



# U.S. - Africa Relations

## Eastern Africa and the Horn Position Paper

### Final Report



*July 2014*

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## **Acknowledgements**

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) expresses its appreciation to the following researchers who greatly contributed towards preparation of this report: Dr. Dickson Khainga, Dr. Augustus Muluvi, Nancy Laibuni, Simon Githuku, Paul Odhiambo, James Gachanja, Boaz Munga, Dr. Douglas Kivoi, Diana Nyachieo, Ann Gitonga and Adan Shibia.

## **Executive Summary**

This study seeks to analyze the state, evolution, opportunities and challenges facing US-EAC and the Horn of Africa relations. More specifically the study seeks to analyze the role of the US in promoting good governance, peace and security, economic engagements and socio-cultural interaction in the EAC and Horn region.

**Peace and Security:** The East Africa and the Horn of Africa region faces a number of peace and security challenges including terrorism, maritime piracy, transnational criminal networks, armed conflict in Somalia and South Sudan, and organized crime. Following the bombing of US embassies in Nairobi and Dar es Salaam in 1998, the September 11 2001 terrorist attacks in the US and the attacks on the Paradise Hotel in Mombasa in 2002, the US has renewed its interests in the region by investing considerably in the war against terror, anti-piracy activities and supporting peace processes and democracy in conflict-ridden states. Some of the institutional frameworks the US employs to achieve its foreign policy objectives in the region include Combined Joint Task Force-Horn of Africa, AFRICOM and Sudan Troika. The study argues that though the US has enhanced its strategic interests, it is important that it engages Africa more effectively and develop comprehensive and inclusive policy framework that can integrate issues of mutual interests with African states including trade, investment, peace, security, democracy, governance and socio-economic interests. The US has been accused of the ‘Big Brother Tag’, and the critics of AFRICOM have argued that the US military command is mainly concerned with US geopolitical interests. The Summit should address how the US should work closely with national governments and regional security institutions including AU, IGAD, EAC and International Conference on the Great Lakes Region (ICGLR) to effectively address peace and security.

**Democracy and Leadership:** Bad governance, poverty, the rising threat of international terrorism in East and Horn of Africa region are issues of mounting concern. Indicators on governance such as Mo-Ibrahim and Global Competitiveness for the EAC and Horn of Africa countries reveal weaknesses in governance institutions. In the 2013 Mo Ibrahim Report on African Governance Index, no single country in East and Horn of Africa region was among the top performing nations. Most countries in the Eastern and Horn of Africa region have in the recent past, at one time experienced political unrest and civil wars, and have been accused of abetting impunity.

The US has partnered with many African countries in areas of governance through United States Agency for International Development (USAID). Because of the strategic importance of the region, the summit should seek ways on how US can partner with countries in the region can forcefully address governance and leadership challenges in advancing peace and security, strengthening institutions of governance, promotion of transparency and governance reforms, conflict prevention and resolution mechanisms and partnership in the war on terrorism.

**Trade:** Countries in the East Africa and the Horn enjoy trade preferences from the United States (US) through the African Growth and Opportunity Act (AGOA) started in 2000 and the generalized system of preferences. At present, Eritrea and Sudan are not among the

beneficiaries. The East Africa and the Horn countries are not the main trading partners of the US in Africa. The US trades more with mineral rich countries such as South Africa, Nigeria and Angola. Even with the trade preferences, balance of trade is heavily tilted in favour of the US, implying that preferences alone are not enough to grow and diversify exports. Most of trade assistance by the US to the regions goes towards trade facilitation (TF). While it is true that there are challenges related for example to red tapes and, inefficient customs operations, the greatest bottlenecks of the East and the Horn are supply-side inflexibilities. The main beneficiary of the AGOA is Kenya which exports almost exclusively textiles and apparels to the US and this advantage can be attributed to the third country fabric (TCF) provision. During President Obama Africa visit in 2013, he proposed Trade Africa as a new initiative for engagement with East African Community (EAC) countries. It is not clear at this point whether Trade Africa which will initially will replace the AGOA. Constraints that hinder export of agricultural commodities to the US are high standard requirements and the long distance. These are important trade and investment related issues that the Summit should address.

**Investments:** The East Africa and Horn has for long enjoyed cordial ties with the U.S. However, in terms of investments, FDI inflow to the region has been minimal compared to competitor countries including France and the U.K. Africa as a whole hosts only 1.4 percent of total U.S. FDI with high concentration in extractive mining industry commands 57.1 percent of total stock of U.S. FDI in Africa. Despite the historical economic ties, primary legal tools for protecting investors: Bilateral Investment Treaties (BITs) and Double Tax Treaties (DTTs) in the region have remained low for US, compared to competitor countries including China, UK, and France. Only Rwanda has signed BIT with the U.S. in East Africa and the Horn. BITs incentivize investments abroad by providing protection to investors, minimizing investors' exposure to uncertain business environment and political risks. Regional blocs, EAC and COMESA are key incentives for investments in the region, due to political commitment to improve investment climate, discovery of extractive resources, and wider markets. Instability in Somalia and South Sudan, coupled with high costs of doing business due to costly infrastructure, energy, influx of counterfeiters are among the key challenges for attracting investments in the region. The East Africa and the Horn can enhance benefits in its relations with the U.S. by seeking enhanced bilateral investment treaties. The Summit should explore strategic partnerships that will enhance inflow of FDI in value addition industries that will promote employment, and increase share of manufactured goods in exports. Further, they should seek partnerships in investments in infrastructure, and enhanced regional political stability to lower costs of doing business in the region. BITs between the US and RECs or individual countries offer the potential for increased investment.

**Remittances:** The US is an important destination country for immigrants from the region. Migrant workers often remit their earnings to family members thus contributing to the social and economic capital for the family members whilst also earning the country foreign exchange. In some countries migrant remittances are more than Foreign Direct Investment (FDI) inflows. The mechanism for transmission of the remittance however is not always formal while the formal channels are costly thus undermining the potential contribution to development. There are some opportunities that can be harnessed. These include policies that enhance financial sector development and employment. Some of the immigrants are refugees. The summit should

commit and recognize that human rights of immigrants should be respected and partners upscale efforts to combat human trafficking.

**Foreign aid:** Foreign aid from the USA to East Africa and Horn countries has registered a significant growth. However on average foreign aid from the USA is barely 5% of the GDP of East Africa and Horn countries. Further the aid has been highly variable, unpredictable and has mostly focused on provision of basic needs and services. To ensure effectiveness of aid in supporting growth and development, East Africa and Horn countries should seek for more aid on development projects and both address the volatility and unpredictability of aid.

**Infrastructure:** The US has been actively engaged in infrastructure development within the EAC and Horn of Africa region. The main subsectors of focus include: energy; transport; water and sanitation; information and communication technology (ICT); and Urban Development. Through both government and non –government channels, the US has maintained support to the region in the form of financial aid- grants and loans- as well as technical assistance. According to data from the USAID, approximately USD 300 million was disbursed to the infrastructure sector between 2009 and 2013. Despite this assistance, the region continues to face challenges manifest in the underperformance of member countries in global ranking of infrastructure indicators. There is therefore need for the US to re-invent and enhance its relations with member states in addressing the gaps and challenges in the infrastructure portfolio. Given the regions nascent development in infrastructure, there are numerous opportunities for enhanced relations translating to mutual benefit. Within the energy sector, opportunities exist for generation and supply of electricity from clean and renewable sources to serve the unconnected households which comprise 70 percent of the total population. The transport subsector presents the opportunity for development of multi-modal regional transport networks to enhance inter-regional connectivity and integration. Millions of people within the region lack access to adequate water and sanitation services across the urban and rural divide; this therefore presents an opportunity for enhanced US support. Deployment of broad band internet technology and creation of smart cities and urban areas in the region could also benefit from US support. The policy environment in the member countries is also shifting towards attracting private investment through public private partnership arrangements. The overriding theme for the renewed US relations in the region should focus on transforming the economies through infrastructure development tailored on mutually beneficial partnerships.

**Socio-cultural:** Countries across Eastern Africa and the Horn have received wide support from the USA in education, health, and other socio-cultural areas. US support is mainly through programs and projects implemented through its international aid agencies. USAID and the US Fund for UNICEF are prominent in funding the broad of socio-cultural sphere including education and health programs. Other notable agencies that provide support in the socio-cultural arena include: The United States African Development Foundation; the Department of Treasury; the Inter American Foundation; and the Peace Corps which provides direct volunteers in education and health. Global agencies supported by US funds in the area of health include the US Fund for UNICEF, Save The Children, The Global Fund to fight AIDS, Tuberculosis and Malaria, and Malaria No More. Despite these ongoing initiatives, challenges ranging from access to quality of provision of services such as education and health remain. Related

challenges include gender disparities, inadequate infrastructure and inadequate financing. These challenges offer opportunities for further cooperation between the USA and horn of Africa countries. Areas that offer opportunities to both USA and the Horn of Africa countries include: provision of physical infrastructure in education and health. In education, there is need to support the financing and provision of technical education and higher education to further enhance access and quality. The region also offers opportunities for expansion and enhancement of education exchange programs in disciplines such as ICT and minerals exploitation given the increasing role of these sectors in the Horn of Africa countries. Concerns by the US about human rights have affected the flow of aid to Countries such as Uganda especially regarding gay rights.

## **1 Background Information**

Africa was in many instances referred to as the ‘dark continent’ because of the many economic, social and political challenges it has been facing over time. More generally these challenges include high levels of unemployment especially among the youths, armed conflicts, poor governance punctuated by endemic corruption, and insecurity among others. These challenges among others lead to skepticism about the future development prospects of the African continent. As recent as the year 2000, the Economist magazine carried a headline on 13<sup>th</sup> May 2000 ‘the hopeless continent’. However, slightly over a decade later, on 14<sup>th</sup> December, 2011, the Economist’s cover page changed to “Africa Rising”. This is as a result of the dramatic positive changes that have occurred in the Continent especially on the economic front and it is the fastest growing continent in the world with an enormous potential for an economic takeoff. According to the African Development Bank (AfDB, 2014), Africa’s growth in 2013 averaged 4 percent and the projected level of economic growth is set to increase from an average of 4.8 percent in 2014 to between 5 and 6 percent in 2015. The IMF also projects the strong growth to continue but there are downside risks (IMF, 2014).

Increased economic growth has given rise to a rapidly increasing middle class in Africa attracting increased foreign direct investment (FDI). Further, there has been new discovery of minerals in a number of African countries such as discovery of commercially viable oil in Kenya and Uganda and discovery of huge deposits of natural gas in Mozambique and Tanzania. In the past decade, Africa has become relatively stable and improvements in governance where several countries have held successful general elections, Ghana for example. Also of interest in Africa has been the growth of regional economic communities (RECs) where at the moment there are 14 active groupings

The increased economic fortune of the African Continent, discovery of minerals and relative political stability has elicited interest of many countries in the world ranging from United States (US), European Union (EU), China, Russia, India, Japan, and Brazil among others. The establishment of multilateral frameworks has become a major feature in international relations among major economic powers and various regional economic blocs and continental unions as they strive to deepen their economic cooperation and address challenges in the emerging multi-polar world. Multilateral arrangements are becoming forums for addressing development issues including trade, investment, infrastructure, science and technology, peace and security, agriculture, health, capacity building, information and communication technology. Some of the multilateral frameworks between Africa and other major powers/regional economic blocs include the Forum on China-Africa Cooperation (FOCAC), India-Africa Forum, Tokyo International Conference on African Development (TICAD), EU-Africa summit and Arab-Africa Summit.

The FOCAC is one of the most vibrant multilateral frameworks between Africa and development partners. The FOCAC was established in 2000 by Chinese and African leaders to act as multilateral platform for collective, pragmatic consultation and dialogue to address challenges of economic globalization and to promote common development between China and Africa. FOCAC summit is held after every three years. The five FOCAC summits have been held in

China (2000), Ethiopia (2003), China (2006), Egypt (2009) and China (2012). FOCAC has become a major component of Beijing's strategy to Africa. In addition, the 2006 China's African policy is an integral part of Beijing's strategy. Key development issues under FOCAC framework include political cooperation; economic cooperation in agriculture, investment, trade energy and resources, infrastructure development, business cooperation, finance; cooperation in social development including human resource development, health, tourism, people-to-people, and youth and women exchange.

India and Africa formalized their multilateral diplomacy through India-Africa Forum which held its first summit in New Delhi in 2008. The forum is a comprehensive platform encompassing economic cooperation, political cooperation, cooperation in social development and capacity building, cooperation in tourism, cooperation in health, culture and sports, cooperation in infrastructure, energy and environment and cooperation in media and communication. Economic cooperation includes agriculture, trade, investment, industry, small and medium enterprises, finance and regional integration. On the other hand, political cooperation includes peace and security and civil society and governance.

Japan-Africa cooperation has been promoted under the Tokyo International Conference on African Development (TICAD). TICAD was launched in 1993 to promote high-level policy dialogue between African leaders and development partners on issues affecting Africa such as development, poverty and conflict. TICAD is a unique multilateral platform as it is hosted by the Government of Japan, the African Union (AU) Commission, United Nations (UN) Office of the Special Advisor on Africa, the United Nations Development Programme (UNDP) and the World Bank. Critical issues under TICAD include robust and sustainable economy, inclusive and resilient society, peace and stability, human security, empowerment of women and youth, and promotion of economic growth through public-private partnership, supporting infrastructure development and human resource development.

The EU-Africa forum has been taking place since 2000. The key priority areas for the EU-Africa relations include peace and security, democracy, good governance and human rights, human development, sustainable and inclusive development and growth and continental integration, and global and emerging issues. Arab-Africa relations were concretized with the first Arab-Africa summit in 1977. Other subsequent summits were held in 2010 and 2013. The Arab-Africa cooperation encompasses investment, intra-trade between the two regions, multilateral trade negotiations, and cooperation on rural development, agricultural development and food security, cooperation on cultural exchange programmes, cooperation in scientific field and research programmes.

The US which has thus far been considered slow in responding to trade and investment opportunities emerging in Africa wants to correct this state of affairs which is a contrast to the level of engagement Africa has with China, EU, Japan and others. Against this backdrop, President Barack Obama plans to hold the first ever US-Africa Summit in August 5-6, 2014.

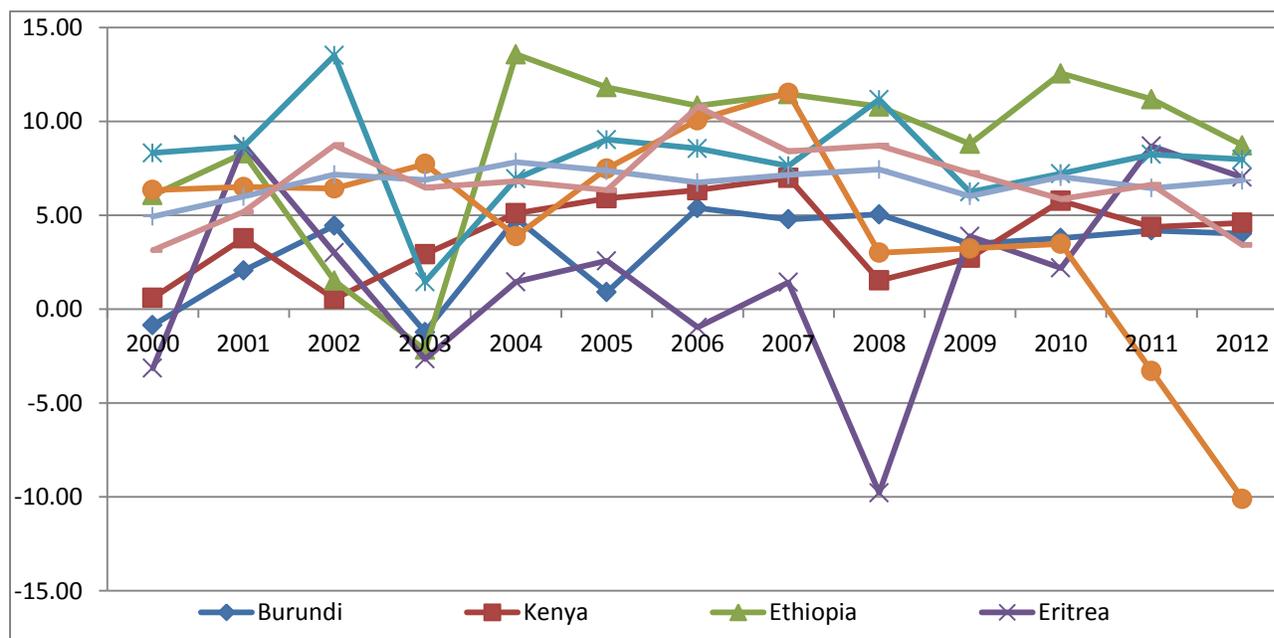
For the purposes of this study, the countries of interest include the five East African Community Countries (EAC) that is, Burundi, Kenya, Rwanda, Tanzania and Uganda and Horn of Africa

Countries that is, Ethiopia, Eritrea, Djibouti, Sudan, South Sudan and Somalia.

### 1.1 State of East Africa and the Horn of Africa

Economic growth for the EAC and the Horn of Africa countries has been very volatile especially in the case of Eritrea and Sudan (Figure 1). Over the period 2000 and 2012, average growth rate for Ethiopia, Rwanda, Tanzania, Uganda and Kenya was 8.73, 8.07, 6.76, 6.75 and 3.94 percent respectively. Average growth rate was lowest for Eritrea at 1.73 percent.

**Figure 1: Economic Growth in EAC and the Horn (%) 2000-2012**



*Note: Data for Djibouti and Somalia not available; that of South Sudan available from 2009-2012 and therefore excluded.*

*Data Source: World Development Indicators and Author's Computation*

There a lot of discovery of minerals for example in East Africa, oil has been discovered in Kenya and Uganda and natural gas in Tanzania. Oils prospects are continuing in the region including Ethiopia. Already Sudan and South Sudan are oil exporters mainly to China. A report by Society for International Development (SID, 2013)), Tanzania could be holding about 50 trillion cubic feet of natural gas; an estimated 3.5 billion barrels of oil in Uganda; an estimated 110 billion barrels of onshore and offshore oil reserves in Somalia. According to the report, the Rift Valley of East Africa could be holding over 70 billion barrels of untapped crude oil while Kenya, Tanzania and Mozambique offshore could be holding an estimated 250 trillion cubic feet of natural gas with a possibility of offshore oil.

Apart from South Sudan and Somalia, the East African region and the horn can be considered to be relatively peaceful. Despite the strong growth, unemployment, weak of economic transformation, poverty and infrastructure gaps remain key challenges to sustained growth (IMF 2014).

## **1.2 Objectives of the Study**

The main objective of the study is analyses the state, evolution, challenges, opportunities and possibilities of US-EAC and the Horn of Africa relations. More specifically:

- a) The role of the US in maintaining peace and security in the EAC and Horn region;
- b) Interrogate US economic engagements with the region;
- c) Examine socio-cultural interaction between the US and the region; and
- d) Explore the role of the US in promoting good governance in the region.

## **1.3 Methodological Approach**

To achieve these objectives, this study utilized a mix of approaches including analysis of secondary data and indexes, country analysis, case study, telephone interviews and review of relevant literature.

## **2 Peace and Security**

### **2.1 State of Security in East Africa and the Horn**

The situation analysis of the state of peace and security in East Africa and the Horn covers Kenya, Uganda, Tanzania, Rwanda, Burundi, Ethiopia, Somalia, South Sudan, Djibouti and Eritrea. While the current peace and security varies from one country to the other, there are critical security challenges that originate from particular countries but have considerable ramification to the entire region. Major challenges to peace and security include armed conflict in South Sudan, Somalia and Sudan. Other security challenges in the region include maritime piracy, terrorism, transnational criminal networks, territorial disputes, cattle rustling and organized crime. The armed conflicts in South Sudan and Somalia have led to refugee influx in neighbouring countries including Kenya, Uganda and Ethiopia (UNHCR, 2014). The conflicts in regional states have also contributed to mass internal displacement of citizens, humanitarian crisis, disruption of economic activities, and proliferation of small arms and light weapons. The inflow of illegal firearms into neighbouring states impacts negatively on regional peace, security and stability.

The fall of the SiadBarre regime in early 1991 and the consequent collapse of central government in Somalia in the last two decades created an environment that led to the rise of warlordism, religious extremism and terrorism, as terror groups from other parts of the world including Al Qaeda consequently partnered with local militants (Ploch, 2010). Moreover, the emergence of maritime piracy in western Indian Ocean and the Gulf of Aden in the last decade has mainly been attributed to the Somalia crisis (Anyimadu, 2013). The growth of religious radicalism in Sudan, Somalia, Eritrea, Ogaden region in Ethiopia and Kenya's Coast have led to the rise of militant groups that tend to ally with international terrorist groups. Uamsho, an Islamist separatist group in Zanzibar, is seen as a threat to peaceful co-existence in Tanzania (American Foreign Policy Council, 2013).

Due to porous borders and fragility of many states in the region, transnational criminal networks including money-laundering, poaching, human and drug trafficking have increased in the region hence undermining regional peace and security (Gastrow, 2011). Somalia militia groups including the Al-shabaab are reported to have benefitted from drug trafficking and illegal poaching (Vira and Ewing, 2014). Cocaine from South America and heroin from Central Asia used be smuggled into Kenya through the Kismayo Port in Somalia. Al-Shabaab militants used to control the port of Kismayo before they were dislodged by the Kenya Defence Force (KDF) in 2012. Other counterfeit and illegal goods such as sugar, electronics also found their way into Kenya through Kismayo thus enriching Somali warlords and radical insurgent groups. Organized criminal groups have also used the Port of Mombasa and other entry points to smuggle illicit and counterfeit goods and weapons into Kenya. The inability of regional governments to adequately police Indian Ocean's waters has allowed transnational criminal elements to engage in human, drug and weapons trafficking and disposal of hazardous waste in the Indian Ocean (Ploch, 2010).

Other security challenges in the region are related to state fragility, institutional and governance issues in the region. Kenya faces the threats from the suspected Al-Shabaab insurgents since the KDF crossed into Southern Somalia in October 2011 under Operation *Linda Nchi* (Protect the Nation). The KDF formally joined the African Mission in Somalia (AMISOM) in July 2012. Cattle rustling and sectarian violence especially in semi-arid and arid areas pose serious security challenges for Kenya. Uganda also faces threats from Al-Shabaab since it has deployed over 6,000 troops in Somalia. Suspected Al-Shabaab attacked football fans in Kampala during the 2010 World Cup finals. Other security challenges in Uganda include cattle rustling in Eastern region and rebel threats from its border with DRC. Burundi is also alert from Al-Shabaab threats since it has contributed over 5,000 troops to AMISOM. Analysts contend that efforts to change Burundi's constitution so that the incumbent contests for a third term in next year's election might pose a great challenge to peace and security in the country and the region. Some of the threats to Tanzania's peace and security include growth of militant separatist groups such as Uamsho, frosty relations between Tanzania mainland and Zanzibar and the constitutional review process.

The Horn of Africa states including Somalia, South Sudan and Sudan face more peace and security challenges due armed conflicts in the sub-region. Sudan faces armed rebellion in Darfur region, South Kordofan and Blue Nile states. Moreover, there are also loose rebel groups in Eastern Sudan and other parts of the country. Sudan and South Sudan still have outstanding issues including the determining the state Abyei region, demarcating their international borders, sharing of oil revenue and citizenship rights. South Sudan erupted in armed conflict in mid-December 2013 that has pitted SPLA troops loyal to President SalvaKiir against renegade SPLA troops and a coalition of loose militias including White Army allied to Former Vice President RiekMachar. The South Sudan crisis has led tens of thousands deaths, internal displacement of more 500,000 South Sudanese and over 70,000 citizens seeking refuge in neighbouring countries. Though Ethiopia also faces Al-shabaab threats due to its involvement in Somalia, its peace and security is undermined greatly by internal threats from separatist groups such as the Ogaden National Liberation Front in the Ogaden region and various rebel groups in Oromia among others. The border impasse between Ethiopia and Eritrea is still a cause for concern for regional states as it could undermine regional peace and security.

## **2.2 African Peace and Security Architecture**

The establishment of the Protocol relating to the establishment of the Peace and Security Council (PSC) of the African Union in early 2000s was a milestone in the development of African Peace and Security Architecture. The Protocol highlights the objectives of the PSC that include promotion of peace, security and stability in Africa, anticipation and prevention of conflicts, promotion and implementation of peace-building and post-conflict reconstruction activities coordination and harmonization of continental efforts in the prevention and combating of global terrorism, developing a common defence policy for Africa and promotion of democratic practices, good governance, rule of law, protection of human rights and civil liberties and respect for humanitarian laws of armed conflicts. The Protocol also stipulates that the AU Commission, a Panel of the Wise, a Continental Early Warning System, an African Standby Force and a Peace Fund complement the Peace and Security Council in realizing its objectives.

In other words, these institutions are integral components of an emerging African Peace and Security Architecture (APSA).

The principle of African solutions for African problems has underpinned the operationalization of the APSA. The APSA works with Regional Economic Communities (RECs) and Regional Mechanisms (RMs) to accomplish its objectives. Currently, there are numerous challenges since some RECs do not have well developed peace and security institutions (Vines, 2013). Five regions designated by the AU for APSA do not correspond to the existing eight RECs in the continent. Moreover, overlapping membership is also a problem in some cases. Effective development of APSA depends heavily on the commitment of the RECs. It is therefore critical that the AU champions the development of peace and security institutions at the sub-regional levels under RECs.

### **2.3 US Policy in East Africa and the Horn**

After the end of the Cold War, the US had limited strategic interest in Sub-Saharan Africa especially after pulling out its troops from Somalia in mid-1990s. However, the simultaneous bombing of the US embassies in Nairobi and Dar es Salaam in August 1998 became a turning point in US strategic policy towards East Africa and the Horn. Washington would no longer take for granted armed conflicts in the region, growth of militant groups and lawlessness in Somalia. Some of the US strategic interests in the region include trade and securing commerce routes, natural resources including hydrocarbons, protecting US nationals and its allies in the region. The realization of US interests in the region involve the employment of strategies such as security assistance, building partnership capacity, working with regional states and regional organizations to strengthen regional stability and establishing a military command in Africa. The US foreign policy in the Horn and East Africa is primarily shaped by issues such as terrorism, radical Islam, counter insurgency and piracy (Manners, 2012).

### **2.4 Peace and Security Concerns**

#### **i. Global Terrorism**

The August 1998 terror attacks on US embassies in Kenya and Tanzania, the September 11 attacks in the US and the November 2002 Paradise Hotel attacks in Mombasa have shaped US involvement in the war against terrorism in the Horn and East Africa. Counterterrorism activities by the US have involved targeting Al-Qaeda cells as they have been used by international terrorists to find safety from arrests and extradition. Moreover, terrorist cells are also used for raising funds and for transporting people and materials for terrorist purposes (Harbeson, 2010). Other strategies of fighting terrorism in the region involve capacity building to military from regional countries, supporting the AMISOM in Somalia, US drone strikes and putting on pressure on countries perceived to be supporting terrorist organizations.

## ii. Maritime Piracy

Piracy along of the coast of Somalia, Gulf of Aden and other parts of Western Indian Ocean reached its peaked around 2008 when the number of successful hijacking shot up, pirates' area of operation increased and the amount demanded for ransom payment rose considerably (Anyimadu, 2013). The year 2008 became a turning point in the counter-piracy measures as concerted efforts to contain piracy commenced through multilateral cooperation in which joint naval operations were launched in the Indian Ocean and the Gulf of Aden. The UN established the Contact Group on Piracy off the Coast of Somalia in 2009. Under this framework, 66 states were engaged in collective counter-piracy measures. The three maritime forces that have been patrolling the waters off Somalia include the European Union Naval Force's Operation Atlanta, NATO's Operation Ocean Shield and the US-led Combined Task Force 151 (Nelson and Fitch, 2012). Other countries that have participated in the fight against maritime piracy include China, India, Pakistan, Egypt and South Korea among others. The Somali piracy continued to decline in 2013 by almost 50 per cent. The total cost for 2013 was \$3 billion- 3.2 billion down from \$5.7 billion – 6.1 billion (Madsen, 2013).

## iii. Armed Conflicts

Armed conflicts in the region have also been seen as a threat to US' strategic interest in the region. As a result, Washington has played a prominent role in finding lasting solutions to civil strife and inter-state conflicts. The US played a central role in the Sudan peace process that led to the signing of the Comprehensive Peace Agreement (CPA) between the Government of President Omar El Bashir and the Sudan's People Liberation Army/Movement in 2005. Since the signing of the CPA, the US has spent more than \$10 billion on peacekeeping, humanitarian assistance and development aid in the two countries (Lyman, 2013). The US also played an outstanding role in enabling Juba to realize self-determination and sovereign statehood in July 2011. The US, in collaboration with IGAD countries and other development partners, has also championed the Addis Ababa peace talks between the Government of South Sudan and the rebels to find lasting solution to the South Sudan crisis.

**Table 1: Countries receiving substantial US assistance for peace and security (in \$ million)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Ethiopia	2.0	4.3	4.1	2.2	0.9	0.2
Kenya	0.6	2.8	7.8	7.5	18.8	4.6
Rwanda	0.1	0.4	0.8	0.6	0.5	0.3
Somalia	3.9	6.6	10.7	14.4	19.6	5.8
South Sudan	-	-	0.1	5.5	17.9	1.7
Uganda	6.2	4.1	1.4	1.2	2.1	0.6

Source: [www.foreignassistance.gov](http://www.foreignassistance.gov)

## **2.5 Institutional Framework for Peace and Security**

### **i. Combined Joint Task Force-Horn of Africa**

In 2002, US Central Command (CENTCOM), one of the US military commands for Africa, developed the Combined Joint Task Force: Horn of Africa (CJTF-HOA) to deal with counter-terrorism efforts in the Horn of Africa and East Africa. It was a response to the September 11, 2001 terrorist attacks. The area of operation covers Sudan, Somalia, Djibouti, Ethiopia, Kenya, Eritrea and Seychelles. The CJTF-HOA personnel carry out a number of tasks including providing training to the region's security forces on counter-terrorism, intelligence gathering, advising peace support operations, supporting humanitarian missions, conducting civilian-military operations, enhancing long-term regional stability and providing maritime security along the trade routes in the Indian Ocean to Red Sea. The CJTF-HOA focuses on military-to-military engagement, civil-military operations, key leader engagements and supporting partner-states. The CJTF-HOA is headquartered in Djibouti. Djibouti also hosts the only permanent US military base in sub-Saharan Africa.

### **ii. The United States Africa Command**

The establishment of the United States Africa Command (AFRICOM) was authorized in 2006 and became operational in October 2008. AFRICOM is responsible for the US military operation and military relations in 53 African states. The command's main objective is to promote US strategic interests by working with African states to help strengthen stability and security in the region through improved security capability and military professionalization. AFRICOM conducts sustained engagement through military-to-military programmes, military-sponsored activities, and other operations aimed at promoting a stable and secure Africa in support of the US foreign policy agenda. The creation of AFRICOM has been seen as a sign of increasing US focus on security in Africa (Lyman and Harbeson, 2010).

### **iii. The Sudan Troika**

The Sudan Troika comprises the UK, US and Norway. The Troika has been engagement in the peace process between Sudan and South Sudan. The Troika supports the African Union leadership in facilitating constructive engagement between Khartoum and Juba through the Mbeki-led AU High Level Implementation Panel (AUHIP). The Troika encourages dialogue between Sudan and South Sudan so that outstanding issues including oil export through Sudan, resolving border security and demarcation, cross-border movements of peoples and goods, economic development and debt relief and resolution to the status of Abyei. The Troika has also been engaged in finding political solution to the current South Sudan crisis. The visit by the US Secretary of State to South Sudan and Ethiopia in early May was seen as a milestone to the Addis Ababa peace talks.

## **2.6 Summary and Conclusions**

Despite the counter-terrorism activities, most countries in the region are still vulnerable to terrorist attacks. A number of factors contribute to continued terrorist threats in the region. Conflicts, weak governance systems, porous borders, inflow of illegal weapons, increased extremist religious ideologies, radicalization of vulnerable groups, poor socio-economic conditions become fertile ground for terrorist activities (Kimunguyi, 2011). The anti-piracy has intensified in Indian Ocean since 2008. Despite the decline in the number kidnaps, the situation might be temporary if stability society and vibrant economy is not achieved in Somalia. The littoral states in East Africa and the Horn and international actors including the US should ensure that lasting solutions are realized in Somalia. The last solution to armed conflict in Somalia, Sudan and South Sudan is quite critical for regional peace and security. It is imperative that regional security institutions are strengthened to be proactive in dealing with potential conflicts and to spearhead timely interventions.

The AU Agenda 2063 envisages a peaceful and secure Africa that is seen as critical for development, growth and human security. A conflict-free continent can be realized through concerted African solutions and responses, promotion of a culture of tolerance, reconciliation and forgiveness and ensuring that peacekeeping operations in Africa are supported through domestic resource mobilization as reliance of external actors often hamper quick deployment due to delay in releasing financial and other resources. As Africa deepens its cooperation with the US, it is imperative that African leadership enhances the continent's peace and security architecture so that it effectively addresses myriads of peace and security challenges.

### **Policy Recommendations**

For the war on terrorism to succeed in the region, the US should work closely with national governments and regional security institutions in AU, IGAD, EAC and International Conference on the Great Lakes Region (ICGLR) to develop a multi-thronged approach to addressing the scourge. Use of force alone might not yield desired outcomes. The US should shed off the "Big Brother" tag so that it becomes more attractive to national governments in the region in terms of collaboration and cooperation in addressing the complex problem of terrorism. It might also be important to analyze the Somalia problem more critically so that the Somalia crisis is not seen only as a problem of terrorism.

The counter-piracy measures have contributed to considerable decline of piracy in the Indian Ocean and the Gulf of Aden. Multilateral cooperation among various nations across the globe has led to the containment of piracy. However, the navies of major powers and their allies will not be stationed in the Indian Ocean and the Gulf of Aden indefinitely. More emphasis should be put on strengthening the capacity of African coastal states' navies and other security apparatus so that regional states are in a position to tackle the problem of piracy more effectively. The US and other international actors in Indian Ocean and Gulf of Aden should support the capacity building of local security systems in counter-piracy activities. In addition, the US and other international actors involved in the fight against piracy should viable means of addressing grievances raised by Somalis in the Indian Ocean. The issue of illegal fishing by

distant fishermen and disposal of waste in Indian Ocean are matters of national interest to coastal states in Africa.

A lasting solution to armed conflicts in Sudan, South Sudan, Somalia and addressing tension between regional states is critical to regional peace, security and stability. The US should work closely with the regional states and regional organizations to develop effective early warning systems so that preventive diplomacy can be deployed on time before armed conflicts erupt. Response to resolve armed conflicts has been relatively slow. There is a need to have East Africa Standby Force operational so that it can respond on time in case violence erupts in the region. The critics of AFRICOM have argued that the US military command is mainly concerned with US geopolitical interests without paying much attention to the complexity of conflicts in the Horn and East Africa. It is important that AFRICOM works closely with regional security mechanisms in terms of joint training and sharing intelligence information.

The African Union needs to give priority to effective development of the APSA from the continental level to the sub-regional levels. Key issues include capacity building, harmonization of the security sector with the existing RECs and RMs and developing mechanisms to resolve conflicts between the AU and RECs in peace and security matters. The external actors with strategic security interests in Africa should work with the AU and RECs in order to strengthen the already existing institutions rather creating new ones.

The US and African countries should develop a comprehensive policy that stipulates areas of cooperation. Such a policy framework will enhance multi-faceted approach in dealing with the issue linkages when addressing security, peace, trade, investment, agriculture, health, education, infrastructure, science and technology. Today, China and Africa have broad policy frameworks developed in various FOCAC meetings. The US could learn from the Chinese approach and have a more regular engagement with Africa through a well-establishment multilateral platform in which the two parties strive for shared prosperity and development, mutual trust and friendship.

### **3 Democracy and Leadership**

#### **3.1 Introduction**

In modern Africa everyone boasts and talks of being democratic. Pre-independent leaders like Jomo Kenyatta, Kwame Nkrumah, and Julius Nyerere among others always talked of being true patriots to the continent. Most of these leaders personalized institutions of governance and did not accept any dissenting voices. For example, Kamuzu Banda of Malawi always wondered why there should be political opposition in his country yet God does not have opposition in heaven. This kind of attitude gave rise to widespread abuse of human rights and political repression. This made citizens to evade politics rather than engage the then political leaders openly (Ananim and Deng 1990). Many Africans fled their countries and went into exile mostly in Europe to avoid being detained. This then meant state institutions served the interests of the elected political leaders. This gave rise to institutionalized corruption and poor weak institutions of governance. Political leaders did not respect the constitutions of their states or changed the constitution to serve their interests. This undermined the quality of leadership and quality of life of citizens in most African countries. Armed conflicts in the Horn of Africa remains a thorn in the eyes of the international community given the emergence of terrorist networks like Al Shabaab and al Qaeda. This has led to lower human development indicators and higher levels of insecurity and poverty within the horn of Africa region (Williams 2011). The episodes of political violence in the Horn have stimulated international reactions that are varied and inconsistent.

Democracy means different things to different people. Democracy involves social justice, government accountability and human freedoms. Thus democracy entails placing term limits on political offices, popular participation in elections and other elements of political decision-making, and the accountability of elected political leaders under the rule of law (Venter, 2011). Africans have no shared value standards or binding rules and principles on governance. This is because most African leaders talk a lot about democracy but use undemocratic means to get into political office or remain in power (Marume, 1988).

Thus, East and Horn of Africa region needs good leadership to consolidate its gains in democracy and good governance. After independence, the type of political leadership in the continent has become one of Africa's sources of problems.

Even though colonialism is a thing of the past, most African countries are still struggling to entrench good governance. Most African states inherited colonial institutions of governance such as the army, police and other state institutions (Khadiagala 2008). Post independent leaders used these institutions to entrench themselves in power These institutions were and are still being used to control state resources and resulted in a culture of political ethnicity where intolerance, repression and authoritarian leaderships became the norm in the continent (Williams 2011). This resulted in most states abandoning democracy and entrenching one party state system that did not tolerate dissenting opinions.

It is worth noting that Africa is one of the poorest continents in the world. Most countries in Africa have experienced political violence, dictatorships and/or military coups. Recurring political violence, impunity and human rights violations in countries like Rwanda during the genocide, Democratic Republic of Congo, The Lawless Somali, The Eritrea-Ethiopia war are just some of the cases. Democracy, human rights, and good governance are critical pillars for sustainable economic development.

#### Governance and Leadership

It is surprising that 50 years after many African states gained independence, its leaders still have the guts to blame colonialism and its legacy for the problems bedeviling the continent. It should be noted that in many Africa countries power and authority revolves around the president. Leadership in Africa is thus characterized by plunder of state resources, corruption, political repressions, political assassinations and absence of rule of Law. Thus many African countries have repressive legislations that prevent free operations of the judiciary, legislature and civil society (Hartman 1983). Citizens who question the political leadership of their respective countries are considered agents of the Western world (Europe) out to destabilize their countries. African history is littered with cases of misrule, dictators and tyrants as well as instances of mediocre political policies. Most countries in the Eastern and Horn of Africa region have at one time experienced political unrest and civil wars. Somalia has not had a stable functioning government for over twenty years. Uganda suffered under the dictatorship of Idi Amin, civil wars when National resistance Movement (NRM) guerrillas launched a rebellion in Luwero Triangle and is still reeling from the effects of the Joseph Kony led rebel movement Lord's Resistance Army (LRA). Eritrea and Ethiopia have fought numerous wars over a border dispute; Burundi is still trying to develop its institutions of governance after decades of civil war not to forget the infamous 1994 Rwanda genocide. South Sudan is yet to gain political stability after decades of a brutal civil war, Somali has not had any functioning stable government for over twenty years. It is worth noting that of all the countries in East Africa and the horn of Africa region it is only Kenya that registered an improvement in its ranking. Three countries namely Djibouti, Somalia and Eritrea were not ranked for two consecutive years. Djibouti is home to the only United States military base in Africa.

**Table 2: Global Competitiveness Ranking for Selected East and Horn of Africa Countries**

<b>Country</b>	<b>2012/2013</b>	<b>2013/2014</b>
Kenya	106	96
Burundi	144	146
Tanzania	120	125
Uganda	123	129
Ethiopia	121	127
Eritrea	***	***
Somalia	***	***
Djibouti	***	***

Source: World Economic Forum: The Global Competitiveness Report 2013-2014

This drop in global competitiveness index is a pointer to problems in institutions of governance or weaker structures of governance in countries in this region. When one speaks of plunder of resources in Africa, poverty, hunger, unemployment and deprivation there is no way one cannot point a finger at the low quality of institutions of governance. When African leaders are deposed or die in office, they leave a legacy of economic ruin, huge foreign debt, high inflation, crumbling industrial sector, high unemployment at times tribal divisions, and misery among the people (Williams 2011).

In the 2013 Mo Ibrahim Report on African Governance Index, no single country in East and Horn of Africa region was among the top performing nations in the continent as seen in the table below:

**Table 3: The Ibrahim Index of African Governance for Selected East and Horn of Africa Countries**

<b>Country</b>	<b>Rank out of 52 countries</b>
Kenya	
Burundi	40
Uganda	18
Somalia	52
Djibouti	30
Tanzania	17
Rwanda	15
Ethiopia	33
Eritrea	50

Source: [www.moibrahim.org](http://www.moibrahim.org)

Low scores in governance indicate less fundamental rights for citizens and hence low quality of governance. This ultimately affects negatively the quality of life of citizens in this region. The greater Horn of Africa—including Djibouti, Eritrea, South Sudan, Ethiopia, Kenya, Rwanda, Burundi, Somalia, Sudan, Tanzania and Uganda—is a region of strategic importance to both the United States and European Union. Countries in East and the Horn of Africa region are characterized by fragmented economic and political institutional systems. This seems to impact negatively on global rankings. This has resulted in ineffective governance and the ethnocratic administration where some communities feel discriminated or excluded from the government resulting in civil unrests bordering on ethnic cleansing in the region due to ethnic rivalries in countries like Rwanda, Burundi, South Sudan and Somalia. It is also important to note that since December 2009, Eritrea has been the target of United Nations (UN) sanctions for its role in supporting insurgents in Somalia and its actions against Djibouti. Security Council Resolution 1907, which imposed punitive sanctions, was reportedly drafted by Uganda in response to earlier calls for sanctions against Eritrea made by the Inter-governmental Authority on Development (IGAD) and the African Union (AU) (Williams 2011). Most African countries have agreed that good governance is critical for any meaningful development hence the establishment of New Partnership for African Development (NEPAD). Thus African Leaders have subscribed to African Peer Review Mechanism (APRM) which entails acceptance of willing assessment of

political governance practices so as to enhance the development of all member states of African Union (AU). The main goal of APRM is to achieve political stability, democracy, economic development and regional integration across the continent. The 2002 UN Human Development Report affirmed that good governance ought to essentially result into meaningful human development. Meaningful development cannot be achieved in the absence of meaningful democracy, respect for human rights, peace and good governance.

There are seven major APRM objectives that have a direct impact on good governance. They include:

- Prevention and reduction of intra-and inter-country conflicts
- Constitutional democracy, including genuine political competition and opportunity for choice, the rule of law, bill of Rights and supremacy of the Constitution;
- Promotion and protection of economic, social and cultural rights, civil and political rights as enshrined in African and international human rights instruments;
- Upholding the separation of powers, including the protection of the independence of the judiciary and of an effective parliament;
- Ensuring accountable, efficient and effective public office holders and civil servants;
- Fighting corruption in the political sphere; and
- Promotion and protection of the rights of women. (refer to APRM Base Document)

The full realization of human rights: Freedom of thought, Conscience and religion, the right to freedom of opinion and expression, and the right to freedom of peaceful assembly and association is not simply about asserting human rights but is also an advancement of democratic practice and governance. The absence of these fundamental rights results in maladministration, corruption and absence of alternative political views and leadership. Political upheavals in countries like Tunisia, Egypt, the infamous 2007/2008 post-election violence in Kenya are not about just mere elections after five years rather a manifestation of leadership crisis and poor governance in the continent.

Decades of inequitable and often corrupt governance in Kenya have dampened economic progress and exacerbated ethnic tensions. Post-election violence in 2007 marked a turning point for Kenya which resulted in the drafting and promulgation of a new constitution in 2010. This constitution set the stage for major governance reforms, including elections, land, women's rights, devolution, the police and the judiciary. With globalization and rapid advancement in technology, most African countries have reformed their institutions of governance to be in tandem with change in the world. Even though there have been numerous changes in institutions of governance, much more needs to be done to improve on the quality of governance and leadership in Africa.

### **Areas of Partnership between Horn of Africa Nations and United States of America (USA)**

The U.S. Strategy towards Sub-Saharan Africa includes the following on democracy and good leadership is geared towards strengthening democratic institutions is modeled along:

- Promote Accountable, Transparent, and Responsive Governance.
- Promote and Protect Human Rights, Civil Society, and Independent Media.
- Ensure a Sustained Focus on the Credibility of Democratic Processes.
- Promote Strong Democratic Norms.

The USA has partnered with many African countries in areas of governance through United States Agency for International Development (USAID). The USA government through USAID has supported democracy and governance in supporting the constitutional reform agenda and enhancing system of checks and balances in most East African Countries and the entire continent.

USAID has helped advance constitutional and electoral reforms in countries like Kenya, Uganda and Tanzania. It has also supported oversight and legislative role of parliaments, strengthened civil society groups. Currently the government of USA is helping hunt for Ugandan fugitive War Lord Joseph Kony who is wanted by the International Criminal Court (ICC) for crimes against humanity. This is meant to help foster peace and tranquility in the region. The number of violence both by state against civilians and by organized criminal gangs against civilians is worrying as seen in the table below:

**Table 4: Campaign of One Sided Violence against Unarmed Civilians in Selected Horn of Africa Countries (1990 – 2010)**

<b>Country</b>	<b>Year of conflict (s)</b>	<b>Actors</b>
Ethiopia	1990-91, 1993, 2002-4, 2006-7	Govt vs civilians 1990-1, 1993, 2002-4, 2006-7 ONLF vs civilians 2007
Kenya	2007- 2008	Govt vs civilians 2008 Mungiki vs civilians 2007-8 SLDF vs civilians 2007-8
Somalia	1990 to present	Government vs Civilians Various Warlords vs civilians Islamic courts vs civilians Al Shabaabvs Civilians
Sudan	1990-2008	Govt vs civilians 1990-2008 Janjaweed vs civilians 2001-8 JEM vs civilians 2003 SLM/A (MM) vs civilians 2006 SLM/A vs civilians 2005 SPLM/A vs civilians 1992-3, 1995-8, 2002, 2004 SSDF vs civilians 1991-3
Uganda	1990-1991, 1995- 2009	Govt vs civilians 1990-1 ADF vs civilians 1997-2000 LRA vs civilians 1990-1, 1995-8, 2000-9 UNLF II vs civilians 1997 UPA vs civilians 1990

Source: Uppsala Conflict Data Program (UCDP), (2010)

SSDF: South Sudan Defense Force

SPLM/A: South Sudan Defense Force

ONLF: Oromo National Liberation Front

UNLF: Uganda National Liberation Front

LRA: Lord's Resistance Army (Uganda)

UPA: Uganda People's Army

JEM: Justice and Equality Movement (Sudan)

Mungiki: A criminal Gang operating in some parts of Kenya

SLDF: Sabaot Land Defense Force (Kenya)

In Kenya USAID supports more than 50 Kenyan civil society and Non-Governmental Organizations engaged in democracy and governance, conflict management and natural resource management. USAID also supported the Independent Electoral and Boundaries Commission (IEBC), the Judiciary and political parties to facilitate the most complex election in Kenya's history.

Good governance and sound democratic principles in Africa, both in terms of stability and economic transformation will expand opportunities and benefits for the United States of America and the European Union (EU). In order to afford Africa a true partnership with the rest of the world, support should aim at a new American initiative on Africa; not one for Donor Dependency Syndrome but rather a new beginning to support policies and actions that can effectively empower Africans to democratize and achieve a socio-economic transformation of their continent. But some of Africa's problems are clearly not of Africa's own making and are beyond the capacity of African nations. Many have a global dimension and require a global solution based on an African agenda. They include terrorism, drug and human trafficking. In the order of priority for America's support and assistance to Africa, security and stability must come first on any agenda. No meaningful development can be achieved in Africa unless the continent is at peace with itself. And security and peace in Africa can only be brought about and secured if underpinned by democratization and development, both of which are critical for stability. This requires a coordinated international effort under USA leadership to provide support to African nations for sustained political stability and economic development. There is need for an increase in capacity building programs to equip security agencies and armies in Africa to enable these countries fight terrorist groups like Al Shabaab in Kenya, Ethiopia, Uganda and Djibouti, Lord's Resistance Army (LRA) in Uganda, and drug trafficking networks in the region. Africa and the Horn of African particularly need creation of democratic environment that will ensure long lasting security and stability.

### **3.2 Possible Strategic Partnerships**

To this end, the USA could partner with countries in East and Horn of Africa region to enhance democracy and transformative leadership in the following areas:

### **(a) Institutions to Implement Sound Policies and Programs**

This region currently suffers from a huge brain drain due to political instability. Thus they suffer from technical and logistical deficiency since their best brains have immigrated to Europe to search for greener pastures and better working conditions. Thus there is need for capacity building in the East African region to avoid cases of over reliance on foreign expatriates. A new USA East and Horn of Africa partnership ought to focus on assisting African nations to improve their technical capacity and technology to help solve numerous deficiencies the continent suffers from. The USA and regional governments should come up with strategies that will help and encourage Africans who immigrated to the diaspora to return home and help build the continent with their much needed professional expertise. If the global war on terrorism and fundamentalism is to succeed, the United States need to take a critical look at the socio-economic conditions across the continent, where extremist terror groups seem to be gaining a foothold.

### **(b) Strengthening Institutions of Governance**

The United States should ensure that bad leaders do not misrule the continent in the name of sovereignty. It should firmly encourage democracy, equity, rule of law and respect for human rights as cardinal pillars for cooperation with states in the East and Horn of Africa region. It should not just threaten to impose sanctions but help these states to empower their electoral, judicial and legislative institutions. This will ensure that Africa countries have stronger democratic institutions of governance hence able to protect the democratic rights of their own citizens. The United States of America should not wait for conflicts to break out before intervening or offering alternative solutions. This is so as to avoid the genocide that happened in Rwanda in 1994 and the massacre of civilians in Darfur by blood thirsty war lords. The African Union, Civil Societies should be involved in strengthening democracy and good governance in the continent. Most civil wars and political unrest in the continent can be avoided if the United States would help invest and develop strong Judiciary, an Independent Legislature and a transparent leadership that is accountable to the citizens.

The USA through USAID should also help strengthen democracy and institutions of governance in the region by partnering more with Community Based Organizations and Non-Governmental Organizations that will demand for accountability from governments within the horn of Africa region. Such efforts will be effective since organizations that operate within this region are better placed to help address and understand the political dynamics of states within the region.

### **(c) Promotion of Transparency and Governance Reforms**

Most oil producing countries in Africa have experienced political instability or are currently undergoing political turmoil. Countries like Angola, Sudan, South Sudan, Nigeria, Algeria, Libya, Equatorial Guinea have or are undergoing political turmoil. It is thus paramount that with the discovery of oil and natural gas in East and Horn of Africa countries, these nations should be encouraged to come out early with clear policies on how revenues from these

resources will be shared and used. In all oil producing African countries, these resources are never used to promote the welfare of citizens (Marume 1988). Corruption and impunity have penetrated into the management of these states resulting in armed conflicts as communities in oil producing regions demand for a fair share of oil revenue.

As seen in the table below Kenya has been the greatest beneficiary of the partnership support between the United States and other countries in the region in support for Democracy, human rights and governance.

**Table 5: Funding in US Dollars (\$) for Democracy, Human Rights and governance (2009-2013)**

<b>Country/Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Rwanda	1.9	6	9.1	4.8	3.2
Burundi	3	1.4	2.9	0.8	1.3
Ethiopia	4.5	4.1	4	3.4	0.8
Eritrea	0	0	0	0	0
Djibouti	0.2	0.5	0.3	0.9	0.1
Somalia	7.2	6.8	7.3	8.5	6.7
Tanzania	0.7	2.5	2.3	2.2	1.3
South Sudan	0	0	0	13.8	38.3
Uganda	6.5	5.2	4.4	1	2.3
Kenya	9.6	10	15.6	16.2	25.1
Sudan	0	0	0	24.6	283.8

Source: <http://www.foreignassistance.gov> (2013)

It appears that Eritrea has not received any funding to enhance democracy, human rights and governance. The United States ought to embrace all countries in the region to bolster its support for regional partners in enhancing democracy and good governance. This will also help it make allies in the war on terror. In the past five years the United states of America has spent over 55.1 Million dollars (\$) in East and Horn of Africa region in support of democracy, human rights and governance. The bulk of the money has been spent on Sudan, South Sudan with Kenya being the biggest beneficiary with steady funding. In as much as this is laudable efforts needs to be channeled towards promotion of accountability and transparency in governance to minimize cases of corruption that is rampant in most of these countries as seen in reports prepared by Transparency International.

Democratic Republic of Congo has vast resources of natural wealth (minerals) like gold, iron ore, diamonds, cobalt, Copper among others which has been a source of misery and pain for citizens staying in mineral producing regions. Refugees from these countries especially from Somalia have caused a huge economic burden to Rwanda, Uganda, Ethiopia, Djibouti and Kenya as can be seen in the table below:

**Table 6: Distribution of Somali Refugees in Selected horn of Africa Countries**

<b>Country</b>	<b>Total Number of Refugees</b>
Kenya	497,187
Ethiopia	183,373
Djibouti	17,908
Others	17,306
Total	909,472

Source: UNHCR, Sept (2011)

The presence of refugees is a pointer to lack of stable governance structures in countries of origin of these refugees with some coming from countries that are not within this region like the Democratic Republic of Congo. The USA should as a matter of priority partner with governments across the region to reform and build stronger institutions of governance because all countries across the region seem to be embroiled in never ending armed conflicts the latest being South Sudan. Reforms should aim at empowering both regional and local governments to manage conflicts amicably without use of force. This will minimize incidences of influx of refugees into countries like Kenya ad Ethiopia.

South Sudan is rich in oil and natural gases but is currently embroiled in a brutal civil war that has turned into an ethnic cleansing war. Endemic and extreme poverty in countries producing oil and natural minerals should be a source of concern to the United States. Residents in these regions have always resorted to armed conflicts to agitate for equity. Such armed conflicts can cause security challenges in the United States and its interests in the region. It is therefore critical that United States pays attention to the plight of citizens in countries with natural minerals and oil since most of them have weak institutions of governance.

#### **(d) Conflict Prevention and Resolution Mechanisms**

The many tendencies of insecurity in the horn of Africa region is a pointer to weak and ill equipped countries that cannot detect and prevent conflicts. As a result there are numerous conflicts going in the continent for example the ongoing conflict in South Sudan, The lawlessness in Somalia where terrorists have found a safe haven. The ongoing brutal civil war in South Sudan is escalating the crisis of refuges to neighboring countries. It is worth noting that African countries have taken a proactive role in resolving the conflict in Somalia where a number of African nations have contributed troops to help terror cells and stabilize the country. African states should be enabled to play a critical role in resolving political conflicts in the continent. The USA should participate actively in offering material and diplomatic efforts in Africa by offering support in ongoing efforts to resolves the crisis in South Sudan and military efforts to crush armed rebellion in Eastern Democratic of Congo and the war against terrorists in Somalia. The USA should also help strengthen civil society institutions to play a greater role in prevention and/or resolving intra and inter-African conflicts and thus complement efforts of IGAD governments and other international bodies in resolving disputes and conflicts in the region.

### **(e) Partnership in the War on Terrorism**

Lawlessness and lack of a central government in Somalia has played a role in terrorist attacks that the region is currently witnessing. Somalia being a collapsed state, has let terrorists operate with impunity beyond the rule of law. Because of the USA military operations in Yemen and Afghanistan, terrorists have found a safe haven in Somalia. Radicalization of Muslim youth in the eastern and horn of Africa region should be a matter of concern to governments in the region and United States of America. An effective United States of America response to terrorism in the region ought to include increased and targeted foreign aid, improved regional intelligence capabilities, and increased surveillance of countries like Yemen, Syria, Saudi Arabia among others where jihadists seem to emanate from.

In 1993, 18 United States of America marines were killed by terrorists in Mogadishu. Five years later, terrorists struck in the region again, bombing American embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, killing over 200 people and maiming more than 4,000. And in November 2002, a group of terrorists bombed a hotel and attempted to shoot down an Israeli airliner full of tourists as it landed at the Mombasa airport. Any measures to stop the recruitment of terrorist cells need to recognize the difficulties of quick results in a state with weak state institutions.

It is therefore paramount that long-term security governance components of anti-terrorism include the following:

- Regional countries should also share intelligence gathered on terrorist networks operations within the region. This can be achieved with the support and partnership of USA government given its long history and experience of fighting terrorism across the globe;
- The United States of America government ought to support and ensure the success of reconciliation in South Sudan, Somalia and also the current African Union Mission in Somalia (AMISOM) operations to decapitate Al Shabaab terror cells in Somalia; and

Helping countries within the region to build a rapid response capacity to forestall terror and launch tactical security operations against any terrorist cells. This may entail intensive capacity building of security personnel in training, equipment, and logistical infrastructure support.

Poverty and social injustice are the main underlying reasons for terrorism in the horn of Africa region. Country borders are porous and unpoliced making it easy for criminal elements to move freely with their tools of trade. Tanzania, Kenya, Somalia, and Eritrea have long and poorly patrolled coast lines and shores on the Red Sea and Indian Ocean. Small arms and other weapons are easily accessible given the lack of stable government in Somalia and Yemen in the Middle East where illegal weapons easily find their way into neighboring countries.

Terrorism and civil wars in the horn of Africa region are interconnected and often result in displacement and movement of populations as refugees. For example, at different points in time, Ethiopia, Uganda, and Eritrea have supported the Sudan People's Liberation Army (SPLA) against Khartoum while Khartoum has supported the LRA against Uganda, the OLF against Ethiopia, and the EIJ against Eritrea. Following the 1998-2000 Ethiopian-Eritrean war, Eritrea

has supported the OLF against Ethiopia. Ethiopia has also supported a number of dissident Eritrean groups fighting the Asmara government. This has resulted into a debilitating tit for tat in the region that shows no sign of abating. It also increases the prospects for the use of terrorist tactics. (Cliffe 1999)

However the most imminent threat to American interests comes from groups like Al Qaeda that are not indigenous to this region but have established their presence through proxies like Al Shabaab. They often targets establishments frequented by Americans and other foreign nationals so as to embarrass local governments and draw international attention to their extremists cause. For example, Ethiopia, Kenya, Sudan, and Uganda, Tanzania have suffered from these terror attacks.

Anti-terrorism measures should not punish local communities from within whom terrorists thrive but rather such communities should be treated as allies since this is crucial in gathering of intelligence on the movements and activities of terror cells. Countries within this region should also ensure that there is sustained physical presence in regions where terrorist are likely to find a safe haven. Strong government presence acts as a deterrent measure in keeping terrorists at bay hence securing the entire region.

The refugee crisis needs also to be handled carefully. The region is awash with hundreds of thousands of displaced people and refugees, fleeing wars and drought. Kenya hosts thousands of refugees from Somalia, Congo and South Sudan. Terrorists have found a safe haven within refugee camps and use the free movement of refugees in the region to blend in and carry their terror activities. The pressure refugees have exerted on government in the region specifically Kenya, needs to be addressed by the international community. At the moment the security challenge posed by these refugees in the region is real. The government of USA together with the European Union should help repatriate these refugees back to their homeland since some stability and normalcy has been restored to the troubled Somalia with the presence of AMISOM troops. Refugee camps can be opened within Somali. This will help in monitoring genuine refugees and terrorists who masquerade as refugees.

The challenge for the US in countering terrorism in the Horn of Africa is immense. Groups engaged in or supportive of terrorist tactics are numerous, complex, and not easy to monitor. It is paramount that the USA cooperates with local governments in the region and share intelligence information on the activities of terror networks and international criminal rings operating in the region. Improved American public diplomacy alone will not end terrorism rather it should also involve humanitarian diplomacy to reach out to communities that may be sheltering terrorist organizations and individuals.

#### **(f) Advancing Peace and Security**

The solution to cases of insecurity and numerous armed conflicts in the continent lies in political actions and collective as well as cooperative security among East and Horn of Africa countries. The USA government should help support and encourage measures aimed at strengthening

good governance in the continent by helping entrench transparency and accountability in this region.

East and Horn of African countries are also in dire need for assistance in tracing trillions of financial resources stolen from citizens and stashed in foreign bank accounts in the western countries. These resources can help develop the continent and which remains underdeveloped. This will improve on the quality of life of citizens in the continent.

East and Horn of Africa governments ought to partner with USA government and take lead in confronting numerous armed conflicts raging on in the continent. Security challenges are at the center of poverty, malnutrition and high mortality rates. Sub-Saharan Africa remains bogged down with conflicts in the Great Lakes Region, South Sudan, Northern Uganda, Somalia, Darfur and numerous inter communal conflicts in numerous countries within the continent. The partnership between United States and governments in this region should focus on nipping any conflict that is likely to emerge by investing in intelligence gathering and inclusive systems of government within this region. There should be a lot of capacity building so that political disagreements do not necessarily have to result in armed conflicts. Political leadership should treat the opposition as partners in governance and not as competitors.

### **3.3 Conclusion**

The United States Africa partnership needs to be revamped. Since independence most African nations have nothing to be proud of as citizens of this continent yet it has greater prospects for economic growth given the presence of huge resources of minerals and oil across the region. Genuine partnership and cooperation should refocus of uplifting the living standards of citizens and lifting them from poverty. It is time for the U.S. government to make conflict resolution and building peace its number one priority in the Horn of Africa. More than any other factor, armed conflict undermines economic development and quality of life of people who reside in regions experiencing wars. The United States should help foster an intra-Horn dialogue on peace and security issues between nations and other actors in the region. Participation in the Horn of Africa forum need not be limited to IGAD members when pressing security issues such as terrorism and the refugee crisis. Peace building and governance are critical in the region if the government of United States of America is to fight its global war on terrorism successfully.

The United States cannot afford to ignore the East and horn of Africa region since the world has become a global village. It should focus on the problems and challenges facing this region and lend assistance to help governments and citizens of this region solve their own problems. This will ensure that there is security and stability in the region thus absence of security risks to its interests in the region since governments will be able to deal with emergence of terror groups and other security challenges that may emerge in the region.

## 4 Economy

### 4.1 General Trade Relations in East Africa and the Horn

Trade and investment relations between the US and Sub-Saharan African (SSA) countries is mainly governed by the African Growth and Opportunity Act I (AGOA I) which traces its origin on 18<sup>th</sup> May, 2000 during President Bill Clinton administration. However, Eritrea, Somalia and Sudan are not designated as eligible by the US government under the AGOA initiative but Somalia and Eritrea can enjoy preferential treatment under the generalized system of preferences (GSP) (Table 7). Eligibility criteria under the AGOA relate to democracy, good governance and economic openness, elimination of trade barriers to US trade and investment, protection of intellectual property rights, policies to reduce poverty and increase availability of health and educational opportunities, protection of human rights and workers' rights, and elimination of child labour practices.

President Bush Administration extended (AGOA II) on 6<sup>th</sup> August, 2002. The Current AGOA III (AGOA Acceleration Act) was signed into law by President Bush on 12<sup>th</sup> July, 2004 and is set to expire on 30<sup>th</sup> September, 2015. The AGOA initiative is a non-reciprocal trade preference arrangement by the United States to eligible SSA countries.<sup>1</sup> It offers duty free quota free (DFQF) market access to eligible countries for some 6,400 product categories. The main aim of the AGOA initiative has been to foster export-led growth and economic development in SSA and to enhance economic relations between the US and the region (Williams, 2013).

The AGOA preference regime also has third country fabric (TCF) provision. The AGOA TCF provision is a special rule that allows apparel duty-free treatment of imports into the US from eligible SSA countries even if the yarn or fabric used in production is sourced from non-AGOA countries (Williams, 2013). For an AGOA eligible country to benefit from the TCF provision, it “must have in place an effective visa system to prevent unlawful transshipments and the use of counterfeit documents as well as effective enforcement and verification procedures and be separately designated to receive this tariff treatment” (USITC, 2014). The countries in the East and Horn which benefits from the TCF provision include Ethiopia, Kenya, Rwanda, Tanzania and Uganda (Table 7).

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<sup>1</sup>Currently, there are 39 AGOA beneficiary countries in SSA including: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comoros, Congo D.R., Cote d’Ivoire, Djibouti, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda and Zambia.

**Table 7: AGOA and GSP Eligibility, and US Imports**

<b>Countries</b>	<b>GSP</b>	<b>GSP- Least Developed</b>	<b>AGOA</b>	<b>AGOA-Third Country Fabric Provision</b>	<b>U.S. Imports AGO/GSP (‘000 \$), 2012</b>	<b>non-energy under</b>
Burundi	✓	✓	✓		18	
Djibouti	✓	✓	✓		0	
Eritrea	✓				NA	
Ethiopia	✓	✓	✓	✓	21,875	
Kenya	✓		✓	✓	292,828	
Rwanda	✓	✓	✓	✓	377	
Somalia	✓	✓			NA	
South Sudan	✓	✓	✓		0	
Sudan					NA	
Tanzania	✓	✓	✓	✓	11,846	
Uganda	✓	✓	✓	✓	1,838	

*Data Source: Williams, 2013*

Countries in the EAC and the Horn are not the main trading partners of the US in SSA. The top five export destinations of the US products include South Africa, Nigeria, Angola, Ghana and Togo while leading source of imports are Nigeria, Angola, South Africa, Chad and Congo. A common denominator of the countries which are the main source of US imports in SSA is that they are rich in oil and other minerals. The AGOA imports from SSA are almost exclusively dominated by raw materials with oil imports taking a lion’s share of 82 percent in 2013. According to the United States International Trade Commission (USITC, 2014)), in the entire AGOA period (2001-2013), crude petroleum imports accounted for almost 90 percent of imports under AGOA. This can create the impression that the AGOA initiative is meant to secure petroleum products from Africa to the US. The US imports under AGOA are concentrated in three sectors-petroleum products, transportation equipment (mainly imports of motor vehicles from South Africa), and apparels.<sup>2</sup>

In the year 2013, imports by the US of agricultural products decreased by 13 percent and that of mineral and metals decreased by 5 percent; however, textiles and apparel and transportation equipment registered a growth rate of 11 and 6 percent respectively (USITC, 2014). Kenya is the only country considered to be a major beneficiary of the AGOA initiative in the EAC and the Horn.<sup>3</sup> In the overall, Kenya is the second leading beneficiary under the AGOA scheme, Lesotho being the leader and Mauritius in position three.

<sup>2</sup> See, [http://www.usitc.gov/press\\_room/news\\_release/2014/er0425mm1.htm](http://www.usitc.gov/press_room/news_release/2014/er0425mm1.htm), accessed 22<sup>nd</sup> May, 2014.

<sup>3</sup> Most of this information has been obtained from <http://trade.gov/agoa/pdf/2013-US-sub-Saharan-Africa%20trade.pdf>, accessed 22<sup>nd</sup> May 2014.

Increased exports of textiles by Kenya and other SSA can be attributed to the TCF provision. The growth of textiles and apparel exports by eligible SSA countries has been attributed to the AGOA TCF provision which was set to expire on 30<sup>th</sup> September, 2012 but was extended by US Congress on 2<sup>nd</sup> August, 2012. Both Africa and the US have benefitted from the TCF provision; in Africa, textile and apparel sector has continued to thrive while US consumers have benefited from lower prices and a wide range of varieties from which to choose from.<sup>4</sup> However, the fate of the TCF is unknown since it is also set to expire alongside the expiry of AGOA in 2015.

In East Africa and the horn, Ethiopia is the main trading partner of the US, with Kenya, Tanzania, Djibouti and Uganda following in that order (Table 8). Trade balance of these countries is in favour of the US; only Rwanda in 2012 had a positive trade balance. Thus, even in the preference of AGOA and GSP trade preferences, that is not a guarantee that these countries will export more.

**Table 8: USA Export to and Imports (US\$ Millions) from EAC and the Horn (2012 & 2015)**

Country	2012			2013		
	Exports	Imports	Balance of Trade	Exports	Imports	Balance of Trade
Burundi	19.94	4.81	-15.13	16.74	4.30	-12.44
Kenya	568.68	389.50	-179.18	651.41	450.83	-200.58
Ethiopia	1274.66	183.13	-1091.53	678.09	193.57	-484.52
Eritrea	5.86	0.20	-5.66	11.11	0.09	-11.02
Rwanda	30.49	33.29	2.80	25.20	24.45	-0.75
Somalia	16.73	0.98	-15.75	15.05	1.19	-13.86
Sudan	55.49	6.52	-48.97	88.11	10.24	-77.87
Tanzania	245.34	114.86	-130.48	420.19	70.32	-349.87
Uganda	100.13	34.48	-65.65	125.13	47.01	-78.12
Djibouti	118.66	11.85	-106.81	169.65	3.95	-165.70

*Note: Data for South Sudan not available*

*Source: U.S. Dept. of Commerce, Bureau of Census*

In July 2013, the US President Obama launched Trade Africa, a new partnership between SSA and the US. Trade Africa aims to increase internal and regional trade within Africa, and expand trade and economic ties between Africa and the US, and other world markets.<sup>5</sup> The Trade Africa initiative will at the initial stage focus on the EAC which is considered as a success story by the US government. The main aims of trade Africa in EAC include the following<sup>6</sup>:

<sup>4</sup><http://www.ustr.gov/trade-topics/trade-development/preference-programs/african-growth-and-opportunity-act-agoa/tch>, accessed 22<sup>nd</sup> May, 2014.

<sup>5</sup><http://www.whitehouse.gov/the-press-office/2013/07/01/fact-sheet-trade-africa>, accessed 26<sup>th</sup> May, 2014.

<sup>6</sup> For details, see <http://www.usaid.gov/tradeafrica>, accessed 26<sup>th</sup> May, 2014.

- Double intra-regional trade in EAC;
- Increase EAC exports to the US by 40%;
- To reduce average time needed by 15 percent to import or export a container from port of Mombasa to Rwanda and Burundi; and
- To decrease by 30 percent of the average time a truck takes to transit selected boarders.

Building upon the US-EAC Trade and Investment Partnership (TIP) which was announced in June, 2012, Trade Africa seeks trade and investment between the two parties through financial mobilization. At present, the areas of focus include exploring the possibility of a US-EAC Investment Treaty aimed at creating a more attractive investment environment; establishing US-EAC Commercial Dialogue between the private sector and policy makers; establishment of Trade Hubs (to be based in Nairobi) to provide information, advisory services, and risk mitigation and financing to encourage linkages between the US and EAC investors and exporters; and advance “Doing Business in Africa” to encourage US businesses to invest in EAC and promote trade missions, reverse trade missions, trade shows and business-to-business matchmaking in key sectors.<sup>7</sup>

The US is also a major donor of Trade Mark East Africa (TMEA) through the United States Agency for International Development (USAID) alongside other countries including Belgium, Denmark, Netherlands, Sweden and the United Kingdom (UK).<sup>8</sup> The main objective of TMEA is to fund trade facilitation (TF) in EAC by reducing cross border trade barriers including single border crossings, one-stop-border post, modernization of single customs procedures and clearance systems such as the adoption of single-window system in Kenya; support to a single customs territory; and transit barrier reduction that lowers competitiveness of the region with efforts such as facilitating the reduction of roadblocks.

The main drawback of the AGOA trade scheme is that it is unpredictable and is set to end on 30<sup>th</sup> September, 2015 and whether it will be extended or not is not clear. After review in terms of the eligibility criteria, the US President can revoke eligibility of a given country. For instance, on 20<sup>th</sup> December, 2012, President Obama issued a proclamation that revoked AGOA eligibility for Mali and Guinea-Bissau and granted it to South Sudan (Williams, 2013). This unpredictable nature of the preferences makes it difficult for investors to make investment decisions to benefit from the scheme.

The likely scenarios with the coming to an end of the AGOA preference scheme include the following:

- Non-extension of AGOA;
- Extension of AGOA in its current form: however, for this to materialize, the US has to apply for a waiver under the WTO because AGOA in its current form discriminates other countries with similar economic conditions with the SSA ones;
- Extending AGOA by increasing the number of eligible countries; and

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<sup>7</sup> For details, see <http://www.usaid.gov/tradeafrica>, accessed 26<sup>th</sup> May, 2014.

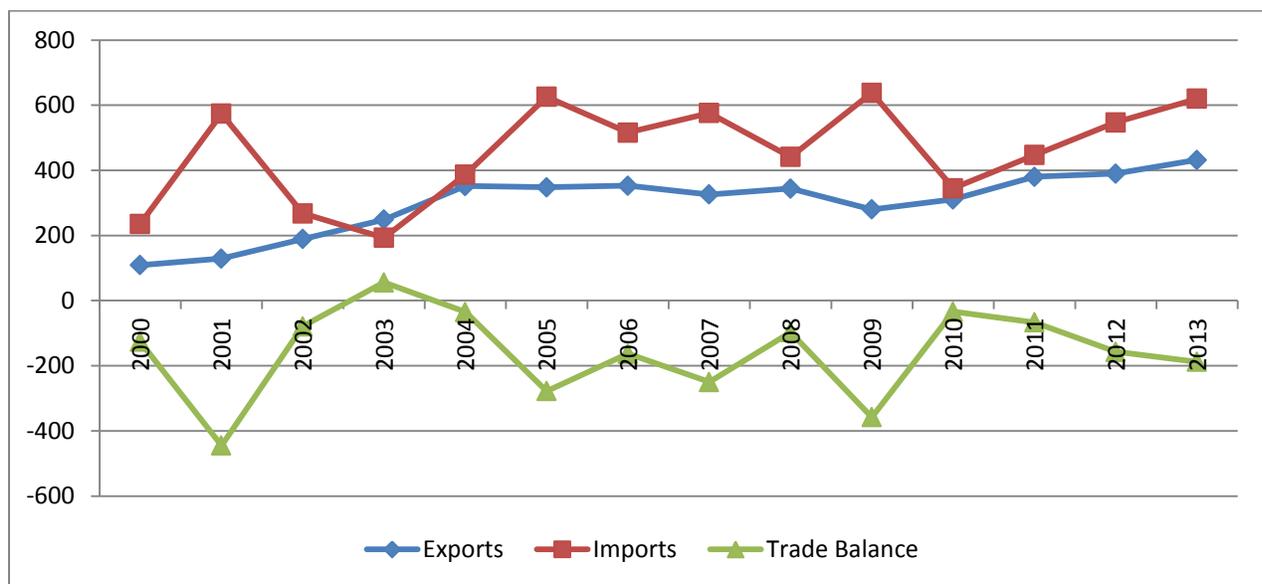
<sup>8</sup> <http://www.trademarkea.com/about-us/our-investors/>, accessed 22<sup>nd</sup> May, 2014.

- Making the AGOA to be a reciprocal trade arrangement is the case between the African Caribbean and Pacific (ACP) countries and the European Union (EU) under the so called Economic Partnerships Agreement (EPAs).

#### 4.2 A Case Study of Trade between the US and Kenya

As is the case with the other countries in the East and the Horn, Kenya imports more than it exports to the US implying a negative trade balance apart from year 2003 when the trade balance was positive (Figure 2). In the year 2010 to 2013, imports from the US grew much faster than the exports worsening the trade imbalance.

**Figure 2: Kenya’s Trade with the US (US\$ Million): 2000-2013**



Source: US Department of Commerce

The AGOA trade preference has led to inflow of foreign direct investments (FDIs) into Kenya, especially in the textile and apparel sector (USITC, 2014). According to the USITC report, Kenya was the second main exporter of apparels to the US after Lesotho while Mauritius was third. However, the report notes that apparel exports have been on a decline after the expiry of the WTO multi-fiber agreement (MFA) on textiles and clothing in 2005.<sup>9</sup> This therefore means preference margin erosion of Kenyan textiles exports to the US market. Preference margin erosion can further be anticipated because of the multilateral trade liberalization happening under the World Trade Organization (WTO) and free trade agreements (FTAs) between the US and other countries/regions.

The main exports by Kenya to the US under AGOA in the year 2013 included apparels (\$305 million), edible nuts (\$24 million), cut flowers (\$3 million), fruit and vegetable juices (\$ 1

<sup>9</sup>The MFA governed world trade in textiles between 1974 to December 2004 by imposing quotas on the amounts that developing countries could export to the developed ones. Developed countries were worried of a surge in textiles imports from low-cost and labour intensive countries such as China and Bangladesh.

million), and sporting goods (\$1 million), (USITC, 2014). This is in sharp contrast of what Kenya exports to the EU where the leading commodity exports are cut flowers, tea and coffee. Kenya can be considered to have a comparative advantage in the exports of agricultural commodities. Low levels of agricultural related commodity exports to the US under the AGOA system has been attributed to stringent pest risk analysis (PRA) through the department of Agriculture in the US.

Textile and apparel exports to the US constitute more than 70 percent of the value of exports under the AGOA. Most of the textile and apparel (about 80%) is produced under the export processing zones (EPZs). Apart from increased exports by Kenya to the US, other benefits that have accrued to Kenya include the following:

- There has been increased collaboration between Kenyan and US institutions. For example, Animal Plant Health Inspection (APHIS)-US Department of Agriculture (USDA) and Kenya Plant Health Inspectorate Services (KEPHIS) where exchange programme of experts has been undertaken especially on sanitary and phytosanitary (SPS) standards. The two institutions have also collaborated in the area of pest risk analysis (PRA) through exchange of information. Through market analysis between the two institutions, Kenya has been able to export runner beans, baby corn, baby carrots and garden peas to the US. Products already certified by KEPHIS and are currently being exported to the US include cut flowers (examples include roses, carnations, eucalyptus, arabicum, lavender, gravillea, sunflower, calla lilies, leather leaves), propagation/planting materials, beans, coffee, macadamia nuts, cashew nuts, dolichos lablab (black beans), tea and bixa. Thus, this collaboration has helped to unlock SPS barriers for Kenyan exports to the US for the above mentioned products. Through the USAID, the US government has been sponsoring businessmen and inspectors for training through a Kenyan company called Chemonics where the participants acquire phytosanitary certificate of excellence-the so called the Center of Phytosanitary Excellence (COPE). The US also in collaboration with the Kenyan government supported the building of KEPHIS plant quarantine laboratory in Muguga<sup>10</sup>

Apart from standard requirements, high transaction costs contribute to low commodity exports by Kenya and relate to the following:

- There exists huge physical distance between Kenya and the US and which is further undermined by lack of direct flights between the two countries. It takes between 28 to 30 days to ship products from Mombasa to the US and this mode of transport is clearly inappropriate for exports of agricultural products by Kenya which are highly perishable.
- Kenyan exporters have to contend with strict US market standards requirements such as maximum residual levels (MRL) of pesticides, SPS, traceability, social accountability, and environmental safety. The PRA procedure is usually time consuming and inadequate information is provided on the type of analysis that is to be undertaken.
- Exporter especially the small scale operators lack adequate trade financing. This is aggravated by high costs of energy, inadequate infrastructure and generally the high costs of inputs.

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<sup>10</sup>Most of this information was obtained through telephone conversation with Dr. Esther Kimani, General Manager Phytosanitary Service.

- The uncertainty of the AGOA trade regime which discourages investors to have long-term view of their business enterprises.

### **4.3 Conclusions**

- The US benefits more than the East Africa and the Horn of Africa countries in terms of trade, balance of trade is in their favour.
- The AGOA trade initiative alone will not help to increase and diversify exports.
- Most of the US financial support goes to trade facilitation to assure smooth flow of their exports. Though trade facilitation is important in terms of exports, the most limiting factors to exports is low productive capacity for exports due to supply-side constraints.

### **4.4 Policy Recommendations**

- There is need for the US to work towards reducing the uncertainties associated with the AGOA trade regime. This could involve lengthening the expiry of the AGOA by seeking another waiver at the WTO and this will be useful to the private sector in making investment decisions.
- The AGOA trade preference will be more useful to the East African countries and the Horn if agricultural commodity exports where these countries have a comparative advantage can have less restrictive entry requirements. The US should consider capacity building of the inspectorate staff and small scale farmers in these countries to enable them meet international standards for agricultural products. For instance, to enhance agricultural commodity exports, the US should also consider offering financial assistance say to KEPHIS to build bio-safety laboratory at the headquarters, pesticide analysis equipment and staff training, seed certification, and establishing pest surveillance and early warning systems for pests.

## 5 Investment

Private sector is the main source of employment, and therefore Foreign Direct Investments (FDI) is imperative for promoting broad-based sustained growth for alleviating poverty in developing countries (OECD 2006). Furthermore, sectors with high forward and backward linkages such as manufacturing are imperative in industrial transformation and poverty alleviation as evidenced by experiences from newly industrialized countries in East Asia (Ajakaiye and Page, 2012). Countries in sub-Saharan Africa are characterized by low investments unlike high growth countries. According to OECD (2006) countries with high growth rates have investments exceeding 25 percent of Gross Domestic Product (GDP) unlike Sub-Saharan Africa at about 18 percent of GDP. The African countries are largely dependent on commodity exports characterized by low value exports and vulnerability to commodity market price volatility (United Nations Economic Commission for Africa, 2013).

The East Africa and Horn comprise of 11 countries, most of whom are members of two major regional blocs: The East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), which provides wider markets for investments and trade. The U.S. has signed Trade and Investment Framework Agreements (TIFA)<sup>11</sup> with both the EAC and the COMESA blocs. TIFA provides strategic framework and principles of dialogue on trade and investment matters between the involved parties (Leo 2010).

To realize shared opportunity in U.S.-Africa relations, inflow of investments in Africa is imperative to boost private sector led growth. Inflow of Foreign Direct Investments (FDI) in Africa will play central role of bridging savings-investments gap, capital formation and accelerating economic growth. Besides bridging resource gap, FDI has additional positive externalities including spillover of technology and managerial skills vital for enhancing firm competitiveness and productivity (Naudé *et al.* 2013). Increases in capital stocks are key ingredients for economic growth and therefore form a policy priority in Africa given their low levels of savings. The U.S. Foreign Direct Investments (FDI) in Africa is however low compared to competitor economies including the UK, France and China. Africa as a whole hosts only 1.4 percent of total U.S. FDI<sup>12</sup>. The U.S. policy to foster private investments in Africa has recently received criticisms from scholars (e.g. see Hansen 2013).

Primary legal tools for protecting investors: Bilateral Investment Treaties (BITs)<sup>13</sup> and Double Tax Treaties (DTTs)<sup>14</sup> in Africa is low for U.S.<sup>15</sup>, compared to competitor countries including

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<sup>11</sup> Individual countries in Africa with which the U.S. has signed TIFA include Rwanda, Nigeria, Angola, Ghana, Liberia, Mauritius Mozambique, and South Africa.

<sup>12</sup> Statistics computed from U.S. Bureau of Economic Analysis (2014) database

<sup>13</sup> BITs aims to protect investments abroad especially in countries where investor rights are not protected through existing agreements; and to encourage the adoption of market oriented domestic policies that treat private investment in an open, transparent, and non-discriminatory way.

<sup>14</sup> DTTs are agreement between two states which are designed to protect against double taxation where the income is taxable in two states, provide certainty for treatment for cross-border trade and investment, and prevent excessive foreign taxation against business interests abroad.

<sup>15</sup> The African countries with which the U.S. has concluded BITs include Rwanda, Cameroon, Congo DRC, and Republic of Congo.

China, UK, and France. BITs incentivize investments abroad by providing protection to investors, minimizing investors' exposure to uncertain business environment and political risks (Leo 2010). The U.S. has only six BITs and one DTT with the whole of sub-Saharan Africa compared to France (11 BITs and 26 DTTs), U.K. (15 BITs and 17 DTTs), Germany (36 BITs) the Netherlands (20 BITs), Belgium (9 BITs) and China with 11 BITs (Hansen 2013). In the whole of East Africa and the Horn, U.S. has signed BIT with only Rwanda. Table 9 provides a summary of BITs signed by East and Horn Africa countries with U.S.

Though the U.S. has recently almost focused on TIFA, which may be seen as foundation for BITs and Free Trade Agreements (FTA), TIFA rarely provide investor protections; hence have minimal impacts on U.S. investments in Africa (Leo 2010).

**Table 9: Country Specific Lists of Bilateral Investment Treaties Signed: As at 1st June 2013**

Country	Total BITs Signed as at 1 <sup>st</sup> June 2013	BITs signed by host country with the U.S.
Kenya	12	None
Uganda	15	None
Tanzania	17	None
Rwanda	6	Yes
Burundi	7	None
Ethiopia	29	None
Sudan	27	None
Eritrea	4	None
Djibouti	8	None
Somalia	2	None

Data Source: UNCTAD (2014a)

Table 10 is a summary of U.S. stock of FDI in economies of East and Horn of Africa. The East Africa countries of Uganda, Kenya and Tanzania attract most of the US FDI in the East and Horn Africa region. Increased FDI in East Africa region is driven mostly by discoveries of extractive resources, mainly gas in Tanzania and oil in Uganda (UNCTAD 2013). Of all the countries, only Uganda has consistent growth in U.S. originating FDI, mainly due to strong extractive resource base.

**Table 10: Bilateral US-East and Horn Africa Foreign Direct Investment Stock in the Host Economy (US\$ Millions)**

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kenya	..	73	90	178	246	166	189	196	309	308	390	259
Uganda	73	78	109	154	212	310	394	463	482	492	496	516
Tanzania	-64	163	155	149	210	188	221	218	72	74	72	..
Rwanda	..	..	..	..	..	..	..	..	..	..	29	..
Burundi	-	-	-	1	1	1	1	1	-	-	-	-
Sudan	14	14	3	3	3	3	-	-	-	-	-	-
Ethiopia	40	50	50	7	6	2	2	2	3	6	9	11
Eritrea	-17	-32	-53	4	-	-	-	-	7	7	7	7

Djibouti	7	7	6	..	..	2	1	-	-	-	-	-
Somalia	29	29	29	-	-	-	-	-	-	-	-	-
<b>Global FDI stock in East and Horn of Africa (US\$ Millions)</b>												
	8,529	9,808	12,435	15,263	20,462	25,866	31,595	36,485	41,853	46,274	54,021	31,217

Data Source: UNCTAD (2014b) (...) Indicate data is not available or is not separately reported; (-) indicates that the item is equal to zero or its value is negligible.

In terms of industry distribution, most of the U.S. investments are concentrated in the extractive mining industry (57.1 percent). This unfavourably compares with total for all countries at about five percent. In contrast manufacturing share in total for Africa is 6.5 percent, while for all countries share of manufacturing is 14.3 percent. Further, the U.S. FDI in Africa manufacturing sector is biased towards South Africa with a lion's share of 67 percent of total U.S. FDI in Africa's manufacturing sector (Jones and Williams 2012). Low inflow of FDI in manufacturing has implications for value addition and employment in host countries. Further, overreliance on commodity exports, a characteristic of many African countries, increases vulnerability due to volatile international commodity prices (Jones and Williams 2012).

**Table 11: US Direct Investments Abroad on a Historical Cost Basis by Country and Industry, 2012 (Millions of US Dollars)**

	All industries	Mining	Manufacturing	Wholesale trade	Information	Finance, insurance and depository institutions	Professional, scientific, and technical services	Holding companies (nonbank)	Other industries
All Countries Total <sup>16</sup>	4,453,307	222,401	637,059	205,054	146,618	895,239	94,139	1,948,959	303,838
Europe	2,477,040	33,870	311,425	83,712	98,139	433,606	53,505	1,288,755	174,028
<b>Africa</b>	<b>61,381</b>	<b>35,035</b>	<b>3,963</b>	<b>1,434</b>	<b>195</b>	<b>9,174</b>	<b>777</b>	<b>9,047</b>	<b>1,756</b>
Middle East	42,853	13,203	15,217	2,111	1,171	1,015	1,209	7,521	1,404
Asia and Pacific	651,305	45,334	137,503	53,281	25,732	169,184	25,997	148,636	45,639

Data Source: U.S. Bureau of Economic Analysis (2014)

<sup>16</sup> Includes other regions including Latin America and Canada that are not listed in the table

## 5.1 Opportunities and Challenges

### Regional Integrations and burgeoning middle income class

**East African Community (EAC):** Kenya, Uganda, Tanzania, Rwanda and Burundi are members of the East African Community with population of over 141 million people and GDP of about US\$ 100 billion. The regional integration process is at high pitch as evidenced by establishment of common market in 2010 and the progress of the East African Customs Union. The negotiations of the East African monetary union, which commenced in 2011 underscores determination of the partner states in fostering regional growth and conducive investment climate. The EAC is the fastest growing region in sub-Saharan Africa with an average GDP growth of 5.8 percent during the last decade (EAC Secretariat 2013).

**Common Market for Eastern and Southern Africa (COMESA):** COMESA has 19 member states with a population of over 389 million people. Kenya, Uganda, Rwanda, Burundi, Ethiopia, Sudan, Djibouti and Eritrea are members of COMESA. The wider COMESA market is a boon for investments in the region. COMESA has a fully functional Free Trade Area offering investors duty-free access to a market of over 445 million people<sup>17</sup>.

### National policies aimed at improving investment climate and attracting foreign investments

Various countries in the region have embarked on long-term growth blue prints that will improve governance, infrastructure and resuscitation of industrial sector, thus creating boon for attracting foreign investments. The following are the examples:-

**Kenya:** The Kenya Vision 2030 aims at propelling the economy into a middle income country with 10 percent Gross Domestic Product (GDP) growth supported by six priority sectors: Manufacturing, IT enabled services, financial services, agriculture and tourism. The National Industrialization Policy Framework 2012-2030 recognizes important role of industrial sector and proposes framework envisages increasing share of Foreign Direct Investment (FDI) in the industrial sector by at least 10 percent. Further, investments protection is now anchored in the Constitution of Kenya 2010.

**Ethiopia:** The Ethiopia's five-year Growth and Transformation Plan (GTP), 2010 prioritize Ethiopia's openness to foreign investments. Increased foreign investments, enhanced social services, infrastructure, macroeconomic stability, and productivity in manufacturing and agriculture are the priority intervention areas of GTP to drive economic growth of 11 percent.

**Tanzania:** The Tanzania Vision 2025 aims to guide Tanzania's development into the 21<sup>st</sup> century and achieve desired level of development, including: competitive economy with sustainable growth, good governance, and population with high quality of life.

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<sup>17</sup> See COMESA Regional Investment Authority  
[http://www.comesaria.org/site/en/article.php?chaine=top-reasons-to-invest-in-comesa&id\\_article=135](http://www.comesaria.org/site/en/article.php?chaine=top-reasons-to-invest-in-comesa&id_article=135)

**Uganda:** The Uganda Vision 2040 aims to transform the country from a peasant to a modern and prosperous country within 30 years. The Vision is conceptualized to harness opportunities including extractive resources (oil and gas), industrialization, agriculture, ICT, and labour resources.

### **The Electricity Act of 2014**

In recognition of the 68 percent of the population lacking access to electricity in Sub-Saharan Africa (Senate of the United States, 2014) the Electricity Bill of 2014 was passed by the U.S. House of Representatives on 8<sup>th</sup> May, 2014. Once passed by the Senate and assented to by the president, the Act will establish a comprehensive policy to encourage efforts to develop an appropriate mix of power solutions, including renewable energy to enhance electricity access so as to promote poverty alleviation and development outcomes. Section 8 of the Bill requires the Overseas Private Investment Corporation (OPIC) to prioritize investments in Sub-Saharan Africa sector. The Act serves to important purposes: First it will enhance opportunities for U.S. private sector investors. Second, it will help mitigate high costs of electricity in Sub-Saharan Africa that has hitherto constrained investments due to high costs of doing business.

## **5.2 Challenges**

### *Costs of doing business is still high*

High costs of doing business, driven by costly infrastructure, energy and bureaucratic procedures in starting and conducting business pose bottlenecks to investments in the region. In the World Bank Doing Business Report 2014 (World Bank 2014), only Rwanda was ranked among the top 50 best performing countries (ranked 32) with other countries ranked as follows: Ethiopia (125), Kenya (129), Uganda (132), Burundi (140), Tanzania (145), Sudan (149), Eritrea (184), and South Sudan (186).

### *Conflict and Instability in some countries*

Conflict and instability in Somalia and South Sudan pose serious obstacles to investments in the region. Kenya is particularly affected by infiltration of the *Al Shabaab* terror cells. Uganda and Tanzania have also suffered from terror cells linked to Somalia.

### *Increasing presence of China in the Region*

The increasing presence of China, particularly in the EAC region is increasing discomfort in economic and political ties with the Western Countries.

### *Influx of Counterfeit Products*

Counterfeit is disincentive to investments due to loss of market share by genuine traders, loss of brand image, and additional costs from monitoring the vice. The influx of counterfeit products

in the region is particularly threat to investments in manufacturing sector. In the East African region, it is estimated that the region loses about US\$ 500 million annually on counterfeit trade with some companies having lost 70 percent of the market share to counterfeits (Kenya Association of Manufacturers 2012).

### **5.3 Conclusion and Recommendations**

The East Africa and Horn has for long enjoyed cordial ties with the U.S. However, inflow of U.S. FDI essential for private-sector led growth has been low. Africa as a whole hosts only 1.4 percent of total U.S. FDI with high concentration in extractive mining industry which commands 57.1 percent of total stock of U.S. FDI in Africa. The FDI share in extractive industry unfavourably compares with total for all countries at about five percent. In contrast manufacturing share in total for Africa is 6.5 percent, while for all countries share of manufacturing is 14.3 percent. Despite the historical economic ties, primary legal tools for protecting investors: Bilateral Investment Treaties (BITs) and Double Tax Treaties (DTTs) in the region have remained low for U.S., compared to competitor countries including China, UK, and France. Only Rwanda has signed BIT with the U.S. in East Africa and the Horn. Regional blocs, EAC and COMESA are key incentives for investments in the region, due to political commitment to improve investment climate, discovery of extractive resources, and wider markets. Instability in Somalia and South Sudan, coupled with high costs of doing business due to costly infrastructure, energy, influx of counterfeits are among the key challenges for attracting investments in the region. For the countries to the region to benefit from its relation with the U.S. the following interventions are proposed:

- i. Establishment of mutually beneficial BITs and DTTs to incentivize U.S. investments in the region. The U.S. should shift its focus to BITs to drive investments in Africa as a development tool;
- ii. Increase partnerships in investments in infrastructure to lower costs of doing business;
- iii. Enhance regional peace talks to mitigate negative externalities arising from political instability in the region, particularly Somalia and South Sudan; and

Strategic partnerships targeted at promoting flow of FDI into value addition industries in manufacturing sector. Manufacturing sector have strong forward and backward linkages, and also contributes to export earnings. Currently there is high concentration of FDI in extractive industries characterized by low value addition.

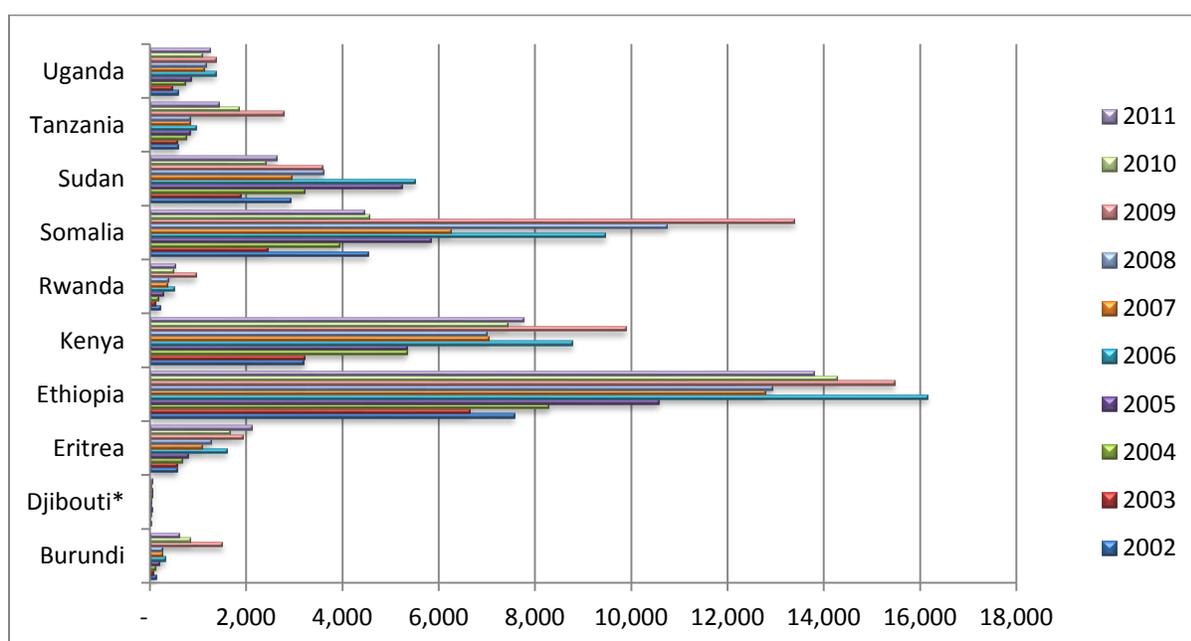
## 6 Remittances

### 6.1 Migration Trends in the Region

A number of Africans from East Africa and Horn of Africa have migrated internationally often in search for better education, employment or investment opportunities, family preferences of relatives of US citizens, as refugees, as asylums seekers and so on. According to the 2011 *Migration and Remittances Fact book*, United States (US) is amongst the top destination countries for migrants<sup>18</sup> from countries in East Africa and Horn of Africa.<sup>19</sup>

Data on persons obtaining permanent residence in US reveals that over the last 10 years over 900,000 Africans obtained permanent residence in the US, of which 36% (325,015) were from East Africa and Horn of Africa.<sup>20</sup>

**Figure 3: Persons Obtaining Legal Permanent Resident Status in the US (2002 To 2011)**



\*A total of 376 from Djibouti received legal permanent resident status in the US between 2002 and 2011

Data on South Sudan not available

Data source: US Department of Homeland Security, *Yearbook of Immigration Statistics*<sup>21</sup>

<sup>18</sup>Migrants are defined in the Migration and remittances Factbook (2011) as are persons who move to a country other than that of their usual residence for a period of at least one year, so that the country of destination effectively becomes their new country of usual residence

<sup>19</sup>Including Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda

<sup>20</sup>Statistics for South Sudan not included

<sup>21</sup> Available from <http://www.dhs.gov/yearbook-immigration-statistics-2011-legal-permanent-residents>

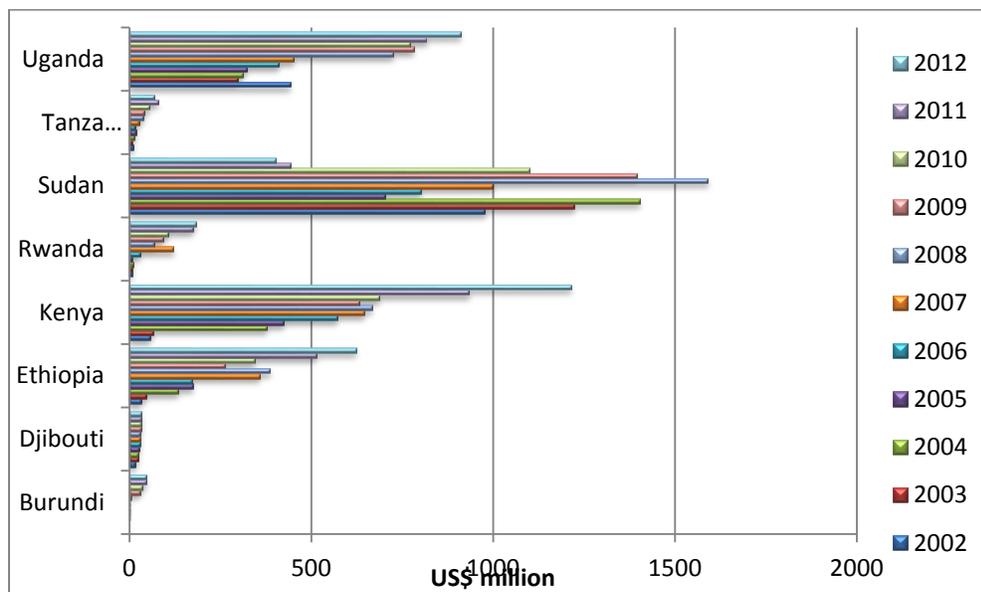
Somalia and Ethiopia have the largest proportion of persons obtaining legal status in the United States (US) cumulatively over the last ten years as illustrated in the figure above. United States grants assistance to refugees and asylum seekers from countries like Somalia and Ethiopia who fled their countries due to conflict, some of whom have received lawful permanent residence which may be contributing to the numbers (Russell and Batalova, 2012).<sup>22</sup>

Amongst the countries in the East Africa and Horn of Africa, Eritrea and Somalia had the largest stock of immigrants as percentage of population as of 2010 (18% and 8.7% respectively) (World Bank, 2011).

## 6.2 Migrant Remittance

Migrants often send remittances to support other members of the family in the home country. Over the years the, with expectation to Sudan where remittance inflows has been erratic, there has been increase in remittance inflows to East Africa as illustrated below.

**Figure 4: Migrant Remittance Inflows (2002-2012)**



Data on South Sudan not available

Data source: World Bank, Migration and Remittances Dataset<sup>23</sup>

Data on remittance flows in Africa is however said to be “significantly underestimated” (Ratha et al, 2011; Sander and Maimbo 2003). Kenya’s Central Bank monitors remittance inflows on a monthly basis through authorized formal channels in Kenya<sup>24</sup>. The data available in Kenya

<sup>22</sup> Refugees admitted to the United States must apply for lawful permanent residence status after an aggregate of one year in the United States.

<sup>23</sup> Available from

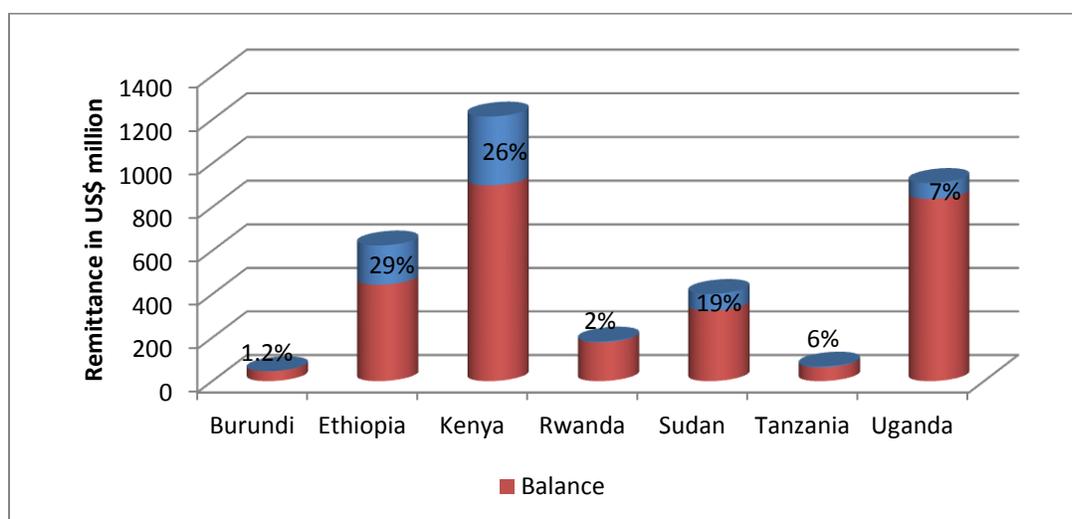
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883.00.html> (Accessed on 22<sup>nd</sup> May 2014)

<sup>24</sup> Remittance data is available from [www.centralbank.go.ke](http://www.centralbank.go.ke)

indicates that over the last nine years (between January 2004 and December 2013), the remittance inflow through formal channels amounted to US\$ 6,917 million. Data on informal channels for transmission of remittances therefore cannot be captured. Some informal channels include *hawala* or *hundi* transfer mechanisms (Sander and Maimbo 2003). Majority of the remittance transfers to Sudan and Somalia are said to be by informal means (Vargas-Lundius et al 2008; KPMG 2004).

Remittance is an importance source of external finance, particularly Sudan which represents the county with the highest level of migrant remittance in the region cumulatively between 2002 and 2012.<sup>25</sup> The remittance inflows into Sudan have however been on the decline from 2008. This is largely attributable to the financial crisis in the Gulf States where most Sudanese working abroad are said to be residing (Ahmed, 2010). That being said, several reports note the general resilience of remittances during the global economic crisis (Ratha and Mohapatra 2009). This is evidenced in Figure 4 above which reveals a steady growth in remittance inflows in the region. Remittance from the US in 2012 accounted for between 2% and 29% of total remittance of countries in the region as represented below.

**Figure 5: Remittance from the US in 2012**



*Note: Data for Djibouti, Eritrea Somali and South Sudan not available*

*Data source: World Bank, Migration and Remittances Dataset<sup>26</sup>*

Over the last ten years, Sudan, Uganda and Kenya have reported the highest cumulative remittance inflows. In 2012, however, Kenya received the largest amount of remittances around the world as well as from US in 2012.<sup>27</sup> When compared with respect to their GDP however, Uganda emerges the top, followed by Kenya, with Burundi and Tanzania reporting the lowest remittance and the lowest share respective of GDP.

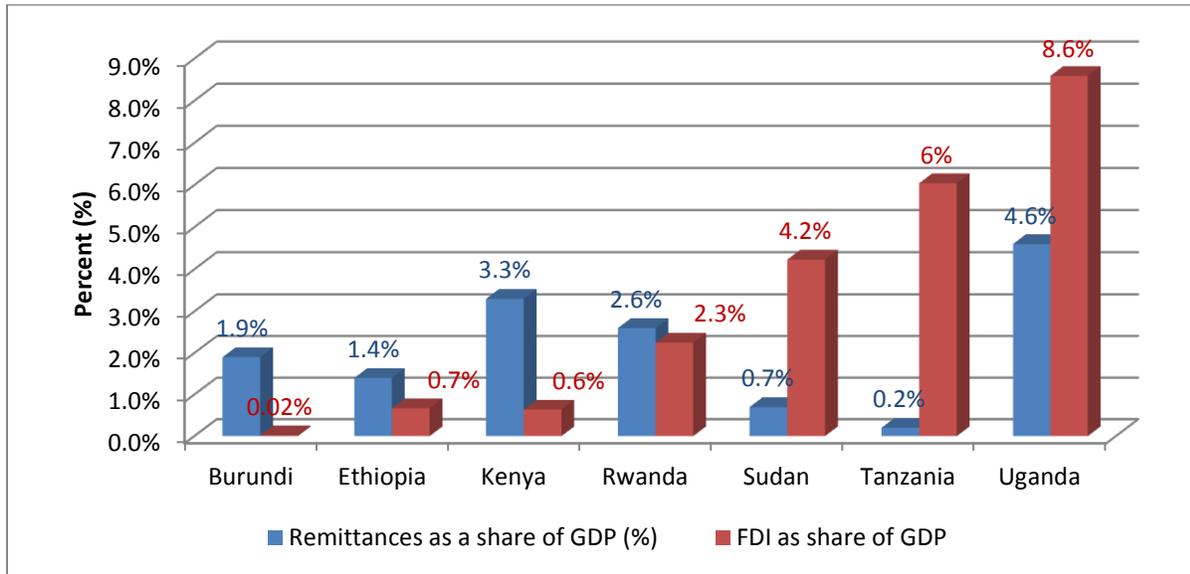
<sup>25</sup> Total of US\$11,037 million between 2002 and 2012 according to the data available from

<sup>26</sup> available from

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html> (Accessed on 22<sup>nd</sup> May 2014)

<sup>27</sup> Data for Eritrea and Somalia is unavailable

**Figure 6: Remittances and FDI as a share of GDP (%) in 2012**



*Note: Data for Djibouti, Eritrea Somali and South Sudan not available*

*Data sources: World Bank Migration and Remittances Data and World Bank World Development Indicators*

As much as remittance inflow into Tanzania in 2012 is amongst the lowest in the region, the Foreign Direct Investment (FDI) inflow during the same period is amongst the highest as illustrated above. Remittance inflows to Burundi, Ethiopia, Kenya and Rwanda currently supersede FDI inflows conversely; Sudan, Tanzania and Uganda receive more FDI compared to migrant remittances. Remittance inflows are beneficial to an economy for a number of factors; source of foreign exchange, source of capital and human investment, to finance consumption, to promote social and economic levels of family members and as an additional source of household income (Ratha et al, 2011).

### **6.3 Opportunities**

Given the freedom of movement, migration is likely to continue as persons look for better work and-or investment opportunities. The movement of high-skilled workers is beneficial to the region as it helps reduce unemployment while also promoting skills and technology transfer amongst the migrant population on return. Given migrant workers often remit part of their income to their country of origin as noted above. This presents a number of opportunities for the country of origin which include source of foreign exchange and contacts with foreign markets which is critical for investment and trade.

This also presents an important opportunity to destination countries as the working-age population according to the World Bank study, *Leveraging Migration for Africa: Remittances, Skills and Investments*, is expected to decline especially for countries in the Organisation for Economic Co-operation and Development (OECD), while that for Africa is expected to grow

significantly over the next decade (Ratha et al, 2011, p.3). The destination countries can and often do introduce policies aimed at attracting relevant work force.

Countries like Kenya have a developed financial sector comprising for commercial banks, deposit taking microfinance institutions, foreign exchange bureaus and mobile banking and money transfer services. Banks have signed partnerships with mobile service providers' thereby increasing customers' access to services and potentially lower the associated transaction costs (KIPRA 2013). This also creates an opportunity for improving remittance transfer mechanism given the high level of subscription to mobile financial services in Kenya. Countries in the region should encourage such innovations with the aim of increasing formal channels for remittances.

Allowing dual citizenship is said to encourage investment by the Diaspora whilst maintaining emotional ties (Ratha et al, 2011). Most East Africa and Horn of Africa countries have commenced or are in the process of implementing legalization of dual citizenship. Uganda and Kenya for instance have for instance amended the Constitution to allow dual citizenship while Burundi, Djibouti, Sudan, and Rwanda have done the same by amending relevant rules. Eritrea allows dual citizenship however it is based on official specific government permission. Ethiopia, Somalia and Tanzania do not permit dual citizenship, however Tanzania has initiated debate on the same while Ethiopia provides an intermediate status for Ethiopians in Diaspora (Manby, 2010).

The reforms introduced in the US in 2010 with the enactment of the Wall Street Reform and Consumer Protection Act will reduce costs for remittance through transparency in pricing. Additional reforms are aimed at reducing costs of cross-border money transfers (Mohapatra, Ratha and Silwal, 2010).

Mohapatra, Ratha and Silwal (2010) also indicate that Sub-Saharan countries like Kenya and Uganda consider Diaspora bonds which would offer a good interest rate to the Diaspora investor whilst providing their country of origin with financial resources. Such bonds would need to be compliant with US regulations as well as those for the country of origin. They should also be structured in a way that renders it attractive to the Diaspora inventor.

## **6.4 Challenges**

The movement of high-skilled migrants can however introduce a skill shortage in the country and contribute to a lost investment in the evident they received their education in the country of origin (Ratha et al, 2011).

Tightened immigration controls through protectionists policies in destination countries brought about by the Global Financial Crisis which lead to unemployment and a weakened job market may contribute to labour market rigidities. In the US for instance the stimulus package made is difficult for companies to hire foreign highly-skilled workers (Ratha and Mohapatra, 2009).

Some countries in the region have an underdeveloped or weak financial sector which discourages remittances payments and also leads to underreporting (Sander and Maimbo

2003). This also contributes to the high costs of remittance costs in Africa (Mohapatra, Ratha and Silwal, 2010).

As noted in study, *Leveraging Migration for Africa: Remittances, Skills and Investments*, large inflows of foreign exchange can have an impact on the exchange rate (through a nominal appreciation of the exchange rate) and also contribute to a reduction in production of tradable goods.

A study by Sander and Maimbo (2003) establishes that financial and monetary policies in African countries are not conducive to the flow of remittances and their effective investment.

## **6.5 Conclusion and Recommendations**

The benefit of migration especially of high skilled workers can be mutually beneficial to the migrant's country of origin and destination country. One significant contribution made by the Diaspora to their country of origin is the remittances: Migrant remittances are often invested in a number of platforms often contributing significantly in the social and economic development of the recipient family and economy. There are some opportunities that can be harnessed by the both countries with the aim of enhancing the contribution made and the effects. Below therefore are recommendations for the country of origin and recommendations for the US as a destination country.

Data collection on worker remittance for instance is one critical element that should be enhanced. Data on remittance inflow into countries such as Eritrea, South Sudan, and Somalia for instance is very limited. The Central Bank in the respective countries should report on remittances obtained from formal authorized channels as the Kenya Central Bank does and further establish mechanism for determining the remittance inflows from informal channels. The countries in the region consequently monitor worker remittances and implement policy interventions that would reduce the risk of exchange rate appreciations. These measures should form part of the Central Bank monetary, fiscal and exchange rate policies.

The countries in the region should leverage on innovation and ICT in development of financial vehicles aimed at encouraging migrant remittances, this includes use of internet or mobile banking and the introduction of Diaspora bonds.

The cost of transmission or transfer of funds, access to financial services could be factors contributing to the use of informal funds transmission mechanism. Governments in the region should therefore promote financial access and financial inclusion at the household level to promote efficient affordable remittance transfers. Similarly, the US, as a key destination country should ensure the availability of affordable accessible formal remittance services available. Hence building on the existing reforms introduced by the Wall Street Reform and Consumer Protection Act and other regulatory reforms aimed at reducing the cost of money transfers. The US could introduce policies that encourage the migration of skilled works but this should not be at the detriment of the countries of origin. As noted earlier the migration of skilled workers could contribute to human resource constraints in the countries of origin. One proposal

reported in the World Bank study, *Leveraging Migration for Africa: Remittances, Skills and Investments* is the introduction of compensation to countries of origin by destination countries if the country benefits from the skilled immigration.

Destination countries such as the US can also enhance policy interventions that promote effective contributions and remittances from migrant workers.

Future collaborations between countries in East Africa and Horn of Africa and the United States on studies on how to actualize these recommendations with the aim of promoting migrant remittances would also be of great benefit.

## 7 Foreign Aid

### 7.1 State of the US- East Africa Relationships

Importance of aid as a tool of promoting growth and development could be traced back to the late 1940s. During this period, the USA gave aid through the implementation of the Marshall plan to the European countries. Aim of the USA aid was two pronged; in the short run, aid focused on provision of basic needs to the European citizens who were impoverished following the aftermath of World War II. While in the long run, aid aimed at assisting in the reconstruction of individual countries which had suffered massive destructions during the war. Given the successful implementation of the Marshall plan, USA and other developed countries considered the importance of foreign aid to other emerging economies as part of their budget to promote growth and development throughout the globe.

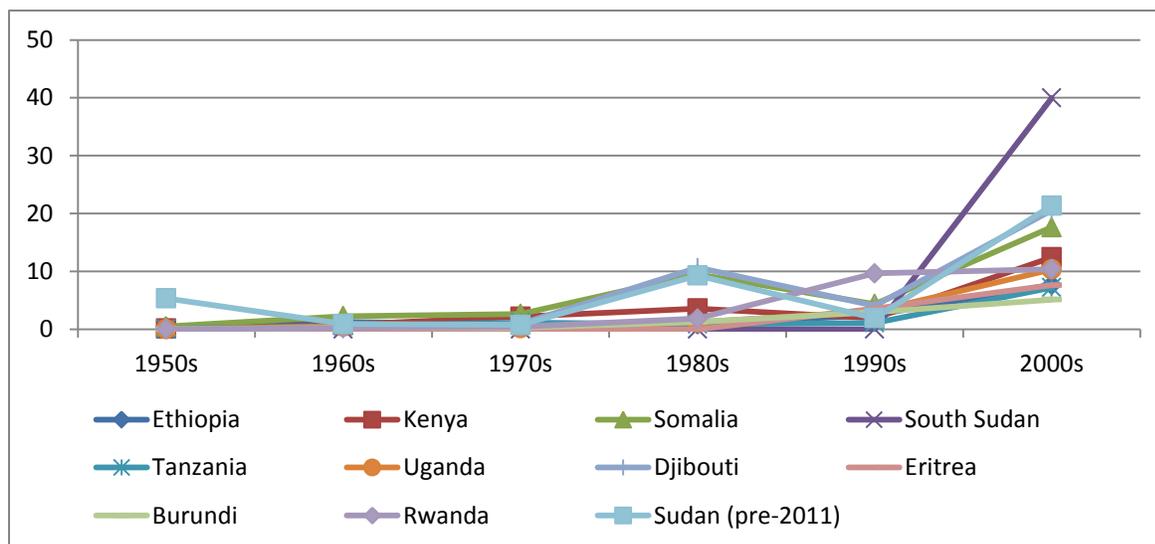
East Africa and horn countries began to receive aid from the USA prior to their independence in the late nineteen fifties. Aid from USA to East Africa and horn countries has focused on 5 areas; Emergency relief, Health, Education, Agriculture and Peace and Security. Countries in East Africa and the horn have faced unique challenges hence the pattern of aid disbursement in terms of the 5 areas may slightly vary across countries. Initially, aid from USA to East Africa and Horn countries and the entire SSA region was marginal when compared to USA aid to other countries. However the pattern of aid distribution from the USA to East Africa and horn countries took a different dimension from 2001 following a terrorist attack in the USA.

The terrorist attack prompted the Bush administration to increase funding for SSA countries to ensure world security. President Bush and his administration felt a positive relationship existed between poverty and terrorism. Therefore, the poor who were mostly in East Africa and horn countries and the SSA region as a whole were susceptible to be recruited into terrorist activities. Hence it was important for the USA to promote economic growth in SSA with a motive of alleviating poverty to ensure safety of the USA. Consequently the Bush administration established the Millennium Challenge Account designed to increase development aid to poor countries by \$5 billion over three years beginning in FY 2004.

With time, different governments in the USA not only consider funding of East Africa and Horn countries for the World security purposes but view such countries to have key potential for growth hence good markets for raw materials and other goods. For instance, in 2012 the USA president – Barack Obama said, “Africa is more important than ever in the security and prosperity of the international community and to the US in particular” (White House 2012). To this effect President’s Obama administration came up with four pillars of USA strategy towards funding SSA (White House 2012). The aim of the fund is to strengthen democratic institutions, spur economic growth, advance peace and security and promote opportunity and development.

Given the importance of East Africa and Horn countries both in terms of the overall global security as well as source of raw materials and market opportunities, USA aid in absolute terms has recorded a substantial increase from 2001 to date. The figure shows the pattern of aid from USA to East Africa and Horn countries from the 1950s to date.

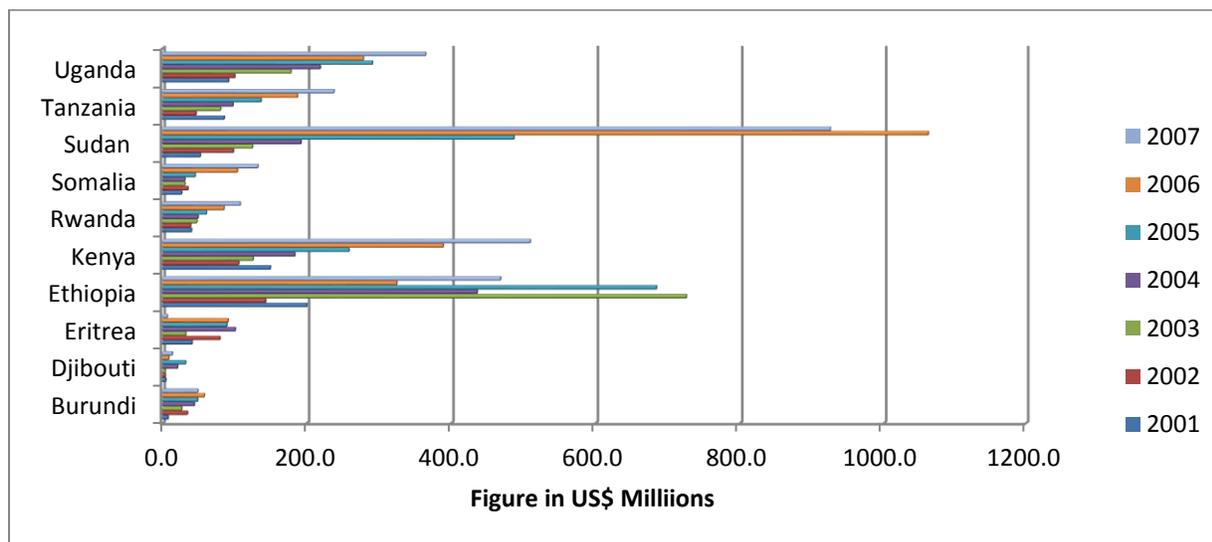
**Figure 7: Per Capita USA aid**



Source: U.S. Overseas Loans and Grants

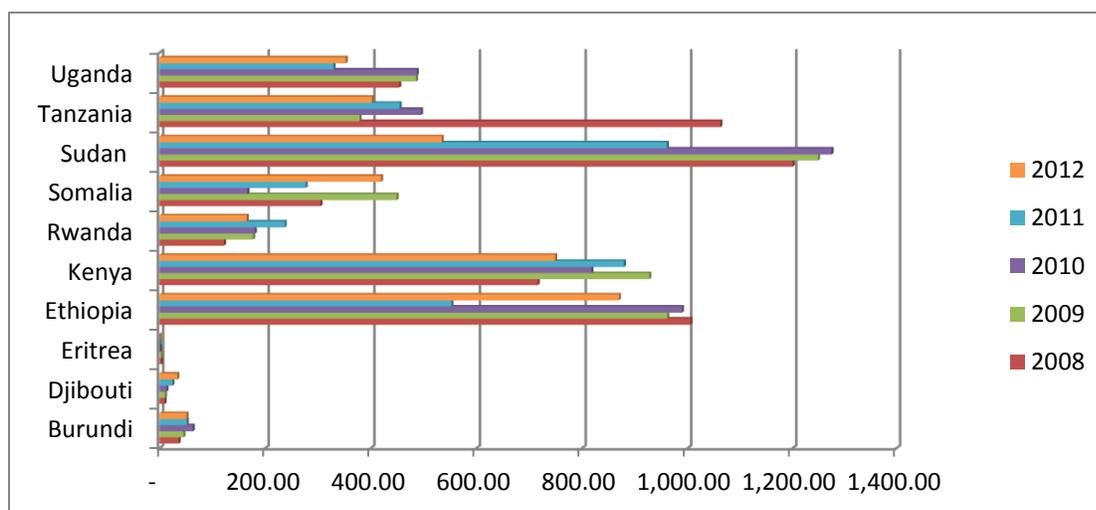
Aid from USA to East Africa and horn countries had picked up in a number of countries between the seventies and eighties then declined thereafter to 2001. Whereas there has been an increase in USA aid in East Africa and horn countries from 2001 to 2012 in comparison to prior periods, the aid has been highly volatile and very unpredictable during the same period. The trend has been similar before and after the 2007 financial crisis

**Figure 8: Foreign aid from USA Pre Crisis**



Sources: U.S. Overseas Loans and Grants, U.S. Bureau of Census (BUCEN) International Database, OECD, World Bank

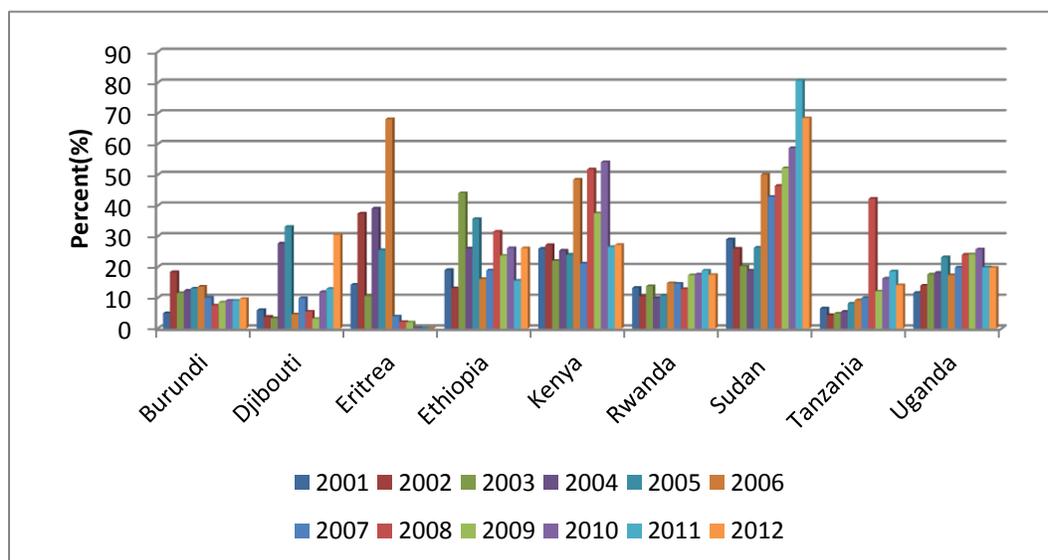
**Figure 9: Foreign aid from USA Post Crisis**



Sources: U.S. Overseas Loans and Grants, U.S. Bureau of Census (BUCEN) International Database, OECD, World Bank

On average and in absolute terms, Burundi Djibouti and Rwanda seem to receive the least aid in the region whereas Kenya Ethiopia and Sudan are the highest recipients of the USA aid in the region. A similar trend is observed when US aid is computed as a percentage of total aid in these countries as summarized below;

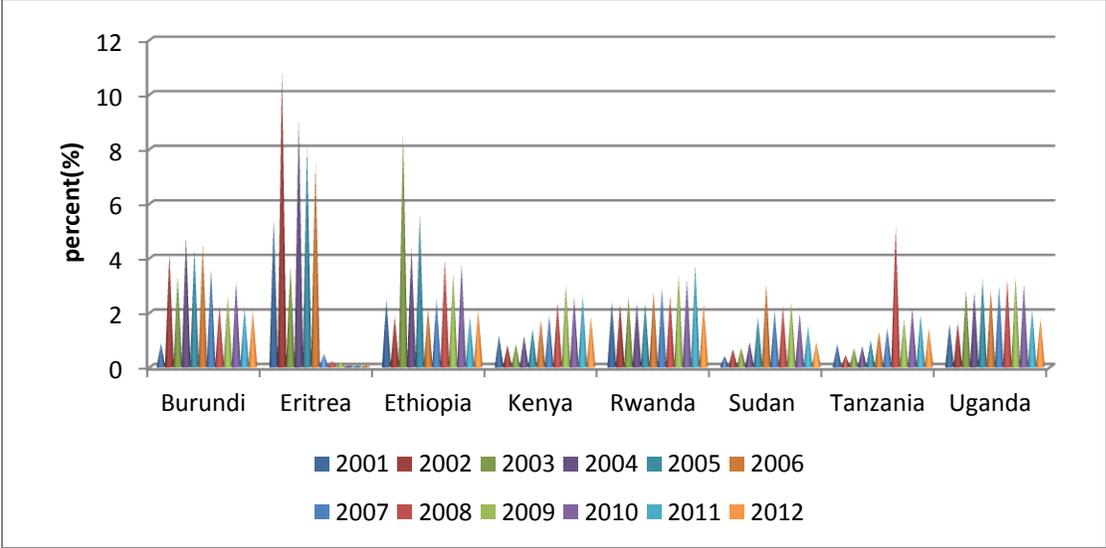
**Figure 10: USA aid as a percent of a country's total aid**



Sources: U.S. Overseas Loans and Grants, U.S. Bureau of Census (BUCEN) International Database, OECD, World Bank

In comparison to total aid received in a country, on average USA aid to Burundi, Rwanda and Tanzania has generally been less than 20%. Sudan is the greatest beneficiary at an average of 50%. When USA aid is computed as a percentage of GDP, on average USA aid has been less than 5% of the GDP. In broad terms most of the East Africa and Horn countries are not USA aid dependent as shown below.

**Figure 11: USA aid as a percent of a country’s total GDP**



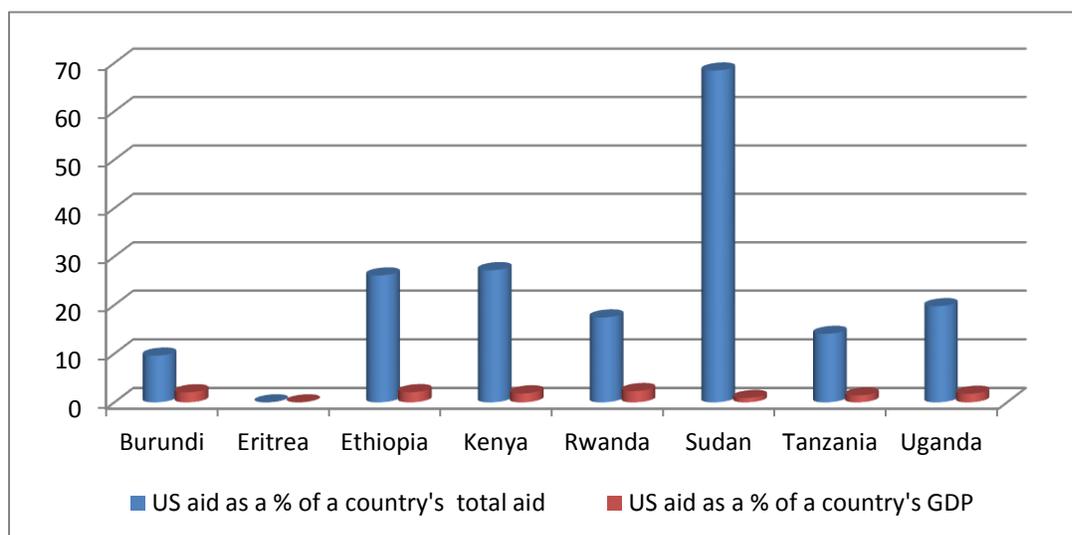
Sources: *U.S. Overseas Loans and Grants, U.S. Bureau of Census (BUCEN) International Database, OECD, World Bank*

**7.2 State of the US East Africa Relationships**

During the fiscal year 2012, 7 of East Africa and Horn countries are among the top 20 countries that received highest funding from the US<sup>28</sup>. In 2012 USA funded all the East Africa and horn countries in exception of Eritrea which has been suspended. Figure 12 below gives a summary of USA aid as a percent of total aid and GDP as at 2012.

<sup>28</sup> To see the list of these countries the reader could refer to table 1 in the appendix section.

**Figure 12: USA aid as a percent of total aid and GDP in 2012.**



*Sources: U.S. Overseas Loans and Grants, U.S. Bureau of Census (BUCEN) International Database, OECD and World Bank*

Whereas 7 of East Africa and Horn countries were ranked among the 20 USA highly funded countries, total aid from USA to East Africa and Horn countries is barely on average 2 percent of the total GDP and about 20 percent of the total aid received by the respective countries.

### **7.3 Evolution of the USA East Africa Relationship-Ethiopia**

In the fiscal year 2012, Ethiopia was given the highest funding in SSA. This continues to reflect the importance of Ethiopia as a nation to the USA. Ethiopia and the USA have a long standing relationship which was first established in 1903 and reestablished in 1951(USAID). Initially (In the sixties) the USA aid to Ethiopia focused on development of manpower by improving general education and training skills needed in the job market and supplementing government resources by bridging the gap between savings and spending. This was done through expanding the money sector of the economy by improving agriculture and other related industries. In the seventies, the main purpose of USA aid to Ethiopia was to increase commercial Agriculture and industrial production, continue to develop man power through training and education and improving organizational and administrative skills. Further the aid concentrated on development of the rural development by assisting in Malaria control programs and human resource development.

Following political instability in the mid seventies, in the eighties and nineties, US aid was reduced to humanitarian and emergency assistance. Currently the US funds Ethiopia on the improvement of peace and security, development of good governance better health care, education and social services, Economic growth and humanitarian assistance. However funds are mostly focused on the health sector, education sector as well as the improvement of social services protection for vulnerable people (USAID).

#### **7.4 Evolution of the USA East Africa Relationship-Kenya**

Kenya has enjoyed good relationship with the USA from the fifties to date. Over the period the USA has participated in four main programs; Education and youth, Agriculture and environment, Health and Democracy, Rights and Governance. The USA aid has supported the education of Kenyans through providing scholarships as early as the sixties and seventies. The USA continues to give scholarships to Kenyans with a priority to the orphaned and vulnerable children. As at 2003, USA was working with over 316,440 primary students to build a solid learning foundation and improve reading outcomes (USAID)

USA currently supports 800,000 small scale farmers to improve their productivity through feed the future initiative. Further the USA was a key stakeholder in development of the current Agriculture policy in Kenya. During the eighties the USA fund supported Kenyans in the development of clean cook stoves. From 2004 to date, USAID teamed up with Lewa Conservancy with the aim of improving animal conservancy and community welfare.

Kenya has received substantial support in the Health sector. This support ranges from establishment of a national family planning policy in 1972, to funding of purchase of ARVs as well as prevention program aimed at reducing the spread of HIV. The USA has also participated in the funding of integrated delivery of health services ranging from HIV/AIDs, Maternal child and neonatal health, reproductive health, family planning and treatment and prevention of malaria and tuberculosis which has generally improved the livelihoods of a number of vulnerable Kenyans (USAID). The USA has also supported a few programs on democracy and leadership such as provision of support to Kenya in development of Kenya school of Government.

#### **7.5 Evolution of the USA East Africa Relationship-Somalia**

Somalia has been a highly unstable country. It has been affected by war and terrorism which continues to threaten the quality of life to date. US assistance has mostly focused on emergency relief through provision of food and shelter. US has also tried to establish security back to the country by engaging the AlShabab Militia.

#### **7.6 Evolution of the USA East Africa Relationship-South Sudan**

Aid from the United States to South Sudan has mostly been of humanitarian assistance nature. South Sudan has suffered from the aftermath of war involving northern Sudan. The USA provided assistance in towards the end of war and independence of South Sudan. South Sudan achieved its independence in 2011. Currently the USA is involved in a number of programs to ensure a stable and prosperous future. As at 2012, South Sudan received a total of US\$ 444.30 Million.

#### **7.7 Evolution of the USA East Africa Relationship-Tanzania**

Foreign aid from the USA to Tanzania has been ongoing since the establishment of USAID in 1961. Foreign aid has gone through different phases from the sixties to date. From the onset the

purpose of aid was to develop human capacity in the public sector through the establishment of a number of educational institutions. Specifically the aid assisted in the development of Sokoine university of Agriculture, The institute of public administration and teachers training colleges (USAID). USA aid focused n other areas such as conservation, community development and infrastructure (To ease food transportation). Around the same time (sixties) food assistance was started and continues today through the school feeding program.

In the seventies the US aid mostly focused on improvement of agriculture and development of the rural Tanzania to improve the lives of the poorest. Further the Tanzanian Zambian highway was build. At the same time, US aid focused on the improvement of rural health centers mostly through training health workers. Due to problems of non debt repayment, the USA stopped active funding of Tanzania for most of the eighties. In the late eighties the US restored funding to Tanzania but this time around on health matters specifically assisting in the prevention of HIV AIDS which was at about 40% (USAID). In the nineties the US aid focused on conservation, democracy and improved method of revenue collection. Currently Tanzania benefits through the Feed the future initiative, Global health initiative and global climate change initiative.

### **7.8 Evolution of the USA East Africa Relationship-Uganda**

Like the rest of the East African countries, Uganda has received foreign aid from the USA which has mostly focused on health education and agriculture. Foreign aid was used to construct Tororo Girls School with the aim to professionalize the education system in Uganda. Further the aid was used for teacher training social needs students. Following political instability resultant from Idi Amin Military coup the US suspended most of its aid in Uganda and revamped the aid program in 1981. At this point us aid was mostly used for emergency relief and assistance till stability ensued in 1986. USAID then focused on agriculture development on the rest of Uganda. From 1986-2007 the US funds also focused on provision of emergency shelter and food to northern Uganda.

Uganda also battled with problems of HIV/AIDs in the eighties. USAID availed funds for research on AIDs as well as counseling and care provision to the infected and affected families. Other health programs included anti malaria initiative to reduce the risk of child and maternal mortality from 2000. Further USAID for combating HIV/AIDS was substantially increased from 2000 through President's Emergency Plan for AIDS relief (PEPFAR).

### **7.9 Challenges and Lessons**

Debate exists on whether foreign aid has got any impact on growth hence development of countries. There appears to be mixed effect on empirical studies analyzing impact of foreign aid on growth (Ekanayake and Chatrna, 2006). For example Moreira (2005) found that foreign aid was beneficial to economic growth across different regions while Liew et al (2012) found that foreign aid had significant negative influence on all the 5 EAC member countries. However from gap analysis theory, foreign aid is meant to supplement the few resources in a country to promote quick development. Consequently the problem is not in the aid but the quality of aid, effectiveness in the implementation of aid as well as variability and predictability that causes or

fails to cause development. Some of the challenges encountered in the US-East Africa Aid relationship include:

### **Quality and Amount of Aid**

Foreign aid in the form of loans can play a vital role in promoting growth directly or indirectly through private investment. It can be made even more productive if used to finance productive activities for example export promotion, infrastructure development and domestic resource mobilization (Amanja& Morrissey). The aim of USA fund to SSA is to strengthen democratic institutions, spur economic growth, advance peace and security and promote opportunity and development. However most of the aid has been in the provision of basic needs such as food, shelter, health and education without intentional capacity development. Whereas basic needs are important for the existence of human beings, they cannot propel economies to higher growth paths and development levels.

To promote growth and recovery of the European countries aid initially focused on basic needs but eventually focused in the reconstruction of industries and building of infrastructure through provision of good equipments and aid tied to development of industries. Similarly USA funding to China and Singapore, mostly focused on development sectors. To have a higher impact, East Africa and Horn countries should request more of development aid from the USA. There is also need for East Africa and horn Countries to request for more funds. At present USA aid is barely 2% of the East Africa and horn countries GDP.

### **Variability and Unpredictability of funds**

US aid to East Africa and horn Countries depicts high variability. Unpredictability negatively affects the effectiveness of foreign aid (Ojiambo, 2013) mostly through deviations from actual plans, discontinuation of projects and under- provision of services (Mwega 2009) from donor recipient countries. Consequently a number of countries do not provide for aid in the budgetary allocation for example Kenya (Mwega, 2009). Therefore when such countries receive the unpredicted aid, fungibility of funds occur. Learning from the Marshal plan, duration for aid as well as predictability of AID was clear to the recipient country enabling better planning and use of resources.

### **Weak Implementation, Monitoring and Coordination of funds**

Coordination has been identified as one of the key challenges to effectiveness of foreign aid (Including aid from USA) in Kenya (Mwega, 2009) and other countries. The US being the leading foreign donor in the world, it is important for them to come up with an agency aside from USAID together with other donors on aid disbursement, use and monitoring. Currently more than one donor may participate in similar projects resulting in replication of roles and wastage of scarce resources. Good coordination is key in actualizing effectiveness of aid (Mwega, 2009). From the Marshal plan it was clear that the USA was to take the lead role in aid coordination while the recipient countries were to implement the agreed strategies to aid the development of their countries.

Another key challenge is monitoring of the fund. Does the fund get to the intended recipient? How does one measure improvement of an individual's life as a result of receiving aid? In the long run where does the benefit accrue? Is it to the intended recipient or the implementing agency? Such questions need to be addressed with utmost clarity.

### **7.10 Opportunities**

The pertinent question is how can foreign aid stimulate investment? Most of the East Africa and horn countries are in the process of implementing long term plan to achieve status of middle income economies (Kenya Vision 2030, Uganda Vision 2040 and Tanzania Vision 2025). However most of these countries still grapple with poor infrastructure, poor business environment, export of primary goods, low contribution from the manufacturing sector to the total GDP, industries that rely on imports as a source of raw materials and intermediate goods and declining productivity of the agricultural sector amidst others. In partnership with the USA, these countries should therefore continue to seek:

- (i) Aid in capacity building in improving the current institutional systems
- (ii) Aid in improvement of infrastructure (These countries should bargain for below the market loans to develop their infrastructure)
- (iii) Aid in better equipment that could help in export diversification and export sophistication
- (iv) Capacity building in revamping the manufacturing sector
- (v) Aid in form of grants for addressing security concerns especially that of Kenya and Horn Countries
- (vi) Aid and capacity building in extraction, preservation and use of natural resources

In return these countries should provide incentives for the USA by

- (i) Creating market for the USA by purchasing most of the equipment needed for development of infrastructure in US whenever the US has a comparative advantage over other countries
- (ii) Remove tariff and non tariff barriers to the USA in areas where USA invest in the revamping of the manufacturing industry

## **8 Agriculture**

### **8.1 Agriculture Ensuring Food Security in the East African and the Horn of Africa**

East Africa and Horn of Africa region's ability to deliver sustainable food and nutrition security will require a holistic multifaceted approach. Several challenges continue to impede these efforts; first, population growth will continue to rise at an estimated 2 percent growth rate annually. Africa is currently considered as a raising economy considering the vast natural resources discoveries. It is expected that with the higher incomes consequently there will be growing demand for not only food quantities, but food safety thus quality will be critical. In addition to challenge that bio-energy demands are putting on agricultural production. Second, the natural resource ecosystems that support food production– water, soil, and biological resources – are already strained will become increasingly scarce thus careful attention to their sustainability use is prudent. Finally, climate change will exacerbate the first two challenges. Taking all these factors into account coordinated sustainable partnerships between developed and developing countries are imperative.

### **8.2 Evolution and State of U.S-Africa Relation–Agricultural Research Funding**

During the past 50 years, agricultural science in many developing countries has benefited from support from industrialized countries. Donors have provided financial support to national agricultural research systems, supported scientific training at foreign universities, organized in-country training programs, allocated staff to assist in training and research, and helped develop an international architecture that facilitates the movement of knowledge and materials for agricultural research and development (R&D). Both financial and technical assistance have played a critical role in designing and expanding national research systems that, in turn, have contributed greatly to enhancing agricultural productivity and improving food security. Thus it is puzzling that donor funding for agricultural R&D in developing countries began to decline dramatically in the mid-1980s. This downturn in multilateral and bilateral donor funding that persisted for nearly two decades led to noticeable disruptions in public spending on agricultural R&D in many African countries.

Sub-Saharan Africa, the world's poorest region, receives over a quarter of all U.S. bilateral foreign assistance. Aid to Africa more than quadrupled over the past decade, primarily due to sizable increases in global health spending during the Bush Administration and more measured increases in development, economic, and security assistance. The Obama Administration's FY2012 bilateral Africa aid budget request, at \$7.8 billion, represents an increase of roughly 10% compared to FY2010, albeit at a more restrained growth rate than in previous years

However it is important to mention the renewed role of U.S. funding to agricultural development and agricultural research. The return of USAID to the agricultural development landscape in 2002–03 came with new priorities articulated in a series of position papers and programs, such as the 2002 Initiative to End Hunger in Africa and the 2004 Linking Producers

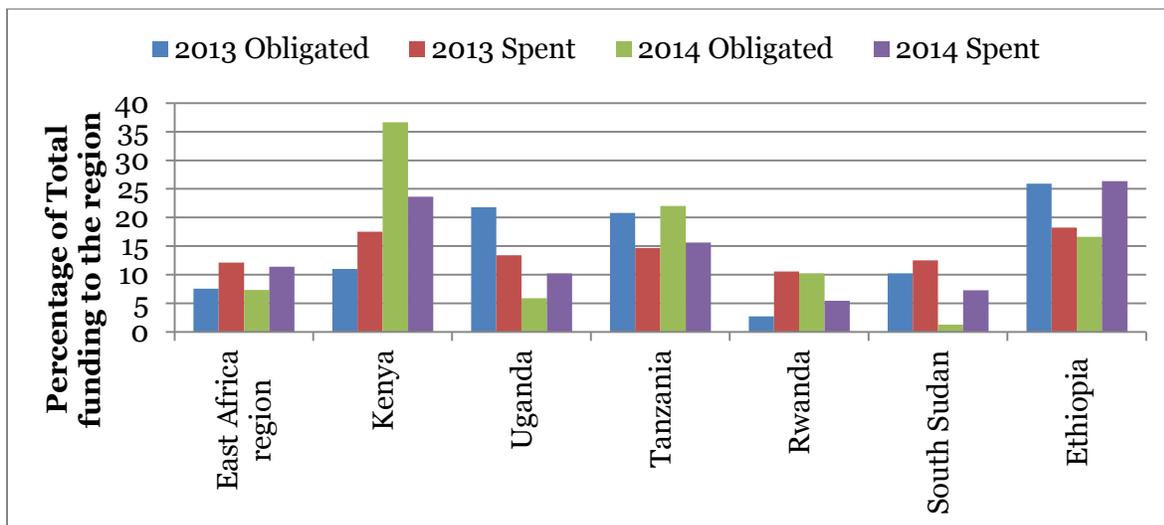
to Markets strategy (IRG 2005). The traditional goal of increasing agricultural productivity was largely retained, but new pathways to reaching this goal were laid out. Domestic, regional, and international market and trade policy became key priorities alongside engagement with non state actors, such as community-based producer organizations. Science and technology remained a high priority, carrying over the commitment to agricultural research from previous eras.

The key difference between earlier USAID investments in agricultural research and those of the early 2000s came from recognition that fragmented project-driven interventions would not generate desired outcomes. Much more deliberate and strategic interventions at the public policy and institution-building levels are needed, coupled with continued investment in infrastructure, education, research, and other fields.

Currently, USAID operates 27 bilateral and regional missions in sub-Saharan Africa, which in FY2012 provided bilateral assistance to 47 sub-Saharan African countries. The Africa region’s top five recipients of U.S. assistance are Kenya, Nigeria, Ethiopia, Tanzania and South Africa.

The Obama Administration’s Global Hunger and Food Security Initiative, launched in 2008, attempted to heighten support to agricultural development and agricultural research. In 2009, the Feed the Future (FTF) initiative committed \$3.5 billion to agricultural development and food security programs over three years, while also leveraging additional donor commitment to integrated programming around inclusive, agriculture-led growth and nutritional improvement bridging humanitarian relief, sustainable development strategic coordination, and accountability (FTF 2011). Figure x. below shows 2013 and 2014 obligated and spent funding for agriculture through USAID; it is evident that there are variances between what is budgeted and what is spent over the reported period.

**Figure 13: Percentage of obligated and Spent fund for 203 -2014 to the region through USAID**



### **8.3 Opportunities in a US-Africa Relation– Agricultural Research Funding**

Given that there are renewed efforts by the U.S government to increase food security and improve agricultural productivity in Africa, there is need to establish new ways on how scientific cooperation between the United States and Africa can be reinvigorated, improved, and focused on fighting the tremendous challenges of both poverty and food production. The East African countries should use the avenues such as the new U.S. Feed the Future program which is housed at the United States Agency for International Development (USAID), but works with many U.S. government agencies, including the U.S. Department of Agriculture (USDA). The program recognizes the necessity of long-term investment in science and research to improve agricultural productivity. Feed the Future's research strategy prioritizes investments that address production constraints to smallholder farmers from pests, diseases and environmental factors by focusing on breeding, genetics, intensification, and technology adoption. It also focuses on building and improving production and nutrition, extension services, and research efforts in the priority regions of Africa and Asia.

### **8.4 State of US-Africa Relation -Capacity Building in Agricultural Research**

The United States (U.S) is well renowned with the history of agricultural cooperation with Africa. This began in early 1960s where there were exchanges between the U.S universities and the African researchers. Two main approaches which have been used to develop the research and educational capacity of the African researchers are through international cooperation and support of African agricultural institutions and universities. Despite this kind of support, the support for scientific exchanges and higher education has waned over the past 20 years.

### **8.5 Opportunities in a US-Africa Relation-Capacity Building in Agricultural Research**

With the emergence of new capabilities and technologies from developed countries like U.S, it creates new opportunities for scientific cooperation. These types of collaborations should be focused on key problems and challenges such as African climate and soil conditions along with building long term indigenous African research capacities. This could be enhanced through coordinated research across the range of national, sub-regional, and regional institutions to support individual and institutional capacities; and East African universities should be more fully engaged in national agricultural planning. On the other hand private sector partnerships between US and Africa should be encouraged to provide experience in advanced research facilities, and to leverage African researcher knowledge of specific research and agricultural challenges.

On the other hand U.S. universities have seen a recent resurgence of calls for renewed and remodeled university research collaborations. USAID and the World Bank, for example, have recently launched a collaborative project to support agricultural programs on higher education in Africa. This program, part of the Feed the Future initiative, is one of several under way within the U.S. government to reinvigorate university collaborations. These universities, especially those in the land-grant system, which house many of the U.S. colleges of agriculture, have a long

history of engagement on agriculture with their African counterparts, and have valued the interaction with international universities and students. However, given the need for more home-grown research on Africa’s agriculture, as well as financial constraints, they require a different approach.

The other best model which can be borrowed by the East African Universities from the U.S universities is the practical research undertaken in the U.S universities especially in land-grant universities, where scientists have direct contact with farmers as well as agricultural training institutions. This is still largely unknown in most East African universities. Within the East African region, the National Agriculture Research Systems (NARS) are the most prominent and well-resourced research organizations at the country level. NARS support overall research systems, focusing on improving research-delivery services. Despite their favored status, many programs lack the capacity to meet their countries’ vast agricultural research demands. At the national level, coordination among funding bodies and those setting agricultural R&D policy is often lacking. In many countries, the ministry of agriculture is responsible for the overall agricultural policy of the nation, relying on the universities for a steady supply of researchers.

However, the ministry of education generally determines university priorities, without close consultation with the ministry of agriculture, resulting in uncoordinated and unfocused research planning and execution. The lack of communication between the institutions training scientists and the institutions hiring them often results in abstract and disconnected research results. Table 12 indicates the trend in capacity levels for agricultural research in selected countries in SSA. While there has been considerable progress in strengthening research capacity in several of the region’s countries, the capacity developed is not adequate to meet the goal of increasing agricultural productivity by 6 percent, as agreed under CAADP (Beintema and Stads 2011).

**Table 12: Trends in public agricultural researchers in Africa by country, 1971–2008**

<b>Total number of researchers (full-time equivalents)</b>					
<b>Country</b>	<b>1971</b>	<b>1981</b>	<b>1991</b>	<b>2000</b>	<b>2008</b>
Burundi	27.6	74.6	199	76.6	107
Eritrea	-	-	-	85.8	122
Ethiopia	56.4	115.3	388.7	740	1,318
Kenya	297.3	453.7	953	822.3	1,011
Rwanda	-	-	-	-	104
Sudan	127.3	324	516.4	779.7	1,020
Tanzania	N/A	N/A	N/A	542.3	674
Uganda	107.7	209.2	225.5	244.9	299
Subtotal (9)	616.3	1176.8	2282.6	3291.6	4655

Eastern Africa’s food security can only be guaranteed through long-term economic growth, not by emergency interventions alone. This shift in policy will entail placing emphasis on renewing infrastructure, building human capabilities, stimulating business development, and increasing

participation in the global economy through export of manufactured goods. These areas that constitute what can be called “the learning economy” should be the foundation upon which to base U.S-Africa development partnerships. This view is already informing the reformulation of Africa’s foreign policy. African countries are increasingly paying attention to the role of science and innovation in diplomatic interactions and are already starting to assign technology-related tasks to their key missions to countries such as the US and Japan. Others are revising their foreign policies to make economic cooperation a centerpiece of their diplomatic interactions. Part of Africa’s growing cooperation with China, for example, is influenced by the higher technical education opportunities granted to African students. In 2006 China admitted nearly 2,000 African students, mostly in science and engineering. The number of African students admitted to Chinese university doubled by 2009 and the long-term diplomatic benefits of such arrangements are immeasurable.

In order to accelerate growth in the agricultural sector, the East and the Horn of Africa region needs talented, well trained, and highly motivated research staff to generate the high quality research outputs needed. Researcher capacity in Africa increased by 50 per cent to 14, 300 agricultural researchers in full-time equivalents (FTEs) during the 2000-2011 period (IFPRI, 2013). The participation of female scientists has increased in many countries in Africa and the number of researchers with doctorate (PhD) and Master of Science (MSc) degrees has also increased. However, the average researcher qualification varies across the countries as shown in Table 13 below. It is evident that the region experiences lack of a critical mass of PhD-qualified scientists and this poses a significant challenge to high quality research and attraction of external funding.

**Table 13: Selected cross country comparisons of key researcher indicators 2008-2011**

Country	Total # of researchers FTEs	# of 2011	Growth in # of researchers 2008-2011 ( %)	Share of researchers FTEs (%)	PhD holders 2011	Share of PhD holders older than 50
Kenya	1150.9		13	32		55
Uganda	353.9		13	31		45
Ethiopia	1876.6		33	9		43
Tanzania	814.8		18	20		49
Rwanda	180.4		44	12		28
Burundi	132.3		32	18		18

In the past 10 to 20 years, there have been changes in research technologies, methodologies and approaches. The trend has been extensive experimentation with participatory and farming systems approach. These approaches are being scaled up to become central to African agricultural research where at least half of the research should be conducted in farmers’ fields.

There is an increase in the promotion of multidisciplinary research approaches that bring together researchers from different institutions, backgrounds and disciplines. The impact of the multidisciplinary research has been more holistic production-to-consumption approaches to

innovation. The multiple partners and institutions have led to new modes of research collaboration.

Emerging technologies like biotechnology and ICT have a major impact on agricultural research despite the deficiencies in African countries due to lack of infrastructure and human resources necessary for cost effective utilization and adoption of these technologies.

Funding in agricultural research has had impacts in the development of more productive and nutritious varieties on most of the staple crops grown and consumed by farming families. The varieties which are adapted to local conditions deliver specific benefits that the farmers seek like increased yields, improved nutrition, and tolerance to droughts, floods and pests. Research funding has also led to the discovery of better ways to manage soil and water resources and reduce crop loss emanating from spoilage, weeds, pests, diseases and other threats.

## **SELECTED IMPACT EXAMPLES**

### **Kenya**

The Kenya Agricultural Value Chains Enterprises (KAVES) is working towards increasing productivity and developing an efficient dairy marketing system for smallholder farmers so that farmers can increase their household incomes. In June 2013, the KAVES activity supported over 1,600 farmers from 22 counties to attend the Brookside Livestock Breeders Show and Sale in Nairobi. With the newly acquired knowledge on which breed of cow produces high milk yields, farmers are now investing in breeds suitable to their local situations. One of the farmers has offered half an acre of his land to the KAVES project to use as a demonstration farm on fodder farming.

The Resilience and Economic Growth in the Arid Lands-Accelerated Growth in Kenya in Marsabit and Isiolo uses a facilitation approach to stimulate market improvement without being a direct part of the market system. The project activities are tailored to forge effective, sustainable relationships among the value chain actors and are aimed at creating a more vibrant livestock value chain. Over 1,300 pastoralists have been trained on land use and land tenure systems to improve environmental management. This has improved livestock productivity. Further 450 individuals have been trained on market management and improved animal health service provision.

### **Uganda**

Through the Agricultural Biotechnology Research Project (ABSPII), Cornell and Ugandan scientists are working to reverse the drastic drop in production of the Matoke banana in the traditional banana growing areas of central and southwestern Uganda as a result of diseases and pests. Matoke is one of Uganda's primary food staples, and critical to food security and income generation in Uganda. Together the team has strengthened molecular, transformation and tissue culture laboratories in Uganda, built a biosafety greenhouse, several screen houses and confined field trial facilities.

The Program for Biosafety Systems (PBS) in Uganda whose aim is to build functional biosafety systems uses a comprehensive, integrated approach with key national partners. Through .....the National Biotechnology and Biosafety Policy, the National Guidelines for Field Trials of Genetically Engineered Plants and a handbook for the conduct of field trials of transgenic cassava in Uganda. The impact on technology progress is evident in 12 confined field trials conducted since 2008 on cassava, maize (drought tolerant), banana and cotton. Capacity building has been in form of human resource and institutional strengthening, compliance training and support to biotech and biosafety communication.

## **Burundi**

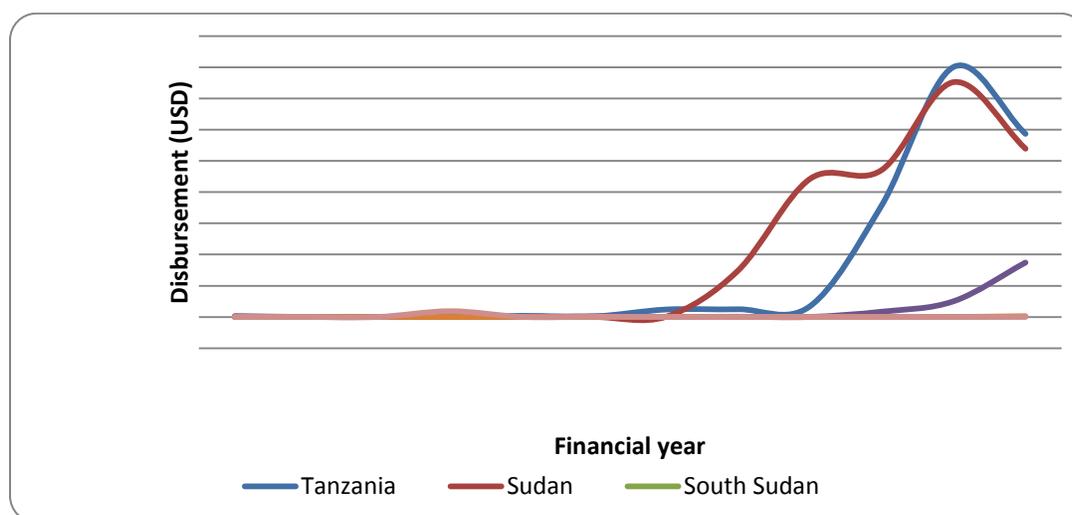
The Ngozi University seed and food testing laboratory project will construct a new laboratory and agricultural fields which will help develop new seed varieties for local farmers. The seed quality testing laboratory will enable the University to contribute to rural development through production and distribution of high-quality, certified seeds, ensuring the suitability of food supply both for domestic consumption and for regional export.

## 9 Infrastructure

### 9.1 Transport Infrastructure

The US has continued to support the region in terms of transport infrastructure development over the years. Between 2001 and 2012, approximately USD 480 million was disbursed to the member states for transport related projects. Disbursements to Sudan and Tanzania have been the highest from 2007-2012, while Eritrea has not benefited based on USAID data.

**Figure 14: US disbursement to the transport and storage sector**



**Source:** compiled from USAID data available from <http://gbk.eads.usaidallnet.gov/data/country.html> Accessed on 25.05.14

The private sector has continued to invest in the transport sector with US support, data from the Overseas Private Investment Corporation (OPIC)<sup>29</sup> shows the significant role of private sector investment as highlighted below:-

- Spenco International Limited – Expansion of capacity for infrastructure contracts in road building, water supply and sewage systems in Kenya, Tanzania and Uganda. The total project cost of USD 33.3 million with USD 10 million OPIC loan (2011).
- Alistair James Company Limited (Tanzania)- expansion of a regional logistics company based in Tanzania, at a cost of USD 9.7 million with USD 7 million OPIC loan.
- Helios Investors II, L.P partnership established under the laws of the Cayman Islands- investments in sub-Saharan African countries via growth equity investments and buyouts of large, established companies. Targeted infrastructure sectors include: transport and logistics telecoms; power and utilities; and real estate. Host countries comprise Tier 1: Nigeria, Ghana, Kenya, Angola, and South Africa; and Tier 2: CoteD'Ivoire, Tanzania, and Uganda. The target fund capitalization is USD 600 million with USD 100 million OPIC loan.

<sup>29</sup><http://www.opic.gov/opic-action/all-project-descriptions>

- InfraCo Sub-Sahara Infrastructure Fund- Greenfield development opportunities within the African infrastructure sector, including: power, water, sewage, and transportation, in some of the region’s least developed countries. Focus is on equity investments in pre-construction project development and construction stage financings. The target fund is USD million with USD 100 million loan.

## 9.2 Road Transport

### State of road transport in the region

A look at road transport indicators (table 13 below) of the countries under review reveals low levels of road network development. This is manifest in constrained accessibility and connectivity of strategic areas in the region translating to long transit times and high costs. Priority road links between Kenya-Uganda –and Tanzania were first identified in 1998 marking a total of 55 road projects. In 2003, an additional 39 road links were identified for development to enhance connectivity in the region. There are 5 strategic road corridors in the EAC covering 14000KM, with additional section/ links connecting with EA neighbors for interregional connectivity (See annex 1 for details)

The five major corridors comprise:

1. Mombasa–Malaba–Kigali–Bujumbura
2. Dar es Salaam–Rusumo with branches to Kigali, Bujumbura and Masaka
3. Biharamulo – Sirari – Lodwar – Lokichogio
4. Nyakanazi – Kasulu – Tunduma with a branch to Bujumbura
5. Tunduma – Dodoma – Namanga – Isiolo – Moyale

**Table 14: Road transport indicators**

	Motor vehicles (per 1,000 people)	Road density (km of road per 100 sq. km of land area)	Roads, paved of total roads)	Roads, (% total network (km)	Vehicles (per km of road)
<b>Burundi</b>	6.25				
<b>Ethiopia</b>	3.04	4.01	13.67	44359	5.34
<b>Kenya</b>	24.67	27.72	6.95	160886	6.38
<b>Rwanda</b>	4.71				
<b>Uganda</b>	7.83				
<b>Tanzania</b>	7.36	9.12	14.93	86472	

Source: The World Bank

### Challenges

- Funding and budgetary constraints among member states to finance road projects

- Backlog in construction, rehabilitation and maintenance of roads
- Limited local technical capacity for project lifecycle i.e. feasibility study, design, construction, maintenance and monitoring and evaluation.
- Constraints in tripartite coordination of road projects and decision making
- Limited technology options and weaknesses in technology transfer
- Overdependence due inadequate modal split (road vs rail) leading to deterioration of road conditions due to high rate of use by freight vehicles and overloading

## **Opportunities and possibilities**

The second EAC Heads of State retreat on infrastructure development and financing held in 2012<sup>30</sup> prioritized the need to develop key road infrastructure to support the ports operations and enhance the railways efficiency in the region. It was recommended that financing of the identified road projects would be sought from among others the USA following bilateral arrangements.

Further opportunities exist for Public Private Partnerships in development of the road transport network in the region. For example, Kenya enacted legislation to support PPPs through the Public Private Partnership Act 2013, it is intended that this piece of legislation will anchor PPP arrangements in law and protect investors as well as Government.

### **9.3 Rail Transport**

#### **State of rail transport in the region**

The railways of Kenya, Uganda and Tanzania have witnessed a reduced market share compared to trucks. Port off-take by rail, for example, in Kenya is below 10 percent of total cargo from the port of Mombasa. This is despite the fact that rail freight is cheaper per ton kilometer as opposed to road freight. Railways across the region are based on the narrow gauge technology; this presents specific constraints in the form of: low velocity; limited axle loads; and inadequate level of service. The rail subsector has also witnessed under investment over the years further contributing to its decline.

There have been attempts to channel resources to the rail subsector through innovative financing arrangements. In 2006, the Government of Uganda and Kenya signed a 25 year concession for the rehabilitation, operation and maintenance of the railways then run by Kenya Railways Corporation (KRC) and Uganda Railways Corporation (URC) respectively. Under this arrangement the Concessionaire Rift Valley Railways (RVR) was to provide freight service for a period of 25 years, and passenger services, in Kenya only, for five years. Both the Kenya and Uganda governments still own the railway infrastructure and facilities while RVR operates trains and maintains the infrastructure. Between 2006 and 2009, the management of RVR was under a South African team (Sheltam) which oversaw investment of Kshs 258 million against a threshold of Kshs 2billion. A total of kShs 946 billion was paid to both governments as

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<sup>30</sup><http://www.infrastructure.eac.int/>

concession fees with the period with arrears. In August 2010, a new team of investors comprising Citadel (Egypt); Transcendy (Kenya) and Bomi Holdings (Uganda) took over management of RVR. The new team invested kshs 13.4 billion since 2012 exceeding the target of Kshs3.4 billion. RVR has since paid concession fees of Khs 4.5 billion and cleared previous arrears, the team is currently executing a 5 year CAPEX plan (2013). The concession has lead to improved performance of the railway, in 2013 the volumes moved stood at 1.3 billion Net Tonne Kilometres (NTK) approaching the double capacity target, with reduced duration in travel time.

Recent development projects in the subsector within the region include:

1. The Lamu Port South Sudan Ethiopia Transport (LAPSSET) project (Rail component)
2. The Standard Gauge Railway Project (Kenya-Uganda-Rwanda)
3. Isaka(Tanzania-Kigali(Rwanda)-Musongati(Burundi)
4. Bihanga (Uganda)-Kabae(Uganda)- Kigali (Rwanda)
5. Uvinza (Tanzania)- Bujumbura (Burundi)

It is anticipated that investments in the existing and proposed railway links will enhance access to Mombasa, Dares Salaam and Lamu ports for the land locked countries of : Southern Sudan, Rwanda, Burundi, Uganda, Zambia, and Eastern Democratic Republic of Congo.

## **Challenges**

- Limited financial capacity and budgetary constraints of member states
- Limited local technical capacity for project lifecycle i.e. feasibility study, design, construction, maintenance and monitoring and evaluation.
- Inadequate capacity to adopt advanced technology
- Challenges in negotiating and adopting uniform technologies across borders
- Anticipated adverse environmental and social impacts on proposed links.
- Encroachment of railway reserves by human settlements

## **Opportunities and possibilities**

The recent discoveries of minerals, oil and gas within the region present an opportunity for increased rail transport demand, especially for bulk cargo. This also enhances the economic viability and sustainability of investments. Deliberate policy interventions to increase the share of rail freight as compared to road freight could also transform the rail sector presenting further opportunities.

There also exist opportunities in rail transit for passenger traffic in major urban areas within the region. For instance, the Government of Kenya in 2013 identified commuter train service development as one the sectors for PPP development. The National Priority of PPP projects<sup>31</sup> include the Nairobi Commuter Rail, this will entail: public support in rehabilitation of existing 100km railway line; doubling of sections and support infrastructure; design and provision of rolling stock and operation of the commuter rail link between Nairobi CBD and the Jomo

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<sup>31</sup><http://www.pppunit.go.ke/index.php/project/upcoming-projects>

Kenyatta International Airport (JKIA). The US should also focus on the operation of rail transport services through capacity building and deployment of ICT based management systems.

## 9.4 Maritime Transport and Ports

### State of maritime transport and ports in the region

The major existing seaports in the EAC-Horn of Africa region include Mombasa (Kenya); Dar es Salaam (Tanzania); Kismayu (Somalia); Port of Djibouti; and Doraleh (Djibouti). New port projects are underway in the region including the Lamu Port in Kenya, while expansion projects of the existing ports have been launched. The focus on investment in ports within the region is driven by the desire to address inefficiency and enhance capacity. A review of key indicators on port performance highlights the state of affairs in regional ports (table 14). Based on the Liner shipping connectivity index, which, captures how well countries are connected to global shipping networks, Djibouti performance best in the region serving. Based on available data, the quality of port infrastructure in Kenya is better than Tanzania.

**Table 15: Port performance indicators**

	<b>Liner shipping connectivity index (maximum value 2004 = 100)</b>	<b>Container port traffic (TEU: 20 foot equivalent units)</b>	<b>Dwell time (days)</b>	<b>Container vessel waiting time (days)</b>	<b>Quality of Port Infrastructure (1=under developed; 7= well developed)</b>
<b>Kenya</b>	11.38	903,000	5	0.5	4.1
<b>Tanzania</b>	11.1	471,904	7	1	3.2
<b>Somalia</b>	4.2				
<b>Djibouti</b>	20	634,200	8	1	

Source: World Bank (<http://datbank.worldbank.org/data/views/reports/tableview.aspx>) and Ocean Shipping Consultants LTD (2009)

### Challenges

- Constrained physical capacity versus increasing demand in container traffic handling
- Inadequate inter-linkages with rail and road transport for port off take
- Congestion and limitations in expansion space due to surrounding development
- Inefficiency in cargo handling, clearing and processing
- Limited financial resources and budgetary constraints in host nations for port redevelopment

## Opportunities and possibilities

Opportunities exist for development of both hard and soft port infrastructure within the region. Lamu Port under LAPSET project is at an advanced stage in the schedule of development, a development authority has been created to spear head the project. Possibilities exist for PPP arrangements in rolling out the project with significant international interest already being registered. Port projects in Tanzania also provide additional opportunities for US-EAC-Horn of Africa relations. The Port of Kismayu in Somalia also presents the possibility of further US engagement.

### 9.5 Air transport

#### State of air transport in the region

The state of Air transport within the region performs dismally when viewed from the global perspective, table 13 below highlights key air transport indicators. A review of the air connectivity index(ACI) , which measures the importance of a country as a node within the global air transportation system, reveals the low ranking of countries in the region between 136(Ethiopia) to 170(Burundi) out of 211 countries globally. Ethiopia and Kenya lead in terms of air transport passengers carried and carrier departures.

**Table 16: Air Transport Indicators**

	<b>Air transport, freight (million ton-km)</b>	<b>Air transport, registered carrier departures worldwide</b>	<b>Air transport, passengers carried</b>	<b>Number of Airports</b>	<b>Air connectivity index (Rank / 211)</b>
<b>Ethiopia</b>	677	61,620	4,944,135	41	136
<b>Kenya</b>	334	82,576	4,653,460	172	141
<b>Rwanda</b>	17	10,410	593,198	7	164
<b>Uganda</b>	1	5,816	181,309	12	155
<b>Tanzania</b>	1	27,378	972,396	72	166
<b>Burundi</b>				3	170

*Source: World Bank, and Arvis and Sheperd (2011)*

## **Challenges**

- Constrained capacity during peak demand
- Limited availability of land for expansion due surrounding developments
- Inadequate airside and landside facilities
- Constraints in achieving U.S category 1 status

## **Opportunities and possibilities**

Opportunities exist for investment in upgrading and development of new airport infrastructure across the air and land side spectrum; this is buttressed by the national targets of achieving U.S category 1 status. Improved economic performance in member states provides the possibility of increased domestic, regional and international travel guaranteeing sustainability of investments. Further opportunities exist in deployment of soft infrastructure and services leveraging on ICT across the regional airports. With increasing security threats in the region, there is need for investment in specialized security technology and training of personnel.

## **9.6 Energy**

### **State of energy sector region**

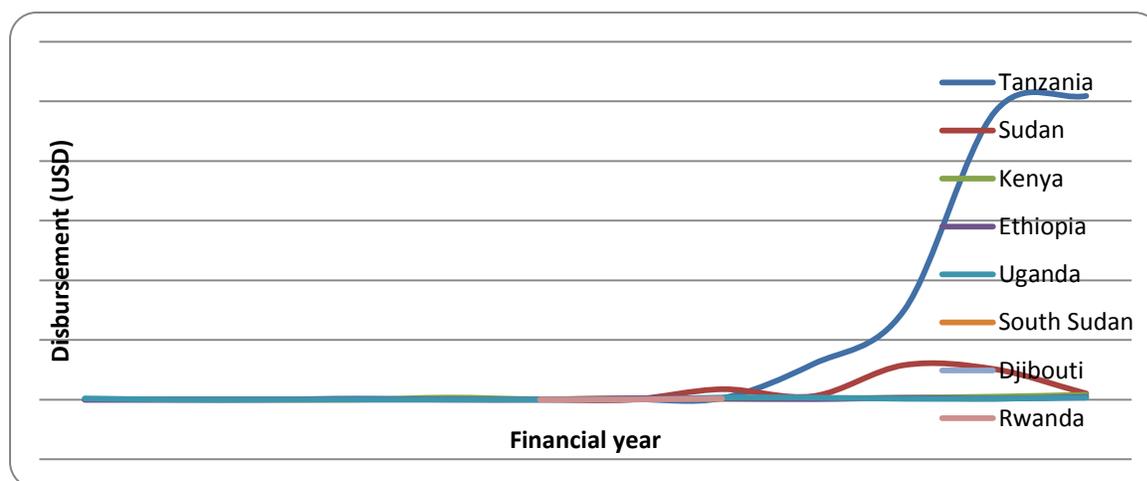
Despite the reforms and initiatives in recent years to provide clean, affordable and sustainable energy sources in the region, there are still numerous challenges facing the energy sector. These include inadequate generation capacity due to dependence on hydro and fuel powered plants, high energy costs and low rates of access to clean and modern energy services. Additionally, it is anticipated that the energy demand will rise as a result of projected economic growth and population increase especially in the urban areas.

Member countries in the region have identified the need for enhanced energy capacity by launching ambitious plans and projects. In Kenya for instance, the government has launched a roadmap to raise the generation capacity by 5000 MW from the current 1664MW with a view of providing affordable energy to business and households. It is also important to note that the energy sector within the region has attracted huge interest especially with the discovery of commercially viable oil deposits (Kenya, Uganda, South Sudan), coal, natural gas and geothermal. However, the current debate on climate change and rising oil prices has greatly increased interest in green energy, such as bio-ethanol, geothermal, wind and solar. There are also initiatives to generate 19GW of electricity from nuclear by the year 2020 (Kenya).

### **US engagement in the energy sector**

The US had been active in energy generation and supply within the region. A review of US disbursements to the sector indicate that approximately USD 140 million was spent between 2001 and 2012, with Tanzania alone benefiting from USD 120 million. There was no evidence of disbursement to Somalia, Burundi and Eritrea based on USAID data.

**Figure 15: US disbursements to the energy sector**



*Source: compiled from USAID data available from <http://gbk.eads.usaidallnet.gov/data/country.html> Accessed on 25.05.14*

The private sector has also been actively engaged in the energy sector across the region, according to data from the Overseas Private Investment Corporation (OPIC)<sup>32</sup> a number of projects in the sector spearheaded by private companies are at different stages of deployment as highlighted below:-

- KMRI Asset Company Tanzania LTD – undertaking development, construction and operation of two biomass distributed generation plants in rural Tanzania, at a cost of USD 17.8 million with USD 13.4 million OPIC loan (2013).
- NextGenSolawazi LTD – Development , construction and operation of a 5MW photovoltaic solar generation plant in rural Tanzania, at a cost of USD 13 million with USD 9.7 million OPIC loan (2013)
- OrPower 4, a subsidiary of Ormat Technologies Inc- Expansion of geothermal power plant in Kenya, at a cost of USD 413 million, with USD 310 million OPIC loan (2011)

In 2013, President Obama introduced the **Power Africa Initiative** which seeks to double the number of people with access to power in Sub-Saharan Africa. The initiative will focus on developing wind, solar, hydropower, natural gas, and geothermal resources in the region to enhance energy security, decrease poverty, and advance economic growth<sup>33</sup>. The initiative will involve the governments, private sector and development partners and is set to start in - Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania. More recently, the US House of Representatives passed the **Electrify Africa Act of 2014**, which points to the U.S. Government’s broad commitment to providing access to electricity.

<sup>32</sup><http://www.opic.gov/opic-action/all-project-descriptions>

<sup>33</sup><http://www.usaid.gov/sites/default/files/documents/1860/power-africa-overview.pdf>

## Challenges

- Increasing use of biomass and petroleum products - energy resources within the region comprise commercial and non-commercial. Commercial energy mainly comprises of petroleum products and electricity, while non-commercial comprises mainly of biomass. Dependence on these energy sources presents a challenge in terms of energy security and sustainability. High costs of energy and low connection rates to electricity – As a result of the inadequate generation capacity, energy costs are higher within the East African Region compared to Southern Africa and North Africa. This has largely been attributed to previous under-investment in the energy sector and over-reliance on hydropower. Electricity connection rates especially to rural households within the region remains comparatively low.

## Opportunities

There are numerous opportunities for investment that exist within the energy sector namely;

- Harnessing renewable energy resources - The renewable energy resource potential within the region is high, but it remains largely untapped. For example, geothermal potential in Kenya is estimated at 10,000 MW of which less than 300MW have been developed to generate electricity.. To boost the electrification rate within the region investments in bio-energy production, small hydros, wind and solar energy off-grid power stations need to be scaled.
- Increasing access to energy services - According to the International Energy Agency IEA (2010), 2.7 billion people globally rely on the use of biomass for cooking and meeting their basic energy needs. Similarly, 1.5 billion people have no access to electricity with 585 million in Sub-Saharan Africa.. Therefore the growing energy demand – which is predicted to rise by 71 per cent in the year 2030 (IEA 2010), over-reliance on fossil fuels has led to continued search for alternative sources that are sustainable and efficient. Investments in provision of energy services to communities' presents an opportunity for growth with the region through regional interconnectivity.
- Tapping on the proceeds from extractive revenues for regional development – Exploration of oil and gas within the region has its origins in 1950's though albeit with minor success. It is until 2012 that commercially viable deposits of oil and gas were found in specific parts of the country that have largely been under-developed. Proper frameworks for revenue sharing would ensure that the communities, counties and the country at large benefit from investment opportunities that come along with the resource find.
- **Leveraging Power Africa Initiative and the Electrify Africa Act of 2014(US)** with the development visions and plans of member states in the EAC-HoA region. This is bound to create synergy and mutual benefit in development projects for the energy sector.

In conclusion, there exist numerous possibilities for growth within the renewable energy sector. Extractive resource discoveries within the region clearly demonstrates the need for investments especially in the support infrastructure so as to realize gains.

## 9.7 Urban Development and Housing Sector

### The State of Urbanization and Housing in the Region

The urbanization rate in East Africa has been on a rising trend. For instance Kigali, Kampala, Dar salaam, Nairobi and Mombasa were among the 30 fastest growing cities in the world during the period 2005-2010. With the growth of these cities, population growth in urban areas has been observed to be on the rise. By the year 2010 the level of urbanization in the five east African countries was 22.2 percent for Kenya; 18.9 percent in Rwanda; 37.4 percent in Somalia 13.3 percent in Uganda; 11 percent in Burundi and 26.4 percent in Tanzania (UN Habitat, 2013). Along with the increased urban population density on finite land area, increasing housing problems have been witnessed across the region.

To begin with, Kigali Rwanda as at 2010 was one of the most urbanizing cities in the world ranking 13 out of the 31 most urbanizing cities in the world (state of world cities 2012/2013). At the same time it is observed that population increased by close to 670 percent from 1990 to 2010. As a result housing has been a challenge to the city and Rwanda as a whole which if not dealt with early enough the state is bound to worsen. The UN Habitat report indicated that out of a housing demand of 35000 housing units in Kigali, only 1000 houses targeting high income earners are supplied annually. The same scenario is replicated in the other towns in Rwanda where high construction cost has seen developers shy away from low cost housing.

Housing provided in an accessible, decent and sustainable environment is one of the goals in Kenya's development blue print the Vision 2030 (GoK, 2008). In its first phase, 2008-2012, the target was to increase production of housing units from 35,000 to over 200,000 annually. However, estimates show that only 50,000 units are produced annually (World Bank 2011). According to Homeless International<sup>34</sup>, close to 55 percent of urban dwellers live in informal settlements with a density of 250 shanties per hectare. Most of the housing units are single roomed and overcrowded with an average of 6 inhabitants per room. Furthermore, 94 percent of slum dwellers lack access to adequate sanitation.

In Tanzania 63.5<sup>35</sup> percent of urban dwellers live in informal settlements, 70percent are live in informal, unplanned and un-serviced settlements, close to 50 percent of the housing units in the nation are grass thatched and 50 percent have no sanitation facilities. Additionally the housing units delivered to the market favor high income group which has resulted to a housing deficit that currently stands at 3 million and the demand is growing at a rate of 200,000 housing units per annum (NHC Tanzania, 2011). The mortgage market is almost nonexistent with most households building on incremental basis. The most affected are urban areas which are observed to have population grow at a faster rate.

In Uganda, the national housing survey carried out in 2006 estimated that the country had a deficit of 550,000 housing units. This is with the exception of new household formation and the

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<sup>34</sup><http://www.homeless-international.org/our-work/where-we-work/kenya>

<sup>35</sup> World urban cities report 2012/2013 figure as at 2009

housing replacement occasioned by depreciation. Similarly the urban areas had the highest deficit as opposed to rural Uganda.

The 2008 Household Survey in Burundi indicate that 96.2 percent of the population live in their own homes especially in rural areas while 3.8 percent rented homes. However, the quality of the housing is poor. The end of the civil war saw an increase in demand of decent housing. It is estimated that the demand currently stands at 20000 units per annum with no matching supply.

## **9.8 Challenges in Housing and Urbanization**

As earlier indicated, urbanization is not expected to come to a halt any time soon in region, but it is expected that the population growth will take place in urban areas. In order to accommodate the growing population, there is need for proper, affordable and adequate housing accompanied by urban planning. Today, a lot of challenges prohibit the delivery of this basic commodity to majority of urban residents. Some of these challenges include:

- ✓ Lack of up-to-date and credible databank for planning purpose
- ✓ High urbanization without urban planning to accommodate it
- ✓ Increase in population due to natural population growth and rural urban migration
- ✓ High incidence of poverty occasioned by high unemployment levels and mismatch between labour market needs and existing human capital
- ✓ Underdeveloped infrastructure
- ✓ Inadequate sources of financing for housing
- ✓ Low prioritisation of housing issues
- ✓ Lack of security of tenure to majority of land owners

## **Opportunities**

- ✓ The deficit in housing demand and supply already presents an opportunity for investment to investors who could leverage the volumes in the low income group by supplying low cost housing.
- ✓ Public private, private public and public- public partnerships is the sure way to meet the housing demand particularly on provision of affordable land which is the main input in housing.
- ✓ Both direct and indirect employment creation
- ✓ Economic growth arising from increased contribution to GDP from the sector

## **Potential areas of U.S –Africa Partnerships**

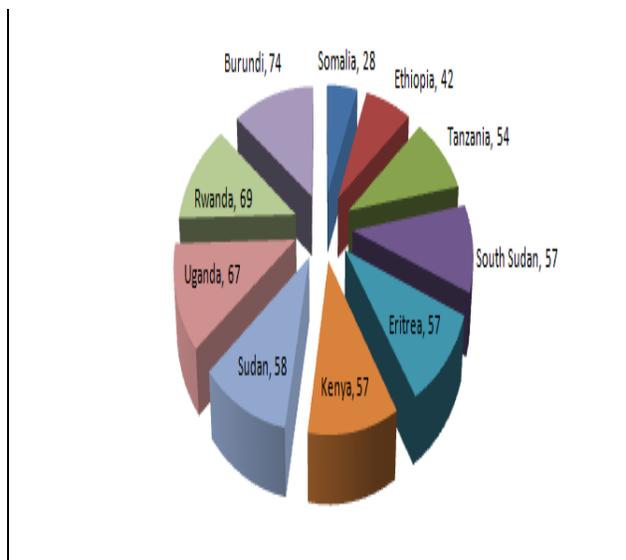
- ✓ Innovative building technologies that are less capital intensive
- ✓ Capacity building to the stakeholders; financiers', developers, homeowners and builders
- ✓ Collaboration and partnership in funding and continuous data collection that will aid in policy targeting and planning

## 9.9 Water and Sanitation

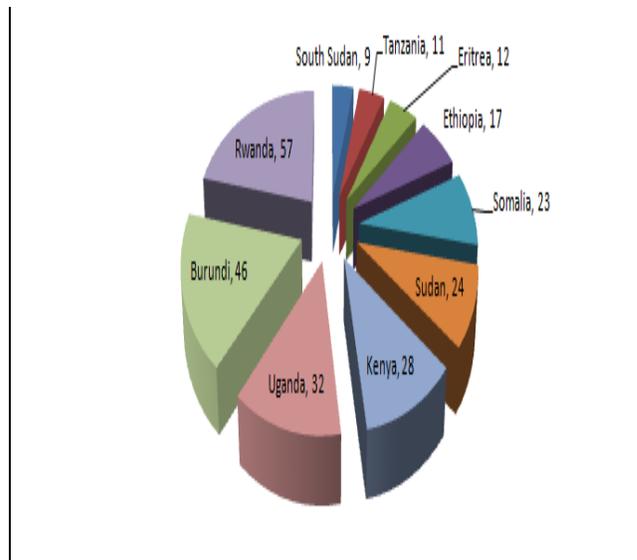
### State of water and sanitation in the region

The state of water and sanitation services within the region continues to record under performance. On average, regional water coverage is 62 percent while the sanitation coverage is

**Figure 17: Average water coverage (%) 2000-2012**



**Figure 16: Average sanitation coverage 2000-2012**



Source: World Bank

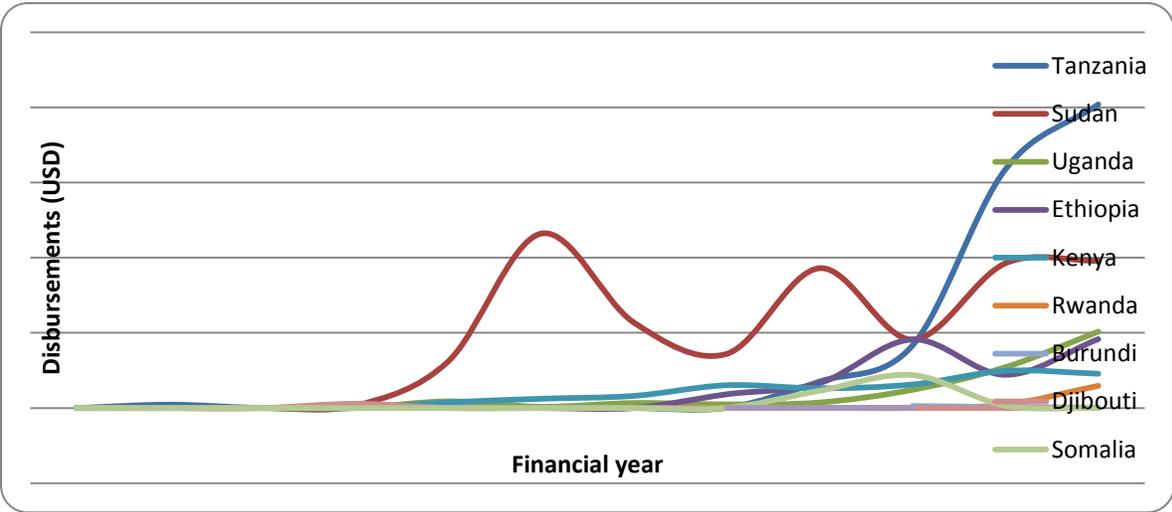
30 percent. In 2012 Uganda, Burundi and Rwanda reported the best performance with respect to water and sanitation coverage (figure 15 and 16).

### US engagement in the water and sanitation sector

The US, through both government and non-government channels, has continued to provide financial support to the sector. Between the years 2001-2012, approximately USD 140 million<sup>36</sup> was disbursed to water supply and sanitation projects within member countries. Figure 17 below shows the trend in disbursements to member countries; Tanzania and Sudan have received the highest funding over time with Eritrea receiving the least amount. The focus of activities in the sector has been on providing access to adequate clean water and sanitation in urban and rural communities.

<sup>36</sup> Data compiled from USAID online data base. Available from <http://gbk.eads.usaidallnet.gov/data/country.html>. Accessed on 28.05.14

**Figure 18: US Disbursements to the Water and Sanitation Sector**



**Challenges**

1. Low coverage of water and sanitation which has implications hinders health and food security
2. Low levels of investment and funding especially in infrastructure in informal settlement the rural areas

**Opportunities for Partnership**

1. Private sector participation in the water sector taking advantage of the PPP frameworks.
2. Capacity building to water service providers and deployment of appropriate technology for water and sanitation infrastructure.

It is recommended that there should be enhanced US investment in water and sanitation using innovative business models.

## 10 Education and Health

### 10.1 The state of Education

Countries across the horn of Africa region have designed and implemented a variety of policy, legal and regulatory reforms in the education sector aimed at aligning the sector to the international development goals such as the Education for All of the 1990s and international human rights instruments including the widely ratified Convention on the Rights of the Child (CRC) which uphold free and compulsory primary education as a fundamental right for all children (Convention on the Rights of the Child, 1990). In addition to these developments, the United Nations (UN) declared Universal Primary Education (UPE) as the second of its eight Millennium Development Goals (MDGs) in the year 2000.<sup>37</sup>A common noticeable trend has been the elimination of user fees for primary education (UNESCO, 2005). Broadly, the interventions resulted in gradual improvements in access and equity in education.

### 10.2 Challenges facing Education

Broad challenges range from access, retention and quality of education. Related challenges include gender disparities, inadequate infrastructure and financing. Although there has been a substantial increase in participation rates at all a level of education, (as inferred by the average years of schooling, there are disparities within and across countries (Table 1). Access and participation rates are particularly low among communities in arid and semi-arid lands and those with high poverty levels. Gender disparity in access and participation is still a lingering problem. There are also large disparities in outcomes such as literacy rates. Given the relatively low adult literacy rates, increasing enrolments in the formal institutions (especially at the ECD level) may not be enough as there are many individual who are beyond the school going age bracket that need to be targeted.

**Table 17: Average years of schooling in selected countries, 1995-2010**

	<b>1995</b>	<b>2005</b>	<b>2010</b>
Burundi	2.2	2.9	3.3
Ethiopia	-	-	-
Kenya	6.2	7.1	7.3
Rwanda	2.6	3.6	3.9
Somalia	-	-	-
Tanzania	4.4	5.0	5.5
Uganda	4.0	4.9	5.4

Source: World Bank (2013)

Note: “-“ means no data available in the cited source

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<sup>37</sup> Another declaration is the Dakar Framework for Action in 2000 which reaffirmed commitment to achieve universal provision and access to primary schooling by 2015.

Quality of education presents a challenge as suggested by performance in summative examinations and learning achievements and numeracy and reading competencies. In numeracy and reading competencies, the Southern and Eastern Africa Consortium for Monitoring Education Quality (SACMEQ) indicated that only 60.6% of the learners in Kenya attained level 5-8 reading competencies. The other East African countries within the consortium, Tanzania and Uganda performed worse. Additional cross cutting challenges facing education are: disparities in education spending at sub-national level; and weak planning, budgeting, monitoring and evaluation processes in the education sector.

### 10.3 The US Support in Education

US support in education in the region is mainly through programmes and projects implemented through its international aid agencies. Two prominent agencies with diverse presence in education are USAID and the US Fund for UNICEF. Both have numerous ongoing interventions across the region. In 2013, USAID spent a total of about USD 1.2 million in education and social service interventions across the developing world out of which about 11% were used in the horn of Africa.

USAID interventions cut across the various levels of education i.e. from early childhood development to tertiary levels. One of the goals is to Improve Early Grade Reading. The funding of program targets interventions that focus on achieving improvements in student reading skills. Through funding, this international initiative supports various programs in Ethiopia, Kenya, Rwanda and Uganda.

*Educating Children and Youth in Crisis and Conflict Situations* forms another broad intervention of USAID. Funding is availed to programmes that aim at increasing equitable access to education in environments afflicted by conflict. This programme has mainly benefitted South Sudan in improving access to education for the most vulnerable such as displaced populations and youths affected by war.

**Table 18: Expenditure in Education and Social Services by USAID 2013**

	<b>Basic education</b>	<b>Higher education</b>	<b>Social assistance</b>
Burundi	20,990	-	47,472
Ethiopia	23,403,031	431,426	25,909,063
Kenya	6,953,112	1,071,053	2,048,938
Rwanda	6,112,652	-	34,668
Somalia	4,685,228	943,262	-
South Sudan	12,037,002	-	5,287,116
Tanzania	20,360,922	294,939	5,332,982
Uganda	9,477,165	1,103,241	321,193

Source: <http://www.foreignassistance.gov/web/default.aspx>

Besides basic education, USAID has also supported higher education through the higher education for development (HED) partnerships. These benefits are usually in form of scholarships. The programs supported under this initiative are those that aim at increasing access to vocational, technical and higher education and training for the disadvantaged. This includes scholarships awards and exchange programs. The initiative also funds programs that improve quality and relevance of higher education.

Some of the East African and Horn of Africa countries that have benefitted from various initiatives include: Rwanda and South Sudan which have benefitted under the *effort known as the Women's Leadership Program*. In Rwanda, the partnership seeks to promote gender equity and female empowerment in education while in South Sudan, the partnership seeks to promote an ethnically diverse group of female scholars in a scholarship. Kenya and Rwanda also benefitted from the planning grants. *The partnerships seek to strengthen the capacity of African higher education institutions and increase the engagement of U.S. higher education institutions in Africa. Uganda and Ethiopia have also benefitted from diverse HED partnerships.*

There are other numerous scholarship opportunities open to African countries including the East and Horn of Africa countries. These include initiatives such as President Obama's Washington Fellowship for Young African leaders, The Fulbright Program, Hubert H. Humphrey Fellowship Program, and the African Leadership in Business (ALB) MBA Scholarship.

The United Nations Children's Fund (UNICEF) fund is a major initiator and sponsor of education initiatives across the globe. The UNICEF fund for USA in collaboration with other partners supports a number of programmes by UNICEF. Key interventions comprise the Schools for Africa Initiative which works within communities to build and furnish schools, train teachers, and supply students with school materials. Ethiopia and Rwanda are the countries that have benefitted in the EAC region in the second phase of the Schools for Africa which was rolled out in 2010. Through a related initiative, UNICEF also promotes child friendly schools. The child-friendly model advances inclusiveness, gender-sensitivity, and personal empowerment.

Another aspect of education that is useful to the countries in the region has been capacity building and training on human rights. The East and Horn of Africa Human Rights Defenders Project (EHAHRDP) seeks to strengthen the work of human rights defenders (HRDs) throughout the region by reducing their vulnerability to the risk of persecution and by enhancing their capacity to effectively defend human rights. EHAHRDP focuses its work on Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia (together with Somaliland), South Sudan, Sudan, Tanzania and Uganda.

Besides USAID and the US Fund for UNICEF, other notable agencies that provide support in the education include: The United States African Development Foundation; the Department of Treasury; the Inter American Foundation which funds development projects by grass root organizations; and the Peace Corps which provides direct volunteers in education and health. Currently (in 2014), Ethiopia, Kenya and Rwanda are hosts to 201, 100, and 123 volunteers

respectively while Tanzania and Uganda have 172 and 137 volunteers respectively. Somali and Sudan do not host volunteers currently owing to the security situation.

### **Opportunities for Partnership**

- The countries in this region will require provision of physical infrastructure at all levels of education. Support to ECDE will be particularly crucial. In a related vein, there are opportunities in developing innovative resource mobilization methods will be required to support expansion.
- Technical education is underfunded in most of the countries in the horn of Africa. The need to establish more and better equipped technical institutions offers an opportunity.
- As basic education graduates increase, and the local economies grow, there is an increasing need to enhance access to University education – without compromising quality. This can be partly achieved by more investments in private establishments. This should offer investment opportunities to private institutions in the USA as well as Africa. Examples of similar investments include Daystar University in Kenya which is owned and operated by Daystar Company in the USA and the United States International University (USIU) Kenya which is established as a company.
- Although there are ongoing collaborations with foreign universities, there is room to expand and enhance these relationships. New developments in ICT and discovery of new mineral resources such as oil could be exploited in possible exchange programmes.
- Given the challenge of poverty, there is scope for improving efficiency of education spending, teaching and learning processes and education outputs. Innovations in use of ICT have not been fully exploited.

### **10.4 The State of Health**

Health outcomes as measured by most health indicators are much worse in East Africa and the Horn relative to other countries and regions. Within countries in this region, there are also large disparities in outcomes such as child mortality rates. Table 18 summarizes some of the common health indicators among the east and horn of Africa countries and selected comparator countries. The indicators are inferior to those of the best performing countries in Africa and significantly lower than those of the developed world. The visibly inferior scores are observable for other key health indicators and outcomes such as coverage of immunization, per capita health expenditure and life expectancy. The disease burden is also much higher in this region and Malaria, respiratory diseases, diarrhea and accidents are among the leading causes of outpatient morbidity. A noticeable emerging trend is an increase in the incidence of non-communicable diseases such as Cancer and Diabetes.

**Table 19: under five, infant and neonatal mortality rates across countries in East and the Horn of Africa and Comparator Countries, 2012**

	<b>Under 5 mortality</b>	<b>Infant mortality</b>	<b>Neonatal mortality</b>
Burundi	104	67	36
Ethiopia	68	47	29
Kenya	73	49	27
Rwanda	55	39	21
Somalia	147	91	46
South Sudan	104	67	36
Tanzania	54	38	21
Uganda	69	45	23
South Africa	45	33	15
Botswana	53	41	29
South Korea	4	3	2
United Kingdom	5	4	3

Source: UNICEF, WHO, World Bank and UNFPA (2013)  
[http://www.childinfo.org/files/Child\\_Mortality\\_Report\\_2013.pdf](http://www.childinfo.org/files/Child_Mortality_Report_2013.pdf)

### **10.5 Challenges facing Health**

The challenges facing health in the horn of Africa region include:

- Low level of funding;
- Inadequate health infrastructure;
- Inadequate health personnel and mal-distribution of human resources for health;
- Inadequate promotion of preventive and promotive healthcare;
- High disease prevalence and in particular diseases with devastating effects such as AIDS/HIV; and
- Inefficiencies in the supply and use of health inputs.

### **10.6 The US Support in Health**

The global foreign assistance expenditure in the health sector by the USA was USD 7,168.2 million in 2013 which was nearly five times its foreign assistance in education in that year. Most of the resources (about 60%) were spent in *HIV/AIDS* programs followed by *maternal and child health* interventions which consumed about 9% of the health budget.

Foreign assistance spending within the great lakes and horn of Africa region was USD 54.3 million. Within this region, most foreign assistance support was taken up by “economic development” programs (USD 28.6M in 2013) followed by health programs (USD 7.7Million in 2013). HIV/AIDS programs took about one third of the funds and four countries within this region were among the top ten African country recipients of HIV/AIDS related support. These

were Kenya (ranked first with USD 293.7 Million), Ethiopia, Tanzania and Uganda ranked 4<sup>th</sup> 5<sup>th</sup> and 6<sup>th</sup> respectively with receipts of 136.2, 131.1 and 116.1 million respectively in 2013.

### **Opportunities for Partnership**

- Given the inadequate physical infrastructure, provision of physical infrastructure especially in informal settlements and rural areas is urgent.
- Most inputs are inadequate. These include human resources and drugs. Training of human resources for health
- Enhance the efficient use and supply of inputs such as drugs will be a key opportunity
- Innovative programs in promoting preventive and promotive healthcare

### **10.7 Crosscutting Challenges in the Socio-Cultural Sphere**

Bilateral support to the horn of Africa countries is not usually stable. The support can be affected by socio-cultural factors. An example is the recent relatively large cut in aid flows to Uganda by the USA following its enactment of a law in February that imposes penalties on homosexuality. Besides the aid cut, Uganda was also slapped with visa restrictions. Up to this time, at least USD 118 million was redirected following the event.<sup>38</sup>

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<sup>38</sup><http://www.reuters.com/article/2014/06/19/us-usa-uganda-gay-announcement-idUSKBN0EU26N20140619>

## 11 Summary and Conclusions

Africa has faced many economic, social and political challenges in the past including high poverty, unemployment, armed conflicts, civil strife, poor governance, endemic corruption and insecurity among others. In spite of these many challenges, the past decade has seen the continent rise from the state of hopelessness to one of hope and progress. Today, Africa is recognized as the fastest growing continent with some of the fastest growing economies in the world. The economic growth since 1990's averaged 5%. Between 2008 and 2012, the top 11 growth performers in Africa reached the 7 % threshold estimated as a prerequisite for achieving the Millennium Development Goals, with Ethiopia and Sierra Leone topping the list.

The increased economic growth has given rise to a rapidly increasing middle class in Africa, offering higher opportunities for investment, new technologies and wider market. Further, there has been new discovery of minerals in a number of African countries such as discovery of commercially viable oil in Kenya and Uganda and huge deposits of natural gas in Mozambique and Tanzania. In addition, Africa has become relatively more stable and has made great improvements in governance. Also of interest in Africa has been the growth of regional economic communities (RECs) where at the moment there are 14 active groupings

The increased economic fortune of the African continent, discovery of minerals and relative political stability has elicited interest of many countries in the world ranging from European Union (EU), China, Russia, India, Japan, and Brazil among others. The US however has been relatively slower to react to the recent potentialities and new development happenings in Africa.

It is however important to point out that the impressive economic growth story in Africa in the last decade has not translated into economic diversification, commensurate jobs or faster social development. In particular, the East Africa and Horn of African region continue to face some challenges which call for partnership with major economies of the world. These challenges include:

- Wide spread poverty-40% of the people still live below poverty line.
- Food security still remains a challenge due to droughts
- Poor infrastructure-lack of national and cross border infrastructure which impacts negatively on regional integration process
- Declining foreign direct investment and foreign aid owing to poor business environment and financial crisis in the US and Europe.
- Political instability-armed conflict in Somalia and South Sudan remain a challenge for regional peace and security.
- Governance and corruption-although a number of institutional reforms have taken place, challenge still remains on how to make these institutions work effectively.
- Terrorism and piracy-because of instability in Somali, most countries in the region are vulnerable to terrorist attacks which impacts negatively on tourism and investments.

In this regard, there is need for a strong partnership with US in solving some of these challenges which have not only national but also international implications. The US-Africa partnership

needs to be revamped. Genuine partnership and cooperation should refocus on uplifting the living standards of citizens and lifting them from poverty. Areas for cooperation include:

- The US should work closely with national governments and regional security institutions in AU, IGAD and EAC to address pressing peace and security issues such as terrorism, piracy and the refugee crisis in the region. Peace building and governance in the region are critical in the fight against global war on terrorism.
- Re-examine the trade agreements in the region with view of eliminating trade imbalance with US. The AGOA trade initiative alone will not help to increase and diversify regions exports. Most of the US financial support goes to trade facilitation to assure smooth flow of their exports. Though trade facilitation is important in terms of exports, the most limiting factors to exports are low productive capacity for exports due to supply-side constraints. In addition US should consider capacity building of the inspectorate staff and small scale farmers in these countries to enable them meet international standards for agricultural products.
- US should Increase FDI flow in the region to comparable levels with other competitor countries including France, U.K and recently China. The US need to extent primary legal tools for protecting investors, Bilateral Investment Treaties (BITs) and Double Tax Treaties (DTTs) to countries in the region. Currently only Rwanda has BIT with the US. Such investment should be directed to infrastructure and energy so as to foster economic growth and development.
- The Countries in the region can partner with US to leverage on innovation and ICT in development of financial vehicles aimed at encouraging migrant remittances including use of internet or mobile banking and the introduction of Diaspora bonds. In additions ways of reducing the cost of transmission or transfer of funds from US to regional countries will go a long way to increase remittances in these countries.
- On US aid to the region, the focus should be on where to channel the aid so as to have most impact on economic growth and development. Areas to consider for aid include capacity building to revamp manufacturing sector, infrastructural development, export diversification and sophistication and aid on extraction preservation and use of natural resources.

In conclusion therefore the US and EAC and Horn of African countries should develop a comprehensive policy that stipulates areas of cooperation. Such a policy framework will enhance multi-faceted approach in dealing with the issue linkages when addressing security, peace, trade, investment, agriculture, health, education, infrastructure, science and technology. The policies should be in such a way that both parties benefit from the partnership and that a strong monitoring and evaluation mechanism is in place.

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## ANNEXES

### Annex1: Water and Sanitation Indicators

Data on Improved sanitation facilities (% of population with access)				
Country Name	2000	2005	2010	2012
Ethiopia	8	15	21	24
Eritrea	11	13	..	..
Burundi	44	46	47	47
Kenya	27	28	29	30
Rwanda	47	55	61	64
South Sudan	..	..	..	9
Somalia	22	22	23	..
Tanzania	9	10	12	12
Uganda	30	32	33	34

*Source World Bank*

Data on Improved water source (% of population with access)				
Country Name	2000	2005	2010	2012
Ethiopia	29	38	48	52
Eritrea	54	60	..	..
Burundi	72	73	75	75
Kenya	52	56	60	62
Rwanda	66	68	70	71
South Sudan	..	..	..	57
Somalia	23	28	31	..
Tanzania	54	54	53	53
Uganda	56	64	72	75

*Source World Bank*

## Annex 2: EAC road corridors

EAC Road Corridor Name	EAC Road Corridor Description	EAC Road Corridor Length (rounded)
Northern Corridor	Mombasa-Voi-Eldoret-Bugiri-Kampala-Masaka-Kigali-Kibuye-Kayanza-Bujumbura	2 080km
Central Corridor	Dar es Salaam- Morogoro- Dodoma-Singida-Nzega-Tinde-Isaka-Lusahunga to (i) Gisenyi via Rusumo and Kigali (ii) Bujumbura via Nyakasanza, Kobero and Gitega (iii) Masaka via Bukoba and Mutukula	2 170km
Dar es Salaam (TAZARA) Corridor	Morogoro-Iringa-Mbeya-Tunduma	1 100km
Namanga Corridor	Iringa-Dodoma-Babati-Arusha-Nairobi-Thika-Murang'a-Embu-Nyeri-Nanyuki-Isiolo-Marsabit-Moyale	1 800km
Sumbawanga Corridor	Tunduma-Sumbawanga-Kasulu-Makamba-Nyanza Lac-Rumonge-Bujumbura	1 260km
Sirari Corridor	Lokichokio-Lodwar-Kitale-Bungoma-Kisumu-Kisii-Mwanza-Biharamulo	1 500km
Coastal Corridor	Mingoyo-Dar es Salaam; Bagamoyo-Vanga-Mombasa-Malindi-Lamu	1 500km
Mtwara Corridor	Mtwara-Mingoyo-Masasi-Tundurur-Songea-Mbamba Bay	800km
Tanga Corridor	Tanga-Arusha-Musoma-Kampala.	1 650km
Gulu Corridor	Nimule-Bibia-Gulu-Lira-Soroti-Mbale-Tororo	600km
<b>Total EAC Road Corridor Network Length</b>		<b>14 460km</b>

Source: East African Community Secretariat, 2011