

University of Nairobi

Institute of Diplomacy and International Studies

**Strategic National Interests in Regional Integration in East Africa-Case Study
of Kenya**

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R50/69362/2011

**A research project submitted in partial fulfillment for the award of the degree
of Masters of Arts in International Studies**

September 2013

DECLARATION

This project is my original work and has not been presented for the award of any degree in any other university

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Mr. Martin Nguru

DEDICATION

This research is dedicated to my parents; Your teachings on hard work, integrity and respect for all; I will never find anywhere else in this world. I also dedicate this work to my sister Josephine Njoki; may you always embrace integrity. Special thanks to mum you always dared me to think beyond imagination.

ACKNOWLEDGEMENTS

I am heavily indebted to God for having brought me this far and guiding me to complete my masters before the age of 28 years. Special thanks to my family more so to my parents Mr. and Mrs. Joseph Mwaura, friends especially James Macharia, Joyce Wangui, Francis Muhia, Charlotte Mong'ina, Charles Muigai, Fred Ogana and Njeri Muita for your insights, moral support and encouragement. I pay special tribute to my lecturers in IDIS for your unmatched guidance and teaching me about international relations; Prof Maria Nzomo I will forever be grateful for your insights as pertains relations of states; Mr. Ikiara your insights in international economics was quite helpful; Mr Nguru your guide on diplomacy is unmatched; Mr Maluki your insights on international political system was thought provoking. Prof Nzomo and Mr. Nguru your guide in the completion of this project will forever be appreciated. Thank you!

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LIST OF ABBREVIATION

AU	African Union
ACP	African Caribbean and Pacific
ACA	African Cashew Alliance
AEC	African Economic Community
AGOA	African Growth and Opportunities Act
CET	Common External Tariff
CEN-SAD	Community of Sahel-Saharan States
CSOs	Civil Society Organizations
CU	Customs Union
COMESA	Common Market for Eastern and Southern Africa
CMP	Common Market Protocol
DTAA	Double Taxation Avoidance Agreement
EABC	East African Business Council
EAC	East African Community
EACJ	East Africa Court of Justice
EACSOF	East Africa Community Civil Society Organizations Forum
EALA	East Africa Legislative Assembly
ECCAS	Economic Community of Central African States
ECSC	European Coal and Steel Community
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EURATOM	European Atomic Energy Community
EU	European Union
EPAs	Economic Partnership Agreements
FTA	Free Trade Area
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICC	International Criminal Court

IGAD	Intergovernmental Authority for Development
IPAs	Investment Promotion Agencies
IMF	International Monetary Fund
KRA	Kenya Revenue Authority
NEPAD	New Economic Partnership for African Development
NTBs	Non-Tariff Barriers
OAU	Organization for African Unity
RIA	Regional Integration Agreements
RECs	Regional Economic Communities
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
UMA	Union du Maghreb Arabe
UDEAC	The Central African Customs and Economic Union
UN	United Nations
VAT	Value Added Tax

ABSTRACT

African regional integrations have always been informed by what each country will gain as a result of integrating with others. This therefore means that each country positions itself in such a way that it will always benefit from any form of cooperation. The jealousy occasioned by the political leaders to preserve the sovereignty of their countries means that full integration takes long to be realized. Each country in pursuit of its national interests directly or indirectly impedes or hastens full integration. This research paper has analyzed the strategic national interests that occasion regional integration in Africa with a focus on Kenya in the EAC. It has critically analyzed the EAC Treaty, Protocols and the levels that national interests of Kenya have impeded full implementation of the protocols. It has made a comparison of the strategies used in the wider African Union in so far as national interests are used to advance a country's agenda. The research study has analyzed the national interests that Kenya has pursued within the EAC and the level to which they have inhibited regional integration in East Africa. The study has proffered veritable recommendations on the way forward towards ensuring that Kenya minimizes these stumbling blocks for regional integration in East Africa to achieve full integration.

CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1 Background to the Study

African relations are not permanent rather what remains permanent are each country's interests in the relationship, and commonality of interests is what brings the countries together. Absence of conflicting national interests between nations is what endures for a long time. Max Weber further noted that it is the interests but not ideas that dominate directly the actions of men. Therefore states will work very hard to ensure that their physical, political and cultural identities are protected against violations by other nations. Therefore so long as a country's interests which includes economic, political, social-cultural, security and stability is met it will coexist peacefully with other states. The struggle to control the actions of others have for long been at the behest of states in their relations and in advancement of their political, economic, bilateral and multilateral agendas. Welfare gains outweigh welfare losses with an objective of reaping maximum benefits from integrating. Regional integration in Africa has evolved over time since the 1960s and gained more momentum following the Abuja treaty of June 1991 which established the African Economic Communities which sought ways of ensuring that African countries were able to promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self sustained development.

The dream espoused by the founding fathers of Pan-Africanism of achieving 'real' economic independence, a voice in the world affairs and dignity could only be achieved if African states integrated. In pursuit of individual interests cognizance of the benefits of one united block capable of advancing its agenda in world frontiers through Regional Integration Agreement is of

immense importance. The EAC could not be left behind in this new found path for gaining access to markets and employment opportunities for its populace.

The EAC community has a rich history that can be traced back in 1897 during the construction of the Kenya/Uganda railway. This was followed by the governor's conference (1900-1947) that later became the East African High Commission (1947-1960) and was followed by the East African Common Services Organization (1961-1967) which led to the treaty of the East African cooperation (1967-1977)¹. After the slow but sure death of the East African Cooperation in 1977 the three member countries that are Kenya, Uganda and Tanzania negotiated a mediation agreement that was signed in 1984. It sought to create a provision for exploring areas of future cooperation which bore fruit in 1991 when the then three heads of state held a meeting in Harare, Zimbabwe and reached an agreement to revive the East African cooperation. Consequent meetings followed that ultimately led to the formation of a tri-partite working group in 1993 to map out modalities for a renewed cooperation. The treaty establishing the East African Community was signed in 1999 by the three heads of states and came into force on 7th July, 2000.

Rwanda and Burundi expressed interest in joining the EAC and on 18th June 2007 they both assented to the EAC treaty and became full members on 1st July 2009. The renewed EAC decided to adapt a private sector rather than a state led development approach so as to strengthen the national economies and cope with globalization. Southern Sudan has applied for membership into the EAC and the strategic resource it brings in terms of oil will go a long way in boosting the resource strength base once it gets admission. Suffice to say that such strategic resources of the five economies in the EAC will prove vital in the already expanding population in the region.

¹ See D Deya 2007. *An Institutional Analysis of East African Community: Some Initial Reflections* in Society for International Development (SID), East African Scenarios Project: Research Compendium, Nairobi: SID, pp.107-143

1.2 Statement of the Research Problem

As countries come together to form a regional block they each have unique resources, ideologies, cultural inclination, political and economic sectors that enable them benefit in the opening up of borders of their integrating partners. The central problem of this study is premised on power asymmetry of countries in their national interests which make some countries advance their strategic interests at the expense of others creating inequality in sharing of welfare gains inherent in the integration process. This therefore means that the integration process takes long and many of the protocols are not fully implemented due to suspicion and resentment between countries. In addition, issues of non-reciprocity arise whereby one country perceives that the other is getting more welfare gains economically hence derails any effort towards full integration. As a result each country only adheres to the rules of engagement based on how its interests are met. The journey from a free trade area, customs union, common market to a monetary union or ultimately political federation hence takes long and in some cases it remains a pipe dream.

Therefore countries participate in a particular regional block half heartedly as they court those blocks where they feel that their interests will be met. This leads to multiplicity of membership in regional economic communities which leads to countries not meeting their financial obligations for respective blocks. As a result majority of milestones set are not achieved due to financial constraints as well as duplication of tasks. In the EAC there is a feeling within Tanzania that opening up its borders to Kenya would disadvantage the former as it has less economic clout. This therefore means that over time Kenya's, Uganda's and Tanzania relations are based on whether ones interests materialize as result of integrating as opposed to mutual cooperation benefiting all parties involved. In addition, the differences in economic systems each country pursues means that one country would benefit more than the other, hence opening up of borders

would leave the economically weak country vulnerable to welfare losses. This belief hampers one country from fully embracing the integration within the community. The formation of a monetary union albeit alluded to by the five countries has always been agreed to half heartedly as it is seen to be an open avenue to giving up sovereignty. As a result there is a lot of delay in implementation of this protocol as Kenya feels it will lose on particular gains that it enjoys in foreign revenue given that Kenya's currency is stronger compared to the rest of the countries in the region. Therefore fulfillments of a country's strategic interests in the regional block hasten or inhibit the whole process and this is the veil this paper seeks to unveil.

1.3 Objectives of the Study

This research is anchored on the following objectives;

The main objective is to find out the role Kenya's strategic national interests play in the EAC integration process. The other objectives of this study are;

- i. To assess the institutional capacity of the EAC treaty in ensuring that there is equity as a result of integration.
- ii. To determine whether suspicion between member countries over unequal benefits impedes full integration of East African Community.

1.4 Literature Review

Integration is a process whereby political actors in several distinct national settings are persuaded to shift loyalties, expectations and political activities toward a new center whose institutions possess or demand jurisdiction over the pre-existing national states². This therefore underscores

² Haas, Ernst (1958). *The Uniting of Europe*. Stanford; Stanford University Press. P.16

the fact that integration encompasses political, social, economic, security and cultural dynamics of the integrating nation's relations. This shifting of loyalties is what informs and enhances integration in any region of the world. Cooperation in all areas identified act as a pedestal upon which integration is anchored on. Theoretical and empirical foundations of regional integration will shed light on this definition by Haas to help us deeply trace integration in Africa, while strategic interests in the EAC, European Union and SADC will inform this discourse under these thematic lines.

1.4.1 Foundations of Regional Integration in Africa

Three important schools of thoughts dating back to the 1960s informed regional integration which can be categorized as follows; neoclassical economics, theory of comparative advantage and development economics. The theory of comparative advantage laid the ground work as relates to international trade with propositions on reductions or eliminations of tariff and non-tariff barriers to trade. Of particular importance were the policies to be adopted in so far as implementing those measures and the benefits thereof. The whole concept of tariff was premised on the need to protect the infant industries. The reasoning was that in order to gain a foothold in manufacturing, local companies needed protection from their foreign competitors. High tariffs were needed to support import substitution which would lead to rapid industrialization in developing countries. However, this had ripple effects in that a lot of funds were available in the public sector which ultimately led to restrictive foreign exchange policies that led to overvalued currencies.

The import substitution wave was short lived since it led to underutilization of production capacity and competition was inhibited. Incentives were limited and export activities were swept under the carpet. It is only when certain economic and non-economic conditions are fulfilled that

regional integration can succeed. These conditions are; structural stability, the rule of law, good governance, macroeconomic and monetary stability. Those countries that participated in the first wave of integration lacked one or more of these preconditions.

Regional economic integration may be formed at different levels starting with simplest of all a preferential free trade area to a customs union, common market, monetary union and eventually a political federation. Each of these levels requires distinct levels of commitments and degree of harmonization of policies on the part of member countries. All of these levels of economic integration have common objectives. They all seek to benefit from trade creation, economies of scale, efficiency gains and product differentiation. In addition, regional integration aims at cushioning member countries from external shocks induced by fluctuations, uncertainty in the external world. Regional economic integration can lead to trade creation or trade diversion³, whereby trade creation occurs if the reduction and ultimate elimination of tariffs lead to the replacement of inefficient domestic industry in one member state with a more efficient industry from another member state. On the other hand trade diversion occurs if the reduction and elimination of tariffs result in the replacement of an efficient industry in a non-member state by an inefficient industry in a member state. Trade creation will ultimately lead to more trade since member countries enjoy increased efficiency. On the flip side trade diversion means loss of an efficient industry to member countries which would have led to more trade and as a result to welfare gains.

There are various specific requirements that inform regional integration formation, however regional integration as a process involves the merging of industrial structures, economic and administrative policies of member countries. This is premised on the recognition that welfare

³ Viner Jacob, 1950. *The Customs Union Issue*. New York: Carnegie Endowment for International Peace

gains will be more as compared to unilateral policy at each country level. The Economic geography model is yet another avenue that needs to be explored⁴. This model states that under increasing returns to scale, economies of scale and trade, cost considerations determine the location of economic activity. This implies that countries can enhance economies of scale by locating a production activity in one location rather than each activity in each country. However, fear of empowering one country at the expense of poor countries who are members of a regional block derails this model. This fear by the poor countries has been cited by some scholars as the reason why regional integration takes long to materialize⁵.

Pertinent questions arise from this, does the identification of one location where production activity will take place necessarily strengthens relations of the countries integrating? The country where a particular industry that produces a necessity product is located will be more empowered economically than the rest. This might create tension, resentment and beleaguer the whole concept and the industry may collapse if countries impose tariffs on the product. Krugman's model may at the end of the day lead to welfare losses if some member countries unilaterally boycott the purchase of the product and impose high tariffs.

1.4.2 Rationale of Regional Integration in Africa

The need for economic integration is usually as a result of the many problems that African countries are meet head on within their attempts to industrialize and bring up to date their economies⁶. These problems include difficulties in gaining access to all required materials, due to the irregular spread of natural resources; there are difficulties in finding affordable

⁴ Krugman, P. 1991. *Geography and Trade*. Cambridge Massachusetts: The MIT press

⁵ Foroutan F.1993. *Regional integration in Sub-Saharan Africa past experience and Future Prospects*. In J.De Melo and A.panaganya (eds) *New Dimensions in Regional Integration*, Cambridge University press.

⁶ See *Regionalism and the Global Economy: The Case of Africa*, FONDAD 1996, The Hague, www.fondad.org/publications/case-of-africa

technologies to suit domestic market conditions; funds are hard to come by so as to meet their financial obligation; securing domestic and external markets for manufactured goods is quite a hurdle. In addition, most of African countries are small which means that their production capacities can hardly rival that of developed nations. Consequently, a substantial number of them compete with each another on international markets for the same agricultural products which reduces their strength of bargaining on such markets. This therefore calls for a need for regional arrangements so as to increase their negotiating power.

It has been observed that the small size of most of these developing economies in Africa restricts their ability to benefit from economies of scale and viable import-substituting opportunities, therefore meaning that African countries should attempt to create effective economic integration. Formation of regional integration arrangements has been pursued as a developmental objective by many African governments to alleviate poverty and benefit from synergy. In addition the need to accelerate development of their particular economies informs regional integration in Africa. The shared history of colonialism that saw African countries undergo immense discrimination and slavery have seen Africans resolve to exploit their resources and be recognized as a competing force in the world economy. It is worth noting that trade deals between developed and developing world often discriminate against the latter's most lucrative and competitive products. The AGOA excludes tobacco and peanuts in its markets from African countries, while in European Union, the principle of 'Everything but Arms' initiative retains extensive transnational periods for rice, sugar and bananas⁷ for products from Africa. Africa therefore has to develop a market for these products and the only way of ensuring that they make money is forming REC's that will address the various concerns as regards tariff and non-tariff barriers. There is a need to reorient regional integration in Africa so that it can contribute to economic growth in ways that

⁷ Johan Norberg, 2003. *In Defense of Global Capitalism*. Washington, DC: Cato Institute

are unmatched and this can be done by helping underpin stable sound national macro-economic policies and rapid accumulation of human capital⁸. This way we would be able to reduce the high levels of poverty witnessed across the African continent.

1.4.3 National Interests in the EAC

Before we look at national interests in EAC it will be crucial to understand what are national interests? There are two types of national interest namely: primary and secondary interests⁹. Primary interests are centered on security of an independent nation, and the protection of its institutions, people and values, and are therefore those interests that have direct consequences for the practical survival of the state. In terms of government this is based on the military, defense, security and economic policy of the state. Primary national interests are much less open to political manipulation because they are much more objective by nature, and more a product of necessity. Secondary interests are essentially everything which pertains to the wealth, prosperity and progression of the state. They are merely concerned with development of the state. At the end of the day national interests are about goals and objectives in the international system; strategy is the means by which to realize them through foreign policy. The interests of the state are foundationally linked to the interests of its people. This is why people have to be involved through the electorate system so as to choose leaders who they believe are best suited to address their interests. Democracy therefore cannot be separated with national interests just like the people have to participate in a referendum to if they want a new constitutional dispensation or not. The ballot box provides people that democratic right to participate in advancement of their country's national interests.

⁸ Fine J and Yeo S. 1997. *Regional Integration in Sub-Saharan Africa: Dead end or a fresh start* in A Oyejide, I Elbadui and P. Collier (eds) *Regional Integration and Trade Liberalization in Sub-Saharan Africa: Framework issues and methodological perspectives* pp 429-474

⁹ Morgenthau, Hans, 1973. *Politics Among Nations: The Struggle for Power and Peace*. 5th ed, Scientific Book Agency, Calcutta.

The three countries that is Kenya, Uganda and Tanzania when they decided to come together and integrate they were doing so with each country having its interests for doing so. Suffice to say that the whole idea to cooperate was at the behest of fresh break away from colonialism. Remembering that self-determination, and how that self-determination fits against the outside world is what underlies national interests in democracies, each of these countries had to craft their own strategic interests. During this time, nation building was at its lightening speed and each of these countries had its ambitions of reaping the benefits of independence. As a result, political federation could hardly overdo nation building¹⁰ which was poised at pursuing particular interests to propel each of the country. Nonetheless personal and ideological differences precipitated the collapse of the East African Cooperation¹¹. Whereas Kenya rooted for a capitalist economy, Tanzania opted for a socialist path while Uganda opted for a mixed economic path. These economic paths were all geared towards ensuring that each country meets its strategic interest

The East African Community is said to have been dominated by Kenya which was perceived to be an agent of western imperialism to contain the socialist belt that was encroaching the region¹². As a result in a bid to avoid economic domination and exploitation Tanzania turned towards the south first by setting up the Tazara railway line with mineral rich Zambia and secondly by focusing on liberation struggles to counter Kenya's dominance. This therefore means that each country was skeptical of the other and every move political, economical, social-cultural was geared towards meeting its interests and anything contradicting that was not feasible.

¹⁰ Ochwado H, 2004. *Rethinking East African Integration from Economic to Political and from State to Civil Society*.pg 66-65

¹¹ Nyong'o Anyang' 1990. *Regional Integration in Africa; Unfinished agenda*. Nairobi Academy Science Publishers

¹² Shaw T.M.1992.*International Stratification in Africa Sub-Imperialism in the Southern and Eastern Africa* .Journal of Southern Africa Affairs 2(2)

Kenya's interests in the EAC have for a long time been anchored on taking up the market opportunities for its burgeoning manufacturing companies. Similarly, Tanzania has over the years been apprehensive about completely opening up its borders to EAC member countries in particular Kenya¹³. Of particular interest is that a landlocked country like Uganda has over the years partnered with Kenya so as to continue benefiting from Kenya's imports which would be expensive if routed through Tanzania. It therefore has been very instrumental in fostering peaceful relations with Kenya for its national interests. This shows why president Museveni has been very vocal in opposing the trial of Kenya's president and deputy president in the ICC for crimes against humanity.

It is worth noting that each of the EAC countries have visions that they seek to achieve in a given timeframe. Kenya has vision 2030, Uganda has vision 2035, Tanzania has vision 2025, Rwanda's has vision 2020 and Burundi has vision 2020¹⁴. Kenya seeks to be globally competitive and prosperous with a high quality of life. Priority areas being to achieve various objectives including meeting regional and global commitments. This therefore means that Kenya is more than willing to cooperate with the rest of the countries in ensuring there is full EAC integration. However, it will continue to advance its national interests in the region if it is to achieve its vision. Uganda seeks to transform Ugandan society from peasant to a modern prosperous country with priority areas being prominence given to knowledge based economy; Tanzania seeks to have high quality of life anchored on peace, stability, unity, and good governance, rule of law, resilient economy and competitiveness with priority areas being to inculcate hard work, investment and savings culture, knowledge based economy, infrastructure development, and private sector development; Rwanda seeks to become a middle income

¹³ See world Bank Trade Indicators 2009 which ranked Tanzania position 131, Kenya 95, Burundi 176, Uganda 112 and Rwanda 120 on *Ease of Doing Business*

¹⁴ <http://www.eac.int/> 4th EAC development strategy

country by 2020 giving priority to reconstruction, HR development and integration to regional and global economy; Burundi seeks sustainable peace and stability and achievement of global development commitments in line with MDGS with priority being poverty reduction, reconstruction and institutional development. The EAC treaty vision is to attain a prosperous, competitive, secure and politically united East Africa with priorities being to widen and deepen economic, political, social and cultural integration at regional and global levels¹⁵.

For each of the five countries to achieve these visions they must pursue certain strategies so as to be able to meet the aforesaid deadlines. Each country will work towards pursuing individual interests that are not only in line with their foreign policy but also in line with their nation's interests. Of particular interests is the manner in which each of the countries has targets to be a middle income country by 2030.

1.4.4 National Interests in the European Union

Germany, France, Italy, the Netherlands, Belgium and Luxembourg created the European Coal and Steel Community (ECSC) to run their heavy industries, coal and steel, under a common management. In this way, none could solely make the weapons of war to turn against the other. However, from closer analysis the reason for creating ECSC was to avert Germany from gaining control of steel thereby denying other countries steel a vital commodity to rebuild their economies¹⁶. In ECSC availability of resources to facilitate building national industries was the utmost vital element. French producers were fighting for favorable access to German coal while Belgium, Dutch and Italian firms were demanding adjustment to subsidies and time to build their

¹⁵ <http://www.eac.int/> 4th EAC development strategy

¹⁶ Milward, A.1984. *The Reconstruction of Western Europe 1945-1951*. London, Methuen & co Ltd.

industries¹⁷. Each country was rooting for its national interests geared towards improving its economic prospects which it would use to assert its authority in the region. The French government controlled domestic prices of steel all aimed at helping its domestic producers gain access to cheap steel in complete violation of the ECSC treaty¹⁸. This therefore meant that each country in the ECSC treaty was rooting for ways it would benefit from the integration and in areas it deemed were inhibiting this they opted to circumvent the treaty. In 1957 the European Economic Community was created in a bid to accommodate more members and also remove bottlenecks in trade. The EEC, ECSC and EURATOM went further to form the European Commission, European Council and European Parliament to address member countries national interests.

The capacity to create the common European interest, as affirmed by the European Commission, is alive in the Commission and the Council, and is set in motion by the constant introduction and approval of EU treaties. The Commission and the Council have a mandate to act first and foremost in the '*Common European interest*'¹⁹. When the EEC was conceived, countries gave up their sovereignty and only the level of sovereignty determined how a country could exercise its national interests. Only those countries that did not give up their sovereignty in totality to the European Union could fully pursue their national interests in Europe. For example Great Britain is a member of the EU but in the EU; English policies create a relentless string of crises. They don't have the euro currency, they are not part of the Schengen agreement with its borderless interior, and they don't participate in collective bank supervision. Therefore, due to UK national

¹⁷ Kippin, M, Ruggero , R & Dankers,J.2001. *The Emergence of new Competitor Nations in the European Steel Industry*: Italy and the Netherlands. Business History 43, 69-96.

¹⁸ Kipping M 1996 p16 Kipping, M.1996. *Inter-firm Relations and Industrial policy: The French and German steel producers in the twentieth century*. Business history, 38,p16

¹⁹ See www.europa.eu

interests the progress of the entire of Europe is constrained²⁰ as Britain is reluctant to expedite activities that are not in line with its national and strategic interests. More so on issues regarding currency, individually the sterling pound is stronger than the euro hence UK refuses to give up its monetary strength as it seeks to continue being a reckoning force internationally.

Suffice to say that the European Union integration is rich and there is a monetary union with a single currency, the Euro. The EAC has a long way to go when each country is not willing to give up its currency for a unitary currency. Kenya feels that it will lose its strength since its shilling is superior to Uganda's and Tanzania's Shilling. As a matter of fact Kenya would want to continue gaining more revenue when it trades with either Tanzania or Uganda due to the strength of its currency. Rwanda and Burundi similarly would be reluctant to give up their monetary units the francs.

Before the introduction of a common currency, the Europe Commission declared that it would only work in conjunction with a collective fiscal policy. The Commission proposed that the European Union help Greece to develop a tax system based on collective European standards. Germany, Poland and UK vetoed it because of their national interests. The Polish said, "We don't want a collective European tax law, since we're assuming at the moment that we can bring in businesses and capital through tax incentives." The Germans also voted against it because they assumed that the Commission was using this as a step toward a Europe wide fiscal system which they did not want then. Their argument was that tax limits and budget limits had to remain issues of national sovereignty²¹.

²⁰ Menasse Robert.2009. *Citizen Anger and Europe's Peace. The European Chronicle*

²¹ Ibid 20

In the European Union the supranational interests are pursued by the EU on behalf of members which therefore means that only those countries that did not give up their complete sovereignty can pursue individual interest. In addition, the powers of individual countries influence voting patterns for particular interests in the European region. This is the reason why regional bodies are afraid of going the EU way more so the EAC and whose integration process is slow. The power asymmetry in EAC is another reason why there is a lot of suspicion between countries. This research will endeavor to investigate these and other issues.

1.4.5 National Interests in Southern Africa Development Community (SADC)

The Southern Africa Development Community idea was mooted against a backdrop of the need to reduce economic dependence on South Africa. After a series of economic conferences held in Tanzania between 3rd and 4th July 1979 the Southern African Development Coordination Corporation (SADCC) was mooted. The Lusaka economic summit produced the historic declaration of ‘Southern Africa toward Economic liberation’. The primary objective was to reduce the over dependence of SADCC member countries on largely white dominated South Africa or any other country. In addition, the formation of SADCC was to liberate South Africa from the apartheid rule and also struggle for liberation of Namibia from colonial rule. In addition, the member countries were working towards coordination of industrial and energy project so as to advance their national interests in the region with Angola responsible for energy conservation and Tanzania responsible for harmonization of industrial programs in the region²².

SADCC member countries were so engulfed in the idea of protecting their economies that they even reduced electricity supply from South Africa and went ahead to empower Mozambique to

²² See SADEX Vol. 2, No. 5, p.4-5

supply electricity to countries like Lesotho and Swaziland in a bid to counter South Africa's hegemonic quest in the region. However, isolating South Africa and the quest to bypass it in terms of trade proved impossible considering that 18% of Mozambique's imports, 29% of Malawi's and about 66% of Botswana's and over 90% of Swaziland and Lesotho's imports were from South Africa²³. The myriad problems that faced SADCC member countries, more so the focus on containing South Africa inhibited the progress of the block as South Africa reacted swiftly. South Africa was acting in pursuit of its national interests of ensuring that it did not lose key markets in the region.

SADC was incorporated in 1992 with the sole aim of integration of economic development in the region. Giving cognizance to the fact that the member countries have diverse economic size and interests, most countries are constrained by expensive and inefficient industries. Competition for vast markets in the region from the large population means that every country competes for a share.

1.4.6 Managing Economic Disparities in the EAC

In integration; trade development, political stability and security are among the main motives for economic integration in developing countries. It extends beyond preferential elimination of barriers to trade in goods²⁴. However, regional integration is often hampered by disparities in how gains are shared between member countries. One way to avoid this problem is to provide investment support by assigning some industries to each partner states in relation to their comparative advantage²⁵. It remains as the most poignant reason for many regional blocks inhibiting the achievement of full integration. Different tax regimes, border inefficiencies and

²³ Grundy Kenneth W, *Economic patterns in the new Southern African Balance*; in G.M. Carter and P O'meara. 1979. *Southern Africa: The Continuing Crisis*. Bloomington: Indiana university press. p 295

²⁴ Hoekman, Bernard, Matoo Aaditya and English Philip. 2002. *Development, Trade and the WTO*, The World Bank

²⁵ Salvatore Dominic 2006. *International Economics*, 8Ed, Willey International Edition, USA,

losses, supply side constraints inhibit equity in sharing welfare gains²⁶. To address these economic disparities the East African Customs Union Protocol was constituted in March 2004 and came into effect on 1st January 2005. The main elements of the CU Protocol were: removal of internal tariffs and all non-tariff barriers (NTB) on intra-EAC trade; introduction of CET regime and agreements on a list of goods classified as sensitive and therefore requiring additional protection. Kenyans are concerned more with the speed of implementation of the customs union rather than on equity²⁷. This according to scholars is all inward looking for Kenya on what it is going to benefit from the CU as it pursues its strategic interests in the region.

The customs union aims at zero rates on most of the goods originating and traded within East Africa, with Common duty rates applying uniformly on goods imported into the East African Community. The rule of origin applies whereby only goods originating from member countries enjoy tariff treatment preferences. As a result this ensures all economic disparities are eliminated and welfare gains are realized by all members. However, the sad state of affairs is that some countries who feel threatened by this arrangement inhibit the objectives of a customs union.

As a means of addressing disparities in welfare gains as regards immigration issues, the EAC member countries have introduced a common passport to be issued in all the three EAC member countries valid within the community to facilitate cross-border movement of the nationals of its member states. This is aimed at enabling the holder of the EAC passport to enter any East African country for a period of six months without the need to stamp his/her passport. The East African passport is designed to ease cross border movements for citizens of the member states. This passport is in the process of being expedited; a single immigration departure and entry card

²⁶ EAC Secretariat 2001. *East African community: Challenges and Opportunities-Selected Benefits and Expectations*. EAC Secretariat, Arusha, Tanzania.

²⁷ Mullei A. 2003. *Steering East Africa Towards a Customs Union; Suggestions from a Pilot Study* (Nairobi: ACEG,) p.26

is also being adopted by the partner states; as well as the harmonization of the procedures of work permits and the classification process that are to be finalized.

1.5 Significance/Justification of the Study

This study delves into how self interests derail or hasten the whole integration process. Every country has its objectives when it seeks to integrate with others and more often than not when it feels that its interests are not being met it develops cold feet. As a result the integration process takes longer than is expected. This study has twofold justifications;

1.5.1 Policy Justification

This research therefore seeks to contribute to the existing body of knowledge on the influence national, regional and transnational interests have in so far as regional integration is concerned. It goes further to look at the strategies that can be employed in harnessing integration with each country pursuing its national interests without inhibiting integration. The study will also proffer various strategies to the Kenyan policy makers as regards the best way of advancing Kenya's interests without appearing as being domineering. This will go a long way in minimizing the suspicion from other regional members that Kenya seeks to benefit alone.

1.5.2 Academic Justification

Academically scholars can probe further the strategies that can be used to formulate sessional papers on the EAC integration process more so as it works towards monetary and political federation. Scholars will learn what informs a country formulation of national interests and how to implement them in a coherent manner.

1.6 Theoretical Framework

The purpose of a theory is to describe, explain and predict the relationships between variables. It is a set of interrelated abstract propositions about human affairs and the social world that explain their irregularities and relationships²⁸. There are a myriad number of theories that different scholars have put forth pertaining regional integration. These include the functionalist theory, federalist theory, and neo- functionalist theory to name just a few. For the purpose of this study we shall look at the functionalist and neo-functionalism theories and choose the best suited for this discourse.

The functionalist theory seeks to link authority to a specific activity, a break from the traditional link between authority and a definite territory²⁹. This theory is aimed at what are believed to be the persistent causes of international conflict and as such functionalists see a world that is broken into self-centered communities whose rivalry occasionally erupts into violence. The cure is to then create elements of international community bodies. Current attempts at regional integration are aimed at the creation of transnational social systems. Functionalism's strategy may be a means to its attainment. Functionalism approach as posited is non-political and avoids situations of conflict to concentrate on common needs making limits of common activities and interests across them. Functionalism deals in rewards rather than deprivations. A peaceful society is more likely to grow through doing things together in workshops and markets place than by signing pacts in chancelleries³⁰. Functionalism is opposed to constitutional activity as something opposed to a factual activity. However, it is worth noting that for any regional block to succeed it must adhere to the rules of engagement otherwise it will remain a toothless bulldog. In addition,

²⁸ Brewer J.D. 2000. *Ethnography*. Buckingham: Open University Press: p192

²⁹ Mitrany David, 1996. *A Working Peace System*. Chicago quadrangle books.p27

³⁰ Ibid 29 p25

functionalism believes that defense responsibilities will be wholly surrendered to international control. This is at the center of high politics where national interests assert themselves most strongly. For our analysis, this theory won't be most relevant where strategic interests influence the whole concept of integrating with each country pursuing those interests it deems necessary to propel it to greater heights. Each country shoulders its responsibilities as opposed to the supreme body.

The neo-functionalists posits that when certain sectors of the life of sovereign states are integrated by being brought under joint control, a process can be set in motion in which organized interest groups and political parties tend to become involved³¹. The sector chosen must be important and controversial, but not so controversial that the vital interests of the states are affected or their vested interests threatened. Joint activity will be larger than the sum of the independent activities which would involve sacrifice of existing activities giving rise to remedies³². As central regions are given more power and functions by the member governments the assumption is that the demands, expectations and loyalties of groups and interests will gradually shift to the new center of decision making. This is the expansive logic of regional integration, whereby policies made pursuant to an initial task and grant of power can be made real only if the task itself is expanded, in line with the compromises among the states interested in the task³³. This is the spillover effect where member countries coalesce across national frontiers for the advancement of their community-wide interests.

Neo-functionalists recognize the central institutions with policy making powers having a critical role to play, to resolve conflict. The institutions will promote changes in the behaviors of

³¹Reginald J. Harrison, 1974. *Europe in Question: Theories of Regional Integration*. Wilmar Brothers Ltd, Birkenhead.

³² Haas, Ernest .1964. *Beyond the Nation State: Functionalism and International Organization*. Stanford CA, Stanford University press.pg 5

³³ *International Integration: The European and the Universal Process*, International Organization,XV,1961,p.368

business and labor and other key groups. Unifications will go beyond the national confines in an effort to make common policy and obtain common benefits; hence group pressure will spill over into the federal sphere adding into the integrative impulse³⁴. Neo-functionalists are aware of the need for leadership in providing policy directions that resolves group conflict. Perceived national interests may not always coincide with policies established for the community and in such circumstances national actions that may attempt to evade treaty obligations is expected.

The root of neo-functionalism is that it recognizes that integration is influenced by national interests of individual member countries. It alludes to the fact that countries are complex and that mechanisms for resolving conflict can be achieved. The societies are ‘system dominant’ and integration between these societies goes forward since initial integrative steps promote a new level of calculation of advantage by such groups. As a result the common good is superseded by interest tinted lenses which cause the tinting to fall into converging patterns³⁵. The spillover effect enables members want to pursue integration fully. Even if each country pursues its interests the need to converge will always make those interests be pursued in such a manner that the integration process does not collapse. This theory will go a long way in informing this discourse since it focuses on how interests influence integration process. It will be our point of references as we try to demystify the concept of African integration as influenced by interests of particular member countries in the EAC more so with reference to Kenya.

1.7 Hypothesis

The study has incorporated two hypotheses to render a thorough investigation as regards the questions under review. They are as follows;

³⁴ Ibid 32

³⁵ Haas, Ernest .1964. *Beyond the Nation State: Functionalism and International Organization*. Stanford CA, Stanford University press.pg 35

- i. Kenya's strategic national interests in the EAC impede the integration process.
- ii. Kenya's pursuance of regional hegemony in the EAC interferes with the integration process.

1.8 Research Methodology

This study used secondary and primary sources in its analysis of data.

1.8.1 Secondary Sources

This discourse will employ qualitative approach in the data collection. It will review protocols and various strategic reports on the whole implementation process of the treaty. A critical analysis and appraisal of the EAC treaty will be done which will entail comparative and historical analysis of the protocols and how national interests have impeded full implementation.

1.8.2 Primary Sources

The study primary research entailed visits to the newly formed ministry of East African Affairs, Commerce and Tourism, the Ministry of Foreign Affairs, embassies of Tanzania, Uganda, Rwanda, and Burundi in Kenya to conduct Personal interviews with the staff. This will enable the researcher get a snapshot understanding of the various impediments to realization of a fully integrated East African Community as well as the steps being undertaken towards achieving that. Therefore purposive sampling was used to choose those to be interviewed to help get the right information as regards national interests in regional integration.

1.9 Scope and Limitation of the Study

This study used Kenya in its analysis of the issue at hand. Due to time constraint and travel expenditure the study limited itself to interviewing the representatives of the other four EAC

member countries. In addition, it focused on analysis of the EAC protocols more so the treaty establishing the EAC in trying to understand how national interests of Kenya render the full integration of EAC possible or impossible.

CHAPTER TWO: NATIONAL INTERESTS AND THE AFRICAN UNION

2.0 Introduction

This chapter traces the path that African countries have walked in their quest to integrate and it also addresses issues of national interests. It seeks to investigate how the African Union through its members has navigated national interests of individual countries to form a cohesive regional body. As such it will look at the various Regional Economic Communities that have been formed and what impedes or contributes to their success. Given the many members of the African Union as well as the different economies, political structures and geographical size it will be important to investigate how the organization is able to address issues of national interests. After the Sirte Extraordinary Session 1999 decided to establish the African Union, the Lome Summit in 2000 adopted the Constitutive Act of the Union which culminated in the Lusaka Summit of 2001 which drew the road map as to how the African Union would be implemented. However, the turning point came when the Durban Summit of 2002 launched the African Union and convened the 1st assembly of the heads of state of the 53 countries.

The Constitutive Act that was signed by all the 53 member countries had grandiose plans as to how the African Union would chart its way to achieving regional unity. This unity agenda was found to be very crucial as is spelt out in the first objective of the Constitutive Act under article 3(a). Article 3(c) sought to accelerate the political, social, and economic integration of the continent. Economic integration is very pertinent if the continent is to be competitive internationally as well as proffer sustainable lifestyles for its people. In addition the Union saw it befitting to establish various deadlines as regards the actualization of regional economic communities. A five year phase was set up that would work out a plan to actualize the deliberations of the Abuja treaty. This chapter will look at the quest for African unity that dates

back to colonial era and the role national interests played and it will also look at the African Union framework briefly as well as the background of various regional economic communities. The RECs will help capture every country in the African Union and also the protocol that governs AU-REC relationship.

2.1 Rationale of Quest for Africa's Unity

The idea of African unity owes its origin to the black Diaspora, where Pan-Africanism began as a cultural and political movement aimed at grouping blacks together in a bid to oppose colonial rule that was not only oppressive but also discriminatory³⁶. Pan-Africanism nurtured the spirit of brotherhood, solidarity as well as looking out for one another and was the mother and father of continental unity³⁷. However, the very ideas of Pan-Africanism seems to have been betrayed by the Manchester Congress which advocated for all Africans living abroad to return home and fight for individual independence of their countries³⁸. This move led to power struggles as each country sought to protect and preserve their territory and inter-state power struggles emerged. In addition, the Manchester Congress emphasized on west African regionalism as opposed to continentalism. The formation of West African territories as building blocks for achieving African unity meant that Africa was starting to be divided into regional blocks knowingly or unknowingly for African leaders. The Manchester Congress also injected into African politics the concept of economic and social development via cooperation³⁹. Therefore the Manchester Congress introduced the idea of inter African cooperation to African leaders and for a long time anchored Africa's development on cooperating in security, economic, political, cultural, good governance, and peace issues.

³⁶ Mazrui A A.1965. *Pan-Africanism in the Cold War*. East African Institute of Social Research Conference Paper.

³⁷ Padmore,G. 1956. *Pan-Africanism or Communism: the Coming Struggle for Africa*. London.

³⁸ Makonnen,R. 1973.*Pan-Africanism from Within*. Oxford University Press Nairobi

³⁹ Thompson,V B.1969. *Africa and Unity: The Evolution of Pan-Africanism*. Longman, London.p133

The conference of independent African states convened in April 1958 in Accra, Ghana had been expected to cement the need for a united states of Africa but individual countries' national interests thwarted this idea advocating for inviolability of national independence, sovereignty and territorial integrity.⁴⁰ Therefore issues to do with national interests are as old as the continent's independence with each country stressing the need to protect its sovereignty. In as much as the countries advocated for a united Africa, there was a lot of skepticism as regards surrendering their individual sovereignty. African unity therefore was dependant on nation states themselves and that is why success of federalism in Africa was thought to be at the regional level. This therefore informed the need for African states in a particular region to conglomerate together to form federal regional blocks where they could retain their sovereignty as they still interacted with other countries on a need to form a united Africa.

Various federal regional blocks were formed. The Maghreb integration was in high spirits as independent states of morocco and Algeria supported Algeria's quest for independence. However, neither the Algerian war nor the Arab-Israel conflict was enough to rise above the differences within the region and the integration failed to materialize. The Union of Nile that brought together Egypt, Sudan and later Uganda was driven by the strategic importance of river Nile to these countries. However, the union collapsed in 1955 due to Egypt's interference with Sudan's internal affairs. Egypt's quest to influence the internal affairs of Sudan could have been precipitated by the need to ensure that its national interests were actualized and that it would not lack continuous flow of water in its river banks from the Nile River. The East African federal regional block did not materialize because of nationalism more so from Kenya which saw

⁴⁰ Legum C.1965. *Pan-Africanism: A Short Political Guide*. Frederick A Praeger. New York. P 42

Tanzania and Uganda opt for functional integration in form of the East African community which lasted from 1967 to 1977.

The Ghana Guinea Union is the only group of independent states that came closer to political integration in 1958. When Mali joined the union in 1959 the stage looked set for other African countries to lope in. Nkrumah hoped that the union would be an impetus to a federal system in Africa, however, the union of African states failed to attract any additional countries after Mali. This therefore led to continent wide hostility to federalism with two conflicting groups arising, on one side there was the Brazzaville-Monrovia group and the Casablanca group. The division was necessitated by many factors key among them; ideological differences, personality of leaders, and national interest considerations⁴¹. Each group was driven by national interests and the benefits that would accrue, for example in the Casablanca group Egypt saw a chance to increase its influence in Africa and to gain support from African states against Israel. Sékou Touré believed that the Casablanca group would provide support against France while to Nkrumah it would be the platform to promote his idea of a union of African states⁴². The Brazzaville-Monrovia group opposed the idea of a continental political union and endorsed inter-African functional cooperation⁴³

These groups it seems laid the groundwork for formation of the Organization for African Unity (OAU). Each group came up with a charter as opposed to a constitution which would be enforceable by a court of law. In addition, the constitution would create a new political system and a government that would stand above the existing nation states. This explains why most regional blocks have treaties or a Constitutive Act to guide integration agenda. Amidst this entire

⁴¹ Ibid

⁴² Thompson, V B. 1969. *Africa and Unity: The Evolution of Pan-Africanism*. Longman, London pg 51

⁴³ Nyangira, N. 1980. *Regional Organization and Integration: The Case of the OAU*. Seminar paper given in the History Department of the University of Nairobi.pg 4

hullabaloo there was consensus that inter-African functional integration incorporating economic, cultural, scientific and technical cooperation was necessary⁴⁴. When Nkrumah proposed the creation of a commission to work out details of creating a plan for continental economic and industrial programme that would include establishment of a common market, monetary zone and a central bank it was opposed. Tafawa Balewa accepted African unity as a goal but opined that the most practical approach to African integration would be the start of regional groupings. He proposed division of Africa into five regions namely; North Africa comprising of Arab states, Central Africa (from Chad and Cameroon to Sudan and Nigeria), Southern Africa (from Angola to Mozambique), West Africa (from Mauritania to Nigeria) and East Africa (from Ethiopia to Tanzania). This was widely accepted by majority of leaders who saw it befitting to start integration from regions. We can therefore conclude that the birth of regional groupings was fast tracked by different groupings approach on how African unity would be achieved. This was a boon to regions in Africa more so those that had immense resources if they could capitalize on their strength as opposed to allowing politics and suspicion have their way.

The OAU was formed with the key objective being liberation of those countries' that were still under the colonial rule. This quest increased African countries cohesion even though there were ideological differences as regards the final shape the organization would take which could have led to the collapse of the OAU. It is not lost to assert that the formation of the OAU was one of the very many steps of promoting unity in the continent and cementing solidarity of African states⁴⁵. However, there was the need to restructure the objectives of the OAU since after independence of apartheid South Africa an aim of liberating African countries from colonialism was null and void. The OAU having achieved much of its work had to be reconstituted and hence

⁴⁴ Thompson, V B. 1969. *Africa and unity: The evolution of Pan-Africanism*. Longman, London. pg 172-3

⁴⁵ Cowan, C. 1968. *The Dilemmas of African Independence*, New York. pg 156

the renaming of the organization into African Union with extended mandate and new structures put in place to expedite the new objectives that African leaders deemed necessary in the 21st century.

2.1.1 Sovereignty factor

The integration process in Africa was greatly hampered by fear of losing individual country's sovereignty. Suffice to say that when a country integrates with others to the extent of forming a monetary union, it means giving up its own currency and adopting the regional currency. Majority of the African countries are identified by their currencies, coat of arms, national anthem, and national flag. There is a feeling that once a country gives up its currency it loses its sovereignty. More so, some countries have very strong economies and currencies and the thought of merging their currencies with those that have relatively weak economies is unacceptable. This therefore means that in as much as the RECs pursue monetary union the need to preserve independence of borders is a hindrance. Suffice to say that majority of African countries are very particular about their borders and any attempts to encroach or even deny them enjoy cross-border business would be rejected.

In addition, the foundations of OAU were anchored on achieving independence for each African country⁴⁶. The principle of non-interference and non-alignment was being adopted by some countries although every country was focusing on voicing out disgust with colonialism. As a result giving up sovereignty by any African country was seen as unrealistic. This sovereignty issue has had a lot of limitations in achieving full integration monetary, politically and federal integration wise as is the case for the EU. In addition, the fact that identification of a country

⁴⁶ Elias, T O. 1965. *The Charter of the OAU*. American Journal of International Law, LIX(2)

based on its borders⁴⁷ has been the order of the day since gaining independence from colonialists hence majority of African countries are very particular as regards their sovereignty. Therefore, giving up a country's sovereignty in Africa is quite difficult hence the reason why most African regional groupings are unable to form political federations.

2.2 The African Union

The African Union came into existence in July 2002 after all the 53 member countries signed the Constitutive Act. This is the binding document that spells out the road map of the AU as it works towards achieving African Unity. African Leaders were unanimous on the need to speak in one voice and make AU as a force to reckon with internationally. The head of states saw the need to have a continent which was imbued by the need for economic, political, social, cultural, scientific, technological and security prosperity. This would be achieved through investment in first hand resources that the continent enjoys namely; agriculture, tourism, natural resources like oil, gas, minerals and forestry. Africa is a primary source of these strategic resources for China which desperately needs these raw materials for its population and other European countries. However, for economic prosperity to be achieved, the AU recognized the need to bring together the African countries together by forming regional economic communities. These would be the stepping stones towards forming an African Economic Community.

The AU is tasked with bringing security sanity in the continent; however, the AU has always come in last when it comes to addressing injustices in the continent. The principle of Non-Interference by any Member State in the internal affairs of another has always seen ordinary citizens die as the AU watches. During the wars in Liberia, Sierra Leone and recently Libya,

⁴⁷ Crawford R.J.2005. *The Creation of States in International Law*. Oxford University Press Inc, New York 2nd Ed pg 45-93

Mali and Guinea Bissau lives were lost as the AU was slow in acting. It took the intervention of North American Treaty Organization (NATO) to fight Gaddafi. This principle in the AU Constitutive Act⁴⁸ though meaning well in an attempt to respect each country's sovereignty is a major hindrance. This has led to many people questioning the strength of the union.

Article 4 (h) gives the AU mandate to intervene in a country where situations are of war crimes, genocide and crimes against humanity. However, the union is slow in addressing these issues when they arise. The status quo was once again evident in the case of Libya. The AU members did not take any decisive steps against Gaddafi as he had given the organization financial support. Therefore national interests prevented member countries from criticizing Gaddafi's iron fist rule in Libya while they were well aware that there were grave human rights violations. The situation in Liberia, Sierra Leone, Sudan, Southern Sudan, and Democratic Republic of Congo, Gabon, Angola, Egypt, Algeria and Tunisia called for the AU to act. Fighting continues in DRC Congo unabated, because particular members of the AU would not want to intervene since this would mean loss of smuggled minerals that bring them huge revenues.

This quest for achieving national interests is so rampant in the AU that very many people lose lives while the AU member countries just offer lip service solutions. At times individual RECs have been forced to swing into full gear to solve the problems. A case in point is ECOWAS which took upon itself to try and resolve the Mali coup and Cote d'Ivoire issues. In addition, African countries continue to maintain relations with Sudan whose president Omar Al-Bashir has a warrant of arrest issued against him for crimes against humanity⁴⁹. Countries that are signatory to the International Criminal Court (ICC) have an obligation to arrest and hand over Al-Bashir to

⁴⁸ See African Union Constitutive Act article 4 (g) that states that; *there will be non-interference by any Member State in the internal affairs of another*

⁴⁹ <http://www.icc-cpi.int/iccdocs/doc/doc639078.pdf> pg8

the court whenever he steps in their country⁵⁰. However, Kenya had the audacity to invite Bashir in August 2010 during the promulgation of the new constitution. African leaders' present happily exchanged pleasantries with the Omar Al-Bashir. Why did Kenya not arrest Bashir? A majority of its flights to Europe use Sudan's air space and also Sudan government provides employment opportunities to Kenya's citizens. Arresting Bashir would have greatly had a negative impact in Kenya's interests.

Only Malawi has had the audacity of categorically stating that it would arrest Bashir and in 2012 it forfeited hosting the AU General Assembly as African leaders vehemently condemned Joyce Banda's utterances. Sudan is a large producer of oil and other minerals and many African countries are its customers. This therefore means that African countries would rather have their national interests met as opposed to having Bashir taken to the ICC. In the recent celebration of 50 years since formation of AU (formerly OAU) in May 2013 in Addis-Ababa, Ethiopia African leaders unanimously opposed Kenya's cases being tried at The Hague, Netherlands and each leader made scathing attacks on the ICC. The idea was that Africa should be left to deal with its problems and as such AU should pull out of the ICC. The AU was trying to whip its members to cease being a signatory to the Rome Statute so as to ensure that none of its citizens is taken to The Hague. However, we should remember that it is each country's parliament that can sanction such a move even if the AU whips its member countries. The issue is to ensure that AU addresses problems facing the continent forgetting the fact that when one arises they neither intervene nor offer long term solutions. It should not be lost to note that the AU continues to lose numerous job opportunities to the Chinese and many African countries continue to be exploited

⁵⁰ See article 89 of the Rome statute of the International Criminal Court on *Surrender of Persons to the Court*

by China in its quest to tap into the vast resources in Africa more so oil⁵¹. However, very few countries will point out this fact since China has really invested not only in African countries but also in the AU itself whose ultra modern AU headquarters in Ethiopia was funded by the Chinese government. This was a gift by the Chinese to the African Union. The AU will remain silent even as China exploits its member countries since it doesn't want to jeopardize its interests within china. National interests in the AU are so rampant that a lot of grave violations of rule of law, good governance, democracy and institutional strengthening are swept under the carpet.

2.2.1 Organs and Institutions of AU

In order for the AU to carry out its tasks efficiently and effectively it has set out organs and institutions in the Constitutive Act to expedite the objectives of the union. These organs and institutions are tasked with ensuring that the AU achieves the set targets and objectives every year. Key among these is the actualization of the African Economic Community. Key organs⁵² include; The Assembly of the Union; The Executive Council; The Pan-African Parliament; The Court of Justice; The Commission; The Permanent Representatives Committee; The Specialized Technical Committees; The Economic, Social and Cultural Council. Since the AU seeks to achieve a political federation in future it has established financial Institutions namely; The African Central Bank; The African Monetary Fund; and he African Investment Bank. There is need to give prominence to these organs and institutions so that they are able to implement key milestones in achieving continental prosperity. These organs and institutions should at all time be amenable to the individual countries. They must always complement those of the RECs so that their mandate of achieving key milestones within the continent materializes. To address issues of

⁵¹ Taylor Ian. 2010. *International Relations of Sub-Saharan Africa*. The Continuum International Publishing Group Ltd, London.

⁵² AU Constitutive Act Article 5 (1) Organs Of The Union

national interests the decisions of the Court of Justice should be final. In addition, the organs and institutions should not be threatened and ought to be allowed to carry out their work independently.

The organs and institutions of the AU are structured to ensure that every REC is represented in the AU. The establishment of a permanent representative within the body works to listen and proffer solutions to any setback the REC might be going through. However, each REC strives to ensure that it fully exploits channels of communication within the organs to have its interests addressed. As a result each REC is tasked with ensuring that issues afflicting it are given preference within the AU. In addition, the AU has set up the New Partnership for Africa's Development (NEPAD) which is an African Union strategic framework for pan-African socio-economic development. NEPAD is a radically new intervention, spearheaded by African leaders, to address critical challenges facing the continent: poverty, development and Africa's marginalization internationally⁵³. Therefore NEPAD provides unique opportunities for African countries to take full control of their development agenda, to work more closely together, and to cooperate more effectively with international partners.

2.2.2 The AU-REC Protocol

The AU saw it necessary to establish a protocol with the RECs so as to ease modus operandi of achieving the African Economic Community. Article 11(1) of the protocol states that, the immediate goal of the AU is to strengthen existing RECs. In addition, it seeks to work towards creation of new ones as a strategy of ensuring all the regions are covered within the continent. In addition, the protocol was to work towards the coordination and harmonization of activities of RECs. It is the one mandated with providing checks and balances on whether the RECs are

⁵³ *African Journal of Political Science and International Relations* Vol. 5(1), pp. 1-9, January 2011

working towards achieving the objectives they were created for. Article 22 (1) of this protocol envisages measures that shall be taken against a REC whose policies, measures and programmes are incompatible with the objectives of the treaty. This therefore means that all REC are supposed to work hand in hand with the African Union in actualizing the aims of the continent.

Article 5.1 (b) states that all RECs are to align their programmes, policies and strategies with those of the AU. This therefore means to achieve continental prosperity and unity it all starts at the regional levels and ascends up as the main driver of integration and for Africa it is the African union. The various mechanisms provided by this protocol ensure that RECs solve their internal wrangles and prevent conflicts from spilling over into the AU. This therefore ensures that each REC works to contain its particular tensions as it works towards aligning its objectives with those of the AU. It is a good strategy that would work well for the AU if the individual countries in the REC are able to amicably resolve their disputes. In addition, the protocol recognizes the fact that financial constraints impede full integration in the region. Article 25 (1) has tasked the African Development Bank, (ADB) to plan, manage, implement, follow-up and monitor how the particular countries in the RECs utilize the funds advanced.

2.3 African Economic Community Treaty

The treaty establishing the African Economic Community set out phases that would gradually lead to a prosperous continent. The treaty sought to achieve this in six stages of variable duration over a transitional period not exceeding thirty-four (34) years⁵⁴. Each such stage was assigned a timeline. The first stage sought to strengthen existing regional economic communities within a period not exceeding five (5) years from the date of entry into force of the Treaty, as well as establishing economic communities in regions where they did not exist. The second stage was to

⁵⁴ http://www.africa-union.org/root/au/Documents/Treaties/Text/AEC_Treaty_1991.pdf

work on stabilizing tariff barriers and non-tariff barriers, customs duties and internal taxes existing at the date of entry into force of the treaty at the level of each regional economic community and within a period not exceeding eight years. Gradual removal of tariff and non tariff barriers was to be removed and a timetable drawn up to actualize this.

The third stage aimed at establishing a Customs Union at each regional economic community within a period not exceeding ten years, as well as establishing a free trade area and adopting a common external tariff. The fourth stage was to work on co-ordination and harmonization of tariff and non-tariff systems among the various regional economic communities with a view to establishing a Customs Union at the continental level by means of adopting a common external tariff within a period not exceeding two years. In the fifth stage establishment of an African Common Market through adoption of a common policy in several areas such as agriculture, transport and communications, industry, energy and scientific research was to be achieved within a period not exceeding four years. Finally in the sixth stage within a period not exceeding five years consolidation and strengthening of the structure of the African Common Market and integration of all the sectors namely economic, political, social and cultural; establishment of a single domestic market and a Pan-African Economic and Monetary Union as well as implementation of the final stage for the setting up of an African Monetary Union, would be achieved⁵⁵.

The transition from one stage to another was to be determined when the specific objectives set in the Treaty or pronounced by the Assembly for a particular stage, are implemented and all commitments fulfilled. The cumulative transitional period was not to exceed forty years from the date of entry into force of this Treaty. The Regional Economic Communities would be the

⁵⁵ Ibid 54

building blocks to achieve these set targets as detailed in the first stage of achieving African Economic Community. To this end the African Union established seven RECs that would work towards achieving an AEC.

2.4 Background of Regional Economic Communities

Article 88 of the Abuja Treaty and article 3 of the AU Constitutive Act envisioned RECs as the implementing wing of AU's goal of a peaceful and prosperous continent. They were and still are the building blocks for economic integration, as well as African Economic Communities. They are the key actors in promoting political stability in their respective geographical areas. RECs as building blocks of the African Economic Community (AEC) as well as their relation with the AU are governed by a series of formal agreements. Article 33 of the AU Constitutive Act categorically establishes the mechanisms for the actualization of AEC. As the implementing arms of the AU and development agents in their respective regions, RECs can promote inter-regional trade, and trans-border social-economic cooperation. They can also address the causes of conflict in their areas, preventing and resolving violent conflict and also respond to new and emerging challenges. RECs play a crucial role in helping the AU achieve its regional objective but the capacity of each REC to achieve its mandate largely depends on the level of resources within its disposal and political commitment from its member states. In addition, the multiplicity of membership by the individual countries⁵⁶ in RECs within their regions limits the full participation. Financial contribution to enable the RECs actualize majority of their objectives is therefore limited. In addition, it is worth noting that some RECs have remained non-functional largely due to non-commitment from their members. They only exist in paper, which therefore

⁵⁶ United Nations Economic Commission for Africa (UNECA) & African Union Commission (AUC) 2006, Assessing regional integration in Africa II, rationalizing regional economic communities, UNECA, Addis Ababa.

means that the particular region they come from lags behind. Others are clouded in conflicts as regards implementation of protocols and also non-reciprocity. This arises as each country in a particular block tries to weigh what benefits will accrue and also changes in leadership that results in coups and also dictatorship which means a majority of agreements are swept under the carpet.

To help us understand how the particular RECs have traversed their journey towards helping the AU achieve continental economic success we shall look at the Community of Sahel-Saharan States (CEN-SAD), Economic Community of Central African States (ECCAS), Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), Intergovernmental Authority for Development (IGAD), Southern African Development Community (SADC), and the Union du Maghreb Arabe (UMA). We shall not discuss the EAC as it is the area of study and will be dealt with in chapter 3. This will help us understand how national interests influence regional integration as opposed to looking at individual country in Africa.

2.4.1 Community of Sahel-Saharan States (CEN-SAD)

The CEN-SAD is a framework for integration and complementarity⁵⁷. It intends to work together with the other regional economic communities and the African Union, to strengthen peace, security and stability and achieve global economic and social development. The Treaty on the establishment of the Community was signed by the Leader of Great El-Fateh Revolution and the Heads of State of Burkina Faso, Mali, Niger, Chad and Sudan. This is an REC that has observer status in the UN and its task is to enable members establish an economic union with emphasis on investment in agriculture, industrial, social, cultural and energy fields. The 23 member countries

⁵⁷ http://www.africa-union.org/root/AU/RECs/cen_sad.html

have established an investment and trade bank that gives priority to projects executed in member states and carries out its activities within the framework of the CEN-SAD convention and the Statutes. This therefore is a boon to the member countries as they can execute projects if member countries are committed in honoring their financial contributions. Failure to honor their financial obligation renders the grandiose idea just that an idea. Complementarity is important so as to enable member states produce products that will compliment as opposed to competing in the markets. However, issues of national interests have been a hindrance as some of the countries would go ahead to side step this principle. The secretariat is keen on ensuring that issues regarding complementarity are upheld and has established Complementarity and Integration Directorate.

2.4.2 Economic Community of Central African States (ECCAS)

Economic Community of Central African States (ECCAS) was established on 18 October 1983 by the Central African Customs and Economic Union (UDEAC) members⁵⁸ and the members of the Economic Community of the Great Lakes States that is Burundi, Rwanda and the then Zaire as well as Sao Tome and Principe. Majority of the concessions that UDEAC members agreed to did not take off due to each country choosing to pursue their national interests. For example, despite members agreeing that industrial goods and agricultural products from member countries were to be subject to a uniform solitary tax, members used discriminatory tariffs to protect their industries. This blatant refusal to adhere to agreed rules of engagement meant that the UDEAC remained stagnant. In addition the secretariat being the executive arm of ECCAS was just an administrative arm with no prominence and was equivalent to a statistical office with a mail

⁵⁸ Awoumou, Côme Damien Georges. 2008. 'ECCASor CEMAC: Which Regional Economic Community for Central Africa?' in Chrysantus Ayangafac (ed.), *Political Economy of Regionalisation in Central Africa*. Pretoria: Institute for Security Studies.

forwarding agency⁵⁹ due to a number of factors namely; inability to distribute the costs and benefits of union fairly among member states. Chad and Central African Republic complained that most of the benefits accrued to Cameroon. The two countries pushed for some industries to be exclusively located in their regions so that they could benefit. This imbalance in sharing welfare gains continues to derail the RECs actualization of a majority of its objectives. In addition, internal wrangles in member countries slow down the activities of the ECCAS.

The members are rich in natural resources with countries such as Angola, Gabon, Cameroon, Congo, Chad and Democratic Republic of Congo having vast oil reserves as well as other minerals. This therefore means these countries find it difficult to share their oil revenue benefits with the others. As a result ECCAS continues to experience closure and moving forward is quite difficult due to increased social conflict as competition for minerals is rampant in member countries as they pursue preservation of their interests. Little attention is directed towards achieving full integration. The ECCAS institutional framework should be given prominence so that it can be able to implement most of the objectives. This is an REC that has great potential of achieving success for the member countries as well as increasing the AU economic prosperity. The vast minerals and oil reserves in the member countries of this region presents a greater bargaining power for the continent. A mechanism for addressing sharing of welfare gains coming out of the region should be established. In addition, conflicts in the region should be addressed with utmost speed to ensure the region is able to concentrate on economic integration as opposed to wasting a lot of time resolving war.

⁵⁹ Green R,H and Krishna K G V. 1967. *Economic Cooperation in Africa: Retrospect and Prospect*, Oxford University Press London. Pg 109

2.4.3 The Common Market for Eastern and Southern Africa (COMESA)

The Common Market for Eastern and Southern Africa was formed in 1994 to replace the former Preferential Trade Area (PTA)⁶⁰. COMESA's objective was to form a large economic and trading unit aimed at achieving economic prosperity through regional integration and enhancing intra-trade through removing some of the barriers facing individual countries. The starting point was the formation of a free trade area aimed at eliminating customs tariffs and eventually non-tariff barriers (NTB). Therefore COMESA's strategy is economic prosperity through regional integration. Issues of origin of trade had clouded the PTA and it was only pertinent that a common market for Eastern and Southern Africa be formed to try and eliminate the barriers that rocked regional integration. Tariffs started to be eliminated from 1999 provided that imports were originating from the COMESA region and were accompanied by a certificate of origin authorized by competent authorities in respective countries. COMESA has established various institutions to enable it expedite its objectives namely; the COMESA Trade and Development Bank, Clearing House, Association of Commercial Banks, Leather Institute and Re-insurance Company (ZEP-RE).

Trade and development is quite significant as it provides finances to projects and infrastructure financing to enterprises and businesses doing businesses in member countries. However, pertinent questions arise about financial commitment by member countries to enable the bank meet its goals. Some countries in the REC pursue their national interests contrary to agreed rules which complicate the whole integration process of COMESA. This is because the COMESA membership is composed of countries with different economic, social, political and geographical characteristics. The Regional Investment Agency of COMESA in close partnership with

⁶⁰ R. Gibb. 2006. Rationalization or Redundancy? Making Eastern and Southern Africa's Regional Trade Units Relevant. Brenthurst Discussion Paper. 3. Johannesburg.

Investment promotion agencies (IPA) work to ensure that there is an enabling investment environment that steers the region's economic growth to greater heights. The Regional Investment Agency acts as an information hub for potential investors, assisting enquiries and acting as a coordinator⁶¹. Therefore the Regional Investment Agency ought to note areas that individual countries try to promote their national interests oblivious of the harm caused to the RECs destination as an investment hub.

The Regional Investment Agency offers training and development support to National Investment Promotion Agencies in member countries and at a regional level. This goes a long way in ensuring that those countries that lag behind in development are able to look for strategies of improving their economies and produce competitive products in the region. As a result there is increased innovation that ensures that each country is able not only to benefit from the free trade area but also attract investors. This is against the backdrop of identifying bottlenecks to trade and investment environment and working on these constraints to facilitate investments in respective countries. Therefore the Regional Investment Agency in COMESA is a boon to the region and is a panacea to national interests that plagues regional integration as countries are kept abreast on better ways of doing business as opposed to ignoring rules of engagement as set out in the COMESA Treaty.

2.3.4 The Economic Community of Western African States (ECOWAS)

The Economic Community of Western African States (ECOWAS) was formed in 1975 with the aim of promoting co-operation and integration in economic, social and cultural activity⁶². This would ultimately lead to the establishment of an economic and monetary union through the total

⁶¹ http://www.comesaria.org/site/en/article.php?chaine=comesa-ria&id_article=56

⁶² Ojo, O.J.B. (1980), "Nigeria and the Formation of ECOWAS", *International Organization*, Vol. 34, No.3, pp. 571-604.

integration of the national economies of member states. In addition it aimed at raising the living standards of its peoples, maintaining and enhancing economic stability, as well as fostering relations among member states and contributing to the progress and development of the African Continent. Its objectives were anchored at ensuring that member countries work toward fostering the prosperity of the African continent. This is because majority of its founding fathers had the grandiose agenda of establishing a United States of Africa, with Ghana's president Kwame Nkrumah in 1950's who strongly advocating for one political union as the stepping stone towards a more cohesive Africa.

The REC has come a long way in so far as promoting unity is concerned. From early on member countries acknowledged the fact that without peace majority of goals the REC set to achieve would not materialize. It therefore adopted the Protocol relating on Non-Aggression (PNA) in 1978. This therefore meant that member states would work towards promoting peace and that members could collectively work together to resolve disputes in the West African region. The member countries went further to establish a Protocol Relating to Mutual Assistance on Defense (PMAD). This was against the backdrop that armed threat or aggression against one member constituted a threat or aggression against the Community. Therefore the members resolved to give mutual aid and assistance for defense.

ECOWAS is a REC that takes issues relating to integration seriously and ECOWAS Monitoring Group (ECOMOG)⁶³ has over the years conducted monitoring of peace situations among member states with an aim of providing solutions. It prevents particular overreach by members as they try to advance national interests contrary to unity in the region. Since the conflict in Liberia, Sierra Leone, Cote d'Ivoire, Guinea, Guinea-Bissau, Senegal, and Mali of late adversely affected

⁶³ Khobe, Mitikishe M. (2000) *The Evolution and Conduct of ECOMOG Operations in West Africa*

the progress of the REC in the region it was only feasible that member countries expedite on a mechanism of controlling the mayhem. It therefore was found necessary to ensure that 0.5% levy on import duties collected in the ECOWAS region be allocated towards peace keeping⁶⁴. This would go a long way in ensuring that there is adequate finance to facilitate peace keeping in the region. ECOWAS has made drastic steps towards ensuring that the region is a reckoning force in achieving African Economic Communities within the AU. This is because of the vast resources its member countries have at their disposal. For example Nigeria and Niger have vast oil reserves while Senegal, Sierra Leone, Gambia, Cote d'Ivoire, Burkina Faso, Togo and Benin are well endowed with cashew nuts and macadamia nuts while Ghana has vast cocoa fields. As such these countries contribute a lot to the economic prosperity of the continent. This therefore calls for peace so that the farmers can be able to till their land and provide these raw materials to the market. Issues of national interests would still arise with some member countries wanting to be predominant cashew and cocoa suppliers in the continent. This problem had been anticipated and hence the formation of the African Cashew Alliance (ACA) which works at ensuring there is fair play in these very vital industries in the West African region⁶⁵. ACA works to ensure that there is better farming practices in the region and ECOWAS members should work closely with this body as it creates massive job opportunities in the region.

2.3.5 The Intergovernmental Authority for Development (IGAD)

The Intergovernmental Authority for Development (IGAD) was formed in with the aim of addressing drought that had ravaged the region. It was found necessary to address this problem by forming a Regional Economic Community that would bring together countries that experienced this problem. Creation of an enabling environment for foreign, cross-border and

⁶⁴ Ibid 69

⁶⁵ <http://www.africancashewalliance.com/about-us>

domestic trade and investment was of paramount importance. The formation of an REC that is concerns itself purely with addressing drought shows that the region really was in shambles, food security wise. Food insecurity in the region could have been precipitated by lack of adequate peace more so in Somalia, Ethiopia, Sudan, Djibouti, Uganda and Eritrea⁶⁶. A lot of emphasis was on winning the war as opposed to cultivation of land. Ethiopia was trying to prevent Eritrea from secession inhibiting concentration on agricultural activities. Sudan was on the hand preventing Southern Sudan to secede while Somalia was having critical issues that could hardly provide an enabling environment for agricultural activities. This therefore led to the food insecurity in the region.

The insecurity and wars in IGAD member countries affected infrastructure and there was a need to develop and improve a coordinated and complementary infrastructure, in the areas of transport, telecommunications and energy in the region. For IGAD to move forward there is a need to mobilize resources for the implementation of emergency, short-term, medium-term and long-term programmes within the framework of regional cooperation. Somalia needs to achieve stability as instability affects Kenya and Ethiopia which have ramification with other member countries since the influx of refugees and terrorists interferes with investor confidence in the region. As a result a lot needs to be done to ensure that the rule of law, good governance, strong institutions, and peace prevails in Somalia. This has been witnessed in form of Kenya and Ethiopia sending their troops to oversee peace keeping and peace building as first steps towards liberating the country from Al-Shabaab and other militia groups. However, we cannot fail to mention the fact that national interests also has interfered with full integration within the IGAD region as Ethiopia continue to give lip service to Eritrea's independence while Sudan and

⁶⁶ Prunier, Gérard. 2004. 'Rebel Movements and Proxy Warfare: Uganda, Sudan and the Congo (1986-1999)', *African Affairs* 103 (412): 359-383.

southern Sudan continue to fight over oil reserves. This is all because of individual national interests that each country seeks to maintain or advance. As a result few steps are made towards achieving a majority of the objectives that the REC has set forth.

There is a need to respect the sovereignty of each state in the cases for Ethiopia and Sudan interference with Eritrea's and Southern Sudan independence. Particular resources previously enjoyed cease to exist but respect should be accorded to these countries' borders. These countries are recognized as sovereign states through international bodies like United Nations (UN) and international institutions namely the World Bank and International Monetary Fund (IMF). In addition, Uganda and Sudan should each shelve their interests as regards the Nile River and work towards working a mechanism of sharing gains emancipating from this resource. If this is done the REC should continue working towards realization of an AEC in the AU so as to see that Africa achieves peace and economic prosperity not only for the current generation but also for posterity.

2.3.6 Southern African Development Community (SADC)

The precursor of SADC was the Southern African Development Coordinating Conference (SADCC) that had been constituted in with the aim of countering South Africa's dominance in the region as well as to fight apartheid issues⁶⁷. Therefore a lot of emphasis was on preventing South Africa from advancing its national interests in complete ignorance of the national interests of the other member countries. To this end SADC found it necessary to expand its objectives and thereby laid emphasis on alleviating poverty in the region premised on the need to promote good governance, rule of law and democracy in the southern Africa region. To this end the REC has

⁶⁷ Omari, Abillah H. and Macaringue, Paulino. 2007. 'Southern African Security in Historical Perspective', in Gavin Cawthra, Andre du Pisani and Abillah Omari (eds), *Security and Democracy in Southern Africa*. Johannesburg: Wits University Press

protocols on corruption, trade, finance and investment etc. These binding documents are to expedite the achievement of AEC in Africa and also for the countries in the region to achieve economic prosperity. Key strategies include promoting the coordination and harmonization of the international relations of member states, creation of appropriate institutions and mechanisms for the mobilization of requisite resources for the implementation of programmes and operations of SADC and its institutions⁶⁸. Strong institutions are important in actualization of the objectives of a regional economic community as well as addressing inequality problems. This is something that SADC has taken into consideration as it seeks benefiting members within their region.

Improving economic management and performance through regional cooperation is paramount to the members of SADC, as it steers the individual countries to greater heights and at the same time contributing to Africa's success. This therefore calls for commitment from member countries so as to achieve this and transparency, openness and accountability is crucial since suspicions between members that one country is benefiting more than the others could inhibit commitment from other countries. This way inequality in welfare gains is easily addressed within the region and amicable solutions sought.

2.5 Conclusion

This chapter discussed the African quest for African unity since colonial days to current period. Africa has for a long time sought to achieve one voice and compete with other continents while still preserving individual countries' sovereignty. This therefore means that a majority of the countries fear taking integration in their respective regions beyond a customs union. Monetary union and political federation are hard to achieve. The African Union was established through

⁶⁸ Peters C 2010. *The Quest for African Unity. Regional Integration and its Role in Achieving African Unity*. The case of SADC

the Constitutive Act with an aim of creating an African Economic Community. This could only be achieved through formation of Regional Economic Communities in Eastern, Western, Central, Northern and Southern hemispheres. Each REC has to work towards aligning its objectives with those of the AU. The African Union established the AU-REC protocol that would act as the coordination tool in the actualization of the AEC. The various RECs established, though making gradual process, are marred with issues of national interests which at times impede the achievement of the AEC. The inequality in welfare gains sharing leads to the AU struggle to actualize the AEC. Multiplicity of membership in the RECs is a big problem since it leads to minimal commitment to the actualization of the objectives of the RECs owing to double allegiance. Majority of the countries are not able to honor their financial pledges which interferes with the work of the RECs. In addition, the structures of the RECs follow a similar approach like that of the AU where the head of states are the principal decision makers and each REC has a secretariat.

The secretariats and other organs of some REC's are just there for administrative role with minimal powers allocated to them. The Institutions of these RECs should be given prominence, amenability and a lot of financial support so that their staffs are unbiased as they execute their mandate. As such they will not be easily influenced to advance one country's national interests. The AU-REC protocol recognizes the fact that underfunding of the REC's will hinder most of these regional economic communities from actualizing the mandates set forth. As a result it has sought to establish the ADB as the financial institution to look into this financial issue. It should be emphasized the fact that national interests are so rampant in the AU. A lot of prominence to the organs and institutions of the AU is required so that they can work without fear. However, it

is the African leaders who perpetuate these issues of national interests in the AU thereby limiting the cracking of the whip by the AU when problems arise in the continent.

CHAPTER THREE: THE EAST AFRICAN COMMUNITY

INSTITUTIONAL FRAMEWORK

3.0 Introduction

The EAC treaty came into effect with particular reference to; strengthening the member countries economic, social, cultural, political, and other ties for their fast balanced and sustainable development. For this to be tenable, cooperation at the sub-regional and regional levels in all fields of human endeavor was of paramount importance. The standards of living of East African people would be achieved since economic stability would be maintained because of regional integration. This was only viable against the backdrop of accelerated integration and establishment of a customs union, common market, monetary union and a political federation by the EAC member countries. The EAC treaty was and is still the reference point when disputes arise as regards one member imposing barriers to full integration in the community. Inequality on sharing of gains has remained a tinderbox in the EAC integration process. In addition, the economic strength of the five countries varies. Only Kenya and Tanzania have ports while the other three countries namely; Uganda, Rwanda, and Burundi are landlocked. This therefore means that the three countries depend on Kenya and Tanzania to ship their goods and when conditions aren't favorable in terms of higher taxes they trade with either Democratic republic of Congo for Rwanda and Burundi while Uganda will trade with Southern Sudan. However, given the instability in Sudan, Southern Sudan and Democratic republic of Congo these three countries more often than not opt to ship their goods through Kenya and Tanzania. Therefore there is need to ensure that there is equality in welfare gains emanating from this trade so as to avert a situation of either for Kenya or Tanzania advancing their national interests against the other EAC member countries. The provisions of the treaty as regards trade liberalization ought to be

implemented in totality so as to avoid issues of one country renegade to cooperate due to not gaining enough from the integration process.

A critical analysis on the treaty as regards equity will help us lift the veil on this issue that has for a long time hindered full integration delving on the organs and institutions, as well as various articles of the treaty. This will help us understand the remedies that the treaty offers that would address issues of one country advancing its own interests in complete disregard to the rules of engagement. It is from the treaty that we shall learn the solutions offered and whether they can be fully implemented or if it is just lip service and also whether the member countries adhere to the provisions of the treaty.

3.1 Organs of the EAC

The EAC has distinctive organs and institutions that help it facilitate the implementation of various protocols. In addition, there are key guidelines as regards how the community should progress in order to be a reckoning regional bloc in Africa and in its relations with the world. The founding fathers had intended the EAC organs and institutions to work together with the single and undivided purpose to midwife the integration process.

Key organs are as detailed below⁶⁹;

- i. The Summit.
- ii. The Council.
- iii. The Coordination Committee.
- iv. The Sectoral Committee.

⁶⁹ See Article of the EAC Treaty

- v. The East African Court of justice.
- vi. The East Africa Legislative Assembly.
- vii. The Secretariat.

These organs and such other institutions that are or may be established are the ones that guide the direction the EAC takes in regards to policy formulation, coordination and implementation. In addition, they ensure that the agenda of achieving full integration is achieved.

3.1.1 Prominence of the Organs and Institutions

The organs and institutions of the EAC ought to be given enough recognition and respect so that they can be able to actualize the objectives of the East African Community. Each of the organs has a particular role it plays and it intermarries with the other organs so as to actualize its mandate within the community. The summit is the only organ that is responsible for providing direction the East African community will take as regards development⁷⁰ as well as assenting to bills; the appointment of Judges to the East African Court of Justice; the admission of new members and granting of observer Status to foreign countries⁷¹; it considers progress reports and any other reports so as to gauge whether the recommendations made in prior meetings are being fast tracked. Similarly it's the one responsible for ensuring that rules and orders are published in the gazette. The council reports its recommendations to the summit and meets twice every year prior and during the summit's meeting. It provides the policy that the EAC ought to pursue in the region monitoring the programmes that the community earmarked to be implemented during a particular period of time⁷². It is crucial to note that if the council fails to fulfill a majority of its

⁷⁰ The EAC Treaty Article 11,(1)

⁷¹ The EAC Treaty Article 11,(9)

⁷² The EAC Treaty Article 14 (2)

tasks as set out in the treaty majority of the objectives of the community would be in limbo. It is the council that makes financial rules and regulations of the Community⁷³ as well as drafting the agenda of the meetings of the summit. Therefore it has to do a lot of research as regards the areas that need attention by the five head of states for deliberation more so, those ones that inhibit full integration of the community. This goes a long way in so far as accelerating integration is concerned.

Since the job description of the council is quite enormous it is assisted by the various coordination committees that comprises of the permanent secretaries responsible for regional cooperation in each partner state and such other permanent secretaries of the partner States as each Partner State may determine⁷⁴. The Council therefore should have personalities who are well versed with integration process so as to rope in ideas and opinions that go a long way in making the region competitive as well as addressing issues that could hinder integration process. The East African Court of Justice is there to oversee compliance of the treaty by the various member countries administering justice at all times when there is breach of conduct. The East African Court of justice has jurisdiction as pertains the contents of the treaty in regard to original, appellate, human rights as well as any other jurisdiction that may be determined by the Council⁷⁵. The court is composed of independent, impartial judges who have integrity and proven track record of carrying out their duties. Therefore they can be able to interpret the treaty and pass out judgment that is not favorable to one country. In addition, no judge is to participate in a case where they have an interest⁷⁶ and this ensures that the decisions emanating from the court are polished and serve the interests of the larger East African Community. In addition,

⁷³ The EAC Treaty Article 14,3 (g)

⁷⁴ The EAC Treaty Article 17

⁷⁵ The EAC Treaty Article 27,(2)

⁷⁶ The EAC Treaty Article 26,(6)

having the decisions of the court to be final, binding, and conclusive and not open to appeal⁷⁷ increases the reputation of the courts ensuring that member countries live in awe of contravening any engagement with other members. This is because no appeal can be done therefore necessitating the need for adherence to the rules and regulation and ensuring that disputes are settled amicably before proceeding to the courts. Fair play can hence be sought in regard to the way various articles of this treaty are observed. In order for the reputation of the organs and institutions to be respected and advanced it is important that those member countries that do not adhere to the terms of the treaty are punished.

The East African Legislative Assembly of the EAC has the mandate of debating and approving the budget of the community. As such the EAC secretariat cannot function if the Assembly fails to approve the budget since there won't be funds available. Article 49 (d) states that the assembly shall discuss all matters pertaining to the Community and make recommendations to the Council as it may deem necessary for the implementation of the Treaty. The Legislative assembly is crucial for the implementation of the treaty. The secretariat is responsible for the daily operations of the community and therefore ought to be accorded full support and respect. The EAC legislative assembly shall at all time work in close collaboration with the national assemblies of the five countries as stipulated in article 65. The secretary general is appointed on a five year rotational basis which rules out the possibility of one member country dominating this leadership. Of particular importance is to have the deputy secretary general coming from another country separate from that of the secretary general⁷⁸. This is very crucial as it avoids one country using the secretariat as a puppet to advance its national interests. It is the secretariat that is responsible for conduct of research so as to seek ways of ensuring that the community meets

⁷⁷ The EAC Treaty Article 35,(1)

⁷⁸ The EAC Treaty Article 67,(1,2)

various objectives. As such granting of immunity to the support staff is crucial so that they can be able to discharge their duties without fear. Article 72 (2) gives cognizance to this and it clearly states that a Partner State shall not, by or under any law of that Partner State, confer any power or impose any duty upon an officer, organ or institution of the Community as such, except with the prior consent of the Council. Sub section 3 of article 72 further states that each partner State undertakes to respect the international character of the responsibilities of the institutions and staff of the Community and shall not seek to influence them in the discharge of their functions. This therefore means that any partner state that tries to use its staff in the EAC secretariat to advance its national interests contravenes article 72 and is liable to prosecution within the EAC court of justice.

3.2 Principles of the Treaty

The EAC treaty has outlined a number of principles that highlight the issue of equality and sharing of welfare gains between member countries. These principles help in the achievement of the objectives of the community⁷⁹. The existence of a palatable environment to facilitate transactions either business wise or policy wise is crucial. The principles are the building blocks that enable the community to meet the targets they have set forth in ensuring that the community is able to implement the protocols they have committed themselves to. The treaty has outlined the need to ensure there is strict adherence to the establishment of an export oriented economy for the partner states. It further goes on to emphasize on the need to have free movement of goods, persons, labor, services, capital, information and technology. This therefore means that partner states are supposed to open up their borders devoid of any selective consideration meted out in recognition of the common market protocol. Therefore for any meaningful achievement of

⁷⁹ The EAC Treaty Article 7,(1)

the objectives of the community the fundamental and operational principles of the treaty should be practiced in totality. We shall look at the principle of subsidiarity, asymmetry and complementarity and how they ensure that the treaty is implemented to the core as well as how they look at issues regarding equity and national interests.

3.2.1 Principle of Subsidiarity

The principle of subsidiarity emphasizes multi level participation as well as the involvement of stakeholders in the process of integration⁸⁰. Involvement of the civil society, private sector as well as the citizenry of individual countries would go a long way in checking those countries that advance their national interests in complete ignorance of the treaty. Suffice it to say the earlier integration prior to the current community collapsed due to seclusion of stakeholders⁸¹ other than those of government more so the civil society and the private sector. Article 127 of the EAC treaty recognizes the need to provide an enabling environment for the civil society and the private sector. The Civil Society Organizations (CSOs) in the five member countries are supposed to provide the necessary checks that impede integration either due to bottlenecks in borders, or one country advancing its interests contrary to the treaty provisions. Article 127, (4) further states that the secretary general shall provide forums for consultations with the civil societies. This is possible through the East African Community Civil society organizations Forum (EACSOF) where the CSOs play crucial functions of advocacy, watchdog, network, citizens associations, and research. As such they play a vital role of ensuring that particular laws are not bent to suit some nation's interests at the expense of EAC regional integration. EACSOF is very crucial as regards to the inclusion of the Civil Society in buttressing EAC regional

⁸⁰ The EAC Treaty Article 7,1(d)

⁸¹ The EAC Treaty *Preamble*

integration agenda⁸². In addition, these forums provide an opportunity to learn of the challenges that are inherent in the full throttle implementation of the EAC treaty by member countries.

Public forums scrutinizing the various impediments facing full implementation of the treaty ensures that recommendations can be sought that are independent from the governments. It should not be forgotten that it is those people on the ground who really know what is actually happening. They are the ones that face difficulties as they try to access border points, trade their goods, they are the ones that experience the effects of CET and whether there is reciprocity from EAC member countries. Therefore by including them in the process of integration they can be able to point out where there are tinderboxes and whether some countries are discriminatory and only advancing their interests as opposed to the rules and regulations set forth. The civil society in every country is supposed to ensure that promises are kept and that the rule of law is observed in so far as full scale integration is achieved in the east African region. In the same way you cannot build a strong house exclusive of mixing sand and cement to join the stones you cannot have a more cohesive EAC without involving the private sector, civil society and the members of the public.

The private sector is fundamental in enhancing economic growth in the EAC hence there is need to not only recognize the crucial role they play but also involve them wholly in the EAC integration. Article 127 and 128 recognizes the fact that without a private sector that is fully supported and given the necessary tools of operation economic growth will remain elusive in the EAC region. To this end the East African Business Council (EABC) was formed in 1997 to champion the needs of the private sector in the EAC. The EABC aims to be an effective change agent to foster an enabling business environment as well as to promote private sector's regional

⁸² <http://eacsof.net/>

and global competitiveness in trade and investment⁸³. This therefore means that the private sector can be able to bargain for fair trade within the region given its large number of members who have an interest in benefiting from the integration in the region. It is a force to reckon with and given its composition of four manufacturers' Associations; 5 Chambers of Commerce, 3 Employer Associations; 2 Women Associations, 2 Bankers Associations and the Confederation of Informal Sector Associations of East Africa⁸⁴ it can be able to address issues of gender inequality, unfair trade practices, interest rates imbalances, employee's mistreatment and Jua kali artisans lack of fair treatment. EABC has since 1996 been given observer status within the EAC which enables it to attend and participate in all relevant EAC activities and deliberations, not only at the Secretariat but also in other organs and institutions. This ensures that there is an oversight within the community to provide checks and balances in the region as well as promoting fulfillment of the objectives laid down.

The EAC treaty takes into consideration gender balance and recognition of the crucial role women play in promotion as well championing the integration process of the EAC. To this end Article 121, (a) states that partner states shall promote the empowerment and effective integration and participation of women at all levels of socio-economic development especially in decision making. They are not to be bystanders in the community and should be involved in decision making. The treaty in article 121, (c) recognizes the need to educate people to change their mind set as regards women with subsection, (e) calling for gender equality. Women are instrumental in fostering social economic agenda of the community and the treaty further advocates for elimination of laws, regulations and practices that hinder women's access to financial assistance including credit. Article 120 further advocates for vocational training and the eradication of adult

⁸³ See <http://eabc.info/about/who-we-are/>

⁸⁴ Ibid 93

illiteracy in the Community; as well as the development and adoption of a common approach towards the disadvantaged and marginalized groups, including children, the youth, the elderly and persons with disabilities through rehabilitation and provision of, among others, foster homes, health care education and training. We cannot fail to recognize the special role the youth are playing in enhancing and sensitization of regional integration in East Africa through the inter-university debates held once annually⁸⁵. This is a lynchpin of ensuring that the youths understand the pros and cons of regional integration as well as voicing out areas that they feel are being circumvented towards realization of full integration in the EAC. The debates are an eye opener for majority of the youths who have a myopic view of the opportunities that EAC integration has in store for them. We can therefore conclude that the principle of subsidiarity is very important so as to ensure that checks and balances are in place and also to marry the EAC objectives with those of the people on the ground. This is because the key people namely women, private sectors, civil society have a say as regards the implementation of the treaty and also their input is heard and respected. The civil society act as the voice for the people in the bottom of the country who cannot directly voice their concern within the EAC and this is crucial as it helps ensure that benefits of integration are felt by all and sundry.

3.2.2 Principle of Asymmetry

The principle of asymmetry was put forth in the EAC so as to enable member countries that were lagging behind in terms of development to catch up with those ahead of them. The Custom Union was used to assimilate the principle of asymmetry whereby Uganda and Tanzania were to charge tariffs on Kenyan exports at the rates of 10% and 25% reducing by the rate of 2% and 5% every year for 5 years respectively from 2005 to 2010. Goods to and from the Republic of

⁸⁵http://www.eac.int/index.php?option=com_content&view=article&id=1079:1st-eac-university-debate-on-political-integration-kicks-off&catid=146:press-releases&Itemid=194

Uganda and the United Republic of Tanzania were to be duty free; while goods from the Republic of Kenya into the Republic of Uganda and the United Republic of Tanzania were to be categorized into two categories i.e. Category A goods, which were eligible for immediate duty free treatment and Category B goods which were eligible for gradual tariff reduction during the five-year transitional period⁸⁶. This was to enable the two countries build up their industries as Kenya was considered superior economically compared to the two. This principle is in line with the infant industry phenomena that have always been applied when Least Developed Countries want to grow their local industries. This principle of asymmetry is geared towards ensuring that economic dominance by one country in comparison to the others in the region is reduced. This principle is further cemented by the establishment of the rules of origin which is geared towards implementing the CU.

The rules of origin help in the identification of those goods that will attract the region's CET and those that will fall into categories A and B in case of Kenya. Therefore Uganda and Tanzania can be able to clearly identify whether goods entering its borders from Kenya are really wholly produced from Kenya or whether they have been imported outside the region. This helps in determination of whether a CET will be levied or not. However, as the other countries get leverage against the more economically endowed country chances are that, that country can find itself not reaping more welfare gains within the community. This could lead to the country settling scores to be at par with its regional partners either by imposing punitive non tariff barriers on the goods or labor. This has been witnessed in Kenya whereby it was imposing more fees on work permits for immigrants from EAC member countries. It results into using non tariff barriers to gain leverage against the other countries in the region.

⁸⁶ Protocol on the Establishment of the *East African Community Customs Union*

A look at the trade between member countries shows quite a lot of variance with Kenya having the largest share of benefit. It has a large share of exports and for the other countries to at least be at par with it the principle of asymmetry has to be applied. As time passes each economy is given time to expand its markets, innovate, conduct research and developments that would keep it at par with the advanced country i.e Kenya for EAC. The principle of asymmetry has been the cause for the countries push for the East African Monetary Union (EAMU) as it is envisaged it will address economic imbalances. However, there is the thinking that some countries like Burundi may destabilize this effort due to its macroeconomic imbalances⁸⁷. In addition, this principle would further increase intra-trade between EAC countries. Nevertheless we cannot ignore the fact that countries like Kenya would feel not gaining much as a result of integrating if their commodities are taxed more as they enter Uganda, Burundi, Rwanda and Tanzania while they charge zero tax on goods originating from these countries. In addition, the idea of a monetary union may not address asymmetry issue fully since government policies are different for each country. Similarly, the fear of loss of sovereignty by some of the member countries due to use of one single currency is rife.

In order for the imbalances in trade to reduce there is a need for EAC to go beyond its traditional objectives of removing quotas and tariffs, and work towards strengthening the members infrastructure so as to enable them to leverage their relative comparative advantages. The focus on relative comparative advantages would go a long way in helping diversify the EAC product mix and enhance the scope for intra-regional trade along the value chains. This said and done member countries should work hard to ensure that they walk the talk and avoid petty shenanigans that cloud the improvements of infrastructure. This therefore means that Uganda,

⁸⁷ See Macroeconomic Shock Synchronization in the East African Community by African Development Bank Working Paper No. 156 October 2012 pg 9

Tanzania, Burundi and Rwanda should work towards being at par with Kenya by becoming more competitive in terms of their products design. They ought to work out a formula of how to address promoting their industries and improving their GDP so that they can have accelerated growth that can be able to match up that of Kenya. They therefore need to adopt latest production technologies, invest in their human capital so that it's is able to compete with that of Kenya and finally improve their infrastructure.

3.2.3 Principle of Complementarity

Complementarity is achieved when partner states of an FTA produce commodities that do not compete. The common tendency for non competitive economies in production is for them to be complementary, which make them to lose and gain in an FTA together. When complementarity exists, the FTA will be characterized by the usual trade diversion and trade creation. However, trade creation is more in comparison to trade diversion within the EAC as a result of the principle of complementarity. This is premised on the fact that the greater the existing links between the EAC countries, the less likely it is to have trade diverted from low cost firms outside the region to higher cost firms within the region⁸⁸. Of particular importance is to have industries within the region that are manufacturing goods that can be able to complement as opposed to driving away certain industries in a country. Therefore, it is important to allude to the fact that this principle goes a long way in strengthening the ties between countries in the region.

Close examination in the more industrialized countries in comparison with those in the developing countries, shows that their economies provide the necessary conditions for complementarity between the two groups. For example, the ongoing economic partnership

⁸⁸ Radelet, S. 1999. *Regional Integration and Cooperation in Sub-Saharan Africa: Are formal trade agreements the right strategy?* African Economic Policy Paper, Harvard Institute for International Development, pg:8

agreements (EPAs) negotiations as part of the Cotonou Agreement between the European Union (EU) and African Caribbean and Pacific (ACP) partner states is a typical example⁸⁹. African countries equally are in the pipeline of having EPAs that foster cooperation with EU. The whole idea is premised on the need to have mutual benefits in trade. Similarly the EAC should borrow a leaf from the EU in promoting this principle. This is because as we work towards full EAC integration it is important to remember that cooperation in all sectors is vital. Competition is healthy but it should not be done to eliminate others from the value chains. There is a need to have commodities that will compensate for those ones that are out of stock to perpetuate fair trade and also ensure that none of the countries within the EAC bloc feels that its products are being substituted. All these efforts are aimed at ensuring that the objective of the treaty are achieved or rather are pursued in a manner that appreciates the need to coexist in a harmonious environment. An environment that acknowledges the fact that, united we are stronger and divided we are weak is good for business and unless we conglomerate and work as a team minimal steps of success towards full integration will be achieved.

3.3 East Africa Intra-Trade

Trade in the region between countries ensures that various groups benefit and their standards of living improve. Therefore intra-trade in the region is a boon to the five countries even if there would be inequality in welfare gains that would result from the trade. In as much as there would be win-win situation win-lose situations will also be experienced although at the end of the day win-win situation will be more prevalent in most cases. Who really benefits from intra-trade in the region? There are approximately five different categories of persons that benefit from intra-trade in the region namely; consumers, producers, suppliers, traders, transporters, and service

⁸⁹ http://ec.europa.eu/europeaid/where/acp/overview/documents/devco-cotonou-consol-europe-aid-2012_en.pdf

oriented firms⁹⁰. Pertinent questions that come into our mind are how is each of these categories of people going to benefit given the fact that the combined EAC population was 138 million in 2010⁹¹ people and second, is there a trickle-down effect that emancipates from the intra-trade in EAC? Consumers benefit from a wide array of goods and services to choose from at relatively cheaper prices, while producers enjoy economies of scale in production, competition as well as training ground for international competition and a large array of raw materials. Transporters and traders on the other hand will benefit from time saving at the borders, reduced vehicle operation costs on the road, better utilization of vehicle fleets through faster border crossing which would translate to less spoilage of perishable products while on transit from one country to the other. In addition, EAC intra-trade will bring about increased Foreign Direct Investment (FDI) occasioned by better means of doing business and peace and security within the region. However, there is need to address supply side constraints that have hampered the EAC intra-trade more so issues to do with infrastructure. All of these categories of people who benefit from the EAC intra-trade translate to overall contribution in each of the five countries GDP. Therefore they each have a significant role they play in improving the economic situation of each country which eventually translates to improved standards of living in the region.

There is rampant underdevelopment in telecommunications and trade restrictions that hamper free flow of goods in the region. Although the capital cost of infrastructure investment programmes remains quite expensive for the member countries, there is a dire need to improve their quality. Improved infrastructure translates to lower costs and economies of scale which raise the potential of sales in exports for member countries intra-trade. The EAC intra-trade is a fortunate thing to the region as it would increase the welfare gains of individual countries.

⁹⁰ EAC Secretariat.2001. East African Community: *Challenges and opportunities-Selected benefits and expectations*, EAC Secretariat, Arusha, Tanzania.

⁹¹ See World Bank 2010 EAC Population Estimates

Keeping in line with the monetary union objective the intra-trade in the EAC would lead to increased trade in the region due to reduced transaction costs. It is evident that transaction costs reduces gross margins that would otherwise be realized by the traders as well as eating into the disposable income of the consumers leaving the individuals with little money channeled towards investment. In addition, tax regimes in the five countries need to be harmonized so as to reduce high incidental costs.

3.4 Strategy and Priority Areas

The EAC member countries need to identify the key priority areas that they should give immediate concentration and focus so that they are able to actualize majority of their objectives. Key priority areas are banking and capital development, infrastructure with emphasis on road and road transport since Non Tariff Barriers (NTBs) are prevalent in this sector⁹². Article 80 (1, a) says that Partner States shall take measures to develop an East African Industrial Development strategy in order to facilitate co-operation in investment and industrial development. This is aimed at enabling the block to spread its tentacles in the region and beyond ensuring that its products are competitive. In addition, to ensure that its labor force is competitive enough to provide services that are unparallel to other countries in Africa. The treaty is very particular on developing particular strategies aimed at promotion of the small and medium enterprises since they are the bedrock of accelerated growth in the region. Consequently they provide employment opportunities to a wide array of the populace. We shall look at agriculture, education, taxation, security and infrastructural and services as the key priority areas the EAC needs to keep a close eye on.

⁹² See World Bank Report 2011

3.4.1 Agriculture

Food and agro industries are priority areas that the treaty lays emphasis on. This is premised on the fact that agriculture is a boon to the economies of the five EAC countries. Article 105 captures the need to have a food secure region ensuring there is a common agricultural policy in place. Suffice to say that agriculture provides employment to a approximately 80% of the populace in Kenya, 82% in Uganda, 80% in Tanzania, 75% in Rwanda, and 80% in Burundi meaning that a big number of local people rely on agriculture to eke out a living and escape the vicious cycle of poverty prevalent in these localities. As such the treaty stresses the need for the partner states to cooperate in the marketing of food and the co-ordination of the export and import of agricultural commodities. This therefore ensures that the member countries work towards having a food secure region as hungry people would most likely not be so much productive.

Article 106,(d) calls for the maintenance of strategic seed reserves with subsection (e) and (f) recognizing the need to harmonize quarantine policies, legislation and regulations to ease trade in seeds as well as creating an enabling environment for private sector seed multiplication and distribution respectively. This therefore means that for agriculture to thrive and act as a stepping stone for the smallholder farmers towards escaping the vicious cycle of poverty there is need for the five member countries to be transparent, as regards seed reserves in their possession. They should avoid hoarding to capitalize on making more gains while the region is faced with seed shortages. Article 110 (c) recognizes the need to develop modalities to have timely information on market prices, avoiding issues of distorting markets to favor one state which would distort welfare gains and increase suspicion amongst the members impeding integration in the region.

Article 111 understands the role natural resources have in enhancing regional integration and the fact that conflicts arising from encroachment of these resources can deteriorate EAC integration⁹³. Section (d) notes that states shall provide prior and timely notification and relevant information to each other on natural and human activities that may or are likely to have significant trans-boundary environmental impacts and shall consult with each other at an early stage. This can avoid conflict like that which was witnessed between Kenya and Uganda regarding Migingo Island. Such incidences can be mitigated in future if a country consults with the other. However, of particular interests is the strategic value that the island has to each of the country more so Uganda which saw itself losing revenue coming from the Island. However, given the volumes that Kenya exports as compared to the revenue it gains from the island it deemed it necessary to have an amicable settlement of the dispute. National interest in terms of economic value carried the day for Kenya as opposed to losing a strategic partner in EAC in this case Uganda.

3.4.2 Education

Education plays a very crucial role as far as the EAC integration process is concerned. Asymmetry in the education sector can impede integration due to suspicion and also overlooking the quality of education of an individual country. While Kenya offers an 8-4-4 system of education (eight years of primary, four years of secondary and a minimum of four years of basic university education) Uganda and Tanzania offer the 7-4-2-3 system (seven years of primary, four years of secondary, two years of advanced levels and three years of university degree) with Burundi and Rwanda offering the 6-3-3-4 system (six years of primary, three years of lower

⁹³ Mazrui, Ali A (1974). *The Indian Ocean and the Nile Valley: The view from East Africa*. In Yashpal Tandon and Dilshad Chandarana (ed) *Horizons of African Diplomacy*, East African Literature Bureau, Nairobi.

secondary, another three years of upper secondary and a minimum four years of university)⁹⁴. This asymmetry in the number of years spent in primary and secondary has a direct consequence when students want to join universities in Uganda, and Tanzania since one need to have passed advanced level examination. There is need to harmonize credit accumulation and transfer for the East African states at the university level⁹⁵ as well as in basic arts. Article 102 calls for harmonization of curricula, examination, certification and accreditation of education and training institutions in the partner states through the joint action of their relevant national bodies charged with the preparation of such curricula. This will ensure that graduates from the universities in each country are not locked out of employment opportunities on the basis that their education system is of poor quality. It will also avoid incidences of one country trying to take up the largest share in job opportunities in a bid to advance its tentacles in employment and share of gains from employment leading to variances in standards of living with other countries. Activities such as debates, symposiums of the Inter-University Council for East Africa should be encouraged so as to keep each university abreast with one another and also encourage exchange of ideas and innovation. People with special needs are not to be discriminated and article 102 (i) assert the need to collaborate in putting in place education and training programmes for people with special needs and other disadvantaged groups.

3.4.3 Taxation

Article 80, 1(h) emphasizes on avoidance of double taxation between member countries so as to allow those carrying out business transactions eke out substantial gains. This therefore translates to the need to avoid one country benefiting more in terms of gains. To this end the five member

⁹⁴ Odebero.O. Stephen, (2011). *Equity and Education in East Africa*. Society for International Development

⁹⁵ Commission for Higher Education , National Council of Higher Education Uganda, Tanzania Commission for Universities (2009) *Credit Accumulation and Transfer System for East Africa : Basic Sciences Undergraduate* ,Kampala Uganda: Trans-Africa Publishers.

countries agreed to implement the Double Taxation Avoidance Agreement (DTAA) signed in September 2010 that was to be ratified by all members within a year. The agreement in article 2 (1) states that this shall apply to taxes on income imposed on behalf of a contracting state or its political subdivisions, irrespective of the manner in which they are levied⁹⁶. This therefore means that an income that has already attracted any form of taxation in one member country shall not be subjected to any other levy by any of the countries involved. So far only Rwanda has observed this agreement and the five EAC member countries extended the deadline to April 2013 to ensure that the other members conform. One of the reasons why member countries are reluctant to implement this agreement is the fear of making them unattractive for FDI. In addition, tax exemptions are effective in attracting FDIs as they proffer tax holidays, capital gains exemptions, special VAT relief and reduced rate on stamp duty. Tax holidays are largely used in the member countries to attract investments which sometimes translate to losses. To this end article 83, (e) calls for harmonization of tax policies with a view to removing tax distortions in order to bring about a more efficient allocation of resources within the tax harmonization would be unrealistic since that would call for same tax rates. This is because the revenue authorities of the five countries have different tax rates with some charging relatively higher taxes. Their graduated scales are quite punitive and there is a need to address this issue.

Kenya charges 37.5% for non-resident companies while Uganda, Rwanda and Tanzania charge is at 30%⁹⁷ while Burundi levies a 35%⁹⁸ charge. This translates to Kenya and Burundi collecting more in taxes from their corresponding countries when the latter invests in the two countries. On the other hand Kenyan and Burundian companies when they invest in the other three countries

⁹⁶ See Agreement on Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Regard to Taxes on Income

⁹⁷ <http://www.pwc.com/ke/en/pdf/2013-east-african-tax-guide.pdf>

⁹⁸ www.deloitte.com/assets/Burundi.pdf

are taxed relatively low meaning that more of Kenyan and Burundian companies would invest in the three countries. In addition, each country has its own VAT that it levies for those goods that qualify for VAT taxation. For example Kenya taxes VAT at standard rate of 16%, Tanzania 18%, Rwanda 18%, Uganda 18%⁹⁹ and Burundi 18%¹⁰⁰. In as much as the treaty advocates for harmonization of these tax regimes it would take a lot of lobbying to convince individual countries to adhere to this proposal. This partly is because some of the economies find such hefty taxes as the sure way of catching up with the much developed economies. As noted above the VAT in the four countries is a standard rate of 18% as compared to Kenya's 16% and they expect to gain from more revenue due to the huge imports they have from Kenya as compared to low imports by Kenya from them. Tax coordination would be more effective as it advocates for common rules and principles across the sub region. In this regard tax exemption would be applied on the same products across board. This would deal conclusively with disparity in prices of particular goods and services reducing incidences of some commodities being cheap in one country while others are quite expensive in another country. This is the mechanism that would bring sanity in the region as far as ensuring that all member countries benefit and welfare gains at least are favorable to majority of the members.

3.4.4 Security

Security is a major issue if the whole EAC integration is to be a success¹⁰¹. This is because the traders, transporters, businessmen cannot operate in a region where they always have to look behind their backs or live in perpetual that the terrorists will attack anytime. The treaty has addressed this pertinent issue recognizing the need to have a region that is not only secure but

⁹⁹ Ibid 98

¹⁰⁰ Ibid 99

¹⁰¹ Waltz, Kenneth N (1959). *Man, State and War*. Columbia University Press. New York.

also one that promotes collective combat of any terror attack in member countries. This is premised on the fact that if one member country is unstable it will spill over to the other countries given the geographical proximity basis of the EAC integration model. As a result investment and productivity in the region will nose dive as investors will pursue other favorable markets. Article 124, (5) talks of cooperation in the handling of cross border crime, provision of mutual assistance in criminal matters including the arrest and repatriation of fugitive offenders and the exchange of information on national mechanisms for combating criminal activities. To this end no partner states shall give asylum to a criminal that is wanted by an EAC member state. Incidences like those witnessed where Kenya was being accused of giving refuge to Félicien Kabuga a Rwandan genocide fugitive should not be heard of¹⁰². In issues pertaining to drug trafficking joint efforts have been put in place such that not country should benefit from drug money at the expense of the health of other countries population welfare. Drug money should not be used to help a country advance its national interests. Article 124 5(e) calls for expedition of a protocol on combating illicit drug trafficking so that there are clear guidelines on how perpetrators of this vice are to be dealt with at the regional level.

3.4.5 Infrastructure and Services

Cooperation in infrastructure more so in road, railway, civil aviation and civil air transport is very crucial and the partner states through the treaty have taken cognizance of the role that infrastructure plays in enhancing regional integration in the EAC. East Africa is a competitive and mature market with rates determined by market forces of demand and supply especially for transport corridors originating from the port. Although air transport is dominant in the five member countries it applies in the transport of persons who have more disposable income and

¹⁰² See EAC treaty Article 124, (5,b) talks of enhancing joint operations such as hot pursuit of criminals and joint patrols to promote border security

those who seek to reach their destinations faster at a much higher rate. However, majority of goods in the EAC region are transported via road from the port or warehouses. This is owing to the fact that three of the EAC member countries are landlocked and the inefficiency of the rail network. We are still using the railway network put up in 1909 which is slow, and has never been upgraded hence the need to resort to road transport which is considered fast. However, this means of transport is occasioned by numerous delays in the ports as well as poor road network. Corruption along the highways from the traffic police and also at border points is very high as well as highway robbery with the latter prompting most of the drivers to fear driving at night. Article 90 (b) calls for the harmonization of traffic laws regulations and highway codes with adoption of a common definition of classes of roads and route numbering systems. This will eliminate some member countries charging exorbitant rates which significantly reduce the margins of doing business. In addition sub section (c) advocates for harmonization of the provisions of licensing, equipment, markings and registration numbers of vehicles for travel and transport within the Community. It is worth noting that incidence of harassment as regards driver's licenses with some member countries not recognizing some of these are expected as they try to gain more and the treaty advocates for elimination of such NTB which go a long way in inhibiting trade among the member countries. Article 90(s) takes cognizance of this fact and advocates for the gradual reduction and final elimination of NTB to road transport within the community since it is notorious for hindering intra-trade in the region. In addition member countries should improve the road network so as to reduce businessmen incurring high repair costs for their trucks and also remunerate their traffic officers well as well as the immigration officers at the borders. Consequently there is need to acquire latest technology in port clearance and border points.

Article 94 recognizes the need to harmonize inland waterways transport systems since this transport within the Community brings enormous trade opportunities for the members involved. Efficiency in inland waterways transport is critical in the reduction of the overall transport costs of doing business and hence improving the environment for trade and industrialization. Best known inland waterways are Lake Victoria, Lake Kivu and Akagera River. There is need for the EAC secretariat to collaborate with the northern and central transport corridors to expedite on the improvement of transport facilitation within the region to ease port congestion. Energy need and use in the region is very high given the large population in the region. Article 101 looks at this issue and alludes to the need to construct oil and gas pipelines and to take all such other measures to supply affordable energy to their people while at the same time conserving the environment. For those countries that are landlocked this is an area that they can be fully exploited on as those that are dependent on fuel, gas transport from Kenya and Tanzania can be charged exorbitantly. For the region to fully ensure that there is continuous supply of energy member countries should take cognizance of the fact that they also depend on each other since all of them do not have oil reserves and hence need each other due to the probability of one discovering oil like Kenya and Uganda have done in the recent past.

Conclusion

This chapter has delved on organs and institutions of the EAC as well as articles of the treaty in a bid to understand what provisions have been put in place to address inequality and remedies provided to deal with those countries that ignore such provisions. The organs of the community are very clear as regards what each is supposed to do and the remedy available when its directives are not adhered. The operational and fundamental principles of the treaty facilitate smooth integration in the region and act as a guideline on various steps that the community has

looked into to enable the community actualize much of its objectives. The principle of asymmetry is crucial to help countries be at par with each other while the principle of subsidiarity enables all people in the EAC play an active role in implementing the treaty. The principle of complementarity helps member countries to complement each other. Key priority areas that the region has focused on are agriculture, education, taxation, security and infrastructure and services. These are crucial in ensuring the region implements much of its work since they touch on particular areas that contribute to economic growth in the region.

CHAPTER FOUR: CRITICAL ANALYSIS OF KENYA'S NATIONAL INTERESTS

4.0 Introduction

This chapter appraises the case study under review so that we can be able to demystify the questions that emancipate when we talk about East African Regional Integration. From the preceding chapters we have observed how competing national interests in the various RECs impede full integration in Africa. As a result it becomes difficult to actualize the dream of continental unity, prosperity, peace and security as espoused in the African Union Constitutive Act¹⁰³. A lot has been said as regards Kenya's prominence in the EAC and it is important for us to review and critically analyze whether this preposition as regards Kenya's strategic national interests is true. Regional integration in Africa has for a long time been hampered by individual countries quest to achieve their interests with complete disregard of the various protocols enacted. As such it becomes very difficult to actualize grandiose objectives as set out in the treaties and also strategic plans that they have put in place.

There is a need to strengthen the institutions, arms, organs and various commissions that have been put in place to actualize the treaties and protocols that are tasked with implementing integration work. Weak institutions that are not capable of disciplining errant members more often than not will not be able to perform and will be compromised. Therefore it is important to empower them and to also ensure that they are well funded. This is because without adequate funding little work will be done. This chapter seeks to analyze critically the two hypotheses that we have put forth so as to be able to get a clear understanding of the case study. In addition, this chapter will help us get a clear overview of whether Kenya's dominance is a reality or a farce that other countries in the region should take cognizance of. More so we will adequately assess

¹⁰³ African Union Constitutive Act Article 3 (a) states that; *the African Union seeks to achieve greater unity and solidarity between the African countries and the peoples of Africa.*

the hegemony quest that has affected the EAC integration and the various steps that have been taken to ensure that this is addressed.

4.1 Hypothesis one: Kenya's Strategic National Interests in the EAC Impede the Integration Process.

National interests for Kenya are envisioned in its foreign policy which for a long time had not been documented. It is only as recent as August 2009 that Kenya put down a written document for its foreign policy¹⁰⁴. This is against the background of the fact that it has used its foreign policy as the compass for pursuing its national interests in its quest for economic prosperity. In addition, Kenya has used its foreign policy as a guide for its investment agenda as well as it is reference point as far as international relations are concerned. Kenya's foreign policy advances national interests through innovative diplomacy and is anchored on peaceful coexistence with its neighbors. A foreign policy of a country is like a mighty towering tree at the centre of the homestead that visibly marks its location from a far distance, guiding the neighbour and the stranger¹⁰⁵. The essentials of a country's personality come into play as far as achieving its national interests is concerned and when it withers it is a sign that all is not well but when it blossoms it signify rejuvenation and flexing of its will power to pursue those interests it considers paramount for its survival¹⁰⁶. It is against this background that our hypothesis comes into play and we can be able to decipher whether the strategic national interests in the EAC are an impediment to the EAC integration. Of particular importance is to what extent are these strategic national interests pursued by Kenya so that they seem to interfere with regional integration in the EAC. This section delves into the strategic national interests that Kenya has

¹⁰⁴ Kenya's foreign policy dated August 2009

¹⁰⁵ See Kenya's foreign Policy August 2009 Preamble

¹⁰⁶ Ibid 105

consistently pursued dating the first EAC integration process and the current integration. This will go a long way in helping us get a clear and elaborate picture.

4.1.1 Kenya's Strategic National Interests in Perspective

When Kenya, Tanzania and Uganda came together to form a regional block, the three were informed by a need to get markets for their industries, improving the welfare of their citizens, enhancing free labor movements across borders, as well as forming a political union. This was to be guided by mutual benefits for all the EAC members so that the momentum for integration in East Africa would be accelerated and benefits of coming together realized. However, different economic levels turned out to be a tinderbox for the block with Kenya capitalizing on its economic might against the other countries. Kenya's strategic national interests are largely economic with a view to finding markets for its industrial products as well as employment opportunities for its burgeoning labor force. In addition, it seeks to ensure that its labor force does not miss out on employment opportunities in the region against the background that it continues to impose restrictive work permits laws that lock out EAC member countries work force. With its strong economy Kenya have continued to advance leading to a backwash effect in contrast to the spread effect where the latter would lead to resources moving from the richer area in this case Kenya to accelerate growth in the poorer areas¹⁰⁷. The backwash effect leads to resources moving from the disadvantaged country to the advantaged one leading the latter rich while the former becomes poorer and poorer. This is a result go against the foundations of integration which is supposed to lead to trade creation and prosperity for those countries that are within a regional block. Kenya has benefited as a result of regional integration in the EAC and

¹⁰⁷ Ojo Olatunde J.C.B, (1985). *African International Relations*. Longman Group (FE) Ltd Hong Kong.pg 160

many of its citizens have been able to see the gains of regional integration. However at the same time the affected countries due to the backwash effect put measures that inhibit the integration.

4.1.2 Common Market Protocol

Free labor movements is one of the benefits of regional integration as envisioned in the EAC treaty¹⁰⁸ and more so the Common Market Protocol (CMP) which all the member countries have signed and have been fast tracking to ensure that it is implemented to the latter. However, Kenya have over the years disregarded this noble initiative and immigration laws prohibit granting of work and residence permits to foreign workers who are 35 years and below unless they have a guaranteed monthly income of \$2000¹⁰⁹. This seeks to ensure that very few people can gain access to employment opportunities in Kenya and also ignores the fact that very few jobs can pay that kind of money. In addition, this goes against the principles of article 3 of the CMP¹¹⁰ and as such waters down the provisions of the protocol which limit full integration in the region. In addition, it contravenes article 10 of the CMP protocol¹¹¹ as it tries to limit the number of foreigners taking up local jobs since the unemployment rate is high in the country. We should not forget the fact that it is this kind of NTBs that have over the years slowed down the pace of integration in the region. Kenya culpability in this area is a major setback to those students that have high hopes of landing jobs in the many blue chip companies.

¹⁰⁸ See The EAC Treaty Article 76 (1) on establishment of a common market which states that; *there shall be established a Common Market among the Partner States. Within the Common Market, and subject to the Protocol provided for in paragraph 4 of this Article, there shall be free movement of labour, goods, services, capital, and the right of establishment.*

¹⁰⁹ <http://www.businessdailyafrica.com/Corporate+News/Kenya+locks+out+young+and+low+paid+foreign+workers+/-/539550/1450584/-/item/0/-/eemrk7/-/index.html>

¹¹⁰ See Article 3 of the CMP that states that Common Market shall be based on four principals, namely: *non-discrimination of nationals of other Partner States on grounds of nationality; equal treatment to nationals of other Partner States; transparency in matters concerning the other Partner States; and sharing information for the smooth implementation of the Protocol*

¹¹¹ See Article 10 (1) of CMP that states – *“The Partner States hereby guarantee the free movement of workers, who are citizens of the other Partner States, within their territories”*

Table 4.1 Employment Population Ratio 2004-2008

Country	Indicator	2004	2005	2006	2007	2008	Growth %
Uganda	Working age (000s)	14,146.4	14,635.8	15,149.5	15,688.3	16,251.5	14.9
	Employment (000s)	11,734.3	12,132.9	12,551.1	13,013.1	13,481.4	14.9
	Employment/population ratio %	82.9	82.9	82.8	82.9	83.0	
Burundi	Working age (000s)	4,149.8	4,348.3	4,550	4,755.0	4,956.4	19.4
	Employment (000s)	3,498.3	3,659.9	3,825.9	4,003.3	4,171.5	19.2
	Employment/population ratio %	84.3	84.2	84.1	84.2	84.2	
Kenya	Working age (000s)	20,048.2	20,633.4	21,205.7	21,769.8	22,335.2	11.4
	Employment (000s)	14,582.6	15,017.3	15,458.5	15,868.0	16,299.3	11.7
	Employment/population ratio %	72.7	72.8	72.9	72.9	73.0	
Tanzania	Working age (000s)	21,159.9	21,753.5	22,367.8	22,367.8	23,666.1	11.8
	Employment (000s)	17,155.3	17,320.9	17,446.5	17,446.5	18,461.7	7.6
	Employment/population ratio %	81.1	79.6	78.0	78.0	78.0	
Rwanda	Working age (000s)	5,057.4	5,198.0	5,348.0	5,499.1	5,651.9	11.7
	Employment (000s)	4,084.5	4,179.4	4,298.2	4,409.1	4,540.7	11.1
	Employment/population ratio %	80.8	80.4	80.4	80.2	80.3	
EAC	Working age (000s)	64,561.7	66,569.0	68,621.0	70,717.3	72,861.1	12.9
	Employment (000s)	51,055.0	52,310.4	53,580.0	55,246.3	56,954.6	11.6
	Employment/population ratio %	79.1	78.6	78.1	78.1	78.2	

Source: Adopted from ILO 2009

As noted above Kenya's working age is increasing while at the same the employment is not rising at the same rate. It has the least employment population ratio which leads to its workforce having the likelihood of venturing into the other east African countries. Its working age group is very high and continues to rise while the employment is not rising in tandem with those living college for the job market. In addition, this is the reason it is so focused on establishing punitive immigration laws that cap those who can work in its labor force as it tries to limit free movement of labor in the region.

The port of Mombasa is a very strategic harbor for Kenya due to the fact that majority of EAC member countries with exception of Tanzania use it to import their goods. Therefore Kenya gets a lot of revenue from this port for imported goods transiting to Uganda, Rwanda and Burundi. The fear of losing the revenue from these imports due to short landing where majority of goods in transit to these countries end up in the Kenyan market makes Kenya re-introduce refundable cash bonds on and off that are equivalent to the value of the merchandise with exemption of vehicles above 2000 cc, sugar, used clothes and shoes¹¹². The cash bond which takes long to be refunded is punitive as the traders have to also pay for clearance fees, cost of shipping and transport to their destination. In addition traders take long to be refunded the cash bond which interferes with their cash flow to transact other businesses. Kenya's interest of protecting itself from short landing means that the cost of doing business for the partner states that does not have a port is too high. This therefore translates to strained relations with businessmen from Uganda, Rwanda and Burundi which leads to increased strain of relations and the integration benefits takes quite long to trickle down to the citizens of other countries in EAC. Kenya has over the years continued to review its road policies more so for trucks ferrying goods to the EAC countries in the northern corridors. In its pursuit of ensuring that its infrastructure is well

¹¹² See <http://www.feaffa.com/press-office/122-kenya-finally-withdraws-cash-bond.html>

maintained it charges road levies to curb overloading and the number of road blocks are very many. This brings up issues of corruption and harassment for truck drivers as they transport the goods to Uganda, Rwanda, and Burundi.

The EAC member countries have over the years worked towards harmonization of the road axle so as to ease road transport and also eliminate disparity in levies charged. Kenya has over the years remained adamant that the minimum road axle should not be increased from 48 tons to 54 tons. This is in its quest to curb damage of its roads by countries using its road network to transport goods from port of Mombasa. This in turn leads to a lot of dilly dallying around the issue of axle which therefore means that the harmonization in weighbridge requirements takes time and the charges can be too high for member countries using Kenyan roads¹¹³. There are six weighbridges in Kenya along northern corridor and it normally takes twenty minutes to weigh a truck which means that there are very long queues which leads to incidences of bribery for those drivers that want to skip the queue. Kenya has gone ahead to prevent trucks from carrying return cargo and those that do carry the cargo have to be fitted with electronic tracking system so that Kenya Revenue Authority (KRA) can be able to charge revenue. This quest to preserve Kenya's national interests acts as a barrier towards fully promoting integration in the region.

The common market protocol further calls for the ease of doing business among member countries. This is because ease of registering a business unlocks the entrepreneurial talent and provides numerous opportunities for people seeking income and employment opportunities¹¹⁴. Over the years Kenya has continued to rank as one of the difficult countries to register and start a business as well as get licenses. It takes approximately thirty two days to register a new business

¹¹³ See Special Focus: Deepening Kenya's Integration in the East African Community (EAC) June 2012 edition no.6 pg 18

¹¹⁴ Klapper, Leora, Luc Laeven and Raghuram Rajan. 2006. "Entry Regulation as a Barrier to Entrepreneurship." *Journal of Financial Economics* 82 (3): 591–629.

in Kenya while in Rwanda it takes two days, in Burundi four days, Tanzania nine days and Uganda thirty three days¹¹⁵. Kenya being an economic power house locks out so many entrepreneurs the chance to capitalize on their economic opportunities available. The waiting period means loss in striking a business deal and also is a way of ensuring that people are frustrated by the very idea of venturing into business in Kenya. This as a result leads to people opting to bribe their way into faster registration of their businesses and as a result undermines ethics of doing business. In addition, this tedious business registration is a major roadblock towards achieving full integration as scrutiny of foreign firms is paramount to ensure the government knows who is operating in its territory. Contrary to this Kenya continues to enjoy ease of transacting in other countries which makes it have many ventures in the EAC countries. This therefore means that the country is able to advance its national interests within the region while at the same time restricting other EAC members get a piece of its vast economy. As a result the affected put in place NTBs so that they can capitalize on this disparity in ease of starting a business.

Property registration is paramount to ensuring that investors who purchase land, and business premises can use the properties as collateral in obtaining a bank loan. Kenya is one of the countries in the EAC where access of credit is ease as compared to her counterparts. In full knowledge that it is quite easy to access credit with property it goes ahead and makes it very difficult to register a property. In addition, ease of owning a property is one of the fundamental benefits of regional integration envisaged in the Common Market Protocol. This is because residents of partner states can be able to work, and live in the country without having to pay exorbitant rents. However, in Kenya it takes approximately seventy three days to register a

¹¹⁵ See World Bank report 2013 on doing business in East African Community <http://www.doingbusiness.org/data/Exploretopics/starting-a-business>.

property as compared to Rwanda where it takes only twenty five days¹¹⁶. This therefore locks out many people in the EAC who would want to own property while at the same time Kenya ventures out in other member countries acquiring property to conduct its business. The issue here is that Kenya would not want to see much of its property taken up by foreigners even if they are investing in the country. It fears that its sovereignty will be threatened and as such it would rather derail the implementation of the Common Market Protocols so long as its territory has fewer foreigners even if they are from the EAC region. This lack of uniformity in property acquisition poses a big dilemma to the implementation of Common Market Protocol as Kenya pursues its national interests while at the same time wanting to invest in the other EAC countries. This conflict tends to derail integration in the EAC as far as property is concerned and as earlier discussed national interests greatly affects deepening integration in Africa among RECs.

In 2006 Kenya was found to have elected representative members in the East African Legislative Assembly (EALA) without following laid down procedures¹¹⁷ and was directed to repeat the process so as to comply with article 50 of the EAC treaty. Kenya was aggrieved by the ruling and within two weeks after the ruling sought to amend the EAC treaty in a bid to undermine the security tenure of EACJ judges on the basis of asking for investigation by a tribunal or other relevant authority of a partner state with a view to his or her removal from an office¹¹⁸. This quest to pursue national interests to the extent of wanting to challenge the security of tenure of the EACJ judges interferes with the integration process in the EAC. This is because other member countries who feel that their interests are not met can also challenge the rulings given

¹¹⁶ See world bank report 2013 Ease of doing business East African Community <http://www.doingbusiness.org/data/exploretopics/registering-property>

¹¹⁷ See Prof Peter Anyang' Nyong'o & others vs. AG of Kenya & 5 Others, Reference No. 1 of 2006 <http://www.saflii.org/ea/cases/EACJ/2007/6.pdf>

¹¹⁸ See EAC treaty Article 26 (1) *The President of the Court or other Judge shall not be removed from office except by the Summit for misconduct or for inability to perform the functions of his or her office due to infirmity of mind or body*

out by the judges and it puts into question the trust the member countries have in the people they entrust with upholding the rule of law. Kenya still used the same courts whose judges they had advocated be removed for having ruled against them to try the two post election violence suspects rather than them being tried at The Hague. This is in knowledge of the fact that the EACJ has no jurisdiction as far as crimes against humanity are concerned. It was again trying to pursue its national interests within the EAC and using its member countries to rally behind it in voicing its capability of handling its domestic issues. Let it not elude anyone that this was a scheme to show the world that it was not a failed state as depicted by the international community hence not a safe place to invest. Its economic interests were what Kenya was pursuing forgetting the fact that it had passed an amendment on access to the EACJ by residents of partner states where redress by residents for treaty violation was to be sought within two months. This then begs the question why Kenya was asking the EACJ to handle its ICC cases when the two months period had lapsed. This again shows how Kenya's national interests continue to confuse everyone in the EAC and as a result interfere with full adherence to the provisions of the treaty.

Contract enforcement is one of the key ingredients of success in business transactions and one of the mechanisms of encouraging investments¹¹⁹. This is because businessmen have the confidence that in case of breach they will have redress and can be able to seek compensation for losses incurred. Kenya is the poor in contract enforcement in the EAC region something that poses a red flag to not only local businessmen but also foreigners¹²⁰. This therefore means that if an aggrieved party files a case in the courts as a result of a breach of contract it would take more time to be compensated. This is contrary to what happens in the other EAC countries with

¹¹⁹ Walsh, Barry. 2010. *In Search of Success: Case Studies in Justice Sector Development in Sub-Saharan Africa*. Washington, DC: World Bank

¹²⁰ See World Bank Report 2013 Doing Business Database

exception of Burundi that also has stringent contract enforcement procedures. This therefore means that Kenyan firms and businessmen comfortably invest in the other EAC countries in full knowledge that the contracts entered into will be easily enforced in case of breach. The low level of enforcement in Kenya is occasioned by long time taken by the courts to give a ruling and although the country has embarked on reforms in the Judiciary the pace is slow. This therefore means Kenya's national interests as regards economic exploration in EAC are well protected while at the same time providing minimal protection to EAC counterparts.

Investor protection is also very crucial in ensuring that those who inject their money in a particular region can be able to recoup their investments in case of a firm liquidating, or sale. In addition, this leads to increased investments in a particular region that translates to high profits for the both the investor and investee¹²¹ Despite knowing that many investors in the EAC region have a big appetite for the blue chip company's shares in its territory Kenya has over the years not made tremendous improvements in protecting them. Instead it has rode on the protection provided for investors in the other countries to set up businesses there. It is driven by the sheer need to spread its wings in the region and advance its economic interests leaving the other countries with no option but to invest marginally. As a result there is inequality in welfare gains accruing to the different EAC member countries over the years since Kenya has a huge chunk of its investments in these countries with the others having minimal investments¹²². The investments in the EAC countries is so high as the country rides on the protection its counterparts provide and also the fact that majority of the shares available on these countries stock exchange are also in the Nairobi Stock Exchange. In addition, Kenyans are risk takers as opposed to

¹²¹ Mclean, R. D., T. Zhang and M. Zhao. (2012). *Why Does the Law Matter? Investor Protection and Its Effects on Investment, Finance, and Growth.* Journal of Finance 67: 313–50.

¹²²<http://www.businessdailyafrica.com/Kenyans-foreign-share-ownership-rises-to-Sh26bn/-/539552/1893332/-/ijftftz/-/index.html>

citizens in Tanzania, Rwanda, Uganda and Burundi and they ride on this notion hence end up taking the huge opportunities that present themselves. Therefore trade gains continues to lean in favor of Kenya while at the same it does not return the favor as far as protection of investors is concerned.

Most African countries do not have many resources from which they can generate revenue. Tax is one of the ways the national government collects revenue to be able to meet its budgets during a financial year¹²³. Without an efficient taxation system most governments would be in limbo and would not execute most of their objectives in a financial year. In addition, when businessmen and companies are able to pay the levies required to get goods and carry out other transactions it leads to faster transport across borders and citizens of each country benefit. However, Kenya continues to impose bottlenecks in its tax collection mechanism which leads to many business hours lost filing taxes as opposed to carrying out business transactions. This is occasioned by Kenya quest to ensure that it captures all its taxes and even though it has streamlined the online filing system it needs to revamp its tax collection bureaus. In addition, there are very many corruption cases in its revenue authority which is against the spirit of ethical business practices.

Kenya ranks as the most difficult place to remit taxes¹²⁴ in the EAC region and this is due to the need to ensure it captures all the citizens transacting in its territory. In addition, having recognized the fact that many of the EAC countries transit their goods through it, it makes tax remission very difficult. This is against the spirit of integration which calls for innovative and quick means of transacting business. Being a business hub for most of the EAC countries Kenya

¹²³Sittoni, Pamela. 2012. *Countries with Few Resources Need to Mobilize Tax Revenue*. The East African, December 15. <http://www.theeastafrican.co.ke/>.

¹²⁴ See World bank Report 2013 www.doingbusiness.org/data/exploretopics/paying-taxes pg57

uses the Kenya Revenue Authority to frustrate much of the business of the EAC countries while at the same time penetrating in their regions. However, with the current reforms to make payments online there is hope at the end of the tunnel.

4.2 Hypothesis two: Kenya's Pursuance of Regional Hegemony in the EAC

Interferes with the Integration Process

The pursuit of regional Hegemony by one country in a particular integration block is against the backdrop of seeking control and also based on its economic might and a quest to control other members. Kenya for a long time has been the most advanced country in the EAC region based on its economic prowess, strategic harbor at Mombasa, pursuit of a capitalist economy, and liberalization of trade. This therefore positions it as the big brother in the EAC coupled with its recent capture of Kismayo and the displacement of Al-Shabaab makes it assume the hegemonic role in the region. This could augur well for EAC integration and also be a major impediment to the integration process with some of the member countries generating fear as regards opening up their borders to Kenya and implementing the Common Market Protocol. A look at the various areas that Kenya has invested in and focused on will help us demystify this hypothesis.

Education is a major need among today's young graduate because it determines getting a better paying job or a low paying one and the standard of living one would pursue. In addition, education enables citizens to compete, as well as to cooperate globally, opening doors for economic and social prosperity.¹²⁵ Kenya has over the years been a leader in the education sector in the EAC and the creation of many constituent colleges means that many of the young people can access university education. There are now very many institutions of higher learning in

¹²⁵ Ajayi, I.A and G.U. Mbah (2008). Trend of Education Wastage Rate in Ekiti State Public Primary Schools in Nigeria. *Humanity and Social Sciences Journal* 3(2): 92-103

Kenya where high school graduates can access university education. In addition, the public universities offer evening programmes where those holding a full time day job can further their education. Literacy levels continue to improve though not in a consistent manner as one would expect as some areas like West Pokot continue to lag behind. However, the free primary education in Kenya has been a success and the Kibaki administration went a step further by introducing free secondary education. In addition, the Kenyan government has continued to invest heavily in education and its percentage of total government expenditure in education is the highest in East Africa¹²⁶.

Kenya is making tremendous steps towards ensuring that education becomes a paramount necessity in the country so as to equip the citizens with skills to remain competitive in the job market. In addition, a large population of EAC will be looking up to Kenya to accommodate its students in the many institutions of higher learning. This means that Kenya is gearing up to be the destination for university education in East Africa as only Makerere and University of Dar Es Salaam rank ahead of University of Nairobi¹²⁷. As such it seeks to ensure that it sets the education agenda in East Africa providing a large bulk of its graduates to Rwanda and Burundi while at the same time giving very little cognizance to the education policy of these countries. It is very difficult for a Rwandese or Burundian graduate to land a job in Kenya as most Kenyan companies consider these countries tertiary training to be below standards¹²⁸. This as a result instills fears in these countries citizens when Kenyans take up jobs in their countries and they nevertheless would through their government seek to prohibit many Kenyans taking up jobs to revenge. For Tanzania has been putting barriers for lawyers to practice requiring them to go through further training while those from other common wealth countries. In addition, one

¹²⁶ See Table 4.2 on public spending on education

¹²⁷ See Webometric Ranking July 2013 Edition-Africa at <http://www.webometrics.info/en/Africa>

¹²⁸ Interview with Rwandese and Burundian Graduates at their embassies.

cannot join the Tanzanian bar without permission from the chief justice. This interferes with the principle of Common Market Protocols that advocates that there should be minimal discrimination of labour among partner states.

Table 4.2 Public Spending on Education

Description	Rwanda	Tanzania	Burundi	Uganda	Kenya
Public spending on education,% of total government expenditure	12.5	11.37	17.73	18.29	29.19
Pupil-teacher ratio, primary	62.3	55.86	48.7	49.93	39.54
Tertiary enrolment (%)	1.7	0.7	1.2	3	3
Women to men parity index, as ratio of literacy rates aged 15-24	0.98	0.94	0.92	0.86	1.01

Source: UNESCO; World Development Indicators database; UNESCO Institute for statistics; United Nations Human Development Programme; The Geography Zone; All CIA World Fact book 18 December to 18 December 2008

We cannot fail to stress the fact that some graduates from other EAC countries are subjected to further tests as the degrees they hold are considered to be below standards in Kenya due to the time spent pursuing the degree like architects where in Tanzania they study for three years while in Kenya an architect studies for five years¹²⁹. Kenya seeks to ensure that its courses are the most superior in the region and this sets a scenario for other countries to also not fully recognize the certificates offered by Kenyan institutions. This will in the long term set a precedent whereby you can only be employed if you studied in the country where you are seeking employment. As a

¹²⁹<http://www.businessdailyafrica.com/Kenyan-experts--cry-foul-over-EAC-bloc-job-barriers-/-/539546/1608476/-/tso5gz/-/index.html>

result this will water down the gains envisioned in the Common Market Protocol of free movement of labor. For example while Kenya and Uganda uses English as its mode of instruction Tanzania uses Kiswahili, Burundi uses French with Rwanda has Luyaruanda predominance. These disparities in education undermine the implementation of Mutual recognition Agreements since countries threatened by Kenya's dominance in the number of graduates would work to see that they don't take most jobs and they will nevertheless put up barriers to counter this dominance like Tanzania does with regard to lawyers.

4.2.1 Trade and Investment

Kenya has over the years invested heavily in the EAC region due to member countries having favorable policies for foreign investors and a large market base. This is in contrast to its own economic conditions to carry out business and as such its quest to penetrate its member countries leaves them in fear that it will benefit more than them. One of the reasons as discussed earlier for the collapse of the first EAC (1967-1977) was as a result of unequal sharing of welfare gains. For example the Kampala-Mbale agreement of 1964 had provided for industries like tyre, bicycle parts and fertilizer manufacture to be exclusively located in Tanzania and Uganda¹³⁰. In addition, the agreement had allowed these two countries to institute quotas on beer and galvanized iron from Kenya. However Kenya not only failed to ratify these agreements but went ahead and established a tyre factory in its territory. This as a result led to Tanzania imposing unilateral quotas and other restrictions on Kenya's products¹³¹. The quest for Kenya to act contrary to the agreement was in line of pursuing national interests as it found that it would miss out on a very lucrative market for tyres since most of the Lorries and other vehicle transiting into Uganda would require this very essential commodity. However, this led to Tanzania acting and the long

¹³⁰ Springer 1980

¹³¹ Ibid 28

term effect is that integration becomes difficult to implement due to suspicions and lack of trust to adhere to laid down agreements.

The pursuit of national interests as a result leads to member countries putting up hurdles in the business requirements. Intra EAC trade has always been in favor of Kenya with huge exports to EAC members and minimal imports from member countries¹³². This therefore instills fear among member countries as there are always huge variances in balance of payments since Kenya has more revenues from trading with EAC countries. The objective of the EAC integration is to improve the welfare of the residents of partner states but this fails to materialize when gains accrue into one region only. This as a result leads to spillover effect envisioned in foundations of integration lacking and resentment leads to member countries suffering shifting their trade partnerships to other countries. When Uganda threatened to use the port of Dar Es salaam to import its goods due to barriers put in place by Kenya it was reacting to frustration it goes through in its quest to get goods and services as trade patterns are skewed in favor of Kenya. The imports are relatively low compared to the exports to EAC member countries.

¹³² See Table 4.

Table 4.3: Kenya Intra- EAC Trade (US\$ million)

Countries Intra-trade	YEARS				
	2004	2005	2006	2007	2008
Kenya to Uganda	468.1	564.9	385.7	498.5	611.2
Kenya from Uganda	12.8	18.5	13.9	88.8	75.5
Balance to/from Uganda	455.3	546.4	371.8	409.7	535.8
Kenya to Tanzania	226.3	264.1	253.6	331.5	422.4
Kenya from Tanzania	25.4	41.0	62.6	99.2	105.0
Balance to/from Tanzania	200.9	223.1	191.0	232.3	317.4
Kenya to Rwanda	78.2	96.3	66.1	86.2	129.4
Kenya from Rwanda	0.2	1.5	2.9	1.3	0.4
Balance to/ from Rwanda	78.0	94.8	63.2	84.9	129.1
Kenya to Burundi	37.5	49.0	30.3	36.0	50.3
Kenya from Burundi	0.0	0.5	4.7	2.3	1.1
Balance to/from Burundi	37.5	48.5	25.6	33.7	49.2

Source: EAC Secretariat, 2009

Kenya's supermarkets have invested heavily in Rwanda, Burundi, and Uganda. A lot of money is injected in these countries and Kenya's supermarkets dominate the retail chains in these countries something that other countries see as one way of flexing its muscles in a manner causing dominance in the region. Kenyan supermarkets have employed an entry strategy

premised on acquisition of resident supermarkets. The estimated Kenyan FDI in the East African supermarket's segment amounts to about US\$ 22 million (see Table 4.1).

Table 4.4: FDI by Kenyan supermarkets in the EAC

kenyan Supermarkets	No. of Branches		Estimated FDI in\$
	Uganda	Rwanda	
Nakumatt	2	2	8.25
Tuskys	4		11
Uchumi	1		2.75
Total	7	2	22

Source: World Bank (2011)

However, much of the profits made from these investments are repatriated to the home country of the investing supermarket chains leaving the local economy with minimal margins. As a result the Ugandan government has required the supermarkets to employ its locals¹³³. This is occasioned by Kenya's dominance in the value chain and this makes the affected countries to also put in place measures to at least get a share of the investment. There is that resentment towards Kenyans since they are seen to benefit in most of the areas and as such affected countries would be forced to put in place mechanisms to curb this. This therefore leads to numerous bottlenecks that derail the integration agenda in the EAC. Partner states in the EAC rarely have supermarket chains in Kenya and this is occasioned by the stringent trade barriers that Kenya has and also the issues of property registration as discussed earlier. There is therefore a lot of disparity and Kenyan products through these chains continue to dominate Uganda, and Rwanda markets. This unequal welfare gains as discussed earlier was one of the reasons that the

¹³³ Interview with Mr. Wiseman Mwaniki, the Deputy Manager at Nakumatt Uganda who says out of 500 employees in the supermarkets 37 are Kenyans and the rest are Ugandans.

EAC collapsed in the first trial and if it continues to persist in the 21st century most of the key areas envisioned for integration will continue to be theoretical.

Kenyan banks have for a long time dominated the East African region and approximately 10 banks have established presence across the Eastern Africa region operating branches while Rwanda has established just a liaison office for its bank. This shows how dominant Kenya is in the region and this is occasioned by the ease with which locals can access credit from these banks as compared to their own banks¹³⁴. Kenya has thus used this strategy to dominate the banking sector in the EAC region something that other countries would see as a way of advancing hegemony in their countries. Kenya is not deterred by the risk it is taking so long as it taps into these countries' bottom of the pyramid population that seeks financial access which their banks are reluctant to provide. For example the equity bank model that is very popular in Kenya when used in East African countries it is able to easily tap into the population. Together with the Kenya Women finance Trust (KWTF) they cause jitters among the financial institutions in Rwanda, Burundi, Uganda and Tanzania. In addition, Kenya finds doing business in these countries relatively easy while at the same time tightens the nose on its regulatory framework. The Bank of Kigali has had to wait for a while to open a liaison office in Kenya while Kenyan banks continue to enjoy ease of doing business in Rwanda. Kenya's legal rights for borrowers¹³⁵ is way much ahead compared to its counterparts in the EAC and that is why it is able to expand its branches in the region as opposed to other countries in EAC who are reluctant to lend. Access to credit is very paramount for the development of an economy so that the investors can be able to set up businesses and also have working capital to meet demands for the various products they offer. Kenya has recognized this need more so for its investors who venture in the EAC

¹³⁴ See World Bank Report 2013 Doing Business in East African Community

¹³⁵ Ibid 135

countries. This combination of banks and locals presence in other EAC member countries causes jitters and instills fear among the populace that Kenyans will dominate the EAC region as compared to few of them getting into Kenya labor and business market.

Kenya's banks venturing out is one of the many ways of ensuring that the country captures the more than 30 million¹³⁶ middle class consumer base in the EAC. This is due to the fact that in the 21st century consumption is very high as people have access to disposable income. In addition, there is an increased need for finances to be able to carry out most of the business transactions that individuals have. We cannot also forget the desire to invest in shares, land and improving one's lifestyle. To tap into this disposable loans have to be provided in a way they are accessible. Kenyan banks have focused on this agenda of increasing its customer base by rushing into the EAC countries market and this has worked quite well for them if the profits they report are anything to go by. Over the past years the banks have had tremendous profits as their loan books continue to post impressive reports and even if there are incidences of default it is covered in the insurance package that they require the loans to have. This is quite very impressive for Kenya but quite stressing for the other countries and is one of the reasons why the EAC countries have continued to argue that the welfare gains are not equal among the member countries.

Insurance is very crucial in the operations of businesses as well as for medical coverage of individuals. Kenya has many satellite insurance companies and has been riding on the Common Market Protocol for the other countries in the EAC to open up so that it can fully operate its insurance business. Treasury has proposed removal of restriction on ownership of insurance brokers to Kenyans by allowing EAC citizens to also own these firms if they meet the regulator's

¹³⁶ See Were E & C Ligami, 'Nairobi, Africa's new HQ for Multinationals', *The East African*, 25–31 July, 2011.

requirements¹³⁷. Kenya seeks to dominate the insurance industry in the region buoyed by the fact that its insurance business has roots and can be able to meet most claims and also the business has enough exposure and history compared to their competitors.

Kenya has also encouraged integration removing major non tariff barriers that have impeded integration in the East African region. It has in the recent days following President Uhuru Kenyatta assumption of office worked towards elimination of road blocks along its northern corridor. However, this is a short term endeavor that shall be closely followed by the Ugandan, Rwandese authorities to see how committed the government will be. This is because the Kenyan government keeps on shifting goal posts depending on how it deems its attack on national interests.

¹³⁷ <http://www.the-star.co.ke/news/article-126114/kenya-wants-other-eac-states-open-insurance-market> see also http://www.kenyalaw.org/klr/fileadmin/pdfdownloads/bills/2013/THEINSURANCE_AMENDMENT_BILL_2013.pdf

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This research project has focused on national interests and how they influence the actions of other states in response to one country pursuing economic, environmental, cultural, peace and diplomatic interests. Every state works towards protecting its interests and this is one of the reasons for partnering with likeminded countries so that they can have mutual benefits. Africa has for a long time pursued unity since all the 53 countries were colonized and experienced firsthand the effects of being under control of colonialists in their own country. It is against this backdrop that even when the countries seek to integrate they are very particular about the protection of their territories.

The African Union as discussed in preceding chapter has worked towards ensuring that the African countries are able to achieve economic, security and peace prosperity. The formation of regional economic communities was one of the first steps towards achieving this noble idea. The East African Community is one of the regional communities that are required to bring prosperity in the East African region. This research project has focused on Kenya as its case study in helping us understand the effects of one country pursuing its national interests. The research sought to demystify two hypotheses namely; Kenya's strategic national interests in the EAC impede the integration process and Kenya's pursuance of regional hegemony in the EAC interferes with the integration process. The research study also sought to objectively assess the institutional capacity of the EAC Treaty in ensuring that there is equity as a result of integration and also to determine whether suspicion between member countries over unequal benefits impedes full integration of East African Community.

5.1 Conclusions

The EAC Treaty as assessed has the capacity to address most of the issues that bedevil the member countries in so far as inequality is concerned. However, the lack of political will among member states has continued to undermine the implementation of most of the provisions of the treaty. For example Kenya has continued to misuse its economic might in so far as respect of the security of tenure of EAC judges is concerned when they rule against them. In addition, when Kenya does not follow the provisions of the treaty as regards appointments in the East Africa Legislative Assembly it undermines the need to follow due process. However, the fact that the decisions of the East African Court Justice being final and binding is a good thing for those seeking redress in the court. In addition, the treaty capability of addressing regulations as regard trade liberalization and advocating for the civil society to check on the conduct of the members is a good thing for the EAC. This is because a civil society that is not driven by the selfish desires of individual countries would ensure that the protocols member countries sign and commit themselves to pursue are adhered to. Consequently, by the EAC committing itself to ensure that the provisions of common market timetable are followed is a good to ensure that those member countries that contravene these provisions are taken into task. Kenya as discussed continues to put obstacles in regard to employment of foreigners. This is in bad taste to the region since the other countries put obstacles to free labor movement. As a result the interest of Kenya in providing employment to its locals oblivious to the fact that it is inhibiting regional integration.

All EAC starting with Kenya should remove the non tariff barriers in the employment sector by amending the immigration laws so that other EAC countries residents can access jobs. It does not matter whether the government is facing high unemployment rates among its youths. It should as a matter of urgency creates jobs in its economy so that the graduates from the universities can be

able to secure a job. In addition, entrepreneurship should be encouraged in the country so that the small and medium enterprises can be a source of jobs. Support of entrepreneurs should be in removing the many regulation requirements in registering and starting a business. Kenya has been noted to be one of the countries in EAC where starting a business is very difficult and it should eliminate the obstacles of having to go through many procedures which at times are unnecessary. Since not everyone can work in a blue chip company the small and medium enterprises should be given support. In addition, the small and medium enterprises should be given tax holiday of at least one year so that they can be able to break even and also access credit. After the lapse of that one year they should submit audited accounts detailing how they have operated and also a fund for supporting these enterprises should be set up. Aspiring small enterprises can then submit business plans that would be evaluated and funding given with continuous monitoring and evaluation. If this is done Kenya would not be afraid of the EAC member countries residents seeking employment in its territory.

Land tenure systems in the EAC region are different and this is why acquisition of property is quite tasking. However, Kenya reluctance to speed up property registration is worrying as it undermines the aspirations of the common market protocol. The Kenyan land registry offices are riddled with corruption and numerous bureaucratic procedures that make an East African resident register a property. The Kenya ministry of lands and urban development should put technology to help one perform a search very first online after making the necessary revenue payment. This would do away with brokers that hang around the offices ready to hoodwink aspiring investors and demoralize Tanzanians, Ugandans, Rwandese and Burundians from acquiring property in Kenya. In addition, the government should share a database of all illegally allocated land since there are very many land fraudsters that portray Kenyans as land commen

which instills fear among the residents of other EAC countries. As a result it makes other countries very reluctant to sell land in their countries to Kenyans on suspicions that they will be conned. As a result owning a property in EAC as envisioned in the common market protocol.

The East African Court Justice should be respected and its decisions upheld more so where they are resolving a conflict in regard to non-adherence to EAC treaty provisions. The Summit should at all times be guided by the need to ensure that member states benefit from the integration process. The interests of one country should not override the overall objective of the treaty. All the organs need to be strengthened more so the secretariat as it runs the day to day affairs of the regional block. Countries should increase their funding of the EAC secretariat so that it is able to expedite on the many tasks it is entrusted with. Financial commitment should at all times be on an equal to eliminate incidences of one country that has funded more trying to arm twist the secretariat to achieve its national interests. With equality in amount funded it will be easy for each country to have a single vote as regards projects that the block pursues.

Member countries in the EAC are very suspicious of each other when one country tries to pursue its national interests. This is in most cases started and pursued by Kenya more so in the northern corridor where it has many roadblocks as well as its Kenya Revenue Authority back and forth imposition of cash bond refunds. These hurdles make doing business very expensive as noted and are a reason why most countries transiting goods via its road network are ever suspicious that Kenya wants to benefit more at their expense. The inconsistency by the Kenyan government is not good for business as well accelerating integration in the east African region. The Kenyan revenue authority should make tax payment easier than is already. This is to ensure that the residents of east African countries can be able to adhere to all regulations for carrying business. In addition, to putting up an online VAT remission mechanism it should also consider

streamlining the payments of port duties in collaboration with Kenya ports authority. The Kenya ports authority ought to ensure that the clearing of goods is faster and that there is no duplication of paperwork needed to clear goods for Ugandans, Rwandese and Burundians. The cash bonds refunds should be expedited and an automated mechanism should be put in place such that when the trader clears their goods from the bonded warehouse the system automatically generates a refund. This should be in form of receipts followed by telegraphic transfers to the trader's business account or issuance of a cheque prior to them leaving the port of Mombasa.

The EAC intra trade has continued to lean in favor of Kenya and this has continued to lead to welfare gains sharing inequality. The issue of shifting production of certain commodities to a less economically endowed country in east Africa so as to counter Kenya's dominance in trade. While this may appear noble in the short run the long run implications may lead to more non tariff barriers being set up by Kenya. There is therefore a need to critically analyze trade patterns in the EAC and ensure that other countries also benefit. The EAC countries should innovate and also seek Foreign Direct Investments so as to counter Kenya's exports rather than transferring partnership to other regional block like Tanzania in SADC case. Emphasis should be how to create trade in the EAC since the population is rising at a very fast rate and these people will need goods and services to meet the insatiable consumption needs. Competition will thus come out of the setting up of industries and at the end of the day the common man will benefit and have products of high quality.

Education in East Africa is quite something since it is the criteria used in determining who gets which job. The number of years spent in lower, upper and higher learning institutions differ and yet Kenya in some instances requires EAC citizens do exams to certify they qualify in profession they have pursued. There is a dire need to ensure that these disparities are eliminated and the

exams administered for professional courses are at par in all the countries. For example all lawyers in east Africa should do the same examination prior to being administered to the bar such that a Ugandan lawyer can comfortably practice law in Kenya and a Kenyan lawyer does not have to do further tests. All accountants should pursue the same professional courses like Certified Public Accountants course for harmonization of practice. In addition, the countries should set standards in cases for university degrees with similar courses having same credits required to graduate such that a graduate from Rwanda is accorded same employment opportunity as a Kenyan. As far as setting up constituent colleges like Kenya has done other countries that want to venture in that area should be given a chance to do so in Kenya without being told that their degrees are below standards. As such this will eliminate issues of Kenya being seen as trying to be a hegemony in the east African region hence limiting the level at which the integration takes place in east Africa. The five east African countries should use English as the language of instruction so as to ensure harmony in communication and also eliminate incidences of ethnic discrimination.

The pursuance of a monetary union in the east African region has been slow since majority of the countries don't want to give up their currencies in pursuit of a single currency. More so Kenya having a strong currency would feel short changed sharing a single currency and its export revenue it fears would shrink. This is quite a major setback for a monetary union in east Africa and since all the economies at different levels Kenya believes it will be the loser having an advanced economy. In my opinion a monetary union where a single currency will continue to be a pipe dream since nationalism is so enshrined in the governments of these countries. I recommend that the countries have a standard currency that they use when charging members of EAC and retain their currencies. This is because the countries will continue to postpone the

implementation of a monetary union. As such countries can concentrate on other areas where they can eliminate non tariff barriers since it is taking quite long to agree on modalities of setting up a single currency. I think that the countries should give themselves time first and resolve all the non tariff barriers they have put in place.

The banking sector seems to be taken by Kenya and there is a need to have a balance in business investments otherwise other EAC countries will continue suspecting Kenya is the largest beneficiary of EAC integration. The Kenyan central should also give licenses to those banks in east Africa that want to set up banks and not take a lot of time to give the licenses. As it stands if other EAC member countries continue to have few banks the suspicions against Kenya will stand. EAC member countries should act fast and revisit their investments strategies and open branches in Kenya so that we strike a balance and speed up the integration process in the east African region.

5.2 Recommendations

This study has laid bare the extent to which national interests impede any meaningful integration process more so, due to Kenya advancement of its interests. I recommend that the country reviews its foreign policy as regards the EAC integration and drops its quest to become hegemony since this is the very reason that led to the collapse of the first cooperation between Kenya, Uganda and Tanzania. Instead Kenya should work towards making Kenya a preferred destination of goods and services in the region and a reliable friend and trade partner rather than a con. It should work towards streamlining its institutions to rid of corruption which impedes business transactions in the region. This is because with a lot of rent seeking it only perpetuates a culture of impunity which derails implementation of various protocols that member countries have alluded to. With the promulgation of the new constitution 2010 we expect that Kenya

strictly adheres to promoting regional integration and respect of international treaties it has ratified as it has committed itself in the new constitution more so the EAC treaty

Kenya should see EAC integration as one of the ways of achieving regional peace and it should thus work with the other countries to promote coexistence that has minimal suspicions that it will renege on its promises. In addition, it should show more political will and work towards strengthening the EAC using its regional economical leader as opposed to working towards derailing the integration process. This should be through advocating for member countries to open up more industries in the capital and also providing opportunities for the member countries small and medium enterprises to grow. The theme of united we stand to gain more as opposed to being divided which would lead to more loss. This should be the pursuit of Kenya and it should accord its young people opportunities and training on what East African integration poses for them thus encouraging exchange programs that would open up our young people's minds. Discovery of oils should be a step towards Kenya introducing courses on oil exploration in conjunction with its counterparts in east Africa so that we can have experts in mining and minerals exploration.

Appendices

Table 1 Transparency International Corruption index

Country	TI Corruption index 2012	
	CPI Score	Rank
Kenya	27	139
Uganda	29	130
Tanzania	35	102
Rwanda	53	50
Burundi	19	165

Source:[http://www.ey.com/Publication/vwLUAssets/2012_TI_CPI/\\$FILE/2012%20TI%20CPI.pdf](http://www.ey.com/Publication/vwLUAssets/2012_TI_CPI/$FILE/2012%20TI%20CPI.pdf)

Table 2: Africa Sub- regions

Region	Organization	Reg.	Sub Regional Economic Communities					OTHERS		
	Countries		AU	AMU	ECOWAS	IGAD	SADC	ECCSA	COMESA	CEN-SAD
NORTH AFRICA	Algeria	✓	✓							
	Egypt	✓						✓	✓	
	Libya	✓	✓					✓	✓	
	Mauritania	✓	✓						✓	
	Morocco	✓	✓						✓	
	Sahrawi	✓								
	Tunisia	✓	✓						✓	
West Africa	Benin	✓		✓					✓	
	Burkina Faso	✓		✓					✓	
	Cape-Verde	✓		✓						
	Cote d'Ivoire	✓		✓					✓	
	Gambia	✓		✓					✓	
	Ghana	✓		✓					✓	
	Guinea Bissau	✓		✓					✓	
	Liberia	✓		✓					✓	
	Mali	✓		✓					✓	
	Niger	✓		✓					✓	
	Nigeria	✓		✓					✓	
	Senegal	✓		✓					✓	
	Sierra Leone	✓		✓					✓	
	Togo	✓		✓					✓	
Eastern	Comoros	✓						✓	✓	

Africa	Djibouti	✓			✓			✓	✓	
	Eritrea	✓			✓			✓	✓	
	Ethiopia	✓			✓			✓		
	Kenya	✓			✓			✓	✓	✓
	Madagascar	✓				✓		✓		
	Mauritius	✓				✓		✓		
	Rwanda	✓						✓		✓
	Seychelles	✓						✓		
	Somalia	✓			✓				✓	
	Sudan	✓			✓			✓	✓	
	Tanzania	✓								✓
	Uganda	✓			✓			✓		✓
	Southern Sudan	✓								
Southern Africa	Angola	✓				✓	✓			
	Botswana	✓				✓				
	Lesotho	✓				✓				
	Malawi	✓				✓		✓		
	Mozambique	✓				✓				
	Namibia	✓				✓				
	South Africa	✓				✓				
	Swaziland	✓				✓		✓		
	Zambia	✓				✓		✓		
	Zimbabwe	✓				✓		✓		
Central Africa	Burundi	✓					✓	✓		✓
	Cameroon	✓					✓			
	Central Africa republic	✓					✓			

	Chad	✓								
	DRC	✓					✓	✓		
	Equatorial Guinea	✓					✓			
	Gabon	✓					✓			
	Republic of congo	✓					✓			
	Sao tome & principe	✓				✓	✓			

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