

## Effects of Lack of Political Will on Economic Integration in East African Community

*Christina Kamili<sup>1</sup> and Gregory Simiyu Namusonge<sup>2</sup>*

<sup>1</sup>Executive Director, Tanzania Network of Legal Aid Providers, Tanzania

<sup>2</sup>Department of Entrepreneurship and Procurement, Jomo Kenyatta University of Agriculture and Technology, Kenya

Copyright © 2015 ISSR Journals. This is an open access article distributed under the *Creative Commons Attribution License*, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

**ABSTRACT:** This study was conducted to examine factors affecting economic integration in the East African Community (EAC) with a special focus on the effects of lack of political will on the economic integration of EAC. Other specific objectives included assessing the effect of leadership on economic integration, evaluating the effect of coalition of the willing on economic integration and assessing the effect of sensitization on economic integration in East Africa Community. The study was conducted in Arusha Region, the headquarters of EAC in Tanzania. The units of analysis were EAC secretariat and others stakeholders from EAC partner states attending different meetings and forums at the EAC headquarters during the study period. Data were collected using a structured questionnaire covering respondents from all five EAC. A total of 89 respondents were obtained through stratification based on country of origin and departments, and later randomly selected from each stratum for interviews. Data was analyzed using SPSS. Descriptive statistics and cross tabulations were employed in the analysis. It was established that the economic integration in EAC is mainly impinged by factors resulting from political will of EAC leaders. Most agreements and establishments agreed at secretariat level were found not to be effectively implemented by political leaders of EAC partner states. It was realized that most articles in the Treaty established EAC are not effectively being adhered to. There is no free movement of people, goods and services in EAC. Poor progress as revealed in relation to free of people, goods and services implies lack of political support of the whole integration process. This also implies that political leaders in the EAC member states are not performing as required and the secretariat lacks strict means to enforce the implementation agreements by political leaders. Lack of trust among EAC people, different economic setups and fear of losing sovereignty in respective states was found to politically affect the integration process. The creation of the 'coalition of the willing' was found to have resulted from the notion that some EAC partner states lack political will in implementation of the agreements towards economic integration of EAC, while on the other hand, it was found to have negative impact on the economic integration. Lack of political will among EAC partner states was found to affect fund remittance of EAC. The main challenges in remitting were established that some countries were not remitting funds as required and that some member states do not have enough funds to support own budget. It is recommended EAC leadership at state level and secretariat show revise, monitor and evaluate the implementation of agreements geared towards economic integrations at all levels. Likewise, EAC leadership in each member state need strengthen internal sources of funds so as to fully support EAC with own budget. There is also great need to harmonize the country policies and strategies and legal framework in line with EAC strategies.

**KEYWORDS:** Lack, Political Will, Economic Integration, East African Community.

*Research Project Submitted to Ms Training Centre For Development Cooperation In Partial Fulfillment of the Requirement For The Award of The Degree Of Master of Science In Governance And Leadership Of Jomo Kenyatta University of Agriculture And Technology*

## **1 INTRODUCTION**

### **1.1 BACKGROUND**

The East Africa Community (EAC) was first established in 1967 comprising of Kenya, Tanzania and Uganda. It collapsed in 1977 as a result of several factors including political differences, but was re-established formerly in 2000. This happened after the treaty for establishment of the East African Community was signed on 30th November 1999 and entered into force on 7th July 2000 following its ratification by the Original 3 Partner States – Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18th June 2007 and became full Members of the Community with effect from 1st July 2007. The South Sudan announced its intention to join in mid-2011 but was given time, first, to sought out its internal challenges before being admitted.

The member states have agreed to establish closer economic links through a Free Trade Area (established in 2001), a Customs Union (established in 2005), a Common Market (established in 2010), a Monetary Union (by 2012), and ultimately a Political Federation. The EAC members are also collectively negotiating an Economic Partnership Agreement (EPA) with the European Union (EU), where supporting regional integration is an overarching objective. This effort in regional integration offers significant opportunities for promoting economic and social development in the EAC region. However, a wide range of challenges, many of which proved to be stumbling blocks in the previous effort to establish the EAC, still remain.

There are obvious moves by some member countries to proceed without Tanzania, and probably Burundi, in planning some regional economic activities, which under normal circumstances would ideally be part of the EAC plans. Recently, the Presidents of Rwanda Paul Kagame, Uganda Yoweri Museveni and Kenya Uhuru Kenyatta agreed to move ahead and fast track East Africa integration activities geared at creating the East African Federation in the shortest possible time. Regarding “slow moving” partners, Kenya, Rwanda and Uganda suggest that they will have to apply to join them (“coalition of the willing,”) if they find it appropriate to do so.

Economic integration requires political will and commitment of the leaders of the EAC member states to relinquish parts of their sovereign decision making powers to a regional authority with a view to achieve the broader benefit from the economies of scale that come with larger production centres and markets. Creation of a single economic space requires them to harmonize national economic and social policies, create infrastructure and facilitate trade keeping regional development in view and bring down administrative and transaction costs. When neighboring countries benefit from each other, peer pressure from the beneficiary citizens creates soft policy coordination. More substantive policy coordination and implementation comes with regional institution building, better coordination among adjudicatory, regulatory and administrative agencies of the countries and the eventual creation of regional agencies to enforce policies. Such collective action usually requires a champion, a leader among the participating nations to drive and even subsidize the regional integration efforts of weaker partners. Harmonization of, and coordination for aligning the national development plans of member states in the medium to long term should go hand in hand with developing research based policy options that emphasize the benefits of the integration process to EAC households and individuals in each of the member states. This study therefore sought to establish the effects of political will among EAC partner states on the economic integration process of EAC.

### **1.2 STATEMENT OF THE PROBLEM**

The Treaty on the Establishment of the East African Community envisages integration among the countries of East Africa to progress from a Customs Union to a Common Market, then a Monetary Union and ultimately to a Political Federation (Article 5(2)). According to East African Community Gazette (2007), the Council directed the Secretariat in April 2006 to initiate negotiations for the Common Market, to be concluded and become effective in 2010, when the Customs Union takes full effect. In doing so, the Council invoked Article 5(2) and Article 76(1) of the Treaty. The latter Article recognizes the free movement of labour, goods, services, capital and the right of establishment as the pillars of the Common Market.

However, The East African Community seems to be strong on paper, but weak in the implementation of its decisions. For example monetary union has been postponed, the protocol for the common market has been in force since 1 July 2010, but its national implementation is still faltering. Further some member states are ahead in implementing the decisions while others are still slow in implementing the decisions (Feet-dragging and fast-tracking). Kenya, Uganda and Rwanda has established a “coalition of the willing” to push ahead with political, economic and infrastructure projects, while Tanzania and Burundi remaining unwilling to rush on the implementation decisions.

EAC member states lack political willingness and commitment to share their sovereignty rather they uphold their full independent sovereign. This issue, among many others, was one of the causes of collapse of the first East Africa Community in 1977. Further to that member states continue to be challenged by the tension between the need to increase spending on poverty-reducing areas and to preserve macroeconomic stability within the context of their limited domestic resources. On another hand citizen of member state lack awareness on EAC activities, media and civil society have been involved to some extent in EAC activities but still ordinary citizens are not fully aware of the importance of EAC and its activities. This thus drives the need to assess the effects of lack of political will on the EAC economic integration process.

### **1.3 OBJECTIVES OF THE STUDY**

#### **1.3.1 GENERAL OBJECTIVE**

The general objective is to assess factors affecting economic integration in East Africa Community

#### **1.3.2 SPECIFIC OBJECTIVES**

1. To assess the effect of leadership on economic integration in EAC
2. To determine the effect of lack of political will on economic integration in EAC
3. To evaluate the effect of coalition of the willing and what could result to on economic integration in EAC

### **1.4 RESEARCH QUESTIONS**

1. What is the effect of leadership on economic integration in East African Community?
2. What is the effect of political will on economic integration in East Africa Community?
3. What is the effect of coalition of the willing on economic integration in East Africa Community?

### **1.5 JUSTIFICATION OF THE STUDY**

The credibility of regional integration institutions depends on their ability to deliver what they have established to achieve. In developing countries and Africa in particular they are expected to play a vital role in social economic transformation of the African economies as well as practical realities on the ground indicate that there is a striking contradictions between what these institutions are meant to achieve and what they have actually achieved (Foroutan and Pritchett 1993; Ogunkola, 1994; Elbadawi, 1997; and Lyakurwa et al 1997). EAC like other regional integration has failed or unsatisfactorily achieved their intended objectives on the stated time and plan. This study will try to shed light on how political will affects the integration process and hence provide recommendations on how EAC member states can foster economic integration by addressing critical areas of political interest to economic integration of EAC. This will be done by discussing the political will that seem to affect economic integration in EAC and thereafter provide recommendation on the same.

### **1.6 SCOPE OF THE STUDY**

This study interviewed respondents from all five EAC partner states namely Tanzania, Kenya, Uganda, Rwanda and Burundi. Due to time limit and geographical coverage of EAC, the study limited itself to staff at the EAC secretariat representing their respective countries and other stakeholders from the five EAC partners presenting civil societies, private companies, business people and researchers who were present at the EAC headquarters during the time of the study. To ensure equal representation of primary data collection, data collection were limited from representative of the five (5) EAC member states.

### **1.7 LIMITATION OF THE STUDY**

This research was based in an organization where the respondents are working; they were not very much willing to disclose all relevant information without bias. On the other hand, respondents were very mobile travelling across EAC partner states and were not readily available during the time of study. Some were skeptical to respond to sensitive questions on EAC leadership. On the other hand, this study required a lot time to plan, review literature, collect from all five EAC

partner states and analyse data. There was not enough time to review sufficient number of literatures, collect and analyse data from all EAC partner states. Therefore, for the purpose of this study was obtained from EAC headquarters, this sample is too small to generalize results at EAC level but shades light on the major factors affecting economic integration in EAC.

## **2 LITERATURE REVIEW**

### **2.1 INTRODUCTION**

This part of the study provides the synopsis of literature review, which includes theoretical framework, conceptual framework and review of variables also known as empirical review. This is discussed in the parts or sections which follow.

### **2.2 THEORETICAL FRAMEWORK**

There has been quite a significant increase in the literature on economic integration over the past decades and several theories have been used to explain economic integration. In order to provide a better understanding of the economic integration concept, this study examines some of these fundamental theories.

#### **2.2.1 VINER'S CUSTOM UNION THEORY**

Lipsey (1987) argues that in relation to economic integration the customs union theory has always been historically concerned with the welfare gains and losses which succeed the establishment of customs union. These gains and losses could occur because of specialization, the economies of scale, changing the terms of trade, changes in efficiency through an increase in competition and on account of changes in the rate of economic growth. Using Viner's work as a fundamental framework, traditional economic theory greatly focuses, but is not limited to the concepts of trade creation and trade diversion due to the fact that gains achieved from customs union is significantly influenced by achieving a balance in trade creating and trade diverting. Trade creation is used to explain the "possible expansion of a country's total imports on entering into a bilateral or other preferential trade arrangement, leading to an improvement in economic welfare as high-cost domestic output is replaced by lower-cost output produced abroad" (DeRosa and Gilbert, 2004: 384). In essence therefore, trade creation can be said to occur when trade between the customs union members increases.

According to Dalimov (2009), trade creation and trade diversion occur as a result of "economic unification of states changing direction of the goods from one to the other state supplying the goods to a third country". He further argues that although these two concepts provide better prices and facilitate the cancellation of tariffs, they differ significantly. This difference is explained in the sense that while trade creation provides real net improvement of the price, trade diversion comes at the moment when trade from the cheapest supplier state is diverted to the state inside the union which became cheaper as a result of a decrease in tariffs. Further explaining these theories, economists rely on the assumption that existing variables such as competition in markets, employment of all resources, unrestricted movements within local and across national boundaries and prices which are highly regulated by costs and the prices of supplies from external sources are elastic.

Viner therefore reaches a conclusion that although the aim of customs unions is to enhance political and socio-economic development this is not always the achieved outcome because this would only occur when trade creation is promoted through the abolishment of obstructions to free trade between member states. On the contrary if trade flow is diverted from efficient non-member states to less efficient member states in a bid to promote more cooperation between member states, there would be a decrease in welfare and because states are presumed to be in search of ways to maximize returns and increase welfare, more trade creating customs unions should be encouraged.

#### **2.2.2 OPTIMAL CURRENCY AREA THEORY**

The Optimal Currency Area (OCA) is used to refer to "an area in which exchange rates are immutably fixed or in which a common currency exists". This theory which was originally presented by Robert Mundell (1961) cautions against the use of a floating exchange rate system and is aimed at answering the question of the adoption of a single currency by two currencies as opposed to separate currencies. It further provides an in-depth understanding of monetary integration and the approximate costs and benefits of implementing a common currency. The OCA approach analyzes the conditions "an independent currency and an independent monetary policy are potentially useful stabilization tools, especially when other stabilization instruments are lacking or inadequate". The OCA is aimed at finding ways in which minimum costs can be used to obtain both internal and external balances without compromising monetary and fiscal policies.

This theory has two main arguments which are presented by its advocates as the best way to obtain both internal and external balance. While the first set of advocates argue for the implementation of “flexible exchange rates to maintain both internal and external balance” as this would give member states the freedom to follow up on national macroeconomic policy objectives, the second set of OCA theory advocates argue that this internal / external equilibrium can only be achieved through the implementation of fixed exchange rates as this will in turn reduce the volatility of the currency. Mundell (1961) however states that none of the arguments presented by the two groups (either fixed or flexible exchange rates) will neither guarantee the fulfilment of the OCA theory benefits such as full employment and low inflation, or lead to the successful implementation of a single currency in a given area as this is highly dependent on a number of factors. Other benefits include the stability of the macro-economy, and an increase in trade and savings on regional exchange reserves. Furthermore, in order for a group of countries to fully benefit from the implementation of a single currency, three conditions need to be met: firstly, the region should not experience an asymmetric shock whereby one country’s economy is significantly worse off in comparison to the rest of the region; secondly, there must be a high level of mobility of factors of productions (labour and / or wages); and lastly, the region’s fiscal and monetary policies must be harmonized.

### 2.2.3 POLITICAL WILL

Political will is a term that often used but rarely defined. Hornby (1995; 1365) defines ‘will’ as: trying to make something happen or strong desire or determination. Hornby (1995:893) further defines ‘political’ as pertaining to the state or government. When we combine the two words to form the term ‘political will’, it can be deemed to mean a strong desire or determination on the part of government or state to make something happen. Partner states are required under article 6 (a) of the Treaty established EAC to abide to the principle of mutual trust, political will and sovereign equality so as to achieve the objectives of community. Political will in context of this study would therefore refer to a strong desire or determination on the part of the government to advance economic integration. It implies the government moving beyond concepts on talk about economic integration to taking action that actually advances integration. For example lack of political wills ones of results were the establishment of “Coalition of the willing” in EAC. The “**Coalition of the willing**” was created due to the lack of political will among member states in EAC, state forming the coalition of the willing are Kenya, Uganda and Rwanda basing on variable geometry which is a principle in Article 7 of the EAC Treaty, which allows for progression in co-operation among a sub-group of members in a larger integration scheme in a variety of areas and at different speeds. However, under the article, member states that wish to progress faster are still required to notify the other members. Therefore the coalition is thought to be another challenge in fostering economic integration in EAC and establishing bilateral cooperation in the EAC such as cooperation between Kenya and Uganda seem to be fluctuating the EAC economic integration.

### 2.2.4 MEASUREMENT OF ECONOMIC INTEGRATION

Economic integration is process in which two or more states in a broadly defined geographic area reduce a range of trade barriers to advance or protect a set of economic goals. The extent to which a region will deepen its economic integration and adopt the characteristics of a supranational state is influenced by the political will, level of participation, awareness creation among others. The is a need also of member states forming economic integration to build trust and reduce tensions among themselves and enhance cooperation for a successful economic integration.

#### A) LEVEL OF PARTICIPATION

Member states forming Economic integration in EAC, if they will build trust among themselves and stop politicking for their personal gain then the level of participation in economic integration will increase leading to high level performance of economic integration. Further if member states participate in all meeting and abide to the decision they make in those meeting the economic integration will move forward. For example recently, some member countries have not been participating in the meetings while important decision has been made without them participating.

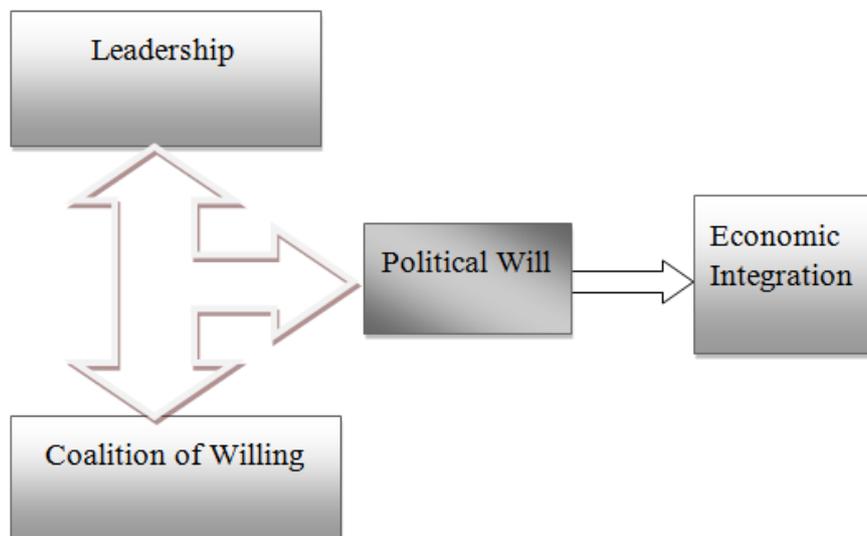
Moreover article 132(4) stipulates three sources of funds to run EAC, equal contributions by partner states, funds from development partners and any other sources as may be approved by the council. Despite this proviso member still delay in remittances their contribution, which slow down implementations of projects and programmes thus affecting the economic integration.

Again if ordinary citizens will be informed and involved in policy planning and formulation, their needs will be taken, participation makes citizens accountable and responsible. Thus there is a need for creating rooms for citizens’ participation in economic integration.

**B) CROSS BORDER ACTIVITIES**

The number of people moving from one country to another, movement of goods and services will determine if the economic integration is moving forward or not, thus this study is going to find out if there is a free movement of people, goods and services within the EAC.

**2.3 CONCEPTUAL FRAMEWORK**



**2.4 RESEARCH GAP**

Studies have been carried with regards to Political and economic integration; however more researches are needed to specifically establish factors that underpins economic integration in EAC. Again there is a need of conducting analysis of EU's framework in order to establish the best practices that can be replicated in EAC.

SID (2013) has conducted a research on *"The state of East Africa"*. The State of East Africa Report 2013 discusses the issues of inclusiveness and equity, the East African Economy, Economic and Social Drivers of Inequality, quality of East Africa's Institutions and Agenda for active Policy Engagement among others. Thus the report suggests that, the supply of both will and skill is as limitless as the Region's potential. The report also has pointed out the challenge of effective implementation, that, East Africa is replete with well articulated policies of every description. However, achieving their goals must overcome two obstacles; political will and weak capacity for effective policy execution as the two are vital to the success of any effort to transform the region. This report however has not discussed on how better leaders in East African community can remain committed to objectives of establishing the Integration. This suggests that more often than not, government failed to implement the treaties they signed, which in turn suggests problems of agitation in initial condition, compensation issues, real political commitment, overlapping membership, policy harmonization and poor private sector participation. Therefore this sought to reveal the effects of lack of political will in the EAC economic integration process.

**2.5 SUMMARY**

This chapter listed the key theories that guide the search for answers to the research questions. Theoretically speaking, regional economic integration has been proved to contribute to enhancing economic growth in member states, and is thus good for development. Theory further indicates that regional integration happens in stages, which include free trade areas, customs unions, common markets, economic unions and complete economic unions. Further this chapter has provided the conceptual framework and review of variable also known as empirical review on how better economic integration in East African Community can move forward. Also has provided research gaps that the study will deal with.

### 3 RESEARCH METHODOLOGIES

#### 3.1 INTRODUCTION

This chapter is on the overall research design, sample size, data collection methods and procedures that were observed in finding answers to the research questions.

#### 3.2 RESEARCH DESIGN

Research design refers to the conceptual structure within which the research will be conducted; it constitutes the blueprint for the collection, measurement and analysis of data in a manner that aims to combine relevance to the research objectives with economy in procedure (Kothari 2004, 31). The study adopted the cross sectional research design in which data was collected at a single point within the study area, and which is suitable for determining relationships between and among variables. The descriptive design was applied to analyze how lack of political will affects the economic integration in EAC.

#### 3.3 TARGET POPULATION

Population refers to the entire group of individuals of interest that the researcher wishes to investigate from which a sample is taken (Marczyk et al. 2005, 18). For the purpose of this research, study population was members of staff of the EAC encompassing employees and other stakeholders from all five East African State; head office located in Arusha. The list of names from which the sample was selected was obtained from human resource department. The units of analysis were heads of departments, respective staff within each department and other people from five countries attending difference forums at the EAC headquarters during the time of survey.

#### 3.4 SAMPLE SIZE

The sample size of 95 respondents was interviewed. This was determined based on the number of employees available of around 250 people. The table of the sample size for a given population size at 5% margin of error provided by Sekarani and Bougie has been referred to. As per this table, the minimum sample size for a population of 250 is 152 (Sekaran and Bougie 2010, 295). However where the population is less than 10,000, a smaller sample size can be used without affecting the accuracy of the results, this is called adjusted minimum sample size (Saunders et al 2012, 660). Sanders et al provided the following formula for calculating adjusted minimum sample size:

$$N' = n / (1 + (n/N))$$

Where

$N'$  is the adjusted minimum sample size,  $n$  is the minimum sample size and  $N$  is the total population.

$$N' = 152 / (1 + (152/250)) = 94.53 \text{ rounded to } 95.$$

#### 3.5 SAMPLING TECHNIQUE AND PROCEDURE

Purposive sampling was used to select the area under study. Decision to select Arusha was based on the location of the EAC headquarters where respondents are found. Stratified sampling was employed in categorizing respondents according to their country of origin and departments. Each department and country was treated as separate stratum to ensure efficient representation from each country and department. From each stratum, respondents were randomly selected in proportional to the number of people.

#### 3.6 DATA COLLECTION PROCEDURE AND TOOLS

Data were collected from both primary and secondary sources. Primary data was collected using interview guides from the employees and staff of EAC. Further, secondary data was collected from documentations such as policy documents, EAC website, annual reports, publications and other relevant documents. Primary data was collected through face to face interviews. Selected staffs from each department were identified and data collected using structured interview guides. Secondary data was collected using researchers notebook and summarized using computer.

### **3.7 DATA ANALYSIS AND PRESENTATION**

Data collected fall under two main categories, namely nominal and ordinal which called for both qualitative and quantitative data analysis techniques. The process involved analyzing frequencies and percentages, all of which were cross tabulated using the statistical package for social sciences (SPSS) 20.0 version. Data was disaggregated by strata and comparisons made across different variables. Data is presented in charts, graphs and tables.

## **4 RESULTS AND DISCUSSION**

### **4.1 INTRODUCTION**

This chapter presents the findings from the study. It contains findings that are presented logically with respect to the objectives of the study. Results are presented in graphs, charts and tables. Discussion is made accordingly supported by literature explaining where the findings agrees or not with existing literature

### **4.2 RESPONSE RETURN RATE**

The response rate of the study was 94%. This was due to difficulties in getting the respondents during the time of the study. Most staffs at the EAC were very busy and very mobile moving across EAC to attend various EAC secretariat meetings. Likewise, stallholders in difference EAC meetings and forums had limited time to participate in the interviews and responding to questions.

### **4.3 DEMOGRAPHIC CHARACTERISTICS**

#### **4.3.1 COUNTRY OF ORIGIN**

The study shows that 25.8% of all respondents interviewed were from Tanzania, 24.7% Kenya, 21.3% Uganda, 14.6% Rwanda and 13.5% were from Burundi. This implies that the study had covered the EAC block and the results give a reflection of EAC member states.

#### **4.3.2 GENDER**

It was also realized that 58.4% were male and 41.6% female. This shows that EAC is an equal employment institution and also the stakeholders attending the EAC meetings and forums represent both gender and hence the findings are not biased by gender.

#### **4.3.3 AGE CATEGORY**

The predominant age category was found to be 30-39 years (68.5%) while 18.0% fall in the age category of 40-49 years. This also shows that the respondents are matured enough to understand the operations of the EAC in relation to the influence of political will on economic integration process of EAC.

#### **4.3.4 WORK PERIOD**

The study found out that 42.0% of all respondents had worked in the organization in the period of less than one year while 26.1% had been in the organization for the last 10 years (Table 4.1). This working experience indicates that respondents understand the EAC and thus provide information that gives the snapshot of the economic integration in the EAC.

Table 4.1 Demographic Characteristics

Variable		Frequency	Percentage
Country of origin	Tanzania	23	25.8
	Kenya	22	24.7
	Uganda	19	21.3
	Rwanda	13	14.6
	Burundi	12	13.5
<b>Total</b>		<b>89</b>	<b>100.0</b>
Sex of respondent	Male	52	58.4
	Female	37	41.6
<b>Total</b>		<b>89</b>	<b>100.0</b>
Age category of respondent	Between 30-39 years	61	68.5
	Between 40-49 years	16	18.0
	Below 30 years	12	13.5
<b>Total</b>		<b>89</b>	<b>100.0</b>
long have you worked in this Organization	Below 1 year	37	42.0
	10 years and above	23	26.1
	5 -9 years	15	17.0
	Between 1-4 years	13	14.8
<b>Total</b>		<b>88</b>	<b>100.0</b>

#### 4.4 EFFECT OF LACK OF POLITICAL WILL ON ECONOMIC INTEGRATION IN EAC

##### 4.4.1 MECHANISMS TO ENCOURAGE MEMBER STATE ACTIVE PARTICIPATION IN EAC MATTERS

The results from the study show that 81.8% of all respondents interviewed for all EAC member states agreed that there are specific mechanisms that have been put in place to encourage member state active participation in EAC. These mechanisms were mentioned to be compliance protocols signed by all member states (51.3%), having ministries responsible of EAC in each country (28.3%) and 20.4% said there are sanctions for failure to participate in EAC matters as agreed (Tables 4.2). These results show that the secretariat has put forward means to effectively participate in all matters as agreed. Poor progress as revealed in relation to free of people, goods and services implies lack of political support of the whole integration process. This also implies that political leaders in the EAC member states are not performing as required and the secretariat lacks strict means to enforce the implementation agreements by political leaders.

Table 4.2 Mechanisms to encourage active participation in EAC matters

Variable		Frequency	Percentage
There specific mechanisms that have been put in place to encourage member state active participation in EAC?	Yes	63	81.8
	No	14	18.2
<b>Total</b>		<b>77</b>	<b>100.0</b>
Mechanisms to ensure active participation in integration	Compliance protocols signed by all member states	58	51.3
	Having ministries responsible of EAC in each country	32	28.3
	Sanctions for failure to participate	23	20.4
<b>Total</b>		<b>63</b>	<b>100.0</b>

4.4.2 LEVEL OF TRUST AMONG EAC MEMBER STATES

The study shows high level of mistrust among EAC member states. It was revealed that 30.7% strongly agree and 28.4% agreed that some EAC member states do benefit more from the economic integration than others. Likewise, it was noted that 40.9% of all respondents interviewed in all EAC member states agreed that Some EAC member have personal interests in the economic integration than others. Variations in opinions were also realized across EAC member states. The findings revealed that 100.0 % of Rwandans and 75.0% of Burundians strongly agreed that some EAC member states do benefit more from the economic integration than others as opposed to only none in Kenya, 5.3% Ugandans and 21.7% Tanzanians interviewed (Table 4.3). This is contrary to the article 6 (a) of the Treaty established EAC. Partner states are required under article 6 (a) of the Treaty established EAC to abide to the principle of mutual trust, political will and sovereign equality so as to achieve the objectives of community. This implies that EAC member states are not at par as far as the objectives of EAC are concerned. Despite signing of different protocols targeting strengthening the integration of EAC, there is no common understanding on the commonage of the benefits accrued from the integration process. This results in member states not fully giving up for the common good. Lack of trust slows down the implementation of the agreements as they are perceived to favour other states in the EAC as opposed to be beneficial to the whole EAC block.

Table 4.3 Level of trust among EAC member states

Variable		Country of origin										Overall total	
		Tanzania		Kenya		Uganda		Rwanda		Burundi		n	%
		n	%	n	%	n	%	n	%	n	%		
Some EAC member states do benefit more from the economic integration than others	Strongly agree	5	21.7			1	5.3	12	100.0	9	75.0	27	30.7
	Agree	2	8.7	10	45.5	10	52.6			3	25.0	25	28.4
	Disagree	4	17.4	11	50.0	8	42.1					23	26.1
	Neutral	12	52.2	1	4.5							13	14.8
<b>Total</b>		<b>23</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>
Some EAC member have personal interests in the economic integration than others	Agree	2	8.7	22	100.0					12	100.0	36	40.9
	Neutral	12	52.2					12	100.0			24	27.3
	Disagree					18	94.7					18	20.5
	Strongly agree	9	39.1			1	5.3					10	11.4
<b>Total</b>		<b>23</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>

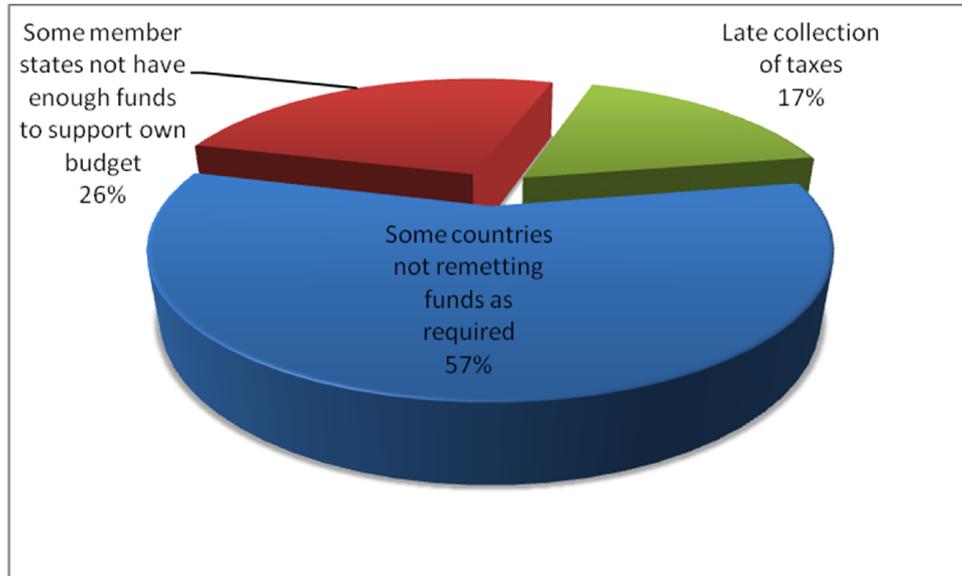
4.4.3 MEMBER STATES REMITTANCE OF FUND AS CONTRIBUTIONS TO EAC

The study revealed that EAC budget facilitates economic integration among the member states (81.6%). On the other hand, 75.3% of all respondents interviewed agreed that there are challenges in member states in remittance of their fund as contributions to EAC (Table 4.4).

Table 4.4 Member states remittance of fund as contributions to EAC

Variable		n	%
EAC budget facilitate economic integration among the member states?	Yes	71	81.6
	No	16	18.4
<b>Total</b>		<b>87</b>	<b>100.0</b>
There any challenges in member states in remittance of their fund as contributions to EAC?	Yes	58	75.3
	No	19	24.7
<b>Total</b>		<b>77</b>	<b>100.0</b>

The main challenges in remitting were found to be some countries not remitting funds as required (57%), some member states not have enough funds to support own budget (26%) and 17% said late collection of taxes. This implies that EAC as a block has limited financial capacity to support the integration with own resources. Dependence of donors to support respective country budget means that the member state in not well placed financially in moving the integrations as donor funds are mainly attached with conditions which might not favor the integrations process. Moreover article 132(4) stipulates three sources of funds to run EAC, equal contributions by partner states, funds from development partners and any other sources as may be approved by the council. Despite this proviso member still delay in remittances their contribution, which slow down implementations of projects and programmes thus affecting the economic integration.



*Figure 4.1 Member states remittance of fund as contributions to EAC*

#### 4.4.4 MAIN CHALLENGES IN ECONOMIC INTEGRATION

The main challenges in economic integration were identified by respondents to be un harmonized policies (26.6%), Lack of trust among EAC people (17.3%), Political instability among member states (15.0%), fear of losing sovereignty and different economic setups (12.1%) respectively. Others were pointed out to be un harmonized legal framework, poor infrastructure and poor implementation of council directives by partner states (Figure 4.2). This implies that the economic integration of EAC is hampered by both leadership at state level in implementation of the agreements and individual interests of member state in maintaining political dominance of their state. Likewise, lack trust among nations result in losing confidence in the integration process and hence poor progress of the EAC integration process.

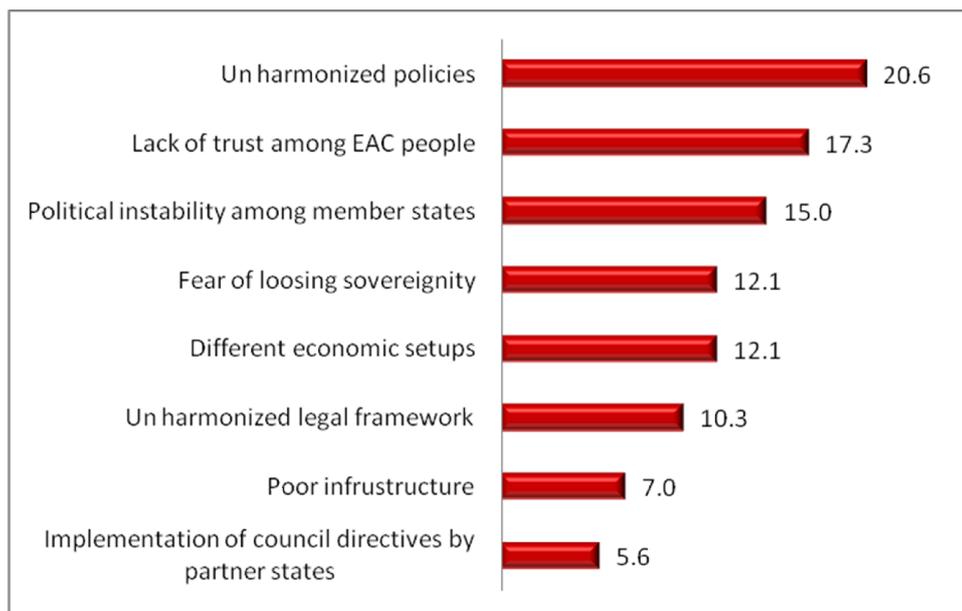


Figure 4.2 Main challenges in economic integration

4.4.5 REASONS FOR CREATION OF COALITION OF THE WILLING

The main reasons for the creation of coalition of the willing were reported to be feeling that some countries are not moving (23.4%), desire for faster integration process (22.8%), Coalition of willing is media speculation (20.0%), and some EAC member states have same social economic principles (15.9%). Other reasons were reported to be there is nothing like coalition of the willing in the EAC and others don't know the reasons (Figure 4.3). This implies that EAC member states are not resonating at the same wave length in the economic integration. This also explains the mistrust among leaders and citizen in the EAC region and the notion that some EAC member states have special interest in the integration. These finding are in line with current reports that the Presidents of Rwanda (Paul Kagame), Uganda (Yoweri Museveni) and Kenya (Uhuru Kenyatta) agreed to move ahead and fast track East Africa integration activities geared at creating the East African Federation in the shortest possible time. Regarding "slow moving" partners, Kenya, Rwanda and Uganda suggest that they will have to apply to join them ("coalition of the willing,") if they find it appropriate to do so.

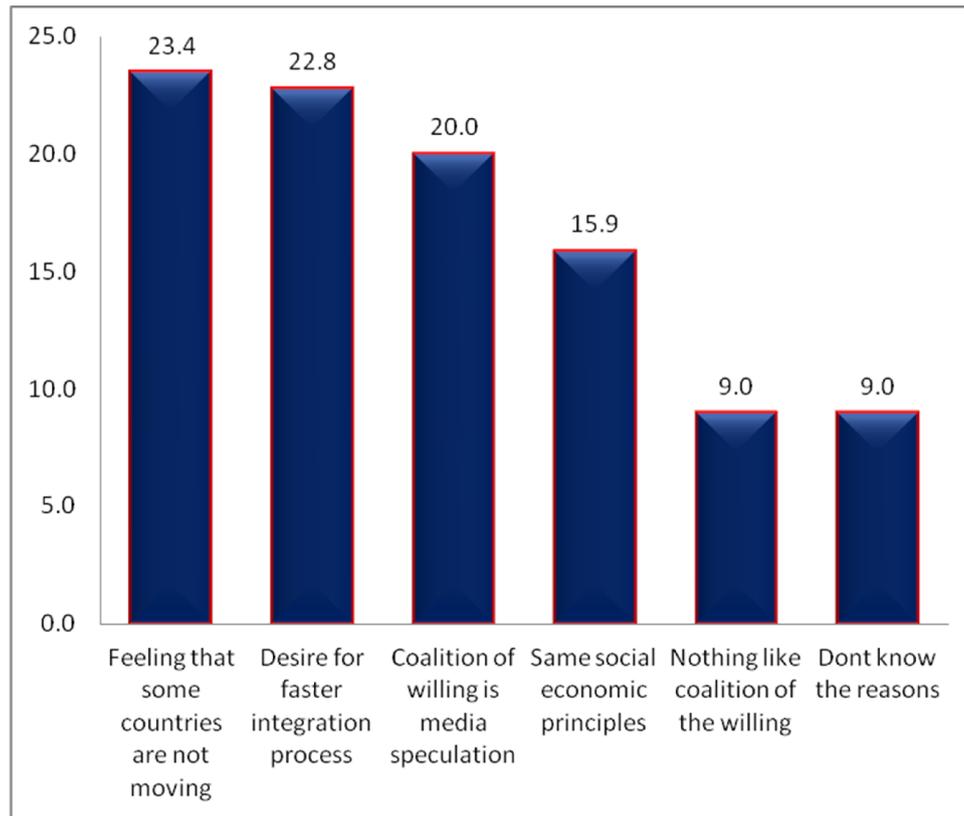


Figure 4.3 Reasons for creation of coalition of the willing

#### 4.4.6 IMPORTANCE OF COALITION OF THE WILLING TO ECONOMIC INTEGRATION

The coalition of the willing was rated less important (54.6%), somehow important (21.4%), and important (12.2%) in the integration process. On the other hand, 85.7% of all respondents interviewed agreed that coalition of the willing is a challenge of the integration process (Table 4.5). This implies that the coalition of the willing to has no benefit to the economic integration of EAC. On the other hand, it is perceived as an obstacle in the integration process.

Table 4.5 Importance of coalition of the willing to economic integration

Variable	Country of origin										Overall total		
	Tanzania		Kenya		Uganda		Rwanda		Burundi		n	%	
	n	%	n	%	n	%	n	%	n	%			
Rate of coalition of the willing in the integration process	Less important	4	66.7	11	50.0	8	42.1			3	100.0	26	54.6
	Important							12	92.3			12	21.4
	Somehow important	2	33.3	11	50.0			1	7.7			14	12.2
	Not important at all					10	52.6					10	10.7
	Very important					1	5.3					1	1.1
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	
Coalition of the willing a challenge of the integration process?	Yes	6	100.0	22	100.0	10	52.6	13	100.0	3	100.0	54	85.7
	No					9	47.4					9	14.3
	<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>

4.4.7 THREATS OF COALITION OF THE WILLING TO ECONOMIC INTEGRATION

The main threats posed by coalition of the willing to economic integration were identified to be creating mistrust among member states and jeopardizing sustainability of already existing EAC infrastructures (44.4%) and that excluding other countries limits their commitment to the EAC agreements (Figure 4.9). This further implies that the coalition of willing has more harm than good to the economic integration as it fosters disunity among EAC member states and mistrust hence affecting the commitment of individual EAC member state to common agreements.

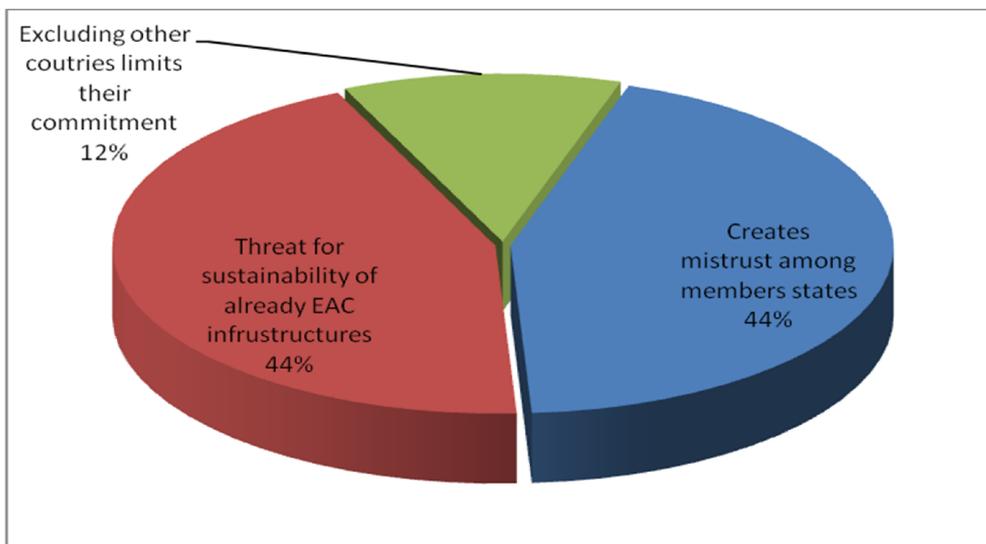


Figure 4.4 Threats posed by coalition of the willing to economic integration

4.5 DISCUSSION

The study established that there is political influence in economic decisions and limited democratic space in respective EAC countries that affect the pace in the integration process. This implies that the state leadership in the EAC has not effectively invested concentrated efforts in pushing out the economic integration despite the protocol being signed. This shows that the EAC leaders much concentrating their efforts to address local matters. This adversely affects country leaders' priorities in resource allocation with respect to economic integration process. This also shows that citizens have their priorities in the economic integration process that, even though been addressed in the protocols have not impacted the people in the EAC member states.

The study revealed that EAC secretariat has put forward means to effectively participate in all matters as agreed. Poor progress as revealed in relation to free of people, goods and services implies lack of political support of the whole integration process. This also implies that political leaders in the EAC member states are not performing as required and the secretariat lacks strict means to enforce the implementation agreements by political leaders.

The findings are contrary to the article 6 (a) of the Treaty established EAC, in which, partner states are required to abide to the principle of mutual trust, political will and sovereign equality so as to achieve the objectives of community. This implies that EAC member states are not at par as far as the objectives of EAC are concerned. Despite signing of different protocols targeting strengthening the integration of EAC, there is no common understanding on the commonage of the benefits accrued from the integration process. This results in member states not fully giving up for the common good. Lack of trust slows down the implementation of the agreements as they are perceived to favor other states in the EAC as opposed to be beneficial to the whole EAC block.

The EAC as a block has limited financial capacity to support the integration with own resources. Dependence of donors to support respective country budget means that the member state is not well placed financially in moving the integrations as donor funds are mainly attached with conditions which might not favor the integrations process. Moreover article 132(4) stipulates three sources of funds to run EAC, equal contributions by partner states, funds from development partners and any other sources as may be approved by the council. Despite this provision member still delay in remittances their contribution, which slow down implementations of projects and programmes thus affecting the economic integration. This indicates that the economic integration of EAC is hampered by lack of political will among EAC leadership, both leadership at

state level in implementation of the agreements and individual interests of member state in maintaining political dominance of their state. Likewise, lack trust among nations result in losing confidence in the integration process and hence poor progress of the EAC integration process.

On the other hand, the creation of the willing was based on the notions that other partner states are moving at low pace in the integration process, however, it was found to be perpetuated by media and was found not to be beneficial to the EAC. This further implies that the coalition of willing has more harm than good to the economic integration as it fosters disunity among EAC member states and mistrust hence affecting the commitment of individual EAC member state to common agreements.

## **5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTIONS**

This chapter presents the summary of the key findings from the study. It also provides conclusions based on the findings and recommendations with respect to the objectives of the study.

### **5.2 SUMMARY**

The study found out that the process of economic integrations had been renders inefficient as a result of low efforts on the part of leadership to effectively put in practice and monitor the process at grass root level. The implementation of protocols agreed by head of states and business environment in the EAC regions does not favour the economic integration in EAC. Poor progress in relation to free of people, goods and services implies lack of political support of the whole integration process was also found to affect economic integration. The creation of the coalition of the willing resulted from the notions that some EAC partner states lack political will to foster economic integration. This was found to be affecting negatively the progress in the integration process. Majority of the people in respective member state are seeing no challenge on the pace of Tanzania and Burundi towards economic integration.

### **5.3 CONCLUSIONS**

The study shows that the economic integration of EAC is hampered by leadership performance both at state level in implementation of the agreements and individual interests of member state in maintaining political dominance of their state. These results show that the secretariat has put forward means to effectively participate in all matters as agreed. Poor progress as revealed in relation to free of people, goods and services implies lack of political support of the whole integration process. This also implies that political leaders in the EAC member states are not performing as required and the secretariat lacks strict means to enforce the implementation agreements by political leaders.

Despite signing of different protocols targeting strengthening the integration of EAC, there is no common understanding on the commonage of the benefits accrued from the integration process. Lack of trust slows down the implementation of the agreements as they are perceived to favour other states in the EAC as opposed to be beneficial to the whole EAC block. The EAC as a block has limited financial capacity to support the integration with own resources. Dependence of donors to support respective country budget means that the member state are not well placed financially in moving the integrations as donor funds are mainly attached with conditions which might not favor the integrations process.

The coalition of the willing was found not to be beneficial to the economic integration of EAC. On the other hand, it is perceived as an obstacle in the integration process. It was established that coalition of the willing fosters disunity among EAC member states and mistrust hence affecting the commitment of individual EAC member state to common agreements. The creation of the coalition of the willing was found to be pro state leadership in respective countries as the majority of the people in respective member state are seeing no challenge on the pace of Tanzania and Burundi towards economic integration.

### **5.4 RECOMMENDATIONS**

EAC partner state leaders should effectively follow up the implementations of agreements and protocols with respect to timeline allocated for the implementation of the agreements. The secretariat and state leadership should work hand in hand in monitoring and evaluating the process in the implementations of the agreements. Government agencies and other bodies

responsible for implementations of the EAC agreements and directives need to be facilitated and monitored closely in their progress at country level.

The EAC partners should reviewed the strategies and techniques laid down to remove none tariff barrier across the region in enhancing trade and movement of goods and services across the borders. Customs and immigrations at every border entry need to be reviewed and operations improved to allow free movement of people, goods, and services. The secretariat also needs to review periodically the EAC policies and strategies and align them with changes in the needs of the people and the economy at large.

## **5.5 AREAS FOR FURTHER RESEARCH**

More studies need to be undertaken to assess the extent of adherence to EAC protocols and efficiency of respective governments and their implementing agencies of protocols and agreements as recommended by the EAC secretariat.

Assessment of the effectiveness of sensitization methods used in awareness creations and the coverage is paramount and comparative study on the effectiveness mode of operation of integrations process between EAC and other regional blocks

## **REFERENCES**

- [1] Balassa, B. (1961). *The theory of economic integration*. London. George Allen and Unwin.
- [2] Balassa, B. Trade Creation and Trade Diversion in the European Common Market. *The Economic Journal*, vol. 77, 1967, pp. 1–21.
- [3] Biswaro, J.M. (2003). *Perspectives on Africa's integration and cooperation from OAU to AU: an old wine in a new bottle*. Washington: WIU.
- [4] Carbaugh, R.J. (2004). *International Economics*, 9th edition. Australia. Thomson South-Western.
- [5] East African Community Gazette; Published by the East African Community. (Registered as a Newspaper at the G.P.O.) Volume AT 1 – No. 004 Arusha 30<sup>th</sup> December 2007
- [6] Foroutan, F. & Pritchett, L. 1993. Intra- sub Saharan African Trade: Is it too little? *Journal of African Economies*, 2(1).
- [7] Hodgson, J.S. and Herander, M.G. (1983). *International Economic Relations*. New Jersey: Prentice Hall International Inc.
- [8] Hosny, A.S. (1997). *Theories of Economic Integration: A Survey of the Economic and Political Literature*. Department of Economics, University of Wisconsin-Milwaukee, Northwest Quadrant Building B, Room 4428, Milwaukee, WI 53201, USA.
- [9] Kothari C.R (2004), *Research Methodology, Methods and Techniques*. New Age International (P) Ltd., Publishers, Second edition
- [10] Lipsey, R.G. The Theory of Customs Union: Trade Diversion and Welfare. *Economica*, 1957, vol. 24, pp.40-46.
- [11] Lyakurwa, W; Mckay ;Ng'eno, N & Kennes, W. (1997). Regional Integration in Sub-Saharan Africa: A Review of experiences and Issues, in *Regional Integration and Trade Liberalization in Sub – Saharan Africa: Framework, issues and methodological perspectives* edited by Oyejide, A. Elbadawi, L& Collier, P. Vol.1:159-209.
- [12] Madyo.M.R.(2008). *The importance of Regional Economic Integration in Africa*: University of South Africa.
- [13] Marczyk, G; DeMatteo, D and Festinger D. (2005). *Essentials of Research Design and Methodology*. John Wiley & Sons, New Jersey
- [14] Mutharika, B.W.T. (1972). *Towards Multinational Economic Cooperation in Africa*. New York.
- [15] Omoro. M.P. (2008). *Organizational Effectiveness of Regional Integration institutions: A case study of East African Community*: University of South Africa Praeger Publishers.
- [16] Reith S and Boltz M. (2011). The East African Community Regional integration between aspiration and reality.
- [17] Saunders, M., Lewis, P. and Thornhill, A. (2012). *Research Methods for Business Students*, Pearson Education Limited. 6<sup>th</sup> Edition.
- [18] Sekaran, U and Bougie, R. (2010). *Research Methods for Business, A skill Building Approach*. John Wiley & Sons, Ltd. Fifth edition
- [19] Society for International Development (2013). The State of East Africa. Regional office for Eastern Africa.
- [20] Viner, J. (1950). *The Customs Union Issues*, New York: Carnegie Endowment for international Peace.
- [21] Wilson, R. Feet-Dragging, Fast-Tracking and Freedom of Movement: *Where Now for the EAC*. 26 november 2013.