

# Understanding the political economy of the EAC in the agricultural sector

*Private sector ambitions facing political headwinds*

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This background paper is part of a series on the Political Economy Dynamics of Regional Organisations (PEDRO). It was prepared in March 2017. In line with ECDPM's mission to inform and facilitate EU-Africa policy dialogue, and financed by the Federal Ministry for Economic Cooperation and Development, BMZ, the studies analyse key policy areas of seventeen regional organisations in Sub-Saharan Africa. In doing so they address three broad questions: What is the political traction of the organisations around different policy areas? What are the key member state interests in the regional agenda? What are the areas with most future traction for regional organisations to promote cooperation and integration around specific areas? The studies aim to advance thinking on how regional policies play out in practice, and ways to promote politically feasible and adaptive approaches to regional cooperation and integration. Further information can be found at [www.ecdpm.org/pedro](http://www.ecdpm.org/pedro).

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# 1. Introduction

The East African Community (EAC) has quickly reached a relatively deep level of regional integration, notably in the trade and transport sectors (Mathieson, 2016). The Africa Regional Integration Index Report 2016<sup>1</sup> ranked the EAC first among all African regional economic communities (RECs) in terms of progress on regional integration. The Treaty for the Establishment of the East African Community was signed in November 1999 and entered into force in July 2000 following its ratification by the original three Partner States, Kenya, Tanzania and Uganda. Burundi and Rwanda ratified the Treaty of the EAC in June 2007 and became in effect full members of the Community in July 2007. South Sudan joined the EAC in 2016.<sup>2</sup> According to its Treaty, the EAC aims at political, economic, social and cultural cooperation and integration, to attain prosperity and diversify and improve the economic competitiveness of East African economies.<sup>3</sup> Following the Treaty, the EAC established a customs union in 2005 and a common market in 2010, opening domestic economies to the movement of goods,<sup>4</sup> services, people and capital within the EAC. Talks about forming a monetary union are currently taking place.

Agricultural development has been a priority policy objective of the East African Community (EAC) since its establishment. It is a major component of EAC economies, representing 36 percent of GDP on average and a large share of employment.<sup>5</sup> Agriculture is thus deemed a pillar of the EAC agenda. Despite its importance, poverty levels are still high in rural areas due to the poor performance of the sector. Smallholder farmers represent the largest share of the sector, using most of the arable land and producing most of crop and livestock products. Low productivity, stemming from a lack of access to markets, credit and technology, is the major challenge of the East African agricultural sector. This is exacerbated by volatile food and energy prices. The performance of the agricultural sector falls short of the rapidly increasing demand for food arising from demographic growth, rising incomes and urbanisation. Migration from rural to urban areas combined with rapid population growth entails an increase in demand of 5% to 10% per annum. In the future, the growth in food consumption will be the main driving force behind the development of a market-oriented agricultural sector in the region.

This desk study examines the various factors and actors that have shaped the formulation and implementation of the EAC agricultural policy. It tries to explain why this policy has been implemented in a certain way, and in particular what factors have constrained its implementation process. It is structured as follows: Section 2 describes the agricultural policy agenda of the EAC and its institutional capacities, and it assesses the political traction that this agenda has had (or not); Section 3 analyses the drivers of agricultural policies at the national level and how those (including Partner States' interests) may have affected the regional agricultural policy agenda; lastly, Section 4 discusses the areas of the regional agricultural policy agenda that have the most potential for agricultural development effectiveness.

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<sup>1</sup> This report was produced by the African Union Commission (AUC), the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (ECA).

<sup>2</sup> In formal terms, the EAC is an intergovernmental organisation involving the Republics of Burundi, Kenya, Rwanda and South Sudan, the United Republic of Tanzania, and the Republic of Uganda.

<sup>3</sup> See also the East African Community Vision 2050: Regional Vision for Socio-Economic Transformation and Development (Arusha, August 2015).

<sup>4</sup> The Common Market essentially provided for the removal of customs duties.

<sup>5</sup> Agriculture contributes as much as 42%, 28%, 25%, 28% and 32% to the GDP in Burundi, Tanzania, Uganda, Kenya and Rwanda, respectively.

## 2. Political traction for the EAC and a regional agricultural policy

### 2.1. Institutional factors

#### A regional agenda

Agricultural development has been a priority policy objective of the East African Community (EAC) since its establishment. The Treaty of the EAC set these agriculture-related objectives: a common agricultural policy; an increase in food production and food self-sufficiency in the community; reduced post-harvest losses and improve food processing. The Treaty also proposed specific areas of intervention in agriculture.<sup>6</sup>

The main agricultural policy documents of the EAC include:

- The East African Community Agriculture and Rural Development Policy (ARDP, 2006): this document constitutes the actual common agricultural policy of the EAC; it indicates the general orientation of EAC policy in this sector and provides a framework for public intervention in favour of agricultural development and related sectors at the regional level.
- The East African Community Agriculture and Rural Development Strategy (ARDS, 2006): this document outlines specific interventions in four thematic areas (production, trade, supporting infrastructure and services, and natural resources management) over the period 2005-2030; it also contains provisions for institutional arrangements supporting the implementation of the ARDP.

More recently, the 4<sup>th</sup> EAC Development Strategy 2011/12-2015/16 raised the priority given to agriculture and food security compared to previous Development Strategies.<sup>7</sup> This reflected an intent to reap the development potential of the agricultural sector through structural change and technological modernisation. To operationalize the strategy, the EAC adopted the EAC Food Security Action Plan (FSAP). This covers numerous intervention areas such as agricultural production, agro-food processing, research and innovation, agricultural inputs, plant and animal disease control, food quality and safety, trade, agricultural risk management, emergency preparedness and response in arid and semi-arid regions and pastoralists communities. Table 1 summarises the major components of the FSAP.<sup>8</sup>

**Table 1:** Components of the FSAP

Intervention	Implementation status
EAC Food Security and Nutrition Policy (FSNP)	The FSNP was adopted in 2014. The FSNP Implementation Strategy has been formulated in 2016.
EAC Livestock Development Policy	Stakeholders at the technical level have validated the policy document; approval by the Sectoral Council on

<sup>6</sup> Those areas include: Seed production and distribution; livestock production and marketing; plant and animal diseases control; irrigation and water catchment area management; and food and nutrition security (see Treaty Articles 105, 106, 107, 108, 109 and 110 on agriculture and food security).

<sup>7</sup> The EAC operates on the basis of quinquennial Development Strategies. More recently, the EAC Vision 2050 (2015) also put agriculture among the priority sectors.

<sup>8</sup> The FSAP comprises the Action Plan to Enhance the Resilience Capacity of Livestock Keepers in the Arid and Semi-Arid Lands (ASAL) of East Africa and is complemented by the EAC Climate Change Policy, Master Plan and Strategy and by the EAC CAADP Compact.

	Agriculture and Food Security is pending. This document includes an initiative to strengthen the regional livestock data system.
EAC Protocol on SPS Measures	The final draft of the SPS Protocol was approved by the Sectoral Council on Agriculture and Food Security in 2009 and endorsed by the Council of Ministers in 2010. The conclusion of the Protocol was delayed by the Legal and Judicial Sectoral Council. The ratification of the Protocol is underway, with Rwanda having ratified it first, in 2016. The Aflatoxin Prevention and Control project is being implemented; the Smartfish project is underway; the seed harmonization process is underway; the harmonization of veterinary vaccines is underway.
EAC Strategy on prevention and control of transboundary animal and zoonotic diseases	-
EAC Emergency Preparedness and response plan for pastoralists in arid and semi-arid areas in the region	-
EAC Food balance sheet framework	A regional strategic food reserve is envisaged as the next step.
(EAC) Agricultural Development Fund	The Agricultural Development Fund Framework and Modalities have been drafted.
East African Agro-industry and Agro-enterprise Development Programme (E3ADP)	The FAO Technical Cooperation Programme has supported the formulation of the E3ADP. The East African Agro-industry and Agri-enterprise Investment Strategy (E3AIS) was adopted at the 7th EAC Sectoral Council meeting in 2014.

The EAC agricultural policy puts special emphasis on improving intra-regional trade, especially since the ratification of the Common Market Protocol (CMP)<sup>10</sup> in 2010, the same year the FSAP was adopted. The FSAP puts emphasis on various areas of agricultural trade and market access for agricultural producers.<sup>11</sup> A notable feature of the EAC agricultural policy is the relatively high protection of its common market from imports for a number of agricultural products. The common external tariff (CET) of the EAC comprises three tariff bands, 0% for raw materials and capital goods; 10% for intermediate goods; and 25% for finished goods. It also comprises higher tariffs, ranging from 35% to 100%, for about 30 sensitive products, notably agricultural and staple food products: maize (50%); rice (75% or USD 200/t, whichever is higher); wheat (60%); milk and milk (60% in general, less for particular products like butter, cheese and whey); sugar (100% or USD 200/t, whichever is higher).

### Linking regional to continental

The EAC took part in the Comprehensive Africa Agriculture Development Programme (CAADP), a priority initiative of the African Union (AU) that was launched at the AU Summit in Maputo in 2003. CAADP was to be implemented at the continental, regional and national levels, pursuing an agenda of agricultural transformation, based on African self-reliance, notably African institutions and private sector/farm actors, as

<sup>9</sup> This thematic area also encompasses food and feed safety.

<sup>10</sup> The CMP provides for the free movement of goods, services, capital and labour within the EAC.

<sup>11</sup> These include the adoption and enforcement of legal, regulatory and institutional frameworks for sanitary and phytosanitary requirements and for standards; a programme for raising awareness on customs clearance procedures; the easing policy barriers to intra-regional trade; improvements in transport infrastructure and in marketplace and storage infrastructure; improvements in the traceability of agricultural products; better food safety risk management capabilities; and better management of staple food market crises.

well as market mechanisms (notably including intra-regional trade).<sup>12</sup> As for other RECs, the AU Commission and the NEPAD Planning and Coordinating Agency (NPCA), the EAC was formally given the mandate by AU Heads of State and Government to lead, in cooperation with Member States (shared competence), the implementation of CAADP policies, institutional arrangements, budgets, investments and accountability mechanisms at the regional level, and to support its implementation at the national level.

The EAC Sectoral Council on Agriculture and Food Security mandated the EAC Secretariat to prepare a CAADP Compact and a Regional Agricultural Investment Plan in August 2011, in addition to the recent FSAP. Whereas in ECOWAS or COMESA the food price crisis of 2008 gave new impetus to the CAADP process, this took longer in the EAC, partly due to the additional bureaucratic burden of aligning the CAADP compact with the FSAP, although it provided opportunities to improve its governance and content, making it more inclusive and result-oriented.<sup>13</sup>

**Box 1: The Comprehensive Africa Agriculture Development Programme in a nutshell**

CAADP is an African Union initiative launched in 2003 to fight poverty and hunger. Under this programme, AU Member States committed to following a common policy framework to develop their own agricultural development and food security strategies and to two quantifiable targets: allocating at least 10 per cent of their budgets to the agricultural sector and attaining 6% of annual agricultural GDP growth. They also committed to fostering the participation in this process of non-state actors, including small-scale agricultural producers, other private sector stakeholders and the civil society. Through several initiatives, donors committed to improving aid effectiveness for agriculture and food security, by providing assistance consistent with the strategies and priorities set by national and regional CAADP policies and investment plans, enhancing the predictability of aid flows and coordination among donors, and fostering mutual accountability among donors and recipients. These commitments were formalised, both at the national and regional levels, through national and regional Compacts signed by all the main stakeholders, governments, farmers representatives, trade associations, civil society organisations, development partners, as well as the AUC, the NPCA and RECs. They were to be operationalized through national and regional investment plans. AU Member States renewed their commitment to the goals and principles of CAADP in 2014 through the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, with an expanded agenda including agricultural marketing (post-harvest losses reduction and better functioning of agricultural markets), intra-African trade in agricultural goods and services, job creation (especially for the youth) and resiliency to climate shocks in the context of long-term climate change.

Following adoption of the regional CAADP Compact, reflecting the emphasis on agricultural trade contained in the FSAP, the EAC embarked on the formulation of an EAC Regional Agricultural Sector Investment Plan (RASIP) with the aim of channeling public and private to the Compact. This Investment Plan provides a results framework for all state and non-state actors to align their interventions and activities towards the objectives of the RASIP. It indicates three levels of results/objectives.

At the highest level, the EAC agricultural policy's goals are to contribute to economic growth, improve food and nutrition security conditions, reduce poverty, strengthen resilience and create a range of economic

<sup>12</sup> CAADP is 'Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all'. Initially, CAADP focused essentially on agriculture. Over time, this programme has increasingly integrated other dimensions of food security, notably agricultural trade, nutrition and climate change.

<sup>13</sup> Some reports and personal conversations suggest that the formulation of the FSAP followed the principles of the CAADP policy framework, for example, the East African Farmers Federation (EAFF) and Agriterra (undated). As it often happened at the country level throughout the continent, CAADP at the EAC level essentially was a repackaging of an existing policy and the FSAP.

opportunities in and around the agricultural sector. At the intermediate level, policy objectives include enhancing agricultural productivity, improving the competitiveness of regional agro-food products, easing intra-regional trade and the performance of markets, and increased production and value addition through the development of the agro-food industry and value chains, improving the resilience of livelihoods and the management of agricultural risk, and managing natural resources more sustainably. At the lowest level, policy interventions are intended to strengthen the capacities of various actors and institutions contributing to the systemic transformation of the agricultural sector, notably agricultural producers, market operators, the agro-food industry and traders, households working in and around the agricultural sector (notably women and the youth), and various actors managing natural resources.

However, the current draft of this results framework provides little indication of how the EAC agricultural policy will support the capacities of actors of change, provide incentives for public and private actions aligned with its objectives at different levels, and conduct policy and institutional reforms required to attain its objectives. A number of results indicators seem difficult to measure and/or unlikely to reflect desirable social, economic, financial and institutional changes required to achieve the transformative agenda of the EAC agricultural policy. The mechanisms of collaboration between the EAC Secretariat and its member states to collect data, report indicators and translate this into action is unexplained.

The Malabo Declaration expanded the CAADP agenda to new thematic areas. This agenda expansion can be seen at the EAC level as well, reflecting the fact that agricultural development and food security involve multiple policy sectors and subsectors. However, the lead institutions of CAADP at the continental and regional levels have not put forward strategies to link interventions across sectors and break down silos approaches. Those linkages have a political economy, as different sectors involve different actors, with different interests and incentives, which affect inter-sectoral linkages.

## 2.2. Implementation challenges

### **Institutional capabilities**

The Secretariat of the EAC, as executive organ of the Community, has been in charge of formulating and implementing the Food Security Action Plan (FSAP) and the regional CAADP investment plan (RASIP)<sup>14</sup>. In this task, the Sectoral Council for Agriculture and Food Security<sup>15</sup> oversees the Secretariat. Ultimately, those interventions are under the authority of the EAC Council. At the level of Partner States<sup>16</sup>, agriculture ministries are in charge of the implementation of the regional policy. The ministries of East African affairs of the MS coordinate the implementation of regional policies at the national level.

However, the Secretariat is ill equipped to fulfil its role and responsibilities, especially to ensure that regional policies are implemented. First, EAC agreements and protocols usually are not legally binding. Further, there are no significant regional financial instruments in place to support Member States or non-state actors in implementing regional policies, or for the Secretariat to implement regional interventions. The EAC is planning to establish an Agricultural Development Fund to (co-)finance projects, but at this time it does not have any financial instruments to support investments or provide incentives to states and non-state actors playing a role in the regional agricultural and food security strategy.

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<sup>14</sup> The Agriculture and Food Security Department of the Secretariat is in charge of technical activities. Generally, the Secretariat fulfills functions of policy planning, coordination, implementation and monitoring, although the roles and responsibilities assigned to it are not always clear and consistent across different policy documents.

<sup>15</sup> The Sectoral Council comprises Ministers and Permanent Secretaries responsible for agriculture in EAC MS. This organ meets twice a year.

<sup>16</sup> In the context of the EAC, the denomination “Partner States” is used more often than “Member States”.

In its technical work, the EAC Secretariat Agriculture and Food Security Department has received support from the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA).<sup>17</sup> This network, which brings together scientists from the national agricultural research institutions of the member countries, national agricultural extension service providers and other technical actors, has provided critical knowledge support to the policy processes led by the Secretariat.

The institutional capacity of the Secretariat to follow through on the monitoring and enforcement of regional agreements and protocols is also limited by the few human and financial resources it has at its disposal.<sup>18</sup> The Secretariat has been severely constrained in its ability to reach out to national policymakers, notably agriculture ministries, and non-state actors to sensitise them about the FSAP, CAAPD and related policies such as the EAC Climate Change Policy, as the 9th EAC Heads of State Summit directed it.

In the agricultural and food security sectors, the EAC has not yet established a mutual accountability mechanism to monitor policy implementation and review policy outcomes/impacts and does not have a monitoring and evaluation unit.<sup>19</sup> To implement the Common Market Protocol, the EAC has established a programme to monitor and resolve irregular non-tariff trade barriers, including those concerning agricultural goods. But its political power is weak compared to the stakes of the policy issues it seeks to address, with Member States reluctant to give the Secretariat more capacity and supranational authority to make decisions about the regional policy agenda, support policy implementation and pressure or coerce MS into implementing regional agreements and protocols.

The East African Legislative Assembly (EALA) has a crucial role to play in advocating for and monitoring the implementation of commitments by Member States with regards to regional agreements and protocols as well as the domestication of other regional policies, in particular in the agricultural and food security sectors. It should also foster the participation of non-state actors in agricultural and food security policy dialogues, policy planning and budgeting processes, implementation activities, and monitoring, on the basis of the CAADP Results Framework. Yet, there is no consistent consultation framework between the EALA Committee on Agriculture, Tourism and Natural Resources (ATNR), farmers' representatives, other business and civil society actors concerned with the agricultural sector, and representatives of Member States (for example, national CAADP Focal Points). According to the FSAP, the EAC intended to provide support to non-state actors over the period 2011-2015, but little has been done to that effect.

Informal 'rules' and decision-making processes compound the lack of effectiveness of the Secretariat and the EALA in implementing the regional agricultural and food security policy. There are reports of conflicting views among MS and other concerned actors on the question whether the Secretariat should have more authority. In the past, the EAC Summit has not exercised its power to sanction Partner States for non-compliance with the Treaty. The EALA seems to have very little power, largely due to the fact that the EAC Council uses formal and informal institutions to restrain the EALA and to maximize its own power, including through patronage. This power structure also limits the involvement of non-state actors in regional policy planning. Recently, the EALA tabled a motion for a resolution by the Heads of State of the EAC to adopt policies and effectively invest more in smallholder agriculture,<sup>20</sup> but its ability to pressure member states into acting upon this motion appears limited.

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<sup>17</sup> ASARECA is a regional organisation constituted of National Agricultural Research Systems of 11 member countries, including Burundi, the Democratic Republic of the Congo, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, South Sudan, Sudan, Tanzania and Uganda.

<sup>18</sup> The Agriculture and Food Security Department is staffed with a handful of people only.

<sup>19</sup> Mutual accountability is a key principle of CAADP. Under CAADP, Heads of State and Government committed to establish mechanisms to regularly review progress made towards the objectives set by the Malabo Declaration.

<sup>20</sup> This motion was adopted at during meeting of the EALA, in the presence of EALA members of the agriculture committee, representatives of national parliaments and the CAADP focal points of EAC MS.

In light of the institutional, operational and political constraints limiting the action of its organs, the agricultural and food security agenda of the EAC as laid out in the 4<sup>th</sup> Development Strategy and the FSAP appear overambitious and having little impact on Partner States' agricultural policies or sectors. Yet, other factors must be assessed to understand the effectiveness of EAC institutions in promoting agricultural development and food security in Eastern Africa.

### **Financial capabilities**

The 2011-2015 Food Security Action Plan specified the following allocation of resources to finance policies and investments under this plan: USD10bn for irrigation; USD5.5bn for other technologies; USD10bn for transport infrastructure; and USD2.5bn for risk management instruments. Information on financial resources mobilised and expenditures realised are not readily available, but these numbers seem far above what could have been realistically envisaged over that period. According to the East African Legislative Assembly<sup>21</sup>, 'the [AU] Maputo Declaration [...] has not been fully implemented in the EAC [...] the budget allocations target to 10% in most of the EAC Partner States has not been fulfilled and [...] annual agriculture sector growth within EAC remains below the targeted 6% except in Rwanda'. Furthermore, the EALA and the Eastern and Southern Small Scale Farmers' Forum noted that public agricultural expenditures are often inappropriately used with losses, poor execution and ineffective investments with regards to the agricultural and rural transformation agenda and their benefit to smallholder farmers.

### **Policy outcomes**

Although there is no proper evaluation of the FSAP readily available, the general impression gained from various documents and key informants is that the agricultural and food security policy of the EAC has been partially and/or inconsistently implemented. The implementation of the EAC Common External Tariff (CET), notably for agricultural products classified as sensitive and highly protected from extra-regional imports, has been uneven across countries and over time. Exemptions (or 'duty remissions'), aiming to lower consumer food prices or allow government-to-government trade deals, as well as fraudulent imports, which serve vested interests (for example, milk powder and sugar imports through Tanzania), have given rise to frequent infringements on the CET.<sup>22</sup>

The Common Market Protocol has also been partially and inconsistently implemented, with the regular occurrence of trade bans and other quantitative restrictions (although these are permitted to some extent by the Customs Management Act (EAC, 2004 and 2012)), undue customs duties, various non-tariff trade measures, and public purchases at non-market prices (Nyoro, Ayieko and Muyanga, 2007). Those impediments are in large part due to small-scale rent-seeking practices by customs agents, police officers, services providers, local officials and so forth (Mathieson, 2016).

Cumbersome, costly and time-consuming cross-border trade procedures (customs and certification procedures notably) have been hampering cross-border shipments of goods. Those barriers to trade explain in large part why much of cross-border agricultural trade has remained in the informal domain. They have also hindered the development of and private investments into cross-border agro-food value chains. Border crossing issues such as the harassment of women traders by some border officials hamper the small-scale economic activities that poor households rely on for their livelihoods. Nonetheless, significant progress has been made in easing intra-regional trade in recent years, especially with the EAC Time Bound Programme on Elimination of Identified NTBs supported by the programme TradeMark East Africa

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<sup>21</sup> See recent report of the EALA Committee on Agriculture, Tourism and Natural Resources on the 'EAC Agriculture Budget Summit 2016', which was organised by the Eastern and Southern Small Scale Farmers' Forum and other non-state actors in the EAC.

<sup>22</sup> For instance, see [www.trademarka.com/impact-stories/improving-rice-exports-to-the-eac-region/](http://www.trademarka.com/impact-stories/improving-rice-exports-to-the-eac-region/) (December 2016).

(see below).<sup>23</sup> Yet, the slow process of harmonisation of agricultural and food policies and of product/input regulations has constrained this progress.

### 2.3. Actors influencing the EAC agricultural and food security policy

#### Overlapping RECs

The membership of the EAC overlaps with three other RECs: SADC, with Tanzania in common; COMESA, with Burundi, Kenya, Rwanda, South Sudan and Uganda in common; IGAD, with Kenya, Uganda and now South Sudan in common; and the Economic Community of Central African States ECCAS, with Burundi and Rwanda in common. These three RECs have also developed agricultural and food security policies, posing the problem for complementarity, coherence and effectiveness of these different regional policies.<sup>24</sup> There are efforts to coordinate and, where needed, harmonise overlapping regional policies, notably with the proposed COMESA-EAC-SADC Tripartite Free Trade Area (TFTA). However, the institutional mechanisms to facilitate coordination and harmonisation are generally weak.

Although on paper the CAADP agenda and structures seemed conducive to harmonious relations among the continental, regional and national levels, in practice an overlap of competences and a contest for roles and access to financial resources among these three levels has created inter-institutional tensions (Vanheulekom, 2016).<sup>25</sup> The push for the formulation and implementation of CAADP essentially came from the top, that is, the AU Summit of Maputo in 2003 that launched CAADP. Subsequently, the modalities and financing for its implementation were essentially determined by the NPCA, with the AUC and the NPCA having been allocated a large share of the financial resources for the CAADP process. The strongest tensions arose between the continental institutions and the RECs, especially when the latter had already made substantial strides towards developing their own regional agricultural policies and associated mechanisms. The 2014 Malabo Declaration, while placing more emphasis on agricultural trade, did not confer to the RECs responsibilities in the implementation of CAADP commensurate with their obvious role in tackling trade-related issues.

#### Involvement of the private sector

The private sector has been a key driver of the formulation and implementation of EAC policies. The Kenyan financial, retail and telecommunication sectors, which have the ambition to expand regionally, have been particularly influential. The East African Business Council (EABC), an apex trade association representing business interests at the regional level, constitute a major private actor in the East African integration process. The EABC has been voicing its concerns about and engaging in the resolution of cross-border trade barriers within the EAC while a number of private sector organisations have been

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<sup>23</sup> The achievements of this programme are largely due to the work undertaken by National Monitoring Committees, in collaboration with the EAC Secretariat, which were established in 2011, with support from TradeMark East Africa. As TMEA (2016) explains: 'A significant result of the NTBs programme has been the enactment of the EAC Elimination of NTB Act. The NTB Act aims to give effect to the second clause under Article 13 of the Customs Union, by establishing a legal mechanism for identifying and monitoring the removal of NTBs... A great value of the NTB Act is the possibility for the Council of Ministers to recommend to the Summit the imposition of sanctions against a Partner State, which fails to comply with any directive, decision or recommendations of the Council.'

<sup>24</sup> There can also be a problem of redundancy of policies. For example, RECs may impose levies on extra-regional imports, which means that importers or national revenue authorities may have to transfer import levies to several RECs, in addition to the (new) tax levied for the AU.

<sup>25</sup> Roles and responsibilities at different levels often were only vaguely made explicit, mutually agreed upon or integrated into institutional arrangements. This issue was to some extent remedied by the 2015 AU Summit, which called for a clearer distinction of roles and responsibilities among the AUC, the NPCA and the RECs in the governance of CAADP.

engaging in the EAC agricultural policy and CAADP processes, notably the East African Farmers Federation (EAFF).

Gradually, CAADP has had a positive impact on the organisation, visibility and participation of farm and other agro-food interests in regional agricultural policy processes, creating space for their representation in institutional structures and procedures, although this opening of agricultural policy processes was sometimes met with resistance and its impact on agricultural policy effectiveness has remained modest (see below). In this context, EAFF has intensified its advocacy campaign in favour of public support for smallholder farmers, agricultural transformation and enhanced market access.<sup>26</sup>

Yet, the approach of the EAC to managing its common agricultural and food security policy, in particular its regional CAADP process, has been too “top-down” and has insufficiently/inconsistently involved non-state actors, notably smallholder farmers, other agro-food value chain operators and key actors of the civil society, women and the youth (TradeMark East Africa, 2014). In Rwanda, for example, the private sector and the civil society are involved in EAC processes along with the Government, but the latter is in the lead and the formers are considered as implementing agencies more than independent actors.

The EAC has taken insufficient account of national specificities and challenges so as to revise its approaches and better harness political factors in favour of reforms and investments. Through a multi-country review of CAADP processes, Poulton et al. (2014) found rare instances of significant impacts of non-state actors on CAADP-related policy planning. Various reasons have been advanced for this fact: weak organisation of farm and rural interests, lack of political will, mistrust between bureaucrats and non-state actors, bureaucratic interests in preserving control over budget allocations, and lack of incentives to commit resources to dialogues and negotiations with non-state actors. The lack of involvement of non-state actors in agricultural policy planning has probably contributed to the investment deficit in agro-food value chains observed in the region, in comparison to the ambitious investment plans outlined by public institutions.

### **External actors**

The EAC has been heavily reliant on foreign development assistance. Donors’ agendas may influence EAC policies, which then may not address the priorities of member state constituencies, and thus fail to garner support for their implementation. It may also create disincentives for member states to mobilize domestic resources for the budget of the EAC and risk generating a “per diem culture” and other forms of opportunistic behaviours, for example. This type of behaviour has been observed in a number of countries, including in Eastern Africa (see below) following the increase in development assistance brought about by the 2008 food price crisis<sup>27</sup> (Poulton et al., 2014). It has contributed to the formulation of unrealistic CAADP investment plans comprising unmanageably long lists of investment projects to attract as much funding as possible, and including interventions already planned by donors.<sup>28</sup> Furthermore, as Vanheukelom (2016) notes, the fragmentation and lack of harmonisation of development assistance for CAADP and related agricultural policy processes and the pre-specification of thematic areas have probably reinforced bureaucratic burdens and the natural tendencies of CAADP Lead Institutions to work in silos, reducing the scope for coherence between agriculture, industry and trade policies.

The EAC has not benefited from the World-Bank-managed CAADP Multi-Donor Trust Fund (MDTF), unlike the continental institutions and other RECs that received sizeable financial resources and technical

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<sup>26</sup> For example, see the EAFF-led 2<sup>nd</sup> Regional CAADP Africa Forum in Nairobi in October 2013.

<sup>27</sup> For example, the Global Agriculture and Food Security Program.

<sup>28</sup> See below the case of Tanzania, for example.

assistance from the MDTF.<sup>29</sup> The MDTF constituted a major source of funding for national and regional CAADP processes following the 2008 food price crisis and the pledge of the G8 to ramp up development assistance for agriculture. This fund, although certainly useful in advancing CAADP processes, was probably not without adverse effects on the governance of CAADP as well as stakeholders' sense of ownership and incentives (ECDPM, 2014).<sup>30</sup>

Instead, the Agriculture and Food Security department financed the regional CAADP process with its own resources and financial support provided by USAID through the Africa LEAD project. Previous regional USAID projects also supported the EAC's regional agricultural policy.<sup>31</sup> USAID also supported the seed regulatory harmonization process of the EAC (jointly with AGRA). The AfDB, the FAO, ReSAKSS (IFPRI) and the World Bank supported specific work streams of the EAC agricultural and food security policy. Indirectly, the EAC agricultural policy process has also benefitted from regional agriculture development and trade facilitation programmes. In particular, the European Commission has funded a programme to support regional and national farmers organisations in Africa, including at the level of the EAC.

TradeMark East Africa (TMEA), a trade facilitation initiative financed by multiple donors, has played an important role in facilitating intra-regional trade, although the benefits from lower trade costs and times have in large part accrued to extra-regional trade. Although it is established outside EAC institutions, TMEA has provided crucial support to the EAC Secretariat for the monitoring of trade barriers in the EAC. In the context of the Customs Union, TMEA has supported the harmonisation of customs procedures, documentation and other formalities, although this remains a work in progress. With TMEA's support, the EAC and its MS are establishing one-stop border posts to ease cross-border trade, providing potential benefits for agricultural producers and traders.

Chinese actors, who are heavily present in Eastern Africa, have been financing large-scale infrastructure projects, which have enabled EAC countries to implement their infrastructure policy agenda. Yet, these projects have mostly taken place outside EAC policies/programmes, through bilateral agreements with national governments. Sizeable financial means have helped to gain support from national constituencies but those projects may have caused coordination failures among EAC countries and sectors.

## 3. Political interests of the member states in the EAC and its agricultural policy

### 3.1. Financial contributions

Under EAC rules, each member state is supposed to contribute USD8.4m every year towards the bloc's operating budget. Burundi and Rwanda have not yet made payments for the 2016-2017 financial year<sup>32</sup> as indicated by a recent EAC motion. Kenya, the bloc's biggest economy, has paid USD2.4m this year, 28% of the obligated amount. Tanzania has paid just USD550,000 or 7% of the required amount. South Sudan did not pay its contribution in 2016/17.

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<sup>29</sup> In Eastern and Southern Africa, COMESA, IGAD and SADC benefited from the MDTF.

<sup>30</sup> By promoting a "top-down approach" to policy planning and implementation and funding country processes through continental and regional institutions, the MDTF diluted national stakeholders' ownership of agricultural policy planning, at least in some countries.

<sup>31</sup> The East Africa Trade Hub supported the formulation of the EAC Food and Nutrition Security policy, which was adopted by the 7<sup>th</sup> Sectoral Council on Agriculture and Food Security in September 2014.

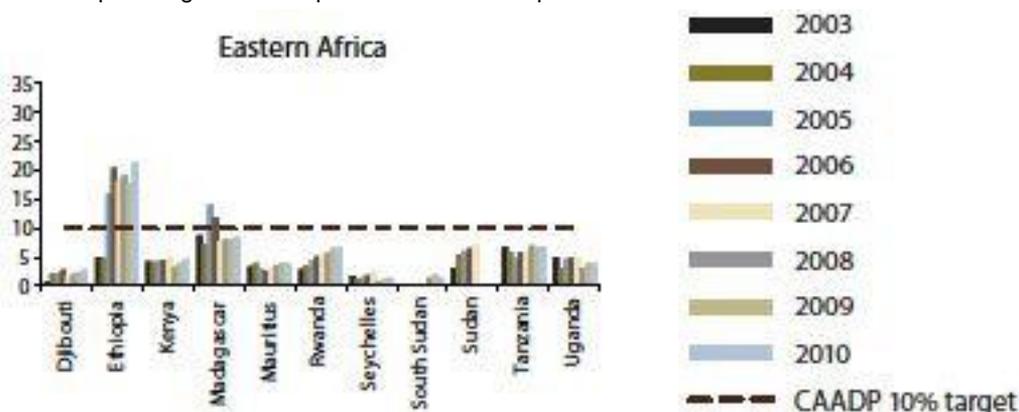
<sup>32</sup> Rwanda pays its contributions but usually as late as possible.

The bloc is considering alternative funding sources and is turning to international donors including Germany, Norway, Denmark and the US to fill funding gaps. In 2016/17, donors' contributions amount to nearly 50% of the EAC budget (USD46.7m out of USD101m, down from 65% in 2013/14). As a result of shrinking MS contributions, the Budget for the Financial Year 2015/2016 was proposed at approximately US\$111m, a reduction from the higher 2014/2015 budget of US\$126m. For 2016/17, planned national public budgets for Kenya, Tanzania, Uganda and Rwanda (in USD) are, respectively, 22.8, 13.5, 12 and 2.49 bn (Karuhanga, 2016).

Kenya's public investments in 2016/17 have been allocated in favour of infrastructure development (energy, railway and roads), agriculture and agro-food processing. Uganda's public budget also favours infrastructure development (energy, oil and gas in particular, and transport), agriculture and agro-food processing, although large portions of public expenditures have been allocated to the education and labour policies. The allocation of large proportions of public expenditures to transport infrastructure appears in line with the priorities of the EAC placed on the improvement of regional transport corridors, railways and trade-supporting structures, particularly in Kenya, which has probably the biggest interest in being linked to its neighbours' markets.

Data on member state contributions to the EAC agricultural policy, in particular to the FSAP, are not readily available. Yet, Levard and Pautrizel (2014) indicate that having member states provide resources to fund the common agricultural policy has been a challenge and that its formulation and implementation has remained considerably dependent on traditional donor financing. At the national level, EAC countries have failed to meet the target of CAADP for public agricultural expenditures, unlike other African countries. Kenya, Rwanda, Tanzania and Uganda allocated less than 10% of their public expenditures to agriculture between 2003 and 2010 (see Figure 1).

**Figure 1:** Shares of public agricultural expenditures in total expenditures in East African countries



Source: Benin and Yu (2013).

### 3.2. Interests in the agricultural sector

Major country-level interests in regional cooperation and integration processes in the agricultural sector revolve around intra-regional trade. The structure of agricultural trade in East African countries has not change dramatically in the period following the structural adjustment programmes of the 1980s and early 1990s: these countries remained exporters of traditional cash crops (cashew nuts, tropical fruits and vegetables, coffee, tea, sugar and cotton), although they began to export some new horticultural products

(flowers and vegetables in Kenya and Uganda notably). The bias against the agricultural sector in sub-Saharan countries like East African countries (Tanzania for example) has persisted. Traditional cash crops as well as staple food crops have remained subject to net taxation (Meijerink, et al., 2009).<sup>33</sup>

As Figure 1 shows, the countries have also remained importers of staple food commodities, in particular grains and rice, of which domestic production steadily rose but generally not as fast as consumption needs. Furthermore, trade liberalization reforms did not bring about large and sustained increases in intra-regional agricultural trade (Meijerink et al., 2009). Several reasons are invoked: tariff cuts vis-à-vis the rest of the world acted in favour of extra-regional trade more than intra-regional trade; limited agricultural production and trade complementarities among East African countries; poor transport and logistical infrastructure; incomplete and slow implementation of intra-regional trade agreements, with little involvement of the private sector in their formulation and implementation; and, importantly, the lack of supportive government policies in favour of agricultural production, agro-food processing and marketing. In this context, national governments' actual policies have been determined by essentially national perspectives and not by a regional perspective, that is, the view that consumers and farmers' welfare and food security conditions would be best protected if they implemented their own policies and regional agreements or protocols.<sup>34</sup>

**Table 2:** Domestic availability and utilisation of cereals in EAC countries

	<b>Domestic availability (1000 mt, 2014/15)</b>	<b>Utilisation (1000 mt, 2014/15)</b>
Burundi	262	398
Kenya	3.994	6.554
Rwanda	762	902
Tanzania	7.961	8.796
Uganda	3.457	3900

Yet, in the 2000s, two major factors brought changes in the economic and political contexts compared to the preceding period: (1) a period of accelerated economic growth in East African countries that started in the 2000s, combined with rapid population growth and urbanisation, led to an increase in demand for food products (which has contributed to a high rate of food inflation); (2) the durable rise in international food crops' prices brought about by the 2007-08 market crisis, which was largely transmitted to domestic prices given the structural gap between consumption needs and production in these countries. In this context, intra-regional trade appeared to many in the region as an essential element of the response to these new

<sup>33</sup> In the aftermath of 2008 crisis, to ease households' access to food, the Tanzanian Government implemented a cereal export ban that led to a fall in prices detrimental to farmers (this ban remained in place for several years). In Kenya, the Government enacted a cereal export ban too and also put in place staple food price controls, which helped poor households access food from markets but reduced farm-gate food commodity prices and thus negatively affected farmers' welfare and incentives to produce more. These policies also prevented cross-border trade flows from surplus to deficit areas that could have improved food security conditions in the latter.

<sup>34</sup> The fundamental issue that underlies these national policy choices is akin to the prisoner's dilemma. For example, The ruling elites of Kenya, which has a large structural deficit in cereals, probably fear for their political survival when having to rely on imports of staple food commodities from other EAC and COMESA countries given that some of these countries have a tendency to impose export restrictions for cereals. See also Footnote 41.

risks and opportunities.<sup>35</sup> The views, the interests and the powers of those actors, especially national actors, have been the main determinants of the regional policy response and its degree of implementation.

The political economy analysis of CAADP in 10 countries by Poulton et al. (2014) suggests a typology of countries with respect to their commitments to CAADP's objectives and principles. In some African countries, political leaders face strong incentives to support smallholder agriculture and promote effective agricultural reforms<sup>36</sup> when domestic political stability and their political survival critically depend on agricultural development, rural populations' welfare as well as domestic food security. Examples of such countries are Rwanda and, to a lesser extent, Ethiopia. In others, for example, Burkina Faso, Ghana and Malawi, those incentives are weak - though the risk of food insecurity is significant, it is not widespread and severe, but ruling elites benefit from rents from the agricultural sector. In the third category, the majority, ruling coalitions tend to be fragmented and political incentives are too weak to motivate ruling elites to lead meaningful agricultural reforms, prioritize support to smallholder farmers in public budgets and deploy a whole-of-government approach ensuring that agricultural and rural development is effective. Tanzania and, to a lesser extent, Kenya and Uganda can be associated to this category.

As the outcomes of the CAADP process shows, member states exhibit little real interest in the regional dimension of agricultural policy in the EAC. Their attention is much more on their national agricultural development strategies and agricultural policies (Afun-Ogidan, van Seters and Rampa, 2012), even though the regional CAADP Compact and investment plan aimed to support these. Tanzania stands out in particular in this regards<sup>37</sup> Commitments are made at the regional level but do not have repercussions on national policy discussions and plans. Agricultural policy has remained very much the remit of national governments and agricultural development outcomes are essentially due to national policies.

### **The case of Rwanda**

Rwanda was the first country to sign a CAADP Compact in 2007. It reached the 10% target of public spending on agriculture that same year - inclusive agricultural development was already a priority in the development and poverty reduction strategy of Rwanda. President Kagame showed leadership in the CAADP process and used it to push for reforms in Rwanda and convince its development partners to reallocate development assistance from social sectors to agriculture (Golooba-Mutebi and Booth, 2013) and to better coordinate their assistance in the agricultural sector. CAADP, and in particular NEPAD, brought additional capacity that strengthened Rwanda's agricultural policy planning. Given the political settlement, rapidly achieving inclusive development gains, in particular in rural areas, has been an imperative for the Rwandese ruling elite to maintaining political stability and civil security and to remain in power. At the same time, the dominance wielded by the ruling party over the political system and a well-disciplined public administration have allowed the Government to pursue long-term agricultural and rural development, possible with short-term costs or little payoff without risking losing the next elections.

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<sup>35</sup> For instance, see the 2004 Nairobi Declaration of EAC-SADC-COMESA agricultural ministers on 'Expanding Opportunities for Agricultural Production, Enhanced Regional Food Security, Increased Regional Trade and Expanded Agro-Exports through Research, Value Addition and Trade Facilitation'.

<sup>36</sup> For example, the implementation of transparent and predictable rules regulating agricultural markets, rather than informal and/or *ad hoc* arrangements among economic operators and public authorities, which entail higher transaction costs and risks for weaker market participants and forces them into the informal sector.

<sup>37</sup> Pers. comm. with donors based in Tanzania.

## The case of Tanzania

The other countries of the EAC, including Tanzania, did not sign their CAADP Compacts until after the pledge of the G8 in 2008 (see above). In Tanzania, the national and EAC CAADP processes (Compacts, investment plans, results frameworks, and so forth) have created confusion, as they led to redundancies or contradictions with pre-existing processes, and added burdens for stakeholders, including the bureaucracy of the national government that was already busy with multiple agricultural developments strategies and plans and with weak central control and incentives. The national CAADP investment plan<sup>38</sup> ended up providing for little more than a wish list. For its CAADP process, Tanzania received technical support essentially from the EAC (stocktaking exercise, multi-stakeholder consultation, drafting of the Compact and the investment plan, etc.). Divisions among the Tanzanian ruling elite, lack of a unified ideological framework, and lack of discipline in its administration are said to hinder the Government in implementing an effective agricultural and rural development policy. Against this background, the formal process of CAADP by itself has had little impact in terms of agricultural reforms.<sup>39</sup>

## Implications at the regional level

Regional processes have seen varying degrees of participation, ownership by national actors, resources and outcomes. The political economy of agriculture in African countries and in Eastern Africa in particular, involves the extraction of rents from agro-food value chains by ruling elites, a key reason why agricultural policy remains a domestic matter. Except for Rwanda, political elites in the EAC Member states have insufficient control over rents and power to coordinate the formulation and implementation of reforms, notably in the area of EAC integration. The lack of genuine support to a regional approach also stems from the absence of an integrated approach at the national level, especially between trade policy and policies for productive sectors, especially agriculture and industry. This limits exploitation of comparative advantages and the diversification of livelihoods which would complement the liberalization of domestic markets.

The value added of the EAC can be particularly difficult to see at the level of poor households and other interest groups, with many of them benefitting more directly from national, formal and informal policies (secured land tenure, financial services, extension services, better local marketing opportunities, and ad hoc trade arrangements). Differences in national policies supporting farm production (for example, input subsidies) or raising fiscal resources from the agricultural sector pose obstacles to the implementation of a common regional agricultural policy and a common agricultural market. Particular/vested interests within these states have caused delays or blocked the implementation of EAC policies like the customs union.

Given these circumstances, there does not seem to be any strong coalitions of state actors trying to shape the regional agricultural policy in the EAC. Drivers of regional integration are more likely to emerge from the private sector. For example, member states, especially Kenya, have shown interest in the conclusion of the SPS Protocol<sup>40</sup>, which is a crucial to facilitate the trade of agricultural and food products and for countries like Kenya with a nascent agro-industry, to access other national markets in Eastern Africa.

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<sup>38</sup> Tanzania Food Security Investment Plan (TAFSIP).

<sup>39</sup> Indirectly, Tanzania's CAADP process has helped raised awareness about the importance of investing in agriculture, coordinating across policy areas, and involving the private sector, especially smallholder farmers, in agricultural policy planning (like at the continental level).

<sup>40</sup> See letter EAC/5/2 Vol. VII(41) of 20<sup>th</sup> July, 2011, from the Permanent Secretary of the Kenyan Ministry of the East African Community to the Secretary General of the EAC Secretariat.

## 4. What are the areas of the agricultural and food security policy with most traction for regional cooperation?

The re-establishment of the EAC in 2000 came with the intent to give the private sector and the civil society a greater role in the regional integration process. Intra-regional trade opportunities expanded with high rates of economic growth among EAC countries in the 2000s and early 2010s, the dissemination of new technologies, a rising urban middle class with consumer demand for differentiated products, and the lowering of barriers to cross-border movement of goods and people. Nowadays, large companies as well as SMEs in Kenya, Rwanda, Tanzania and Uganda, notably in the agro-food sector, are contemplating or already exploiting those opportunities for trade in processed, differentiated goods. Kenya's private sector is the most advanced of all the EAC countries in exploiting those opportunities.<sup>41</sup>

The convergence of interests among EAC countries and especially Kenya, Rwanda and Uganda in developing transport infrastructure and trade-supporting structures<sup>42</sup> seems directly related to the shared economic incentives and trade opportunities described previously. Kenyan actors want to improve their access to landlocked countries' markets (Uganda, Rwanda, South Sudan and the Democratic Republic of Congo) whereas Rwanda and Uganda want to reduce the transport costs and times to/from the port of Mombasa for both their exports and imports. Chinese actors have provided sizeable financial resources for the development of that infrastructure.

A number of agricultural sub-sectors present opportunities for a deepening of regional cooperation to develop regional value chains. The agro-food sector is the biggest direct employer of all manufacturing industries in the region. Agro-food value chains, particularly processed fruits and vegetables, have the highest job creation potential. In addition, the agro-food sector value chains have a significant multiplier effect to boost EAC economies and enhance food security. The agro-processing industry has the highest growth potential in the region. Agro-processing industry in the region primarily comprises vegetable oil processing, fruits and vegetable processing, nuts (cashew and macadamia), beverages (tea, coffee and beer), dairy, meat, other plantation products (sisal, pyrethrum, and sugar), and grain milling (maize, wheat and rice).

There has been a surge in international and intra-regional investments in large-scale agricultural and agro-food processing operations as well as trade, for example, in the dairy and sugar sectors. Those market-led developments are putting pressure on national governments to ease barriers to cross-border trade in Eastern and Southern Africa. They are affecting both tariff and non-tariff policies<sup>43</sup> as well as customs procedures and other trade regulations. In Eastern Africa, the dairy sector has considerable development potential, given the already large share of dairy farming in agricultural production and farm employment, and the growing demand for dairy products in urban centres. But this potential has remained underexploited. Ruling elites have incentives to establish pockets of bureaucratic capability to properly manage markets that generate economic resources and support rural constituencies in producing areas.<sup>44</sup> If there are opportunities in the regional market, those elites will also have incentives to put in place the policy conditions allowing economic operators to exploit those opportunities.

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<sup>41</sup> In Kenya, the Ministry for East African Affairs was recently into the Ministry for Industry and Trade.

<sup>42</sup> For example, the monitoring mechanism for trade policy implementation, which is an obligation under the EAC Treaty, Customs Union and Common Market Protocol.

<sup>43</sup> Non-tariff policies notably including SPS regulations and technical standards.

<sup>44</sup> For an example in the dairy sector in Uganda, see Mette Kjaer, Muhumuza and Mwebaze (2012).

Growth and regional/international investments in the food retail sector are also going to be drivers of regional policy developments concerning agricultural markets and trade. They will also put pressure on farm policy to ensure that local producers can meet supply chain requirements, especially given the fluctuations affecting international markets in recent years. To exploit those trade opportunities, EAC countries will have to upgrade and harmonise their legal and regulatory frameworks for transboundary pest and animal disease control and other biosafety issues (so as to reduce non-tariff barriers to trade in a fair way) and develop other market regulation arrangements, including competition policy, safeguard measures and dispute settlement mechanisms.

**Table 3:** Areas of the common agricultural policy where the EAC has most traction <sup>45</sup>

Policy area	Comment
Agricultural trade facilitation, in particular mutual recognition agreements concerning product market rules and norms, so as to facilitate the cross-border movement of agricultural goods, farm inputs, and food products within the EAC	Trade is a key focus of the EAC; there are several programmes and organisations focusing on trade, including agricultural trade.
Harmonisation of SPS regulations and of technical standards for agricultural products and inputs <sup>46</sup>	There are several programmes and organisations focusing on SPS issues.
Prevention and control of transboundary animal and zoonotic diseases Same for plants	Considering the trade agenda, these issues related to the movement of animals and animal products across border is an important issue.
Trade policy harmonisation	Further progress should and can be made in implementing the CET.
EAC Cooperative Societies legislation	The Bill has been enacted. The current challenge resides in the implementation of this legislation at the national and local levels.

In the context of an emerging regional market, the issue of cooperative societies also deserves particular attention. Cooperative societies represent a sizeable share of the agro-food sector and may provide for significant agricultural growth and development in the future. The 2014 EAC Cooperative Societies Bill, which was enacted in 2015 by the EALA, established a policy framework that could be favourable to the emergence of small and medium-size enterprises and cross-border trade and investment, particularly in agro-food value chains.<sup>47</sup> It was strongly supported by farmers organisations, notably the EAFF, and other Partner-States-level stakeholders. This cooperative regime could be implemented in coordination with the envisaged simplified cross-border trade regime, which would open up the regional market to SMEs, which might generate additional political support for the EAC agricultural and trade policies. Given the current trade environment in Eastern Africa, agricultural and trade policy areas with most traction appears to be those that concern, on the one hand, regional economic opportunities, and, on the other hand, acute risks of public, animal and plant health as well as food insecurity.<sup>48</sup>

<sup>45</sup> All these policy areas have been retained in the regional CAADP Compact and investment plan.

<sup>46</sup> In April 2015, the 8th Sectoral Council on Agriculture and Food Security agreed to accelerate the harmonisation of seed legal and regulatory frameworks. In December 2015, the EAC adopted guidelines for the harmonisation of laws and regulations concerning seeds. A harmonised regulatory framework, aligned with that of COMESA, was to be adopted in December 2016 (these parallel efforts raise the question whether the seed harmonisation agenda is in fact driven by the EAC or COMESA).

<sup>47</sup> The Bill provides for basic rules on cooperative societies governance, finance, and dispute settlement.

<sup>48</sup> In this sense, the EAC initiative for emergency preparedness in arid and semi-arid lands and pastoralist communities also constitutes a regional policy area with traction. The threat of water shortages in some parts of the EAC make the agriculture-water nexus important as well on the agricultural and natural resources policy agendas at the regional level (see also the study on Nile Basin Initiative).

These private-sector-led dynamics could be supported and made more effective for inclusive economic development by facilitating dialogues and partnerships to address issues of common interest across countries and sectors. Emerging regional private sector organisations in agro-food sectors, like the East African Grain Council or the Eastern and Southern Africa Dairy Association, have crucial roles to play in regional economic integration processes. Public interventions aiming to support these through investments should take into account the interests and incentives of different state and non-state actors, especially those private sector networks such as the East African Business Council and its members but also less visible private organisations representing informal economic operators (for example, the Kenya Dairy Traders Association), all of which may be conduits for concrete progress in regional economic integration.

Progress towards the development of regional markets and inclusive regional policies will be possible if constructive, balanced and sustainable relations are established between those private actors and EAC institutions, with the involvement of Partner States' Governments. Given that institutional structures do not automatically translate into implemented policies and effective coordination among sectors and actors, policymakers and external interventions should understand their interests, incentives and interrelations, so as to target resources and capacity building activities to feasible coalitions and initiatives/sub-sectors that have traction regionally. Those interventions should avoid creating incentives that would go against existing private sector dynamics while at the same time they should provide adequate support to the weak actors in agricultural production and trading systems.

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