

The State of East Africa Report 2006 is a contribution towards informing East Africans about their region. It has three major objectives:

**Information:** To present a wide range of facts and figures on Tanzania, Kenya, Uganda and Rwanda in one reference document.

**Insight:** To highlight the trends, tensions and contradictions which emerge from an analysis of these facts and figures.

**Imagination:** To encourage a collective process of critical and creative thinking about how old and new forces could shape the future of the region.

An understanding of why East Africa is poor, unequal and haunted by violent conflict is critical to creating a strong foundation for regional renewal. What opportunities and threats do we collectively face? How can we prepare for a prosperous and socially inclusive East African region?

The facts and figures presented in this Report highlight where our attention needs to be focused and suggest that the quality and commitment of the intellectual, political, civic, entrepreneurial and spiritual leadership is crucial if the region is to achieve its full potential.

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The State of East Africa Report 2006: Trends, Tensions and Contradictions: The Leadership Challenge

# The State of East Africa Report 2006

## Trends, Tensions and Contradictions: The Leadership Challenge



**SID**  
Society for International Development



# The State of **East Africa** Report 2006

Trends, Tensions  
and Contradictions:  
The Leadership Challenge



**SID**

Society for International Development

## **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 multidisciplinary perspective the society emphasises systematic and long-term approaches with a central focus on institutional and social transformation. SID has 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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# 1

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Before publication, this report was the subject of two peer review meetings and several online exchanges with various experts drawn from a variety of professional fields and academic disciplines. While it is not possible to name them all here, we sincerely thank them for their critique which assisted greatly in improving this report.

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## **A Renewed East African Community**

On November 30th 1999 the Heads of State of Kenya, Uganda and Tanzania signed the Treaty establishing the East African Community (EAC). Since then the process of integration has been implemented through the setting up of various institutions designed to harmonize economic activity as well as the institution of appropriate legislation and regulation in the three countries. The launch of the East African Customs Union in January 2005 was an early milestone on a road map that anticipates the establishment of an East African Common Market and an East African Monetary Union and ultimately a political federation.

At the August 28th 2004 EAC summit held in Nairobi, Kenya, the Presidents of Kenya, Uganda and Tanzania resolved to work towards the ‘political federation of East Africa.’ To this end, a high-level Committee on Fast-Tracking East African Federation was established. The Committee reported back to the Heads of State at a summit held on November 26th 2004 in Arusha, Tanzania, where it was resolved to set up a political federation ‘by 2010.’ In their joint communiqué following the Third Extraordinary Summit of the East African Community held on May 30, 2005 in Dar es Salaam, Tanzania, the Heads of State ‘reaffirmed their commitment to East African Federation which is enshrined in the Treaty establishing the East African Community.’ They ‘further observed that a strong Federation is only possible if it was owned by the people of East Africa themselves through the effective and informed participation from the very beginning of the process through to the very end.’

The political will and commitment accompanying this drive towards an East African federation is inspiring. However, will and commitment notwithstanding, it is clear that as the institutional landscape changes, policymakers and citizens need to become much more aware of the challenges ahead and the type of collaboration that will be critical in the search for effective solutions and policy options.

A clear understanding of why East Africa remains poor, unequal and haunted by conflict is critical to creating the proper foundations for a renewal of the region and, ultimately, the success of the political federation itself. What forces have shaped the region’s political, economic, social and cultural landscape? What opportunities and threats do we collectively face? How should these be addressed? What does the future hold for us?

## **The East African Scenarios Project**

Pluralist democratic spaces in East Africa have only recently opened up, following decades during which political power was monopolised, dialogue was severely limited and dissent was strongly discouraged or even punished through extra-judicial methods as politicians sought to consolidate their power.

The East African Scenarios Project, initiated by the Society for International Development, is a response to the rapid political, economic and social changes taking place not only in East Africa but also globally, changes that have created significant uncertainty for leaders, decision makers and citizens. The project interrogates the drivers and implications of these changes with a view to proposing new ways through which leaders and citizens can understand the past and present through the lens of the future. It proposes to take advantage of the opportunities emerging as a result of the liberalisation of the political space to catalyse and facilitate 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 will produce the following major outputs:

- A series of annual State of East Africa Reports of which this is the maiden publication;
- An East African Scenarios Research Compendium comprising research papers exploring the trends, patterns and driving forces that have and continue to define some 14 topics that have been identified as being critical to understanding the future of the region,
- A series of East African Scenarios Stories describing the potential futures facing the region.

The scenarios to be generated as a key outcome of this initiative will assist politicians, technocrats, business people, civil society leaders and citizens to think critically about the futures they are likely to face, and to test how they would respond to situations that they are likely to encounter.

### Rationale for the State of East Africa Report 2006

The State of East Africa Report 2006 has three major objectives:

1. **Information:** To compile, package and present a wide range of facts and figures on Tanzania, Kenya, Uganda and Rwanda<sup>1</sup> in one easily accessible reference document.

All of the data contained in this report is available in the public domain and particularly on the Internet. However, it is often packaged in a variety of different formats and requires significant effort to collect and summarize into a useful form for reference purposes. It is anticipated that this report will thus be of some value to those seeking specific data on a variety of indicators in the region.

2. **Insight:** To highlight the trends, tensions and contradictions that emerge from an analysis of the data and to suggest new and interesting interpretations of what the data might mean.

The data essentially summarizes important social, economic and political patterns and the underlying structural phenomena. This report attempts to enliven the data in order to interrogate and understand the forces that generate it. It is worth asking: 'Why are we seeing this particular set of facts and figures and not another?' It is anticipated that the brief analysis will be of some value to scholars, decision-makers, policy practitioners and all those others from all walks of life who are interested in understanding the evolving structural foundations of the East African region.

3. **Imagination:** To catalyze a collective process of critical and creative thinking about the different ways in which these emerging trends, tensions and contradictions can shape the future of the East African region.

Notwithstanding the warning frequently found in financial documents that 'past performance is not necessarily a guide to future performance,' the past often does contain important clues about the future. It is hoped that this report will encourage such forward-looking questions as 'What will happen if this trend continues for the next three decades?' or perhaps more interestingly, 'What are the implications for the future of an abrupt discontinuity in a critical trend?'

This first State of East Africa Report 2006 was designed to catalyse and encourage a broad, participatory dialogue about the future of the region. It is an initial report and claims to be neither an exhaustive analysis nor the last word on any of the issues it examines.

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<sup>1</sup> The inclusion of Rwanda in this report reflects the significant likelihood of it becoming the next signatory to the Treaty establishing the East African Community.

In presenting as it does, the state of the region primarily through numerical data, this report does contain some gaps. It is acknowledged that certain important themes, such as the status of women in East Africa and the profile and effectiveness of civil society in the region, may not have been treated in sufficient depth. These two themes are touched on in the health and education data, as well as in the politics and governance section where indices of political and press freedom are presented. It is hoped, however, that the reader will be able to engage with the report sufficiently to gain new insight from its main messages and to suggest improvements for the next State of East Africa Report.

### **Main Messages - Trends, Tensions and Contradictions**

This report has compiled and analyzed facts and figures about East Africa for over 70 indicators, grouped into seven major themes:

- a) The People of East Africa
- b) East Africa's natural resource base
- c) Poverty, inequality and human development profile
- d) Status of infrastructure
- e) East Africa's economic profile
- f) Labour and employment
- g) The political and governance profile.

A summary of the main messages emerging from each of these themes is as follows:

#### *The People of East Africa*

The region's population has doubled during the past 25 years and is expected to grow by 63% to reach 175 million in the next 25 years. The population is predominantly young with between 40% and 50% of it under the age of 15. Uganda is growing especially rapidly and given that it has the highest fertility rate in the region, could become the most populous East African country by 2030.

The region is also experiencing rapid urbanization, though the vast majority of urban residents live in slum conditions.

#### *East Africa's Natural Resource Base*

Due in part to population pressure on agricultural land, an area larger than Rwanda has been deforested in the four countries in just the past decade.

Food production has been declining, casting a shadow over the long-term ability of the region to produce enough food to feed its growing population. Uganda, however, presents the interesting case of a country with low-intensity use of agricultural inputs - labour, fertilizer and mechanization, that boasts the highest daily calorie intake in the region, most likely thanks to its high quality soils and rainfall.

While there seems to be a plenitude of renewable water resources - the region withdraws only 2% of the water available annually for agricultural, industrial and domestic use - there are emerging signs of water stress as evidenced by the documented reduction in the water levels in Lake Victoria. The volume of fish captured is also declining, signalling future challenges both in terms of assuring a secure supply of animal protein for local populations as well as a source of national and regional income from fish exports.

The region is an important global biodiversity zone, hosting a significant share of the world's mammal, bird and plant species. Governments have therefore set aside for protection the same amount of land as that used for agriculture. Faced with growing population pressure, however, the current challenge of managing human/wildlife conflict is likely to intensify.

#### *Poverty, Inequality and Human Development*

Poverty levels in the region are rising and inequality is deepening. 'Development' and deprivation seem to be going hand in hand, straining the bonds of social cohesion within each country.

The region has relatively high levels of maternal and child mortality compared with both African and world averages, but it is also improving child immunization rates and increasing access to improved water sources and sanitation. There are encouraging signs of investments to protect children in their earliest years of life. Unfortunately, the disease burden of a combination of HIV/AIDS, malaria and tuberculosis is contributing to the falling life expectancy in all four countries.

While annual per capita healthcare expenditure levels varied widely in the region, the level of private financing of healthcare correlated well with the measures of inequality. Kenya's private financing of healthcare was the highest in the region while the country hosted the most unequal society in the region. By way of contrast, Tanzania had both the lowest private healthcare expenditure per capita and the lowest inequality level.

Kenya outperforms her neighbours in education with the highest literacy rates for both men and women; the best quality primary education as measured by the lowest student-teacher ratio; the highest rate of transition from primary to secondary school and the highest enrolment in tertiary education. However, a contradiction that invites further investigation is the fact that while Uganda outperforms Tanzania by a significant margin in primary school enrolment, the rate of transition to secondary school and tertiary education enrolment, Tanzania nevertheless boasts a higher adult literacy rate than Uganda.

#### *Status of Infrastructure*

While the inter-country road network accounts for just 8% of the total road network in the region, 84% of it needs major repairs. Priority seems to have been placed on the roads linking the coast ports of Mombasa and Dar es Salaam with the interior, while the region's north-south corridors have been accorded much lower priority. Two of the region's three major railway systems are being concessioned to private operators in an attempt to bring their services up to globally accepted standards.

The electricity supply is very tight, even though the existing grid serves less than 10% of the region's total population. Future supply predicated on existing hydro-based generation systems is not be reliably assured given the uncertainty of the region's water supply.

Apart from the use of geothermal and natural gas to generate electricity for the national grid systems in Kenya and Tanzania, there seems to be little evidence of any concerted attempt to develop alternative energy sources. This situation may change as global energy prices rise.

*Economic Profile*

The region's economies are showing some evidence of structural change, as measured by GDP. Growth is being seen in the service sector while industry shrinks in all the EAC countries except Uganda. Meanwhile, Rwanda and Tanzania have both seen an increase in the share of agriculture in the output of their economies.

Economic policy regimes have converged as demonstrated by the holding of regional inflation rates to below double digits in both level and volatility. However, serious fiscal imbalances remain, with no government being able to sustainably finance recurrent expenditure from domestic revenues. Donors are needed to finance between 28% and 50% of individual country budgets every year.

Tanzania has attracted the lion's share of foreign direct investment in the region mostly into its mining sector while Kenya remains the largest intra-regional investor.

The region's exports are growing, but at a slower pace than its imports, resulting in a widening trade deficit. In 2004 for example, the total receipts from the region's principal exports - all of which are primary commodities - could pay for just over 40% of the region's primary imports - mostly manufactured goods and industrial raw materials. Intra-regional trade is growing, but with an 18% share of total exports and a 10% share of total imports, it remains relatively small.

International sentiment about the region's prospects seems to be generally positive, with an increase reported in the overall degree of economic freedom. Tanzania's competitiveness ranking continues to rise relative to her neighbours.

*Labour and Employment*

The agricultural sector which accounts for no more than 45% of the economy in any of the four countries, nevertheless provided almost 90% of the employment in most countries in the region.

The informal sector is the most important provider of non-agricultural employment in the region.

*Politics and Governance*

The political and institutional arrangement is broadly similar across the four countries. All four are constitutional republics with legislatures chosen through periodic multi-party elections. However, for various reasons, they are also all ranked as being either partly free or not free in terms of both political and press freedom. The share of women in parliament varies widely from Rwanda's record-setting 49% to Kenya's 7%.

With the exception of Kenya, economic governance seems to be improving and corruption is perceived as becoming less of a major problem.

Violent conflict is ever-present in and around the region, with the largest internal conflict being the war in northern Uganda. The two smaller countries, Uganda and Rwanda, have the largest armies in the region in terms of soldiers, and they appear to be building up their military arsenals. The Democratic Republic of Congo remains a volatile powder keg that could re-ignite the region-wide conflict once again.

Furthermore, while the four countries have generated some 100,000 refugees of their own, they host over a million refugees from the surrounding countries of Burundi, Democratic Republic of Congo, Sudan, Ethiopia and Somalia.

### **The Leadership Challenge**

The East African region is in a state of flux. It has experienced significant political, economic and social change of varying speed, intensity and depth, brought on by internal and external pressures, opportunities and dynamics. This ongoing change influences the character and evolution of the region at all levels. It is a moment of significant uncertainty, though informed by a cautious optimism.

Change, as the cliché goes, is the only constant. And when change comes, it can do so in dramatic fashion. In recent times, we have seen how the events of September 11, 2001 have altered international relations in ways previously unimagined. Or closer to home, how the use of mobile-telephony has exploded since regulatory barriers came down, opening up our rural areas as never before. The world is changing at an unprecedented pace. For people who grew up in the pre-Independence period, it seems that impermanence and insecurity have replaced the stability that they had come to expect. Globalization has unleashed an array of forces that cut both ways. Risks and opportunities come hand in hand, but at a pace that challenges our response mechanisms.

Pundits will talk of the burgeoning stock exchanges, the positive rates of economic growth, the growth in the numbers of mobile handsets and connections, and the vibrant marketplaces around the region - indicators that generally reflect a positive belief in what tomorrow holds for East Africans. But there are also those who are somewhat more skeptical who will point to the growing inequalities, to growth that doesn't trickle down to the poorest of the poor, to the burden of disease and exclusion that hangs like a millstone around the neck of the region. They will point out that our mindsets remain largely unchanged, as do the rules and regulations that govern us. They will also tell us that these mindsets, inhabiting largely unchanged institutions, make it difficult for us to grasp the depth of the changes taking place within our societies and in the region.

Both worldviews - the optimistic and the skeptical - are to a large extent, correct. They reflect different views of the same coin and it is the difference between these views that urges greater attention to the implications of the changes that are currently taking place. There are undoubtedly a number of positive forces at work and whether or not the region is able to draw on the energy they generate is a collective challenge. The key to unlocking the future lies in the leadership of the region - not just the leadership in the political sphere, but in society in general. Indeed, we all need to change our ways of thinking and acting in order to ensure that we can respond appropriately to the changes unfolding around us. Can we reform our institutions so they have greater resonance with the demands being placed on them? Are we able to think beyond narrow interests in order to meet the broader challenges that our entire society faces?

The decision by Kenya, Uganda and Tanzania to commit to the process of regional integration automatically creates the need to agree, collaborate, coordinate, harmonize and implement jointly, all of which has to be carried out in a context of change and uncertainty. The process is already generating and will continue to generate substantial political, social and economic tension in the region. This tension manifests itself in at least the following three ways:

*First* is the tension between growing human needs and the capacity of the natural environment to meet these needs into the foreseeable future. While the exact nature of the link between population

growth, deforestation, declining water levels in Lake Victoria and the ongoing ability to provide enough food for the population is yet to be worked out, it is self-evident that a connection exists between these disparate factors.

*Second* is the tension within and between communities and countries that is continually generating low and high-intensity conflicts. While these conflicts often come wrapped in ideological or ethnic flags they are often linked to a competition for limited resources.

*Finally* at both an individual and collective level, there is the constant tension between the hopeful aspirations of, and the often-stark reality experienced by the vast majority of the region's people. This tension manifests itself in the unrelenting migration from the rural to the urban areas in all countries in the region. It is particularly acute for the region's young population. As these boys and girls come of age, their demands on institutions can only increase. Youth carries a certain degree of impatience with it, and the pressure for rapid changes is going to be a constant for years to come. Expectations will continue to run high and these will need to be tempered to more realistic levels - determined by our resources, our capacity to build meaningful consensus across various interest groups, our will to carry through necessary changes and the vicissitudes of a complex global environment.

As we look at the present and think of the future, one challenge stands out: How can we plan for a prosperous and socially inclusive East Africa? The data presented in this report offer some indications as to where we need to focus our attention. Given these challenging circumstances, the quality of its intellectual, political, civic, entrepreneurial and spiritual leadership is crucial if the region is to achieve its full potential. The debate must be taken beyond the 'feel good' factor of regional integration. Leadership will involve arbitrating between competing interests, resolving conflict, mobilizing people by rekindling their hopes and calming their fears as well as finding common ground on which to enlarge the space for vision and action.

In our view, if we can change the way we think - about ourselves and our institutions; if we can learn to build on our successes, to move away from symbolic politics towards constructive politics, then our future as a region is bright. To do this calls for a sound knowledge of the facts, as well as courage and an unshakeable belief in the future. It will not be easy, but the attempt and the process embody a promise that makes the effort worthwhile.

This is the challenge of leadership and it is for this reason that we have chosen to focus this first State of East Africa Report on Leadership.

# 3

## Data Sources and Methodology

The data used in this report is from a wide variety of different sources including national governments, multilateral institutions, international NGOs, research organisations and foundations. It is all secondary data that is available in the public domain and it was obtained primarily from the Internet. A list of the Internet websites that were accessed is included in the reference section.

Two major considerations guided the choice of the sources and presentation of the data:

- **Consistency.** Only data that could be obtained from the same source across time was used. This was to ensure that the relevant indicators were being defined, captured and measured in a consistent manner across time.
- **Comparability.** Similarly data was obtained from the same source across geographical space (countries). This was to ensure that the indicator was being defined, captured and measured in the same way for all countries so that comparisons could be made with a high degree of confidence.

However, there were three indicators for which even the relevant international organizations applied ‘national definitions.’ These were the national poverty levels, unemployment and informal sector employment data.

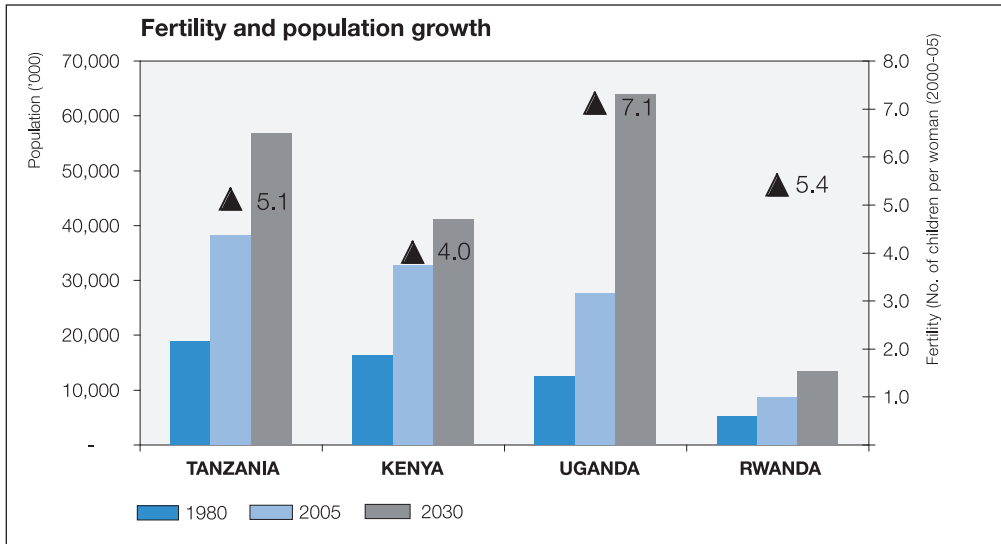
The data are presented in graph and chart form for ease of visualization, comparison and interpretation. Apart from calculating the openness and summarising the inflation experience of East Africa’s economies, the data underlying the graphs are as they were reported by the relevant sources.

Finally, it is worth keeping in mind that statistics cannot capture the full richness of any community, country or region. Some things are too recent to have built up a consistent statistical record - such as evidence of climate change or the spread of new information technologies. There is also much that cannot be measured or reduced to a set of numbers. East Africa exists most powerfully in the whole experience of places and communities, in all the stories and things that cannot be measured or counted.

# 4

## The People of East Africa

### 4.1 Population Profile



Source: World Resources Institute 2005

The East African countries of Tanzania, Kenya, Uganda and Rwanda had a combined population of over 107 million people in 2005, compared with 52.3 million in 1980. Tanzania had the largest population (38.3 million) followed by Kenya (33 million), Uganda (27.6 million) and Rwanda (8.6 million). The region's 2005 population accounted for 14.6% of the total sub-Saharan Africa (SSA) population of 733 million.

Fertility rates<sup>2</sup> were highest in Uganda at seven children per woman, and lowest in Kenya at four children per woman. Based on these fertility rates, Uganda's population is projected to reach almost 64 million people by 2030, which would make it the most populous East African country, ahead of Tanzania's 57 million, Kenya's 41 million and Rwanda's 13.4 million. By 2030, East Africa's total population is projected to be over 175 million people and to account for the same 14.8% of SSA's population.

Uganda's population was the youngest, with 50% under the age of 15 in 2005. Tanzania and Rwanda had 44% and Kenya had 40% of its population under the age of 15. The global average is 28% of the population under the age of 15. In the upper age group, all four countries had 2-3% of the population being older than 65, drastically below the global average of 7.0%.

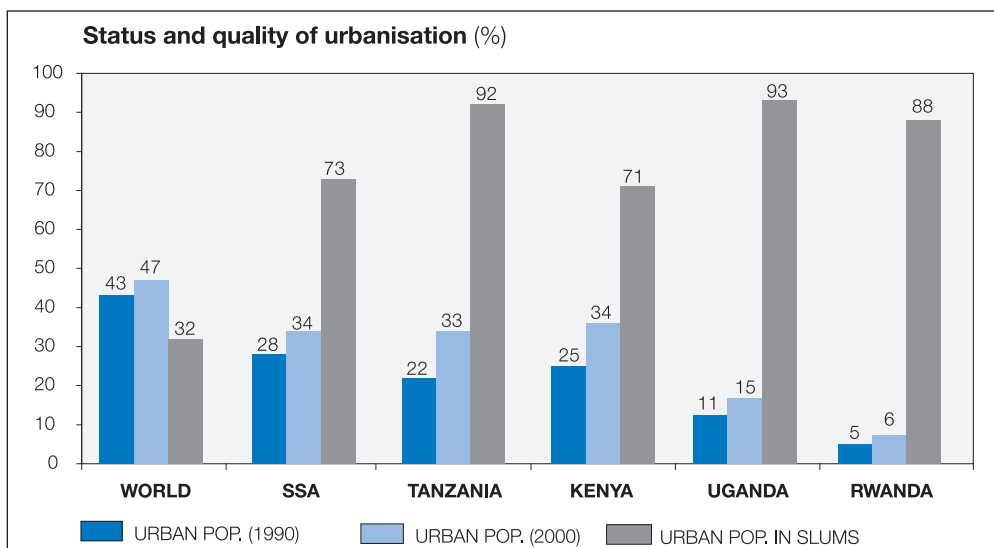
### 4.2 Population Density

In 2000, Rwanda had the highest population density in the region with 293 people per square kilometre. This was also one of the highest population densities in the world. Tanzania's was the lowest in East Africa at 37, with Kenya at 53 and Uganda at 93. All the region's countries had a higher population density than the SSA average of 27 and the global average of 45 people per square kilometre.

<sup>2</sup> Total Fertility Rate is an estimate of the average number of children a woman would have over the course of her entire life if current age-specific fertility rates remained constant during her reproductive years (Source: World Resources Institute, 2005).



### 4.3 Rural - Urban Profile



Source: World Resources Institute 2005

In 2000, Kenya was the most urbanised country in East Africa with 34% of its population living in urban areas. Tanzania followed with 33%, Uganda (15%) and Rwanda (6%). The region's urbanisation was lower than the global rate of urbanisation of 47%. The rate of urbanisation since 1990 was fastest in Tanzania which increased its urban population by 11 points from 22% to 33% in ten years, and slowest in Rwanda which increased it by just one point (from 5% to 6%) during the same period.

On the assumption that the urbanisation rates of 2000 have not changed, a quite conservative estimate of the urban population in the region in 2005 yields over 28.6 million East Africans (26.6% of the total population) living in urban areas in that year.

In 2001, the percentage of the urban population living in slum conditions<sup>3</sup> was highest in Uganda at 93%, followed by Tanzania (92%), Rwanda (88%) and Kenya (71%). The annual growth rate of urban slums was fastest in Tanzania (6.16%), followed by Kenya (5.88%) and Uganda (5.32%). There was no data for Rwanda. These differences could be an indication of the relative sizes of the upper and middle class in each country. A careful, albeit relatively unscientific comparison of the quantity and variety of the 'consumption infrastructure' in the region's urban areas - the hotels and restaurants, shopping malls, golf courses, gyms and sports centres and other facilities that absorb discretionary disposable incomes - suggests that Kenya has a larger middle class as a proportion of its urban residents compared with the other countries, hence its lower share of people living in slum conditions. There is also a qualitative difference in the size and severity of the slum conditions in each country's major urban areas. Nevertheless, given the estimated urban population of over 28.6 million in the region, some 24 million East Africans (over 83% of the urban population and 22.4% of the total population) currently live in slum conditions.

<sup>3</sup> A slum household is defined by the United Nations Human Settlement Programme (UN-HABITAT) as a group of individuals living under the same roof who lack one or more of the following conditions: "Secure tenure status, adequate access to improved water, adequate access to improved sanitation and other infrastructure, structural quality of housing and sufficient living area. (Source: World Resources Institute 2005)

#### 4.4 Key Points

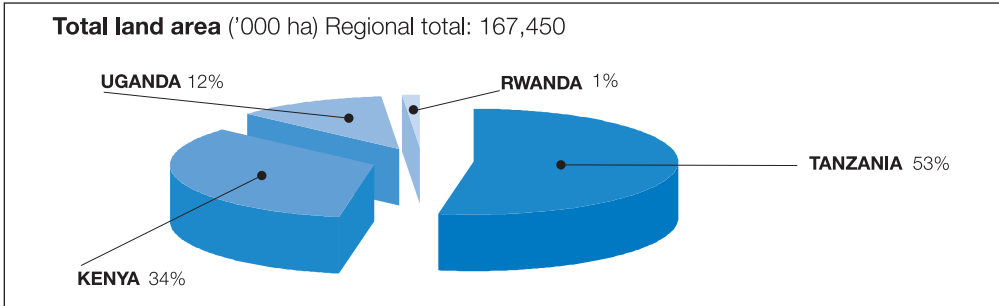
- The region's population has doubled during the past 25 years and is expected to grow by 63% to reach 175 million in the next 25 years. Uganda is growing especially rapidly and with the highest fertility rate in the region, could become the most populous country by 2030.
- The population is predominantly young. Between 40% and 50% of the region citizens are under the age of 15.
- The region is also experiencing fairly rapid urbanisation, but the vast majority of urban residents live in slum conditions.

# 5

## East Africa's Natural Resources Base

### 5.1 Land Use and Human Settlement

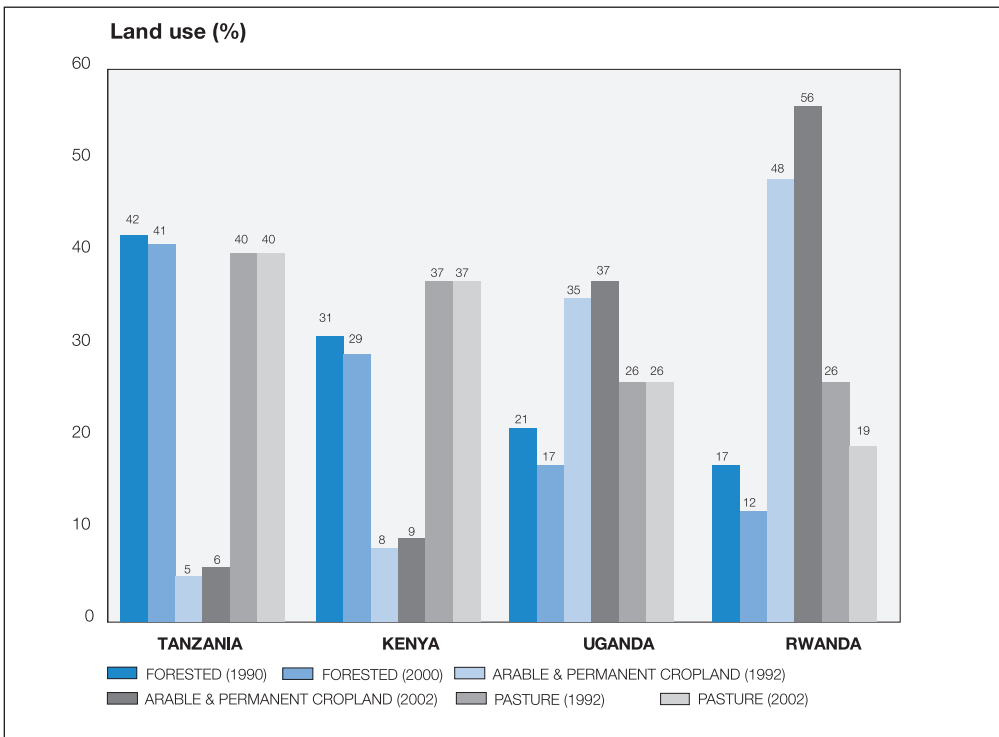
#### 5.1.1 Total Land Area



Source: World Resources Institute 2005

The four countries cover a total land area of 167.45 million hectares which is 7.0% of SSA's total land area. As the graph above shows, Tanzania makes up 53% of this region's land area, followed by Kenya (34%), Uganda (12%) and Rwanda (1.0%).

#### 5.1.2 Land Use



Source: World Resources Institute 2005

The data summarised in the graph above shows both interesting trends and patterns in land use across the region. Rwanda has put the highest share of its land under permanent cultivation, and

between 1992 and 2002, this share had increased from 48% to 56% of the land. This is in sharp contrast to Tanzania which, at 5-6%, has the lowest share of land under permanent cultivation in the region. Uganda's land under permanent cultivation increased from 35% to 37% and Kenya's from 8% to 9% between 1992 and 2002.

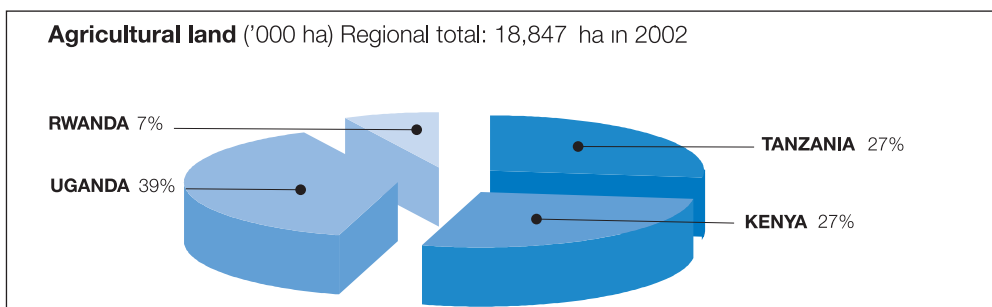
The amount of land allocated to pasture was highest in Tanzania (40%) followed by Kenya (37%) and Uganda (26%). Interestingly this proportion remained unchanged for the 1992-2002 decade. Rwanda, however, saw pasture land shrink from 26% to 19% of the total land in use.

The amount of forested land declined across the four countries between 1990 and 2000. Rwanda's share shrank from 17% to 12% while Tanzania's fell from 42% to 41%. It should be noted however that this 1% decline in Tanzania forested land represents over 883,000 hectares, while Rwanda's decrease of 5% represents just 123,000 hectares. The deforestation in Tanzania occurred over an area seven times greater than Rwanda's. Kenya's forested areas shrank by two percentage points (1,138,000 hectares) and Uganda's by four percentage points (788,000 hectares).

In absolute terms therefore, the region lost 2,932,000 hectares of forested land in 10 years. This is an area larger than Rwanda's total land area of 2,467,000 hectares.

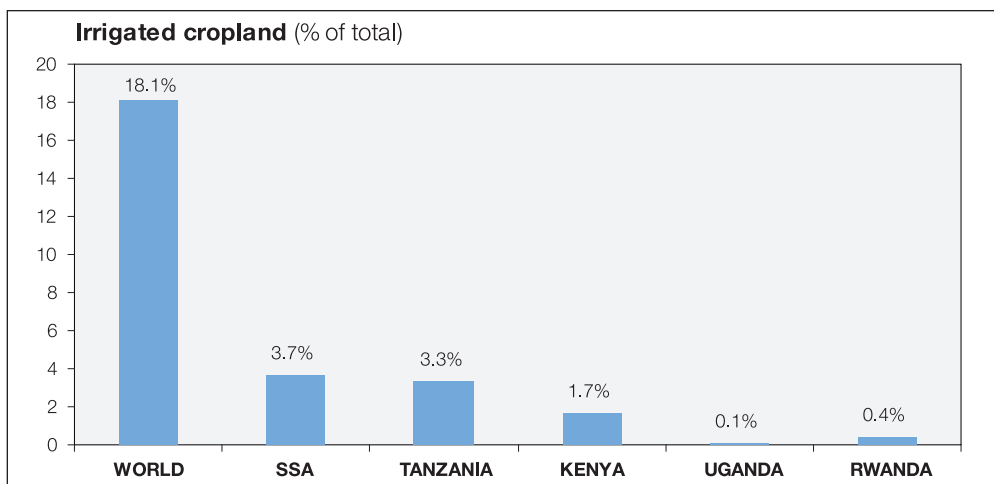
## 5.2 Food and Agriculture

### 5.2.1 Agricultural Land



Source: World Resources Institute 2005

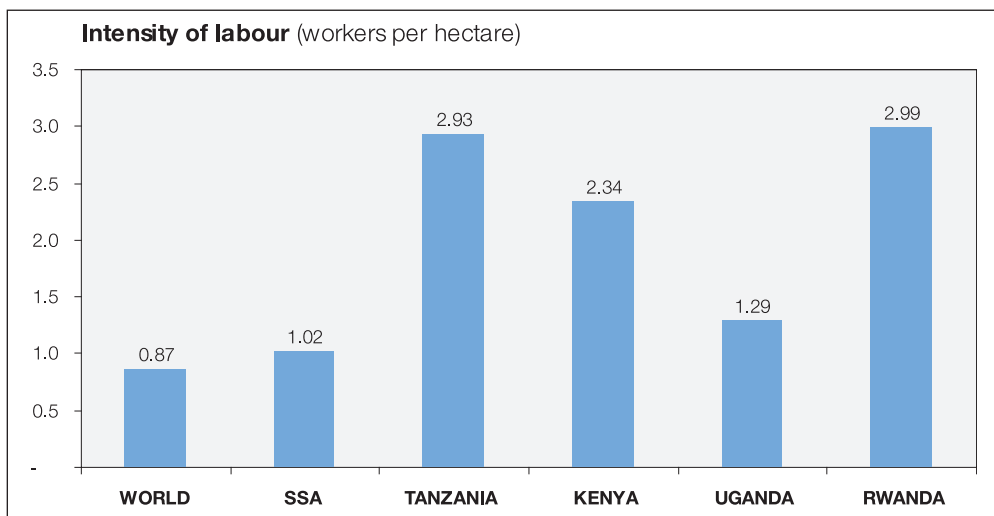
In 2002, the total agricultural land in the four countries was 18.847 million hectares which accounted for 11.25% of the total land area. This agricultural land was shared by Tanzania and Kenya with 27% or approximately 5.1 million hectares each, Uganda with 7.2 million hectares (39%) and Rwanda with 1.4 million hectares (7%).



Source: World Resources Institute 2005

The proportion of agricultural land under irrigation in the region in 2002 was lower than the SSA average of 3.7% and far lower than the global average of 18.1%. Tanzania had 3.3% (168,300 ha) of its agricultural land under irrigation, followed by Kenya with 1.7% (86,700 ha), Rwanda with 0.4% (7,200 ha) and Uganda with 0.1% (5,600 ha).

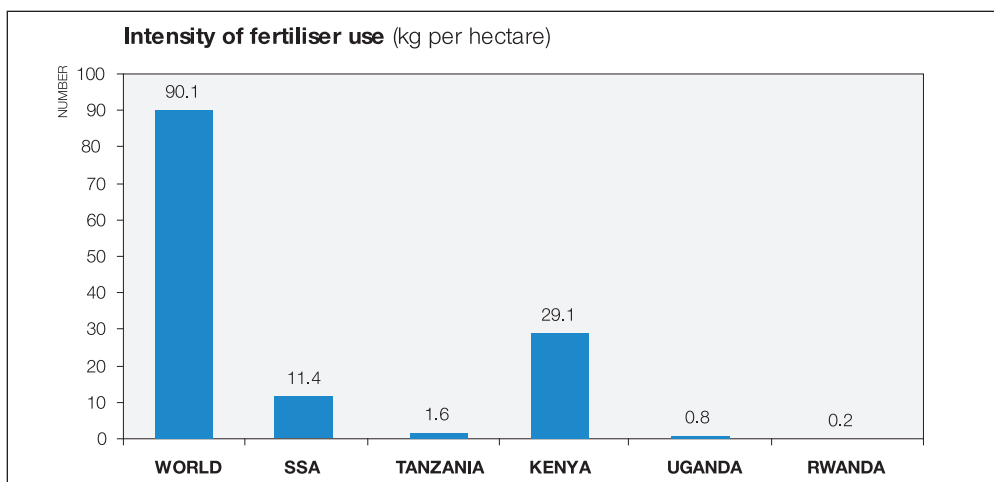
### 5.2.2 Intensity of Agricultural Inputs



Source: World Resources Institute 2005

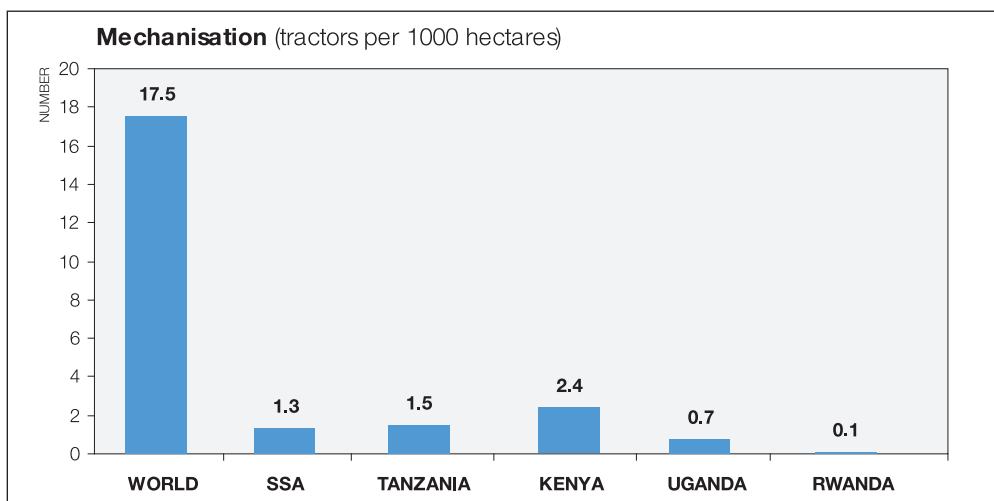
**Labour:** With three agricultural workers<sup>4</sup> per hectare of agricultural land, Rwanda has the highest labour intensity in the region, followed by Tanzania (2.93), Kenya (2.34) and Uganda (1.29). Rwanda's position is likely correlated with its relatively smaller land area and correspondingly higher population density, while Uganda's more abundant agricultural land is tilled by relatively fewer people. Nevertheless, agricultural production in the region is significantly more labour intensive than elsewhere on the African continent (with an average of one person per hectare) and in the world (0.87 workers per hectare).

<sup>4</sup> World Resources Institute calculates labour intensity by dividing the number of agricultural workers by agricultural land area. Agricultural workers include all economically active persons engaged in agriculture, hunting, forestry, or fishing.



Source: World Resources Institute 2005

**Fertiliser:** At 29 kgs/ha, Kenya used over 15 times more fertiliser than her closest East African rival, Tanzania (1.6 kgs/ha) with Uganda (0.8 kgs/ha) and Rwanda (0.2 kgs/ha) lagging far behind. Kenya also outperformed the SSA average of 11.4 kgs/ha, but was well below the global average of 90 kgs/ha.



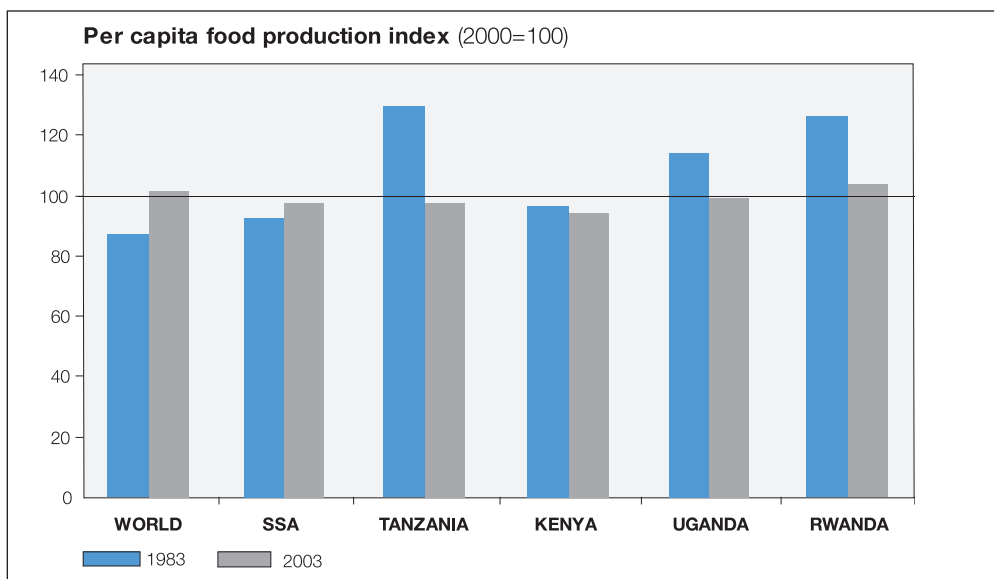
Source: World Resources Institute 2005

**Mechanisation:** In 2001, Kenya topped the tractor use rankings with 2.5 tractors per 1,000 hectares while Rwanda was at 0.1, with Tanzania (1.5) and Uganda (0.7) in between. The SSA average was 1.3 and the global average was 17.5 tractors per 1,000 hectares.

**Water withdrawal<sup>3</sup>:** At 374m<sup>3</sup> per hectare, Tanzania used the most water per hectare for agricultural purposes in 2000. This amount was 15 times greater than Rwanda's withdrawals of 25m<sup>3</sup> per hectare, and 22 times greater than Uganda's withdrawals of 17m<sup>3</sup> per hectare. Kenya used 223m<sup>3</sup> per hectare.

<sup>3</sup>Water withdrawals measures the volume of water used in the agricultural sector per square hectare of arable and permanent cropland. Water use for agriculture is defined as the water withdrawals that are attributed to the agricultural sector, used primarily for irrigation (Source: World Resources Institute 2005).

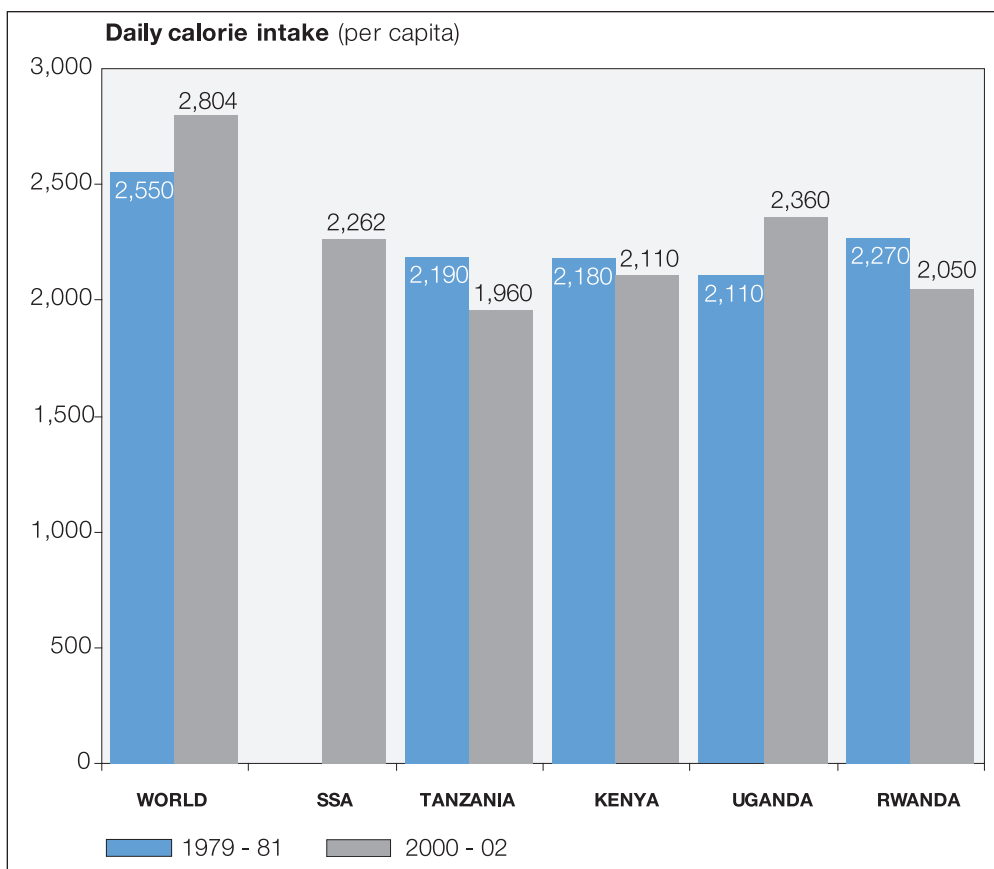
## 5.2.3 Per Capita Food Production



Source: World Resources Institute 2005

The per capita food production index chart above reveals a striking reality. While the world and SSA increased their food production during the two decades between 1983 and 2003, all four countries in the region seem to have become increasingly less able to produce enough to feed their populations over the same period. Food production has not kept pace with population growth, with the sharpest drops being experienced in Tanzania and Rwanda, followed by Uganda and finally Kenya.

## 5.2.4 Food Aid, Food Security and Nutrition



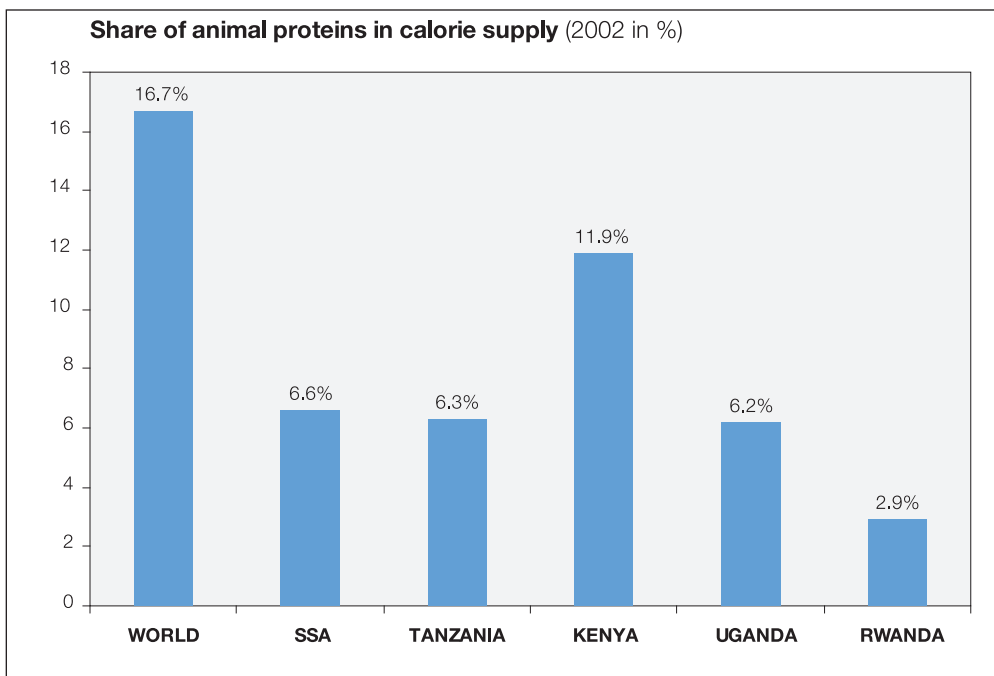
Source: World Resources Institute 2005

The chart above shows that in 2000-02, Tanzanians had the lowest daily calorie intake in the region, with each person receiving on average just 1,960 calories per day. Ugandans received the most at 2,360 calories per day, which was slightly higher than the SSA average of 2,262 calories. Kenyans and Rwandans received similar amounts at 2,110 and 2,050 calories respectively per day. The global average however is greater at 2,804 calories per day.

The trend from 1979-81 has been downward for all the countries with the exception of Uganda. This trend is consistent with the decline in per capita food production in the region, as discussed in the previous section. In 1979-81, the citizens of all four countries had fairly similar daily calorie intake with very little to distinguish between the lowest in Uganda (2,110 calories) and the highest in Rwanda (2,270 calories). By 2000-02, the gap had widened, with Tanzania at the bottom and Uganda at the top. It is intriguing that despite the fall in Uganda's per capita food production index, its citizens actually saw an improvement in their daily calorie intake.

In 2002, Uganda received 118,000 metric tonnes of food aid in the form of cereals, followed by Kenya (84,000 tonnes), Tanzania (51,000) and Rwanda (20,000). Reflecting perhaps different dietary circumstances, Kenya imported 22% of its cereals consumption, while Uganda imported only 6.4%.

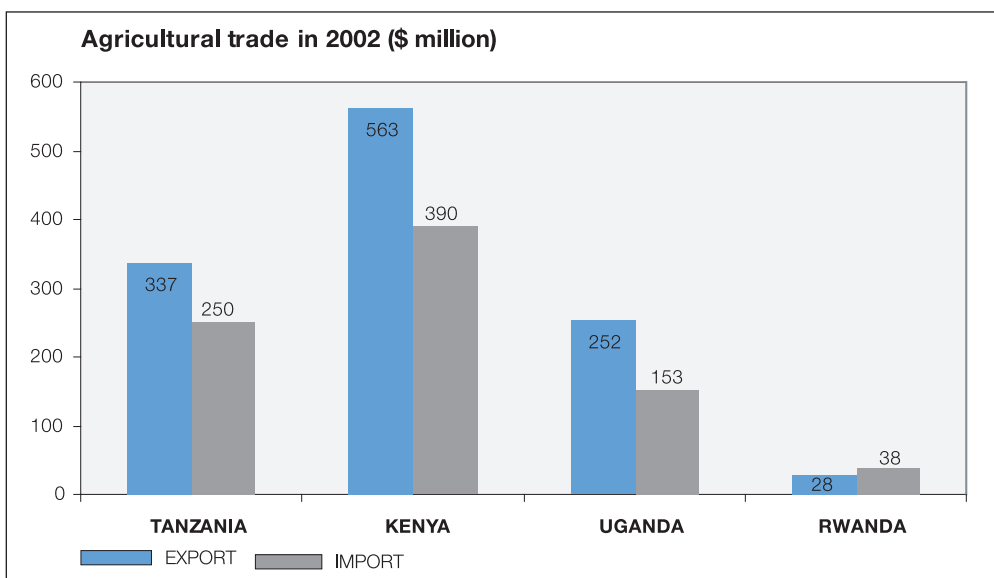




Source: World Resources Institute 2005

In 2002, Kenyans received the most animal protein in their diets (11.9%), twice that obtained by Tanzanians and Ugandans (6.3%), and four times that of Rwandans who got just 2.90% of their daily calorie supply from animal proteins.

5.2.5 Agricultural Trade (2002)



Source: FAO Statistical Yearbook 2004.

Agricultural trade data shows Kenya's leading position in both the export and import of agricultural products in 2002. While agricultural exports accounted for 28% of Kenya's total exports, the country accounted for 48% of the region's agricultural exports. Kenya's top three exported products were tea, canned pineapples and green beans. Kenya also had the largest share (47%) of the region's agricultural imports, even if these were just 11% of the country's total imports. The major imports were palm oil, wheat and mill rice.

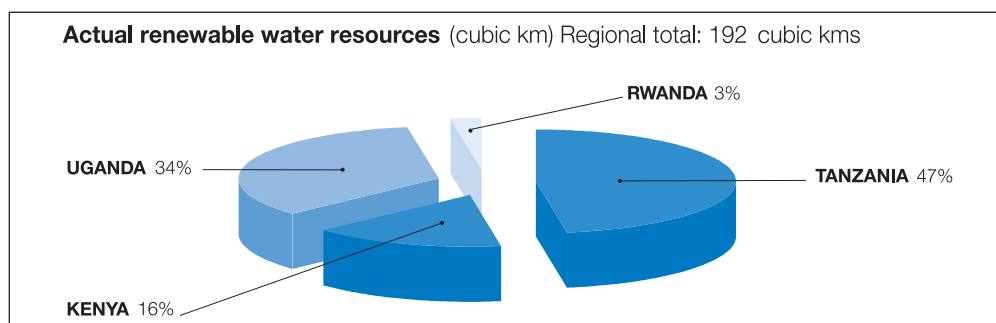
Tanzania's agriculture accounted for 39% of the country's total exports in 2002 and 29% of the region's exports. Its top three products were tobacco, cashew nuts and coffee. Tanzania accounted for 30% of the region's agricultural imports, although these commodities made up 15% of the country's total exports. The major imported products were wheat, palm oil and refined sugar.

For Uganda, agricultural exports made up 57% of its own total exports and 21% of the region's agricultural exports. The major products exported were green coffee, tobacco and tea. The country's agricultural import bill of \$153 million accounted for 14% of its total imports and 18% of the region's agricultural imports. Major imports were wheat, palm oil and maize.

Rwanda's agricultural imports exceeded its agricultural exports by \$10 million in 2002. Rwanda's agricultural exports made up 43% of its total exports, and 2% of the region's agricultural exports. The top export products were coffee and tea. Agricultural imports made up 19% of the country's total imports, and 5% of the region's agricultural imports. The top three commodities imported were sugar, dry peas and mill rice.

## 5.3 Water Resources and Fisheries

### 5.3.1 Actual Renewable Water Resources

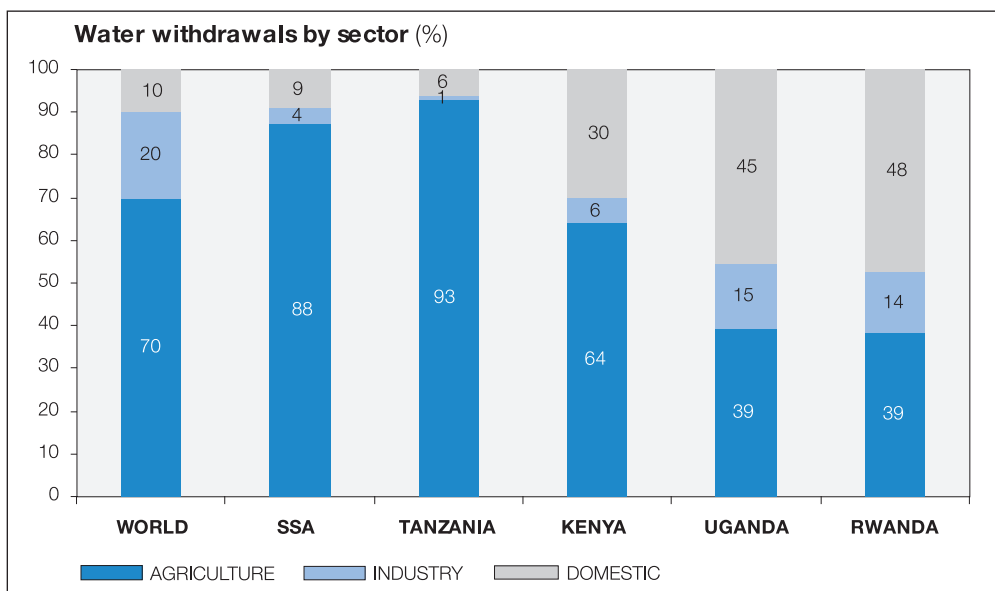


Source: World Resources Institute 2005

The region has 192 cubic kilometres (km<sup>3</sup>) of renewable water resources each year. Tanzania enjoys 47% of this resource, followed by Uganda (34%), Kenya (16%) and Rwanda (3%). On a per capita basis, Tanzanians and Ugandans have access to over two and a half times more water than Kenyans, and four times more than the Rwandans.

### 5.3.2 Annual Water Withdrawals

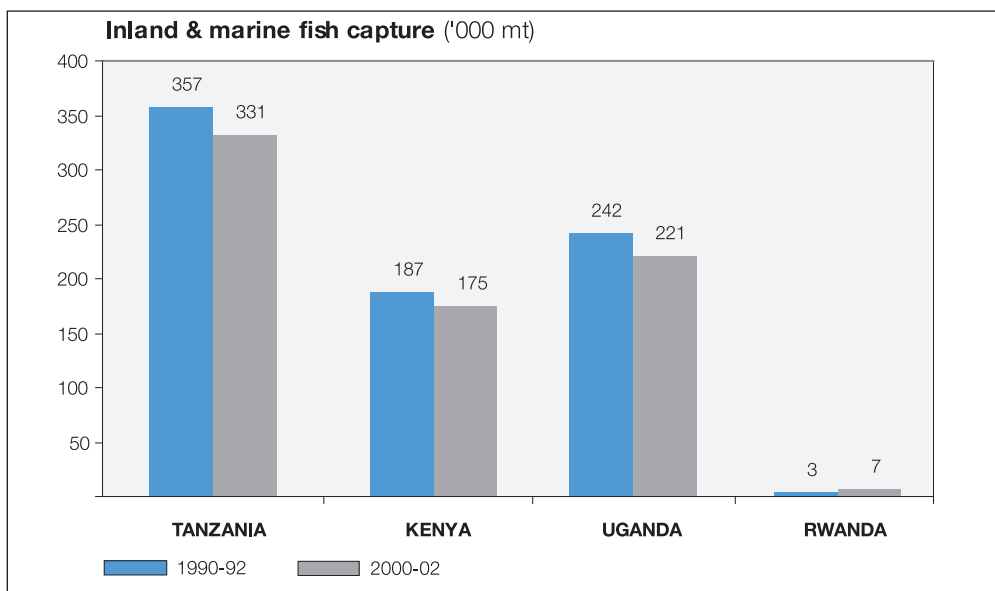
Out of the region's annual water withdrawals of four cubic kilometres in 2000, Tanzania accounted for the bulk with 49%. Kenya was next with 40% followed by Uganda (8%) and Rwanda (3%). While Tanzanians and Ugandans had the most access to water resources, between three and five times more water is withdrawn by Tanzanians (57m<sup>3</sup>/year) and Kenyans (52m<sup>3</sup>/year) on a per capita basis than Ugandans (13m<sup>3</sup>/year) and the Rwandans (10m<sup>3</sup>/year).



Source: World Resources Institute 2005

The water is used primarily for agriculture in Tanzania (93%) and Kenya (64%), while in Uganda and Rwanda just 39% is used for agriculture. The share of water used for industrial purposes seems to be rather small in Tanzania (1%) and Kenya (6%), compared with Uganda’s 15% and Rwanda’s 14%. The share of water used for domestic purposes was highest in Rwanda (48%) and Uganda (45%), and fell to 30% in Kenya and 6% in Tanzania.

5.3.3 Inland and Marine Fisheries Production

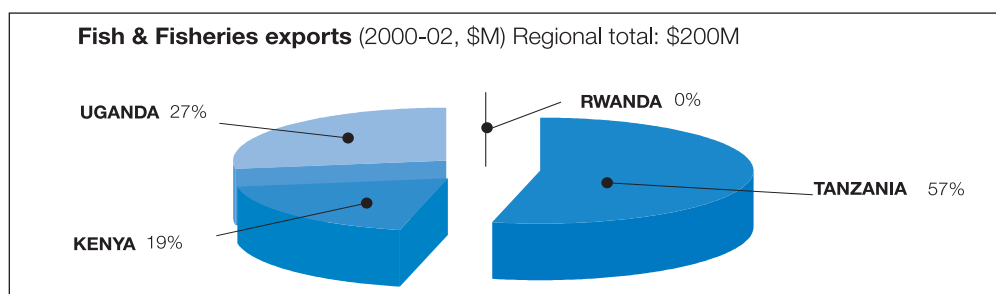


Source: World Resources Institute 2005

The chart above shows a trend of declining fish catches between 1990-92 and 2000-02 from almost 790,000 metric tonnes (MT) to 733,600 MT. While Rwanda was the exception, with fish production more than doubling from 3,200 to almost 7,000 MT her neighbours all lost ground by between 6% and 8% during the decade.

The region also lost ground to other countries in SSA. In 1990, the four countries accounted for 20% of the continent's fish catch: at the end of the decade, this share had fallen to 14%.

#### 5.3.4 Trade in Fish and Fisheries Products



Source: World Resources Institute 2005

In 2000-02, the region exported fish worth \$200 million, but also imported a small amount (\$4.8 million). The bulk (57%) of the exports came from Tanzania, followed by Uganda (27%) and Kenya (19%).

#### 5.3.5 Number of Fishers

In 2000, the region had 215,000 fishermen with Tanzania accounting for almost 43% Kenya and Uganda for about 27% each and Rwanda 3% of this total.

#### 5.3.6 Fish Protein as a Percentage of Animal Protein in Diet

It was shown earlier that Kenyans had the highest proportion of animal protein in their diet (12%), while Rwandans had the least (2.9%). In both countries however, fish protein made up just 8% of the total animal protein. Ugandans and Tanzanians eat more fish which accounted for between 23% (Uganda) and 27% (Tanzania) of their total animal protein intake in 2002.

#### 5.3.7 Lake Victoria - Shared and Endangered

Lake Victoria, the world's second largest freshwater lake, is the very definition of a shared resource for East Africans. It is also of great geopolitical interest to the downstream users of its waters in the Nile Basin, especially Egypt and Sudan, for whom the Nile is a lifeline. Recent analysis however has raised concerns that it is being used unsustainably to support the livelihoods of the over 30 million people who depend on it directly and indirectly.

The first text box below excerpts a recent report by a hydrologist with the UN's International Strategy for Disaster Reduction in Nairobi, Kenya, which examined the causes of the observed drop in the level of the lake. The second quotes a recent newspaper article on the same subject.

‘Since late 2003, Lake Victoria’s water level has dropped over 1.1 m from its 10-year average. As of December 27, 2005, it was approximately 10.69 m, reaching the lowest level since 1951 (USDA, 2005)....In the past year it has been claimed that the dams at Owen Falls (Nalubaale and Kiira) are responsible for a portion of the lake’s drop, while others insist that the drop is due only to recent droughts.

The major conclusions of the study are:

1. Recent severe drops in Lake Victoria (2004-2005) are approximately 45% due to drought and 55% due to over-releases from the Owen Falls Dams (Nalubaale and Kiira).
2. The Owen Falls Dams have not been adhering to the Agreed Curve for operations, releasing more water than dictated.
3. Based on the current Lake Victoria hydrology, as well as observations from the past 100+ years, the Owen Falls Dams are likely over-dimensioned. The current hydrology, long-term observations and non-adherence to the Agreed Curve for Owen Falls
4. Dam operations must be considered in the cost-benefit analysis of the proposed Bujagali Dam. The lack of public information on dam releases, dam operations and river flows is disturbing and makes it difficult for outsiders to soundly judge implemented and proposed hydroelectric projects on the Victoria Nile.

Future climates, which will likely involve “drier conditions, lower lake levels...and lower downstream river flows” (WREM, 2005a), will exacerbate conclusions 3 and 4, making it increasingly more difficult for Victoria Nile dams to produce their projected power, and thus challenge hydropower on the Victoria Nile as a viable energy alternative for Uganda.’

*Source: Kull, Daniel (February 2006), Connections Between Recent Water Level Drops in Lake Victoria, Dam Operations and Drought.*

### “Loss of forest cover the real threat to the Lake”

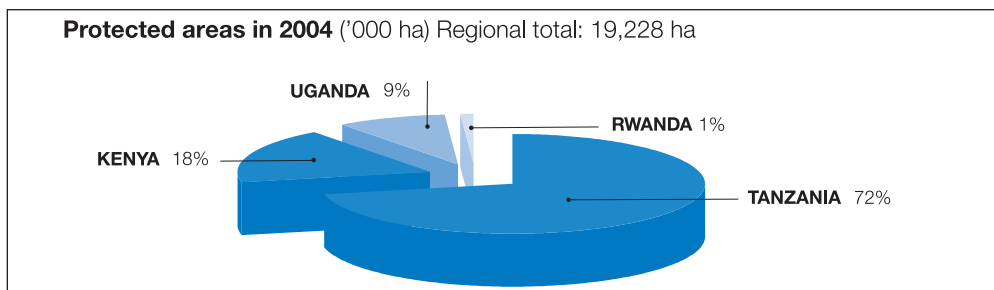
Focusing on water discharges by the Kiira and Nalubaale power stations as the principal cause of Lake Victoria’ falling water levels, is diverting debate away from issues more critical to the long term health of the lake, say senior Uganda water and energy officials....“We have been having very little rain and the forecast for this season remains bleak. We have seen widespread destruction of forest cover across the region. These factors are more pertinent to the current crisis over Lake Victoria than the discharges out of the Owen Falls Dam,” Mr Fred Kyosingira [the principal hydrologist in Uganda’s Ministry of Water and Lands] told The EastAfrican.

According to Mr Kyosingira, total inflows from the lakes tributaries have dropped by 40 per cent as a result of prolonged drought in the region while global warming associated with the emission of greenhouse gases by Western countries is also a factor... Two rivers - Nzoia in Kenya and Kagera in Tanzania - contribute 47 per cent of all the surface water that flows into the lake, but this has fallen sharply in the past five years.

*Source: The EastAfrican, March 13-19, 2006*

## 5.4 Biodiversity

### 5.4.1 Protected Areas



Source: World Resources Institute 2005

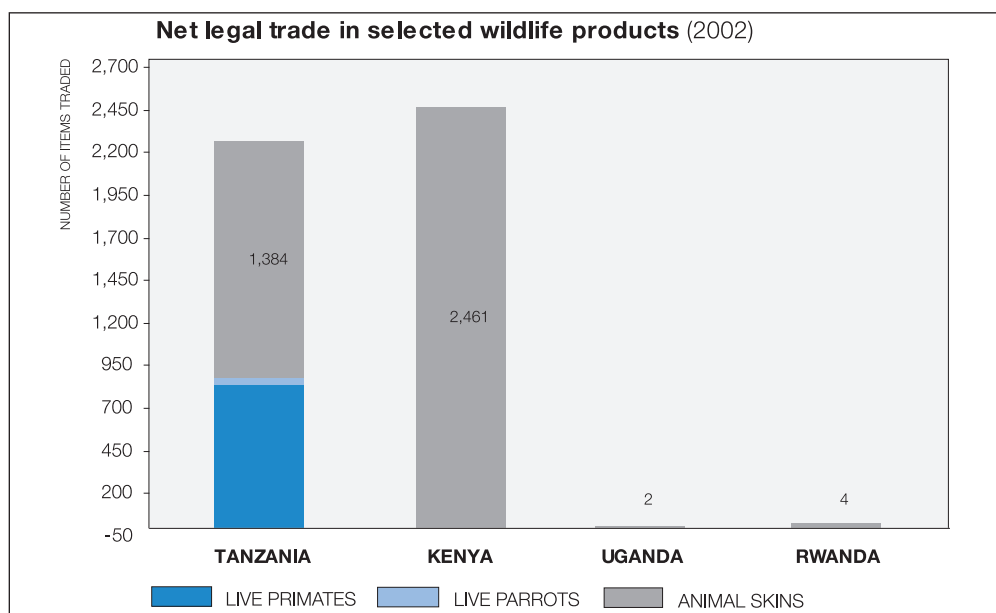
There was a total of 19.2 million hectares of protected areas in the four countries in 2004. This was 11% of the total land area in the region and accounted for 2.4% of all protected areas in the world. Tanzania accounted for 72% of the total protected area in the region (13.78m. ha), followed by Kenya with 18% (3.485m. ha), Uganda with 9% (1.76m ha) and Rwanda at 1.0% (0.194m ha).

In the individual countries, Tanzania has protected 15.6% of its land area, followed by Uganda with 8.9%, Rwanda with 7.9% and Kenya with 6.1%. The four EA countries also have 19 protected marine areas (12.4% of SSA), eleven biosphere reserves (22% of SSA), and 10 internationally important wetlands (10% of SSA).

### 5.4.2 Known and Threatened Species of Mammals, Birds and Plants

The four countries are home to 1,348 species of mammals (excluding marine mammals) which is no less than 29% of the global total. Of these, 109 (8%) are threatened. There are also 3,839 species of birds, an even more significant 38% of the global total. Eighty-nine (2%) of the region's bird species are threatened. Finally, the region is host to 23,702 species of plants or 9% of the global total. Of these plant species, 383 (2%) are threatened.

## 5.4.3 Net Legal Trade (Exports) in Selected Wildlife Products



Source: World Resources Institute 2005

In 2002, the four countries legally exported 844 live primates, 62 live parrots and 3,851 animal skins<sup>6</sup>. Tanzania was the largest primate and parrot exporter, while Kenya with 2,461 pieces, exported almost twice as many animal skins as Tanzania's 1,384.

## 5.5 Key Points

- An area larger than Rwanda has been deforested in the past decade, due in part to population pressure and the need for agricultural land.
- Food production has been declining, which casts a shadow over the long-term ability of the region to produce enough food to feed its growing population. However, Uganda presents the interesting case of a country with a relatively low-intensity use of agricultural inputs (labour, fertiliser and mechanisation), which nevertheless has the highest daily calorie intake in the region.
- While there seems to be no dearth of renewable water resources - the region withdraws only 2% of available water annually for agricultural, industrial and domestic use - there are emerging signs of water stress as evidenced by Lake Victoria's shrinking. Fish catches also show a declining trend, signalling future challenges both in terms of assuring a secure supply of animal protein for local populations as well as a source of revenue from fish exports.
- The region has protected the same amount of land as that used for agriculture. It is also an important global biodiversity zone, hosting a significant share of global mammal, bird and plant species. Faced with growing population pressure, the current challenge of managing human/wildlife conflict is likely to intensify.

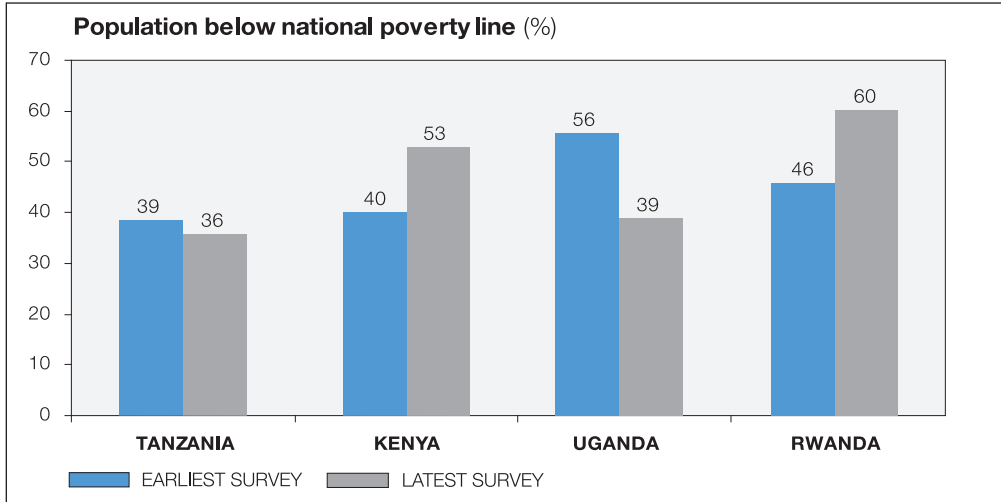
<sup>6</sup> Animal skins include whole skins of all crocodile, cat, lizard and snake species that were traded in 2002. Data are obtained from trade records submitted to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and compiled by the secretariat in the CITES Trade Database. (Source: World Resources Institute 2005)

# 6

## Poverty, Inequality and Human Development Profile

### 6.1 Poverty and Inequality Profiles

#### 6.1.1 Poverty



Source: World Bank; Governments of Tanzania, Kenya, Uganda, Rwanda (various years)

There is significant variation in the region with respect to the trend and status of the proportion of citizens living under the national poverty lines. Uganda has achieved a remarkable reduction in the proportion of its citizens who live under the poverty line, from 56% to 39% between 1992 and 2003. Tanzania also seems to have succeeded in reducing the proportion of the poor in its population between 1990 and 2001.

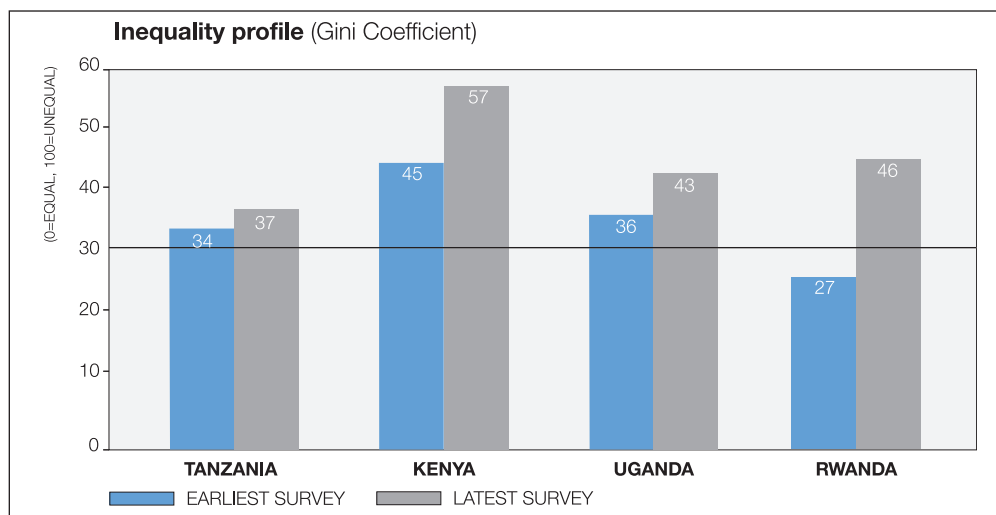
In Kenya, the proportion of the poor jumped from 40% to 53% of the population between the survey years of 1994 and 1997, revealing a rapid rate of impoverishment in a very short time. It is interesting that Kenya, as the most urbanised country with one of the fastest rates of urbanisation in the region, has also produced the fastest rise in the proportion of its population living under the poverty line.

Rwanda had the highest poverty incidence, with 60% of its citizens living below the poverty line in 2000. This, however, was an improvement from the 77% of households that were below the poverty line in 1994.

While proportions portray an interesting picture, the absolute number of poor people is more instructive. The latest poverty incidence numbers reported above suggest that in 2005, a total of 47 million people (44% of the total regional population) lived below the poverty line in the four countries combined.



## 6.1.2 Inequality



Source: World Bank; Governments of Tanzania, Kenya, Uganda, Rwanda (various years)

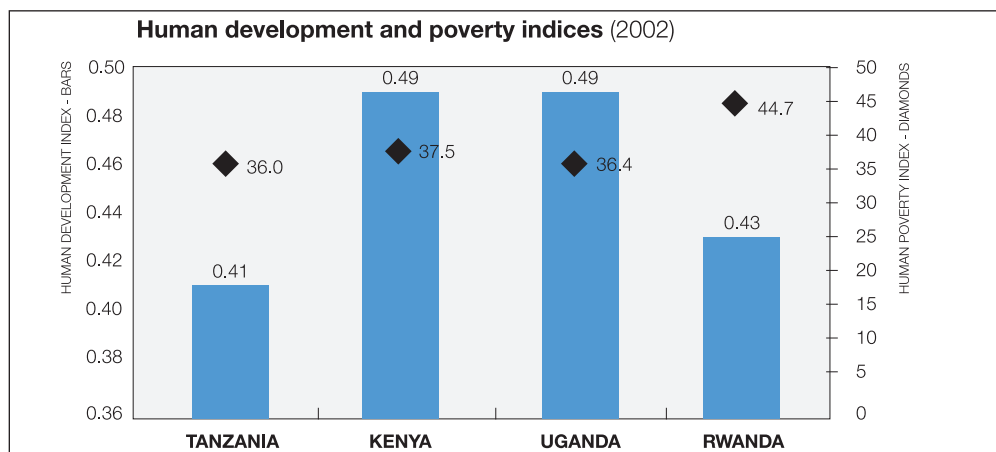
The chart above shows that while Tanzania may have reduced the proportion of its population living under the poverty line, the level of inequality has nevertheless increased between 1990 and 2001, although it remains the lowest in the region. Similarly, Uganda's success in reducing the proportion of its population living under the poverty line from 56% to 39% has come at the cost of increased inequality, with the Gini coefficient rising from 36 to 43 between 1992 and 2003. Rwanda's measure of inequality worsened dramatically from being one of the lowest in Africa in 1985, to the second highest in the region in 2000. With a Gini coefficient of 57 in 1999, Kenya's inequality was the highest in the region, and it had worsened significantly from 1994, when the country recorded a Gini coefficient of 45.

The solid line shows the inequality measures of countries with the least inequality in Africa, namely Ethiopia and Ghana which had Gini coefficients of 30 in 1999 and 2000 respectively. By way of further comparison, South Africa's inequality measure was 53 in 1995 and Namibia's was over 70 in 1993.

### Gini Coefficient - An Inequality indicator

The Gini coefficient measures the inequality of income distribution within a country. It varies from zero, which indicates perfect equality, with every household earning exactly the same, to one (in this case, one hundred), which implies perfect inequality, with a single household earning a country's entire income. Latin America is the world's most unequal region, with a Gini coefficient of around 0.5 (50); in rich countries the figure is closer to 0.3 (30).

Source: *The Economist*, *Economics A-Z* ([www.economist.com/research/Economics/alphabetic.cfm](http://www.economist.com/research/Economics/alphabetic.cfm))

6.1.3 Human Development and Poverty Indices<sup>7</sup>

Source: World Bank; Governments of Tanzania, Kenya, Uganda, Rwanda (various years)

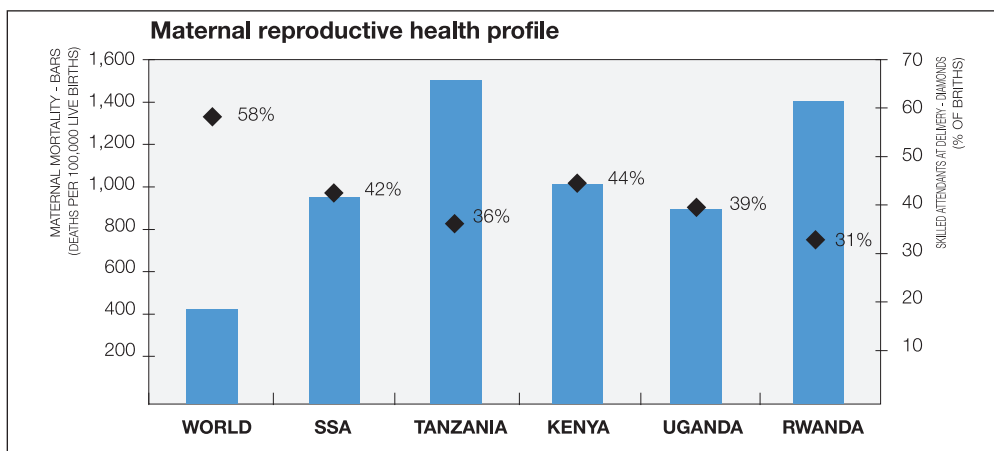
The chart above combines the four countries' Human Development Index (HDI) and Human Poverty Index (HPI) scores and attempts to correlate development (HDI) and deprivation (HPI). In 2002, Tanzania combined the lowest HDI (0.41), with the lowest HPI (36.0) in the region, which implies a lower level of development but with less deprivation. Kenya and Uganda had the same HDI (0.49), the highest in the region, combined with very similar HPIs of 37.5 and 36.4 respectively. The relatively higher level of development seemed to sit side by side with greater levels of deprivation. The implication of a more unequal distribution of income or consumption in the two countries is supported by the fact that they have higher (and similar) measures of inequality as discussed in the previous section. Rwanda's HDI measure of 0.43 was better than Tanzania's but it was correlated with a much worse HPI at 44.7. Rwanda seems to have combined lower development with high levels of deprivation.

<sup>7</sup>The Human Development Index is comprised of three sub-indices that measure health and lifespan, education and knowledge, and standard of living. It attempts to describe achievement of development goals related to quality of life using data that can be compared across countries and time. It is aggregated from 4 indicators: life expectancy, adult literacy, the gross school enrolment index, and GDP per capita.

The Human Poverty Index is a composite indicator that describes a population's deprivation from three development goals related to quality of life: health, literacy, and sufficient standard of living. The index is scaled from 0-100, with 100 representing the highest possible level of poverty.' (Source: World Resources Institute 2005)

## 6.2 Health, Disease and Sanitation Status

### 6.2.1 Maternal Reproductive Health Profile



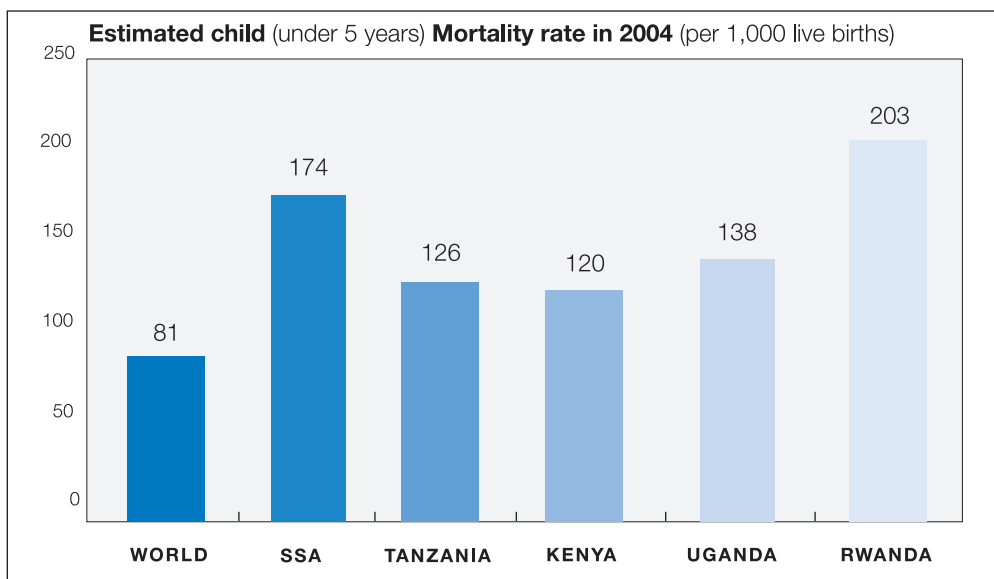
Source: World Resources Institute 2005

The chart above shows that the number of women who died in childbirth in 2000 (maternal mortality rates per 100,000 live births) was very high in Tanzania (1,500) and Rwanda (1,400), compared with Kenya (1,000) and Uganda (880). These rates were all significantly higher than the world average (400), and with the exception of Uganda, were also worse than the SSA average (940).

A positive relationship between maternal mortality rates and the percentage of skilled attendants at delivery seems intuitive and holds for Tanzania and Rwanda, where skilled attendants were present for an average of 36% and 31% of deliveries respectively in 1995–2000, which could explain the high maternal mortality rates in these countries. Similarly, Kenya had a lower maternal mortality rate, which was consistent with its higher ratio of skilled attendants at delivery of 44%.

Uganda's figures seem counter-intuitive. It had the lowest maternal mortality rate in the region, but this was associated with a fairly modest proportion of skilled attendants at delivery of 39%. However, it may be possible to associate Uganda's lower maternal mortality rate with the country's high fertility rate observed earlier and a population growth rate that could make it the most populous country in the region by 2030.

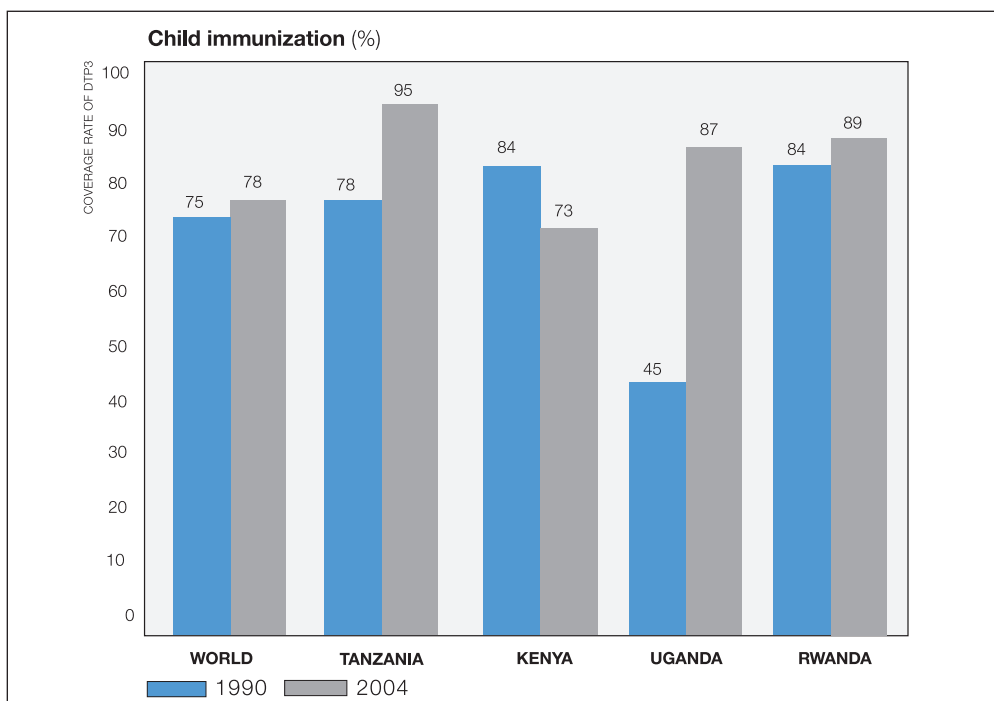
## 6.2.2 Child Mortality Rates



Source: World Resources Institute 2005

With the exception of Rwanda which had a very high child mortality rate of 203, the region seems to have performed slightly better than the SSA average on this measure in 2002. Kenya had the lowest child mortality rate with 120 followed by Tanzania (126) and Uganda (138). These rates remained significantly worse than the world average of 81.

## 6.2.3 Trends in Child Immunization

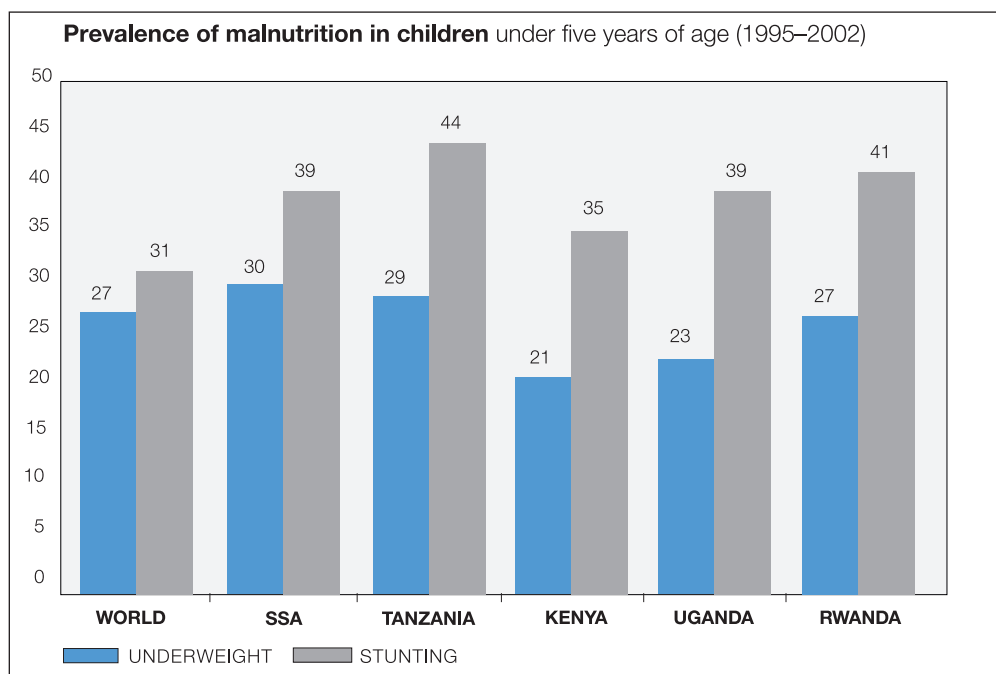


Source: UNICEF/WHO 2006

UNICEF and the World Health Organisation use the coverage of infants receiving three doses of the diphtheria-tetanus-pertussis (DPT3) vaccine as a ‘benchmark indicator of annual routine immunization coverage’.<sup>8</sup> On that measure, Tanzania increased its child immunisation coverage substantially, from 78% to 95% between 1990 and 2004. Uganda’s increase was even more dramatic, from 45% to 87% during the same period. Rwanda’s improvement was modest.

Kenya bucked the regional trend and reduced its coverage from 84% to 73% during the 1990s, to become the only regional country to fall below the global average of 78% coverage.

#### 6.2.4 Malnutrition in Children under Five

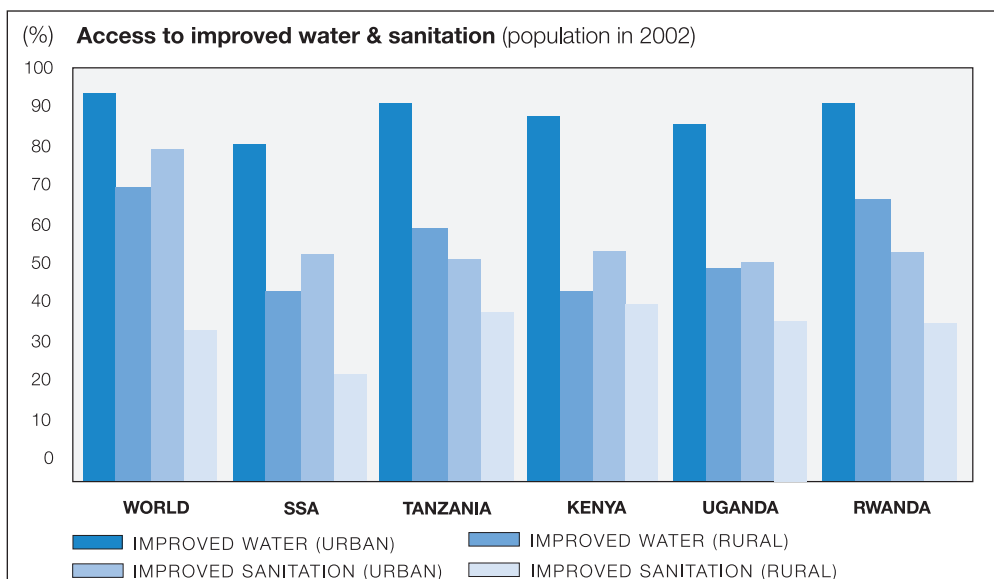


Source: World Resources Institute 2005

The chart above shows the incidence of malnutrition (underweight) and chronic malnutrition (stunting) in children. It suggests that the region’s countries performed better than the SSA average by reporting less than 30% of children who were underweight. However, the malnutrition persists during the children’s’ early years, resulting in stunting rates at levels similar to or higher than the SSA average of 39%, for all countries with the exception of Kenya (35%). Tanzania’s performance in both measures is the worst in the region which is consistent with the data in an earlier section that showed Tanzanians receiving the lowest calorie intake in the region. Kenyan children are relatively well-off, with underweight scores that are better than the world average.

<sup>8</sup>WHO/UNICEF (2006), World Immunization Summary 2006, p. vii

## 6.2.5 Access to Improved Water Sources and Sanitation



Source: World Resources Institute 2005

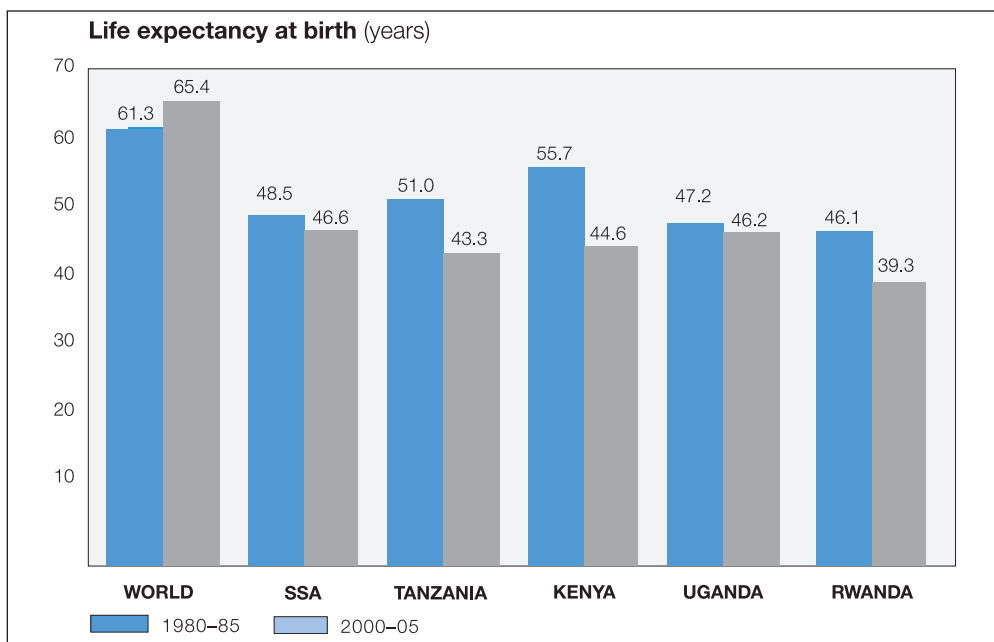
Residents of East Africa's urban centres have good access to improved water sources<sup>9</sup>, at a rate greater than SSA's average of 82%. Uganda's 86% is the lowest rate in the region and Tanzania's 92% compares very favourably with the world average of 95%. The rural areas also are generally better off than the SSA average (46%), and Rwanda's performance on this front, where 69% of its rural residents had access to improved water sources in 2002 is the best in the region.

There is little to separate the region's urban residents' rate of access to improved sanitation<sup>10</sup> from the SSA average of 55%. However, with between 38% (Rwanda) and 43% (Kenya) of the region's rural populations having access to improved sanitation, East Africa's rural residents were significantly better off relative to their SSA counterparts who have a reported average of 26%, and the world average of 31%.

<sup>9</sup> Improved Water Source includes any of the following types of drinking water sources: household connections, public standpipes, boreholes, protected dug wells, protected springs, and rainwater collection. To be counted, at least 20 liters per person per day of improved water must be available within one kilometer of a user's dwelling. Examples of unimproved water sources include unprotected wells and springs, vendor-provided water, tanker-provided water, and bottled water. These last examples are considered "unimproved" because they are not consistently available in sufficient quantities (Source: World Resources Institute, 2005).

<sup>10</sup> Improved Sanitation includes any of the following excreta disposal facilities: connection to a public sewer, connection to a septic tank, pour-flush latrine, simple pit latrine, and ventilated improved pit latrine. Examples of an unimproved sanitation system include open pit latrines, public or shared latrines, and service or bucket latrines (Source: World Resources Institute, 2005).

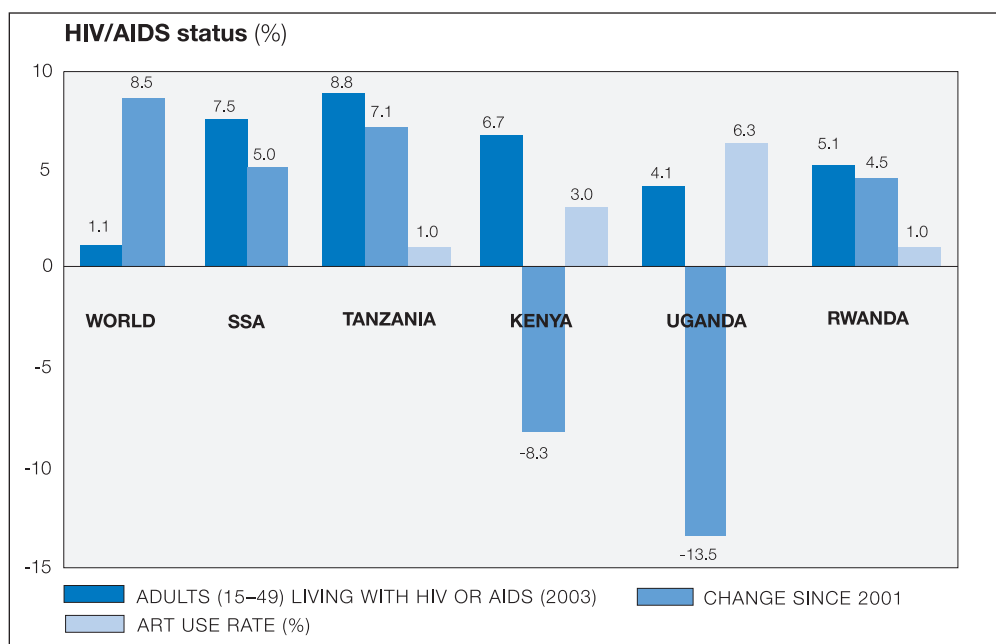
## 6.2.6 Life Expectancy at Birth



Source: World Resources Institute 2005

The life expectancy in the region and in SSA as a whole has fallen in the 25 years between 1980 and 2005, during which period it increased from 61 to 65 years on average in the world. The average lifespan was cut short by almost 11 years in Kenya, eight years in Tanzania, six years in Rwanda and one year in Uganda, over a period of two-and-a half decades. It is highly probable that the introduction and rapid spread of HIV/AIDS in the region during this period is largely responsible for this very serious reduction in the average East African's longevity.

## 6.2.7 Status of HIV/AIDS and Use of Anti-Retroviral Treatment (ART)



Source: World Resources Institute 2005

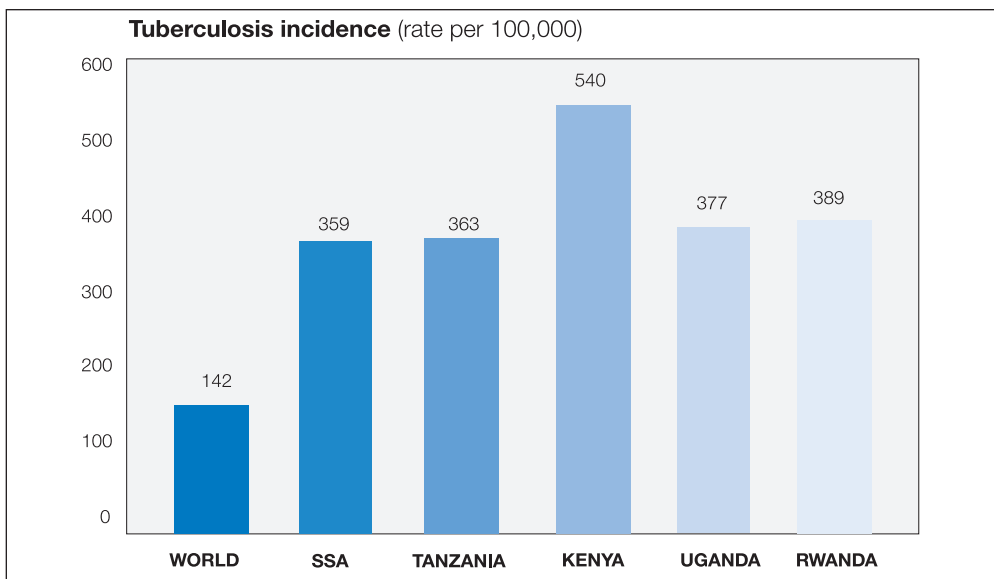
The chart above summarises the HIV/AIDS and anti-retroviral treatment (ART) status in the region in 2003. A number of issues are noteworthy. First, Tanzania, with 8.8% had the highest prevalence of adults living with HIV/AIDS in 2003, followed by Kenya, (6.7%), Rwanda (5.1%) and Uganda (4.1%).

Secondly Tanzania and Rwanda's prevalence rates continue to increase at 7.1% and 4.5% annually, in sharp contrast to Kenya's and Uganda's success in reducing the prevalence rate by 8.3% and 13.5%.

Finally, while it is tempting to associate Kenya and Uganda's success with their higher rate of ART use - 3.0% in Kenya and 6.3% in Uganda compared with just 1.0% in Tanzania and Rwanda - this correlation may be spurious. Prevalence measures everyone who has tested positive for HIV. With increased use of ART, as more people survive, the prevalence level should increase. The reduction in prevalence levels in Uganda and Kenya could be due to the fact that people died and were not replaced by new infections, suggesting that efforts at prevention may have been relatively more successful in these two countries.



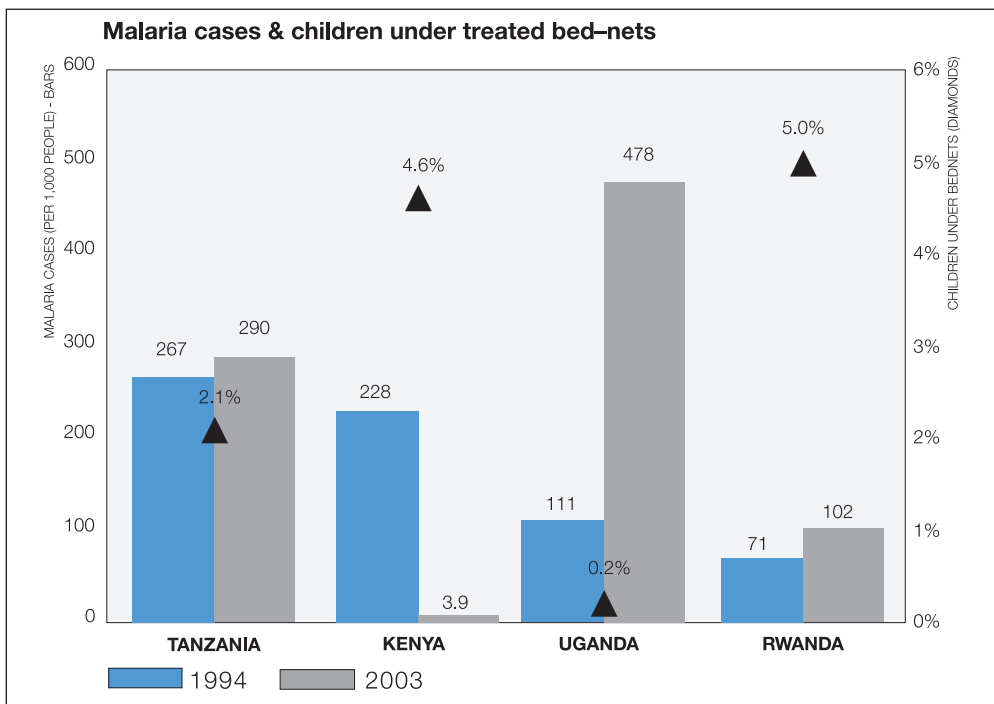
6.2.8 Tuberculosis Incidence in 2002



Source: World Resources Institute 2005

With the exception of Kenya, the incidence of tuberculosis in the region hovers closely around the SSA average of 360, which however is more than twice the global rate.

6.2.9 Reported Malaria Cases and Children under Treated Bed-nets

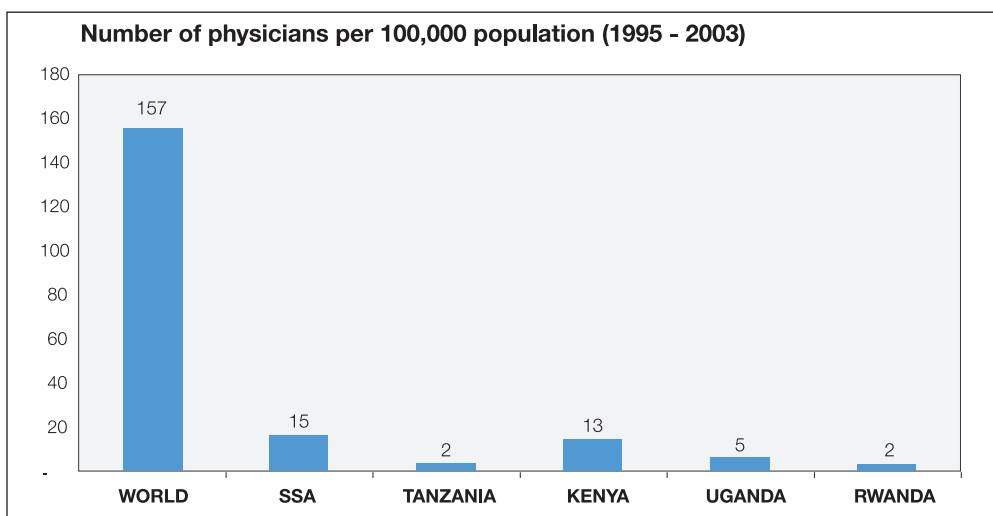


Source: World Malaria Report (2005)

The chart above shows the reported malaria cases in 1994 and 2003, as well as the percentage of children under five who slept under an insecticide-treated bed-net in the region<sup>11</sup>. The chart does mask some significant annual variations in the malaria cases - in Tanzania, for example, malaria cases rose sharply from 35 to 915 per 1,000 between 1997 and 1998, before dropping sharply again to 12 per 1,000 in 1999. The trend in Kenya has been sharply downwards, while Uganda has shown an alarming increase in malaria cases.

The rate at which children under five are protected by treated bed-nets is variable across the region, ranging from 0.2% in Uganda to 5.0% in Rwanda. The correlation between the use of treated bed-nets and reported malaria cases, which seems to be suggested in the chart above is striking. Kenya and Rwanda have the highest incidence of bed-net use and the lowest rates of reported malaria cases. Uganda's very low rate of bed-net use is associated with the highest incidence of reported malaria cases.

#### 6.2.10 Physicians per 100,000 people

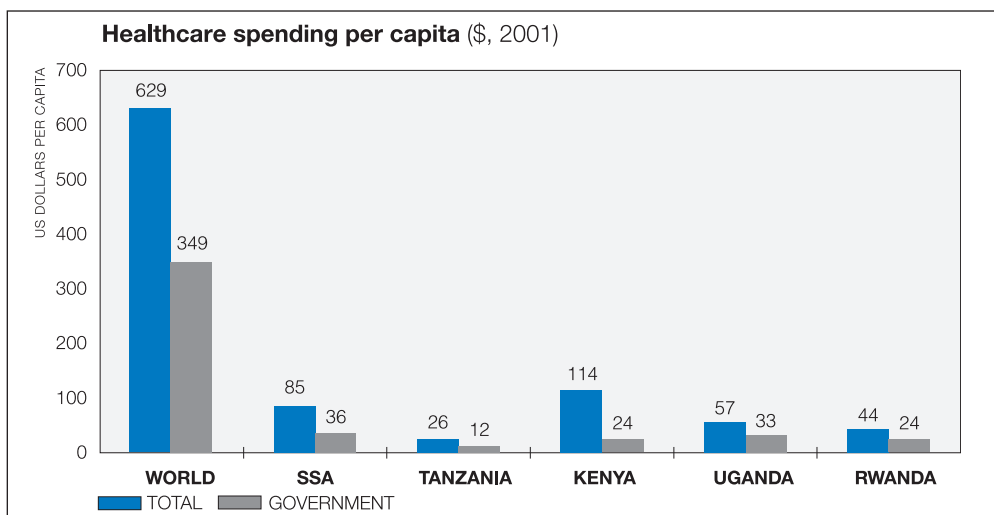


Source: World Resources Institute 2005

Kenya has the highest number of physicians at 13 per 100,000 people in the region, just below the SSA average of 15. Kenya has six times the number of doctors available to Tanzanians and Rwandans and almost three times more than those available to Ugandans. The EA region as a whole, however, falls very far short of the world average of 157 physicians per 100,000 people.

<sup>11</sup> Source: World Malaria Report 2005, Table A.22 (Malaria Cases) and Table A.10 (Percentage of children under treated bed nets)

## 6.2.11 Healthcare Expenditure



Source: World Resources Institute 2005

Kenya had the highest total per capita health expenditure in the region at \$114 in 2001 which was almost five times greater than Tanzania's expenditure of \$26. However, government spending<sup>12</sup> on health was greatest in Uganda (\$33), followed by Kenya and Rwanda (\$24) and Tanzania (\$12).

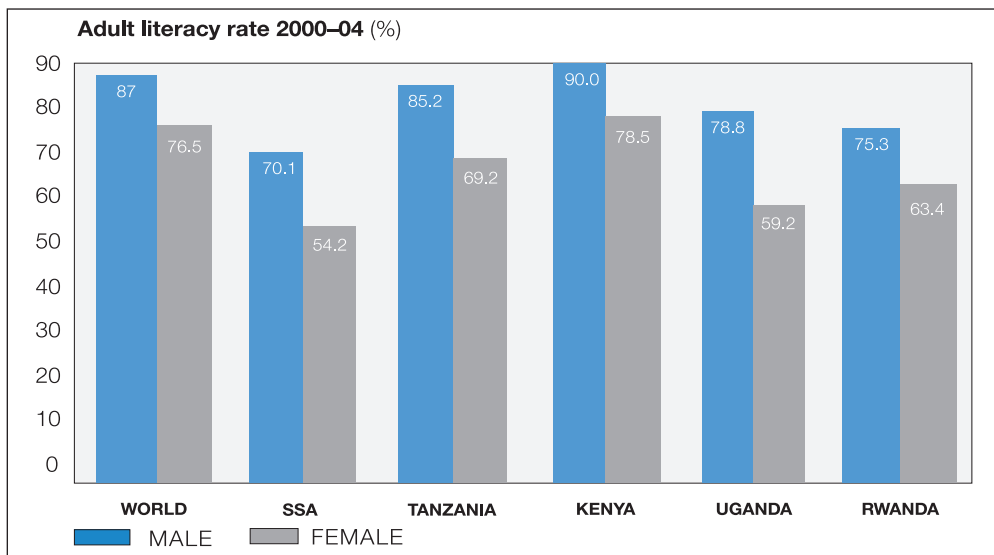
The difference between total and government health spending is private health spending<sup>13</sup>. This difference could indicate a number of things including a) the quality of the public healthcare system, b) the ability of a population to self-finance health expenses, c) the sophistication of alternative health insurance mechanisms, and d) the availability of private healthcare providers and a population's preference for, or confidence in them. The difference was greatest in Kenya where private health spending per capita was \$90 in 2001, compared with Tanzania which had the smallest difference of \$14 per capita. Ugandans spent \$24 and Rwandans spent \$20 per capita privately for their healthcare in 2001.

<sup>12</sup>**Government Health Spending** includes all public outlays reserved for the enhancement of the health status of the population and/or the distribution of medical care. Expenditures by all levels of government (national, regional, and local), extra-budgetary agencies, and external resources such as grants are included. The estimates for extrabudgetary expenditure on health include purchase of health goods and services by schemes that are compulsory and government-controlled (Source: World Resources Institute, 2005).

<sup>13</sup>**Private Health Spending** is the sum of expenditures by prepaid plans and risk-pooling arrangements, public and private enterprises for medical care and health-enhancing benefits (outside of payment to social security), nonprofit institutions that primarily serve households, and household out-of-pocket spending (Source: World Resources Institute, 2005).

## 6.3 Education Status<sup>14</sup>

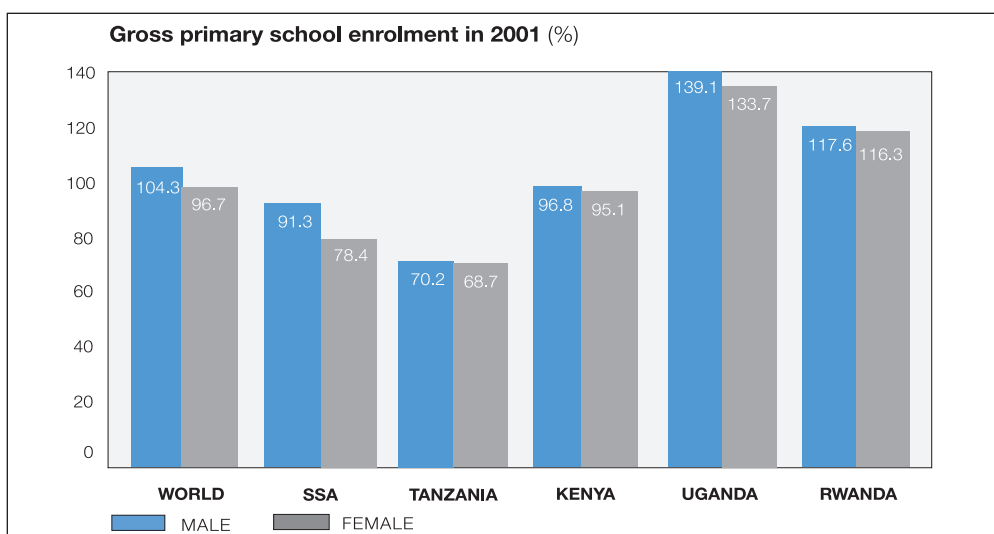
### 6.3.1 Estimated Literacy Rates (2000-04)



Source: UNESCO Education For All Global Monitoring Report 2005

The region as a whole has higher literacy rates for both men and women than the SSA average of 70.1% (men) and 54.2% (women). Within the region, Kenya has the highest literacy rates for both men (90%) and women (78.5%), followed by Tanzania with the 85.2% for men and 69.2% for women. Uganda's male literacy rate (78.8%) is higher than that in Rwanda (75.3%), however, Uganda's women recorded the lowest literacy rate in the region with 59.2% compared with Rwanda's 63.4%. The region follows the global pattern in that men in general have a higher literacy rate than women.

### 6.3.2 Gross Primary School Enrolment (2001)<sup>15</sup>



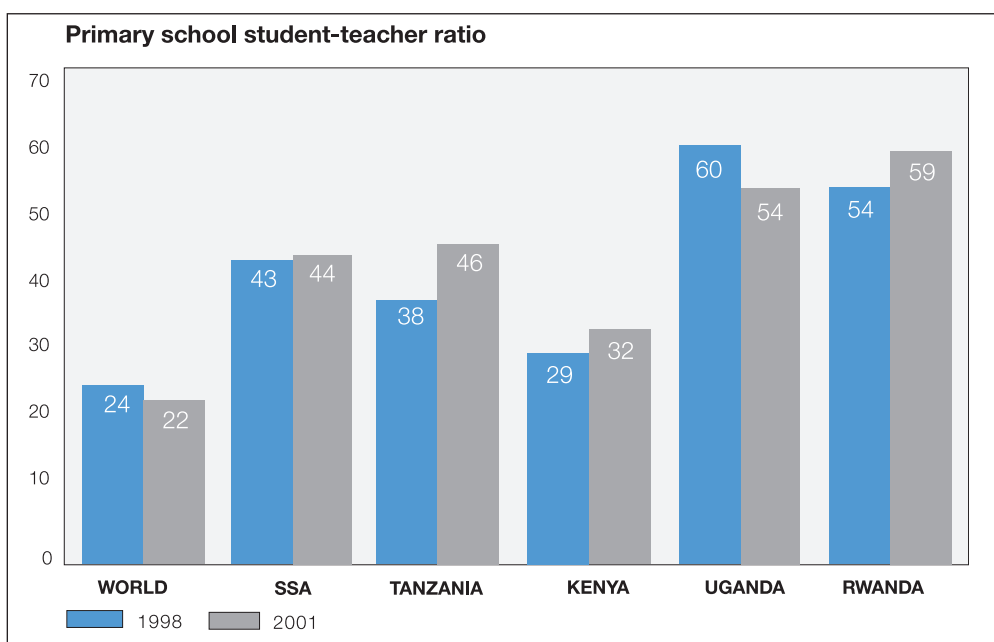
Source: UNESCO Education For All Global Monitoring Report 2005

<sup>14</sup>Data source: UNESCO Education for All (EFA) Global Monitoring Report 2005 ([www.epareport.unesco.org](http://www.epareport.unesco.org))

<sup>15</sup>Data for net enrolment was not available for all four regional countries.

Out of a total population of 19.4 million children of primary school-going age (6-13) in 2001 in the four countries, 19.1 million were enrolled in school. As the chart above shows, the highest gross enrolment rate was in Uganda, followed by Rwanda, Kenya and then Tanzania. In Rwanda, girls made up 50% of the primary school population. The other three countries reported girls at 49% of the primary student population. UNESCO reports that some 36% of Rwandan children repeat at least one primary grade compared with 2.5% of Tanzanian children. No data was reported for Kenya and Uganda.

### 6.3.3 Primary School Student-Teacher Ratio

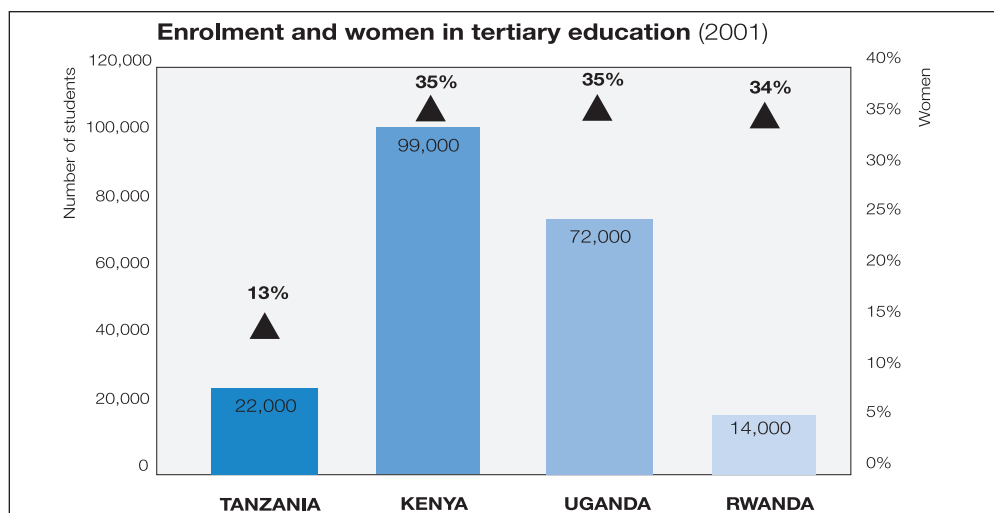


Source: UNESCO Education For All Global Monitoring Report 2005

The student-teacher ratio is often used as a measure of the quality of primary education. Kenya's ratio was the lowest (and therefore the best) in the region at 32 and lower than the SSA average. Tanzania's ratio worsened from 38 in 1998 to 46 in 2001 but remained lower than Uganda's (54) and Rwanda's (59).

The rate of transition from primary to secondary education in 2000 varied markedly in the region. Kenya reported a 73% transition rate, compared with Uganda's 40.6% and Tanzania's 20%. Kenya's rate was higher than the SSA average transition rate of 64%, but lower than the world average of 90%. No data was reported for Rwanda.

## 6.3.4 Tertiary Education Enrolment



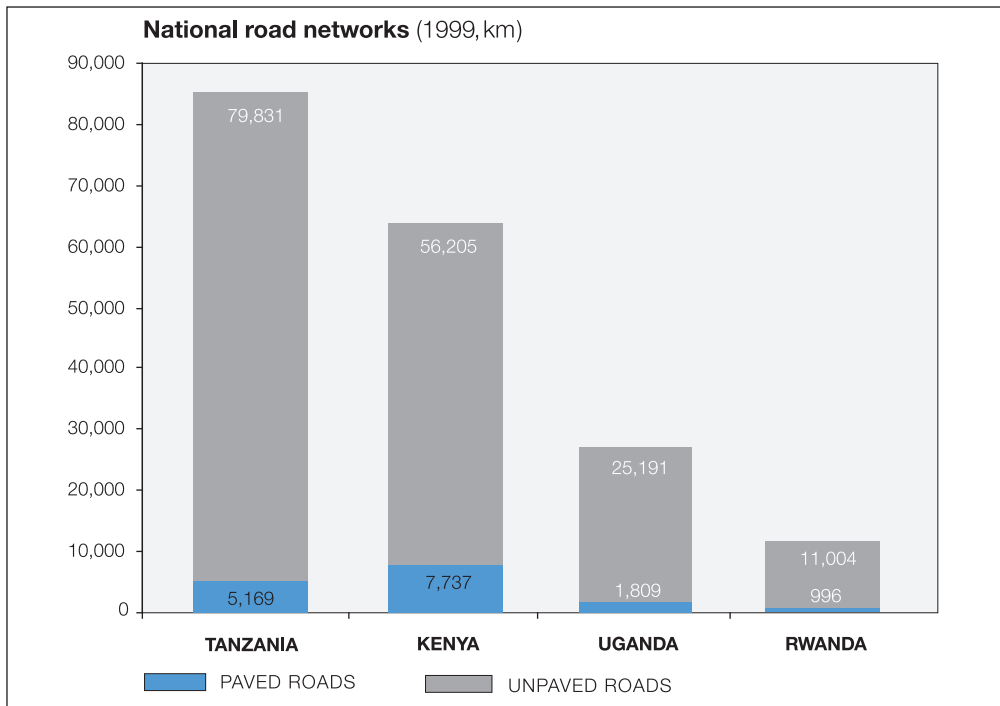
Source: UNESCO Education For All Global Monitoring Report 2005

Kenya reported the highest tertiary enrolment in 2001 with 99,000 students, of whom 35% (34,650 students) were women. Uganda's enrolment was also significant at 72,000 students of whom 35% (25,200) were women. These figures contrast sharply with Tanzania's total enrolment of 22,000 tertiary level students, of whom just 13% were women. While Rwanda also had a smaller enrolment the share of women (34%) was comparable to Kenya's and Uganda's.

## 6.4 Key Points

- Poverty levels in the region are increasing and inequality is growing. Development and deprivation seem to go hand in hand and this will put a strain on the bonds of social cohesion within each country.
- The region has relatively high maternal and child mortality rates compared with the African and world averages, but it is also improving child immunisation rates and providing access to improved water sources and sanitation. These are encouraging signs of investments to protect children in their earliest years.
- The disease burden of HIV/AIDS, malaria and tuberculosis is contributing to the falling life expectancy in all four countries.
- While annual per capita healthcare expenditure levels varied widely in the region, the level of private financing of healthcare correlated well with the measures of inequality. At \$90 per capita, Kenya's private financing of healthcare was the highest in the region. The country is also the most unequal society in the region with a Gini coefficient of 57. Tanzania had both the lowest private healthcare expenditure (\$12) and level of inequality with a Gini coefficient of 37.
- Kenya outperforms her neighbours in education with the highest literacy rates for both men and women; the best quality primary education as measured by the lowest student-teacher ratio; the highest rate of transition from primary to secondary school and highest enrolment in tertiary education.
- However, a contradiction that invites further investigation is the fact that while Uganda outperforms Tanzania by a significant margin in primary school enrolment, the rate of transition to secondary school and tertiary education enrolment, Tanzania still produces a higher literacy rate.

## 7.1 Road Network



Source: EAC Secretariat

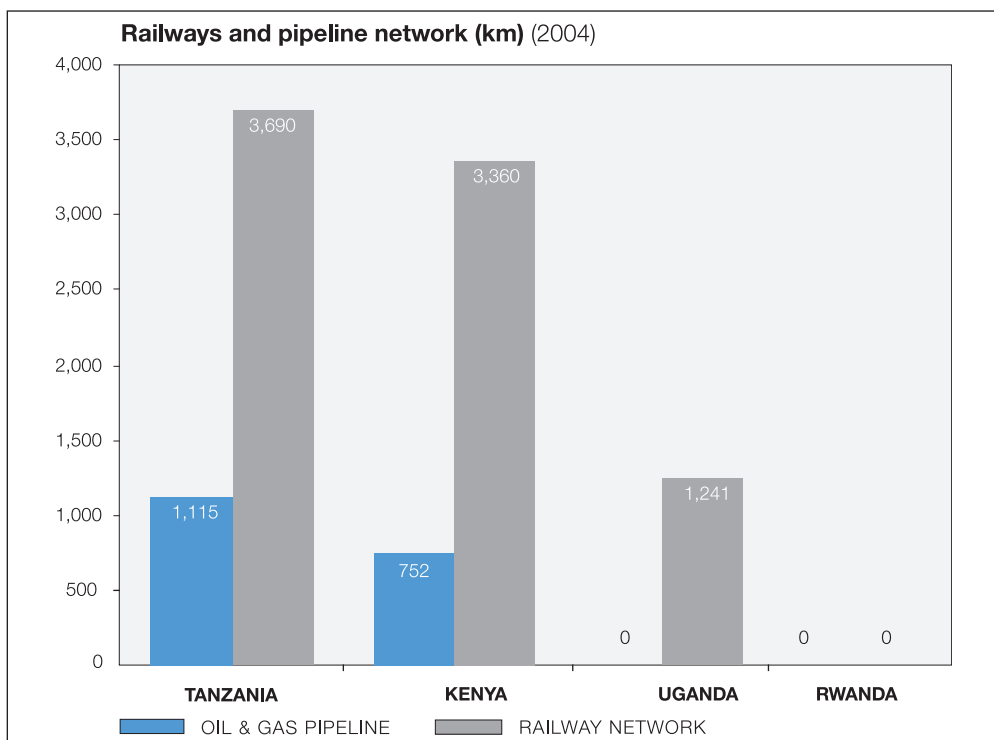
The region had a total road network length of almost 188,000 kilometres in 1999; 45% of the network was in Tanzania, 34% in Kenya, 16% in Uganda and 6% in Rwanda. Just 8% of the total network was paved, while 92% was unpaved. Kenya led the region with 12% of its national road network being paved, while Tanzania had paved 6% of its national road network. Rwanda and Uganda had 8% and 7% of their road networks paved, respectively. In 1998, the East African Community Secretariat identified five regional corridors and feeder links with a total length of 15,273 kilometres. The regional corridors are outlined in the table below.

Regional Corridors and Feeder Links (1998)	East African Road Network					Prioritisation		
	Total	Paved	Unpaved	Good/Attended	Needs Attention	I	II	III
1. Mombasa-Malaba-Katuna (Kenya & Uganda)	2,363	2,054	309	464	1,899	1,437	223	239
2. Dar es Salaam-Mutukula-Masaka (Tanzania & Uganda)	4,507	1,469	3,038	45	4,462	2,809	1,080	573
3. Biharamulo-Mwanza-Sirari-Lokichoggio (Tanzania & Kenya)	2,656	1,533	1,123	993	1,723	627	26	1,070
4. Tunduma-Mbeya-Arusha-Isiolo-Moyale (Tanzania & Kenya)	4,157	1,549	2,608	1,026	3,131	1,251	-	1,880
5. Nyakanazi-Kasulu-Tunduma (Tanzania)	1,590	-	1,590	-	1,590	-	-	1,590
<b>TOTAL</b>	<b>15,273</b>	<b>6,605</b>	<b>8,668</b>	<b>2,528</b>	<b>12,805</b>	<b>6,124</b>	<b>1,329</b>	<b>5,352</b>

Regional corridors make up approximately 8% of the regional total road network, and 42% of the regional corridors are paved, while 84% of the regional corridors 'needed attention.' Furthermore, almost 70% of the road length that was identified as needing attention and assigned priority I status (design completed and funding sources identified or committed) was on the Mombasa - Katuna and Dar es Salaam - Masaka corridors, which run from the coast to the interior of the region. The three north-south corridors, which also needed attention had 85% of their road length assigned priority

III status (no design studies and no funds identified or committed).

## 7.2 Railways and Pipelines



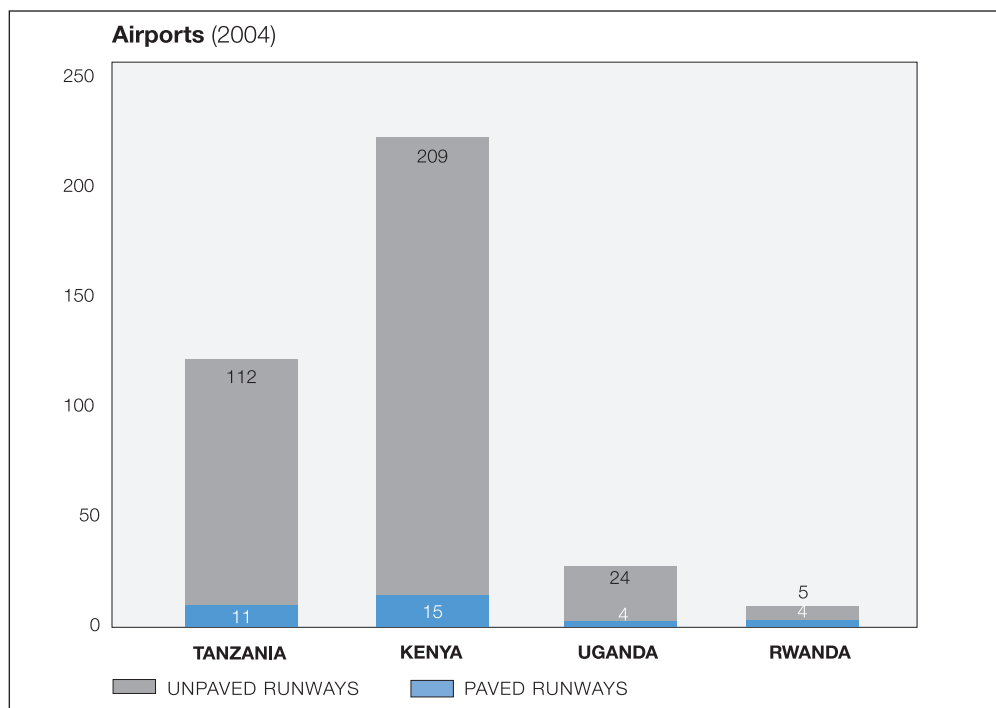
Source: CIA World Fact Book 2005

The region has a total of 8,921 kilometres of railways on three national networks are operated by Tanzania Railways Corporation (TRC), Kenya Railways Corporation (KRC) and Uganda Railways Corporation (URC) all of which were established after the dissolution of the East Africa Railways and Harbours (EARH) in 1977. Tanzania and Kenya have 45% and 41% of the rail network respectively, while Uganda has 14%. KRC and URC were concessioned jointly to a South African-led consortium in early 2006. TRC is also in the advanced stages of being concessioned.

The 1,867 kilometres of gas and oil pipelines are in Tanzania (60%) and Kenya (40%).



### 7.3 Air and Sea Ports



Source: CIA World Fact Book 2005

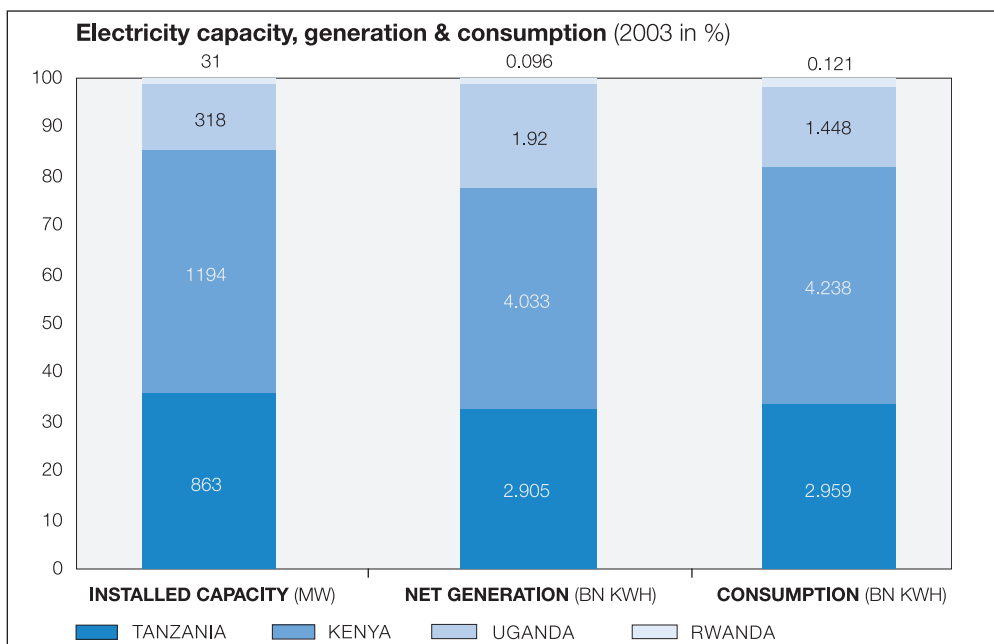
There were 382 airports and airfields in the region, with Kenya accounting for 58% of them, followed by Tanzania (32%), Uganda (8% and Rwanda (2). The 34 paved runways make up less than 10% of the region's total runways. There are 58 paved and unpaved runways (15% of the total) of at least 1,523 metres in length that should be capable of handling larger, heavier aircraft.

The region is served by the two major sea ports of Mombasa in Kenya and Dar es Salaam in Tanzania, although Tanzania has three other sea ports in Zanzibar, Tanga and Mtwara. Mombasa is the region's biggest port, handling 13 million tonnes of cargo in 2004, compared with Dar es Salaam's 6 million tonnes. The ratio of imports to exports at the port of Mombasa is 4:1<sup>16</sup>.

<sup>16</sup> The World Bank (2005), Project Appraisal Report for the East Africa Trade and Transport Facilitation Project, Report No. 34178-AFR.

## 7.4 Energy Sources and Uses

### 7.4.1 Electricity Capacity, Generation and Consumption

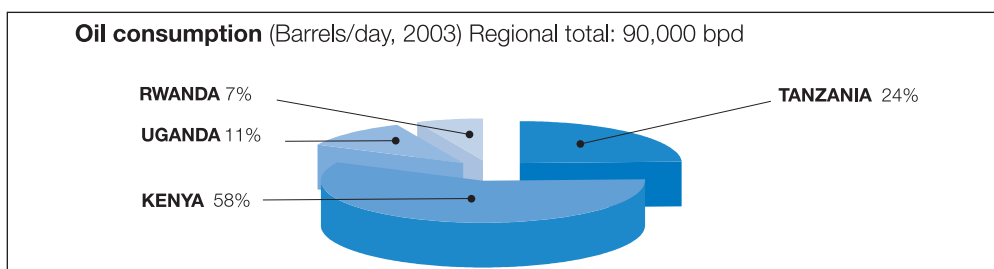


Source: CIA World Fact Book 2005

The region's total installed capacity for the generation of electricity is 2,406 MW with 50% of it in Kenya, 36% in Tanzania, 13% in Uganda and 1% in Rwanda. The bulk of the region's power is generated from hydro resources with some coming from thermal (mainly petroleum) sources.

The region consumed 8.6 billion kilowatt hours of electricity in 2003, with Kenya accounting for 48%, Tanzania 34%, Uganda 17% and Rwanda 1% of the total. However, there was no country in the region where electricity reached more than 10% of the population<sup>17</sup>.

### 7.4.2 Oil Consumption



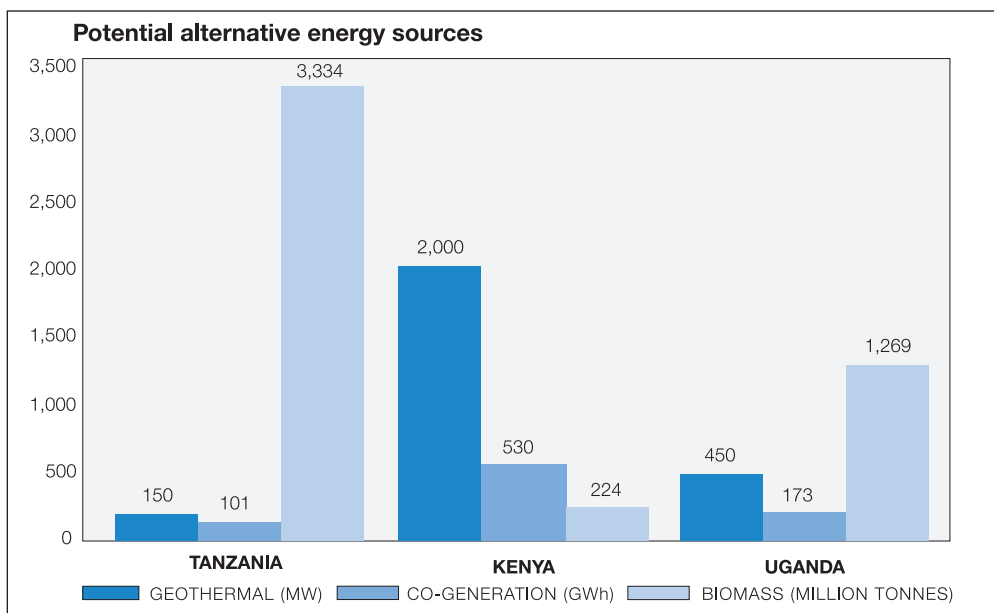
Source: CIA World Fact Book 2005

Kenya dominates the region in the consumption of oil, accounting for 58% of the 90,000 barrels per day used in the region. One report notes that the transport sector alone consumes 60% of the oil imports into the region<sup>18</sup>.

<sup>17</sup> AFREPREN 2004, p. 5

<sup>18</sup> AFREPREN 2004, p. 6

## 7.4.3 The Potential of Alternative Energy Sources



The two major alternative sources of energy for the region are geothermal and electricity from co-generation<sup>19</sup> fuelled by biomass. The region's geothermal potential is substantial at 2,600 MW, with most of it found in Kenya. Indeed, Kenya generates approximately 10% of its total electricity from this source. Biomass fuelled co-generation plants are a second alternative. The contribution of the installed co-generation capacity to the total national capacity was estimated at just 3.06% in Uganda and 2.95% in both Tanzania and Kenya. There are also more than 40 billion cubic metres of natural gas reserves in Tanzania and Rwanda. While Tanzania has started using some of its 11 billion cubic metres of offshore gas reserves to generate electricity, the 28 billion cubic metres in Rwanda's Lake Kivu have hardly been tapped.

## 7.5 Key Points

- While the inter-country road network accounts for just 8% of the total road network in the region, 84% of it needs much work. Priority seems to have been placed on the roads linking the coast with the interior, with very little attention paid to the north-south corridors.
- Two of the region's three major railway systems are being concessioned to private operators.
- The electricity market is very tight, but it serves less than 10% of the region's total population. Future supply predicated on existing hydro-based generation systems may not be reliably assured given the uncertainty of the region's water supply.
- Apart from the use of geothermal and natural gas to generate electricity for the national grid systems in Kenya and Tanzania, there seems to be little evidence of the development of alternative energy sources.

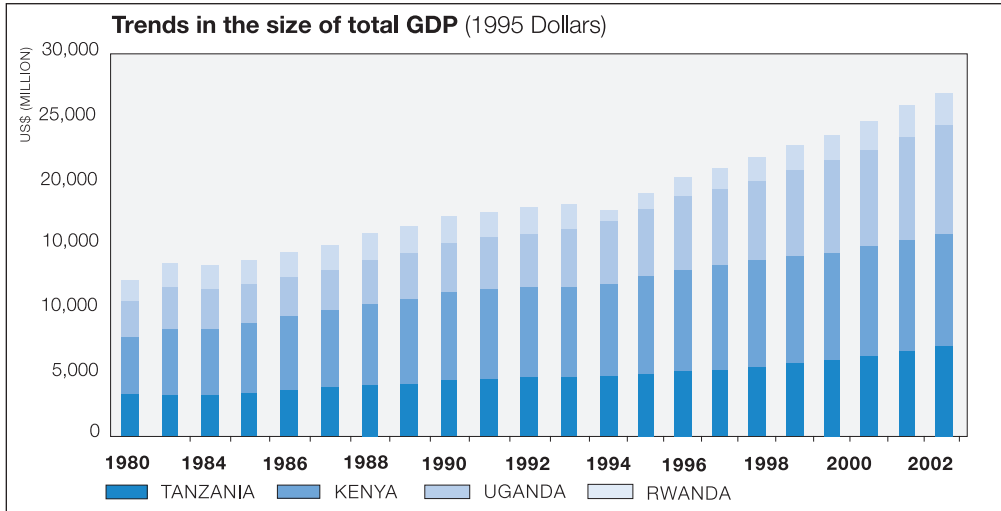
<sup>19</sup>This is the simultaneous production of electricity and heat from a single machine to generate steam for factory processing activities in such industries as sugar milling. The machine heats up steam that drives a turbine to generate electricity (AFREPREN 2004, p. 28).

# 8

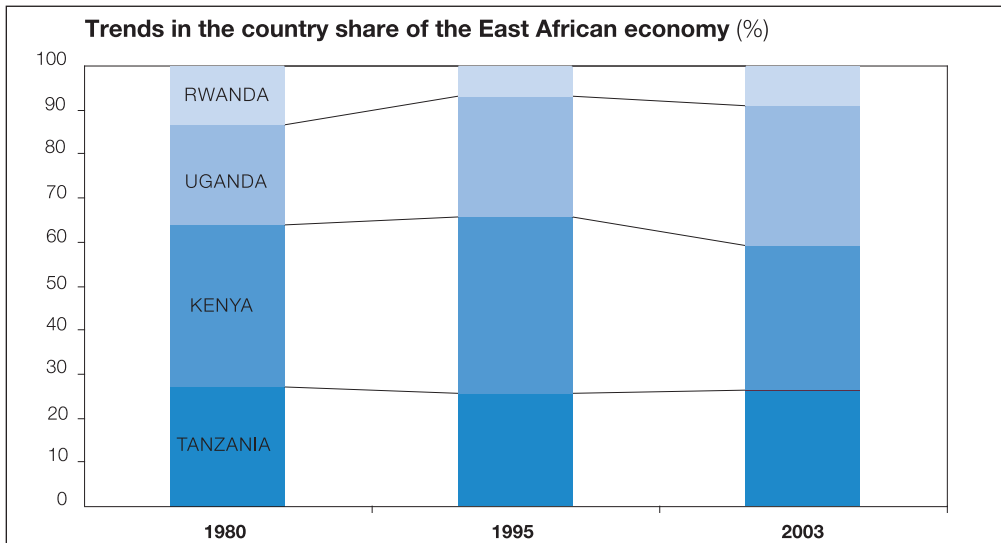
## East Africa's Economic Profile

### 8.1 Size, Structure and Performance of the Economy

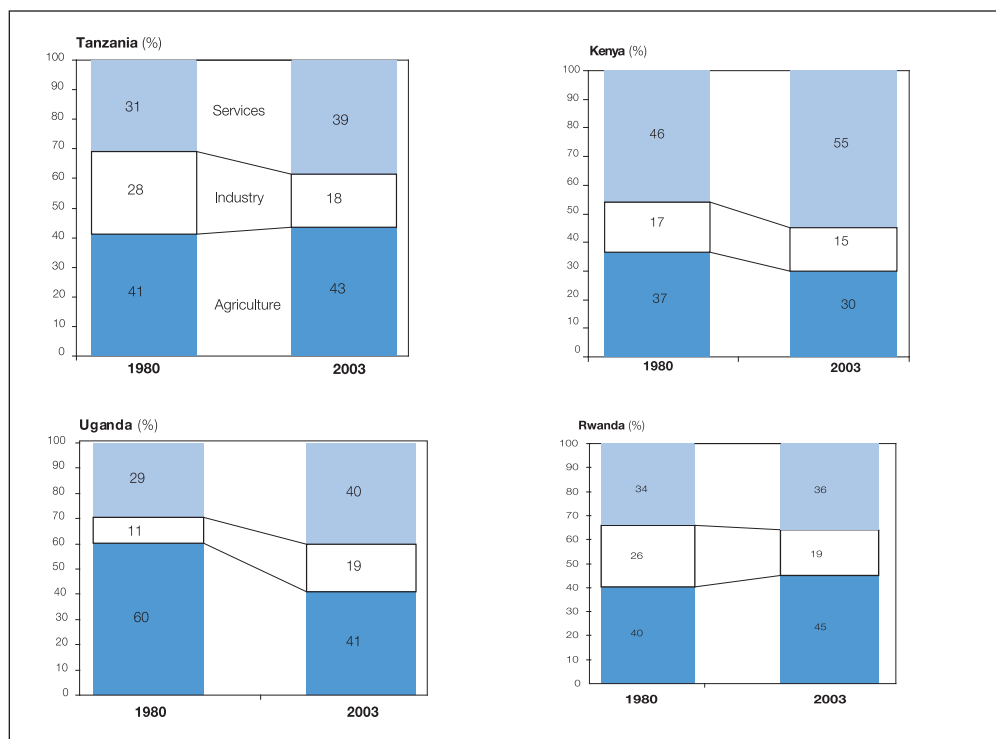
#### 8.1.1 Trends in Total GDP



The region's economy grew in real terms from a total of \$12.2 billion in 1980 to \$27 billion in 2003. As the chart below shows, while Kenya's share of the regional GDP declined from about 37% to 33%, Uganda's grew from 23% to 32%, Tanzania's remained fairly constant at 27% and Rwanda's shrank from 13% to 9%, most likely due to the trauma of civil war and genocide in the early 1990s.



## 8.1.2 Economic Structure

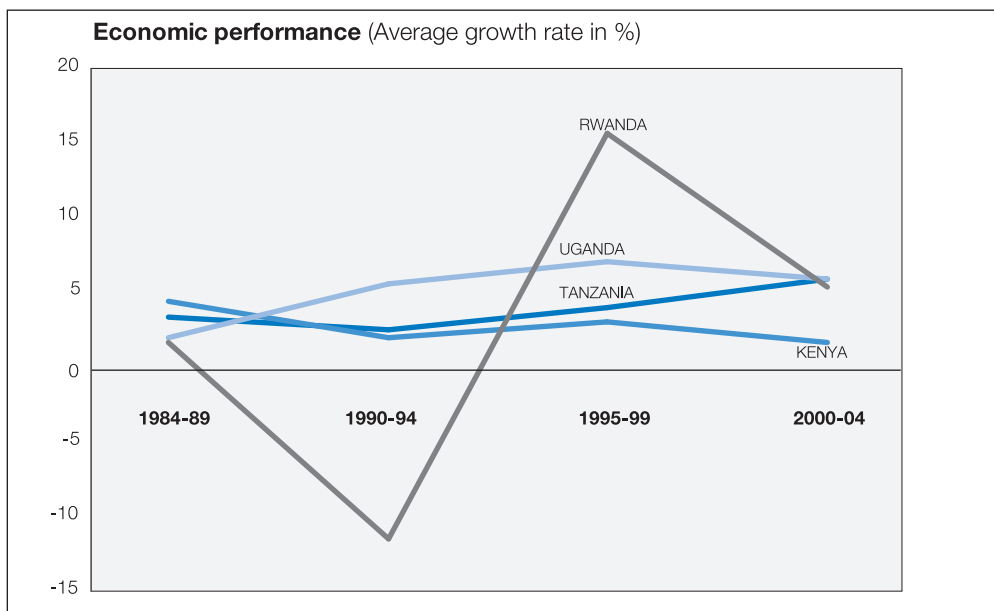


Source: African Development Bank, *Selected Statistics on African Countries 2005 Vol XXIV*

The four charts above show the evolving structure of regional economies between 1980 and 2003. Tanzania and Rwanda have seen an increase in the share of agriculture in their GDP by 2% in Tanzania and 5% respectively in Rwanda. This has come about at the expense of industry, whose share of GDP declined by 9% in Tanzania and almost 7% in Rwanda. On the other hand, agriculture's contribution to GDP declined in Kenya by 6% and by a fairly steep 19% in Uganda. The services sector has become the leading economic sector in Kenya, while in Uganda it is at par with agriculture. Interestingly, Uganda was the only country in which industry expanded its contribution to GDP, from 11% to 19%, while it shrank in Kenya from 17% to 15%. Overall, the economies of the region's largest and smallest countries in both size and population are primarily agricultural, while those of their medium-sized neighbours are driven by services.

While agriculture remains a significant economic sector in the region, there are signs of structural transformation in East Africa's economies. With the exception of Uganda, the share of industry in East Africa's economies has declined, which raises fundamental questions about the prospects for a successful regional industrialisation strategy. In all four countries, the service sector has seen significant growth, driven by transport and telecommunications, tourism and business services, and in Kenya the contribution of the service sector to GDP has overtaken that of agriculture.

## 8.1.3 Economic Performance



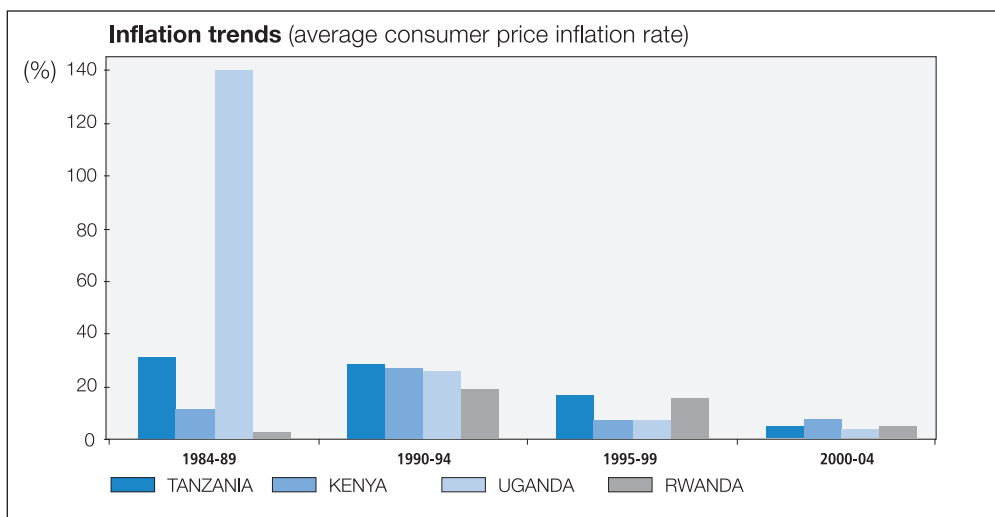
Source: African Development Bank, *Selected Statistics on African Countries 2005 Vol XXIV*

While Kenya's economy remains the largest in the region, the reason for its losing ground to Uganda in the main, is shown above. Kenya's economic growth fell from an annual rate of 4.4% in 1984-89 to just 1.6% in 2000-04. At the same time, Tanzania's growth rate increased from an average of 3.4% to 5.9%, while Uganda's accelerated even faster from 2.5% annually in the late 1980s to 5.9% in 2000-04. The effects of Rwanda's civil war and 1994 genocide are clearly visible in the country's growth performance, in which the economy shrank by 11.5% annually in 1990-94, before rebounding dramatically by over 15% immediately afterwards<sup>19</sup>.

Interestingly, with the exception of Kenya which grew by 1.6%, the region's economies have settled on a 5-6% annual economic growth rate during the most recent five-year period (2000-04). Tanzania and Uganda both grew by 5.9% annually and Rwanda achieved a 5.4% growth rate. The region's smaller economies seem to be catching up with Kenya's larger economy by growing faster, which is consistent with the economic theory of convergence.

<sup>19</sup> It is worth noting that the performance is heavily influenced by the fact that Rwanda's economy shrank by over 50% in 1994, and then expanded by 35% and 15% in the two subsequent years of recovery.

8.1.4 Inflation Trends

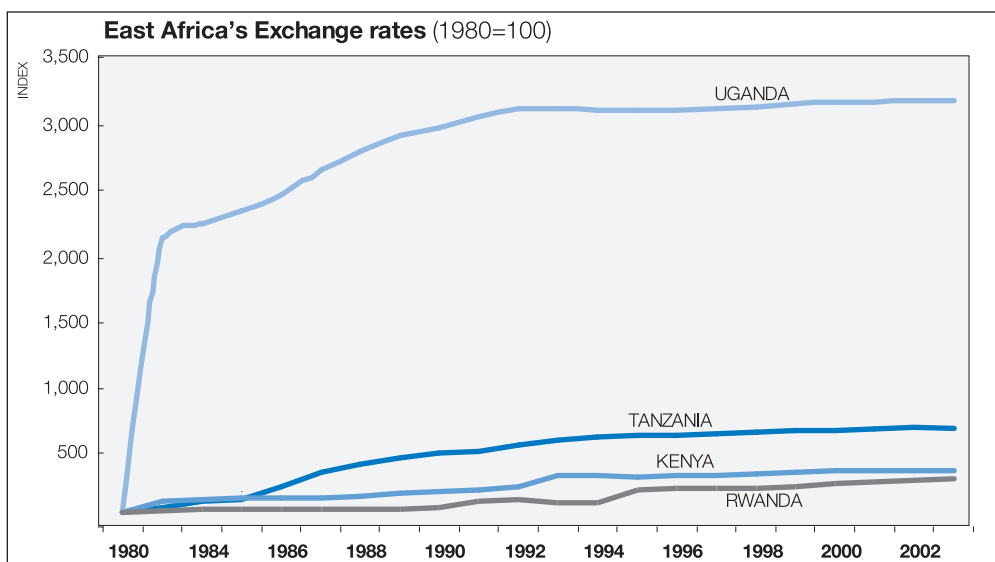


Source: African Development Bank, Selected Statistics on African Countries 2005 Vol XXIV

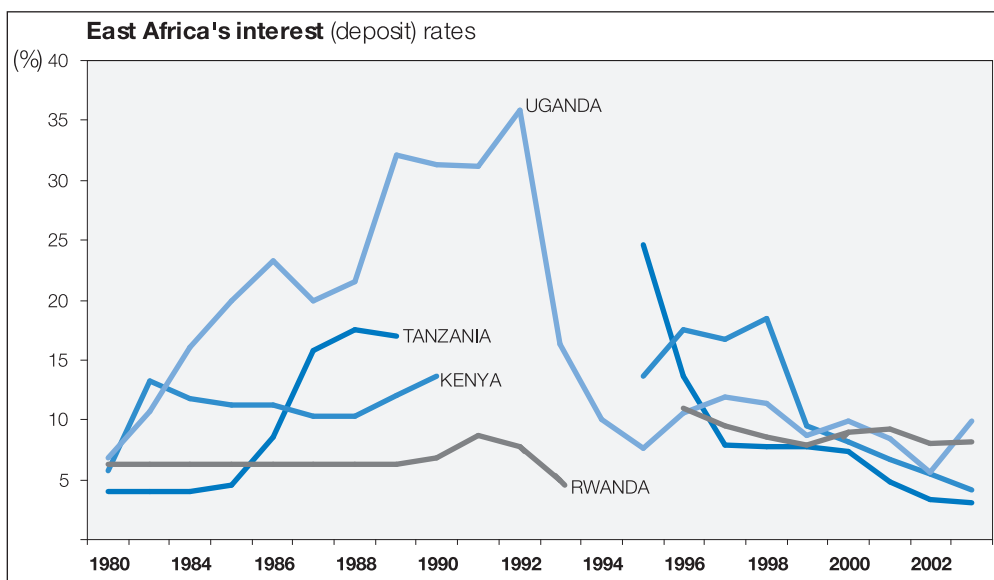
The chart above illustrates clearly how all four countries have brought their inflation levels under control since the mid-1980s, so that by 2000-04, the average annual inflation rate was below 8% in all countries.

This trend, from widely varying inflation rates in the late 1980s when they ranged from 2.4% for Rwanda to 140% for Uganda to an almost identical low-inflation environment currently, is a strong indicator of the convergence of economic policies in the region. The fact that the Finance Ministers in Tanzania, Kenya and Uganda deliver their budget speeches on the same day is further confirmation of this concerted effort at co-ordinated policy making.

8.1.5 Exchange and Interest Rate Trends



Source: African Development Bank, Selected Statistics on African Countries 2005 Vol XXIV



Source: African Development Bank, *Selected Statistics on African Countries 2005 Vol. XXIV*. Note: Line breaks due to missing data

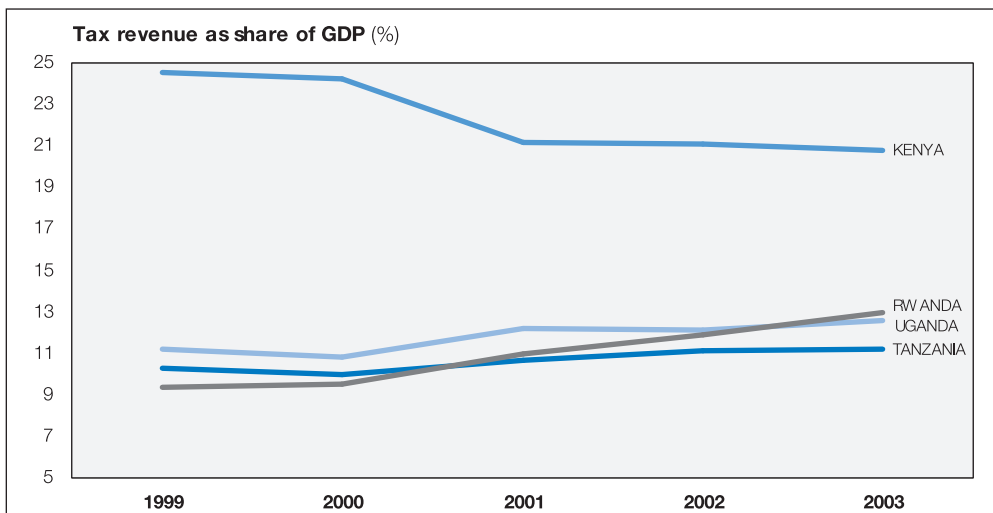
It is interesting to note from the above, the differences between the countries in terms of the movements in the exchange rate and interest rates. Uganda's volatility is immediately noticeable as the country's exchange rate went from Ush1.54/\$ to over Ush1,900/\$. Tanzania has also seen its currency depreciate fairly strongly to over Tsh1,100/\$ in 2005 from Tshs 11.14/\$ in 1983. The Kenyan and Rwandan exchange rates have taken a much more stable route to devaluation during this period.

The interest rate for bank deposits has been rather variable between 1980 and 2003, again with Uganda leading the jump from 7% to over 35% in 12 years, before settling right down again to 11% 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. This is consistent with the steady reduction in inflation to the single digit levels achieved by 2004.

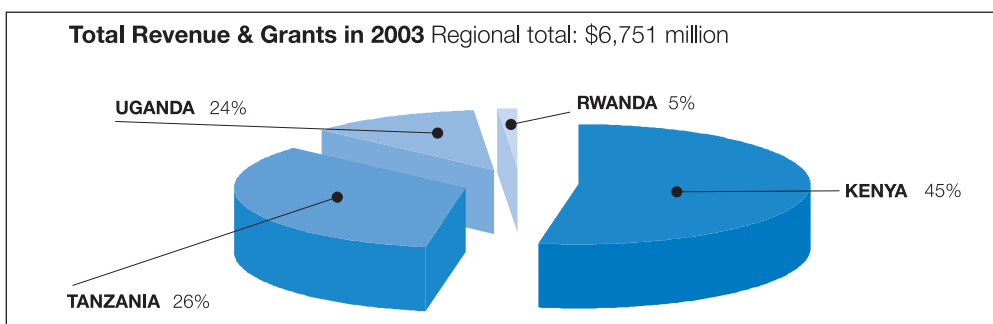


## 8.2 Public Finance Profile<sup>20</sup>

### 8.2.1 Tax Revenue



Source: Kasangaki, James V. *Public Finance in East Africa* (forthcoming)

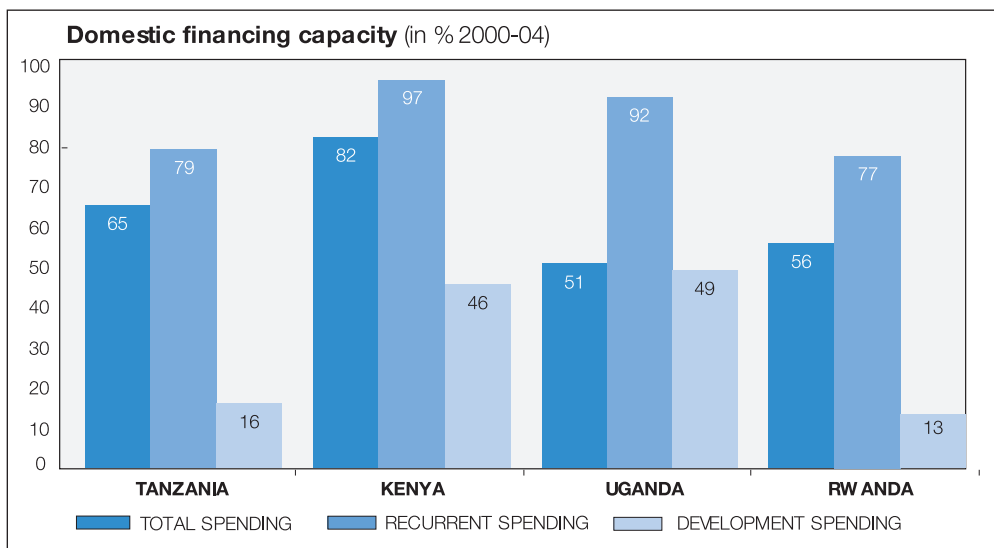


Source: Kasangaki, James V. *Public Finance in East Africa* (forthcoming)

Kenya has been able to collect at least 20% of its GDP in taxes, placing it far above the other three countries in terms of tax revenue yield. Tanzania, Uganda and Rwanda collected between 11% and 13% of GDP in taxes. The pie-chart shows Kenya’s large contribution to the region’s total revenue and grant performance in 2003.

<sup>20</sup> Based on data in Kasangaki, James V (forthcoming), *Public Finance in East Africa*.

## 8.2.2 Government Spending and Domestic Financing Capacity



Source: Kasbangaki, James V. *Public Finance in East Africa* (forthcoming)

The chart above summarises the ability of each country's government to finance its total, recurrent and development spending from domestic tax revenues during the four years between 2000 and 2003. While Kenya's ability to finance 82% of its total spending and 97% of its recurrent expenditure from domestic tax revenues places it ahead of its neighbours, it is nevertheless interesting to note that the region as a whole is facing serious challenges in balancing its public books. Tanzania was able to finance less than two-thirds of its total spending, while Uganda and Rwanda could only manage 51% and 56% respectively. The focus seems to be on ensuring that recurrent expenditure<sup>21</sup> is met, and Kenya and Uganda do well by financing over 90% of this spending domestically, compared with 79% for Tanzania and 77% for Rwanda.

The combination of inadequate domestic revenue collection and the use of resources thus raised primarily for current consumption (recurrent spending) have meant that the investment, through development expenditure, in the capacity to generate future economic growth is almost entirely contingent on external assistance, public borrowing or private investors, either foreign or domestic. Rwanda and Tanzania finance just 13% and 16% of their development spending with domestic resources. Even the better-performing governments in Uganda (49%) and Kenya (46%) can still only manage to pay for less than half of this crucial element.

However, these average figures mask some important trends. First, the share of development spending in total government spending for Tanzania increased from 21% in 2000 to 31% in 2003 and fluctuated at a substantial 40% for Uganda. It remained fairly stable at around 14% in Kenya but reduced from over 30% to 23% in Rwanda.

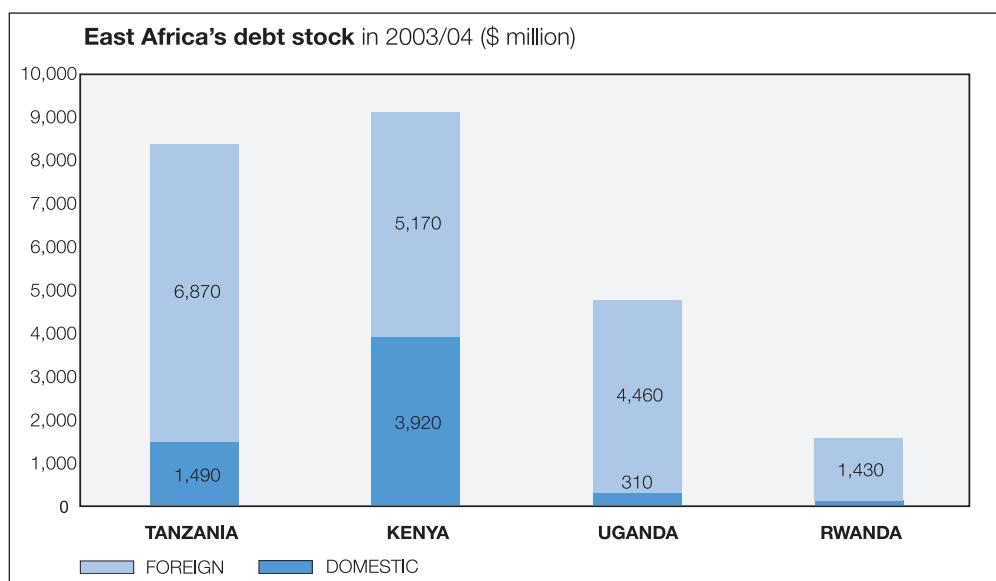
Secondly, Tanzania and Rwanda are improving their capacity to fund development spending from domestic resources. Tanzania's own contribution increased from 12% to 20% between 2000 and 2002, before falling back to 16% in 2003. Rwanda's contribution accelerated rapidly from 4% in 2000 to 26% in 2003.

<sup>21</sup> This is the largest part of the budget and consists largely of, a) wages for civil servants, military and police forces and teachers, b) interest payments on local and foreign debt and, c) Operations and maintenance, subsidies and transfers to state enterprises and local government.

Finally, Kenya and Uganda have become increasingly dependent on donor funding for development spending. Kenya's contribution from domestic resources fell from 55% to 40% and Uganda's from 63% to 37% between 2000 and 2003.

The extent of the region's donor dependence can also be seen in the chart above. Rwanda depended on external assistance for an average of 44% of its total annual expenditure, Uganda for 49%, Tanzania 35% and Kenya, 28%.

### 8.2.3 Foreign and Domestic Debt Profile (2003/4)

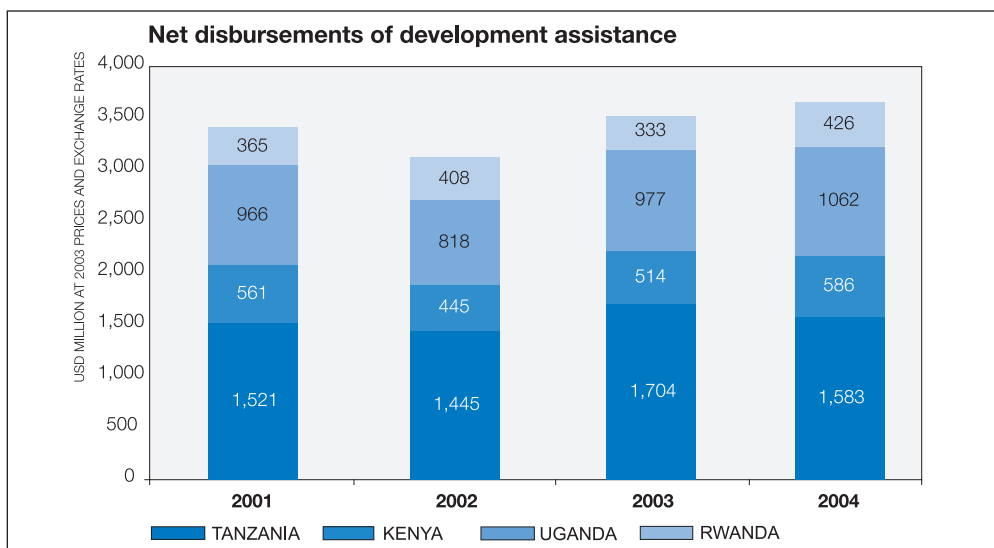


Source: Kasangaki, James V. *Public Finance in East Africa* (forthcoming)

The region's total debt stock in 2003/4 was \$23.8 billion with Kenya and Tanzania owing 38% and 35% of the total. Overall, 75% of the total debt (\$17.93 billion) was held externally. Kenyans held 67% (\$3.92 billion) of the region's \$5.8 billion domestic debt stock followed by Tanzanians who held 25% (\$1.49 billion) of it. In debt per capita terms, Kenya's was highest at \$237, followed by Tanzania (\$218), Uganda (\$124) and Rwanda (\$41).

The chart above may also shed light on why, unlike Kenya, Tanzania, Uganda and Rwanda were included in the Highly Indebted Poor Countries (HIPC) initiative, which resulted in the debt cancellation by the IMF, World Bank and the African Development Bank in 2005. The weight of foreign debt in these three countries ranged from 91% of total debt for Rwanda, 82% in Tanzania and 94% in Uganda. Kenya's foreign debt was 57% of its total debt stock.

### 8.3 Trends in Foreign Aid Disbursements <sup>22</sup>



Source: OECD, [www.oecd.org](http://www.oecd.org)

Between 2001 and 2004, the four countries received over \$13.70 billion in net disbursements of foreign aid. Tanzania took the largest share of this (46%, \$6.25 billion), followed by Uganda (28%, \$3.82 billion), Kenya (15%, \$2.10 billion) and Rwanda (11%, \$1.53 billion).

In 2004, Rwanda was the highest recipient of aid per person with \$49, followed by Tanzania (\$41), Uganda (\$38) and Kenya (\$18).

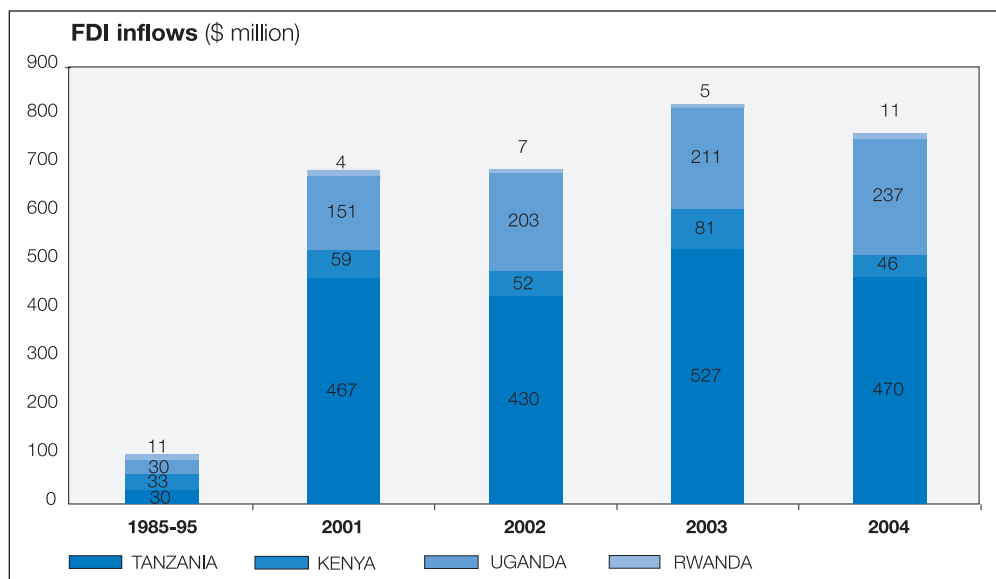
Aid levels in Kenya are relatively low in part because of donor country perceptions of a poor governance and accountability environment. However, the \$464 million in remittances received by Kenya in 2004 (see text box) was almost 80% of the \$586 million of net donor disbursements to that country in 2004.

Tanzania has been seen as a 'well performing recipient country', hence the high levels of aid, and Uganda has, until recently, also enjoyed 'star performer' status which explains the high levels of aid in proportion to its economy. 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 aid levels are lower than its neighbours, they are higher in proportion to the country's economy.

It is worth noting that the \$3.6 billion in foreign aid received by the region in one year (2004) alone was almost five times larger than the amount of foreign direct investment (FDI) inflows (\$0.764 billion) in the same year, and 125% larger than the \$2.96 billion of all FDI inflows into the region in the four years between 2001 and 2004.

<sup>22</sup>Source: <http://www.oecd.org>

## 8.4 Trends in Foreign Direct Investment (FDI)



Source: UNCTAD World Investment Report 2005

Total FDI inflows into the region have certainly increased from an average of just \$100 million annually in 1985-95 to over \$764 million in 2004 alone, and this was a reduction from the \$820 million received in 2003. Tanzania received the largest share (62%) of the \$764 million of FDI into the region in 2004, continuing a trend that started in the late 1990s and has been sustained to date. Uganda was next with 31% of the total, followed by Kenya (6%) and Rwanda (1%).

Investment into Tanzania was attracted primarily into the following five sectors: mining and quarrying; manufacturing; trade and tourism; agriculture; and transport and communications. In 1998, these sectors accounted for almost 83% of the stock of FDI in the country, a share which increased slightly to 85% by 2001.

A recent UNCTAD report notes that ‘Kenya has performed poorly in attracting FDI over the past decade and a half. [This] is generally associated with mis-governance and the neglect of basic production assets such as infrastructure for a period of over two decades, which greatly affected investors’ confidence. [But] lately Kenya has been doing better: FDI flows into the country increased from \$27.6 million in 2002<sup>23</sup> to \$81.7 million in 2003. Key sources of FDI in Kenya include Germany, the United Kingdom and the United States; leading sectors include banking, agriculture and food-processing<sup>24</sup>.’ However, Kenya’s migrants overseas seem to be an even more important source of financing for the country, through their remittances (see text box below).

### “Remittances dwarf aid, investment in Kenya”

Kenyans in the diaspora are contributing an equivalent of 3.8% of national income through remittances. In the year 2004, for instance, Kenyans living and working abroad remitted about Kshs 35 billion (US\$ 464 million), which overshadows the net foreign direct investment (FDI) of Kshs 3.6 billion (\$50.4 million) which accounted for 0.41% of the country’s gross domestic product. ...[A] recent World Bank Research Study, *International Migration, Remittances and the Brain*

<sup>23</sup> UNCTAD’s Kenya Country Fact Sheet reports inflows of \$52 million in 2002.

<sup>24</sup> UNCTAD (July 2005), *An Investment Guide to the East African Community: Opportunities and Conditions*

Drain co-edited by Caglar Ozden and Maurice Schiff...estimated that remittances reduced the number of people living in absolute poverty in Kenya. Further, migration relieves labour market pressures by reducing unemployment and increasing domestic wages. "This effect may however be minor in Kenya since only a small share of the labour force (about 15 percent) is in formal wage employment, with many of them employed in the public sector."

Source: *The East African*, February 20-26, 2006, p. 22

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 (p. 18).' This partly explains why the share of industry in Uganda's GDP increased from 10% in 1980 to almost 19% in 2003.

Foreign direct investment inflows into Rwanda have been relatively modest. Annual FDI inflows were \$16 million in 1980, but they do not seem to have returned to those levels yet. Between 2000 and 2004, average annual FDI inflows were \$7 million and were very likely due to the country's privatization programme. In 2004, Rwanda received \$11 million in FDI, most of it from the privatization of two banks. The sale in 2005 of Rwandatel for \$20 million may have been the largest injection of FDI into the country since 1980<sup>25</sup>.

Notwithstanding the much lower levels of FDI attracted into the country compared with her neighbours, Kenya is the leading source of intra-regional foreign investment. The table below shows the Kenya-based companies that had investments in Tanzania and Uganda in 2002, while no intra-regional investments from the other countries in the region were reported.

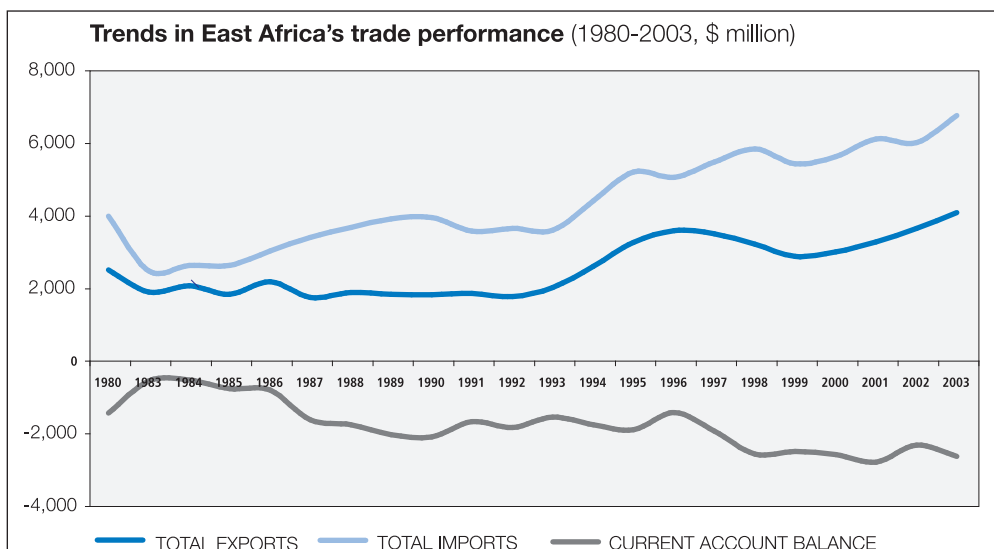
Company Name	Host Economy	Industry	Sales (\$ m)	Employees (no.)
<b>A. Industrial</b>				
Kibo Breweries	Tanzania	Beverages	304.4	250
Uganda Breweries	Uganda	Beverages	328.3	1,000
General Mouldings	Uganda	Plastics	0.1	45
Treadsetters Tyres (T)	Tanzania	Rubber	...	125
Uganda Grain Milling Co.	Uganda	Food	...	120
Elvira Mineral Water Company	Tanzania	Beverages	...	30
<b>B. Tertiary</b>				
Transpaper	Uganda	Trade	2.0	35
Service and Computer Industries	Tanzania	Trade	0.7	33
Car & General (U)	Uganda	Trade	0.3	18
The Cooper Motor Corporation (Uganda)	Uganda	Trade	0.2	80
Lonrho Motors Uganda	Uganda	Trade	...	52
C Mehta and Company Tanzania	Tanzania	Trade	...	20
Car & General (Tanzania)	Tanzania	Trade	...	...
<b>C. Finance &amp; Insurance</b>				
Trust Bank Tanzania	Tanzania	Finance	...	90
Diamond Trust Bank Tanzania	Tanzania	Finance	...	45

Source: UNCTAD *World Investment Report 2005, Country Profiles: Kenya, Uganda, Tanzania, Rwanda*

<sup>25</sup>Economist Intelligence Unit (EIU), Rwanda Country Report 2005

## 8.5 Volume and Direction of Trade

### 8.5.1 Overall Trade Trends



Source: African Development Bank, *Selected Statistics on African Countries 2005 Vol XXIV*

The region's total annual exports have almost doubled from \$2.3 billion in 1980 to over \$4.0 billion in 2003. Annual imports have grown \$3.95 billion to \$6.71 billion during the same period, and the region's annual trade deficit widened from \$1.4 billion to \$2.6 billion. The region's total exports in 2003 were slightly larger than the \$3.4 billion of foreign aid received during that year.

The region's major trading partner is the European Union which took approximately 30% of the region's exports and supplied 25% of its imports in 2003. The region's imports also come from Asia and the Middle East, which each supplied approximately 20% of the total<sup>26</sup>.

Kenya is the region's largest trader, accounting for 60% of the region's exports and 53% of its imports in 2003, a trend that has changed little since the 1980s. Tanzania's share was 25% of both exports and imports. Uganda exports were 14% and imports were 19% of the total, and Rwanda contributed 2% of exports and 4% of imports.

### 8.5.2 Major Exports and Imports (2004)

The region's major exports and imports by commodity and value for 2004 are shown in the table below.

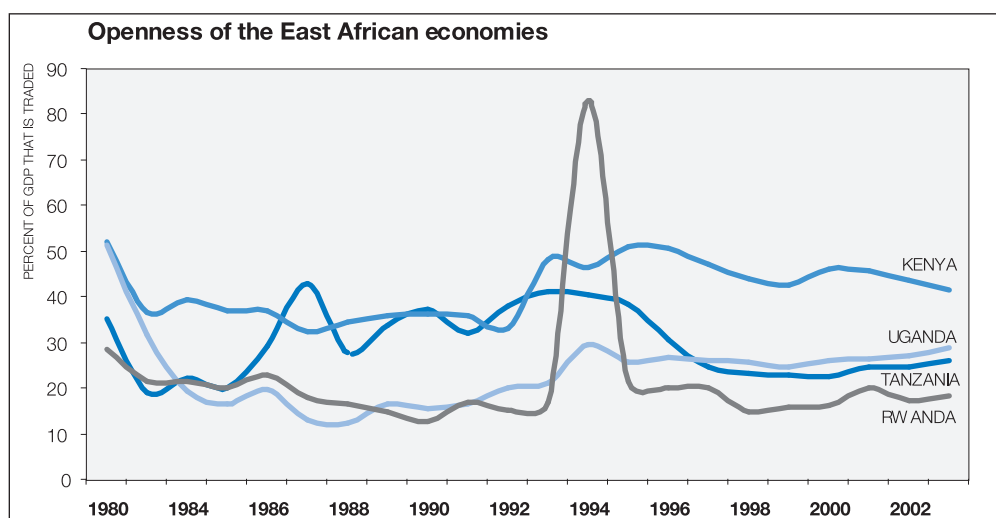
Country	Principal Exports (2004)	\$ m	Principal Imports (2004)	\$ m
Tanzania	Gold	526	Consumer goods	549
	Coffee	75	Machinery	500
	Cotton	49	Industrial raw materials	250

<sup>26</sup>The World Bank (2005), East Africa Trade and Transport Facilitation Project Appraisal Document Report No: 34178-AFR, p. 42

Kenya	Horticulture	499	Industrial supplies	1,378
	Tea	456	Machinery & equipment	651
	Coffee	88	Consumer goods	331
	Fish	53	Food & beverages	182
Uganda	Coffee	123	Machinery & transport equip.	492
	Fish	102	Chemicals & plastics	194
	Cotton	39	Mineral fuels	175
Rwanda	Tea	36	Basic manufactures	91
	Coffee	28	Consumption goods	134
	Tea	26	Intermediate goods	44
	Cassiterite & Tin	13	Capital goods	41
	Coltan	11	Energy	41
<b>TOTAL</b>		<b>2,124</b>		<b>5,053</b>

Source: EIU 2005

### 8.5.3 Openness of the Economies



Given that Kenya is the region's largest economy and its biggest trader, it is to be expected that it is also the most open as measured by the share of GDP that is traded. Between 2000 and 2003, Kenya traded an average of 44% of its GDP, compared with Uganda's 27%, Tanzania's 24% and Rwanda's 18%<sup>27</sup>.

The steady opening up of Uganda's economy is apparent in the chart above, and in 1997, it overtook Tanzania in terms of openness. Another interesting trend is the apparent decline in the share of Kenya's GDP that is traded from over 50% in 1996 to 42% in 2003. This could be explained in part by Kenya's relatively weak economic growth performance of 1.8% annual growth during this period.

<sup>27</sup> The spike in Rwanda's measure of openness in 1994 is due to the fact that the country's GDP shrank by 50% while total trade expanded by over 86%, driven by a massive increase in the value of recovery related imports.

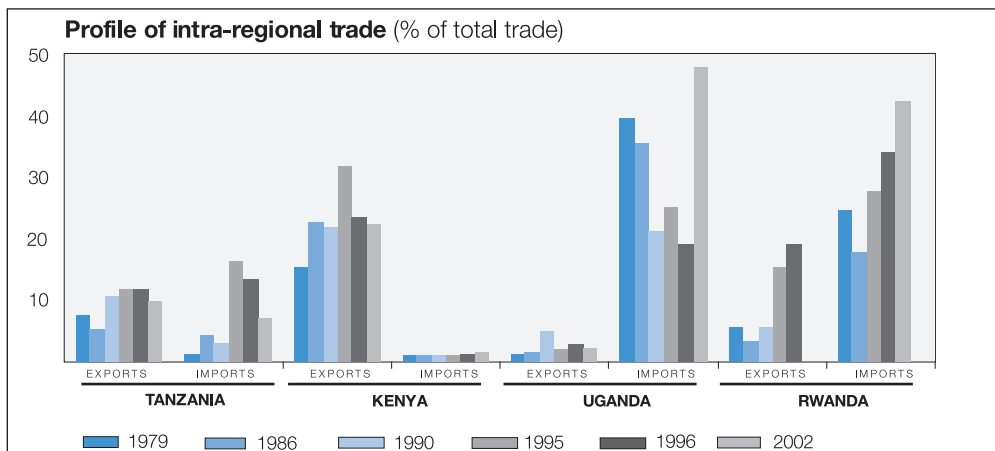


8.5.4 Intra-Regional Trade



Source: International Monetary Fund (IMF)

The chart above shows a steady increase in the share of intra-regional trade between 1979 and 1995, followed by a decline in 1996 and a small rise in 2002. The share of intra-regional exports increased from under 10% in 1979 to almost 18% of the region’s total trade in 2002, while intra-regional imports have seen a more modest rise from 6% to 10% during the same period.



Source: International Monetary Fund (IMF)

The pattern of intra-regional trade and the importance of this market to individual countries are clearly illustrated in the chart above. Kenya is the largest exporter to the region with the East African market accounting for an average of 23% of its exports. Both Tanzania and Rwanda send approximately 10% of their total exports to the regional market, while Uganda sends just 2.5% to the region.

Uganda is the largest market for intra-regional trade as it sources about 32% of its imports from the region, mostly from Kenya. The World Bank estimates that 80% of the transit traffic that is offloaded in Mombasa (some 2.89 million tonnes in 2004) is destined for Uganda<sup>28</sup>. Rwanda is the second major market, with almost 30% of its imports being sourced from the region. Both

<sup>28</sup> The World Bank (2005), East Africa Trade and Transport Facilitation Project Appraisal Document Report No: 34178-AFR, p. 46

countries are land-locked and depend heavily on the ports of Mombasa and Dar es Salaam. Tanzania intra-regional trade is almost balanced, with some 7.6% of imports coming from the region. However, Kenya sources very little from the region, about 1% of its imports. To summarise the pattern of intra-regional trade, Kenya exports, Uganda and Rwanda import and Tanzania's relationship with the region is more or less balanced.

## 8.6 Competitiveness and Economic Freedom Rankings

Rankings of national economic competitiveness and freedom can be contentious since they attempt to reduce complex country-specific circumstances to a limited number of indicators. Often these indicators include the perceptions of small numbers of key informants collected in periodic surveys. However, these rankings remain important because they inform the decisions made by investors and policy-makers on the form (direct investment, trade or development assistance) and extent of engagement with a particular country. These decisions can have far-reaching implications for the relevant countries.

### 8.6.1 Economic Competitiveness Rankings

Competitiveness was usefully defined by Castells (1996) as 'the degree to which [a nation] can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously expanding the real incomes of its citizens'<sup>29</sup>. The World Economic Forum's Global Competitiveness Report 1998 amplified the description by suggesting that competitiveness derives from the combination of a country's assets, either inherited (e.g., natural resources) or created (e.g., infrastructure, human capital) and the processes (e.g., manufacturing) that transform them into economic results and which meet with the test of the international market.<sup>30</sup>

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 71st out of 117 countries surveyed, ahead of Uganda (87th place) and Kenya (92nd). Tanzania also improved its position by 11 places from 2004, whereas the other two countries saw their positions worsen by eight (Uganda) and 14 (Kenya) places<sup>31</sup>.

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<sup>32</sup>. Tanzania also ranked first among surveyed countries in the 'improvement index' and second in the 'optimism index,' a strong indication of investors positive sentiments regarding the country.

### 8.6.2 Economic Freedom Rankings

Economic freedom is defined by the Heritage Foundation, which has been producing an annual survey since 1995 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.'<sup>33</sup> The four broad categories of economic freedom in the index are:

- Free: countries with an average overall score of 1.95 or less
- Mostly Free: countries with an average overall score of 2.00 to 2.95

<sup>29</sup> Castells, Manuel (1996), *The Information Age: Economy, Society and Culture* Blackwell Publishers

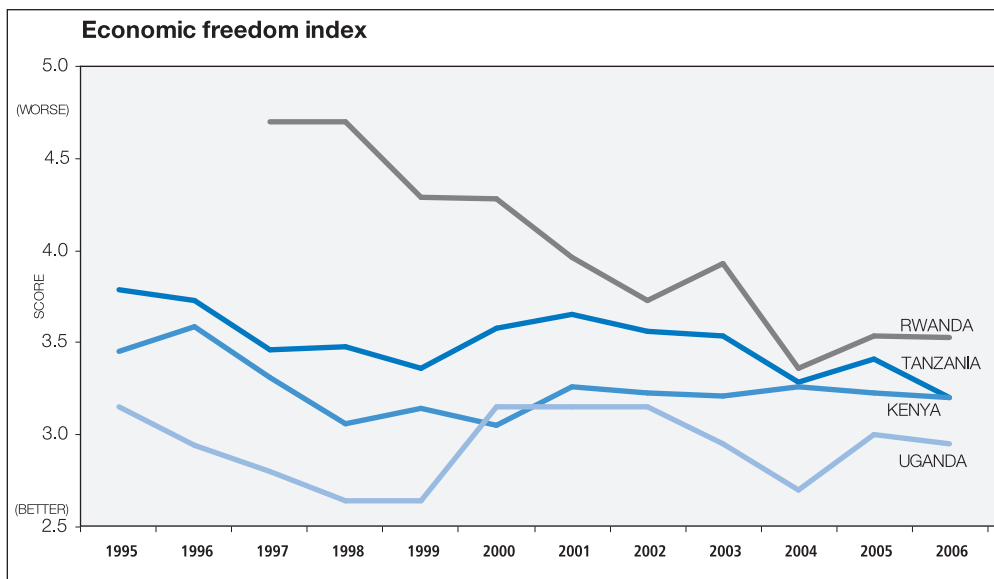
<sup>30</sup> World Economic Forum (1998), *Global Competitiveness Report 1998*. Oxford University Press

<sup>31</sup> Tanzania now most competitive.' *The Citizen*, September 29, 2005

<sup>32</sup> World Economic Forum/Centre for International Development (2001), *The Africa Competitiveness Report 2000/2001*. Oxford University Press

<sup>33</sup> See [http://www.heritage.org/research/features/index/chapters/pdfs/Index2006\\_Cap5.pdf](http://www.heritage.org/research/features/index/chapters/pdfs/Index2006_Cap5.pdf)

- Mostly Unfree: countries with an average overall score of 3.00 to 3.95
- Repressed: countries with an average score of 4.00 or higher



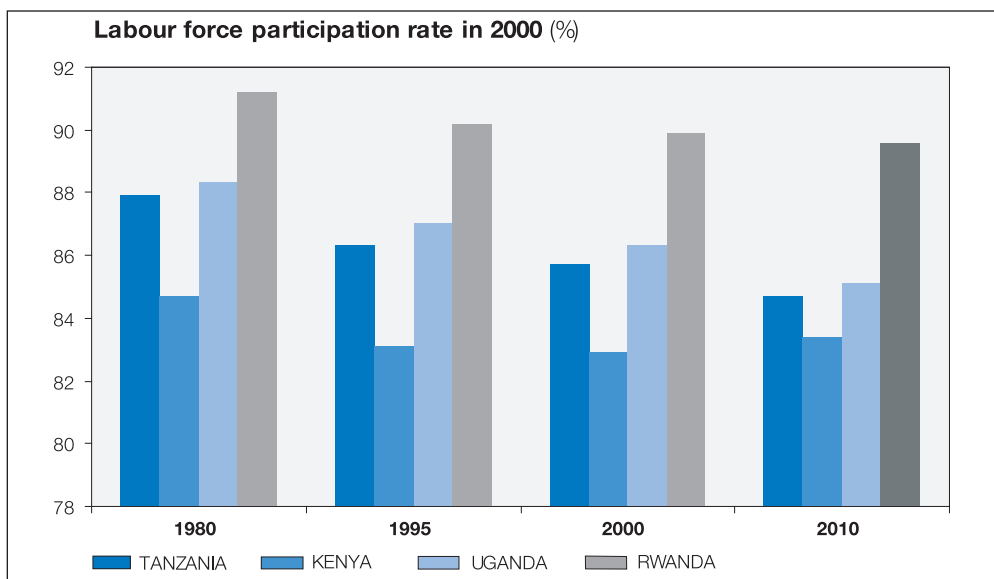
Source: The Heritage Foundation 2006

The chart above shows an improving economic freedom index score for all four countries from 1995 to 2006. Indeed, perceptions about Rwanda changed from it being viewed as a ‘repressed’ to a ‘mostly unfree’ country in 2001. However, with the exception of Uganda, which moved into the ‘mostly free’ category between 1996 and 1999 and was back there again from 2003, Kenya, Tanzania and Rwanda have remained in the ‘mostly unfree’ category.

## 8.7 Key Points

- Regional economies are undergoing structural change, with growth being seen in the service sector while industry shrinks in all countries with the exception of Uganda.
- Economic policy regimes have converged as demonstrated by the convergence of regional inflation rates in both volatility and level to below double digits.
- Fiscal imbalances remain, with no government being able to sustainably finance recurrent spending from domestic revenues. Donors are needed to finance between 28% and 50% of individual country budgets each year.
- While Tanzania has attracted the lion’s share of foreign direct investment in the region, mostly into its mining sector, Kenya is the largest intra-regional investor.
- Exports are growing, but slower than imports, thus widening the trade deficit. In 2004, for example, the total receipts from the region’s principal exports - all of which are primary commodities - could pay for just over 40% of the region’s primary imports - mostly manufactured goods and industrial raw materials. Intra-regional trade is growing, but remains relatively small.
- External sentiment about the region’s prospects seems to be cautiously optimistic. Tanzania’s competitiveness ranking continues to rise relative to her neighbours and the degree of economic freedom seems to be increasing overall.

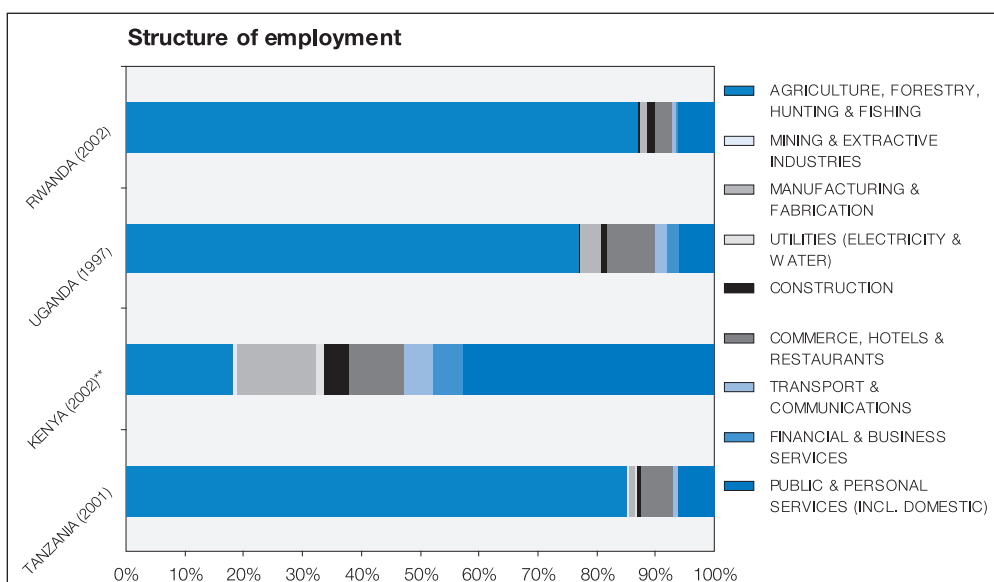
### 9.1 Labour Force Participation Rate



Source: International Labour Office (ILO)

In 2000, the labour force participation rate was highest in Rwanda with 90%, followed by Uganda (86.3%) and Tanzania (85.7%). It was the lowest in Kenya with 83%. The number of employed people in each country was 15.5 million in Tanzania (2001), 8.6 million in Uganda (1997) and almost 3.4 million in Rwanda (2002). Kenya reported some 1.7 million wage earners in 2002<sup>34</sup>.

### 9.2 Structure of Employment



Source: Statistical Abstracts (various years), Governments of Tanzania, Kenya, Uganda, Rwanda

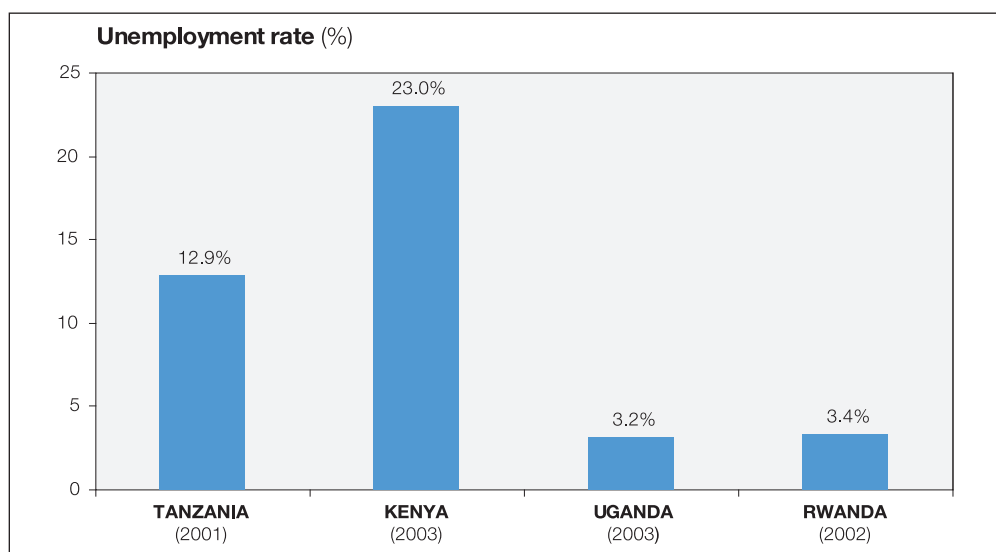
<sup>34</sup>Kenya's data reported only 'wage employment' and excludes the informal sector, the self-employed, unpaid family help and rural small scale agriculture and pastoralists.

The structure of employment summarised above demonstrates how important the agricultural sector is to employment in the region. It accounted for over 85% of employment in Tanzania (2001) and Rwanda (2002) and approximately 77% in Uganda (1997). Most of those employed in this sector are subsistence crop and livestock farmers.

Kenya's wage earners are primarily in the public service (over 40%), as noted by the World Bank study mentioned in an earlier text box. However, the fact that almost 20% of all wage earners (over 300,000 people) are employed in agriculture is probably an indication of the country's relatively more developed commercial agricultural sector compared with her neighbours. 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 her neighbours where these sectors employ comparatively fewer people.

### 9.3 Unemployment



Source: Labour Surveys (various years), Governments of Tanzania, Kenya, Uganda and Rwanda

The unemployment rates in the region vary widely, from 3.2% in Uganda<sup>35</sup> to 23% in Kenya<sup>36</sup>. They may not in actual fact be directly comparable due to differences in definition, measurement and survey years, but they imply that Uganda and Rwanda have a smaller unemployment problem compared with Tanzania and Kenya. The fact that Uganda and Rwanda also have the lowest rates of urbanisation in the region, and Kenya the highest, suggests that there may be a strong correlation between the rate of urbanisation 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.

<sup>35</sup>Source: Uganda 2002/03 Labour Force Survey

<sup>36</sup>Chune, Noah C (Research Economist, Central Organisation of Trade Unions, Kenya), Highlights of Labour Market Conditions in Kenya (December 2003) - <http://www.gpn.org/data/kenya/kenya-analysis.pdf>. The CIA World Fact Book 2005 reports an unemployment rate of 40% in 2003 for Kenya.

## 9.4 Informal Sector Employment

There are also challenges in obtaining comparable data on informal sector employment. None was readily available for Rwanda. It was also not possible to obtain published official estimates for Uganda, but an ILO paper notes that,

‘The informal sector is by far the most important employer in Uganda. It is estimated that there are more than 800,000 informal MSEs 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.’<sup>37</sup>

In Tanzania, official estimates show that the number of people employed in the informal sector has dropped from 2.36 million in 1990<sup>38</sup> to 1.43 million in 2001<sup>39</sup>. The ILO noted that for 1990-91,

‘Outside agriculture, the informal sector is by far the most important employer: a national survey in 1990-91 showed that 2.4 million people were employed by this sector, of which 40 per cent were in the urban areas. That is more than all the jobs provided by the country’s formal sector (i.e. government, parastatals and formal private enterprises). Most of the informal sector employment is self-employment (75 per cent).’<sup>40</sup>

Kenya’s informal sector jobs increased from approximately 3.0 million in 1998 to over 5.1 million in 2002.

‘In 1998, the informal sector...was estimated to employ almost 3 million people or 63.5 per cent of the labour force...and without doubt has continued to expand since.’<sup>41</sup>

The informal sector is clearly the most important source of non-agricultural jobs and livelihoods in Tanzania, Kenya and Uganda, and its growth seems to be linked very closely to the rate of urbanisation in these countries.

## 9.5 Key points

- The agricultural sector which accounts for no more than 45% of the economy in any country provides almost 90% of the employment in most countries in the region.
- The informal sector is the most important provider of non-agricultural employment in the region.

<sup>37</sup> Haan, Hans Christiaan, Training for Work in the Informal Sector: New evidence from Kenya, Tanzania and Uganda, ILO Informal Economy Series: <http://www.ilo.org/public/english/employment/skills/informal/pub/> accessed on Feb 19, 2006

<sup>38</sup> Ibid, Table 8, p. 39

<sup>39</sup> GoT (2003), Integrated Labour Force Survey 2000/01.

<sup>40</sup> Haan, op. cit., p. 38

<sup>41</sup> Haan, op. cit., p. 14

## 10.1 Political and Institutional Structure

	<b>TANZANIA</b>
OFFICIAL NAME	UNITED REPUBLIC OF TANZANIA
FORM OF STATE	REPUBLIC, FORMED BY THE 1964 UNION OF TANGANYIKA AND ZANZIBAR
INDEPENDENCE	DECEMBER 9, 1961
ADMINISTRATIVE DIVISIONS	26 REGIONS
CONSTITUTION AND LEGAL SYSTEM	BASED ON ENGLISH COMMON LAW, THE 1977 UNION AND 1985 ZANZIBAR CONSTITUTIONS AS AMENDED
SUFFRAGE	UNIVERSAL ADULT (18 YEARS)
LATEST NATIONAL ELECTIONS	DECEMBER 2005 (PRESIDENTIAL AND LEGISLATIVE); NEXT ELECTIONS DUE IN 2010
WOMEN IN PARLIAMENT	97 WOMEN OF 319 MPS (30.41%)  75 RESERVED SEATS
HEAD OF STATE	THE PRESIDENT, ELECTED BY UNIVERSAL SUFFRAGE TO A FIVE-YEAR TERM, RENEWABLE ONLY ONCE
EXECUTIVE BRANCH	PRESIDENT: JAKAYA KIKWETE VICE-PRESIDENT: ALI MOHAMED SHEIN PRIME MINISTER: EDWARD LOWASSA PRESIDENT OF ZANZIBAR: AMANI KARUME
LEGISLATIVE BRANCH	NATIONAL ASSEMBLY WITH 323 MEMBERS, 232 ELECTED DIRECTLY
PARTIES IN PARLIAMENT (MOST RECENT ELECTION) <sup>43</sup>	CHAMA CHA MAPINDUZI (CCM); CIVIC UNITED FRONT (CUF); CHAMA CHA DEMOKRASIA NA MAENDELEO (CHADEMA); UNITED DEMOCRATIC PARTY (UDP); TANZANIA LABOUR PARTY (TLP)
JUDICIAL BRANCH	COURT OF APPEAL, HIGH COURT, DISTRICT COURTS, PRIMARY COURTS
CENTRAL BANK GOVERNOR	DAUDI BALLALI

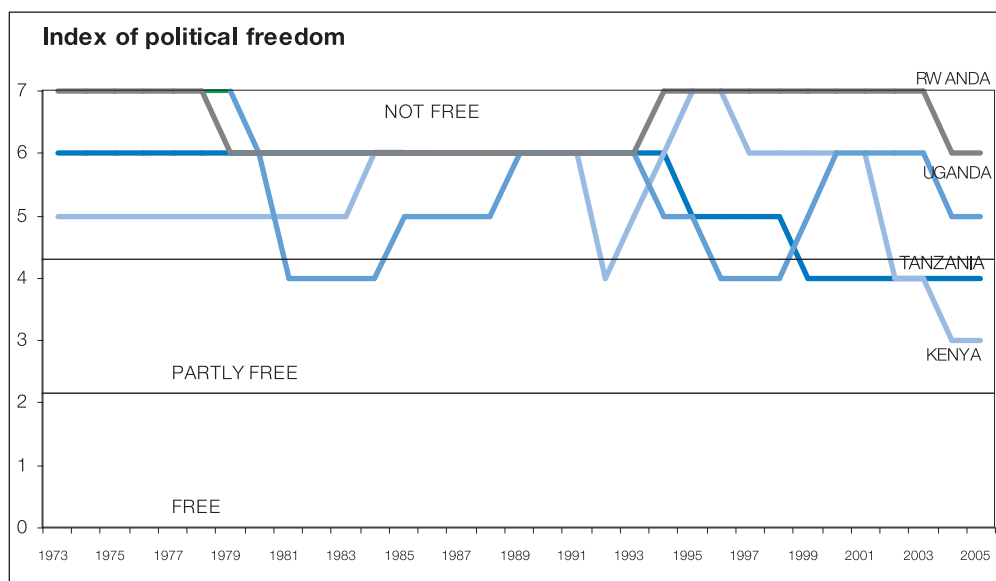
<sup>42</sup>Sources: EIU, CIA World Fact Book 2005, [www.quotaproject.org](http://www.quotaproject.org) (for information on women in parliament); [www.parliament.co.tz](http://www.parliament.co.tz)

<sup>43</sup> See: <http://africanelections.tripod.com>

	KENYA	UGANDA	RWANDA
	REPUBLIC OF KENYA	REPUBLIC OF UGANDA	REPUBLIQUE RWANDAISE
	REPUBLIC	REPUBLIC	UNITARY REPUBLIC
	DECEMBER 12, 1963	OCTOBER 9, 1962	JULY 1, 1962
	8 PROVINCES	56 DISTRICTS	12 PROVINCES
	BASED ON KENYAN STATUTORY LAW, KENYAN AND ENGLISH COMMON LAW	LEGAL SYSTEM RESTORED TO ONE BASED ON ENGLISH COMMON LAW AND CUSTOMARY LAW IN 1995	BASED ON BELGIAN LAW AND A NEW CONSTITUTION ADOPTED ON JUNE 4, 2003
	UNIVERSAL ADULT (18 YEARS)	UNIVERSAL ADULT (18 YEARS)	UNIVERSAL ADULT (18 YEARS)
	DECEMBER 2002 (PRESIDENTIAL AND LEGISLATIVE); NEXT ELECTIONS DUE IN 2007	FEBRUARY 2006 (PRESIDENTIAL AND LEGISLATIVE); NEXT ELECTION DUE IN 2011	AUGUST 2003 (PRESIDENTIAL), SEP-OCT (LEGISLATIVE); NEXT ELECTIONS DUE IN 2010
	15 WOMEN OF 222 MPS (6.75%)  <i>PRESIDENT NOMINATES 12 MPS OF WHICH 6 HAVE HISTORICALLY BEEN RESERVED FOR WOMEN</i>	75 WOMEN OF 304 MPS (24.7%) IN THE 7TH PARLIAMENT ELECTED IN 2001  <i>56 RESERVED SEATS</i>	A) LOWER HOUSE: 39 WOMEN OUT OF 80 MPS, (48.8%). B) UPPER HOUSE (APPOINTED): 6 WOMEN OUT OF 20 MEMBERS (30%)
	THE PRESIDENT, ELECTED BY UNIVERSAL SUFFRAGE TO A FIVE-YEAR TERM, RENEWABLE ONLY ONCE	THE PRESIDENT, ELECTED BY UNIVERSAL SUFFRAGE TO A FIVE-YEAR TERM, NO TERM LIMITS	THE PRESIDENT, ELECTED BY UNIVERSAL SUFFRAGE TO A SEVEN-YEAR TERM, RENEWABLE ONLY ONCE
	PRESIDENT: MWAI KIBAKI VICE-PRESIDENT: MOODY AWORI	PRESIDENT: YOWERI MUSEVENI PRIME MINISTER: APOLLO NSIBAMBI	PRESIDENT: PAUL KAGAME PRIME MINISTER: BERNARD MAKUZA
	NATIONAL ASSEMBLY WITH 224 MEMBERS, 210 ELECTED DIRECTLY	NATIONAL ASSEMBLY WITH 305 MEMBERS, 214 ELECTED DIRECTLY	NATIONAL ASSEMBLY WITH 80 MEMBERS, 53 ELECTED DIRECTLY; SENATE WITH 24 MEMBERS
	FORD-PEOPLE; KENYA AFRICAN NATIONAL UNION (KANU); NATIONAL RAINBOW COALITION (NARC); SAFINA SISI KWA SISI; FORD-ASILI, SHIRIKISHO PARTY OF KENYA	CONSERVATIVE PARTY (CP); DEMOCRATIC PARTY (DP) FORUM FOR DEMOCRATIC CHANGE (FDC); JUSTICE FORUM (JEEMA); NATIONAL DEMOCRATS FORUM; NATIONAL RESISTANCE MOVEMENT (NRM); UGANDAN PEOPLE'S CONGRESS (UPC)	RWANDA PATRIOTIC FRONT (RPF); PARTI LIBERAL (PL); PARTI SOCIAL DEMOCRATE (PSD)
	COURT OF APPEAL, HIGH COURT	COURT OF APPEAL, HIGH COURT	SUPREME COURT, HIGH COURTS OF THE REPUBLIC, PROVINCIAL COURTS, DISTRICT COURTS MEDIATION COMMITTEES
	ANDREW MULLEI	EMMANUEL TUMUSIIME-MUTEBILE	FRANCOIS KANIMBA



## 10.2 Index of Political Freedom



Source: Freedomhouse.org

The Freedom in the World survey, developed by the non-governmental organization, Freedom House, has been carried out annually since 1972. The methodology of the survey is based on the Universal Declaration of Human Rights. Freedom is defined as,

‘[The] opportunity to act spontaneously in a variety of fields outside the control of the government and other centres of potential domination...Political rights enable people to participate freely in the political process, including through the right to vote, compete for public office, and elect representatives who have a decisive impact on public policies and are accountable to the electorate<sup>44</sup>.’

The chart above summarizes the degree of political freedom within individual countries in the region. All four countries in the region found themselves in the ‘not free’ zone for most of the 1970s and 1980s.

Rwanda has not moved out of this zone at all since 1973. Uganda’s trend reflects the volatility that has been a feature of the country’s political history. The country shifted into the ‘partly free’ zone in the early 1980s and again in the mid-1990s, but has remained in the ‘not free’ zone for most of the past two decades. Kenya’s index has also been fairly volatile since the early 1990s, but it moved into the ‘partly free’ zone in 2002 and has stayed there to-date. Tanzania seems to have made steady progress with no reversals towards political freedom and achieved a ‘partly free’ status in 1995, which it has maintained since then.

<sup>44</sup> For a detailed explanation of the methodology underlying the measures of political freedom, see [http://www.freedomhouse.org/publications/freedom in the world/methodology](http://www.freedomhouse.org/publications/freedom%20in%20the%20world/methodology).

### 10.3 Press Freedom Ranking (2005)<sup>45</sup>

Rank	Country	Rating	Status
13	Uganda	44	Partly free
17	Tanzania	51	Partly free
25	Kenya	61	Not free
44	Rwanda	84	Not free

Freedom House also ranks the degree of press freedom. In 2005, Uganda ranked 13th in Africa and first in the region on this score with a ‘partly free’ status. This status was not consistent with its political freedom status of ‘not free’. The assessment noted that notwithstanding tough national security laws and media registration requirements, ‘independent media outlets, including more than two dozen daily and weekly newspapers as well as a growing number of private radio and television stations, are often highly critical of the government and offer a range of opposition views.’

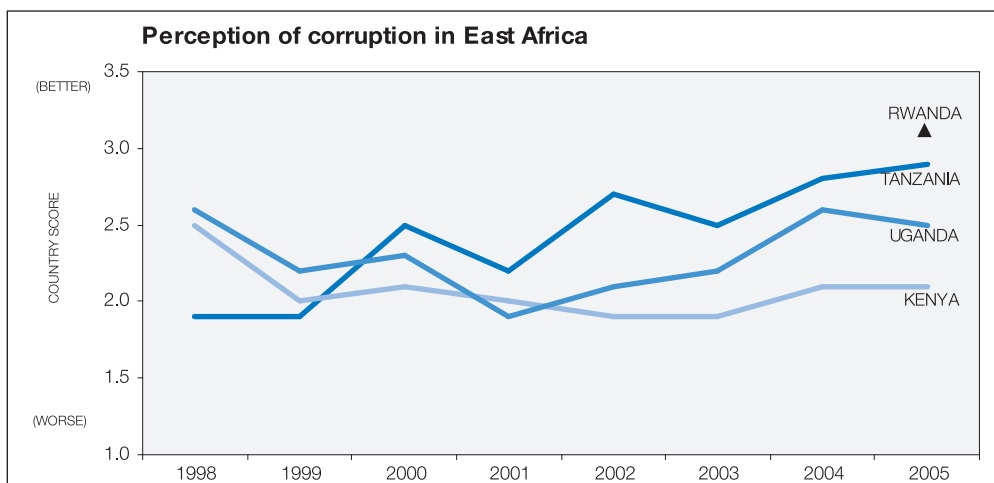
Tanzania was ranked 17th in Africa and its press freedom environment for 2005 was ‘partly free,’ which was consistent with its political freedom status. The assessment highlighted Zanzibar’s ‘separate and more restrictive media policies [in which] journalists must be licensed and the state tightly controls the broadcast media’ and the indefinite banning of an independent private newspaper.

Kenya’s 25th place ranking and ‘not free’ status did not match its ‘partly free’ political freedom status. It was due to ‘a government crackdown on the tabloid presses at the start of the year (2004) and the administration’s failure to liberalise the country’s draconian media laws.’ The assessment also noted that Kenya’s constitution ‘does not explicitly guarantee press freedom’ but that Section 79 does guarantee citizens freedom of expression. The authorities were said to ‘routinely’ exercise broad interpretation of various laws to restrict the press.

Rwanda is assessed as being ‘not free’ and was ranked 44th in Africa in 2005. Freedom House noted in its analysis that ‘citing the contentious and provocative role of certain media outlets during the 1994 genocide, the present government sharply restricts the ability of the media to operate freely, leaving a handful of independent newspapers struggling to survive.’ It did note also that a precedent-setting trial against a news outlet for ethnic ‘divisionism’ and defamation ended in an acquittal for the former charge and light fines for the latter, ‘a decision that raised hopes for greater press freedom.’

<sup>45</sup>Rankings and country-specific excerpts are from [www.freedomhouse.org](http://www.freedomhouse.org) accessed on February 1, 2006

## 10.4 Corruption Perceptions Index

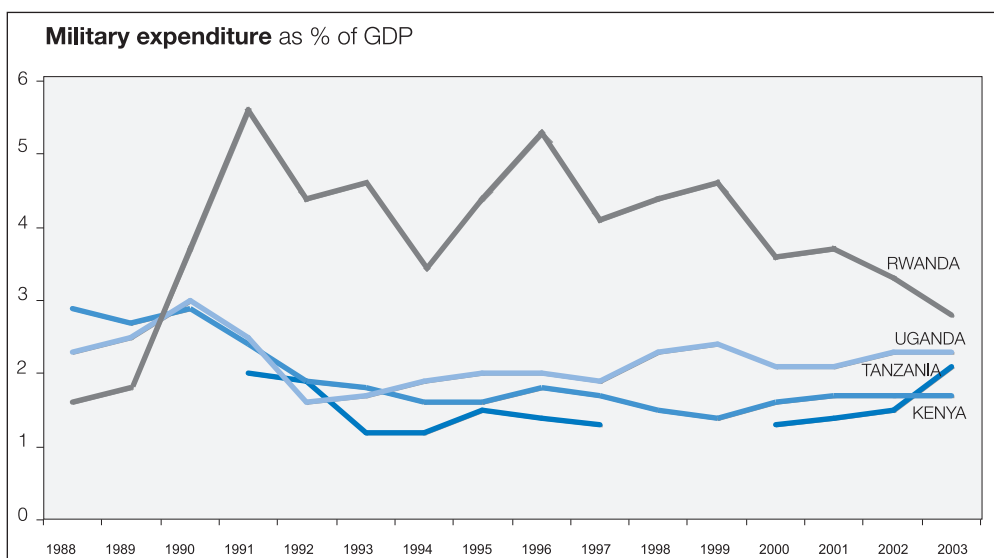


Source: Internet Centre for Corruption Research

Transparency International’s Corruption Perceptions Index (CPI) summarises the perception of corruption obtained in a series of at least three independent surveys. The trend from 1998 to 2005 has seen Kenya’s score decline steadily while that of Uganda has been recovering lately after a decline between 1998 and 2001. Tanzania’s score has improved gradually and Rwanda, in its first appearance on the index, achieved the highest score (3.1) in the region in 2005.

## 10.5 Military and Conflict<sup>46</sup>

### 10.5.1 Military Expenditure



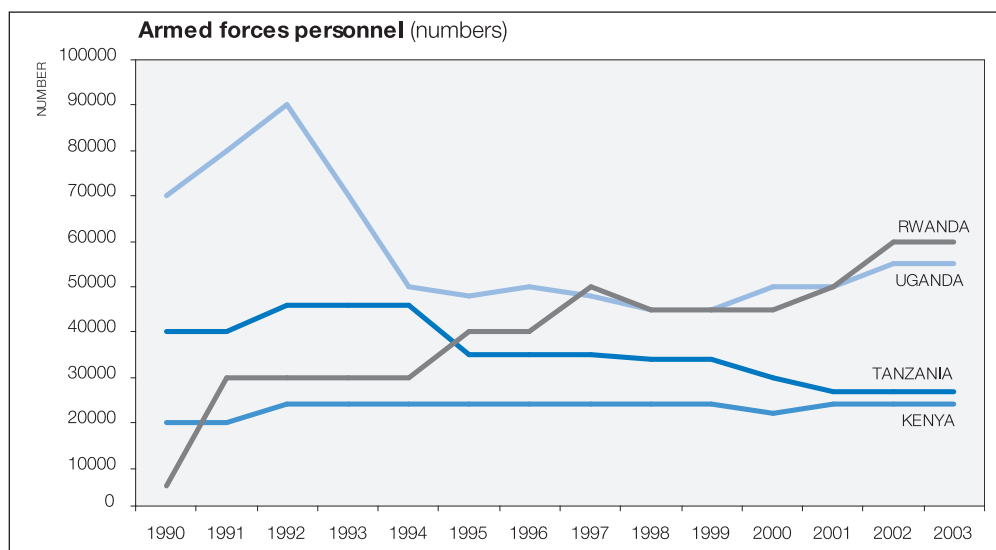
Source: Stockholm International Peace Research Institute (SIPRI)

<sup>46</sup>All data in this section was obtained from the Stockholm International Peace Research Institute (SIPRI)

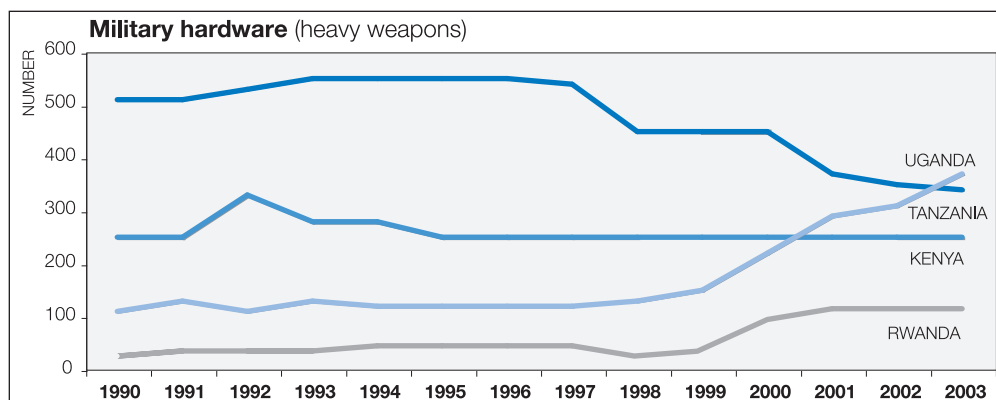
Available data shows that the region spent \$770 million on its military in 2004, up from \$478 million in 1988. The average annual military expenditure between 2000 and 2004 was highest in Kenya (\$230 million) followed by Tanzania (\$186 million), Uganda (\$136 million) and Rwanda (\$51 million).

However, as the chart above shows, Rwanda spent the highest proportion of its GDP on its military (2.8%) in 2003, but the trend has been downward since 1996. Rwanda was followed by Uganda (2.3% of GDP), Tanzania (2.1%) and Kenya (1.7%). Kenya is able to outspend its neighbours in absolute terms, and at a lower cost to its larger economy.

### 10.5.2 Armed Forces and Armaments



Source: Stockholm International Peace Research Institute (SIPRI)

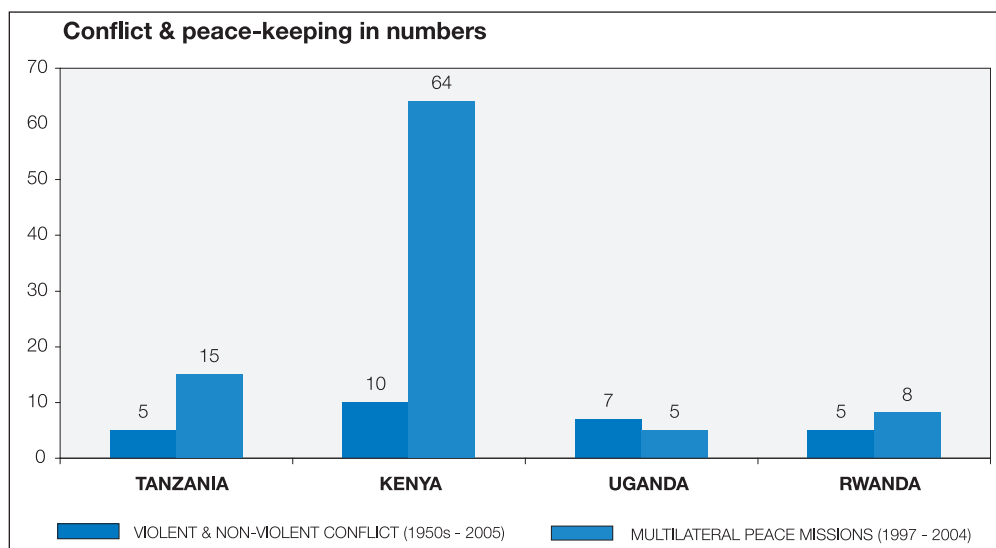


Source: Stockholm International Peace Research Institute (SIPRI)

The two smaller regional countries have the largest armies in terms of personnel, as is shown in the top panel above. Rwanda had 60,000 and Uganda had 55,000 armed forces personnel in 2003. The combined armies of Kenya and Tanzania with a total of 51,000 soldiers were smaller than either. While Uganda has reduced the size of its army from 90,000 in 1992 to current levels, Rwanda has doubled its forces from the 1991-94 level of 30,000 to the current 60,000 people.

In terms of military hardware<sup>47</sup>, Uganda seems to have replaced armed forces personnel with heavy weapons by more than tripling the number of these weapons from 110 in 1992 to 370 in 2003. Rwanda has also almost quadrupled its holdings of heavy weapons from 30 in 1992 to 110 in 2003. Kenya has maintained its holdings at 250 units for almost a decade, while Tanzania reduced it from 550 units in 1994 to 340 units in 2003.

### 10.5.3 Conflict and Peace-Keeping



Source: Stockholm International Peace Research Institute (SIPRI)

There have been a total of 27 violent and non-violent conflicts in the region between 1952 and 2004. Kenya has had 10 conflicts, ranging from the Mau Mau struggle through the Somali Shifita conflicts and disputes with Ethiopia in the 1960s and 1970s, two border disputes with Uganda in the 1980s to the internal clashes in the Rift Valley and on the coast in the 1990s.

Uganda's seven conflicts include its border disputes with Kenya, the invasion of and subsequent war with Tanzania in 1979, the civil war which ended in 1986, and the ongoing rebel war in the north of the country which at various times involved Sudan.

Rwanda's five violent conflicts have been almost entirely internal and based on ethnicity. They include the various massacres in 1958, 1964 and 1967, leading up to the civil war in the 1990s that preceded the genocide in 1994, and subsequent government action against the Interahamwe.

In Tanzania, the Zanzibar revolution of 1964 and violent post-election clashes in 2001 feature alongside the war with Uganda and a non-violent border dispute with Malawi.

The region has also supported peacekeeping missions around the world 92 times between 1997 and 2004. These missions have involved peacekeeping, observer, verification and monitoring activities in countries from Afghanistan to Haiti internationally, as well as from Angola to Sierra Leone on the African continent. Kenya leads the region with participation in 64 missions, followed by Tanzania (15), Rwanda (8) and Uganda (5).

<sup>47</sup> Artillery (multiple rocket launchers, self-propelled artillery, towed artillery) above 100mm caliber. Holdings are defined as those of government forces; holdings of armed opposition groups are not included. Weapon systems in storage are also not included. (Source: <http://first.sipri.org/docs/bicc.htm>)

However, the Great Lakes region remains volatile. Violent conflicts simmer and flare sporadically, fuelled by a potent combination of ethnicity and competition for control of the region's natural resource wealth. The Democratic Republic of Congo stands out as a major potential source of regional instability as highlighted by the International Crisis Group in the following text box.

### Conflict in the Congo

The Democratic Republic of the Congo's most recent war originated in the 1994 Rwandan genocide, in which over 500,000 minority Tutsis and politically moderate Hutus were slaughtered by an extremist Hutu government. Claiming that Hutu génocidaires had taken refuge within eastern Congo, Rwanda and Uganda backed a May 1997 rebellion in Congo, removing Mobutu Sese Seko, the Congo's leader since 1965, and replacing him with Laurent Kabila. However, when Kabila moved to purge Tutsis from his government, Rwanda intervened in DRC for a second time, this time with the intention of removing Kabila. Rwandan troops backing Congolese Tutsi rebels invaded in August 1998, leading Kabila to seek assistance from Zimbabwe, Angola and Namibia. Kabila managed to avoid the fate of his predecessor, Mobutu, but DRC was launched into a conflict in which nearly 4 million have died -- most of them from war-related disease and starvation. The countries involved, and later the non-governmental actors, signed a ceasefire agreement at Lusaka, Zambia, in July 1999 and the UN Security Council sent a peacekeeping mission (MONUC) to the Congo in 2000.

The violence continued, however, fuelled by mineral wealth in the east. Laurent Kabila himself was assassinated January 2001 and replaced by his son, Joseph Kabila. Peace negotiations went on through 2002, with Ugandan and Rwandan withdrawal to be met with the demobilisation and disarmament of Rwandan Hutu rebels in eastern Congo. By the end of 2002, Rwanda and Uganda claimed they had fully withdrawn from DRC, although their proxies remained.

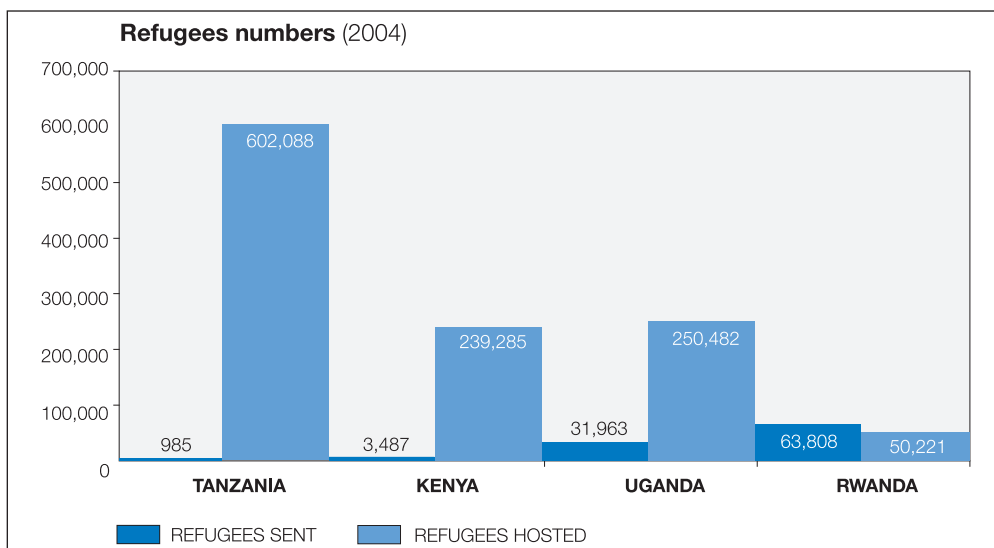
A power-sharing unity government was set up under Joseph Kabila in July 2003 with four vice-presidents, three of them from former rebel groups. Meanwhile, a long-simmering conflict over land and mineral wealth in north-eastern Ituri region broke into widespread inter-ethnic violence and massacres 2002-2003. An EU, predominantly French, 3-month emergency mission was launched July 2003 and managed to contain a situation that UN troops had been unable to deal with. With the situation back under control, a more robust UN mission (MONUC II) deployed in the Congo.

The political transition has now stalled and is at risk of failure. The effort to establish a national army that can ensure stability in the country is faltering and various armed groups continue to threaten the stability of the country. The Congo's neighbours continue to perceive the situation as a threat to their interests and have taken actions that further destabilise the fragile process of transition. The events in 2004 in the Kivus - when Rwandan troops crossed into DRC, the current violence in Ituri, ongoing tensions in Kinshasa and Kasai are stark warnings that the conflict in the Congo could quickly spiral into another large scale-war.

The coming year (2006) will be decisive for the Congo, one of Africa's largest and potentially richest countries. There are reasonable grounds for fearing electoral manipulation and even a relapse into mass violence that would put at severe risk both the unity of the Congo and the stability of much of the continent. A successful transition is by no means guaranteed.

*Source: <http://www.crisisgroup.org> accessed on March 5, 2006*

## 10.5.4 Refugees



Source: UNHCR 2005

Out of the 100,243 refugees created within the region in 2004, 64% were from Rwanda, 32% from Uganda, 4% from Kenya and 1% from Tanzania. Almost half of Rwanda's refugees were found mostly in Uganda and DR Congo, while Ugandan refugees were to be found in DR Congo and Sudan.

The region however hosted over 1.14 million refugees. Tanzania had 602,000 refugees, 74% of whom were from Burundi, and 26% from the DR Congo. Uganda had over 250,000 refugees, of whom 86% were from Sudan, 7.5% from Rwanda and 6% from DR Congo. Kenya's 239,285 refugees came from Somalia (64%), Sudan (28%) and Ethiopia (5.2%) and the vast majority (91%) of Rwanda's 50,221 refugees were from DR Congo.

The data provides some insight into the extent of the region's instability. The overwhelming majority of refugees came from surrounding countries of Burundi, DR Congo, Sudan, Ethiopia and Somalia. An unprecedented joint visit by the heads of the UNHCR, WFP and UNICEF in early 2006 highlighted the complexity of the refugee challenge in the region and the need for a regional approach to solving it (see text box).

#### Regional approach needed to address roots of displacement in Africa's Great Lakes region, says High Commissioner

DAR ES SALAAM, March 3 (UNHCR) - After witnessing the optimism of refugees returning home and the despair of other groups fleeing drought and hunger, UN High Commissioner for Refugees António Guterres said Friday that only a regional approach can address the complex causes of displacement in Africa's Great Lakes Region.

"It is not possible to solve the problems of the region on a strictly country-by-country approach," Guterres said at the end of a week-long trip to Democratic Republic of the Congo (DRC), Rwanda, Burundi and Tanzania. In the first three countries he was on an unprecedented mission with the

heads of the two other largest UN humanitarian agencies, James Morris of the World Food Programme (WFP), and Ann Veneman of the children's fund, UNICEF.

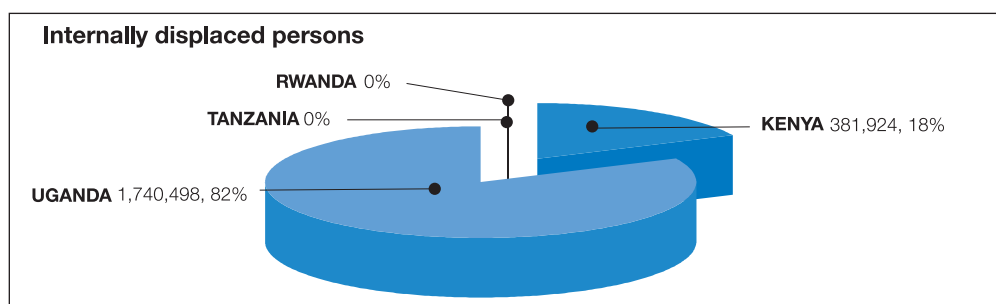
"The problems, both political and humanitarian, require a regional approach," he added at a press conference in the Tanzanian capital. "The problems of refugees can also only be solved if we have a regional approach."

The three leaders stressed that what they saw and heard showed the need for closer cooperation among UN agencies - with the support of the international community - to help refugees, internally displaced people and returnees. All three agencies are dramatically under-funded for their work in the Great Lake countries.

On Thursday, Guterres met some of the 5,000 Burundians sheltering at an overcrowded transit centre in Nyakimonono, in western Tanzania. They fled their own country in the last two months, but the Tanzanian government has not yet allowed them to move to established refugee camps. They are stuck in a way station that was intended to accommodate people for only one or two days, but at least they get food, shelter and medical care. Some 300 more Burundians are arriving every day.

Source: <http://www.unhcr.org> accessed on March 5, 2006

#### 10.5.5 Internally Displaced Persons



Source: UNHCR 2005

There were 2.12 million internally displaced persons (IDPs) in 2005, with the vast majority (82%) in Uganda as a result of the armed conflict in the north of the country. The balance (18%) of the IDPs were in Kenya.

### 10.6 Key Points

- The political and institutional arrangement is broadly similar across the four countries. They all are constitutional republics with legislatures chosen through periodic multi-party elections. However, for various reasons, they are also all ranked as being either partly free or not free in terms of both political and press freedom.
- With the exception of Kenya, economic governance seems to be improving as corruption seems to be becoming less of a major problem.
- Violent conflict is ever-present in and around the region. The two smaller countries have the largest armies in the region and they seem to be increasing their arsenal of military hardware.
- DR Congo remains a volatile powder keg that could re-ignite the whole region again.
- And while the four countries have generated some 100,000 refugees of their own, they host over 1.0 million refugees from the surrounding countries of Burundi, DR Congo, Sudan, Ethiopia and Somalia.



# Data Sources and References

The data, statistics and information contained in this report was obtained from the Internet. The following are websites and links which were particularly useful in the report's production. References to specific documents are included as footnotes to the text in the relevant pages.

<b>Source</b>	<b>Website</b>
African Development Bank (AfDB)	<a href="http://www.afdb.org">www.afdb.org</a>
African Elections Database	<a href="http://www.africanelections.tripod.com">www.africanelections.tripod.com</a>
African Energy Policy Research Network (AFREPREN)	<a href="http://www.afrepren.org">www.afrepren.org</a>
CIA World Fact Book	<a href="http://www.cia.gov">www.cia.gov</a>
East African Community (EAC)	<a href="http://www.eac.int">www.eac.int</a>
Economist Intelligence Unit (EIU)	<a href="http://www.eiu.com">www.eiu.com</a>
Energy Information Administration (EIA)	<a href="http://www.eia.doe.gov">www.eia.doe.gov</a>
Food and Agriculture Organisation (FAO)	<a href="http://www.fao.org">www.fao.org</a>
Freedom House	<a href="http://www.freedomhouse.org">www.freedomhouse.org</a>
Global Database of Quotas for Women	<a href="http://www.quotaproject.org">www.quotaproject.org</a>
Government of Kenya	<a href="http://www.kenya.go.ke">www.kenya.go.ke</a>
Government of Rwanda	<a href="http://www.gov.rw">www.gov.rw</a>
Government of Tanzania	<a href="http://www.tanzania.go.tz">www.tanzania.go.tz</a>
Government of Uganda	<a href="http://www.gksoft.com/govt/en/ug.html">http://www.gksoft.com/govt/en/ug.html</a>
Internal Displacement Monitoring Centre (IDMC)	<a href="http://www.internal-displacement.org">www.internal-displacement.org</a>
International Crisis Group (ICG)	<a href="http://www.crisisgroup.org">www.crisisgroup.org</a>
International Institute for Democracy and Electoral Assistance (IDEA)	<a href="http://www.idea.int">www.idea.int</a>
International Labour Office (ILO)	<a href="http://www.ilo.org">www.ilo.org</a>
International Monetary Fund (IMF)	<a href="http://www.imf.org">www.imf.org</a>
Internet Centre for Corruption Research (ICGG)	<a href="http://www.icgg.org">www.icgg.org</a>
Organisation for Economic Co-operation and Development (OECD)	<a href="http://www.oecd.org">www.oecd.org</a>
Society for International Development (SID)	<a href="http://www.sidint.org">www.sidint.org</a>
Stockholm International Peace Research Institute (SIPRI)	<a href="http://www.sipri.org">www.sipri.org</a>
The Heritage Foundation	<a href="http://www.heritage.org">www.heritage.org</a>
UN Conference on Trade and Development (UNCTAD)	<a href="http://www.unctad.org/wir">www.unctad.org/wir</a>
UN High Commission for Refugees (UNHCR)	<a href="http://www.unhcr.org">www.unhcr.org</a>
UNESCO Education for All Global Monitoring Report	<a href="http://www.epareport.unesco.org">www.epareport.unesco.org</a>
World Bank (IBRD)	<a href="http://www.worldbank.org">www.worldbank.org</a>
World Economic Forum (WEF)	<a href="http://www.wef.org">www.wef.org</a>
World Health Organisation (WHO)	<a href="http://rbm.who.int/wmr">http://rbm.who.int/wmr</a>
UN Children's Fund (UNICEF)	<a href="http://www.unicef.org">www.unicef.org</a>
World Resources Institute (WRI)	<a href="http://www.wri.org">www.wri.org</a>



