

GAINS AND LOSSES IN KENYA'S ROAD TOWARDS AFRICAN INTEGRATION: PRESENTATION BY DR. ADUARDO ZEPEDA.

The study by Eduardo Zepeda, Mohamed Chemingui, Mary Mbithi, and Fatou Leigh, Chandan Sakpota (2014) analyses the challenges and opportunities and regional economic integration offers to Kenya. It uses an economy-wide model to assist the impact of the elimination of tariffs and reduction of exporting and importing costs for commodities and services between Kenya and members countries of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), and between Kenya and all African counties (all Africa-Integration). The economy-wide model is based on DIVA, a recursive dynamic model containing specific features relevant to the analysis of the Kenya Economy including informal labour markets and the potential benefits of economic diversification. The study analyses the impacts of integration on Kenya's: trade, GDP, consumption and other macroeconomic indicators, employment and distribution of income, covering the period 2012 to 2020.

The study find that the effects of integration with regional partners as well as with all African countries are positive on the whole. It finds that Africa – wide integration has significantly stronger effects than regional integration. It also finds that integration promotes human development as it leads to increase in wages and reduction in unemployment; reduction in poverty and improvement of income distribution. However, not all distribution, employment and wage effects are the desired ones, underscoring the need to design and implement employment based, pro-poor and inclusive policies. The full paper can be accessed at: http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/focus_trade_and_investment/gains-and-losses-in-kenya-s-road-torards-african-integration/