed, but simply unwaged and hence are probably counted as part of the informal sector.

The informal sector in East Africa

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Tanzania

Prior to 2005, the size of Tanzania's informal sector had been estimated in two major studies (Bagachwa and Naho, 1995; Schneider, 2002). In his analysis, Schneider highlights the difficulty of defining the informal sector:

> One commonly used working definition is: all currently unregistered economic activities which contribute to the officially calculated (or observed) gross national product. Smith (1994: 18) defines it as 'market-based production of goods and services, whether legal or illegal that escapes detection in the official estimates of GDP'... [The] informal economy includes unreported income from the production of legal goods and services, either from monetary or barter transactions - hence all economic activities which would generally be taxable were they reported to the state (tax) authorities. In general, a precise definition seems quite difficult, if not impossible as 'the informal economy develops all the time according to the 'principle of running water': it adjusts to changes in taxes, to sanctions from the tax authorities and to general moral attitudes, etc (Schneider, 2002: 3).

Using the monetary method,[13] Bagachwa and Naho (1995) 'estimate the fraction for Tanzania as having grown from below 10 per cent to above 30 per cent over the

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13. The monetary method begins from the presumption that illegal transactions are conducted in cash only, so a measure of cash transactions might provide an estimate of undeclared income. Making a series of assumptions about the constancy of money velocity across sectors and the initial level of undeclared income, such studies use data on aggregate cash stocks to estimate the volume of illegal transactions.

independence period'. Using current prices (as opposed to constant prices), Schneider (2002) finds that Tanzania's informal economy was 58.3 per cent of GNP in 1999/2000.[14] It ranked second only to Zimbabwe, whose informal economy was estimated at 59.4 per cent of GNP and was slightly ahead of Nigeria's 57.9 per cent. In the most recent analysis, the Instituto Libertad y Democracia (2005) conducted a ten-month study of Tanzania's 'extralegal' economy,[15] and found that:

- ninety-eight per cent of all businesses operate extralegally (a total of 1 482 000);
- eighty-nine per cent of all properties are held extralegally (1 447 000 urban properties and 60.2 million rural hectares);
- the replacement value of Tanzania's extralegal properties is US$11.6 billion.

Tanzania's extralegal economy has total assets worth US$29.3 billion, more than ten times the value of all FDI received since 1961, and more than four times the net financial flows from multilateral institutions in the same period.

Tanzania's Integrated Labour Force Survey 2000-01 corroborates the estimates of Schneider (2002), noting:

> ...one in every three households had an informal sector activity in 2000/01 as compared to one in every four households in 1990/91. It also shows that 61 percent of the total households in urban areas had informal sector activities compared to 42 percent in 1990/91. As for rural areas, 27 percent out of the total 4,536,200 households had informal sector activities in 2000/01 as compared to 21 percent of the total 3,633,704 households in 1990/91 ... It can be noted that over the ten years period, more and more households have been drawn into the informal sector. This is possibly a result of economic hardships households have been facing that have forced them to join the sector as a survival strategy.[16]

The same survey estimated that total number of people engaged in informal sector activities (including those for whom it was a secondary activity) was 2.8 million or 16 per cent of Tanzania's total labour force in 2000-01. It absorbed over a third of the urban labour force, compared with 11 per cent of the rural labour force. There has been a 'dramatic' increase (71 per cent) in the number of self-employed in the informal sector during the 1990s, and young Tanzanians (aged 10-25) account for 56 per cent of those for whom the informal sector provides the main income-generating opportunities[17]. Tanzanians in the informal sector are making their living in the retail of agricultural products and processed food (31 per cent), stationery, photography and general retail (19 per cent) restaurant and hotel trade (12 per cent) and the sale of clothing, textiles and footwear (5 per cent). The overwhelming majority (94 per cent) of the 1.35 million people for whom the informal sector provides a secondary activity are engaged in crop growing[18]. It is clear from the above that the informal sector is a predominantly urban phenomenon, provides a haven for young Tanzanians, and functions as an important location for the production, processing, distribution and marketing of the country's agricultural produce.

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14. Schneider (2002: 4) gives a brief outline of the methodology he used to estimate the informal economy.
15. The extralegal economy is defined (loosely) by the ILD as that which operates outside the (formal) 'legal tools created to enable citizens to cooperate on a nation-wide basis' (ILD, 2005: 1).
16. See http://www.nbs.go.tz/labourforce/pdf/Chapter%205.pdf (accessed 6 October 2005); emphasis added.
17. See http://www.nbs.go.tz/labourforce/pdf/Chapter%205.pdf (accessed 6 October 2005).
18. See http://www.nbs.go.tz/labourforce/pdf/Chapter%205.pdf (accessed 6 October 2005).

Kenya

A recent study provides a succinct definition of Kenya's informal sector as follows:

> *Kenya's informal sector covers all semi-organized and unregulated small-scale activities largely undertaken by self-employed persons or those employing only a few workers, and excludes all farming and pastoral activities ... For statistical purposes, the informal sector is defined as a group of production units within the System of National Accounts that form a part of the household sector as unincorporated enterprises owned by households (Atieno, 2006: 1).*

The study reports that the informal sector's share of Kenya's GDP increased from 13 per cent in 1993 to 18 per cent in 1998. The growth in Kenya's informal sector job market since 1980 is outlined as follows:

> *The informal sector has seen its share in total employment rise from 16% in 1980, to 63.6% in 1997 and 70% in 2000. Between 2000 and 2001, employment in the sector rose by 11.4% ... Currently, informal sector's share in total employment stands at 75% ... Traditionally, informal sector activities consisted of urban artisans, but have grown to include manufacturing, building and construction, distributive trades, transport and communication, and community and personal services industries. Currently, the main activities include tailoring, carpentry, blacksmithing, retail shops, groceries and kiosks, among others. The sectoral distribution of these enterprises shows a wide variation, with 64.5% of the total enterprises being in wholesale and retail trade, while only 0.3% were in private households. Overall, 71% of industries are in the rural areas with the dominant industries being trade and manufacturing. The prevalence of wholesale and retail trade may be attributed to the liberalized market and ease of entry in the trade sub-sector (Atieno, 2006).*

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Uganda

Schneider (2002) estimates the size of Uganda's informal economy at 43 per cent of gross national income (GNI). In terms of employment, the International Labour Organization noted that:

> *The informal sector is by far the most important employer in Uganda. It is estimated that there are more than 800 000 informal small and micro enterprises (SMEs) operating in the country, employing approximately 1.5 million people (PSD/MSEPU, 1999). This means that the informal sector employs about 90 per cent of total non-farm private sector workers; its contribution to GDP is more than 20 per cent. Informal sector employment is estimated to expand at more than 20 per cent per year (Haan, 2001).*

No data were readily available on the size of Rwanda's informal sector and employment status, but it seems clear that across East Africa, the informal sector is the most important source of non-agricultural jobs and livelihoods, and its growth seems to be linked to the rate of urbanization in these countries.

Poverty and Inequality

Tanzania

In its August 2005 Country Report, the IMF provides a neat summary of Tanzania's macroeconomic achievements and concedes that the impact on reducing poverty has been limited.

Tanzania has made major strides over the past decade. Per capita growth has accelerated to nearly 5 percent, inflation has declined to around 4 percent, official assistance has increased along with donor confidence, foreign reserves have risen to comfortable levels, the debt burden has fallen, expenditures in priority areas have increased, and poverty is declining. Institutional capacity has also improved, albeit from a weak base, including stronger structures for domestic revenue collections and expenditure management.

Tanzania nevertheless has a long road ahead to overcome poverty. Per capita income remains low, aid dependence is high, trade volume is comparatively low, and the financial sector - though growing rapidly - still plays only a limited role in the economy. The cost of doing business remains high and basic infrastructure remains poor. Tanzania will need to sustain sound economic policies and reforms for many years to achieve lasting inroads against poverty (IMF, 2005: 6).

The Government of Tanzania's Integrated Labour Force Survey 2000-01 found that the income of paid employees (at Tshs 49 954 per month) was higher than that of their self-employed peers who earned an average of Tshs 36 000 per month. This is different from 1990-91 during which time it was found that the self-employed had incomes up to three-fold higher than paid employees. 'This may be true because during the period 1985-1995 the self-employed had large unexplained incomes'.[19]

> *Tanzania's Household Budget Survey 2000-01 makes the following observations.*
>
> *Many measures of welfare show modest improvements during the 1990s. The economy has diversified and household consumption has increased. The proportion of the population that is poor has fallen slightly, although absolute numbers have risen due to population growth.*
>
> *However, improvements are often associated with rising inequality. Many improvements have been concentrated in urban areas especially Dar es Salaam, while they have been more limited in rural areas. Households with uneducated or economically inactive heads have actually seen an increase in poverty over the period [1990-2000]. The improvements of the last decade have not been equally distributed...*
>
> *There was a small fall in income poverty of about three percentage points over the decade. Some 36% of Tanzanians now fall below the basic needs poverty line and 19% below the food poverty line, compared with 39% and 22% in 1991/92. The decline is not large enough to be statistically significant (National Bureau of Statistics, 2002: 3, 18; emphasis added).*

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19. See http://www.tanzania.go.tz/ilfs.htm (accessed 5 March 2007).

In other words, Tanzania's poverty profile has not improved overall, despite the economic growth experienced during the decade. The Household Budget Survey further highlights the rural nature of poverty, with 39 per cent of those living there being poor, compared with 18 per cent in other urban areas. Dar es Salaam enjoyed the biggest decline in poverty during the decade, but showed the greatest rise in inequality as the national Gini coefficient worsened.

Kenya

In the early 1990s, welfare monitoring surveys were used to estimate the extent, depth and dynamics of poverty in Kenya. In 1997, when the third welfare survey was conducted, the incidence of poverty was 52 per cent, having increased from 40 per cent in 1994. This increased further to an estimated 56 per cent in 2000 (Mwega and Ndung'u, 2002: 50, Table 4.2). This increase is not just in relative terms, but also in absolute levels, as the number of people living in poverty increased from 11 million in 1990 to 17 million in 2001.

The rapid economic growth of the 1960s and 1970s was accompanied by rising inequality as the Gini coefficients went from 0.63 in 1964 to 0.70 by 1971. Inequality did decline thereafter, with the Gini coefficient declining to 0.59 by 1977 and 0.44 by 1994. Unfortunately, the positive trend reversed quickly to reach 0.57 in 1999, making Kenya one of the ten most unequal countries in the world.

However, Kenya's economic performance has improves significantly in recent years to 6.1 per cent in 2006 from 0.6 per cent in 2002. Over the same period, the national poverty prevalence rate fell from 52 per cent (1997) to 46 per cent according to a survey that was conducted in 2005/6. Rural poverty, at 49.1 per cent was higher than urban poverty at 33.7 per cent. The absolute number of poor Kenyans has essentially remained unchanged at approximately 17 million. Inequality seems to have taken two different directions in Kenya. The Gini coefficient for rural Kenya fell from 0.417 in 1997 to 0.38 in 2005/6, while that in urban Kenya increased from 0.426 in 1997 to 0.447 in 2005/6.

Uganda

Poverty in Uganda is measured by use of integrated household surveys. The first, conducted in 1992, involved about 10 000 households, and found that 56 per cent of the population was estimated to be living below the overall poverty line and 36 per cent under the food poverty line (Kabananukye, Krishnamurty and Owomugasho, 2004). Poverty was higher in rural areas compared with urban areas, with some rural districts experiencing severe poverty (e.g. a 72 per cent poverty incidence in the rural northern region). About one-third of households were unable to meet their daily calorie requirements.

However, poverty levels in Uganda have reduced considerably from 56 per cent in 1992 to 31.5 per cent in 2006 'as a result of high and broad-based economic growth'[20]. The country's central region led in reducing poverty levels, with headcount poverty falling from 46 per cent to 28 per cent between 1992 and 1997. In other regions, poverty fell by between 11 per cent and 17 per cent.

As far as the Gini index is concerned, the measure was estimated at about 0.36 in 1992 (with poverty incidence estimated at 56 per cent) but this increased to 0.43

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20. See http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/UGANDAEXTN/0 ,,menuPK:374947~pagePK:141132~piPK:141107~theSitePK:374864,00.html last updated April 2007 and accessed on July 24, 2007)

in 2003 (with poverty incidence estimated at 39 per cent) (Society for International Development, 2006). Successful poverty reduction efforts seem to have been accompanied by an increase in inequality in Uganda.

Rwanda

Unsurprisingly, Rwanda's declining economic fortunes in the mid-1980s and the civil war of 1990-94, followed by the genocide all worsened the welfare status of the Rwandese people considerably. At a macro level, it is estimated that 'per capita GDP today would be between 25 and 30 per cent higher if the conflict had not taken place. About one fourth of the population in poverty today can be said to be poor as a result of the genocide' (World Bank, 2004).

The household budget survey conducted in 1985 set the poverty line at a level where 46 per cent of the households fell below it. In an update using the same statistical approach, the government of Rwanda estimated that in 1994, 77 per cent of households fell below the line, but this had improved to 61 per cent by 2000. Using a different measure, the government reported that 60.3 per cent of the population was poor in 2000 (Government of Rwanda, 2002: 13, Table 2.1). The significant improvements made to Rwanda's social welfare since 1994 have been acknowledged. The World Bank noted the complete recovery to pre-1994 levels in primary school enrolment rates and a tripling of the number of secondary school students since 1996. Infant and child mortality rates have fallen, and in 1998-2000, the rate of malnutrition among children under five stood at 24 per cent - lower than it was a decade earlier (World Bank, 2004).

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However, inequality in Rwanda has increased substantially. As the government notes, the top quintile of the population had an average consumption level ten times greater than that of the bottom quintile in 2000. In 1985, it was just four times greater. The Gini coefficient has also 'gone from 0.27 (one of the most equal distributions in Africa) to 0.455, a high level of inequality (Ghana's, for example, is 0.37)' (Government of Rwanda 2002: 18).

Impact of regional economic integration

Tanzania

Kweka and Mboya (2004) have assessed the potential impact of regional integration (EAC, SADC, COMESA) and its enhanced trade performance effects on Tanzania's poverty. Their study posed three questions: has regional integration improved Tanzania's export performance; what has been the impact of regional integration on agricultural exports to the region; and has trade in agricultural products reduced poverty?

Kweka and Mboya's (2004) results show that between 1995 and 2002, Tanzania's exports to the region grew from 6 per cent to 14 per cent of its total exports. Together, Kenya and South Africa took in 40 per cent of Tanzania's exports. Second, imports from the region increased slightly from 17 per cent to 18 per cent. Of this figure, imports from Kenya and South Africa increased from 70 per cent to 90 per cent. Third, the share of agricultural products increased from 50 per cent to 60 per cent of total exports to the region. The value and share of agricultural exports to the EAC increased consistently and the 2001-02 drought in SADC countries sharply increased Tanzania's exports of foodstuff to the DRC, Zambia and Malawi. Tanzania's agricultural trade balance with the regional markets moved from a

deficit of US$5.0 million in 1995 to a surplus of US$27 million in 2002, although the overall trade balance with Kenya and South Africa remains negative.

Kweka and Mboya's assessment of the link between trade (in agricultural products) and poverty reduction finds a 'close association between the distribution of poverty by (domestic) regions and distribution of cash crops'. Regions producing cash crops for export also had a lower level of poverty (a higher Human Development Index rating), implying that trade in agricultural products has strong poverty reducing effects. They conclude that it is the unfavourable internal environment for rural producers, including 'lack of functioning markets, low levels of skills, reliance on subsistence agriculture with constrained tradable crops' that acts as the biggest obstacle to the poverty-reducing effects of regional integration and trade in agriculture. They further suggest that efforts to improve local incentives and conditions are more likely to yield better poverty reducing effects than 'efforts to hasten the regional integration process' (Kweka and Mboya, 2004).

Kenya

An analysis of the impact of regional integration on Kenya was carried out by Ngeno, Nyangito, Ikiara, Ronge and Nyamunga (2003) and McIntyre (2005). Ng'eno et al. (2003) note that the reluctance of Kenya to adopt a lower common external tariff (CET) stemmed from concerns about potential revenue losses. In 1999-2000, about 17 per cent of tax revenues came from import duty alone, a level that remains unchanged. With respect to the customs union, the major issue was the planned structure or bands of the CET, especially the top tariff rate. A top rate of 20 per cent was postulated as a fair rate for Kenya, and that any revenue collections or high import bills would be compensated by increased industrial share in the regional market, and from increased exports. Overall, however, Ng'eno et al. (2003) find that Kenya does stand to gain from the creation of the EAC customs union.

McIntyre (2005) finds that with a full implementation of the CET, Kenya gained a significant reduction in its simple average tariff estimated to 10.9 per cent, from an earlier tariff level of 16.6 per cent. A move from what Kenya had in terms of most favoured nation rates before the creation of the EAC customs union and the CET tariff bands which are now in place, was estimated to lead to an increase in trade of about US$193.5 million. This should, however, be weighed against a loss of customs revenue estimated at US$113.3 million. McIntyre (2005) also observes that Kenya can continue benefiting from a sustained reduction in tariff barriers and that to complement these gains, macroeconomic and structural reforms aimed at enhancing competitiveness should be pursued.

Uganda

DeRosa, Obwona and Roningen (2002) have assessed the implications of the EAC customs union in Uganda[21]. They note that the trade regime in Uganda was, prior to the formation of the customs union, more open than those in Kenya and Tanzania. Consequently, they suggest that the customs union may in fact have an adverse effect on Uganda's economy. The situation is illustrated in Table 1, which provides 2002 data to show that Uganda had lower tariffs compared with Kenya and Tanzania, both in terms of the products listed in tariff codes, and in goods that had been identified as sensitive[22].

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21. The results in this paper were made out of simulation models, before the customs union came into effect in January 2005. The results are also depended on the period of analysis (1999/2000) and on the highly stylized Vinerean model. The findings are to be interpreted cautiously.
22. The source of this asymmetry is the fact that even prior to efforts to form the EAC, Uganda had engaged in more unilateral trade liberalization under its 1990s reform programmes.

Table 1: Average tariffs, 2002 (%)

	All products	Sensitive products
Kenya	17.99	22.93
Uganda	10.62	12.14
Tanzania	34.36	36.55

Source: DeRosa et al. (2002)

Uganda loses because the adoption of a higher CET level could force it to have a net increase in protection levels relative to its pre-CET levels. DeRosa *et al.* (2002) suggest that these potential losses to Uganda could, however, be mitigated by limiting the number of products under the 20 per cent band.

Rwanda

Rwanda is a member of COMESA, the African Union, the Economic Community of Central African States, and the Economic Community of the Great Lakes Countries. While the latter two organizations have been essentially dormant in recent years, COMESA and the African Union have featured prominently in Rwanda's external economic affairs.

The COMESA market accounts for 23 per cent of Rwanda's exports and 41 per cent of its imports by value. Rwanda's membership of COMESA, however, has led to some real costs for the government in terms of lost revenue. In 2002, Rwanda began the process of eliminating its tariffs; in that year, tariffs were reduced by 80 per cent, in 2003, by 90 per cent and from January 2004, tariffs were completely eliminated for other COMESA free trade area countries. By 2004, the COMESA tariff reduction had led to cumulative revenue losses of about RwF 13.9 billion, impacting heavily on an already resource-constrained national budget (Government of Rwanda, 2004: 56).

The loss in customs duty and VAT revenues for the Rwanda government since 2002, on account of the COMESA-related tariff reductions, has been substantial. The Rwf 7.5 billion in revenues forgone in 2004 represented 5.5 per cent of the total tax revenues generated that year, or 8.6 per cent of the year's development budget. However, the government retained a clear-eyed view of regional integration, stating in its Annual Economic Report for 2004 that:

> Owing to the limited size of Rwanda's domestic market and the fact that it is landlocked, Rwanda can particularly benefit from the increased market size available from economic integration and improved transport and communication links (Government of Rwanda, 2005: 53).

On 30 November 2006, Rwanda formally joined the EAC.

CONCLUSION

This chapter has surveyed the economic policy and performance experience of Tanzania, Kenya, Uganda and Rwanda from 1960 to 2005. It has highlighted the

internal and external drivers of policy evolution and the ensuing economic performance and welfare outcomes. The four countries have had different experiences driven in part by the ideological persuasions of the early postindependence leadership. Common to all in the early days was the conviction that economic growth and development required the direct intervention of governments for production, allocative and distributive efficiency. Tanzania's Socialism and Self-reliance, Kenya's African Socialism and Uganda's Common Man's Charter were different names for essentially the same *dirigiste* instincts.

Following initial successes in terms of economic growth and improving social indicators in the late 1960s and 1970s, the combination of a tough global economic environment of high oil prices and rich-country recessions, and the enormous domestic challenges to effective centralised economic management led to stagnation in the 1980s. Economic crisis required some tough choices, particularly with respect to sharply scaling down government expenditure on public goods and services. The austerity measures and structural adjustment programmes which followed across the region were driven mainly by the intellectual and financial muscle of the Bretton Woods institutions. The domestic input into economic policy-making disappeared from view as the Washington Consensus took centre-stage.

The decade of the 1990s saw Rwanda descend into the tragedy of the genocide and emerge with the enormous challenge of rebuilding itself from the ground up. The other three countries engaged in further market reforms designed to develop and enhance competition and external competitiveness. Institutional reforms focused on public service and parastatals reforms designed to both reduce the size of government and remove it from direct involvement in allocative decision-making in the economy. By the early years of the new millennium, the economic policy map across the four countries in the region is broadly similar: the private sector, broadly defined to include the formal and informal, is the preferred engine of economic growth, job creation and poverty reduction. Government's role is to improve the investment climate for foreign and domestic capital.

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Macroeconomic performance has undoubtedly improved significantly across the board in the last ten years. Average economic growth rates have reached a respectable 5-6 per cent per annum, inflation rates have fallen fairly steadily to the single digits, and exchange rates have stabilised at more-or-less market-determined rates. Foreign direct investment has returned, attracted to both the region's natural resources and its emerging service sector.

However, the outcome of the economic reforms at a human welfare level is mixed. Poverty levels have declined quite substantially in Uganda and rather more modestly in Tanzania, but not in Kenya nor in Rwanda, where the proportion of the population living below national poverty lines has increased. In absolute terms, the numbers of the poor have also increased, driven by population growth. Furthermore, the benefits of economic growth are being shared unevenly as inequality has worsened in all four countries.

Finally, two key sets of questions about the region's future economic prospects arise from this survey.

The first set stems from the observation that the structure of the region's economies is changing as the contribution of agriculture shrinks and that of services expands. As the economic foundations change, this has important immediate implications for the structure of employment and the sources of livelihood for the population. Agriculture's share of employment remains the largest in the region as the rudimentary technology used in this sector depends

primarily on physical (human and animal) labour. But as the sector's share of the economy falls, at best it cannot absorb the growing supply of labour, and at worst, it releases labour onto the market. The growing service sector makes use of human capital which has been 'processed' through education, training and skilling. The public and private cost in time and finances of transforming agricultural into service-oriented labour is enormous. Therefore as the agricultural sector, the region's largest labour sink shrinks, where will the labour go? What will be the foundation of the region's livelihood? Where will the jobs come from?

The second set of questions is closely related. Assuming that general social welfare depends on the nature of work and its (financial) returns to labour, the fact that agriculture is shrinking and labour is most probably being absorbed by the urban informal sector, what are the likely welfare outcomes of the change in the structure of the regional economies? What quality of life awaits the majority of East Africans in the context of a rapidly evolving labour market?

The nature and evolution of East Africa's economic structure and its job-creation prospects contain important clues into the future of its collective welfare, even if that future remains shrouded in mystery.

APPENDIX

Rwanda's political chronology between 1918 and 1994.[23]

1918: Under the Treaty of Versailles, the former German colony of Rwanda-Urundi is made a League of Nations protectorate to be governed by Belgium.

1926: The Belgians introduce a system of ethnic identity cards differentiating Hutus from Tutsis.

1959: Hutus rebel against the Belgian colonial power and the Tutsi elite; 150 000 Tutsis flee to Burundi.

1960: Hutus win municipal elections organized by Belgian colonial rulers.

1961-62: Belgians withdraw. A Hutu revolution in Rwanda installs a new president, Gregoire Kayibanda; fighting continues and thousands of Tutsis are forced to flee.

1963: Further massacre of Tutsis, in response to military attack by exiled Tutsis in Burundi. Again more refugees leave the country.

1967: Renewed massacres of Tutsis.

1973: Purge of Tutsis from universities. Fresh outbreak of killings directed at Tutsi community. The army chief of staff, General Juvenal Habyarimana, seizes power, setting up a one-party state. Tutsis are restricted to nine per cent of available public sector jobs.

1986: In Uganda, Rwandan exiles are among the troops of Yoweri Museveni's National Resistance Army who take power. The exiles then form the Rwandan Patriotic Front (RPF), a Tutsi-dominated organization.

1989: Coffee prices collapse, causing severe economic hardship in Rwanda.

Oct. 1990: RPF guerrillas invade Rwanda from Uganda. After fierce fighting, a ceasefire is signed on 29 March 1991.

1990/91: The Rwandan army begins to train and arm civilian militias known as interahamwe ('Those who stand together'). Throughout this period, thousands of Tutsis are killed in separate massacres around the country. Opposition politicians and newspapers are persecuted.

February 1993: The RPF launches a fresh offensive and the guerrillas reach the outskirts of Kigali. Fighting continues for several months.

August 1993: Following months of negotiations, Habyarimana and the RPF sign a peace accord that allows for the return of refugees and a coalition Hutu-RPF government.

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23. Summarized from www.pbs.org/wgbh/pages/frontline/shows/rwanda/etc/cron.html (accessed 9 November 2005).

September 1993 - March 1994: Training of militias intensifies. Radio Mille Collines begins broadcasting exhortations to attack the Tutsis. Human rights groups warn the international community of impending calamity.

6 April 1994: President Habyarimana and the president of Burundi, Cyprien Ntaryamira, are killed when Habyarimana's plane is shot down near Kigali Airport. That night the killing begins.

July 1994: The RPF captures Kigali. The Hutu government flees to Zaire, followed by a tide of refugees.

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ON INVESTMENT IN EAST AFRICA
VIEWS FROM EUROPE

...The region is stable, there are no civil wars - so there are favourable opportunities for investors.

...They (Asians expelled in the 1960s and 70s) represent a possible major source of funding for the region.

...Foreign investors from India ... represent a huge source of investment, like investment from China. Chinese investment does not abide by the corporate responsibility standards that DfID [Department for International Development] would like to think. Nevertheless Chinese money is accepted, understanding that their shrewdness comes with it - as well as the taxation challenges.

...Another area is Arab money coming in through the Tanzania and coast of Kenya connection.

...The not-very-well-hidden agenda of NEPAD from the outset (is) to allow South African capital to sweep across the rest of Sub-Saharan Africa.

...Nairobi is now the hub for many companies, which has as many as 15 countries reporting to them - African headquarters are now increasingly in South Africa ... while regional headquarters are now being located in Kenya.

FOREIGN EXCHANGE MARKETS
VIEWS FROM THE US

Question: What about the size of the American debt? If the system gets out of kilter, there will be serious consequences.

It is in no one's general interest to have instability in the international financial system, but it is in some private interests. I am not sure that the policy people know what they are doing. ...If the system were de-stabilised, East Africa could only be a distressed bystander.

In foreign exchange instability, two things happen: interest rates suddenly rise, then inflation rises suddenly. These are two signs of instability and it means that a government is printing money. It is what the US is doing, but the rest of the world is still investing in the United States, which is paradoxical.

Question: So we should watch for a loss of confidence in the USA?

... the events last week [with Hurricane Katrina] is one of the scariest things, because there is now a perception in the world that Americans cannot look after their own people.

Interview in New York, USA, September 2005

PUBLIC FINANCE IN EAST AFRICA

AN EXAMINATION OF REGIONAL TRENDS IN REVENUE COLLECTION, EXPENDITURE MANAGEMENT AND DOMESTIC AND EXTERNAL DEBT DYNAMICS.

JAMES V. K. KASHANGAKI

PUBLIC FINANCE IN EAST AFRICA

AN EXAMINATION OF REGIONAL TRENDS IN REVENUE COLLECTION, EXPENDITURE MANAGEMENT AND DOMESTIC AND EXTERNAL DEBT DYNAMICS.

JAMES V. K. KASHANGAKI

Mr. Kashangaki has extensive experience as a finance professional and consultant in East and Southern Africa gained between 1995 and 2000 and has completed over 30 assignments in a variety of fields from finance to public policy. Between 2000 and 2005, Mr. Kashangaki ran a Small Business Investment company in New York, USA with a focus on making quasi-equity investments. He has an MBA, Finance from University of Rochester and an MPA, International Economic Policy, Columbia University in New York City.

ABSTRACT

This paper looks at the Public Finance trends in the four East African Countries of Kenya, Tanzania, Uganda and erstwhile member of a future community Rwanda. In this examination I try to look for similarities and differences between the countries and propose questions about how these might affect a future Economic and Political Union. The paper is divided into sections on revenue, expenditure, domestic and external debt. The section on revenue examines the scope for revenue generation given the present trends. The underlying theme of the section on expenditure is how present rigidities might affect future prioritisation between recurrent and development expenditure and how this might impact thinking about future integration. The section on debt concentrates on sustainability issues, the impact of debt relief and implications for regional cooperation.

INTRODUCTION

As the governments of East Africa look towards creating political and economic union they face a series of problematic challenges in making it a reality. This look of the Public Finance in East Africa is designed to give a broad understanding of the issues involved in the financing of government and form the basis for envisioning creative scenarios about the future financing of a unified East African State.

Ideally, a country's revenue should be adequate to cover all the expenditure required to keep its citizens safe and create an enabling environment for economic and social growth. Over the forty years since the four observed countries attained political independence, none has been able to achieve this ideal. Expenditure has outstripped revenue and each country has built up a large stock of both domestic and foreign debt to cover the deficits. The effects of attempting to service this ever increasing debt while also providing the services implicit in the ideal above are a central theme of this paper. Over time rigidity has been built into the recurrent expenditures that complicate recent government efforts to decrease dependence on donor support.

The first section of this paper looks at the individual country's sources of revenue with special emphasis on the ability to raise domestic revenue through taxation. The next section looks at government expenditure, systems of prioritization and how well the governments are doing at re-orienting expenditure to pull their citizens out of poverty. As there are persistent deficits in the region, we look at how they are financed, the breakdown between domestic and foreign debt and the burdens that this public debt puts on the national purse.

The final section takes a critical view of efforts underway to offer debt relief to some developing nations. This section looks at what is on offer and asks how much if any, implementation will actually help the region. The recent upgrading of the Highly Indebted Poor Country debt relief initiative was finally overtaken in 2005 by a "100%" debt write-off plan for 18 poorest countries three of which, Tanzania, Uganda and Rwanda are in the region.

REVENUE

Tax Revenue

In most of the developed world, domestic revenues are 30% + of Gross Domestic Product and therefore adequately cover a substantial part of these countries expenditure. By contrast, the average ratio of tax-to-GDP in the developing world is between 15% and 20%, forcing an over-reliance on external aid and debt to meet annual budget requirements. The difference is largely due to the relative sizes of the tax bases, the degree to which the economies are monetized, the size of the formal sector and generally weak tax administrations.

Although much is being done to change the administration of taxation in the East Africa region, collection rates remain below average with only Kenya consistently collecting above 20% of GDP.
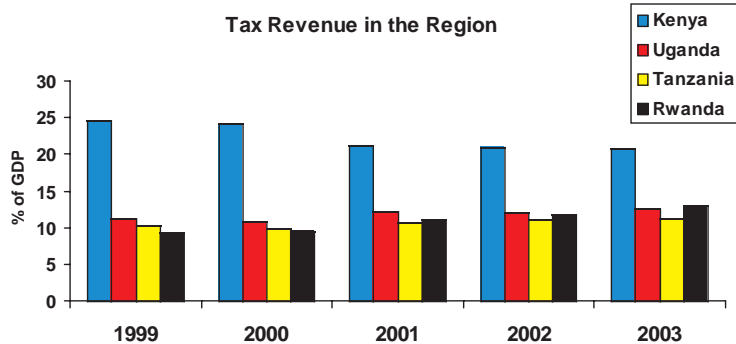
Tax Revenue in the Region

Figure 1: Tax Revenue as a Percent of GDP

Sources: IMF (2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

With the establishment of semi-autonomous Revenue Authorities in the region over the last decade, each country has seen a marked improvement in the collection of revenues and in the administration of tax policy. The resultant rise in revenues has come mainly from getting defaulters and avoiders back into the tax fold rather than expanding the tax base. Experience in more developed countries has shown that average increases in tax revenue would realistically be in the range of 0.5% of GDP per year given the ideal of minimal corruption, increasing efficiency of the authorities and growing GDP and an enlargement of the tax base.

Tanzania, Uganda and Rwanda have seen tax revenues in relation to GDP growing whereas Kenya has seen a steady decline in the ratio. This however belies the fact that Kenya has a huge advantage over its neighbours given the actual size of its economy. In the 2003/2004 financial year Kenya collected tax revenues of US $ 2.7 billion while in the same period Uganda collected US$ 846 Million. In the year to June 2005, the Kenya Revenue Authority collected nearly US$ 4.0 Billion[1].

A comparison of the structure of domestic taxation for the region is examined below.
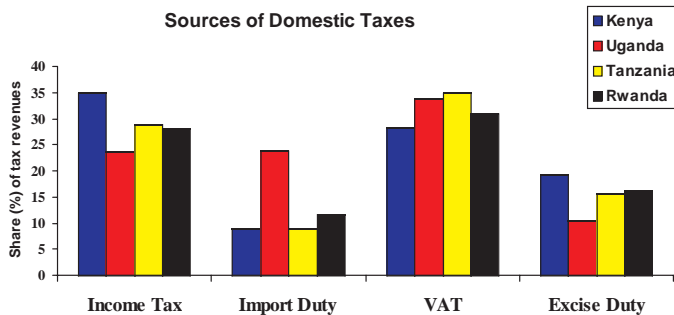
Sources of Domestic Taxes

Figure 2: Revenue from 4 major tax types as percent of Total Revenue

Sources: National Bank of Rwanda (2003); Kenya Ministry of Planning (2004); Ayoki et al. , (2005); Ministry of Finance Tanzania Central Government Operations (2000-2004)

1. Kenya Monthly Economic Review, Central Bank of Kenya, July 2005

Differing tax rates, exemptions within each country and tax type, as well as a myriad of other distinctive differences make direct comparison difficult. Looking at Import duty, however, one can see that Uganda relies on this type of tax more than her neighbours for a larger proportion of its revenue and this might be one of the reasons for the problems that have been witnessed in the implementation of the East African Customs Union and its common external tariff. Uganda's attempts to protect its tax base by attempting to exempt products from the CET delayed the full implementation of the Customs Union for many months.

The graph also masks the relative size of the tax bases. Excise duty which is levied on finished product and accounts for 10% of Uganda's tax revenue is just half of the size of Kenya's revenue from this tax. In Uganda's case, 80% of the revenue from excise taxes comes from only three products, (beer, cigarettes and soft drinks). The effective excise rates for these three products are 214%, 215% and 70% respectively[2]. To varying degrees, the above is true for all East Africa. A narrow tax base that is overburdened by extremely high tax rates in the end serves to discourage new investment and does little for the growth of the tax base.

Prospects for Tax Revenue Collection

The national revenue authorities in East Africa have made strides in tightening loopholes for better tax collection, simplifying compliance rules and increasing administrative capacity. While this is the case, new ways of raising revenue need to be developed if the ratio of revenue/GDP is to be significantly increased.

The Kenya Government's 2005/2006 medium term budget strategy recognises that revenue will remain broadly unchanged through 2007/2008 at 22% of GDP[3].

In his work on tax reforms and revenue mobilization in Uganda, Ayoki (2005) concludes that reform had a major impact on collection of direct taxes (Income and Value Added Tax) but no discernable effect on receipts of other indirect taxes such as import duties and excise taxes. His results would indicate that while further revenue growth is possible by pursuing the current reform efforts, substantial increases will only be achieved by looking at undeveloped sources of domestic revenue. Land and property taxes are one of the least exploited revenue sources in the region. In part this is due to unclear land laws, weak property rights and lack of administrative capacity. The East African newspaper, recently estimated that Nairobi collected revenue from only 1/5 of the rateable buildings and land parcels in the city loosing out on about $100 million in annual revenues[4].

The reforms undertaken so far have brought large numbers of previously under taxed or untaxed informal sector businesses into the fold. Ayoki's results on - elasticity of various taxes indicate that there is room for improved collections in the area of Income and Value Added taxation[5].

Non Tax Revenue

Non tax revenue consists primarily of proceeds of privatisation of state run entities, dividends paid by such entities, other investment income and

2. Tax Reforms and Domestic Revenue Mobilisation in Uganda, Milton Ayoki et al, Global Development Network (GDN), Revised Draft January 2005.
3. Kenya, The Medium Term Budget Strategy Paper, 2005/06-2007/08, Ministry of Finance, May 2005
4. The East African(2005), "Government Crackdown puts City Halls $104 Million rates project in doubt, September 12-18
5. Tax Reforms and Domestic Revenue Mobilisation in Uganda, Milton Ayoki et al, Global Development Network (GDN), Revised draft January 2005.

administrative fees. These have always been a minimal part of government revenue and are shown for the region as a proportion of total revenues.
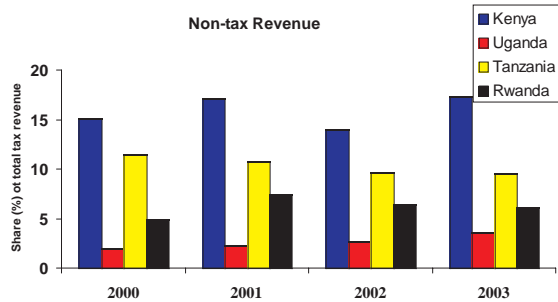

Figure 3: Other revenue as percent of total revenue

Sources: National Bank of Rwanda (2003); Kenya Ministry of Planning (2004); Ayoki et al. (2005); Ministry of Finance Tanzania Central Government Operations (2000-2004)

Grants

The reliance on external grants to make up the budget shortfalls is an unfortunate feature of public finance in East Africa. These funds are normally earmarked to cover budgeted development expenditure rather than recurrent expenditure. Grants have become more unreliable as donor governments demand better accountability, democratic and economic reforms as well as commitment to fight corruption. These linkages have made it more difficult for governments to forecast with any certainty the availability of these funds. For this reason and the fact that the revenue authority has been exceeding its targets, for the first time, the Kenya Government in the 2005/2006 budget did not included any uncommitted foreign funds in its estimates and instead projected to finance the shortfall from increased domestic borrowing, privatisation proceeds and the securitisation of domestic arrears[6]. Other countries in the region do not enjoy this luxury and must continue to rely on donors to fund their expenditure shortfalls. Grant revenue as a percentage of total revenue is shown below for the countries in the region.
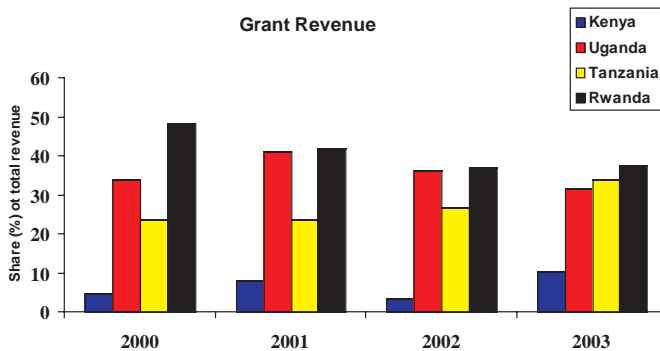
Figure 4: Grants as percent of Total Revenue

Sources: National Bank of Rwanda (2003); Kenya Ministry of Planning (2004); Ayoki et al. (2005); Ministry of Finance Tanzania Central Government Operations (2000-2004)

6. The Economist Intelligence Unit Limited, Kenya Country Report August 2005

Summary of Regional Revenue

In 2003, revenue and grants for the region as a whole totalled $6,751.3 Million with the following breakdown;
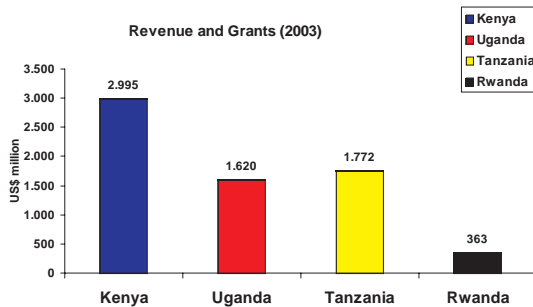
Revenue and Grants (2003)

Figure 5: Regional Comparison of Total Revenue 2003

Sources: National Bank of Rwanda (2003); Kenya Ministry of Planning (2004); Ayoki et al. (2005); Ministry of Finance Tanzania Central Government Operations (2000-2004)

The dominant position of Kenya in revenue generation is brought out even more clearly in the following graph, which takes purely domestic revenue into account.
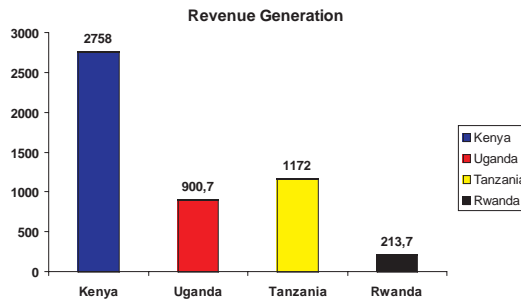
Revenue Generation

Figure 6: Regional Comparison of Domestic Revenue Collections

Sources: National Bank of Rwanda (2003); Kenya Ministry of Planning (2004); Ayoki et al. (2005); Ministry of Finance Tanzania Central Government Operations (2000-2004)

Revenue collection in the region has increased dramatically over the last decade with the revenue authorities improving both administrative and human capacity. This alone however is not sufficient to grow the tax base to the extent necessary to consistently collect the 30%+ of GDP achieved by developed countries. New revenue instruments like land and property taxes need to be developed. Mechanisms to bring more of the informal economy into the tax fold need to be implemented. Administrative fees and dividends are still a minor but important part of domestic revenue constituting over 15% of revenue in Kenya and 10% in Tanzania.

What is evident from the preceding discussion is that for the foreseeable future, the major share of East Africa's revenues is likely to be raised in Kenya. How will an integrated East Africa make use of this revenue? Will Kenyans accept to shoulder the lion's share of financing the expenditure requirements of the region?

EXPENDITURE

The patterns of regional expenditure are fairly similar with recurrent expenditure taking up the largest proportion of country budgets and closely tied to the availability of domestic finances (tax revenue and domestic borrowing) and development expenditure being closely related to the availability of external (donor) budget support. Since the late 1990's under pressure from the International Monetary Fund, each country has adopted the Medium Term Expenditure Framework (MTEF) form of budgeting. The MTEF is a forward looking process that provides a three year rolling budget under which governments sets spending targets, agrees priority areas for focussed expenditure and encourage better use of and accountability for resources. The integration of this tool with each country Poverty Reduction Strategy has been a major focus of donor pressure in recent years.

The adoption of the MTEF process has led to signs in recent years of better public expenditure management. However, it should be noted that despite the capacity enhancements that have accompanied the MTEF along with a general commitment to better governance in the region and lower tolerance for corruption, evidence still suggests that budgets produced under the MTEF process have little relation with actual spending. Indeed, overspending variances are usually largest in those areas that are least related to development or poverty reduction.

Nevertheless, the MTEF is the best guide to the governments' near-term thinking as to priority spending areas and structural impediments to the realisation of targets that can be the building blocks for a variety of longer term scenarios. In looking at the expenditure side of public finance in East Africa we highlight comparisons of the various categories of expenditure over the recent past, discuss some of the similarities and differences of expenditure patterns across the region and ask what major hindrances (economic and political) might hamper the regional integration process.

Total Expenditure

The following graph compares expenditures between 2000 and 2003 (in US$). The striking feature of this graph is that the size of Kenya's resource base has enabled her to continue spending as much as Uganda, Tanzania and Rwanda combined. What puts this situation into greater perspective is to consider how much of the expenses are funded by domestic revenue in each country.
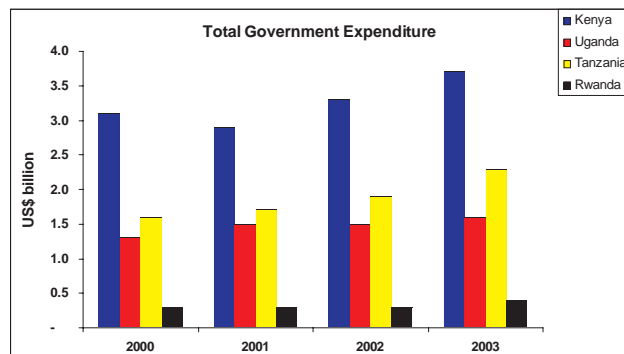

Figure 7: Comparison of Expenditure Trends 2000-2003

*Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005);
author's calculations*

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Kenya funds 80% of its budget through domestic revenue while Rwanda meets just 50% of its requirement from domestic sources.

Domestic Funding
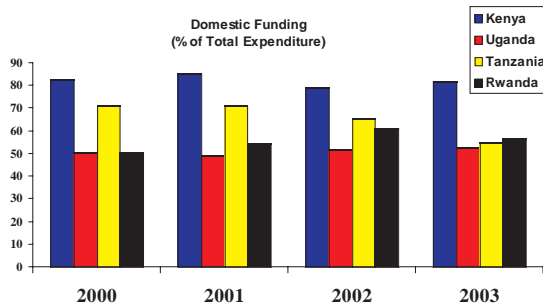(% of Total Expenditure)

Figure 8: Expenditure to Revenue Trend in East Africa 2000-2003

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

These depictions of the recent past have important policy implications as we consider how the financing of future spending gaps might be accomplished. Only in Kenya is it possible to imagine a near-term solution that does not involve large amounts of external financing.

The Make up of Expenditure

Total regional expenditure was projected to be US$ 11 Billion for the year 2005/2006. Of interest here is how government expenditures have been allocated in the past and the difference or similarity to present and future choices made or urged upon the respective governments. The analysis should enable general conclusions about an integrated region and the tensions that may arise out of differing regional priorities.

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A view of the flexibility of the public finance system is can be seen by looking at the breakdown between recurrent expenditure and development expenditure and the extent to which development spending relies on external support. The following graph looks at recurrent expenditure as a percentage of total expenditure for 2000 to 2003.

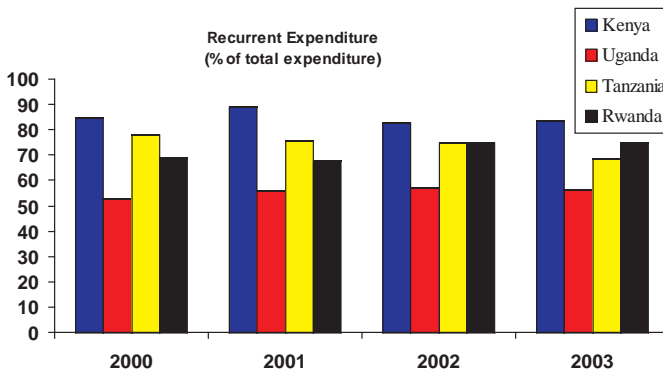Recurrent Expenditure
(% of total expenditure)

Figure 9: Recurrent Expenditure as % of Total Expenditure

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

While Kenya spends over 80% of total expenditure on recurrent items, Uganda spends about 55%. More interesting perhaps is how the amount of recurrent expenditure matches with locally available revenue. The next graph looks at how much recurrent expenditure is paid for out of locally raised revenue.
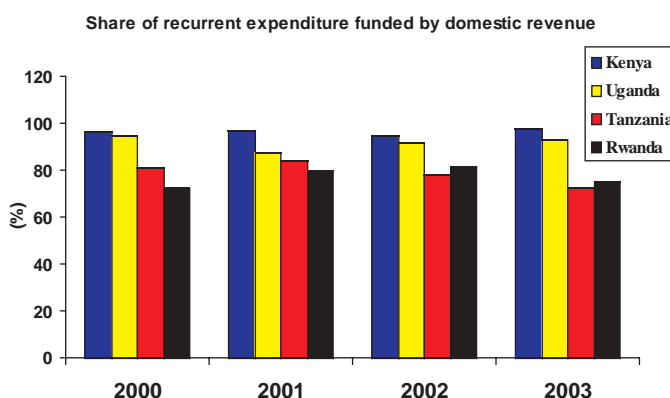

Figure 10: Recurrent Expenditure as % of Total Revenue (less grants)

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

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It is clear that none of the regional countries has been able to cover its recurrent expenditure through tax revenues. To a greater or lesser extent the countries of the region are dependent on local and foreign borrowing and grants to make up the shortfall. As discussed above, given that near and mid term revenue growth is unlikely to be as large as would be necessary to close the funding gap, it will be hard to reorient spending away from recurrent to development expenditure without making some hard choices. The first step to better understand these choices is to know the components of recurrent expenditure and their burden on the treasuries of the respective countries.

Recurrent Expenditure

As has been seen, this is the largest part of the budget and consists largely of;

- Wages for civil servants, military and police forces and teachers,
- Interest payments on local and foreign debt and
- Operations and maintenance, subsidies and transfers to state enterprises and local government.

All these expenditures can be fairly easy to take on but extremely difficult to control or curtail. For example, it is much easier to hire staff than to retrench them.

The following illustration gives the proportions of current expenditure for Kenya in the past four years.
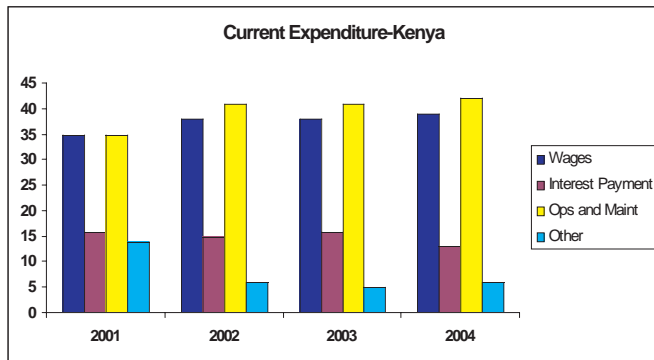
Figure 11: Composition of Recurrent Expenditure Kenya 2001-2004

Source: Kenya Ministry of Finance (2005)

A problem that occurs when recurrent expenditure runs up against the limit of available resources is that governments tend to accrue arrears which are then claims against the following year's revenue. The stock of arrears can be considerable and adds to the countries debt burden albeit at a reduced or no interest cost. In various commitments to the IMF under such programs as the HIPC debt relief initiative and the Poverty Reduction Growth Facility (PRGF), governments have committed themselves to dealing with the structural rigidities that allow the above scenario to repeat itself from year to year. In order to deal with the wage bill, civil service reform programs are being introduced to scale down the civil service as well as to deal with the capacity constraints across government. The government of Kenya whose wage bill in 2004/5 fiscal year was 33% of total expenditure has set a target to keep the bill under the sub- Sahara African (SSA) average of 29% through early retirement plans for civil servants and downsizing the civil service by 21,000 in the medium term[7].

Governments can reduce transfers to loss making parastatals through privatisation and a number of reform measures designed to improve their performance. An emphasis on improving capacity for expenditure management at local authorities would ease the burden on the treasuries which pays for a large proportion of local government budgets.

Debt relief under the Highly Indebted Poor Countries (HIPC) initiative for Uganda, Tanzania and Uganda will significantly reduce the interest expense, (see the section on Debt) and free up resources that can be ring-fenced for priority poverty-reducing investment in areas like education and healthcare.

As with the whole budget process, the political will to adhere to and continue with these measures over the long term is absolutely essential. Because these countries are pushing against the ceiling of resource availability, any relaxation in attempts to reform recurrent expenditure will have implications on the ability to meet the development goals of the government.

Development Expenditure

Development budgets, as has been discussed earlier, are highly dependent on donor assistance and for various reasons are the first to be abandoned in times of weak donor support and unforeseen or larger than budgeted expenditures, i.e.

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7. *Medium Term Budget Strategy Paper, May 2005, Ministry of Finance (Kenya)*

elections, drought and other emergencies. The region is littered with stalled infrastructure improvement projects where donors abandoned the effort in midstream or funds were diverted to cover emergency or recurrent expenditure. Another reason for the poor performance of the development budget has to do with poor planning. A degree of optimism on the part of ministry planning officials as to the human resource capacity to complete projects leads them to be overly ambitious in their estimates and this inevitably leads to under spending of
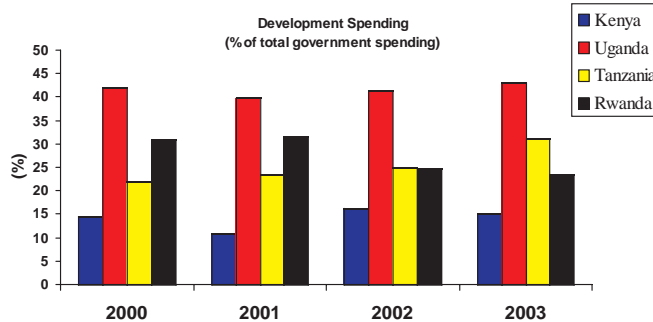

Figure 12: Development Expenditure as % of Total Expenditure 2000-2003

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

budgetary allocations. The graph below shows the regional development spending in relation to overall   government spending in the recent past.

Kenya's experience with the development budget is indicative of the problems of planning for this spending. Because most development projects are donor funded, if these funds are withheld for political or other reasons, spending does not occur. The sad truth is that it is these projects that are essential to wealth generation which leads to further revenues which in the end could lead to independence of the development budget from donor funding. The graph below depicts this overdependence on donor funds.
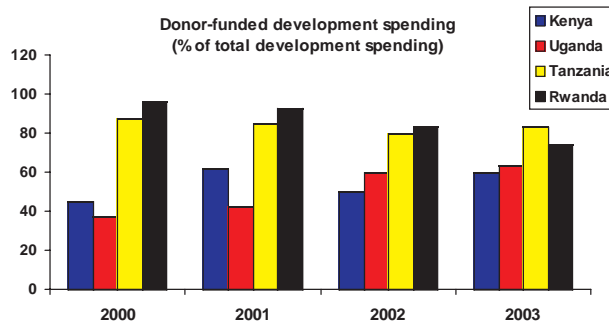
Figure 13: Donor Funding as % of Development Spending

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

The political context of development spending can never be overlooked. As the 2002 elections approached in Kenya, the government will have made more domestic resources available for development spending so as to show that it was making efforts to improve the situation of the citizens. Still the over reliance on donor - funding is clear. Rwanda has shown determination to fund more capital projects domestically. In Uganda the situation is reversed with a steady deterioration of its ability to fund its own development projects.

Fiscal Deficits

All of the East African economies are experiencing fiscal deficits and as a result are vulnerable to interest rate and inflation pressure. In these small open economies, capital flows are sensitive to the prevailing interest rate environment, and fiscal deficits are a major cause of the appreciation of local currencies. These deficits tend to divert local capital from investment in productive endeavours, to the retail consumption of foreign goods (made cheaper by the local currency appreciation) and other non-productive enterprises like construction. As import demand increases, it aggravates the current account balances that are already in deficit across East Africa. And because these deficits have monetary policy implications, central bank sterilization is required, either through the accumulation of reserves or the repurchase of debt. The chart below shows the fiscal deficits (before grant funding) as percentage of GDP.
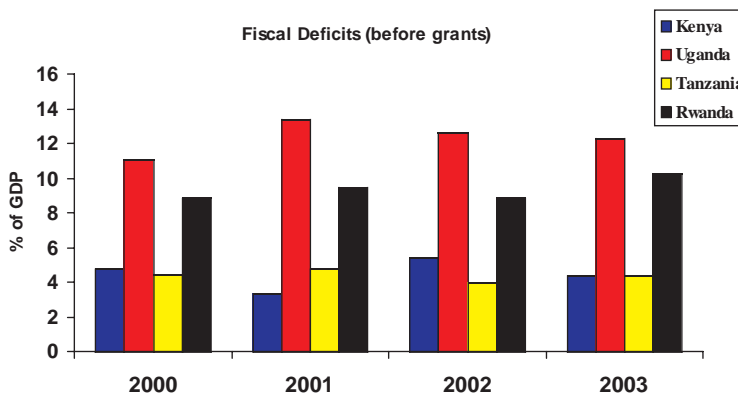

Figure 14: Deficit as % of GDP 2000-2003

Sources: Economist Intelligence Unit (2004a, 2004b, 2005a, 2005b, 2005c, 2005d); Kenya Ministry of Finance (2005); author's calculations

As Europe moved towards the introduction of the common currency the Euro, individual countries were required to keep their deficits to within 3% of GDP. Although there is some debate as to the need for enforcing strict fiscal constraints, it is clear that the link between fiscal and monetary policy discussed briefly above is a real concern for countries seeking monetary union (Hanke 2003). Large fiscal imbalances in an economically dominant country can have repercussions that will be felt throughout the region (Germany in the EU and Kenya in East Africa).

In East Africa, the deficit picture after grant financing looks more manageable and currently at least, regional governments are looked upon favourably and receipt of this grant financing in the medium term can be assumed. The reliance on this external charity on an annual basis into the foreseeable future has implications for East Africa's incentive to change expenditure patterns, raise additional revenues and choosing of priority expenditure areas in the absence of conditionalities which are often imposed on external assistance[8]. The graph below looks at the projected deficits (after grants) through 2008 in Kenya and Tanzania which makes it clear that the situation is unlikely to change in the medium term. In Tanzania the deficits before grants are projected to be about 11% of GDP through 2008.

8. Njeru, James, "The Impact of Foreign aid on public Expenditure, The case of Kenya," AERC Research Paper 135, African Economic Research Consortium, Nairobi, November 2003
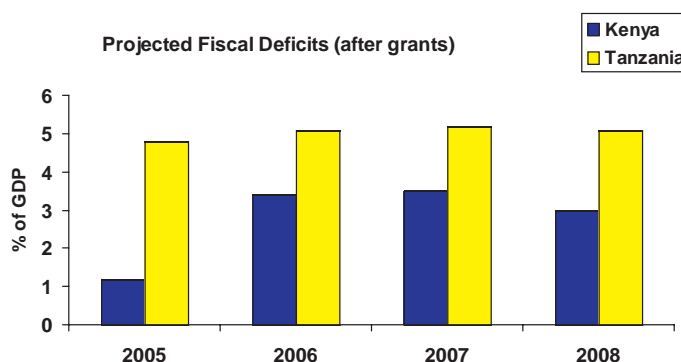
Projected Fiscal Deficits (after grants)

Figure 15: Future Deficit before Grant Funding in Kenya and Tanzania

Sources: Kenya Ministry of Finance (2005); 2005/2006 Budget Digest, Ministry of Finance Tanzania

Future Expenditure Trends

All governments in the region are saying the right things about expenditure management, revenue enhancement, decreased or limited borrowing and reorientation of expenditure to priority poverty reducing areas. In this section we look at the projections for the medium term and the likelihood of success for the expenditure plans. Use of the Medium Term Expenditure Framework (MTEF) has been implemented in East Africa as a method of reallocating scarce resources and bringing realism into the budget making process. With the exception of Uganda, the countries of the region were coaxed into introducing this reform in their budgetary process by donors led by the Bretton Woods institutions. The table below summarises when and why the MTEF was introduced.

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COUNTRY	YEAR	REASON	ADVOCATES
Kenya	*2000*	*Macro Stability, Realign expenditure to the Economic Recovery Strategy Priorities and improve Expenditure management*	*WorldBank, MoF*
Tanzania	*1999*	*To provide a strategic framework for the budget; strengthen sector allocation and to feed analysis of budgetary performance back into the budget process.*	*WorldBank, MoF*
Uganda	*1994*	*To tackle macro instability and improve sector allocations*	*MoF*
Rwanda	*2000*	*To facilitate a massive realloca-tion of resources between and within sectors*	*WorldBank,DFID, MoF*

Table 1: Adoption of the Medium Term Expenditure Framework in East Africa

Source: A review of the Experience in Implementing Medium Term Expenditure Frameworks in a PRSP Context: A synthesis of Eight Country Studies, ODI 2003, Kenya Medium-Term Budget Strategy Paper, 2005/06-2007/08

Although remarkable progress has been made in all the regional countries, there still are major obstacles that need to be overcome if the MTEF is to be the silver bullet it is envisioned to be. Among the factors that make up a well - functioning MTEF process is that it is comprehensive as to coverage of expenditure,

works with a realistic resource constraint and forward estimates of expenditure form the basis for the annual budget.

In this region, sensitive expenditure areas like military and intelligence are, more often than not, excluded from coverage by the MTEF. In Rwanda and Tanzania, only expenditures covered by local resources are included in the MTEF process and local government expenditure is also excluded[9]. In many cases, actual spending by ministries does not match estimates given during the MTEF because the resource ceilings set during the process were unrealistic. This usually occurs because - political incentives exist to overstate growth of revenues and understate expenditure, as well as the volatility of donor funding. Kenya's 2006 budget did not include any expenditure gaps that would she would need to fill by uncommitted donor funding.

In all cases, governments are concerned about curtailing non-productive recurrent expenditure and shifting the savings to poverty reducing sectors like physical infrastructure improvement, health, education and agriculture. The graph below shows how the Kenya government medium term plans to reallocate its expenditure into these sectors.
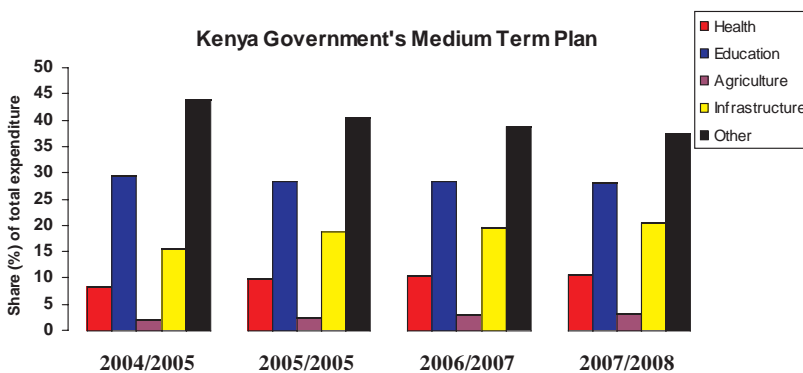

Figure 16: Changing pattern of priority expenditure in Kenya (% of budget)
Source: Kenya Ministry of Finance (2005)

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The additional expenditure in health care will go to improving health delivery infrastructure, drugs, expanding immunization and other preventative health measures. In education, the Kenya government continues to fund free primary education and will increase facilities in rural areas and capacity of tertiary level education. The focus in agriculture will be focussed on raising productivity, creating an enabling environment through better land policy and legal framework. Infrastructure spending will increase from 15% to 20% of total expenditure and will be primarily focused on expanding the road network, access to water and energy and creating the environment for a healthy ICT sector.

As spending on economic and social priority is projected to increase, all other spending is projected to fall from 44% of expenditure to 37% by 2008. Although Kenya is not counting on additional donor support in its MTEF, a scenario is included which increases the spending in the priority areas if donor funds should become available. In the absence of donor funds, in order to achieve the targets of its poverty reduction

9. Malcolm Holmes et al., "A Review of the Experience in Implementing Medium Term Expenditure Frameworks in a PRSP context: A synthesis of Eight Country Studies, Overseas Development Institute, London November 2003

strategy, (PRS) and set the groundwork for the achievement of the millennium development (MDG's) goals by 2015, the resources to fund the additional spending will have to come from increased revenue collection, additional debt and/or savings through institutional reform.

In Tanzania a new Poverty Reduction Strategy (PRS) known as MKUKUTA is being linked to the MTEF so as to reorient spending. As has been seen, Tanzania, Rwanda and Uganda, despite impressive economic growth rates are unlikely to substantially reduce their dependence on donors in the medium term. What is clear is that implementation of the Tanzanian PRS depends almost exclusively on the goodwill of the donor community. Having said that, the linking of the MTEF with the MKUKUTA has forced a level of discipline on the budget process and forced the participants to focus on priorities within the PRS when considering medium term allocations.

Rwanda in recent years has an exemplary record of steadily increasing priority spending. By vigorously protecting social sector allocations from cuts during the year, priority spending in Rwanda has almost quadrupled in the years between 1998 and 2004 from 2.8% to 8.5% of GDP with over 80% of this increase going to education. Tanzania and Rwanda have both benefited from bilateral and multilateral debt relief which has released funds to be earmarked for priority spending. It is too early to judge the long term effects of the increasing use of prioritisation of expenditure on poverty levels. The evidence suggests that sustained investment in priority sectors such as agriculture is needed for the benefits to become apparent.

While the above discussion indicates that the region's governments have in the recent past begun to be proactive about creating the right institutional framework for expenditure management, it remains the case that achieving of these plans is subject to risks largely outside the control of the policy implementers.

The major risks faced by all the countries of the region are:

- wage increases
- slower economic growth
- lower than forecast donor inflows and
- Domestic interest rate increases

Wages

Public service wages form a significant part of the recurrent expenditure of all the countries in the region. In Kenya wages were 8.3% of GDP in 2004 and in the medium term are scheduled to stay at around 8%. In Tanzania wages are 4.2% of GDP and projected to rise to 4.7% by 2008. Past attempts to contain the wage bill through civil service rationalization have met with stiff resistance and the lack of political will to effect change. The inability of the government to reduce the nominal wage bill and hold to the projections will seriously affect plans to release resources for poverty-reducing line items.

Economic Growth

Exogenous shocks such as drought, terrorist attacks, higher oil prices, lower export commodity prices etc.,could severely affect the projections of economic growth. Lower economic growth will have severe repercussions for revenue forecasts and restrict governments' ability to sustain the reorientation of spending spoken of above.

Donor Flows

In a region where donors continue to provide substantial fiscal support, any negative variance from predictions of these flows would affect government plans. Aid is particularly sensitive to domestic political developments and each of the countries in the region has their own near term political obstacles that if not handled satisfactorily will impact negatively on donor perceptions of governments' commitment to social and economic improvement. Constitutional change in Kenya, elections in Tanzania and Uganda could influence donor relationships and affect the volume of funds available. In Kenya, the MTEF does not factor non programme related donor funds thus mitigating to some extent the effect of a drop in inflows. Uganda, Tanzania and Rwanda are not at such a self sufficient level that they can afford to overlook these funds in planning for the future.

Domestic Interest Rate

Any pressure on revenue that forces the government to crowd out the private sector by borrowing heavily on the local market will inevitably increase the domestic interest rate which will have a negative effect on investment and economic growth.

Summary of Expenditure

Expenditures continue to outstrip domestic revenues across the region. This fact leaves all the countries of the region dependent on debt financing to close the gap. High recurrent expenditure on operations, wages and interest costs has the effect of limiting the ability of the region to fund development without significant support from external donors. The adoption of new budgeting techniques coupled with a new longer term view of development, has focussed governments on shifting spending priorities to poverty reducing areas like health, education and infrastructure.

Although regional governments are making a sincere effort in expenditure management and revenue collection, because of the constraints highlighted above, there are still serious risks to the success of this strategy. Exogenous risk factors like weather calamities, health epidemics (HIV/Aids and avian flu) and natural disasters have the potential to set the reform effort back many years.

PUBLIC DEBT

A persistent feature of public finance in East Africa is the fiscal deficits talked of earlier. Even after grant funding, debt financing is still required to make up the shortfall. The regional governments have a mix of local obligations and external debt instruments in the overall stock of debt. It is this stock and the servicing thereof that is of interest to the study of the region's public finances. Here we look at the components of the debt stock and the governments' commitments in annual debt service and ask if the situation is sustainable. Additionally we look at the risks associated with the debt stock and the issue of debt relief for poor countries.

The Debt Stock

Over time the total debt of the regional countries has grown and has reached levels where Uganda, Tanzania and Rwanda are judged to be highly indebted poor countries (HIPC). As a result of this designation, following the certification of

various economic targets set by the Bretton Woods institutions and Paris Club of Donors, these countries have enjoyed a limited amount of debt relief. In August 2005, G8 leaders agreed a plan for relief of 100% of external debt of 18 of the world's poorest countries. All these three neighbours qualified.

The stock of debt however, does not consist exclusively of external debt. Domestic money markets are also a major source of financing for the governments. It is the combination of external and domestic debt, the service thereupon and domestic spending arrears to local suppliers that make up the total stock of debt. The following graph shows the breakdown between external and domestic debt for the countries of the region at period end 2003/2004 prior to the 100% external debt relief.
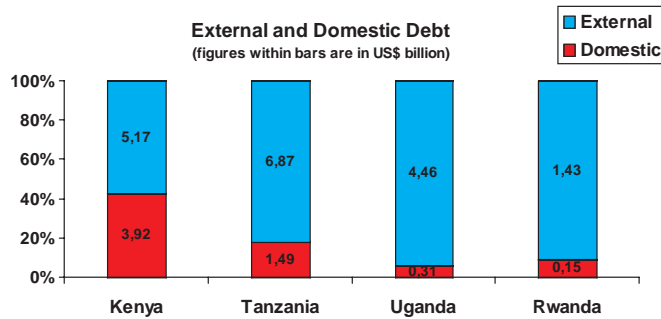
Figure 17: Total Debt Stock in East Africa 2004 (US$)

Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b), Bank of Uganda (2005)

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Trends in Net New Borrowing

Net new borrowing each year to finance current expenditure requirements are of interest for the future because they suggest that even with the elimination of large portions of the current stock under HIPC and other debt relief initiatives, additions to the stock will

Figure 18: Net New Borrowing 2000 - 2003

Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b), Bank of Uganda (2005)

Although overall total debt stocks increased, in all the years shown in the graph, domestic debt stocks declined in Tanzania, Uganda and Rwanda while external stocks increased. For Kenya it was the reverse, with domestic replacing external debt. This situation was forced on Kenya as support from donors was curtailed during this period of political transition. It is of great interest for the future of the region to reflect on whether these trends are likely to continue beyond

HIPC relief. Deficits will still need to be financed and the debt stocks, particularly external can quickly be brought back to unsustainable levels.

Interest on Debt

In all the countries of the region, one of the largest portions of recurrent expenditure is the amount of annual payments of interest on the proportion of the debt which is outstanding. Here we can see the trend in interest payment to total expenditure in the region over the recent past.

Interest payments as a share of Total Expenditure
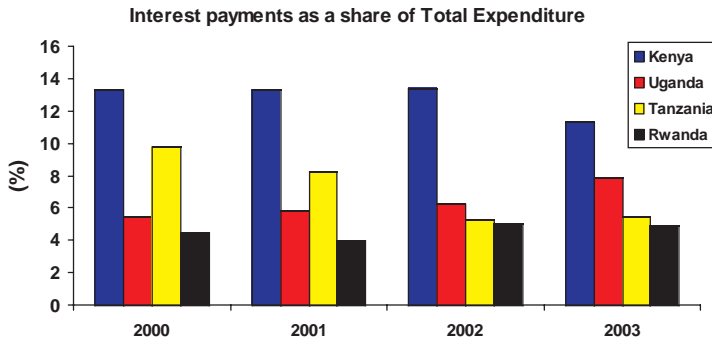
Figure 19: Interest Expense as % of Total Expenditure
Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b), Bank of Uganda (2005)

Although the size of interest payment may be explained by a number of factors such as interest rate levels faced by each country and the size of the debt stock, what this graph does is to show clearly the relative impact of interest payment. Payment against revenue is a more appropriate way to illustrate the burden these interest payments exact and this is shown below.

Interest payments as a share of Revenue
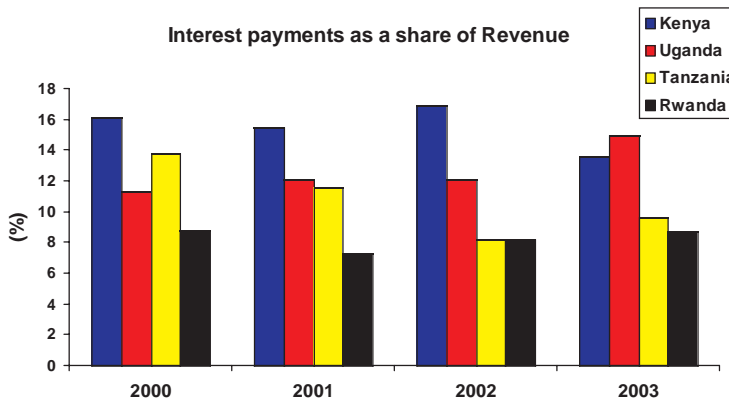
Figure 20: Interest Expense as % of Total Revenue
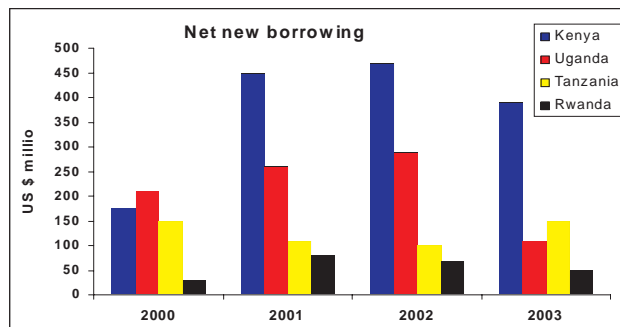*Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b), Bank of Uganda (2005)*

The Multilateral and Bilateral donors have focussed on the sustainability of external debt which in the discussion of debt stock makes up a larger portion of loans to the East African region. Total external debt at the end of 2003/2004 was US$ 18 billion compared to domestic liabilities of US$ 6.0 billion. However, the interest burden of carrying domestic debt is almost as much if not more than that of the external debt as the next chart shows.
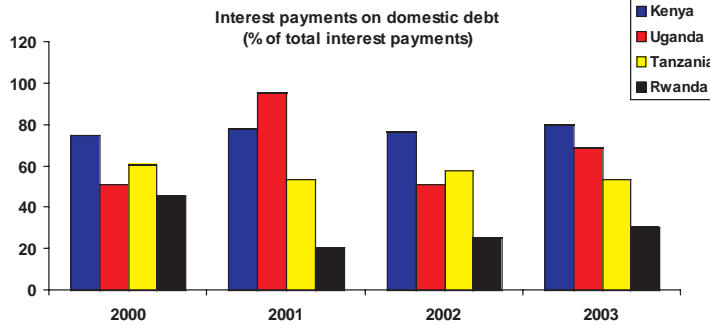
Figure 21: Domestic Interest as % of Interest Expense (2000-2003)
Sources: National Bank of Rwanda (2004), Central Bank of Kenya (2005b), Tanzania Ministry of Finance (2004),
Bank of Uganda (2005)

With the exception of Rwanda, the countries of the region are paying much more when borrowing locally than externally. This can be explained in part by a combination of the amount of debt relief and restructuring of external debt as well as lower interest rates that is attached to this debt.

The Makeup of Domestic Debt

Each nation, depending upon the stage of development of the financial markets, will have in its public debt a combination of Treasury instruments, central bank overdrafts, arrears to suppliers and employees and borrowings from other quasi-government and public sector agencies. In any analysis one might also include private sector debts with a government guarantee. Data for many of the items in such a breakdown is patchy particularly when it comes to parastatal and local government debt. However by looking at the major components of domestic debt we can compare the makeup of domestic public debt across the region.

Figure 22: Composition of Domestic Debt
Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b),
Bank of Uganda (2005)

The relative depth and sophistication of the Kenyan money market allows for the diversification of debt instruments. In recent years the Kenya government has a policy of using shorter maturity treasury bills only as monetary policy instruments and relying on longer term T-Bonds to supplement revenue. The result has been to lengthen the maturity (measured by duration) of government debt to over 2 years. Uganda, Tanzania and Rwanda rely more heavily on direct borrowing from the Commercial Banks and the Central Bank (other borrowing) to cover revenue short-falls. The existence of a secondary market would encourage the purchase of longer

term instruments but only in Kenya has this market developed meaningful liquidity. Uganda and Tanzania have an emerging secondary market while Rwanda has none. When the financial system is overloaded with government paper through force of regulation rather than the market, the risk of failure of that system increases substantially. All countries have various statutes requiring financial institutions (banks, non-bank financial institutions and insurance companies) to hold a portion of liquid funds in government instruments.

Holders of Government Debt

As a result of the regulation mentioned above, the largest domestic lenders to the governments of the region are commercial banks and other financial institutions. The following graph shows who the major holders of domestic debt were in 2004 and highlights the differences between the countries of the region.
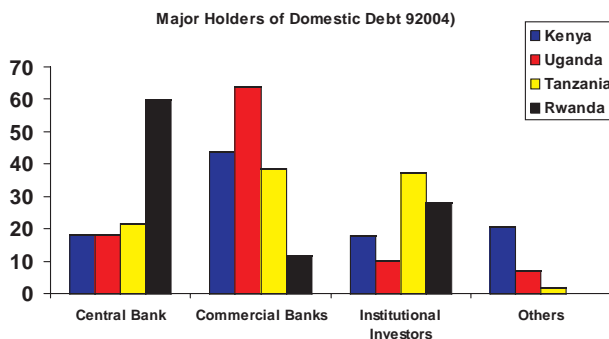
Figure 23: Holders of Domestic Debt in East Africa- 2004
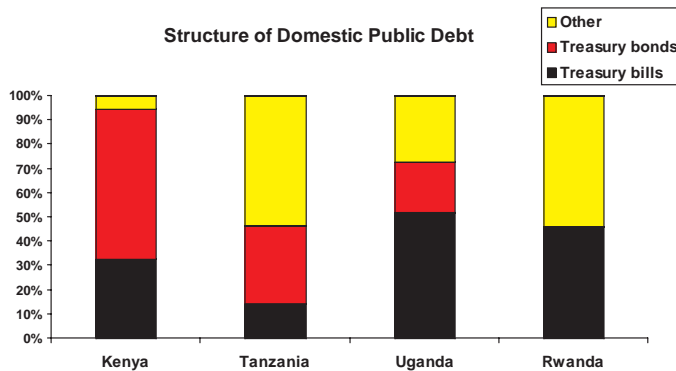*Sources: National Bank of Rwanda (2004); Tanzania Ministry of Finance (2004); Central Bank of Kenya (2005b), Bank of Uganda (2005)*

Rwanda which has underdeveloped financial institutions and no secondary market has debt concentrated in the central bank. In Uganda and Tanzania, government owned banks and parastatal institutions like the National Social Security Fund hold a large portion of government debt.

Macroeconomic Risks of Narrow Investor Base

The lack of liquidity in longer term government paper in the East African region makes the expansion of the market into these investments unlikely in the short to medium term. Although the Kenya government has been partially successful in extending the maturity of its domestic debt, the preponderance of preference toward shorter term paper and its concentrated holding in a small financial sector, can impact liquidity. In recent years, undercapitalized banks with large bad debt portfolios have relied for steady income on their government security investment to keep themselves solvent and tend to hold more than required by regulation. Any significant fall in interest rates on treasury securities will severely impact liquidity, increasing the chances of banking sector led financial crises with implications for macroeconomic instability.

External Debt Sustainability

It has been shown above that the largest stock of East African debt is external. The growth of these stocks to the unmanageable level of US$ 18 billion, coupled with poor revenue collection, lacklustre export growth and inadequate FDI inflows has led three of the four East African Countries to be classified as Heavily Indebted Poor Countries

(HIPC). Kenya which originally was among the HIPC's was removed from the list after its external debt load was declared sustainable. Various methods of calculating the sustainability of eternal debt have been put forward but the two that have been taken up by the HIPC initiative (2004) are the ratios of present value of Debt to Exports and the present Value of Debt to Revenue. Measures of PV/Exports greater than 150% and PV/Budget revenue greater than 250% make debt unsustainable. An additional important criterion is that the present value of debt service to exports must be 15%-20%.

There are problems with any measure of debt sustainability and literature critical of these exists in abundance. In the case of East Africa it is clear that over the last 10 years, to varying degrees, governments have lost control of large portions of the countries export earnings to the private sector. Export earnings that remain offshore for the purchase of capital goods will not be available for debt service. This makes the sustainability measures where export earnings are relied on as a source of repayment imprecise as to which countries deserve debt relief (and how much).

HIPC Initiative and the Gleneagles Agreement of 2005

The HIPC initiative begun in 1996 with the realization that the poorer countries of the world were saddled with unserviceable debt, which in the long run were impediments to poverty reduction and economic growth and development. The initiative spearheaded by the G8 and the international financial institutions (IFI) in response to civil society pressure to wipe out debt (Make Poverty History, Oxfam, Jubilee 2000) was modified several times in its history as it became clear that the program of relieving debt with conditionalities was having little or no effect on overall debt burdens in the poorest countries. In 1999, HIPC I became HIPC II (Enhanced) with the major difference being that debt relief was to be calculated on real figures of a countries debt burden rather than projections of a countries debt levels at its completion point. A country reached its completion point by fulfilling targets of growth, poverty reduction, and fiscal management laid down by the IFIs. By 2004 it was evident that debt burdens were not decreasing and the G8 began to talk of 100% debt relief. At their Gleneagles summit in July 2005, the G8 agreed a compromise that supposedly would give the worlds poorest countries the best chance yet of getting rid of the debt overhang that was crippling efforts to grow their economies and achieve the Millennium Development Goals, (MDG).

In his critique of the Gleneagles agreement, Jurgen Kaiser[10] concludes that the framework may result in a net loss of resources to most of the beneficiary countries. The Gleneagles compromise was between the United States' position which wanted to wean poor countries off the international credit system and that of the United Kingdom which wanted to fund the debt relief by selling IMF gold stocks to replenish the IFI funds. In the end the hybrid that resulted has left the African Fund for Development, (AFDF) and the International Development Agency of the World Bank (IDA), two of the major multilateral lending agencies funding their debt relief out of future disbursements. This means that those countries that benefit from "100%" relief will not have the benefit of future soft loans from these organisations and may be forced to seek financing from elsewhere at market rates. As has been shown earlier, the financing shortfall that exists for the beneficiaries in the East African Region (Uganda, Tanzania and Rwanda), makes this version of relief less appealing than its sweeping claims may imply. The IMF which only funds a small amount of development assistance is where the "real" relief will come from

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10. "The G8 Agreement on Debt relief and Beyond HIPC", Paper for the G24 Technical Working Group Meeting Sept 15, 2005, Jurgen Kaiser

although even here, the funding is scheduled to come out of future aid budgets of OECD countries as well as sale of a portion of the stock of IMF gold reserves.

Debt Relief as Reallocation rather than New Funding

An important point often overlooked in discussions of debt relief is that while the idea itself is a benefit to recipients, there is no new funding associated with the 100% debt relief initiative or HIPC. Thus, for countries that would have been unable to service their external debt stocks in the first place, these initiatives have little practical meaning. At best, for those that have been servicing the debt, it means a reallocation of expenditure to the immediate priorities of the country.

Exogenous Shocks and Priority Setting

The earlier discussion noted that exogenous shocks could derail the prioritisation of expenditure towards development and poverty reduction spending. These same shocks can upset even the best plans of government to ring-fence the "gains" from debt relief in order to apply them towards expenditures in health, education and infrastructure development. Drought and famine, volatility of aid flows, civil wars, epidemics, oil price increase or commodity price decreases, are some of the unforeseen emergencies that could easily divert the relief windfall. All countries in the region are susceptible to these disruptions which can have a major impact on fiscal stability. Largely because these countries do not have the "fiscal space"[11] or a contingency reserve built up to absorb these shocks, their impact on economic growth in the HIPC is immediate and long term. Recent analysis (IMF 2004) indicates that shocks occur every 1.4 years for the average low income country, and have an average impact of 4.25% of GDP[12]. In countries whose economic growth rates are currently between 4% and 7%, such a slowdown in growth has major negative implications for poverty reduction, revenue collection, debt sustainability and ultimately the achievement of the Millennium Development Goals by 2015.

HIPC and the MDG's

The HIPC debt relief initiative that evolved into the "100% Gleneagles agreement" does not properly consider the huge increases in spending that will be necessary to achieve the Millennium Development Goals. This omission makes it likely that the pressure to accept new lending after relief will increase, increasing stocks and ultimately defeating the purpose of the programme. Studies in 15 HIPCs indicate that an average GDP growth rate of 6.3% between 2005 and 2015 is needed to achieve the MDGs. A US$ 5.3 billion in financing gap would then require to be filled in order to make this happen. If this were funded from external sources and maintaining the current proportions of 55% grant and 45% loan, all 15 HIPCs, which include Uganda, Rwanda and Tanzania, will continue to have HIPC measures that indicate debt un-sustainability. Tanzania and Uganda are among 5 countries with higher than the average financing gap[13].

Distribution of East African External Debt and the HIPC

Three broad categories exist into which the holders of external debt issued by the countries of East Africa can be divided. They are, multilateral, bilateral and

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11. *Protecting Africa against "Shocks". Africa Commission Background Paper, Mathew Martin and Hannah Bargawi, Development Finance International, 16 September 2005.*
12. *Ibid.*
13. *Has Debt Relief Made Low-Income Countries Debt Sustainable?, Mathew Martin, Paper for Conference on Debt Relief and Global Governance, Rotterdam, 17-18 June 2004*

commercial and other creditors. Multilateral institutions hold the bulk of external debt and it is at these institutions and this debt that the HIPC is primarily aimed. At the end of 2004, multilaterals made up of the IMF, IDA and AfDF held US$ 13.2 billion out of the total US$ 18 billion external debt stock in East Africa. Bilateral creditors (both members and non members of the Paris and London Clubs of donors) held
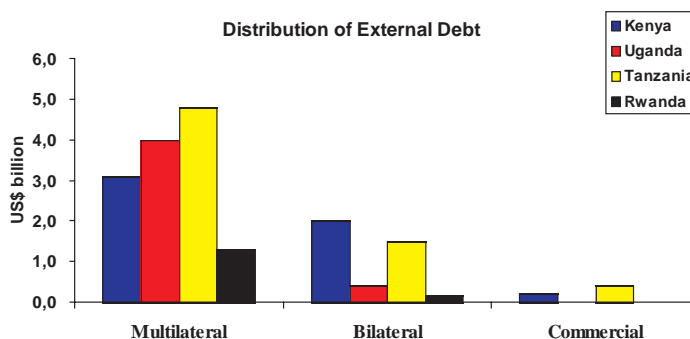

Distribution of External Debt

Figure 24 - Holders of East African External Debt 2004
Sources: IMF (2005a, 2005b, 2005c, 2005d and 2005e, PRGF Review Uganda 2005, IMF 2005b, PRGF Review Tanzania 2005, Kenya Debt Sustainability 2003

another US$ 4.0 billion while commercial and other creditors held the rest (US$ 0.8 billion). The following graph gives a picture of the distribution of external debt in East Africa

An additional reason that the HIPC initiative as restated in Gleneagles is not - really the '100%' that is touted to be, is that the bilateral and commercial creditors are required to reach individual agreement on relief under the scheme with the countries concerned. These creditors have little incentive to do so once the multilaterals have cancelled all or most of their debts because they will judge that the additional monies freed up under the scheme can be used to pay them off.

Summary of Public Debt in East Africa

The requirement for the regional governments to borrow both locally and externally will continue for the foreseeable future. Restrictions have however been placed on this ability by agreements under the individual countries' Poverty Reduction Growth Facilities with the IMF and the HIPC initiatives, both of which require that countries receiving assistance or relief must acquire any additional funding largely in the form of grants. Unfortunately, these aid flows are fungible and this makes planning very difficult. Substituting the reduced external funding with domestic borrowing even on a regional basis (for example, Rwanda issuing a government bond in Nairobi), increases the crowding out effect, by raising interest rates and the cost of borrowing to the private sector, and significantly increases interest rate pressure. Increasing the depth of the financial system in the region will happen only when there is substantial and sustained growth of the overall economies which opens up a healthy choice of investment opportunities.

The evolution of the HIPC debt relief initiative culminating in the G8 Gleneagles "100%" plan, has been shown to be less than its universal promise as far as the East African countries are concerned, with Kenya left out altogether. This means that without substantial growth of domestic savings and government revenue, unsustainable public debt levels are likely to be a feature of the region for some time to come.

CONCLUSION

Across East Africa, the management of public finance has improved dramatically in recent years. From a situation of shrinking government revenues, expenditure spiralling out of control and dependence on the generosity of donors to make up the shortfall, each of the countries has made striking progress in planning and prioritising expenditure, reversing the declining revenue situation and with some help of external debt relief and rescheduling, bringing the burgeoning debt under a semblance of control.

These efforts at improved public finance management are now pushing against the structural rigidities in recurrent expenditure, narrow revenue (tax) bases, undeveloped domestic financial markets and limited access to international financing. To varying degrees, these countries rely on multilateral lending agencies and donor charity in the form of concessional lending and grant funding, to cover their persistent fiscal deficits.

These deficits aggravate perceptions of future inflation, crowd out domestic investment by diverting local savings from private use to public financing, and put upward pressure on domestic interest rates. Of the four countries reviewed, only Kenya has managed to raise its entire public expenditure requirement through a combination of tax and other revenue, and domestic borrowing. The difficulties it has faced in reforming its political environment to match progress in the management of public finances has restricted Kenya's access to foreign sources of finance thus adding to the risks of a dramatic reversal should the economy face a slowdown. Each country in the region is faced with similar dilemmas in varying degrees of severity.

Tanzania, Rwanda and Uganda stand to benefit from an immediate "100%" percent external debt relief as they are among the 18 HIPCs deemed to have an unsustainable debt overhang. As has been seen however, rates of new borrowing will quickly lead to the re-accumulation of debt stocks unless fiscal reform efforts and - economic growth succeed in replacing the need for external financing with domestically raised revenues.

Regardless of all the goodwill of donors or domestic reform efforts, East Africa is subject to very real exogenous shocks that can make the achievement of development goals unattainable. Drought and famine, fall in export commodity prices, increases in import prices (oil, plant and machinery etc.), exchange rate movements, and hyper-inflation, are examples of shocks that can slow economic growth, reverse revenue gains and exacerbate expenditure demands. The setback to any reform of public finance will have long lasting implications for any plans to integrate the economic and political institutions of the region. Consideration, both from government and donor alike, must be given to measures that will insulate any progress that has been and will be made from these shocks so that the gains are sustainable.

In building scenarios for the future of the East African Community it might be helpful to look at public finance in terms of the viability of the separate entities involved in the union. What is clear from the analysis in this paper is that the public finance in Uganda, Tanzania and Rwanda is still a long way from being independent of donor support. Kenya is marginally able to support her current requirements. None of the countries though has the domestic financial capacity to achieve all of the targets set out for 2015 in the Millennium Declaration.

In thinking about the long term future of regional integration, there is value in asking whether, in the absence of foreign aid, the East African countries are viable entities. Do the governments individually posses the ability to fulfil the ideal of providing for the welfare of their citizens? Will the free movement of capital and labour unlock regional potential and provide additional investment opportunities, creating wealth and hence additional revenue for the state?

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FAST FINANCIAL MARKETS; SLOW GOVERNANCE
VIEWS FROM THE US

Question: What about the international financial institutions? How are they evolving?

I really don't know. There has been a major revolution in international financial transactions. One thing leading to this major change has been the speed of transactions. ... (He sings a song from a show about the collapse of Barings Bank: "Last night I thought I would move some funds. It was so nice, I did it twice..."). Ten years earlier, it would have take two weeks to complete two transactions like that. This time, Nick Leeson could do it over night while his supervisor was sleeping.

Question: So between the time the technology comes in and new governance systems are in place, we have a transition period of higher risk.

You are right, there is greater risk. Governance systems have to change.

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TRANSPARENCY & INSTABILITY IN GLOBAL FINANCE
VIEWS FROM THE US

In 1997, the US State Department rejected a proposal that would have required such transparency in this country for hedge funds. Then, Long Term Capital Management hedge fund failed. The head of the US Securities and Exchange Commission (SEC), Donaldson, then said that controls were needed on hedge funds and that they should also be completely transparent. At that point, Donaldson was forced out of office.

The Chinese government will have a very big problem because they are trying to control the exchange rate and they are not known for their history of transparency.

Question: So you are describing two of the biggest players on the financial markets functioning with very little transparency. Does this not make the financial system very unstable?

It is very unstable and I am very worried. Small countries should stay away.
Interview in New York, USA, September 2005

Interview in New York, USA, September 2005

WASHINGTON CONSENSUS META-NARRATIVE: WHAT NEXT FOR EAST AFRICA?

GERTRUDE MUGIZI

WASHINGTON CONSENSUS META-NARRATIVE: WHAT NEXT FOR EAST AFRICA?

GERTRUDE MUGIZI

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ABSTRACT

This chapter examines the relationship between East African countries and their development partners. It reviews the evolution of the aid architecture from focusing on projects through programmes and policies to politics. After assessing the effectiveness of the Washington Consensus and a new meta-narrative for the aid relationship, and taking a brief tour of the experience in Tanzania, Kenya, Uganda and Rwanda, the chapter concludes by asking why is has been difficult for the aid business to match results to stated intentions. It challenges East African citizens to own their own development and take responsibility for the good and the bad, the past, the present and the future.

THE HISTORICAL CONTEXT

Since the 1960s, the focus of the international development community has followed a number of trends. Goran Hydén (2005), a Swedish political analyst, has summarized these as follows:

- The 1960s saw the emergence of *projects* as the primary means to implement ambitious development plans. The state was identified as the primary engine of growth and the result was a 'reliance on blueprints and a top-down implementation of activities'.

- In the 1970s, this shifted to a greater focus on the redistribution of resources from the rich to the poor. Predominantly patriarchal states consequently faced the increased burden of satisfying a growing number of human needs with infant state machineries. However, it was recognized that a more comprehensive approach was required to succeed, hence the shift to *programmes*.

- In the early 1980s, it was discovered that states are neither effective nor efficient in driving economic development. It was then that the international development community agreed to follow the lead of the Bretton Woods institutions and the focus shifted to *policies*, mainly macroeconomic. The aim was to create an environment that would enable increased individual responsibility and self-determination, thereby reducing dependence on services provided by the state.

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- By the 1990s, the international community began to take a closer look at the reasons for market failure and increasingly acknowledged that private interests alone could not provide broad-based and sustainable economic development. There was a renewed focus on the state and the need to increase its efficiency and effectiveness in order to counter the increasingly detrimental effects of market failure. It was then that *good governance* became the main area of focus.

- At the turn of the century, the idea that governance cannot be improved solely through technocratic interventions or institutional reforms began to emerge. The importance of *politics* is now becoming the focus of increased donor attention. While the state (primarily the executive) is still the main focus of donor attention, more attention is being paid to internal power and incentive structures within states that make up the de facto 'drivers of change'.

Many would argue that the above depiction is an over-simplistic description of trends in donor thinking over the last half century. In reality, the factors that influence donor development priorities have been much more diverse and complex, with various external elements adding to the mix, not least of which, are the political and economic agendas of donor countries, the organizational interests of donor agencies and the vested interests of individual members of staff within donor agencies (Cooksey, 2003).

This chapter will focus on the period beginning in the early 1990s, which marked the formulation of the Washington Consensus, to the present-day donor policies characterized by the recent Paris and Rome Declarations, which some informally refer to as the current 'meta-narrative' (Maxwell, 2005). This is not to undermine the importance of the past and the fact that both donors (or *development*

partners to use the current politically correct terminology) and recipients can learn much from previous successes and mistakes. Certainly, the trends of the 1970s and 1980s have been well documented and debated. Indeed, the present chapter also focuses on a discussion that is also quite well documented. However, surprisingly and worryingly, there is yet to be evidence of serious debate on the current trends in development assistance to East Africa.

The Washington Consensus of 1990 can be characterized by ten key conditions claimed to be necessary for economic development, as described by John Williamson (2003). These points can be described as follows:

1. *Fiscal discipline*: Budget deficits not to exceed financing currently available to governments without recourse to inflationary tax.

2. *Public expenditure priorities*: Public spending redirected away from politically-sensitive areas with limited economic return (defence, unbridled subsidies, low-return investment expenditure) to areas with potentially high and sustained economic returns (primary health, education, infrastructure).

3. *Tax reform*: Broadening the tax base and reducing marginal tax rates.

4. *Financial liberalization*: A moderately positive real interest rate and the abolition of preferential rates.

5. *Unified exchange rate*: To induce rapid and demonstrably sustainable growth in non-traditional exports.

6. *Trade liberalization*: Quantitative trade restrictions replaced by tariffs and gradually reduced to a uniform low tariff of 10-20 per cent (there is some disagreement among donors on the modalities of this).

7. *Foreign direct investment*: Foreign and domestic firms should be allowed to compete on equal terms without entry barriers.

8. *Privatization*: State-owned enterprises should be privatized.

9. *Deregulation*: Abolition of regulations that restrict the entry of new firms into the market or that restrict competition

10. *Property rights*: A legal system that safeguards private property rights without excessive costs and makes them available to the informal sector.

It has been argued that the Washington Consensus signalled a turning point in the aid relationship, for it was then that the bilateral donors openly subscribed to and acknowledged the lead role of the Bretton Woods institutions. As the main donors have the largest vote on the boards of the international financial institutions, they are therefore key decision-makers in setting the policies of these institutions. This was only a long-overdue public acknowledgement of their affiliation with the widely unpopular structural adjustment policies introduced by the Bretton Woods institutions during the 1980s. For most of the 1990s, these ten conditionalities were the non-negotiables in the donor-recipient aid relationship. However, towards the end of the 1990s it became increasingly apparent that the one-size-fits-all approach was flawed in many ways. This prompted the World Bank, in its 1997 World Development Report, to focus on the effectiveness of aid

and to probe more candidly into the reasons why the prevailing aid architecture had not yielded the anticipated results.

The result of this in-depth self-reflection has been the current aid architecture, referred to previously as the meta-narrative. The 20 characteristics of the meta-narratives described by Simon Maxwell (2005) are listed below:

1. The Millennium Development Goals (MDGs) provide the framework for thinking and action on international development.

2. However, security aspects are also important, and there is special concern with poorly performing, failed and failing states.

3. The key MDG is to reduce poverty by half by 2015. 'Poverty' has many aspects but is most easily measured by income, using the dollar-a-day measure.

4. Growth is the most important and maybe the easiest driver of poverty reduction.

5. Improving health and education helps meet the MDGs, but also boosts growth and poverty reduction.

6. Trade is an engine of growth and poverty reduction: economies need to be open.

7. In general, too, market economies deliver faster growth and poverty reduction.

8. Infrastructure for the productive sectors, water, health, and education are the priorities for public expenditure.

9. Public monies are most likely to be corruption-free and well-spent when public institutions are results-driven, accountable and decentralized.

10. Poverty Reduction Strategy Papers (PRSPs) provide a way to focus both poverty policy and participation.

11. Good government and good policies are necessary conditions for both growth and successful use of development aid.

12. For countries that do not qualify, humanitarian assistance will be best, backed up with security interventions in the case of the worst performers.

13. More aid is certainly justified - at least to double the present levels.

14. Some of this should be spent on debt relief.

15. Global funds and other special instruments help to leverage additional aid.

16. Aid should also be focused on critical problems like famine, HIV/Aids, or education for all.

17. In general, however, additional aid is best delivered through the multilateral system, especially the World Bank.

18. Wherever possible, aid should support national budgets rather than individual projects.

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19. Subject to the condition that countries continue to use it well.

20. Meanwhile, rich countries need to reduce subsidies and provide better trade access.

The above 20 'prior actions' form a basic description of the current aid architecture. It should be clarified, however, that most, though not all, donors in East Africa subscribe to this school of thought. The most notable outliers are the USA and Japan (although Japan has recently been looking into the possibility of joining the other donors in this approach). It should also be noted that the USA was among the top five donors in all four countries of the East African Community (EAC) in 2003 and in three of these countries it was among the top two. Japan was among the top ten donors in two of the four East African countries in that same year (http://www.oecd.org/dataoecd, accessed 1 November 2006).

The meta-narrative is principally derived from the outcome of two recent conferences relating to international development assistance. The first of these conferences was held in Rome in February 2003. From this meeting resulted the Rome Declaration on Harmonization. The second is the High Level Forum on Aid Effectiveness, held in Paris in March 2005, resulting in the Paris Declaration on Aid Effectiveness. Both Declarations essentially elaborate on five basic undertakings by all partners in the development process. These are:

- All parties reaffirm a commitment to poverty reduction and to meeting the MDGs.

- Developing countries will exercise effective leadership over their development policies and strategies and will coordinate development actions.

- Donors will base their overall support on recipient countries' national development strategies, institutions and procedures.

- Donors will work together to ensure that their actions are more harmonized, transparent and collectively effective.

- All countries will ensure that resource management and decision-making is results-driven.

- Donor and recipient countries will be mutually accountable for development results (http://www.aidharmonization.org/ah-overview/, accessed 1 November 2006).

ANALYSIS OF RECENT AID DISBURSEMENTS TO EAST AFRICA, 2001-2003

This section analyses aid trends to the four member states of the EAC between 2001 and 2003. These years have been chosen to demonstrate the most recent direction that donors have taken as regards development assistance to East African countries.

Net Aid Disbursements (2001-2003)
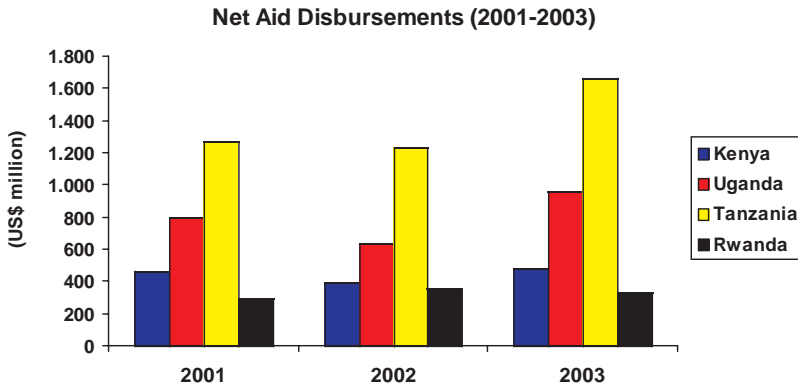
Figure 1: Net aid disbursements, 2001-2003

Source: http://www.oecd.org/dataoecd/

Aid as percent of GDP
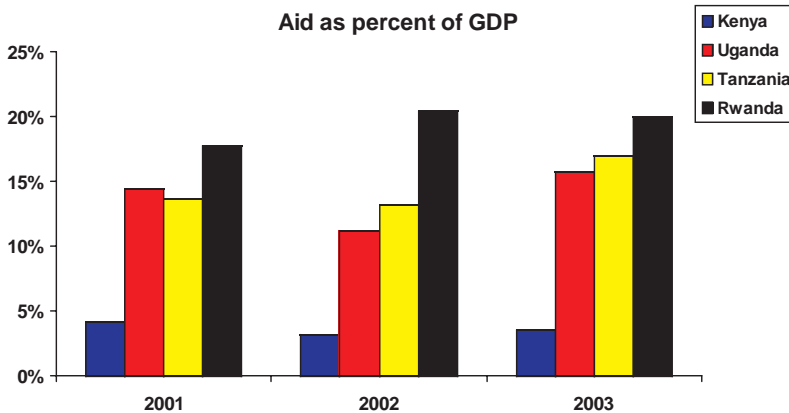
Figure 2: Aid as a percentage of gross national income

Source: http://www.oecd.org/dataoecd/

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Figure 1 shows that the overall trend in net aid to East Africa is increasing, with Tanzania leading the pack by a considerable distance. These dynamic changes are also true when looking at aid as a percentage of gross national income (see Figure 2). This analysis shows Rwanda to be receiving the highest percentage of aid. Kenya's percentage is considerably lower than the other countries, while and Uganda and Tanzania hover in the middle.

The aid disbursement trends shown in Figures 1 and 2 are generally in line with the current meta-narrative. Aid levels in Kenya are low because the country was long considered to be poorly performing in terms of governance and accountability during the Moi regime. Although a recent report (Ng'ethe *et al.*, 2004) cautioned that the roots of poor governance run deep and are unlikely to be uprooted overnight, the expectation is that the potential for change exists as long as it is carefully managed. Tanzania is considered to be a 'well performing recipient country', hence the high levels of aid. Uganda was also considered a 'star performer' for a long time, which also explains the high levels of aid in proportion to its economy. However, governance issues in the country have tempered the enthusiasm among the donor community and more recent figures may show that aid to Uganda is levelling off.

Rwanda, having just emerged from a state of internal and external conflict, requires large amounts of resources for reconstruction and repatriation of displaced citizens. Therefore, although its aid levels are lower than those of its neighbours, they are higher in proportion to the country's economy.

In Tanzania, Uganda and Rwanda, general budget support is the dominant form of aid delivery. For Rwanda and Tanzania, it is likely that this will continue and increase in the short term, although for Tanzania, the tensions surrounding the union between Tanzania mainland and the Isles could alter its current status as a 'star reformer'. Uganda, once the shining star in the development world, is now slowly being dethroned. Donor aid levels are levelling off and, interestingly, this has been accompanied by a sudden significant increase in tax revenue collections. Donors are considering limited levels of budget support to Kenya to 'encourage' the current government to improve democratic governance. Harmonization is the current donor preference for all four East African countries. Local harmonization among these four countries in the form of the EAC is also encouraged by the donor community.

WHAT DOES THIS MEAN FOR DEVELOPMENT IN EAST AFRICA?

There is no doubt that, on the whole, aid is poised to increase for East Africa. Donors are committing more resources. They are working in partnership with recipient governments to develop better policies, and there is a renewed emphasis on poverty reduction as the ultimate goal. Evidence shows, however, that there has not been a corresponding downward trend in poverty in any of the East African countries. Rwanda is excluded from this because the country is emerging from a conflict situation. In addition, Kenya is only just beginning to shed its image as a poor policy environment. Consequently, the aid disbursement curve to these countries is only just beginning to shift upwards. The Tanzanian Household Budget Survey of 2000/2001 showed that poverty levels in Tanzania have remained largely constant between 1990/1991 and 2000/2001. Inequality also increased considerably during that time, particularly in the urban areas Recent findings in Uganda show that while the ratio of debt interest payments to exports fell from 35 to 10 per cent between 1997/1998 and 2000, and debt payments to tax revenues also fell from 22 to 11 per cent respectively, poverty levels increased from 35 per cent in 2000 to 38 per cent in 2003, although declined to 31 per cent in 2006. Why is all this increasing support and policy reform resulting in poorer populations with more unequal access to the resources of these countries? This question continues to plague donors and governments alike in most countries in sub-Saharan Africa, indicating that there is no easy answer.

In fact, the history of aid relationships in the four East African countries tells an interesting tale of complex aid relationships. These four similar yet different tales are summarized below.

Tanzania

During the *ujamaa* era, Tanzania received a considerable amount of development assistance despite having a Marxist/socialist ideology and being at the forefront of the nonaligned movement. During the 1960s and early 1970s, considerable improvements were made in its human development indicators,

particularly in health and education. After the oil crisis of the 1970s, it became apparent that the country was not sufficiently adept at economic management in the face of such unforeseen external shocks whose effects were increasingly felt throughout the 1970s and 1980s. During the 1980s, the government had no choice but to adopt the structural adjustment policies that were the conditionality for receiving assistance to pull the country out of its economic crisis. Interestingly, there is no discourse from Tanzania questioning the wisdom of holding out for so long, or examining whether it would have been better to negotiate the structural adjustment terms when the country still had some leverage. Neither has anyone questioned whether the government has conducted a post-mortem analysis to take ownership of the problem, and analyse what was done right and what was done wrong, in order to inform future economic strategy.

With the 1990s came an increasing realization that structural adjustment was not achieving the intended results, and though many a bitter pill had been swallowed, the fever of poverty and underdevelopment just would not go away. Tanzania had abandoned *ujamaa* and the single-party state for a western capitalist political and economic model. This brought with it increasing donor attention and Tanzania entered into a phase of institutional reform in the early to mid-1990s. Many are surprised at how wholeheartedly the country has seemingly embraced every conditional reform that has been introduced, despite the previous conviction to embrace socialism and self-determination even in the face of economic decline and international hostility. Some would conclude that the roots of *ujamaa* were perhaps not so deep after all. Others would insist that if you scratch the surface, the legacy of a country's past still runs very deep.

President Mkapa was a champion of reforms in many respects. One cannot deny that the achievements of the third phase government are many in this regard. The late 1990s saw the introduction of social sector reforms primarily in health. This is when Tanzania was first introduced to the Sector-Wide Approach (SWAp). With it came a much-needed injection of resources into the social sectors, which had been starved due to the spending cuts of the structural adjustment era. The first Poverty Reduction Strategy in 2000 came with debt relief from the Highly Indebted Poor Countries (HIPC) Initiative and a considerable increase in development assistance. Subsequently, in part due to Mkapa's considerable efforts, came the Rome and Paris Declarations. On the donor harmonization front, Tanzania appears to be ahead. The introduction of the Joint Assistance Strategy (JAS), a government-led joint donor-government strategic framework for managing the aid architecture and its modalities in Tanzania, is a definite step in the direction of recipient country-led donor harmonization in support of a national poverty reduction agenda that is articulated in the Paris and Rome Declarations. The tone of the document is also a clear indication that the Tanzanian government is in charge of the process. It also contains a section that specifically articulates and emphasizes steps to be taken by all parties to ensure clarity in terms of donor conditionality and the role of domestic stakeholders in the formulation and implementation of the policies covered within the strategy. The JAS evolved from the Tanzania Assistance Strategy (TAS), a document with a similar purpose but in which actions to ensure government leadership were much less clearly defined.

Questions have recently been raised about the nature of accountability in Tanzania. There is a growing view among the Tanzanian public that external accountability has overshadowed the government's accountability to its own citizens. Whether this claim is valid is open to debate. A recent study (Lawson and Rakner, 2005) found that the executive is by far the most powerful arm of government in policy-making, decision-making and implementation. The oversight function of the other two arms of government is weak, as is societal oversight.

Interestingly enough, the executive is the main donor interlocutor and is responsible for the donor-government interface. Very few decisions are discussed in parliament, and even when they are, it is clear that the process is superficial, as information is rarely presented in a format that makes it easy to understand or analyse. At a basic level, this in itself would skew the government's accountability towards the donor community, as accountability to citizens happens primarily through parliament. Lawson and Rakner (2005) have also concluded that while the executive was responsible for day-to-day decisions, an analysis of five major decisions that had happened in Tanzania revealed that they had generally taken place without the relevant ministry being consulted, without having been discussed in parliament, and without leaving a paper trail. In several of these decisions, the relevant ministry was informed of the decision when it was announced to the general public. The study revealed that while MPs generally felt their first line of accountability to be the voter, they had very little decision-making power in reality, and therefore resorted to chasing grants and favours from the private sector, nongovernmental organizations and donors to bestow favours on their voters in order to remain in office. What one concludes from this study is that, in reality, the only robust form of accountability for public service delivery in Tanzania is that between the executive and its donors.

If this is the situation for the region's 'star reformer', it is interesting to look into patterns of accountability and their effect on aid, growth, poverty reduction and development in the other countries as well. For example, is there any relationship between the failure of sustained high growth to deliver poverty reduction in Uganda and the 'sudden' realization by the donor community of the powerful military? A recent report on drivers of change in Kenya cites a need to change the 'expectations that people have of government and elected officials' which relate to 'short-term, tangible, ad-hoc benefits on a personal, local, or ethnic basis' (Ng'ethe *et al.*, 2004: 40). Can this not be said of all electorates regardless of culture or geographic location? In fact, what is likely to change this outlook is not civic education, but a demonstration that this 'process' approach will actually yield the 'tangible personal, local and ethnic' results that people expect within an acceptable timeframe.

Uganda

The Ugandan story is undoubtedly more volatile than that of Tanzania. The late 1970s and early 1980s were plagued by war, civil war and successive short-lived interim governments. The environment was not conducive to developmental aid, and development assistance mainly came in one of two forms: military aid and/or reconstruction assistance.

Military assistance came in the form of troops and arms from Tanzania. By 1982, most Tanzanian troops in Uganda were withdrawn. Relations with the UK and North Korea improved when Milton Obote took power in 1980, and both countries supported Obote's government with military assistance during the first half of the 1980s. North Korea's assistance also included economic and technical assistance. Tanzanian relations with Uganda improved when Yoweri Museveni took power in 1986 and Tanzanian training of Uganda's military resumed. During the latter half of the 1980s, Uganda also received military support in terms of arms from the USSR and Libya. President Museveni also asked North Korea to return to Uganda to conduct military training in the late 1980s. Uganda also bought arms from several private corporations in the USA during this time. This trend was in keeping with the non-aligned movement that was popular among developing countries at the time (http://www.photius.com/countries/uganda/economy/index.html, accessed 1 November 2006).

While there was limited, discrete reconstruction assistance during the Obote regime and humanitarian assistance during the Okello regime in the 1980s, it was not until Museveni came to power and launched the Rehabilitation and Development Plan (RDP) that donors began to take a keen interest in the country. In 1988, donors pledged over US$580 million in aid and concessionary loans to Uganda. This was the beginning of Uganda's economic liberalization programme. Uganda became a haven of donor influence, with aid pouring into the country during the 1990s. The Ugandan government undertook extensive reforms supported by the donor community. It is possible that aid helped to 'lock in' these reforms and real GDP growth rates improved significantly. However, as the State of East Africa Report 2006 shows, a significant proportion of Uganda's economy is still supported by the aid machinery, implying that GDP growth is artificially sustained and would decrease were aid to be reduced. Now that aid is levelling off due to governance concerns, it will be interesting to see whether this is really the case. Similar claims have been made for Tanzania (Erixson, 2005).

Uganda was the first country to benefit from Enhanced HIPC Initiative debt relief, having reached the decision point in 1998 and completion point in May 2000. In line with the Rome and Paris Declarations, considerable progress towards donor harmonization has been made and the terms of this are articulated in the Joint Assistance Strategy (JAS) for Uganda, which is currently in its final stages of negotiation. The aim is that this will decrease the transaction costs of servicing donor assistance, freeing up time for them to undertake normal government business. In the JAS, a critical mass of donors has joined forces in support of Uganda's Poverty Eradication Action Plan. They carry out joint analytical work, have uniform disbursement mechanisms, a common approach favouring general budget support, and a joint mutual monitoring mechanism through the performance assessment framework. Various sector programmes are jointly managed through a SWAp mechanism. Future planned strategies include extending donor harmonization, so that once the JAS is finalized and agreed, it can form a more inclusive and transparent mechanism for agreeing aid conditionality (www.-aidharmonization.org, accessed 1 November 2006).

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It is also interesting to note that Uganda has recently put a cap on the amount of aid it receives in order to curb the strengthening of the Ugandan currency, which would have made it more difficult for Ugandans to export their goods at competitive prices. This is a classic case of aid overcrowding the economy at the risk of being detrimental to it. The current political situation in Uganda and the increasingly apparent economic and political power wielded by the military may have an influence on future donor trends.

Kenya

After independence in 1963 until 1970, the Kenyan economy grew at an annual average of 2.8 per cent. When the economic crisis of the 1970s hit, Kenya backtracked on its liberalization policies in an attempt to revive its faltering economy. Price controls, subsidies and increase in parastatals throughout the 1970s increased the size of government and its proportional contribution to the economy considerably. This strategy was supported by the World Bank. However, there was an increase in poverty-fuelled tribal conflicts, and a larger government became difficult to manage. Poor systemic controls created and sustained a breeding ground for large-scale corruption and inefficiency. Kenya received a structural adjustment loan and a conditional loan from the International Monetary Fund (IMF) in the early 1980s. However, throughout the 1980s, the fiscal balance

improved only slightly and there was little to show for ten years of donor-supported reforming.

The decline in Kenya's economy has often been attributed to a decline in aid flows to Kenya. However, one analyst described Kenya's relationship with donors during the Moi regime as follows:

> Over the past few years Kenya has performed a curious mating ritual with its aid donors. The steps are: One, Kenya wins its yearly pledges of foreign aid. Two, the government begins to misbehave, backtracking on economic reform and behaving in an authoritarian manner. Three, a new meeting of donor countries looms with exasperated foreign governments preparing their sharp rebukes. Four, Kenya pulls a placatory rabbit out of the hat. Five, donors are mollified and the aid is pledged. The whole dance then starts again (*The Economist*, 9 August 1995).

According to the World Bank World Development Indicators, the mean value of aid to Kenya as a share of total government expenditure was 53.8 per cent in the period 1975 to 1995. The current proportion of aid to government budget in Tanzania (a current donor favourite) is approximately 41 per cent.

When the Kibaki government took power following the December 2002 elections, there was an immediate revival of donor interest in Kenya. It was hoped that the steady economic decline experienced throughout the 1990s could be reversed. However, the donor zeal cooled somewhat when the donors realized that change, particularly the major systemic, institutional and cultural change that was required to reverse the inefficiencies, authoritarianism and entrenched corruption of the Moi government, would take time, effort, and above all, the political will and incentives for this change to occur. The current stated donor strategy is one of proceeding with caution. The focus is on strengthening public financial management systems, procurement systems and public expenditure management, judicial and legal reform, strengthening parliamentary oversight, and generally creating a climate that will instil the confidence in donors to invest in general budget support in support of the Investment Programme for Economic Recovery Strategy (Kenya's PRSP). Kenya is also experiencing the early stages of donor harmonization (www.aidharmonization.org, accessed 1 November 2006).

It is important to note that Kenya's largest donor is the USA, which is largely outside of the harmonization agenda. Kenya also receives a significant amount of US military aid, and an American army base is situated in Mombasa.

Rwanda

Rwanda's experience is somewhat different from that of its EAC neighbours. The tendency from the late 1990s to date has been to focus on the genocide and how the country can recover from it. However, few in the aid industry have written about the events that led to the genocide and the role that aid did or did not play in contributing to the evolution of an environment in which unspeakable violence became the norm. It is difficult to analyse this stage of Rwandese history without evoking deep emotions. As a result, attempts to objectify the situation, as the development world tends to do, have come across as indifferent and callous. One author even went so far as to describe this stage of Rwandese history as follows:

> *Perhaps there is no better case than Rwanda of state killing in which colonial history and global economic integration combined to produce genocide. It is also the case where the causes of the killing*

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> *were carefully obscured by Western governmental and journalistic sources, blamed instead on the victims and ancient tribal hatreds.*
>
> *...It involves such monetary factors as its colonial history, the price of coffee, World Bank and International Monetary Fund policies, the global interests of Western nations, particularly France, the interests of international aid agencies, and western attitudes towards Africa (Robbins 2002: 269).*

To most people, the above passage sounds dangerously close to conspiracy theory or, at the very least, an excuse for the Rwandese people not to take responsibility for one of the most shameful events allowed to occur in recent history. Indeed, a country blaming its past actions on others will not move it forward to a place where it can acknowledge its own power to create its own history. However, the above view is not an isolated one, and credible sources such as Human Rights Watch reports have provided some evidence in support of it, as indicated in the following account:

> *The Rwandans who organized and executed the genocide must bear full responsibility for it. But genocide anywhere implicates everyone. To the extent that governments and peoples elsewhere failed to prevent and halt this killing campaign, they all share in the shame of the crime. In addition, the UN staff as well as the three foreign governments principally involved in Rwanda bear added responsibility: the UN staff for having failed to provide adequate information and guidance to members of the Security Council; Belgium for having withdrawn its troops precipitately and for having championed the total withdrawal of the UN force; the USA for having put saving money ahead of saving lives and for slowing the sending of a relief force; and France, for having continued its support of a government engaged in genocide. In contrast to the inaction of the major actors, some non-permanent members of the Security Council with no traditional ties to Rwanda undertook to push for a UN force to protect Tutsi from extermination. But all members of the Security Council brought discredit on the UN by permitting the representative of a genocidal government to continue sitting in the Security Council, a council supposedly committed to peace (Human Rights Watch, 1999).*

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It is also true that, by their own admission, US officials knew of the impending genocide before it happened and chose not to intervene (Radio Netherlands, 2001), an interesting contrast to recent events in Iraq when the interests were a bit closer to home. It has also been argued that the genocide was a drastic and by no means justified response to the negative effects of structural adjustment on the government's perceived ability to remain in control without the use of violence. There are those, including the former cooperation minister, Bernard Debré (2006), who imply that the war was the direct result of showdown between France and the USA. In view of all this, while many see aid as primarily altruistic, Rwanda is a case in point showing that this is not always so.

Since the end of the war, aid to Rwanda has followed a similar trend to that of the other East African countries. The harmonization agenda is increasingly the norm, primarily in the area of sector support. Joint assessment and the development of a joint economic analysis are in the works for the immediate future. The country has developed a PRSP and donors are discussing the possibility of general budget support to finance the PRSP.

East Africa

As is clear from the above, the meta-narrative generally defines the current direction in which all four East African countries are moving. The speed with which countries are following this trend is determined by a number of factors. So how does this trend relate to the proposed federation to be in place by 2010?

Anecdotal evidence suggests that many observers, including the donor community, do not consider the formation of a federation by 2010 to be a realistic endeavour. Furthermore, many have questioned whether the three heads of state who agreed such a target were ever really serious about fast-tracking a federation in the first place. Indeed, given the length of time and the preconditions necessary before other countries were able to form similar unions, one can only conclude that East Africa is unlikely to be ready within the 2010 timeframe. The environment, including the economic and political infrastructure in support of a federation (economic, social, legal) is not yet in place and has not yet been clearly thought through in the respective countries. Concrete action and serious investment in resources and decisions have not accompanied the strong statements that have been made to lend credibility to the decision to fast-track the federation. As a result, many donors are taking a 'wait and see' attitude to the EAC, some providing limited support but not making any substantial commitments.

Nevertheless, some proponents of a federation may ask why its future should be determined by others. Given the East African countries' lengthy history with the aid machinery and the fact that the region is still riddled with poverty, hunger and disease after over 40 years, perhaps the relationship should viewed differently. What have been the benefits of the aid received? What does the region need to do for itself in order to move towards real development? Perhaps it is time the EAC countries began to ask themselves these questions.

TESTING THE THEORY: WHAT DOES THE LITERATURE SAY?

The rationale for the most recent trends in aid policy have been based on research by Craig Burnside and David Dollar (2000) who published a paper claiming that the impact of aid depends on the quality of state institutions and policies. They also claimed that policies that have a significant effect on growth are those relating to fiscal surplus, inflation and trade openness. Their conclusions make sound logical sense and support current development assistance trends. Certainly, this may be partly why it has been easy for these findings to gain massive and unquestioning acceptance within the international development community. In fact, it would appear that the majority of donors are restructuring their entire aid architecture in the form of the new meta-narrative almost entirely on the basis of this study.

A number of studies, however, have challenged the extensive use of Burnside and Dollar's findings. One such study is the IMF working paper by Raghuram G. Rajan and Arvind Subramanian (2005). The purpose of this paper is to present results of a study of different aspects of the aid-growth relationship using regression models from the 1960s through the 1990s. Although they did find a robust positive relationship between good policies and growth, they found no robust positive relationship between aid and growth during this time. They also found that different types of aid seemed to have similar effects on growth, implying

a high and consistent degree of fungibility across the various aid mechanisms. Finally, they found no evidence that aid works better in better policy, institutional or geographical environments. Their results imply that there may be aspects of aid that offset the positive aspects of good policies, hence challenging the assumption that aid works best in good policy environments.

Another working paper, published by the National Bureau of Economic Research (NBER) in Cambridge, Massachusetts (Easterly, Levine and Roodman, 2003), concludes that adding additional data to the Burnside and Dollar study raises new doubts about the effectiveness of aid, suggesting that economists need to be more cautious in assuming that aid will boost growth in countries with good policies. They suggest that further research is required to look into the reasons for this. One of the suggested areas of research is the political economy of aid in both donor and recipient countries.

Another IMF working paper, by Tito Cordella and Giovanni Dell'Ariccia (2003), provides a comparative analysis of the effectiveness of conditional budget support versus that of project aid, and discusses the conditions under which budget support is more effective in delivering economic growth. They conclude that the most effective budget support occurs when there is alignment of donor preferences and when aid makes up a small proportion of the resources available to the recipient government. While the first precondition supports the current aid environment, the latter suggests that massively scaling up donor resources to meet the MDGs may not have the intended effect in a budget support environment.

Finally, a working paper by Peter Boone (1995) of the NBER analyses aid effectiveness in the context of political regimes of recipient countries. This paper concludes that aid does not increase investment, nor does it benefit the poor, but it does increase the size of government.

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CONCLUSION

So what does all this mean? Why has it been consistently hard in the aid business throughout recent history to match results to stated intentions, despite all the learning that has taken place and the massive economic and technological advancements that have been made by the world at large? Should one conclude from this that the real de facto beneficiaries of aid are not the poor or the country's population at large but the state machinery and its political regime? If so, what future implications will this have for the world, the continent, or East Africa? At what point will it no longer be acceptable to East African citizens to be guinea pigs in successive aid experiments? Will East African citizens ever make the decision to own their own development and take responsibility for the good and the bad, the past, the present and the future? What would be the result of such a decision?

Lee Kuan Yew (2000), Singapore's Senior Minister, said of a nation's development, that '...if a challenge is too great for a people, they will fail, however great the leader. If there is no challenge, a people will not achieve much.' This is the key to development in any society. Certainly, the management of aid and the realization of domestic goals is just such a challenge.

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ON DONORS AND DEPENDENCE
IN EAST AFRICA
VIEWS FROM EUROPE

...The support by bilateral donors to EAC member states also needs better coordination. For example, the donors are involved in the national PRSPs processes but at the same time poverty reduction, as it is trying to be achieved through the EAC, is not consistent with the national PRSP process of the three countries - this is a contradiction which is not possible; donors do not seem to notice this link between the need to support PRSPs and poverty reduction through regional integration.

...As aid to Africa will now increase, conditionalities will be important. There will be more pressure for them to take on more aid because they are "good performers". Donors need to change their conditions because there is a need for aid ... Some conditions are important: recipients need to demonstrate that aid is being used well. ...

...how do you manage the new form of aid dependency that is associated with the large inflow of AIDS funds and the commitment to universal access to ARVs over the next 5 years. This is a huge challenge and no-one knows quite how to handle this.

...The bureaucracy (of Uganda) is overly bloated with 70-odd ministers and huge defence spending... [and] aid (50% of the budget) has strengthened the Ugandan currency - so-called Dutch disease - exporters hence complain about the strength of the currency.

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MULTILATERAL RELATIONS AND THE EAST AFRICAN COMMUNITY

KWAME OWINO

MULTILATERAL RELATIONS AND THE EAST AFRICAN COMMUNITY

KWAME OWINO

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ABSTRACT

This chapter explores the character and content of the key multilateral agreements to which the East African countries are party, both individually and collectively. It also examines the domestic impact of these agreements and the implications of conflicting obligations to these bodies.

INTRODUCTION

The East African Community (EAC) countries are actively involved in a variety of multilateral organizations and maintain numerous memberships of a large number of bodies. For the purpose of this study, however, the main multilateral institutions that will be described and analysed are the African Union (AU), the Common Market for East and Southern Africa (COMESA), the African Caribbean and Pacific Countries and European Union Agreement (the Cotonou Agreement), the United Nations (UN), the World Trade Organization (WTO) and the Southern African Development Cooperation (SADC) agreements.

THE ACP-EU AGREEMENT

Since attaining independence almost half a century ago, the majority of African and Caribbean nations have retained various forms of formal relationship with the European nations with whom they share a colonial history. The specific nature of these relationships has evolved since the Association of Overseas Countries and Territories was formed in 1957 (Mbithi, 2006). Since the Treaty of Rome was signed on the 25 March 1957, the relationship has become one of formal development cooperation between the African, Caribbean and Pacific countries and the European Union (the ACP-EU agreement). A prominent feature of the agreement was the formation of the European Development Fund, the mechanism through which the European Community relates, in a commercial sense, to the former colonies and those countries in the process of gaining independence. The Yaoundé I and Yaoundé II Conventions were followed by the Lome Conventions (I-IV) and both included aspects of trade, technical cooperation and financial assistance. The present ACP-EU agreement is therefore the successor to a series of agreements that have developed over this time.

As ACP membership has grown and successive pacts have been enhanced, the nature of the relationship has also been expanded. Over time, the agreement has become more comprehensive, as shown by the introduction of the Stabex stabilization funds to cushion the ACP countries from price fluctuations in the primary commodity markets upon which their economies depend. Until the Lome III Convention, the character of this multilateral agreement was based on economic and trade concerns, but this changed significantly with the Lome IV Convention. In line with political developments on the global stage, the Lome IV Convention, which covered the period from 1990 to 2000, was the first pact to include explicit human rights and governance issues. Henceforth, the ACP-EU agreement has essentially assumed a more explicit political character.

In turn, the Lome IV Convention was succeeded by the ACP-EU partnership agreement that was signed on 23 June 2000 in Cotonou. Based on five pillars, the Cotonou Agreement clearly established a connection between the political environment and trade and development among the member countries. Whereas the formal agreement is envisaged to last for two decades, a special clause allows for revision every five years, in addition to an assessment and financial protocol for each distinct period. Thus, over nearly a half a decade, the partnership has grown from a principally economic and commercial partnership to cooperation at a more global level within which political issues are addressed (David, 2000).

As presently constituted, this partnership agreement has evolved from a relationship involving the main European countries and their colonies into a major trade and commercial pact involving 77 ACP countries and the 15 countries that form the recognized EU before its expansion in 2004. It is therefore evident that the relationship between the countries has grown beyond the need to maintain an economic and technical partnership between the European countries and their former colonies to a dedicated trade and economic development partnership that includes obligations on human rights, improved governance and related political dimensions. Secondly, between 1957 and 2000, the overall number of parties grew from 18 to 77 ACP countries and from 6 to 15 European nations. As the EU continues to expand, it is expected that the number of parties on the EU side of the partnership will also grow. Thirdly, in the same period, the amount of money available under the European Development Fund has grown from €569.4 million in the initial agreement to €14.3 billion upon the signing of the agreement in 2000 (David, 2000). Fourthly, in line with other modes of development cooperation, this partnership has assumed a more overt political character with the inclusion of governance requirements and respect for human rights. Equally important is the recognition of non-state actors and civil society organizations as recognized actors in development and attainment of the objectives of the Cotonou Agreement. The evolution of the ACP-EU partnership is summarized in Table 1.

Table 1: Evolution of the ACP-EU partnership (1957-2000)

| YEAR | EVENT | No. of countries | | EDF amount (€billion) |
		ACP	EUROPE	
1957	Association system			0.5694
1963	Yaoundé I Convention	18	6	0.7304
1969	Yaoundé II Convention	18	6	0.8873
1975	Lome I Convention	46	9	3.0533
1980	Lome II Convention	58	9	4.2070
1985	Lome III Convention	65	10	7.8826
1990	Lome IV Convention	68	12	11.5830
1995	Lome IV bis Convention	70	15	13.1510
2000	Cotonou Agreement	77	15	14.3000

Source: David (2000: 12)
ACP, African, Caribbean and Pacific countries; EDF, European Development Fund

Implications for the EAC

The three principal countries constituting the EAC and a good number of their neighbours are members of the ACP group of countries defined in the ACP-EU agreement. The Cotonou Agreement provides support to ongoing initiatives to strengthen regional integration among the EAC countries. The Agreement states that:

> *Economic and trade cooperation shall build on regional integration initiatives of ACP countries, bearing in mind that regional integration is a key instrument of for the integration of ACP countries into the world economy (article 35(2)).*

It is therefore clear that the Cotonou Agreement encourages the ACP countries to pursue appropriate economic and trade cooperation arrangements among

themselves. A significant factor in the same provision is the fact that these regional initiatives are a mechanism for the integration of these countries into the world economy.

Additionally, article 34(4) of the Cotonou Agreement states that trade cooperation shall be implemented in full conformity of the provisions of the WTO, albeit with consideration for the different levels of development between the parties. The East African Community Treaty 1999, however, is primarily concerned with the economic wellbeing of its constituent members and does not explicitly place any WTO obligations on its membership. However, article 5(3)(h) of the EAC Treaty does allow some space for the EAC to undertake other activities that may further community objectives. In respect of the scope of activities and remit, therefore, the two treaties differ in the sense that the commitment to engage in WTO activities is not explicit within the EAC. This calls to question the assumption that the EAC should be a negotiating instrument for membership at the WTO's ministerial conference. The EAC Treaty has established a definitive path, progressing from customs union through common market and monetary union, culminating in a political federation by 2012. Although one might assume that political federation would inevitably require engagement in international affairs, this is not explicitly stated in the treaty document.

A peculiar fact in the relationship between the ACP countries in the EAC is that the Cotonou Agreement adopts a classification system that recognizes the differences between the ACP countries. Reading articles 85-90, it is evident that the Cotonou Agreement was informed by the differences between the ACP countries in terms of population, geographical situation and level of social and economic development, as certain countries are specifically mentioned as deserving special attention and privileges. Article 84(1) explains this justification by stating that the least developed, landlocked and island ACP nations require special treatment in order to take full advantage of the opportunities offered by the Agreement. The full list of states qualifying within the three categories is placed in Annex VI, and it includes Tanzania and Uganda among the EAC states. The adopted classification thus places Uganda and Tanzania in a separate development category from their EAC counterpart Kenya. Article 6(e) of the EAC Treaty, however, does not take cognisance of this factor, as it expects membership benefits to be equitably distributed among EAC countries. This differential classification is most likely to vary the degree and pace of liberalization and nonreciprocal access to EU markets. This is important because the Cotonou Agreement stipulates that the ACP countries should work out the apposite configurations for WTO-compatible trade pacts before January 2008.

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While the most direct route for Kenya would be to conclude an agreement under the EAC arrangement, the differential classification has complicated Kenya's position. Due to the deadlines that have been established, Kenya has had to consider alternative arrangements, weighing up the suboptimal choices of a unilateral arrangement with the EU countries or finding neighbouring countries that are similarly classified. As a bilateral arrangement with the EU would be the least desirable, Kenya did consider a potential arrangement with COMESA. However, as a substantial number of COMESA member states have been accorded the same development classification as Uganda and Tanzania, Kenya faces the same problem as it did within the EAC. Following this disappointment, the current aim is to conclude an agreement involving selected countries within the eastern and southern Africa (ESA) region. Thus, negotiations are ongoing to put together the ESA configuration for the purposes of starting multilateral negotiations. In spite of the preparations, the ESA configuration is amorphous as it lacks a formal structure and its prospects are not good.

THE WORLD TRADE ORGANIZATION

The WTO is the legal and institutional foundation of the multilateral trading system (Blackhurst, 1998: 32). It establishes a negotiating forum and rules that are enforceable through its dispute resolution mechanism. Thus, while the WTO was directly developed from the General Agreement on Tariffs and Trade (GATT), it was different to the extent that an enforcement capability was built into the agreement that created it at the end of 1994. Still, the WTO carried forward the principle of reciprocal concessions in respect of tariffs and quantitative restrictions to facilitate more open and nondiscriminatory trade among member nations. By the start of the sixth ministerial meeting in Hong Kong in December 2005, the WTO had 149 members across the different continents.

Most of the WTO agreements follow from the Marrakesh Agreement 1994, which created the Final Act and the Agreement Establishing the World Trade Organization, thereby supplanting the GATT with the WTO. In addition to these are annexes including the agreements on intellectual property, goods and services, and the dispute settlement mechanisms, among others. In summary, the legal texts of the WTO constitute the Marrakesh Declaration 1994, with the Final Act and the Agreement Establishing the World Trade Organization in the main body. Annexed to these three are the GATT 1994 agreements on trade in goods (read with GATT 1947), the General Agreement on Trade in Services (GATS), and the Trade Related Agreement on Intellectual Property rights under Annexes 1(a), 1(b) and 1(c) respectively. In addition, annexes 2-4 cover Dispute Settlement Understanding, the Trade Policy Review Mechanism and Plurilateral Trade Agreements, respectively. Besides this elaborate set of agreements are the Uruguay Round Ministerial Decisions and Declarations as the full constituent set of legal texts related to the WTO (http://www.wto.org/english/docs_e/legal_e/legal_e.htm#wtoagreement, accessed 7 February 2007). It is clear from the whole set of interrelated agreements coming from the original GATT agreements to the formation of the WTO that the multilateral trade system is structured as a rule-based system.

The EAC member states are all members of the WTO and, with the exception of Rwanda, are also founder members. Accession to the WTO upon its formal establishment in January 1995 therefore preceded their membership of the EAC. The scope and remit of the WTO is wide in the sense that it represents the trade agreements that members have committed themselves to observe, as well as a forum for the negotiation and handling of trade disputes. Duties tangential to the three main ones are the monitoring of members' trade policies and the provision of technical assistance.[1]

Another significant agreement is the Trade Policy Review mechanism put in place by the WTO, during which the trade policy posture and internal circumstances in a country are reviewed and published in a report. This periodic assessment is conducted every two years for the four major trading nations and regions (Japan, USA, the EU and Canada) and undertaken every four years for the next 16 largest trading nations. The remaining countries, mostly comprised of developing countries, including the EAC countries, and prospective members, are reviewed every six years. As part of the review process, the government of the nation subject

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1. See the fact file available at http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm#fact-file (accessed 12th February 2007).

to the review prepares a document stating its multilateral trade policy, which is accompanied by a detailed report prepared by the WTO Secretariat.

Sub-Saharan Africa's total annual contribution to world trade is estimated at less than 5 per cent. This means that the member countries of the EAC are unquestionably marginal players in the international trade arena. Indeed, recent data confirm that the consolidated share of the imports and exports of EAC members constitute less than 1 per cent of the world total.[2] Furthermore, most of the international trade in which the EAC countries are engaged remains within the EAC region. Most of this trade is conducted on the basis of the rules and protocols created under the EAC Treaty. Engagement at the WTO is primarily directed at governing international trade with the rest of the world, in the sense that obligations under the WTO are more likely to be called to use in reference to trade outside the EAC. However, it is also important to note that EAC member states often observe EAC proclamations and agreements that may be in patent conflict with WTO obligations.

The EAC countries, together with prospective entrant Rwanda, are members of the WTO and adhere to the main obligations of membership by contributing to the overall budget. WTO partner countries become signatories to the set of treaties that constitute accession on the basis of individual and sovereign action. The only exception is for EU member states, whose membership allows for representation as a single trade bloc. Indeed, although there is a multitude of regional economic groupings among the membership of the WTO, only the EU is recognized as compliant with the provisions of the multilateral body.

Implications for the EAC

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In the most basic sense, the two main principles that govern WTO affairs are the principles of 'most favoured nation' (MFN) and 'national treatment'. These are enunciated in article I and article III respectively. The nature of the treaty between the EAC countries, however, is more introspective and thus confined to the region. EAC member states adopt preferential treatment towards each other, to the exclusion of nonmembers, while the WTO is larger in scope and utilizes the principles of MFN and national treatment for nations and firms respectively. Clearly then, the preferential basis of trade between the EAC countries is not completely compatible with the aforementioned principles of the WTO. It is significant, therefore, that the EAC and the WTO share the objective of expanding international trade, although the latter has a multilateral scope.

The negotiations and agenda of the WTO are more readily recognized by nations throughout the world than are those of the EAC. The principles enunciated by the various WTO agreements are therefore a direct challenge to the compatibility of the EAC Treaty and its consequential arrangements and protocols. Under the GATT agreements and the updated 1994 version, article XXIV provides for assessment regarding the overall compatibility of the various regional economic arrangements with the WTO (Srinavasan, 1998). This article, together with the GATS article V Enabling Clause explicitly state that the compatibility between regional integration and multilateralism is possible as long as regionalism is outwardly oriented (Mwencha, 2001: 204). Despite the proliferation of regional integration initiatives encompassing political and economic and trade objectives, their compatibility with the WTO has not been unequivocally determined. Thus, although a large number of

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2. Author's calculations based on data from the WTO's 2004 international trade statistics, available at http://www.wto.org/english/res_e/statis_e/its2004_e/its04_byregion_e.htm (accessed 12th February 2007).

WTO member countries are pursuing different regional integration initiatives, only the EU's arrangement appears to have broad WTO recognition.

By mid-June 2006, the WTO had been notified of over 190 different trade agreements among its members (http://www.wto.org/english/tratop_e/region_e/-regfac_e.htm, accessed 12 February 2007). While the EAC is among those for which formal notification as a preferential trade area has been submitted, no examination has been requested (http://www.wto.org/english/tratop_e/region_e/regfac_e.htm, accessed 12 February 2007). The outstanding issue regarding regional integration initiatives is that the degree of their compatibility with article XXIV remains unconfirmed. Regardless of its merits, the EAC falls in this category.

One implication of increased trade liberalization is that the degree of dependence on tariffs levied on imports will substantially decline. Adjustment costs are therefore bound to fall disproportionately on developing countries, especially those that extract a substantial portion of their revenue from levying duties and tariffs on imported goods. Indeed, it is the concern about adjustment costs that acts a further hindrance to completing trade agreements at both the multilateral and regional levels. The WTO's mandate is primarily to ensure that rules are established to ensure that trade policy is directed towards increased liberalization and reduced protectionism.

Because the WTO has unmatched prominence as an institution that develops and oversees the conduct of international trade, it has developed mechanisms for interacting with other global economic organizations such as the World Bank and the International Monetary Fund (IMF). Formal agreements concerning cooperation between these two entities and the WTO were reached in November 1996. The main thrust of these agreements was the mutual granting of observer status to meetings and agreement for consultation between the staff of the three institutions on matters relating to trade policy (Vines, 1998: 78-9). Article 130(1) of the EAC Treaty, meanwhile, reiterates the commitment of the members to 'honor their commitments in respect of other international organization of which they are members'. The UN and the Organization of African Unity (OAU) were specifically identified with other international organizations mentioned in general under section 130(4).

According to article 123 of the EAC Treaty, integration will culminate in the formation of a political federation by 2012. Critical milestones in that transition are the prior formation of a customs union, common market and monetary union. The assumption here is that the EAC will become a free trade area by this date, although this too is not contained within the treaty itself.

THE COMMON MARKET FOR EAST AND SOUTHERN AGRICA

Of the three founder nations that constitute the EAC, Tanzania is the exception because it ceased to be a member of COMESA, instead opting to join the Southern African Development Community (SADC). Rwanda and Burundi are members of COMESA.

Formation of the preferential trade area, which was eventually transformed into COMESA, can be traced to the early 1960s. In accordance with the early trends in the continent, the birth of COMESA was another initiative towards enhancing

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continental unity. During a meeting of the Interim Council of Ministers held in Addis Ababa in 1966, a document naming the terms of association was signed. It required that each signatory would recommend to their government to initiate the formation of an economic community. In turn, the organization would be a building block for the continental economic community. Subsequently, summits were held in 1968 and 1969 in Kampala and Lusaka respectively (Mwale, 2001). The desire for the formation of this body was part of the broad discussion directed towards achieving the political independence of African countries that were still under colonial rule.

The representatives of the nine founder states finally formed the preferential trade area in Lusaka, in December 1981. The ratification and accession to the treaty took place one year later. The founder members who signed the treaty were representatives of Comoros, Djibouti, Ethiopia, Malawi, Kenya, Uganda, Zambia, Somalia and Mauritius. Botswana, Lesotho and Swaziland were represented at the meeting but opted to seek further consultations within the Southern Africa Customs Union (SACU). This reveals that the while individual African states chose multiple membership, they were also concerned about the implications regarding the regional integration initiatives they were pursuing concurrently. Of the three EAC countries, only Tanzania was not a founder member, although it did ultimately join the preferential trade area.

Intended to be a fully integrated and internationally competitive regional community, the preferential trade area formally became COMESA in 1994. In 2006, there were 20 members distributed throughout the mainland and island states. Member countries now include Angola, Burundi, Comoros, Djibouti, the Democratic Republic of Congo, Egypt, Eritrea, Kenya, Libya, Madagascar, Mauritius, Malawi, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

The Treaty Establishing the Common Market for Eastern and Southern Africa Countries 1993 emphasizes the pursuit of social and economic progress and cooperation by the member countries. Implicit statements on the pursuit of social and political stability are mentioned in the mission statements but the Treaty in general creates few institutions within the secretariat that bear explicit political authority. The Treaty therefore leaves no doubt that the original intention was not to pursue direct political goals. Its mandate and institutional character has therefore been one of promoting economic cooperation in all fields of economic activity.

Since its inception, the quantity of trade carried out between COMESA members has grown tremendously in terms of value and volume. This is partly due to the reductions in the tariff barriers that existed prior to the formation. Intra-COMESA trade has grown from US$2.9 billion to US$5.9 billion between 1997 and 2005. This represents a nominal increase of 103 per cent over those eight years. There are outstanding market reform matters for COMESA members to address, but at the most basic level, the Treaty would appear to have assisted in the development of trade between its members. Some of the improvements in trade, however, can be also attributed to the fact that most COMESA members are also involved in the Cotonou Agreement [3] in addition to being members of the WTO.

Starting from its formation in 1981, COMESA has maintained an ambitious agenda with the aim of systematically integrating the economies of the member states from the preferential trade area, culminating with a monetary union in 2025.

3. Of the 20 members of COMESA in 2006, only Egypt is not party to the Cotonou Agreement.

As the illustration in Table 2 shows, COMESA has an extended timeline for the ultimate consolidation of the markets and economies of the member states. A critical distinction between the transition provisions of the EAC Treaty and the COMESA Treaty is that the latter does not explicitly envisage political union among its members. It appears then that the COMESA Treaty was designed to retain the political sovereignty of its member states. However, it is also evident that a certain degree of political coordination and some surrendering of sovereignty would be required to facilitate the working of both the common market and the monetary union in particular. Progress towards this final status would be achieved over a longer timeframe, with the advantage that adjustments would not be so abrupt as compared with the progress expected under the EAC Treaty.

Table 2: Timeline of integration agenda under the COMESA Treaty

STATUS	YEAR
Preferential trade area	1981
COMESA	1994
Free trade area	2000
Customs union	2008
Common market	2015
Monetary union	2025

Implications for the EAC

Following the timeline established by the COMESA Treaty, member states are now in the free trade area phase. This phase commenced promptly in 2000, establishing trade between members on duty-free and quota-free terms. A critical issue of this phase is determining of the rules of origin.

Additionally, the different timelines stipulated by the EAC and COMESA suggest that the two will have to be more closely coordinated at some point in the future. For instance, the EAC Treaty provisions for the establishment of monetary union would require the coordination of fiscal and monetary policies. More importantly, while the EAC has already commenced administrative movement towards the formation of a customs union in accordance with article 75 of the relevant treaty, articles 45 and 47 of the COMESA Treaty stipulate that a separate customs union be put in place by 2008. These requirements present difficulties not only because Tanzania is not a member of COMESA, but more significantly, because WTO rules specifically forbid membership of more than one customs union. EAC member countries will thus be compelled to choose which customs union to join in order to maintain compliance with the WTO requirements.

Another significant question of alignment between the two treaties will come from the need to establish a workable monetary arrangement. This is because each respective treaty anticipates the formation of a monetary union with a single currency that will be used throughout the integrated market. Presumably, therefore, the member countries will have to progressively abolish their national currencies in exchange for the single currency. Given the independent timeline for EAC monetary union and currency consolidation, however, those countries with both EAC and COMESA membership are subject to treaty obligations from both organizations. In other words, Kenya, Uganda and Rwanda appear to have made commitments demanding the existence of two separate currencies. By implication therefore, these three countries will need to seek mechanisms for reconciling their

EAC and COMESA customs and monetary union obligations, as these are presently incompatible.

On the institutional side, it is obvious that the monetary union in question will have to be coordinated and run by a consolidated central banking institution in either case. Noting that the EAC Treaty will have led to the formation of a relevant central banking system and currency nearly a decade earlier than is contemplated by the COMESA Treaty, it remains unclear to what extent the EAC countries will have to adjust to their COMESA obligations by 2025. Assuming also that Tanzania continues to forego membership of COMESA, its EAC partners will be faced with a dilemma of fulfilling their obligations to COMESA while remaining faithful to the central banking and monetary system that will have been established under the EAC. This question remains relevant because the COMESA Treaty does not make provisions for the partial incorporation of any nation in its main protocols by virtue of its relationship with other members.

THE SOUTHERN AFRICA DEVELOPMENT COMMUNITY

There is considerable overlap of membership between COMESA, the EAC and the SADC. However, Tanzania is the only EAC member that is also a member of the SADC. Thus through Tanzania, the multiple relations and overlaps are replicated into the SADC. At the signing of the Treaty Establishing the Southern Africa Development Community in August 1992, the original members were Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. It is significant that upon the conclusion of the Treaty, the Republic of South Africa, the largest economy in the region, was not a member. When the Treaty came into effect, article 44 effectively terminated the memorandum of understanding of its predecessor, known as the Southern Africa Development and Coordination Conference of July 1981.

As outlined in article 5, the objectives for the establishment of the SADC include economic development and alleviation of poverty, the quest to develop common political systems and institutions, to promote and defend peace and security among member states, and to achieve the alignment of national and regional strategies. While these objectives relate to economic, cultural and political matters, it is discernible that the pursuit of economic and trade relations and the acquisition of technology bear more weight and significance. The subsequent section 6(6) on general undertaking emphasizes that member states shall make steps to accord the Treaty the force of law and thereby ensure its domestication in their respective countries.

Article 16 of the Treaty sets up the tribunal to adjudicate upon disputes that may arise from the enforcement of the provisions of the Treaty. In effect therefore, the founding members were intent on establishing the credentials of the SADC in addition to according it an international outlook. Being that article 24(1) of the treaty permits the multilateral organization by itself or its member states to enter into agreements with other states or regional and international organizations, the plurality of membership for Tanzania is explicitly permissible and is therefore consistent with its membership in both the EAC and SADC. However, this provision is subject to conditions established under article 6(1) that such membership of the separate institution will not jeopardize the pursuit of principles and objectives of

the SADC. Indeed, this explains the fact that with the exception of South Africa and Botswana, virtually all of the founder members of the SADC are also members of COMESA and other multilateral initiatives such as the ESA.

Implications for the EAC

Among the most progressive developments in the SADC is the establishment and formalization of the SACU in 2002. This imposed a common external tariff against nonmembers in addition to harmonizing the applicable excise taxes (Grant, 2006: 2-4). The process of the establishment and formalization of the customs union was determined by the protocols of the treaty establishing the SADC. In effect, the present customs union has imposed a coordinated trade policy and tariff arrangements regarding third parties. Recognizing the different economic circumstances of SADC member states, the protocols permit asymmetrical integration into the customs union. As result, the main countries that are bound by the customs union protocols are South Africa, Swaziland, Lesotho, Botswana and Namibia. These countries have been part of a customs union since 1970, before the SADC was established in its present form. The incumbent treaty is the result of a renegotiation of the initial document and has been extensively amended for ease of administration. Embedded in the enhanced customs union treaty of 2002 is a dispute settlement mechanism relating to the sharing of revenues and the mechanism for the distribution of centrally collected tariffs. This new arrangement has placed the responsibility for revenue administration with the administrative secretariat based in Namibia (Grant, 2006: 2-4).

With the exception of Botswana, Lesotho, Namibia and South Africa, SADC members have not been integrated into the customs union. For the EAC, the direct implication is that Tanzania retains the option of determining which regional partnership arrangement will be most favourable to it. It is also relevant to bear in mind that the COMESA countries have scheduled the establishment of a customs union by the end of 2008, while the principal EAC member states have also initiated coordinated policies towards a fully operational customs union at around that time. As such, the COMESA timeline binds Tanzania's partners in the EAC, while Tanzania will be placed in a similar position if the EAC should conclude a customs union before the SACU binds all SADC member states.

There is a very real possibility that the potential for inclusion into the SADC customs union may constrain Tanzania's ability to fulfil its obligations under the EAC Treaty because of the WTO provisions alluded to above. South Africa has by far the largest economy within the SADC, and its bilateral trade and economic partnerships with the EU will be felt within the other member states. For instance, South Africa concluded a bilateral trade and economic cooperation agreement with the EU in 1999. Taking effect in 2000, article 5 of the Trade Development and Cooperation Agreement specifies that there will be a transition period of ten years and twelve years for the EU and the Republic of South Africa respectively, at the end of which a free trade area will be established.

By implication therefore, Tanzania will be in the position where its largest counterpart in the SADC is engaged in a free trade area with the EU. In essence, Tanzania and the other members of the SADC will have to accommodate a degree of indirect integration with the EU because its agreements with South Africa. In certain respects, this vicarious exposure may have adverse even if unintended and unforeseen effects, on the interests of Tanzania and the other members of the SADC.

THE AFRICAN UNION

All five members of the EAC are also members of the continent-wide African Union. As an organization that was formed to pursue Pan-Africanism as an end, virtually all countries in the continent became members of the OAU as soon as they attained independence from colonialism. While the OAU charter outlined an elaborate set of objectives, the principal goals involved the liberation of the individual countries of the continent from colonization in general. Other explicit political goals were to ensure that international cooperation was enhanced by coordinating its members' decisions at the UN, among other international forums. Preservation of the territorial integrity of its member states was one of the first unanimous decisions taken at the OAU. Through its regular meetings, the OAU formed and enunciated plans for enhancing economic development,[4] but a fair assessment of its achievements shows that the political goals of ensuring the defeat of colonialism and apartheid, and the preservation of the territorial integrity of its member states remain its most distinct achievements.

Having succeeded in its principal goals of facilitating continental cooperation with respect to independence and abolishing apartheid, the OAU's roles became redundant towards the end of the 1990s. In the four decades since its formation, the external environment had changed remarkably and the OAU was ill suited to respond to the most pressing needs faced by its members. The pressures of the collapse of the Soviet Union and the emergence of the new world were becoming undeniable, hence the organization needed a new posture.

Thus, the OAU was compelled to respond adequately to the pressures of the rapidly changing environment on the one hand and the redundancy of its purposes on the other. In 1999, the General Assembly of the OAU called an extraordinary session to with the purpose of developing and revising its mechanism for accelerating economic and political integration in the continent. Thus, following the Sirte Declaration in September 1999, which explicitly called for the creation of the African Union, there followed further summit meetings in Lome (2000), Lusaka (2001) and Durban (2002). These four summit meetings were significant for the members because they led to the formalization and launch of the AU.

The Lome Summit effectively carried forward the intent of the Sirte Declaration by ensuring the AU formally succeeded the OAU. During the summit, the heads of state of the 53 member countries signed The Constitutive Act of the African Union 2000, which became effective a year thereafter. Further institutional developments were made at the Lusaka Summit, during which the roadmap for the implementation of the AU was made. During the subsequent summit in Durban in 2002, the first assembly of the AU heads of state was held alongside the official launch of the successor to the OAU. While retaining the OAU's initial objectives, the AU was established to defend the political and territorial integrity of its members and stress the political and socioeconomic integration of the continent. The Treaty also duly recognized the existing integration efforts in the various regions of the continent by undertaking to coordinate and harmonize the policies of the respective regional economic communities. In tandem with the OAU charter, it also recognized the UN Charter and the Universal Declaration of Human Rights.

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4. *This includes the famous documents such as the Lagos Plan of Action and the Final Act of Lagos of 1980, implementation of which is largely pending.*

Implications for the EAC

Following a cursory comparison of the OAU charter and the Constitutive Act of the African Union, the most evident differences relate to the emphasis on pursuing the continent's economic development and the explicit desire to promote the strengthening of Africa's role and participation in the international arena. The second major difference relates to the mention of the objective of working with the relevant international partners for promoting good health and the eradication of preventable diseases, in addition advancing the continent's position in research and knowledge development. However, the most significant difference between the two treaties is found under the principles outlined in article 4(h) of the later agreement, which gives the AU:

> (T)he right of the Union to intervene in a Member State pursuant to a decision of the Assembly in respect of grave circumstances, namely: war crimes, genocide and crimes against humanity.

This section gives expands the AU's authority over its member states and thereby places a limit on absolute sovereignty. In this respect therefore, the members have tacitly ceded authority to the AU by suspending sovereign rights in the circumscribed conditions. It is noteworthy that whereas the provision has not been invoked since the inception of the AU, it is not understood whether all the constitutions of the member states would find this provision completely valid. An extension of the desire to promote democratic governance and clarify the basis for legitimate membership is found in the reasoning and interpretation of article 30, which forbids governments that assume power through unconstitutional means.

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With the exception of the expansion of its mandate, the Constitutive Act of the African Union retained the primary institutions of its predecessor. In particular, it set up and has since facilitated the operation of the four principal organs, namely the Assembly, the Executive Council, the Permanent Representatives Committee and the African Union Commission. Article 5 of the Constitutive Act establishes these organs in addition to the Pan-African Parliament, the Court of Justice, the Financial Institutions, the Specialized Technical Committees and the Economic, Social and Cultural Council. Article 5(2) provides the discretion for the creation of other organs with the Assembly.

The Constitutive Act of the African Union has also established the offices and effected the transfer of assets and liabilities that were held by the OAU. In addition, the AU reports that a protocol for the administration of relations with the regional economic communities within the continent has been established.

With respect to financial institutions, it is contemplated under article 19 of the Constitutive Act of the African Union that the African Central Bank, The African Monetary Fund and the African Investment Bank will be formed after the relevant protocols have been brought forth. This is consistent with the separate provisions of other regional economic partnerships such as COMESA, SADC and the EAC too. Given the different timeframes that each of these treaties have defined, the fulfilment of the provisions of the other treaties may lead to a fundamental breach of these provisions. For instance, for the African Central Bank to be brought into full operation, there would have to be a consolidated monetary policy among the AU member states. In tandem with the other treaties, there would be consideration throughout the continent for the alignment of the financial institutions that the separate regional economic partnerships intend to create.

Because the Constitutive Act of the African Union appears to concede to the regional economic partnerships, however, it is unlikely to develop elaborate institutions that would undermine their functioning. This is because article 33(1) of the Act itself supports the establishment of the African Economic Community (AEC), which was contemplated under the charter of the OAU. Essentially, therefore, the Act was drawn on the assumption that the regional economic partnerships will be the building blocks of the AEC. Because the EAC countries are members of the AU, they are obliged to adhere to the Abuja Treaty 1991, which defines the steps for the creation of the AEC.

Another significant factor for EAC relations comes from the two special programmes that were created by the AU. The first and most immediate is the New Economic Partnership for African Development (NEPAD), which was formally initiated at the 37th Assembly, which took place in the 2001 Lusaka Summit. It is a special programme dedicated to the continent's development by harnessing the benefits of globalization more fully. The plan has elaborated specific areas for African cooperation in infrastructure development and for approaching foreign governments for financial assistance to the continent. For the EAC, it is apparent that the NEPAD initiative intends to pursue joint policies regarding foreign aid and international relations at the continent-wide level.

Finally, it is noteworthy that the independent economic communities that the Constitutive Act of the African Union expects to coordinate under article 3(l) each have independent tribunals, protocols and laws. The exact jurisdiction of the EAC's courts has not been adequately resolved, although the Act appears to presume that these will be subordinate to the AU's Court of Justice of the Union and the protocols that will be drawn under article 18.

CONCLUSION

Time and geography

The multilateral relations of EAC countries demonstrate that the EAC members are active in establishing relations through formal treaties that impose obligations and privileges. These relations are confined neither to the region nor to the continent. Rather, they involve international concerns, such as the UN and GATT, which predate the EAC nations' independence. There are also regional concerns, such as the EAC and COMESA, and the continent-wide AU. Apart from the regional and continental arrangements, the EAC countries are also active in relationships with nations and configurations outside the continent, in the form of the EU and a worldwide arena for trade relations under the WTO. In addition to a broad range of multilateral agreements among the EAC member states, it is notable that these relations are formalized through treaties with obligations and privileges that are varied over time.

Multiplicity and overlap

Without consideration for unilateral arrangements that EAC countries have entered into, this survey of multilateral relations shows that the EAC countries are between them involved in at least five arrangements with varying aims, obligations and cooperation timeframes. From this variety of treaties and formal arrangements arises an overlap of membership and declared goals and obligations. This may be an advantage in some respects, as compliance to the

requirements of one treaty may enhance integration into the other. For the EAC countries, this is mostly an opportunity to test multilateral relations and initiatives for integration before seeking more ambitious goals for continent-wide integration. In spite of this stated advantage, it is the overlaps and multiplicity of memberships that have the most profound implications in respect of conflicting obligations on the one hand, and differences in the degree of domestication on the other, due to the obligations of foreclosure that would emanate from the complete compliance to one agreement. For the EAC countries, this would clearly relate to the obligations imposed by the WTO treaties regarding membership of a single customs union.

Economic and political dimensions over time

The character of the multilateral treaties and foreign relations maintained by the EAC member states at independence were mostly of a political nature. This is seen in the fact that upon independence, the EAC member states became members of the UN, the OAU, and played minor roles in other international organizations pursuing political and economic goals. In essence, it appears that the foreign policy goals of these nations informed the multilateral relations that were pursued. These objectives were mostly of a political nature, biased towards nonalignment to the major ideological distinctions between the communist and opposing countries. In addition, the relational character of the EAC countries was closely aligned to economic and political cooperation with the former colonizing nations.

Realignments are imperative

The EAC and COMESA treaties are not only similar in terms of goals, but all EAC states, with the exception of Tanzania, are members of both. The major implication of this is that realignments will be necessary in the medium term to ensure the contemplated integration is realized. It is highly unlikely that the federation of the EAC states will be accomplished while Tanzania's membership of COMESA remains unresolved. In purely pragmatic terms, the EAC is at a disadvantage in the sense that COMESA is a larger market for the purposes of economic integration, hence individual member states may prefer to commit to the larger stage. Related to this point is the fact that the recent accession of both Rwanda and Burundi has implications for the pace of integration efforts within the EAC. The EAC may have no option but to contemplate integrating its member states at different speeds. Due to the interlocking memberships and the increased size, the transitory issues of integration, such as the choice of the appropriate customs union for individual members, remain critical.

Realignments are also necessary because the multiple memberships present interesting questions about the resolution of conflict, as each of the regional integration institutions has a separate dispute settlement mechanism. Matters of jurisdiction could arise in the future, hence realignments are imperative to prevent conflict between laws and the obvious breaches that would ensue due to differential expectations.

Conflict with sovereignty

It has been argued that the regional economic arrangements are designed to pursue economic objectives. The EAC, AU and COMESA treaties, in particular, contemplate coordinated positions at the multilateral arena. For instance, because of the establishment of a customs union, it would be sensible to maintain coordinated policy posture at multilateral forums such as the WTO's ministerial meetings and with the EU. Practice, however, shows that the respective delegations are not only independently instructed, but will assert their sovereignty

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at these meetings. Independent foreign and trade policy action is still the norm and national sovereignty is highly valued by the individual member states of the EAC. This has immediate implications not only for rational and coordinated trade policy, but more especially for the expected conclusion of a federation. The profile of legislators at the East African legislative assembly and the court does not compare with that of the individual country equivalents.

Bilateral dimension of relations and obligations

It is significant that the EAC member states do not publish the foreign trade and military policy for public access and commentary. For this reason, it is difficult to discern and draw conclusions about overall foreign policy objectives and their fitness. Thus, the multilateral treaties are more accurately reflected in the national dialogue, while bilateral treaties of a trade and military nature are often unavailable for similar review.

This has implications for the integration efforts being pursued under the EAC and the other treaties in particular, as the undertaking of commitments may enhance, delay or undermine integration efforts. Strategic focus on China, India and the largest military and trade partners have enormous implications for the political federation that the EAC aims to become. The citizens of the EAC member states may find that bilateral relations and the obligations to these constrain taxation and foreign policy orientation. This is an important factor in the relational aspect, as bilateral relations have been less transparent in the individual member states. Of further importance is the approach and choice of policy *vis à vis* contemporary issues such as the fight against terrorism, where Kenya has undertaken to be a partner of the US and British governments. Other obligations that exist for the individual countries involve the public debt in the domestic, bilateral and multilateral sense. Given the differences in the degree of indebtedness under each of these arrangements, a coordinated monetary policy would be predicated on the resolution of this matter. This is essential because the degree of debt burden may change on a per capita basis if monetary policy is concluded as anticipated. As a result of said integration, some countries may bear a larger debt burden. Citizens of the individual member states that are bound to be so inconvenienced are more likely to express reluctance or be altogether opposed to integration efforts after considering this reality.

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ON EAST AFRICA'S MULTILATERAL RELATIONSHIPS
VIEWS FROM EUROPE

... Some thinking needs to be done on the joining up with the AU, and what kind of support the AU could lend to this process, both for peace and security as well as some of the other areas like trade harmonisation.

...Tanzania already is a member of SADC, COMESA, the EAC and probably a few others. How will the EAC fit with IGAD (Intergovernmental Authority on Development) the economic body to which Kenya and Uganda belong but Tanzania does not. Maybe Tanzania needs to give up SADC membership, join IGAD and so the EAC can be the example to IGAD on how this works...

...... for individual countries... the EU EPA (Economic Partnership Agreements) ... means that each country competes commercially with EU countries. That is like Mother Theresa in a boxing ring with Mike Tyson. Instead African countries should ... form their regional blocks first with barriers from external imports to get themselves going before facing competition from EU countries.

THE WAR ON TERROR
VIEWS FROM THE US

For the Pentagon ... there is now serious concern about the terrorism potential in Africa.

What dominates the foreign policy agenda today, and the flow of resources, is terrorism.... My counter-terrorism colleagues get all excited about the large ungoverned spaces and porous borders of Africa. But who are we to talk about porous borders when we have the Rio Grande? What I tell my colleagues is that large ungoverned spaces are also a problem for the terrorists.

Question: So there is a lot of overexcitement and hyperbole in this war on terrorism.

You say it and I will agree with it. ...Terrorism is the new industry ... [and] counter-terrrorism resources are easier to come by than development money. So great stretches are made to tie development projects to the terrorism bandwagon.

Interviews in New York & Washington, D.C., USA, September 2005

GEOSTRATEGIC IMPLICATIONS OF SHIRIKISHO LA AFRIKA MASHARIKI

MUSAMBAYI KATUMANGA

GEOSTRATEGIC IMPLICATIONS OF SHIRIKISHO LA AFRIKA MASHARIKI

MUSAMBAYI KATUMANGA

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ABSTRACT

This chapter analyses how interstate relations in eastern Africa could be affected by the emergence of an East African federation, Shirikisho la Afrika Mashariki (SAM). It contends that while such a federation could stem existing regional conflicts, there is a risk of further conflict due to internal lateral pressures. The chapter further argues that integration is likely to engender economic transformation at both regional and continental level. After situating geostrategic imperatives, the chapter considers current regional integration efforts, before examining the challenges that SAM will have to tackle internally, as well as at the continental and global level. Finally, the strategic imperatives for a strong SAM are explored.

UNDERSTANDING GEOSTRATEGIC IMPERATIVES

Integration tends to affect interstate relations insomuch as it reorganizes the existing power configuration within a given geographical space. The effect is informed by the interests pursued by the new state actors and stakeholders, and the methods and means used in their bid to reap the benefits, or minimize the costs, of integration. This constitutes the realm of geopolitics.

Geopolitics denotes a natural (as opposed to human) environment of a politically organized people, namely the state. It concerns the unceasing and constantly interactive continuum between geography and politics. Underlying this is the use of space and its impact on power relations. It presupposes the operation and analysis of political impulses, processes and objectives *vis à vis* their geographical environment, insofar as they contribute to enhancing the capabilities of a people. Such capabilities are best described as 'power', or the ability to transform tangible and intangible resources to the extent of influencing the behaviour of competing nations (see Puri, 1994).

In *The Influence of Sea Power and History 1600-1783*, Mahan (1890) attributed world power to the control of the seas and the acquisition of colonies. Subsequently, Sir Halford Mackinder (1919: 150) classified Europe, Asia and Africa as the world island, with the Eurasian 'heartland' at the centre. Accusing Mackinder of overrating the heartland, Nicholas J. Spykman (1944: 41-3) put emphasis on the inner crescent, which he called the Rimland. This is conceptualized as the intermediate region between the heartland and the marginal seas. According to him, whoever controlled the Rimland ruled Eurasia, and whoever ruled Eurasia controlled the destinies of the world. In his article 'The round world and the winning of peace', Mackinder (1943) once more emphasized the salience of the heartland, but also brought attention to what he called the outer/insular crescent of Africa. He pointed to the monsoon lands of Asia (China and India) and the tropical rainforests of Africa and South America as areas of salience. His argument still holds well today. For instance, not only are 58 per cent of proven oil reserves found in the Persian Gulf region, but most also pass through the Indian Ocean (Puri, 1994: 116). As oil importers attempt to reduce their dependence on Middle East resources, their attention has mostly shifted to Africa, South America, and, to a lesser extent, the volatile central Asia region. Africa is also a resource base for several other important minerals. China, India and Brazil are also emerging as the new global powers. Indeed, by the year 2040, China's GDP is forecast to rise to $29.4 trillion, overtaking the USA at $29.1 trillion (Versi, 2006: 16-17). As China competes with the USA and European powers for resources in Africa, the continent is becoming a vital part of the world geopolitical balance. This is exemplified by the establishment of multiple summits involving African states and other world powers.[1] In addition, China is evolving as an alternative source of foreign direct investment (FDI), and appears likely to overtake the USA (the second leading FDI source on the continent) by 2010 and Europe (the leading investor) by 2030 (Versi, 2006: 16). Its ability to offer credit, loans and infrastructural support without conditionalities at one level, while enhancing the value of primary products at another, is forcing other powers to rethink their strategies on the continent. The USA, for example, has set up an independent African command[2] to complement its trans-

1. For example, the Franco-Africa Summit, China-Africa Summit, and the Blair Commission for Africa (see New African, 2005).
2. Set up in February 2007, Africom takes up most of the roles performed by Eurcom in Africa (see Volman, 2006)

African counter terrorism partnership in a bid to counter al Qaeda and to safeguard US interests from what her geostrategists are interpreting as an encyclical encroachment of the centre (read 'the West') from the periphery (the 'third world'). Exemplified by China's quest to gain control of key strategic resources in Africa and other third-world states), this policy is routed in Mao's theory of a people's - protracted struggles. Notably, while its logic is perceived to be economic, it desired objective is apparently the strategic defeat of the West.

The extreme global importance of oil, as evidenced in the 1973 oil crisis, highlights the need to move tankers, and indeed world trade, across seas. Kenya and Tanzania have between them a total of 1200 miles of Indian Ocean coastline, giving the region geostrategic salience within the African continent. The importance of the Indian Ocean lies in its ability to provide easy access to current and future oil-producing areas of East Africa, Horn of Africa and the Middle East,[3] as well as facilitating 45 per cent of global trade transits.

The geostrategic importance of the Indian Ocean increased with the Soviet invasion of Afghanistan in 1979, an event that led the USA to proclaim what has become known as the Carter Doctrine, in which the USA committed itself to 'any means necessary, including military force', to ensure the free flow of Persian Gulf oil. This strengthened the geostrategic value of the Indian Ocean and the littoral states such as Kenya in the 1980s. The result was increased economic and military support to Kenya by western countries interested in accessing Kenya's military facilities. This factor confirms the argument that geography and politics are interdependent. In essence, there is a clear geostrategic relationship between the Indian Ocean region and international politics. In the Cold War period, this relationship was driven by oil as well as defence and security purposes. The complexity and interdependence of state relations arising from globalization and such new challenges as international terrorism also highlight the value of the Indian Ocean and the East African states of Kenya and Tanzania. An integrated East Africa would increase this salience as external actors adjust to dealing with a single state, as opposed to the current two. The ultimate objective of the new littoral state would be to enhance its power, with other core objectives to maximize economic standards, national security and international status. Mid-term objectives would entail economic and technical aid, and improved terms of trade and military aid to acquire prestige and protect against external threats. On their part, external powers' core interests would relate to the economic and military value of oil and threats from global terrorism. Intermediate interests would focus on the need for unrestricted use of the ocean, ports, airports and passages for trade, aid and communication purposes, for routine international interactions and developing influence among the coastal states. Interests would similarly include the use of the ocean, certain ports and airports for military purposes, such as protection of allies, training and military aid, and pressure in times of conflict. Ongoing interests would therefore define the way in which the states would interact.

A united East Africa would result in new structures, institutions, processes and systems. Due to the increased population and the need to respond to lateral pressures from commercial interests, welfare needs and external threats, these would have to operate within a certain milieu. In so doing, they would evolve new values and create new demands. For example, the new unit would naturally find it necessary to build a professional military equipped with the technological capacity

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3. *Large quantities of oil and gas deposits have been discovered in Uganda and Tanzania respectively (see Lazaro, 2007). Kenya and Somalia are also believed to have the same (see Ansah, 2004; Kabukuru, 2006).*

to respond to internal and external challenges. There would also be increased demand for resources, requiring increased external and/or internal extraction of resources (Choukri and North, 1975: 15-17). Given the extensive potential impact of these demands, any response to these pressures falls within the realm of geopolitics or the operation and analysis of political impulses, processes and objectives vis à vis the geographical environment. Responses to imperatives generated by geopolitics are dependent on states' geostrategy. This has to take into account possibilities of competition, confrontation and conflict. Thus, states create adversaries towards whom policy is often conducted via coercion or force. For instance, following global changes in 1989, Kenya's foreign policy was restructured in favour of region-centric policies in East Africa, thereby gearing policy towards maximizing the benefits of global restructuring while minimizing the adverse effects. Thus, the coping strategies in response to an increasingly hostile external environment entailing economic conditionalities included Kenya's decision to reignite efforts for regional integration.

Underlying integration was the realization that the neoliberal ideology of globalization, the central objective of which is to undercut control of production forces by the indigenous elite in favour of the international capitalist elite, was alienating and not integrative. In its ideotheoretical assertion and advocacy, globalization calls for increased access for all global actors to the worldwide market. At the operational level, access is limited to and defined by the technological and capital assets within the arena of international politics.

As states are increasingly caught up in the onslaught of globalization and excluded from global markets and structures of resource and capital extraction, these constraints demonstrate that the world is neither a single unit nor a global village (Singh, 2000: 8). Indeed, any attempts to engender integration should be seen in this context. In specific terms, state leaders from the East African region have been seeking to strengthen regional cooperation as an instrument for countering marginalization and managing conflicts and resources. Kenya, for instance, began pushing for integration as a strategic imperative in a bid to minimize adverse effects of aid conditionalities that were constraining the country's efforts at internal and global resource extraction.

Integration reconfigures the East African coastline, bringing a major actor to the coast several decades after British dominance. Core in this is the shifting focus of world maritime activity from the Atlantic-Pacific to the Pacific-Indian Ocean. This is in part due to the increasing demand for oil to fuel the economic expansion of India and China on one hand, and USA and its western allies on the other, thus enhancing the geoeconomic value of the Sudan and the eastern coast of Africa. Indeed, the need to defend oil interests in the Middle East and to curb international terrorism has reignited the geopolitical dimension of naval security in the Indian Ocean. This will increase as the main powers seek to defend their interests, especially oil, in the process transforming the Indian Ocean into the crux point of conflict in this millennium. General Zhao Nangi, Director of the Chinese Academy of Military Sciences alludes to this when he comments:

> The People's Liberation Army-Navy would extend its operations beyond the South and East China seas to check India in the Indian Ocean ... This is something which we cannot accept ... we are not prepared to let the Indian Ocean become India's Ocean (Nangi, 1993).

The Indian Ocean basin is similarly important to India. Notably:

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India wants to keep China out of the Indian Ocean. This means that the Indian Navy must be strengthened. It must bolster its bases in the region including the eastern command on the Nicobear islands. It must work with other navies to protect the sea lanes and enhance all maritime security in India's EEZ (Economic Exclusive Zone) (MacDonald, 2002)

With over 100 million inhabitants, an integrated East Africa would be the continent's second largest market after Nigeria (with a population of 137 million).[4] It would also bring it to the borders of the Sudan and Ethiopia, placing it at the crossroads of East Africa, the Greater Horn of Africa, the Great Lakes and the Indian Ocean.

In analysing the EAC, two aspects of integration need to be examined: integration as a process and integration as a condition. Integration as a process takes into account or perceives the process as ongoing with an objective of creating a superstate at some point in the near future. On the other hand, integration as a condition undertakes analysis from the standpoint of an accomplished scenario, namely that the three states (plus or minus Rwanda and Burundi) have achieved unity.

SITUATING THE CURRENT INTEGRATIVE PROCESS IN EAST AFRICA

The current efforts towards regional integration are rooted in pressures arising from the 1989 global restructuring that engendered unipolarity. One effect of the restructuring was the end of the ideologically-defined protection and economic support that African states had hitherto benefited from, this being replaced with aid conditionalities pegged on economic and political liberalization.

Peripheral integration seemed to be evolving in the EAC (Kiondo, 2002), as tends to occur in marginalized regions where states are engulfed in turbulent political situations and economic decline. Leaders in such contexts tend to push for regional integration as a means of countering processes of marginalization, increasing purchasing power and market expansion while enhancing capacity in conflict and resource management. In principle, this is supposed to lead to inward-looking processes that focus on internal security and development. In turn, this is expected to improve state leverage over external actors.

The current integration efforts in East Africa are rooted in the treaty establishing the EAC. The process is further elaborated in the East African Cooperation Development Strategy Paper (1997-2000). The Draft Treaty for the Establishment of the East African Community 1998 aimed to establish a political federation in the region. It is believed this will evolve from a neofunctionalist approach, encompassing the setting up of a common market to, eventually, a customs union. The current process emphasizes the salience of political cooperation. Through cooperation, the East African states are expected to

4. In terms of geographical size, an integrated East Africa would be 1,768,645 km2, according to an economic survey by the Kenya Ministry of Planning (2002).

undertake mutual policy arrangements. In East Africa, this has been built around principles such as respect for each other's territorial integrity, friendship, noninterference in one another's internal politics, the establishment of collective institutions for development, and the implementation of common defence and foreign policy. However, the logic of cooperation based on noninterference in internal matters of other states effectively reinforces the nation-state while constraining meaningful integration. While these principles are good for the purposes of containing aggression against one another, they equally serve as a basis for ignoring governance issues in sister states. Such 'see no evil' policies tend to lead to regional state collapse, which militates against regional integration.

The East African leaders set up core structures such as the Summit, the East African Legislative Assembly (EALA), the Secretariat and the Court of Justice. Even though they seem to have met all of Treaty's deadlines, taking advantage of what Birch (1996: 19) calls expectations of economic advantages and the existence of social and cultural bonds critical to the generation of a feeling of community, the process does not appear entirely secure. The underlying problem is what David Mitrany calls 'ramification' or 'spillover effects' in scope (see Hass, 1964: 29; Dougherty and Pfaltgraff, 1992: 432) without corresponding increase of authority for the emergent integrated organization. Besides mutually compatible core values, a distinct way of life that sets partners apart from others, and joint rewards timed to come before the imposition of burdens from amalgamation, there is need for unbroken communication links (Deutsch, Burrell,, Kann, Lee and Lichterman, 1957). This remains at best weak in East Africa. As it is now, the existing institutions are yet to create a meaningful process of regional integration.

It is perhaps in recognition of this slow development that the heads of state opted to fast-track the process by appointing a team led by Kenya's attorney-general, Amos Wako. The Wako team eventually recommended an integrated EAC by 2013. Even though the states have called for further consultations, the fact of setting out a timeframe points to an increasing commitment to the evolution of a political union. There are also plans to have both Rwanda and Burundi in the EAC. Even though the idea of incorporating the Democratic Republic of Congo (DRC) has not been put on the table, any meaningful Shirikisho La Afrika Mashariki (SAM)[5] must anticipate and strategically seek to integrate the DRC if it is to respond effectively to its geoeconomic and strategic needs. In any case, the geography of the Great Lakes places the three states within the geostrategic imperative. Failure to do this will generate the basis for future balance of power dynamics, drawing in South Africa, Egypt and Angola to the detriment of SAM. The exclusion of the DRC and Southern Sudan would deny the new union a hinterland for space and resource materials critical for mutual development of the entire geographical space from the Indian Ocean to the Atlantic and from the southern tip of Tanzania to Sudan. Such a development would otherwise create a superstate with influence encompassing the central core of the African continent.

EAC units seeking political union must develop integrative processes. Underlying such processes is the evolution of a sense of belonging by citizens of the new unit. Such a process would emerge consequent to policies undertaken by the new unit, presupposing that the said unit possesses the capacity to control violence and to ensure law and order. The new unit must also possess organizational and institutional frameworks that can grant rewards and exact punishment based on consensually agreed rules. A union therefore presupposes shared jurisdiction in which part of state sovereignty is surrendered to an emergent political unit.

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5. Swahili for 'East African Federation'.

The integration process cannot be sustained without the enhancement of state penetration in the society and effective control over the territory. This is critical to ensuring law and order. Effective state control in some areas of East Africa, such as the northwestern parts of Kenya, northeastern parts of Uganda and the Acholi districts of Uganda, currently remains wanting. Thus, a developmentalist state is needed, rather than a minimalist 'watchman' state, as advocated by neoliberal Bretton Wood institutions. The current integration process is confronted by challenges of underdevelopment, lack of adequate penetrative infrastructure, internal conflicts and external threats. These problems call for collective specialization endeavours via the strategic creation of regionalized spaces of economic growth and collaboration through collective use of mutual resources.

According to the common regional public goods model of state development (see Katumanga, 2005), given the stage of development of these states, approaches to integration must be multifaceted and mutually reinforcing. They must emphasize active state participation in the development of common regional public goods. The integration process would be enhanced by a collective approach to the development of sectors such as security, energy (especially geothermal exploitation, gas and hydroelectricity), environmental protection, tourism, compartmentalized manufacturing of components, and water management. This demands joint efforts to put in place the critical joint infrastructure to facilitate the movement of goods and services and, in the process, regional state penetration in the prospective integration area.

308 FROM NATION-STATES TO SHIRIKISHO LA AFRIKA MASHARIKI: CONTEXTUALIZING IMPERATIVES OF INTEGRATION

As the EAC integrates, it will have to grapple with two major levels of challenges. At the first level are those challenges that the nation-states are currently grappling with; at the second level are the dynamics that are consequent to both the process and condition of integration. Resolving these is *sine qua non* for a strong condition of integration. The nation-states' challenges range from socioeconomic crisis, banditism (such as that prevailing in northwestern and eastern Kenya), insurgency activities and interstate conflicts (such as those prevailing in the DRC and in Uganda), and challenges engendered by international terrorism. There are also implications for an integrated EAC as a result of other regional and global actors with interests in the EAC's political spaces such as the Nile and the Indian Ocean, as examined below.

Socioeconomic imperatives

The integration process in the EAC will have to address issues rooted in its population, territory and natural resources. Threats to the physical being of a state constitute its sense of insecurity. In the case of the EAC, the population faces a number of discernable threats.

Disease

The first major threat revolves around HIV/Aids, which has killed many well-trained and skilled people. There are also numerous deaths from malaria and accidents. This translates to workforce losses, eventually affecting state institutional capacity. Indirect social costs are also incurred, such as funeral expenses, loss of time and the cost of treatment. HIV/Aids equally threatens societal development in general.

There are, currently, what might be described as East African solutions to the problem. For example, the success of HIV/Aids awareness campaigns in Uganda could be replicated across the entire region. More significantly, were the three states to integrate their health budgets, they could benefit from considerably better returns. Together the region has the potential for producing its own generic drugs and condoms for its own population. A market of 100 million people should be attractive to pharmaceutical manufacturers. An integrated East Africa could also take best advantage of its land to improve food production and standards, as most Aids deaths are a function of the further impairment of immunity due to dietary factors.

Poverty

External policies such as Structural Adjustment Programmes (SAPs) have had a negative impact on workforce development - the hardest hit sectors include education and health. To date, an estimated 4 million people have dropped out of the education cycle in Kenya alone (Katumanga, 2005: 122). Other resource-based potential threats are also likely to confront an integrated EAC. These are inherent in the extreme poverty being experienced by East Africans. In Kenya, for instance, more than 56 per cent of the population lives below the poverty line. The top 10 per cent of households control 42 per cent of the total income while the bottom ten per cent control less than 1 per cent (SID, 2004: vii). The state is also characterized by widespread regional inequalities; for example, the Western and Nyanza Provinces of Kenya have a poverty incidence of over 60 per cent, double that of the Central Province at 32 per cent (IEA, 2002: xi). There are fierce struggles over land, manifested by ethnic clashes and demands for the redressing of historical injustices committed by the colonial state over the Maasai, Kalenjin and the Sabaoti. Unless handled well, this threatens economic production and social cohesion. Robert McNamara once observed that:

> There is a direct and constant relationship between the incidence of violence and the economic status of the countries afflicted. There is a relationship between violence and economic backwardness and the trend of such violence is up, not down. If security implies anything, it implies a minimal measure of order and stability. Without internal development of at least a minimal degree, order and stability are impossible. They are impossible because human nature cannot be frustrated indefinitely. It reacts because it must (McNamara, 1968: 145-9).

Thus, to modernize a society's security presupposes enhancing development. It cannot exist at a national or personal level under conditions of chronic underdevelopment. A primary source of insecurity in this sense is poverty. Security is not determined by military hardware, although such hardware can offer some protection. Neither is it a traditional military activity. Security is engrained in development (McNamara, 1968: 145-9). It is development that provides people the inclination to defend the state. Underdevelopment and institutional incapacity

ensure that average African states are unable to mobilize internal human resources or the existing institutions to avoid or respond appropriately to disasters.

Critical to accelerating development in an integrated East Africa is human resource development. There is strong evidence that integration would lead to positive policy harmonization. Uganda's decision to implement a universal primary education programme is likely to have influenced Kenya to a similar decision. Uganda's decision to implement universal secondary education (see *The Monitor*, 2005: 13) is the right way for the entire region to go if a technology-based economy is to evolve. Unfortunately, the three states have inadequate facilities. The situation is worse in Kenya where an average 400 000 pupils missed admissions to secondary schools in 2005 (Katumanga, 2005: 122).

Crucial to political, economic and social integration is infrastructure to facilitate communication. Much of this infrastructure in the region is currently concentrated in the southern parts of Uganda, and in Kenya's case, south of the equator; parts of Tanzania, meanwhile, are disconnected from the nerve-centre of communications. This factor has a net effect of constraining the fusion of communities within and external to the nation-states (Deutsch, 1968: 75). Diverse people can only be integrated to the extent that they are made to become interdependent across a broad range of dimensions. This is what creates political communities. There is a need for state-centric infrastructure to enhance state penetration in the society and reduce the possibilities of state collapse, just as it is imperative that the infrastructure assumes a region-centric character if the regional political community is to evolve. This constraint offers opportunity for investment in construction of road and rail networks. South Africa's Sheltam Rail is investing US$80 million in the Kenya-Uganda Railway (see *Daily Nation*, 2005: 22). Other opportunities exist in northeastern and western Kenya to link Ethiopia and Southern Sudan respectively to the Kenyan Port of Mombasa. A possible option for East Africa is the effective use of its military and unemployed youth capital for road construction.

BANDITISM IN THE EAC: THE CASE OF THE KAPOTOTUR TRIANGLE

Integration would have to address the crisis in the Kapototur triangle, that is, the area encompassing the northeastern part of Uganda, northwestern part of Kenya and the southeastern part of Sudan. This zone is occupied by pastoralist groups including the Karamojong (Uganda), Pokot and Turkana (Kenya) and the Toposa (Sudan). These groups' way of life has been informed over time by the harsh climate of intense heat and little rainfall (less than 500 mm annually). In a bid to survive in this hostile environment, they have established coping mechanisms that revolve around movement to and from water points and pastures. They also set up well-structured modes of social reproduction rooted in rustling activities.

What is notable, however, is the intensity of the current rustling activities compared with the traditional modes of socioeconomic reproduction in these communities. The fact that they previously used mainly traditional weapons meant that few people lost lives. The numbers of animals stolen were also small. This changed with the civil wars in Uganda and Sudan, which generated not only a general atmosphere of insecurity but also a flow of small arms in the region. These groups acquired sophisticated weapons, which continuously altered the balance of power, as each sought to acquire more firepower to support their activities.

The absence of a strong state presence, poor socioeconomic infrastructure and the influx of small arms over time have escalated conflict in the region. Cross-border raids and predation have increased in intensity, costing lives and livelihoods. Unlike the traditional logic of acquiring cattle for mere prestige, there has been an aspect of commercializing the raids.

These conflicts have resulted in the internal displacement of large populations and serious economic dislocation. On the Kenyan side of the triangle, for example, 300 000 cattle valued at Kshs 3.0 billion (US$43 million) were rustled between 1996 and 2002 (see Katumanga, 2003), and 1200 people lost their lives. Between December 2002 and May 2003, raids displaced 3779 families. Two hundred and fifty people were killed following violence in which small arms were deployed in West Pokot and Trans Nzoia Districts. The average raid is carried out by as many as 1000 armed men. Northwestern Kenya has an estimated 127 500 guns, while the Karamojong are alleged to possess 100 000 guns (*Daily Nation*, 2003a). Other pastoralist groups neighbouring the triangle, such as the Marakwet, Samburu, Merille and Ndongilos, are estimated to possess an additional 40 000 guns.

The socioeconomic impact of pastoralist disputes is illustrated by the following examples.

- On 12 April 2003, 27 Sebei pastoralists (who live on the Kenya-Uganda border) were killed in a Pokot-mounted revenge raid. Over 300 houses were destroyed, women, children and old men were killed, and 3000 cattle were stolen (*Daily Nation*, 2003b).

- On 7 March 2003, Karamojong warriors killed eleven people and seriously injured 16 in Pader District (Katumanga, 2005: 103-5). Prior to this, they had killed three Uganda People's Defence Force (UPDF) soldiers on 25 February 2003.

- On 20 March 2003, nine Karamojong warriors were killed and several others injured following a shoot-out with the UPDF (Katumanga, 2005: 103-5).

- On 23 March 2003, 2000 people were displaced due to raids by the Karamojong. Most of them ended up in camps set up in administrative centres (*The Monitor*, 2003a).

- On 27 April 2003, the Karamajong killed seven traders as the Pokot fought the UPDF (*The Monitor*, 2003b).

- On 19 April 2003, the Karamjong killed a woman and displaced 1000 people (Katumanga, 2005: 103-5).

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Conflict in this zone takes place within and across state frontiers where these groups, in a bid to access water and pastures, end up clashing with each other. Attempts at disarmament have tended to be state-driven. However, interstate collaboration has been limited to the right of access extended to the state undertaking the process. These nomadic groups merely cross the porous borders, in the process acquiring a new identity. One of the net effects of the conflict includes the easy flow of small arms to urban areas where crime rates have also risen (Stavrou, 2002). The difficult terrain in this zone, the lack of socioeconomic infrastructure and poverty exacerbates the situation and transforms it into ideal area for rustling activities, smuggling, small arms trade and even potential staging posts for terrorist activities. Undoubtedly, the absence of state presence has motivated certain communities here to raid each other with impunity.

The EAC will also have to factor in more than 1.7 million people displaced by the fighting in northern Uganda (SID, 2006: 79). Crime is the focus of other security issues. In Kenya, security provision has been costing firms, on average, 7 per cent of total sales or 11 per cent of their total costs. In addition, firms also incur costs of Kshs 700 million (US$9.45 million) for treatment to staff injuries (see Kiragu, 2005: 12).

SHIRIKISHO LA AFRIKA MASHARIKI AND THE RECONFIGURATION OF THE GEOPOLITICAL MAP IN THE GREAT LAKES REGION

A federally constituted EAC or SAM would create a territory of more than 100 million people. It would be the most powerful military body in the region, with an army of more than 160 000 soldiers (SID, 2006). Currently, the territory of the three EAC partners stretches from the Indian Ocean coast to the DRC, Sudan, Ethiopia and Somalia in the west and north, as well as Zambia, Malawi and Mozambique to the south. If Rwanda and Burundi are included, then the potential power will be further enhanced. Integration in the region would have far-reaching effects on interstate relations. Threats facing states in the EAC would be collectivized and commitment to fend them off would have to be augmented. These threats include those posed by international terrorism, the influx of small arms (see Muchai, 2002: 103-14), armed cattle rustlers and the increasingly evident degradation of the region's environment.

The case for integration/federation stems largely from the trinity of domestic state weakness, international politics and the EAC's geostrategic position in the region. The EAC's geostrategic position situates it at the crossroads of the Great Lakes and the Greater Horn of Africa security subsystems. The EAC's importance to the region will most likely expand in the context of the reluctance of external powers to play a more active role in state stabilization in the region.

The geographic convergence at the crossroads of these two subsystems creates a wide range of dynamics and conflicts that pose security complexes for the current EAC and by inference any subsequent SAM. The importance of the EAC can be appreciated if one examines the expectations stemming from the International Conference on the Great Lakes Region (IC/GLR). In a bid to respond to instability and create conditions for economic development, the IC/GLR has sought to develop twelve triangles around which security architecture in the region is in the process of being constructed.[6] The aim the triangles is the facilitation of a joint security management of common borders. Underlying these are three core structures: a bilateral area conference on security (A-CONSEC) that enables two neighbouring states to manage and cooperate on border security; a trilateral zonal conference on security (Z-CONSEC) that allows three intersecting states to respond to security issues; and the Great Lakes conference on security (GL-CONSEC), which groups all the eleven states in the (IC/GLR process. In total, twelve triangles have been conceptualized. Of these, six fall within the EAC (inclusive of Rwanda and Burundi), while the DRC is involved in seven triangles, thus making the two entities core to the process.

6. As discussed at the UN/AU International Conference on the Great Lakes Region. Second Heads of State Summit in Nairobi, December 2006.

The EAC is central to the efforts to integrate the infrastructure in the GLR. For instance, the ports of Mombasa, Dar es Salaam, and Tanga provide access to the sea for the DRC, Rwanda, Burundi, and Sudan and are soon likely to serve Ethiopia too. In the envisaged IC/GLR blueprint for reconstruction in the GLR, an integrated ferry system and a 200-km railway line from Mpulungu to Kasama would be constructed, in the process making a junction with the Tanzania-Zambia Railway at Kasama and another line linking Uvira to Bukavu. These lines would eventually link up with the Kenya-Uganda Railway. Together with the railway line linking Juba with Kampala, the core of the GLR would be effectively intertwined with the SAM facilitating the movement of goods and persons, and the delivery of services. An integrated EAC also has the potential to transform the Tanganyika, Turkana, Victoria, Malawi, Edward and Albert lakes into an internal waterway at the crossroads of eastern, central and southern Africa.

EAC integration would render unnecessary the need for national borders and could reduce conflicts in the region. Three modes of conflict can be discerned: conflicts within the state (between armed nationalities and those against the state); conflicts between states, and regional conflicts between nationalities from bordering states and regional coalitions of rebel groups that wage war against the region's states. These conflicts occur in the context of limited penetration of border areas by the states and the tendency to perceive the responsibility for border security as the exclusive purview of the state. Border security is not seen as a common regional good which can be assured by cross-border cooperation involving governments, border and trans-boundary communities.

Conventional state-based responses to security threats generate security dilemmas and complexities. Security dilemmas arise when every state action, such as the accumulation of arms and the positioning of troops, is viewed with suspicion and elicits an immediate counterreaction. Security complexities result in part from trans-boundary ethnic communities. These can represent vectors through which conflicts traverse borders in the form of armed communities and insurgent groups. An integrated EAC could neutralize these conflicts by 'swallowing' some of the contested spaces and transforming them into national spaces. Such a process would reduce interstate borders while enabling a single unit to better contain these conflicts.

There is need, for instance, to grapple immediately with the security dilemmas and complexities of the conflicts in North and South Kivu in the DRC, as they constrain the stability and economic potential of the region. In particular, they threaten the security of communities and states in the region. At an economic level, trade between Kenya and the DRC is constantly threatened by intercommunity violence and threats of regional war among states. For example, Uganda has accused the DRC of hosting rebel groups, causing trouble for the Ugandan government in the eastern Congo. For example, in addition to the Allied Democratic Force and the Peoples Redemption Army, the current setting has also seen the entry of the Lords Resistance Army into the zone. The presence of Les Forces Democratiques de la Liberation du Rwanda (FDLR) also continues to generate threats and instability in Rwanda thus affecting stability in eastern Africa.[7]

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7. FDLR has its operational bases in the North and South Kivu provinces of the DRC. From these bases it has been infiltrating Rwanda, engaging in killings of genocide escapees. It has also mounted operations in the DRC against those citizens it identifies to be aligned to the Tutsis. This has tended to put them indirect conflict with dissident groups from the Force Armée de la Republic Democratique du Congo, such as that led by Brigadier General Laurent Nkunda, seeking to protect the Rwandaphone communities. Rwanda has threatened to deal with FDLR, an action that would have ignited the conflict in the region.

Integration would make SAM a core actor in this conflict, both militarily and economically, as it would result in an enlarged and better-coordinated military, which could be effectively used to neutralize these negative forces. Integration would help to defuse the current tensions in the triangle involving Uganda, Rwanda and the DRC, as the DRC is currently likely to trust the EAC more than it would Rwanda and Uganda. The EAC would also serve to contain the unilateralism that characterizes the tension in the region. The net effect would be stability, which would ensure an environment for better exploitation of human and natural resources.

Currently, Kenya is affected by the conflicts in Ethiopia, Sudan and the effects of the collapse of Somalia. In Sudan, she helped mediate the Comprehensive Peace Accord (CPA) between the Sudan People's Liberation Army (SPLA) and the Sudanese government. The stabilization of Sudan, meanwhile, needs powerful regional actors willing to motivate those party to the CPA to honour their accords; currently only Egypt can play that role. An integrated EAC will have the capacity to play this role. It will also effectively neutralize Ethiopia's inclination to unilateralism in the region. It would play an effective role in the Intergovernmental Authority on Development (IGAD), thus helping to stabilize relations between Ethiopia and Eritrea. More critically, given its military and financial power, SAM would be able to play an active interventionist role in Somalia, helping it to stabilize without having to beg for support from reluctant international actors. Stabilization of Somalia would in turn help to stem smuggling, threats of international terrorism, arms and other forms of illicit trafficking, especially in Nairobi's Eastleigh.

Other threats to SAM's physical base will revolve around unsettled border questions. While the Somali question is dormant following the collapse of the Somali state, the potential for it to resurface remains. As the Somali state reconstitutes itself, this will become a problem to the extent that more innovative policies should be instituted and implemented to respond not only to the border issue, but also to the marginalization of Somalis in the northeastern province. One option would be to develop a growth corridor in the northeastern province of Kenya by establishing an export processing zone and infrastructure linking it to a developed port in Lamu or Malindi, and on to southern Ethiopia and Sudan. This would engender the growth of a stakeholder mentality among Somalis, thus helping to stabilize the area. This would then serve as a stepping-stone to facilitate the evolution of tri-state regional citizenship, allowing Somalis to be citizens of Somalia, Kenya and Ethiopia. A potentially explosive problem is the Elami question, which rotates around the option of a SPLA-controlled New Sudan zone or a New Sudan under the current regime in Khartoum.

An integrated East Africa would also facilitate the emergence of new trans-border regional alliances built on tri-border ethnic groups. Cooperation involving states and communities at bilateral and triadic level across borders would transform underdeveloped and conflict-ridden areas into regions of harmony. This would help address regional problems, effectively transforming the areas into points for growth. Integration would allow cooperation in physical planning, infrastructure, services and environmental protection. In this respect, locations of particular note include the area intersecting Uganda, the DRC and Sudan, referred to as triangle four of the Great Lakes (see Katumanga, 2006), and the area intersecting Sudan, Kenya, and Ethiopia.[8] The latter triangle is a conflict convergence zone among nonstate actors such as the Turkana from Kenya,

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8. This zone forms part of IC/GLR's triangle three, the 'Kapotutur triangle', which is conceptualized to include Kenya, Uganda and Sudan.

Toposas from Sudan and the Karamojong from Uganda. Another threat should be seen in terms of the ongoing attempts by Oromo Liberation Front to secede the Oromo-inhabited areas from Ethiopia. Underlying this is the kin country phenomenon linking the Borana-Orma communities in Kenya with the wider Oromo nationality in Ethiopia. An independent Oromo state would open up irredentist claims on Borana-occupied areas in Kenya. The issue could be contained by constructing a growth corridor to facilitate the exploitation of geothermal and agricultural potential while facilitating inclusion through a two-state citizenship allowing Oromo and Borana to traverse both Kenya and Ethiopia.

Evolution of East Africa would also have a huge impact in the tourism sector and the use of existing geographical spaces that are currently shared by the East African states and which exist in the form of what Hernando de Soto (2000: 35) calls 'dead capital'.[9] These include shared mountain and wildlife park spaces such as Kilimanjaro (Tanzania and Kenya), Elgon (Kenya and Uganda), Masai Mara-Serengeti (Kenya and Tanzania), and Lake Victoria (Kenya, Uganda and Tanzania). These would be managed by a single entity, providing the region with a huge multiplier effect in tourism and fishing, especially on the lakes. Cooperative engagements with states such as the DRC and Rwanda (where the two are not integrated in East Africa) would see the evolution of shared spaces such as the volcanic triangle intersecting EAC, Rwanda and the DRC. These areas have a huge potential in ecotourism, mineral resources and agriculture.

The GLR has been characterized by conflicts that have generated refugees[10] and subsequent conflicts generated by refugees.[11] Underlying these have been internal governance crises fuelled by politics of marginalization. Integration of Rwanda and Burundi would generate space while allowing Barundi and Banyarwanda refugees to settle anywhere in East Africa. An integrated state would also be able to absorb and settle other refugees from the region who could contribute economically to its development. Ugandan and Rwandan refugees in Kenya in the early 1970s who joined Kenyan health and educational sectors are a good example of this. Integrated refugees could also be used gather valuable strategic intelligence from their countries of origin. A united East Africa should develop strong refugee and immigration policies to allow the settlement of highly educated refugees, whether from the continent or further afield, in order to boost scientific and social capital. Highly skilled immigrants and entrepreneurs can be used to help transform marginalized areas of East Africa to the benefit of the new state.

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9. This is such capital as may have been forgotten, or the owner may be unaware of its existence, or physical assets that cannot be converted into capital (such as one might borrow money against the value of a house to generate finance for an enterprise).

10. For example, the violence that ushered in what become known as the Hutu revolution in 1959 generated an exodus of thousands of Rwandese from Rwanda.

11. A classic case of these were the Rwandese refugees in Uganda who formed the Rwanda Patriotic Front/Army before invading Rwanda to reclaim their citizenship.

CONTINENTAL AND GLOBAL IMPACTS OF SHIRIKISHO LA AFRIKA MASHARIKI

Shirikisho la Afrika Mashariki and the political economy of the Nile

Shirikisho la Afrika Mashariki will have an effect on Africa-Egypt relations, given Egypt's inclination to oppose the use of the upstream Nile waters, citing the Nile Water Agreement 1929 and the Agreement for the Full Utilization of the Nile 1959, which gave Egypt exclusive rights over the Nile waters. The first agreement forbids the riparian states from initiating any works on the Nile and its tributaries without the approval of Egypt. Such works include dams that may be constructed in a bid to stem floods. The agreements equally gave Egypt the right to inspect the Nile and its sources. Egypt is thus likely to feel threatened by a united East Africa, as the individual EAC states have reacted differently to these agreements. Uganda continues to respect the said agreements and allows Egyptian water engineers to monitor use and water levels. Kenya has remained ambivalent over the treaty, inaudibly calling for renegotiation. Tanzania, meanwhile, has never recognized the treaties. It has gone ahead to establish a plant to supply water to populations around the lake.

Egypt has several times threatened war to guarantee itself the supply of water from the Nile (Homer-Dickson (1998: 208). Its president Anwar Sadat declared, 'the only matter that could take Egypt to war gain is water'; indeed he threatened to bomb water facilities in Ethiopia if its government implemented envisaged projects to divert water for irrigation projects (Klare, 2001: 155). Egypt has sought to fight the eventuality of other states using Nile water by sponsoring insurgencies against the regime in question - this explains the country's support of Somali irredentism and Eritrean separatism. In addition, the refuelling capacity of the nation's air force has been enhanced to extend the range of its bombers, while a force of some 50 000 men has been trained to undertake jungle warfare. With a military force of 300 000, supported by 575 aircraft, Egypt believes it can contain the EAC states. While this may be so if those states are approached individually, an integrated East Africa would provide Egypt with a formidable adversary. An integrated EAC would have a force nearing 150 000, enough to deter adventurism. Egypt's options would thus be limited to waging war through Southern Sudan (after decoupling Southern Sudan from its East African allies), undertaking surgical strikes on any infrastructure built around the Nile, sponsoring insurgencies, or opting to undertake mutually beneficial projects and collaborative activities along the Nile waters. While these options are plausible, it will depend on the political will of the actors in the EAC. If they are well organized, they can call Egypt's bluff with respect to the first three options. To control the Nile effectively, Egypt would have to deploy more than its current volume of forces. By waging wars of attrition, however, Egypt would be humbled. Such is the salience of the Nile that Egypt has been opposed to the creation of an independent Southern Sudan. Egypt has attempted to cultivate close relations with the SPLA, enabling it to maintain a large representation in Cairo. Egypt has also continued to maintain close strategic relations with the USA, which has tended to side with Egypt in the Sudanese peace talks. In the short term, any conflict involving Egypt is likely to see the USA take Egypt's side. Thus, East Africa needs to seek to establish strong geoeconomic relations with China, India and South Africa at one level, and geopolitical relations with the USA, on the other.

The salience of water is captured when one examines arguments posited by resource theorists. To understand this, one must examine several factors rooted in the nexus between scarcity and conflict. The latter is often predicated on the introduction of scarce resources in an environment characterized by scarcity. Homer-Dickson (1998: 204-11) points to environmental scarcity conceptualized as scarcity of renewable resources such as agricultural land, forest, water and fish. Environmental scarcity arises in three ways: demand-induced scarcity consequent to increased population growth in a given region, supply-induced scarcity consequent to resource degradation, and structural scarcity arising out of unequal social distribution of resources.

Environmental scarcity spawns decreased agricultural production, regional economic decline, population displacement, and disruption of legitimate and authoritative institutions (Homer-Dickson, 1998: 91). Herein lies the security threat inherent in environmental scarcity. Not only does the problem engender struggles over resources, but it also spawns identity crisis. In the case of EAC, especially the Kenyan side, there are prone to be conflicts between sedentary and pastoralist communities at one level, and those between the land-owners and the landless, forcing the state to consider the options of land redistribution and irrigation. The latter option is likely to bring into play potential conflicts with Egypt, especially if irrigation sources were to focus on using the waters of Lake Victoria. Even if the irrigation aspect is not brought in to play, Kenya, Egypt, Burundi and Djibouti, are classified as water scarcity states. They will be joined by Somalia, Sudan, Tanzania and Ethiopia by 2010.

A combination of increased industrial production, population increase and land degradation will engender structural scarcities by 2025, as social inequality rises (Katumanga, 2001). Only a common approach in East Africa can fight off internal conflicts. Rational options would include investing heavily in the Ugandan hydroelectric potential and the maximization of the Nile waters for irrigation purposes. The EAC would also have to enhance its relations with Southern Sudan and Ethiopia through the construction of communication networks and mutually reinforcing investment ventures that would eventually link the two to East Africa. East Africa would also need to cooperate closely with the DRC, the northeastern part of which would benefit from any joint irrigation activities that open up northwestern Uganda and southwestern Sudan. The cost of supporting Southern Sudan outside the framework of Sudan necessitates that the East African states develop their military capacity through programmes such as the African Crisis Response Initiative and African Contingency Operations Training and Assistance programme. Here the use of the military in terms of both verbal and diplomatic expressions of foreign policy must be underscored. Underlying this is the likelihood that the ruling elite would want to resist this eventuality, a factor that would engender further conflict. A strong military force would thus act as a dissuasive factor while being useful for peace and regional construction efforts.[12]

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12. In Africa, the military can be considered as dead capital, the potential of which is yet to be exploited. It can be argued that its deployment for infrastructure construction, with the help of millions of unemployed youth could help enhance state penetration in the society while containing internal and regional insecurity. This idea is developed in the IC/GLR project.

EXISTING MILITARY ARRANGEMENTS

While East African states signed a memorandum of understanding on cooperation in defence, the nature of the cooperation was limited in scale to visits and exchanges of officers to their respective training institutions (EAC, 2001). The three states have also signed a number of security arrangements with several states. The core military agreements for cooperation include the US-driven African Contingency Operations Training and Assistance programme, which seeks to address US geostrategic interests by encouraging African states to deal with conflicts in their own backyard. Kenya and Uganda are part of this process (see Berman, 2002: 37).

Kenya has received brigade-level training and benefited from British military advisory and training teams. Security collaboration within the region has previously been constrained by varying ideological perspectives of the leadership in the region. Kenya, for instance, continues to maintain strong military links with the UK and USA. British military components have been allowed to train in Kenya since the two countries signed an agreement in 1964. In addition, since the 1980 agreement with the USA, Kenya has permitted US use of Kenyan military facilities, including storage facilities, calling ports and actual points of operation during the conflict in the Middle East.

Kenya has established strong military collaboration with Rwanda, and, under the auspices of the Kenya Military Assistance Training Team, currently has a team of officers helping to train Rwandan officers. Kenya also maintains a defence pact with Ethiopia. Uganda, meanwhile, has historically maintained strong military relations with Tanzania. However, joint security positions will demand harmonization of nation-state security perspectives with common security interests. Uganda, for instance, remains uncomfortable with the existing collaboration between Kenya and Rwanda. Both Kenya and Uganda are members of IGAD and are at the core of its conflict early warning system. Tanzania, on the other hand, is a member of the Southern African Development Committee (SADC) security system. While Kenya and Uganda belong to the African Union-led Eastern Brigade, Tanzania has opted to join the Southern Brigade. The East African integration process demands that these agreements are harmonized, renegotiated and where necessary abrogated.

The EAC integration process may also have to anticipate other agreements, notably with South Africa, if the region is to enhance medium-term security in the Indian Ocean region. It will also have to anticipate some security agreements with the DRC, Sudan, Ethiopia and Somalia, assuming that Rwanda and Burundi will be joining the community within the short term. Security frameworks are critical to reducing tensions among EAC states and their neighbours. Their presence limits unilateralism and inclination to go to war. In any case, the integration process has a net effect of reducing the number of states, and by inference, points of conflicts along frontiers. Of salience is its ability to harmonize and enforce rules and modes of behaviour among states within an agreed framework.

INTERNATIONAL TERRORISM AND SHIRIKISHO LA AFRICA MASHARIKI

The East African integration process will naturally reconfigure power relations, not only within the African continent but also with external actors. Core in these relations is the fight against international terrorism. Currently, responses to international pressure are different. So far Kenya and Tanzania have suffered from al Qaeda organized incidents in 1998. In 2002, Kenya suffered another attack. While the Kenyan and Ugandan governments have reacted to terror threats by seeking to enhance collaboration with the USA, the same cannot be said of Tanzania. In Kenya's case, the government responded by allowing US agents into the state in the hunt for al Qaeda suspects, and several Kenyans from the coastal province were arrested. Several charitable organizations alleged to have links with al Qaeda were raided and eventually proscribed. Some suspects repatriated from Pakistan were transferred to the USA to face trial.

The government, however, did very little to increase its preparedness for similar attacks. Little sensitization of security was undertaken, especially in zones believed to host al Qaeda cells; international terrorism seemed to catch the state flat-footed. High poverty levels, marginalization and limited de facto penetration of state sovereignty in society continue to create conditions for successful terror campaigns. When the terrorists struck, the state's responses were predominantly reactive. No attempts were made to enhance the capacity of the police in human intelligence. Little pressure was put on the USA to help in the development of critical infrastructure, provision of equipment and funding for the demoralized and inadequate security complement, and the situation was not made any better by the withdrawal of balance of payments support by the western states. Faced with internal opposition, the then Kenya African Union regime preoccupied itself with survival.

It was not a surprise that Kenya suffered a further devastating coastal attack. Ten Kenyans died when the Paradise Hotel in Kikambala was bombed by a group calling itself the Liberation Army of Palestine. Unlike the 7 August 1998 bomb incident, the Mombasa plot also sought to shoot down an Arkia Boeing 757 carrying 261 Israelis with a SAM-7 shoulder-fired missile. Such weapons have been brought into Kenyan territory via its inadequately policed borders, especially the Indian Ocean and Somali frontiers. Given the little support that has been forthcoming from the western powers to cushion the tourism industry from the net effects of terrorism, collaboration with the western powers has not been welcomed by many Kenyans. Indeed, Kenya's desperation was captured succinctly by president Moi when he noted that 'Kenya would fight terrorism even if it meant going it alone. We also had a terrorist attack in 1998 in Nairobi but the rest of the world has not come out to our aid, but we will do our best' (see *The Monitor*, 2002: 3).

Subsequent to this incident, more than 21 people were arrested in a coordinated operation mounted by Kenyan and US security teams. Several of those arrested are now in the process of suing the state for unlawful detention. These arrests have only helped to increase a sense of alienation among Kenyan Muslims, thus undermining the state's capacity to capitalize on their goodwill to access intelligence. However, since the US Federal Bureau of Investigation's confirmation of links to Kenyan terrorist cells, there has been an increased US presence in Kenya in the hunt for al Qaeda suspects.

Despite Kenya's collaboration with western intelligence services, there has not been reciprocation. For instance, while most developed intelligence services were

aware of the possibilities of attacks on the Mombasa, they did not share this intelligence with the Kenyan security organs. The Australian government, which received the intelligence, merely sent out an advisory warning to its own citizens against visiting Mombasa (see *East African Standard*, 2002; *Time Magazine*, 2002). In February 2003, the newly elected National Rainbow Coalition regime in Nairobi sought to respond to terrorist threats by forming an anti-terrorist squad and reorganizing the security networks. Instead of complementing the state's efforts, western states issued travel advisories to their citizens to shun Kenya in fear of terrorist attacks. The UK went as far as cancelling British Airways flights to Kenya in May 2002. The effect on the tourism sector has been devastating. The state was losing US$1 million per day, threatening the earnings of up to 3 million Kenyans dependent on the tourism industry. Most of those affected were in the coastal regions said to harbour al Qaeda cells. Other citizens affected were the Somalis and Merus who run the khat trade. This was disrupted when the state banned flights to and from Somalia. Several other Somalis were arrested by anti-terrorist squads on suspicion of being or hiding al Qaeda members. The Kenya government increasingly found itself alienated from its citizens, most of whom lamented inconveniences, arrests and other losses incurred on behalf of the US and British. Indeed, it has been questioned whether the government has been addressing the wrong questions. For example, it has been suggested that rather than simply banning flights, it would have been more logical for the government to determine the extent to which the air force was capable of dealing with threats within Kenyan airspace and subsequently seeking to address those issues. The *Sunday Standard* captured this mood succinctly when it noted:

> *America's fear of terrorists in our midst is making Kenya look like the guilty party while it is indeed the victim by its association with the US. It is a fact that America is the target of the terrorists. It is also a fact that the only reason the terrorist would target Kenya is because we host Americans. Were the presence of Americans and Britons not so heavy on our soil, Kenya would not have anything to fear from terrorists. It is utterly unfair when the same Americans and Britons we have often suffered pain and shed blood for turn their fear of terror into punishment for Kenya ... Americans and Britons are behaving like the visitor who seeks refuge in a house and then proceeds to warn other visitors who have nothing to fear, not to set foot there lest they be targeted ... Are they using the terror excuse to settle other underlying scores with the Kenya government...? Are we being punished for not taking a more decisive stand in favor of the US and Britain in the recent Gulf War? Rather than keep playing hide and seek with illusionary terrorists, while deliberately strangling Kenya's tourism industry and other businesses, it would make more sense to close down the embassy and evacuate staff home until they can feel safe enough to return. That would at least shift the terrorist target from Kenya (see Sunday Standard, 2003: 6).*

As with today's states, SAM would be under US pressure on the issue of terrorism. Yet the reality is that to contain effects of terrorism, the state would have to reorganize itself internally. This includes addressing issues of poverty and security sector reform. The new entity would remain at the core of the war against terror, unless the USA mends its relations with Muslims worldwide. Currently, several western military complements operate from Mombasa. Under an integrated SAM, these geostrategic relations would have to be re-examined for the mutual benefit of the partners.

Such benefits can only accrue if SAM can secure its frontiers. Underlying this is the need for infrastructural developments such as penetrative rural and border roads, a professional military and adequate security to generate economic

activities. These states equally need equipment to enhance border patrols and surveillance. EAC states could develop an Indian Ocean security triangle involving the coastal districts of Kenya, Tanzania and Zanzibar. This security and growth triangle could coordinate infrastructure development and coastal patrols. It could also coordinate the use of the navy in joint coastal security management and evolution of marine-based economic activities such as oil exploration and fishing.

SHIRIKISHO LA AFRIKA MASHARIKI AND THE INDIAN OCEAN

The Indian Ocean has continued to influence not only political variables such as state formation but also economic and cultural factors. For instance, the Kenyan territory owes its evolution to the Indian Ocean. The need to defend the Nile resulted in the construction of the Kenya-Uganda Railway. This was followed by massive settlement of Europeans and the resultant displacement of many social groups in Kenya. The ocean has changed hands from the ancient times when Africans traversed it to reach the present-day Indian subcontinent, to the age of the Phoenicians.[13] Several centuries later came the age of Portuguese, Dutch, French, English and now the USA. Currently, the USA and France have the largest presence. Whereas the US presence is enhanced by bases such as Diego Garcia and agreements with littoral states, the French maintain territorial control over some of the islands.

Driven by the search for resources, other powers are also seeking access to the Indian Ocean. These include China, India, Japan and Australia. The Indian Ocean geographical area consists of some 44 littoral states. These states are differentiated by ethnic, religious, economic and military capacities. India and China both have populations of over 1 billion people. India, Australia, China, France and the USA fall within the higher range of oceanic powers; SAM would therefore fall within the midrange power level. Close collaboration with South Africa would enhance its capacity and effectively bring the entire western coastline of the Indian Ocean under the control of the two African powers, allowing them to play a key strategic role in the area. The region is also endowed with core resources such as oil, gold, tin, antinomy and rare species of fish. It is also characterized by growth in population and technology, which in turn are fuelling resource demands. This is affecting both India and non-Indian Ocean states like China, a factor that has seen it seek to entrench its presence in the region. China, for instance, has overtaken Japan as the second largest importer of oil (see *News Africa*, 2004: 10-13). The country's increased search for oil in Africa has targeted Sudan, East Africa and Algeria. China's national petroleum entity, China National Petroleum Corporation is active in Adar Yel, in the eastern upper Nile region, where it controls 40 per cent of the oil. To access oil in Sudan, China and India need the Indian Ocean states to facilitate access. China has made this clear by seeking close strategic relations with Africa as a collective, and with certain core states in particular. While China has maintained historical relations with Tanzania and other states that are rooted in military collaboration, the country has now begun to seek strategic relations with Kenya.

13. The eastern coast of Africa from Somalia to Mozambique has ruins of over 50 towns and cities that flourished between the ninth and sixteenth centuries due to trade on the Indian Ocean. Lamu, for instance, was founded in 699 AD.

The salience of East Africa will also increase with respect to the triangular strategic contestations between European, US and Asian navies in the Indian Ocean space. While the US navy has struck agreements with states like Kenya, Tanzania has continued to attract interest from the Chinese navy. Integration will engender harmonization and increased interests. Two salient ports, Mombasa and Dar es Salaam, would fall under the one state. As all ships seeking to move across the Indian Ocean need to call at one of these ports, there would be increasing attempts by the USA and other emerging powers to seek to influence the new state. Increasing the Chinese search for alternative petroleum resources demands that the country engage East Africa as a geoeconomic and strategic imperative. Such interest is likely to result in increased US interest, and thus increased tensions.

While the Chinese interest is likely to be positive, in the sense that the country has continued to seek opportunities to help construct infrastructure and set up joint ventures, the USA's main interest is the protection of what it considers its geostrategic interests. The Chinese have, for instance, shown interest in constructing a rail link between Southern Sudan and the Nakuru junction of the famous Kenya-Uganda Railway. Unity will enable East Africa to approach superpower interest as a collective. Its sheer size and single market potential will be considered attractive. SAM's links with the Common Market for Eastern and Southern Africa and SADC would also attract investors in need of an entry point into the two other market zones. This strategy is captured by China's economic and commercial counsellor Zhu Xiaochuan:

> ...the influx of Chinese firms in Kenya is by design. Kenya provides a gateway to the region and is therefore a key focus of China's trade and economic strategy on the African continent. China is positioning itself to capture the greater regional market and Kenya has a superior infrastructure with internal and external trade policies that conform to international standards (The East African, 2005: 21).

There are some 96 Chinese investment projects in Kenya, with a workforce of about 6700 and investments worth Ksh 4 billion (US$54 million). An increase in Chinese interest in the region is likely, given its historical links with Tanzania. SAM would benefit from Chinese willingness to help build bilateral infrastructure and extend technology positions as a partner.

The region will have to reckon with China's increased demand for alternative petroleum sources in the eastern part of Africa. This interest, along with that of USA, India and Japan is likely to make the Indian Ocean a point of conflict by 2024. The search for resources is increasingly projecting sea power as crucial to national strength and prosperity. These evolving dynamics will create security complexes and dilemmas in the Indian Ocean. As its frontier, the Indian Ocean is critical to SAM. SAM's security will thus depend on its capacity to operate beyond the coastline. Effective control of the sea is essential for backing up policy and influencing the world of superpowers; it is also of value to middle powers, such as SAM. China and India are already moving in this direction by enhancing the strike power of their navies. For the USA, it is essential that that the sea, particularly the chokepoints in the straits conveying more than half of the world's seaborne oil supplies, remains open for the USA and its allies. This implies establishing capacity for 'sea control or sea denial' (see Beazley and Clark, 1999). Addressing US Congress in 1999, General Anthony Zinni, then commander in chief of US Central Command, noted 'with over 65 per cent of the world's oil reserves located within the gulf states, the US and its allies must have access to the region's resources'. This would require capacity to project overwhelming and decisive military power.[14] With so much oil passing through the Indian Ocean, the region is increasingly important to the USA, as

demonstrated by the ever-growing strategic value of the Diego Garcia naval base. The French interest is better captured by Admiral Le Cicle when he notes:

> It is an area of communication not only for the surrounding countries but also the world as a whole ... if we look at the map of the world we can see that this area of the sea is located directly south of the enormous continent which we call Eurasia and that all the whole of the Eurasian continent takes place here ... this great sea route, along which is transported the highest tonnage of goods in the world was for many years closed at its northern end ... even when its northern end is closed, the ocean remains largely open to the other oceans in the world to the south ... the second geostrategic characteristic ... is the existence of oil in the region (Le Cicle, 1994: 28-9).

This factor, in particular, enhances the relevance of EAC as an integrated political entity. The Indian Ocean produced the East African language of Kiswahili, as huge numbers of the Asian population travelled across it and interacted with the natives. In economic terms, the Indian Ocean retains resources and a huge economic potential that is yet to be effectively mobilized by Kenya and Tanzania. Its very presence provides East Africa huge geostrategic capital given the dependence of the DRC, Uganda, Rwanda, Burundi, Sudan on the Mombasa and Dar es Salaam ports.

The Indian Ocean signals several other threats to East African states. Internal vulnerabilities make it quite impossible for states to guard against illegal entry of dangerous groups. For example, it has been argued elsewhere that some terrorist groups have infiltrated the region through the coastline. The coastline is equally the valve through which drugs and other contraband goods find their way into the region. The area covered by the Indian Ocean is also characterized by states with differentiated levels of resource endowment: rich and poor nationals, religious tensions, and now terrorism and state collapse. The implication here is that any emergent state has to find relevance and space in this context. In view of this, there is no choice but to expand SAM's naval capacity to defend its 200-mile exclusion zone. It must seek to use the same for resource and security extraction. Cooperation with South Africa and China in this realm is critical.

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RESOLVING INSECURITIES FOR A STRONG SHIRIKISHO LA AFRIKA MASHARIKI: A STRATEGIC NOTE

The EAC has a high potential to consolidate itself into a middle power *vis à vis* other Indian Ocean powers. Underlying its current weak status is its identity crisis, underutilized economic potential and political underdevelopment. East Africa's geostrategic position provides a sea outlet and access to an immense ocean. Despite its huge rivers, however, many people are still unable to access fresh water. Currently, neither Kenya nor Tanzania can project their naval power much

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14. *General Anthony C. Zinni, Prepared Statement before the Senate Committee on Armed Services, Washington, DC, 13 April 1999, released by Federal Information System Corporations and distributed electronically by the Congressional Information Service via Lexis-Nexis.*

beyond the twelve-mile zone. This problem is rooted in their limited military capacity. Their almost 7000-strong navy combined can hardly impose state will in a 200-mile exclusion zone. As the states in East Africa integrate, they will have to enhance their military power to protect their interests and stabilize the region. Meanwhile, an expanding population will continue imposing on the EAC states the need to access resources and markets as a means for development.

A combination of vulnerabilities and threats would engender insecurities for EAC in the institutional, political, economic and military realms. To evolve into a strong state, the EAC will have to reduce its vulnerabilities to compare effectively with important neighbours, in this case Egypt and South Africa. This will demand the application of a multiplicity of policy options.

East Africa can be conceived as a surface of a stool, the stability of which is rooted in its economic, political and military legs. The challenge is to transform these into a real trinity wherein all three legs are instrumental to societal transformation for security and sustainable stability. This will entail reorganization of the three core pillars of the states at the political, economic and security levels. At the political level, administrative, institutional and governance structures will have to be reorganized; constitutional reforms based on decentralization, political and economic accountability are critical here. The EAC must respond to insecurity by allowing public participation and involvement in the securitization of the region. It must seek to expand accessibility to education, health, infrastructure and means of production, as these are at the heart of conflict management, resolution and transformation for security and sustainable stability. In addition to creating an enabling environment for western investors, the EAC should provide the same for its own citizens, as well as China and India, while adding value to its cash crops. As opposed to the current neoliberal policies, the EAC states will have to opt for a developmental state logic.

Stability and indeed political integration is likely to be promoted by a committed leadership that perceives existing problems and constraints to economic development not as obstacles but as opportunities for the adoption of new, innovative initiatives. When collectively and creatively addressed, shared insecurity and underdevelopment could constitute a basis for regional integration. Current constraints, conflicts and lack of resources have constrained not only development but also regional political integration. Military cooperation and understanding between the armies of the partner states offer an opportunity, which if used as an agent of development, could foster political integration.

The length and porosity of East Africa's borders, combined with international terrorism and other security threats demand that East Africa re-examines its security disposition. The Kapotur region in particular requires attention. There is great need for measures to dissuade the nationalities in these areas from mobilizing huge forces for rustling purposes and to resolve the social banditry existing in the northwest of Kenya and northeast of Uganda. One solution to this could be a compulsory national youth service that incorporates all school dropouts and graduates. This should be established in collaboration with various government ministries to ensure that such people are not left idle, but are trained in various relevant fields. Military personnel should be trained in relevant development-oriented fields and encouraged to participate in national development efforts. For example, the army's engineering battalion or medical component could also participate in providing services alongside the youth brigades in remote parts of the state.

This has the potential of not only providing the youth with skills, but also the requisite discipline that would resolve the supply side of spiralling crime rates. More important is the fact that this process would help develop strong links between society and the military, and stem the insecurity that follows the early retirement of highly-qualified personnel who are effectively wasted, despite their extensive training and relative youth. The youth would also benefit from moral discipline offered by the training. They would benefit from vocational training while developing a national spirit and values of sacrifice, loyalty and obedience to duly constituted authority. This would eventually render the gun futile, while offering alternative means of existence. A professional military would also play a substantial role in providing border protection for the entire border area, thus stemming the inflow of arms to the region.

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ON NATIONAL ECONOMIC INTERESTS AS DRIVERS OF THE EAC
VIEWS FROM EUROPE

...It's interesting to observe how the EAC will affect the foreign policy of the three countries and whether they would move towards common policies. Uganda may have different interests in DRC than Tanzania and how these differing interests could be reconciled.

...The push toward regionalisation is more by local companies rather than multinationals: Tanzanian companies, for example, are looking for acquisitions in Kenya and vice versa.
...Kenya is a net-investor in the other countries the Union, and so has a particular interest making it work.

... Uganda and Tanzania see it as a massive opportunity, while Kenya sees this with reticence for fear of businesses relocating due to cost issues.

...Tanzania has the most to gain - its tourism sector is growing, its geography and human resources can absorb new operations, it has the best reputation for having turned around corruption.

... Obviously Uganda would have the greatest interest given that they are landlocked.

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US INTERESTS AND AFRICAN RESOURCES
VIEWS FROM THE US

Question: Why is U.S. opinion about Africa changing?

There has been a doubling of the oil taken from Africa. From Nigeria to Angola. There are big LNG projects in Eastern Guinea and Nigeria.

There is a lot of money in Africa: a lot of natural resources - oil, gold, platinum, diamonds, etc. Also, aid and the military are both profitable industries. Africa generates income for them both. A lot of lucrative foreign aid contracts never reach people in Africa, but go into other pockets. And both aid and the military create access to natural resources.

There is a lot of good stuff we want to control the price of - oil, diamonds, minerals, etc. And there is a desire to have compliant allies. Look at how we were abandoned over the invasion of Iraq.

Oil is of greater interest now. By 2015 we estimate that 25% of our imported oil will be from the Gulf of Guinea...

Africa as a source of oil is increasingly important - not just to the United States, but also to others, especially China. ... The demand for energy will continue to rise. China and India are unlikely to be able politically to slow their growth.

Another area that is capturing people's attention [in the USA] is China. China is emerging in Africa as a real player. They bring cash and technology, they don't worry about human rights and they sit on the Security Council. ... They want access to oil, timber, platinum and other metals, etc. ... Our view is that China in Africa changes the strategic framework in Africa because Africans now have an alternative to our Western funds.

... If you take the African situation ...the human resource is poor, but the country is resource rich. Where do they fit in? Can they undercut China or India in clothing? Unlikely. ... Instead, activity based on the natural resource endowment can do a lot.

Interviews in New York & Washington, D.C., USA, September 2005

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The East African Scenarios Project Research Compendium presents the output of a research process which started in February 2005 when a group of East Africans met to identify and discuss the major challenges and opportunities facing the region as it sought to consolidate and expand economic, social and ultimately political integration through the East African Community.

It was clear that an understanding of the prospects for successful regional integration, and more broadly, the future welfare of East Africa's people required deeper research and reflection on the nature, status and underlying forces shaping the East African region. This Research Compendium is a result of that research and reflection. Its ten chapters were written by East Africans from academia, policy analysis and civil society and organised into the following major themes:

The People of East Africa
1. East Africa: one identity or multiple identities?
2. Migration in East Africa: past, present and prognosis.
Institutions
3. The East African Community: miracle or mirage?
4. Institutional analysis of the East African Community: some initial reflections
5. Governance and regional integration in East Africa
The Regional Economy
6. Economic policy and performance in East Africa
7. Public finance in East Africa
8. Washington Consensus meta-narrative: what next for East Africa?
East Africa and the World
9. Multilateral relations and the East African Community
10. The Geostrategic implications of Shirikisho la Africa Mashariki (SAM).

Given the East African region's importance in the global geopolitical and economic context, a selection of observations from the United Kingdom and the United States are woven in between the chapters to create a dialogue and provide both supportive and contrasting counterpoints to the perspectives and arguments of the East African authors.

The East Africa Scenarios Project is an initiative of the Society for International Development that aims to generate and sustain dialogue amongst key stakeholders on alternative possible futures that the East African region might have to confront in the coming years and decades.