European Centre for Development Policy Management
ecdpm

Discussion Paper

No. 186
May 2016

Tanzania and the East African Community: A comparative political economy

by Brian Cooksey

www.ecdpm.org/dp186

Tanzania and the East African Community

A comparative political economy

Brian Cooksey

May 2016

Key messages

Tanzania has improved port efficiency, reduced the cost of transit trade and increased the export of manufactured goods to its neighbours in the EAC.

But Tanzanian clearing and forwarding agents, travel and tourism companies and trades unions strongly resist deeper integration under the EAC Charter.

Multiple non-tariff barriers further undermine regional trade, investment and service integration with Tanzania and Kenya the main offenders.

To benefit from deeper regional integration, Tanzania needs to achieve greater international competitiveness, an improved business enabling environment and better logistics performance.

Table of Contents

List of Boxes

List of Figures

List of Tables

List of Charts

List of Maps

Acknowledgements

Although this report is published under ECDPM's Economic Transformation and Trade Programme, it was not commissioned as part of the programme. The original assignment was commissioned by the World Bank with financial support from the Umbrella Multi-Donor Trade Trust Fund (MDTF), which is greatly appreciated. My thanks are due to Josaphat Kweka, now Country Director of TradeMark East Africa Tanzania, for his comments and support.

I also contributed to the recently published PERIA report on the East African Community (EAC) (Mathieson 2016) which employed the political economy analytical framework developed by ECDPM (Byiers, Vanheukelom, and de Roquefeuil 2013). I am also grateful to Barak Hoffman for the opportunity to work on a parallel assignment with the World Bank on aspects of EAC transport integration, which provided an additional opportunity to get some first-hand experience of sectoral integration issues. I have updated the report where important developments need to be flagged, such as the deteriorating security situation in Burundi.

My thanks are also due to those who took time off to answer my questions in Dar es Salaam, Bujumbura, Kigali, Kampala and Nairobi, and to participants at a World Bank workshop held in Nairobi on 30 July 30 2013 on EAC trade and transport integration. I accept full responsibility for the content and conclusions of the report. All comments and correspondence should be addressed to the author: cooksey.brian@gmail.com.

Acronyms

ACP	African, Caribbean and Pacific
ADF	African Development Fund
AFTA	Asian Free Trade Area
AGOA	African Growth and Opportunity Act
ASEAN	Association of South East Asian Nations
CEN-SAD	Communauté des États Sahélo-sahariens/ Community of Sahel-Saharan States
CET	Common External Tariff
COMESA	Common Market for East and Central Africa
CoW	Coalition of the Willing
CU	Customs Union
DRC	Democratic Republic of Congo
EA	East Africa
EABS	East African Business Summit
EAC	East African Community
ECCAS	Economic Community of Central African States
EACSA	East African Common Services Authority
EACSO	East African Common Services Organisation
EAEA	East African Employers Association
EALA	East African Legislative Assembly
EATUF	East African Trade Union Federation
ECDPM	European Centre for Development Policy Management
EEC	European Economic Community

EPA	Economic Partnership Agreements
EU	European Union
FDI	Foreign Direct Investment
FDLR	Forces démocratiques pour la libération du Rwanda/Democratic Forces for the Liberation of Rwanda
HIPC	Heavily indebted poor countries
ICC	International Criminal Court
IFI	International Financial Institutions
IGAD	Inter-Governmental Authority on Development
IOM	International Office for Migration
KUR	Kenya, Uganda and Rwanda
MCC	Millennium Challenge Corporation
MDTF	Multi-Donor Trade Trust Fund
NAFTA	North American Free Trade Area
NRM	National Resistance Movement
NTB	non-trade barriers
OSBP	One-Stop Border Post
PEA	Political Economy Analysis
PERIA	Political Economy of Regional Integration Africa
PPP	Public-private partnerships
REC	Regional Economic Communities
SADC	Southern African Development Community
SAGCOT	Southern Agricultural Corridor of Tanzania
SAP	Structural Adjustment Programs
SCT	Single Customs Territory
SID	Society for International Development
TAFFA	Tanzania Freight Forwarders Association
TPA	Tanzania Ports Authority
TPS	Tanzania's political settlement
TRIMS	Trade-Related Investment Measures
TRIPS	Trade Related Aspects of Intellectual Property
UN	United Nations
WTO	World Trade Organization

PART 1

1. Introduction and overview

The standard narrative on the current state of East African integration reads something like this:

> 'Since its reestablishment at the turn of the 21st century, the East African Community (EAC) has made considerable progress in deepening intra-regional trade through its Customs Union (CU) and Common External Tariff (CET). Cross-border investment and labour movements have also increased significantly. Transit times and costs from Mombasa to Kampala and Kigali have fallen considerably. Monetary union is now being discussed, while political union is a longer-term objective.'

The narrative then goes on to warn that:

> 'Yet there are numerous problems. The agreed internal and external tariffs are frequently ignored by EAC member states. Multiple non-tariff barriers increase the cost and risk and reduce the volume of cross-border trade. The main ports are still inefficient, Dar es Salaam in particular.'

There follows a long list of constraints - including limited state capabilities, uncoordinated and unproductive regulation, extortion among tax authorities, and lack of sympathy and synergy between the state and the modern private sector over investment incentives, taxes and business regulation - that have to be addressed if integration is to be a success.

Tanzania's integration in the EAC project is often judged critically:

> 'On numerous issues - work permits for EAC citizens, a single tourist visa, using ID cards as passports, allowing non-citizens to acquire title deeds for land - Tanzania appears to be lagging behind the rest of the Community. Kenya, Uganda and Rwanda seem to be more committed to deeper infrastructural and logistic integration than Tanzania.'

Recommendations on how to address the issues constraining deeper and more rapid integration include appeals to EAC leaders to exercise 'leadership' and 'political will' in order to implement 'difficult' structural reforms.

This report interrogates the accuracy of this narrative through an historical and contemporary review. It is based on a reading of academic and policy-oriented research and interviews with key respondents in the five East African countries during early 2014, supplemented with extensive print media and internet trawls.

Part 1 of this report reviews the history of the EAC to date while **Part 2** is a contemporary political economy approach to current integration issues seen from a Tanzanian perspective. **Part 1** starts with a brief historical background of the region (**section 2**) and a potted history of the original EAC (**section 3**), while **section 4** revisits the reasons behind Tanzania's involvement in the creation of the second EAC. These three sections address the question: What political, economic and other factors explain Tanzania's commitment to the revival of the EAC project? The reader will note in passing the critical importance of historically derived structural inequalities and their evolution in framing current challenges facing the integration project. The history of the two EACs to date is followed by a symptomatic review of the literature on economic and poverty-reduction justifications for regional integration (**section 5**).

Part 2 begins with an overview of Tanzania's current political economy (**section 6**) as background for a rapid *tour d'horizon* of current political and strategic relations between Tanzania and its EAC neighbours (**section 7**), which also contains an overview of East Africans' perceptions of each other. **Section 8** examines various institutional constraints between Tanzania and its neighbours on trade in foodstuffs and manufactures, and other aspects of integration, including infrastructure development, tourism, and movements of capital and people across borders, plus a brief look at the institutions of the EAC to ask how they influence the integration agenda. In **section 9** we summarise our findings on Tanzanian institutional and governance constraints on more rapid integration and try to relate these to the emerging elite political bargain or 'settlement'. We conclude the report with observations on the roles of political will, 'mindsets' and leadership, and some reflections on the trajectory of Tanzania's future involvement in the EAC.

The **bibliography** includes publications reviewed below and other references of relevance to the overall topic, including political economy analysis (PEA) and country-specific studies. Some recent references are cited in footnotes rather than in the bibliography.

2. Some history: unequal East African development

Tanzania's current engagement with the EAC is best approached from the perspective of the contrasting colonial experiences of the three original EAC countries. Though Tanganyika was the first EAC country to achieve independence from British tutelage, by the early 1960s Kenya was far ahead of Tanganyika[1] in terms of physical infrastructure, economic development, and 'western' education, with Uganda somewhere in between. Over 50 years on, Tanzania is only now developing an indigenous capitalist class, and its private schools are forced to recruit Kenyan and Ugandan English teachers (Iliffe 1979; Coulson 2003; Aminzade 2013; Policy Forum 2013).[2]

After the First World War (1914-18), Tanganyika joined East African British colonies Uganda and Kenya as a Trust Territory under a League of Nations Mandate. **Figure 1** summarises the development of common East African institutions from the beginning of the 20th century. The list includes the coordination of customs and income tax, currency, postal services, ports and railways, civil aviation, higher education and agricultural and livestock research (Deya 2007). These joint institutions were designed to reduce the costs and increase the efficiency of colonial administration and to facilitate the exploitation of colonised peoples and resources (Brett 1973).[3]

As a mandated territory, Tanganyika played a secondary role in the British East African colonial project, which was driven largely by the interests of white settlers in the Kenyan highlands and British corporations more generally (Brett 1973; Coulson 2013). The resulting inequalities in levels of infrastructural, economic and social development between Tanganyika and the two other territories is the root cause of some of the

1 The United Republic of Tanzania after the merger with Zanzibar in 1964.

2 For a contemporary summary of developments in social service provision and in 'governance' more generally, the most comprehensive source is Policy Forum's annual *Tanzania Governance Reviews* (TGR) covering the years 2006 to 2014, available at www.policyforum.co.tz. The Society for International Development's *State of East Africa* Reports (see Bibliography) are a good source of comparative statistics on the region.

3 In the 1960s and 1970s, Latin American *dependency theory* was applied to East Africa, notably by Walter Rodney, whose *How Europe Underdeveloped Africa* (1972) was the key text of the Dar es Salaam school of political economy in the 1970s (Cardoso and Faletto 1979; Rweyemamu 1973 for Tanzania; Brett 1973 for East Africa and Leys 1975 for Kenya). Growing evidence that 'dependent' and formerly colonised economies could transform themselves from exporters of primary products to industrial status without de-linking from global capitalism undermined the theoretical base of dependency theory.

key problems encountered by post-colonial governments in their attempts to maintain and deepen regional unity. Colonial policies helped create local 'ethnic' identities, particularly in areas without pre-colonial hierarchical societies, and – crucially - introduced an economic division of labour with European settlers and international companies dominating trade, finance, manufacturing and commercial agriculture, 'Asians' playing the role of middlemen and junior officials, and the African majority subsisting as small-scale farmers and petty commodity producers. In addition to these racial inequalities, some areas became integrated into international markets for agricultural commodities while others did not (Brett 1973; Mamdani 1976).

Figure 1: EAC Timeline, 1902 to date

1902	**Mombasa-Kisumu** railway completed
1905	**East African Currency Board, East African Postal Union**
1914	**Central Line (*Zentralbahn*)** reaches **Kigoma**
1917	**Customs Union** between **Kenya** and **Uganda**
1922	**Tanganyika** becomes a **British Mandated Territory**
1927	**Tanganyika** joins the Customs Union
1928	**Tabora-Mwanza** railway completed
1931	**Kenya-Uganda railway** reaches **Kampala**
1940	**East African Income Tax Board**
1940	**Joint Economic Council**
1946	**Tanganyika** becomes a **United Nations Trust Territory**
1946	**East African Airways**
1946	**Directorate of Civil Aviation, EA Fisheries Research Organisation**
1947	**East African Literature Bureau**
1948	**East African Railways and Harbours Corporation**
1948	**East African High Commission** (ended 1961)
1961	**East African Common Services Organisation**
1961	**Tanganyika independence**
1962	**Ugandan independence**
1964	**Kenyan independence**
1964	**Tanganyika** and **Zanzibar** merge to form **Tanzania**
1966	**Tanzania withdraws from the East African Currency Board**
1967	**East African Community** established by **Kenya, Tanzania,** and **Uganda**
1969	**East African Railways Corporation**
1974	**TAZARA** railway completed
1977	**Tanzania Harbours Authority** established
1977-8	**EAC** dissolved, **Tanzania Railways Corporation** established
1978-9	**Tanzania-Uganda** war
1984	Agreement on division of EAC assets and liabilities
1993-94	**Permanent Tripartite Commission for Cooperation** and **Secretariat**
1999	**Tanzania withdraws from COMESA**
2000	**EAC Treaty** commits the participating states to establish **a customs union, a common market, & ultimately a monetary union; EAC Secretariat** formed
2004	**President Museveni** proposes to fast-track political union
2004	**Customs Union** protocol signed in Arusha (March); CU agreed for 2010
2005	National Chambers of Commerce form the **East African Chamber of Commerce, Industry and Agriculture**
2006	Tanzania's **Juma Mwapachu** appointed **EAC Secretary General**

2007	**Rwanda** and **Burundi** become full members of the EAC?
2008	EAC Secretariat calls for **EAC/SADC/COMESA** free trade area. Tripartite FTA
2009	Rwanda and Burundi join EAC?
2009	**Common Market** protocol signed in Arusha calling for the free movement of goods, labour, capital and services to be fully implemented by 2015
2011	Rwanda's **Richard Sezibera** appointed **EAC Secretary General**
2013	Emergence of the '**Coalition of the Willing'**(Kenya, Uganda, Rwanda)
2013	**East African Monetary Union** protocol signed in Kampala; 2014-24 implementation time-frame (November)
2014	Protocol signed for **East African Monetary Union** to take effect in 2017

A key issue, with repercussions for our story, is the uneven impact of western education in the region, with Kenya and Uganda benefiting much more than Tanganyika.[4]

A common thread of post-independence nation-building politics was the creation of a centralised, authoritarian state under single-party hegemony as a means of forging national unity in the face of potentially conflictual pre-colonial and colonial identities, interests and ideologies. Of the three countries, Tanzania was the most successful in creating and maintaining legitimate political order, while Kenya struggled to control ethnic/regional rivalries, and Uganda collapsed into failed state status (Iliffe 1979; Cliffe and Saul 1973; Barkan 1994; Coulson 2013). Rwanda and Burundi were also future failed states.[5]

Compared to all its neighbours, the remarkable success of the Tanzanian post-colonial state in assuring national harmony over more than half a century has been variously explained. Nationalisation of foreign and Asian-owned companies, farms and commercial real-estate amounted to Africanisation with a socialist rationale. The rapid replacement of expatriates in the civil service, the judiciary, state-run corporations, the security apparatus, police and armed forces created an enduring ruling politico-bureaucratic elite (Shivji 1975; Bourgouin and Therkildsen 2011; Aminzade 2013, Kelsall 2013). Finally, the post-independence state also incorporated pockets of potential opposition to *ujamaa* policies in the country's cooperatives, and among proto-capitalist African commercial farmers and traders (Coulson 2013). The absence of a significant African capitalist class made the 'move to the left' both popular and relatively unproblematic.

Political stability was achieved and maintained at the expense of economic performance and rural household incomes (Boesen et al. 1986; Coulson 2013). The liberation of Portugal's African colonies, the end of the Cold War, and the demise of *apartheid* in South Africa undermined external support for Tanzania's socialist 'experiment' (McHenry 1994). The following section charts the rise and fall of the first attempt at an EAC. The time-constrained reader who has reached this far could skip to **Part 2**, albeit at the risk of missing further essential background to the present state of the EAC.

4 See Brett (1973) and Barkan (1994). Uganda was the site of competition between different missionary societies to build schools and health facilities.

5 South Sudan - which is joining the EAC - and Democratic Republic of Congo are both sites of incredibly complex and sickeningly violent conflicts over territorial and political control, minerals and natural resources.

3. Rise and fall of the EAC, 1967-78

The complex co-incidence of race/ethnicity and economic status made nation building the key challenge facing post-independence political leaders, with regional integration a secondary priority. Ideologically, Nyerere was a staunch pan-Africanist: in 1960 he famously offered to postpone Tanganyikan independence until Uganda and Kenya became independent too (Aminzade 2013:78).[6] Uganda under Obote and Tanganyika under Nyerere turned to the left, leading to growing frictions with capitalist Kenya, and with emerging capitalists in their own countries, including Asian merchant capitalists (Mamdani 1976; Coulson 2013). After an initial flirtation with 'African socialism', Kenya adopted a capitalist development model that has struggled to create and maintain national unity during the first half century of independence in the face of major regional, ethnic and racial inequalities (Chege 1998).

The creation of the East African Common Services Organisation (EACSO) and East African Common Services Authority (EACSA) in 1961 was a step towards the post-independence consolidation of the joint institutions listed in **Figure 1**. EACSO replaced the East African High Commission established in 1948.[7] Problems developed as a result of the cumbersome structure of the organisation which led to delays and disagreements in decision making. More important, the junior partners Uganda and (especially) Tanzania began to challenge the perceived dominance of Kenya in the EACSO. Most of the common services headquarters were located in Nairobi. More serious, the common customs arrangements of the colonial period were seen to favour the Kenyans. Attempts in 1964 to bring aluminium, tyre and radio factories to Tanzania to supply the region were undermined by multinational companies setting up the same production lines in Kenya (Coulson 2013: 356).

In November 1965, a Special Commission was set up to review regional cooperation arrangements. The 1967 Treaty for East African Cooperation did not resolve the imbalances between the three states, and political differences and external alliances began to emerge between Kenya and Tanzania and Uganda. The 1971 military coup in Uganda brought about a definitive split between Uganda and Tanzania, and the East African Authority, the EAC's highest decision making body, did not meet thereafter.[8] Failure to agree on a budget to finance the General Fund Services precipitated the collapse of the EAC in mid-1977 (Deya 2007:116). Arguably, the main factor undermining the Community was the perception that:

> 'The common market ... favoured the Kenyan industrial base which was able to export considerably more to the neighbouring countries than vice versa; this led to marketing difficulties for Ugandan and Tanzanian products and to bitter complaints' (Deya 2007:123).

Below we review the factors leading Tanzania to commit to the revival of the EAC (**section 4**) while **section 5** sketches the various economic and poverty-reduction rationales for EAC integration.

---

6 Nyerere was sanctioned by his TANU colleagues for the initiative. Throughout his presidency, Nyerere's Pan-Africanism and non-racial views on citizenship were trumped by the more racially driven views of the majority of the political class, for example, regarding the speed of Africanisation of the civil service and army. See Aminzade (2013) for an extended treatment of the Africanisation debate.

7 It was financed through three percent of customs and excise revenues and 20 percent of profits taxes on regional manufacturing companies (Deya 2007).

8 Nyerere refused to sit at the same table with Amin. After Ugandan troops occupied the 'Kagera Salient' in October 1978, Tanzania declared war on Uganda, leading to Amin's rapid overthrow and replacement by Milton Obote. The war with Uganda is said to have contributed massively to Tanzania's near-bankrupt status in the early 1980s. See Tony Avigon and Martha Honey 1985. *War in Uganda*, Dar es Salaam: Tanzania Publishing House.

4. East African Community 2: 2000 to date

Figure 2 summarises the main events in the life of the new EAC, which reopened at the turn of the century.

Figure 2: Recent EAC timeline

Year	Event
2000	**EAC Treaty** commits the participating states to establish **a customs union, a common market, and ultimately a monetary union; EAC Secretariat** formed.
2000	**Burundi** peace and power-sharing accord signed in **Arusha.**
2004	**President Museveni** proposes to fast-track political union.
2004	**Customs Union** protocol signed in Arusha (March); CU agreed for 2010.
2005	National Chambers of Commerce form the **East African Chamber of Commerce, Industry and Agriculture.**
2006	Tanzania's **Juma Mwapachu** appointed **EAC Secretary General.**
2008	EAC Secretariat calls for **EAC/SADC/COMESA** free trade area. Tripartite FTA launched.
2009	**Rwanda** and **Burundi** join EAC.
2009	**Common Market** protocol signed calling for the free movement of goods, labour, capital and services to be fully implemented by 2015 (November).
2011	Rwanda's **Richard Sezibera** appointed **EAC Secretary General.**
2013	Emergence of the '**Coalition of the Willing'** (**Kenya, Uganda, Rwanda**).
2013	**Kenyan, Ugandan** and **Rwandan** officials meet to discuss creating a single tourist visa and use of ID cards as regional travel documents (September).
2013	**East African Monetary Union** protocol signed in Kampala; 2014-24 implementation time-frame (November).
2013	The 'KUR' countries meet to see how to fast track political federation.
2014	Rwanda commemorates 20 years since the genocide of 1994.

The establishment of the Permanent Tripartite Commission for Cooperation in 1993 marked the beginning of the re-launch of the EAC. What factors explain this re-launch and Tanzania's active participation in the process? The following sections deal with exogenous (external) and endogenous (internal) factors in turn.

4.1. Exogenous factors

In the two decades between the collapse of the first EAC and the establishment of EAC2, fundamental changes in the global economic architecture helped create a more promising environment for deeper regional economic cooperation. The 'Washington Consensus' that emerged in the 1980s signalled a major policy shift in the US/G8 and the International Financial Institutions (IFI) towards free trade, economic liberalisation and privatisation. Heavily indebted poor countries (HIPC), including Tanzania and its neighbours, were subjected to IFI Structural Adjustment Programs (SAPs) that provided short- and longer-term finance in exchange for a swathe of deep policy reforms, including reducing trade barriers (Noman et al. 2012, Chapter 1).

A parallel development in the era of WTO-led globalisation has been the proliferation and consolidation of regional free trade agreements in Europe, Latin America (MERCOSUR 1991), North America (NAFTA

1994), and Asia (AFTA 1992).[9] The original European Economic Community (EEC) was established in 1958 and consisted of six European countries. The current EU has 28 members (Wikipedia accessed 25/01/14). The reduction of tariff barriers between European countries has mostly benefited the larger European economies (Wikipedia accessed 25/01/14). EU-Tanzanian-EAC linkages are described below.

Critics argue that WTO-type global trade liberalisation, with the attendant TRIPS (Trade Related Aspects of Intellectual Property) and TRIMS (Trade-Related Investment Measures), risk condemning poor countries to a permanent pre-industrial condition, since state-led industrial policy is precluded in a free trade regime (Rodik 2007, 2008; Noman et al. 2012, numerous chapters). Those in favour of WTO-type liberalisation see regional trade agreements as a retrograde step. For example, Bhagwati (2013:10) argues that, following the failure of the Doha Round of trade talks in 2011, bilateral and regional trade negotiations emerged 'as the preferred option of … the United States and the European Union', casting a shadow 'over the future of the multilateral trading system.'

After the original EAC collapsed in 1977, a number of African Regional Economic Communities (RECs) were set up, starting in 1983 with the Economic Community of Central African States (ECCAS), of which Burundi is the only EAC member. The Southern African Development Community (SADC) was established in 1992 (Tanzania is a member), and COMESA (the Common Market for East and Central Africa) in 1994. All EAC members are members of COMESA, with the exception of Tanzania.[10]

The tendency for countries to join more than one customs union suggests that membership of one or other unions is tactical, rather than reflecting deeper regional economic opportunities or political imperatives for cooperation. According to Odhiambo (2011:30):

> 'Overlapping memberships … complicate coordination… Since preferential arrangements under each of these agreements differ, importers can choose to import under any regime. The differing rates prompt many importers to declare their imports under the lowest tariff regime, which has led to massive smuggling and customs fraud.'

Another critic (Thandrayan 2013:2) talks of a 'tangled network of integration arrangements with the EAC at the centre.' The region is at the centre of two broad, complex trade policy agendas with reciprocal impacts …: deeper African regional integration and African-European trade relations.'

In theory, World Trade Organization (WTO) rules prohibit multiple memberships of customs unions. Multiple CU memberships complicate Economic Partnership Agreements (EPA) negotiations with the EU. SADC, COMESA and the EAC are all negotiating individual trade agreements with the EU. Membership of SADC prevented Tanzania from participating in the EAC's EPA negotiations with the EU. Kenya's COMESA membership created a similar problem (Mwapachu 2012: 211). ECDPM (2011:1) argues that:

> '... multiple and overlapping memberships in regional economic communities (RECs) has created a complex web of competing commitments, which together with different rules and standards, result in high costs to intra-African trade and undermines trade facilitation efforts that should be at the core of the integration agenda. To move forward, Africa needs to solve the fragmentation arising from overlapping memberships in many regional integration bodies with similar plans.'

---

9 Wikipedia accessed 25/01/14. The Asian Free Trade Area (AFTA) grew out of the ASEAN (Association of South East Asian Nations (1967). EU is the European Union, NAFTA the North American Free Trade Area.

10 Tanzania is also a member of SADC, Kenya and Uganda are members of the Inter-Governmental Authority on Development (IGAD) and COMESA, while Kenya is also a member of CEN-SAD. Burundi is a member of COMESA and ECCAS, while Rwanda belongs to both COMESA and the ECCAS. See African Union, ADB Group and Economic Commission for Africa 2016. 'Africa Regional Integration Index Report 2016.

In sum, the intensification of IFI-led globalisation increased pressures to reduce trade barriers, and also prompted the parallel growth of regional trading blocs, including the EAC. But all members of the EAC are also members of other blocs, which has arguably served to slow down progress in East African trade integration. The following section examines endogenous factors influencing Tanzania's inclusion in the new EAC.

4.2. Endogenous factors

The end of Tanzanian state socialism saw a partial convergence of economic policy within the region. From 1980 to 1985, President Nyerere blocked structural reforms, including the symbolic devaluation of the overvalued Tanzanian currency, since they presaged the end of Tanzania's socialist experiment.[11] Although the Tanzanian government finally capitulated to external pressures to reform in the face of almost total economic collapse, it did so without conviction, and post-Nyerere regimes have been reluctant to embrace a consistent capitalist market rationale for economic policy (Cooksey and Kelsall 2011; Cooksey 2013; Hoffman 2013).

A 'nationalist' literature blamed the IFI-imposed SAP for the emasculation of the Tanzanian state, leading to declining social services, shortages of fertiliser and other farm inputs, and the virtual collapse of industries set up under the basic industry strategy (Coulson 2013, Chapter 24; Havnevik and Isinika 2010). Those favouring adjustment pointed to the return of fiscal orthodoxy, reduced inflation, improved external balance, lower state subsidies to parastatals, and so on. It would be more accurate to argue that adjustment exacerbated rather than caused the ills listed above, and that the record of SAP is more 'mixed' than the nationalists claim.

Still the debate continues as to whether adjustment was a 'success' or a 'failure', with polarised positions making it quite difficult to reach a balanced conclusion (Mkandawire 2012; Havnevik and Isinika 2010). Though it is now widely accepted that the choice between state-centred versus market-centred development strategies is obsolete, there is, not surprisingly, no consensus on the optimal type and degree of state intervention (Chang 2002).

From the 1985 agreement with the IMF to the early 21st century, donor influence on Tanzanian policy was considerable, with aid financing a swathe of major institutional reforms (Cooksey 2011a). During this period, 'governance' (including corruption control, transparency and accountability in the use of public funds) also became a major donor priority within the larger democratisation agenda (Policy Forum, various years). The European Union (EU) has been influential both as a donor and as a trading partner. Preferential trade agreements that the EU formerly negotiated with individual African, Caribbean and Pacific (ACP) states are now negotiated at the regional level, which has proven to be a laborious and drawn-out process. The EU and other donors have been influential in promoting regional economic communities (REC) across Africa and have become the main financial backers of the EAC and its various institutions, discussed in **section 9**.[12] Mwapachu (2012: 337) reports that in 2005/06, 55 percent of the EAC's budget of US$15 million was financed by community members, falling to only 39 percent in 2010/11, when the budget was US$79 million. Over a five-year period, donor support rose from 45 to 61 percent of the total EAC budget.[13] This is a worrying trend from the point of view of EAC 'policy ownership'. We do not

[11] Edwin Mtei 2009. 'From goatherd to governor: The Autobiography of Ewin Mtei', Mkuki na Nyota, October.

[12] Deya (2007: 129-30) lists the institutions ('seven key organs') of the current EAC.

[13] This is not just an EAC problem. According to ECDPM (2011: 2): '[the] majority of the RECs funding comes from external donors mainly the European Commission (EC) and other European country aid agencies. The dependency

have enough information to make an informed judgement of the impact of aid on the EAC policy agenda and the functions of the secretariat.

In short, the end of the cold war, the intensification of globalisation and structural adjustment, the formal abandonment of Tanzanian socialism, and the growing significance of foreign aid as a source of policies and development finance, brought the three East African neighbours closer together. Responding to similar donor pressures led to significant macro-economic convergence during the 1990s, at least according to JICA (2012: 29).[14] Thus 'the degree of confluence in macroeconomic variables, such as inflation, growth, and exchange rates, is high, although a clear trend ... was not observed.' Goto (2012) concludes optimistically (ibid.): 'that a strong case can be made for a common market and currency union in the East African Community.'

Structural factors help explain why an East African regional integration project was feasible, but who were the main local actors and what proximate factors drove their actions? Answers to these questions will help clarify who 'owns' the EAC and what chance it stands of delivering on its objectives of stimulating intra-regional trade and reducing poverty.

How committed are member countries to integration? Regional integration does not appear as a national priority in any of the members' vision statements (Mwapachu 2012: 211). More important, if regional private sector companies and their lobbies are not more actively involved in promoting the new EAC then it is difficult to see how economic integration can emerge.[15] Okola-Onyango (no date, page 6) argues that the process leading up to the creation of EAC2 was 'largely elite, top-down and driven by the political and bureaucratic leadership of the three countries.' In a similar vein, (Mwapachu 2012: 211) argues that '…we cannot seriously talk about the EAC being market-driven when the key institutions that drive the market are only peripherally engaged in EAC's mission and work.'

Regional and continental organisations set up by political and bureaucratic elites run the risk of becoming self-interested talk-shops. Dependence on donor finance reinforces this tendency. For the EAC to avoid this common fate, the pro-active involvement of regional business and other non-state actors would seem imperative.

The backdrop for the EAC project - which unfortunately we don't have time to explore in detail - is the region's multiple linkages to global financial, trade, geo-political, and development assistance relationships, networks and institutions. The complex process of regional integration should be viewed as part of these networks and institutions. Despite high levels of investment and rapid economic growth in recent years, Africa is still the least economically integrated continent. The Asian development model included rapid growth in intra-regional trade. This is not feasible in the EA region: all five (now six) countries are resource based and, with the exception of Kenyan horticulture and manufactured goods, there are few local tradables that any one country produces that the others do not. Despite this, intra-community trade is increasing quite rapidly, as shown in **section 5**.

Below we review the economics literature on income and poverty reduction rationales for regional integration, using EAC data where available.

---

on donors can have the effect of creating complacency amongst member states not to mention the risk of significant regional decisions being influenced by donors.'

[14] Goto, Junichi 2012.

[15] Mwapachu 2012: 211.

5. Economic and poverty reduction rationales for regional integration

Critics argue that the global free trade agenda pursued by the IFIs and the WTO favours already developed/rapidly developing economies, with poor countries, particularly in Sub-Saharan Africa, likely to benefit the least (Jomo and von Armin 2012). Does the EAC project of economic integration make sense, given the gross disparities in economic development between the region and its main trading partners? Will integration help member states reduce the yawning productivity and welfare gaps between them and the rest of the world? Are the region's poor going to benefit from deeper integration or be marginal to, or even further marginalised by, the whole process?

Developing economies enjoy various exemptions to WTO rules as well as with European and US trading partners.[16] But protectionist farm subsidies in the US, the EU, Japan and elsewhere discriminate against certain commodities from poor countries. Such asymmetries have made negotiating North-South free-trade agreements highly problematic. A WTO-driven global free-trade agenda has been replaced by a proliferation of bigger and smaller trading blocks.

In October 2014, the EAC and the EU finalised protracted negotiations over an EPA 'covering trade in goods and development cooperation', but left many issues to be resolved through further, often open-ended, negotiations. Full duty-free access to the EU would be met by a gradual reduction of tariffs on EU products in the EAC, 'taking full account of the differences in levels of development between the EAC and the EU.' This condition is meant to allay fears that the EAC will be flooded by subsidised EU agricultural products. The risk: 'is in fact very low, because most of the sensitive … products have been excluded from the liberalisation agreement.'[17] There are 'special safeguards to protect EAC infant industries' and agreements on investment and private sector development, sustainability, intellectual property rights and other trade dimensions. The EU encourages the EAC integration agenda as 'the right path towards an increase of Tanzania/EAC's global competitiveness.' The new EPA comes into operation in October 2016.[18] A significant issue is the end of sugar quota purchases from former ACP countries, which end in 2017.[19]

According to the Society for International Development (SID) (2013: 71), intra-regional trade increased from US$2.2 billion to US$4.1 billion between 2005 and 2010.[20] The EAC (2011: 9) reports that:

> 'Intra-EAC trade grew by 40% between 2005 and 2009. Uganda's exports to Kenya increased more than tenfold from USD15.5 Million in 2004 to USD172 Million in 2009, while Tanzania's exports to Kenya over the same period nearly tripled, from USD 95.5 Million to USD 300 Million.'[21]

16 France, Japan and Canada have developed their own arrangements (Gray 2013: 194).

17 Interviewee C2, May 2014.

18 Finnigan wa Simbeye 2016. 'Signing of EPA set to benefit EAC – EU boss', *Guardian*, 1 March. The agreement was fully 'common external tariff compliant'. The EU position was expressed by Roeland Van de Geer, the head of the EU Delegation to Tanzania, who argued that the new trade pact between the EU and the USA, the Transatlantic Trade and Investment Partnership (TTIP), would be highly beneficial to Tanzania and the EAC. NGOs, unions, charities and environmentalists see TTIP as enhancing the market power of multinational corporations. Finnigan wa Simbeye 2016. 'Envoy dispels EU-US trade deal fears, sees gains for Tanzania', *Guardian,* 1 March.

19 Brussels 2016. 'Africa sugar growers seen unprepared for European Union import-quota end', *Guardian*, 6 April.

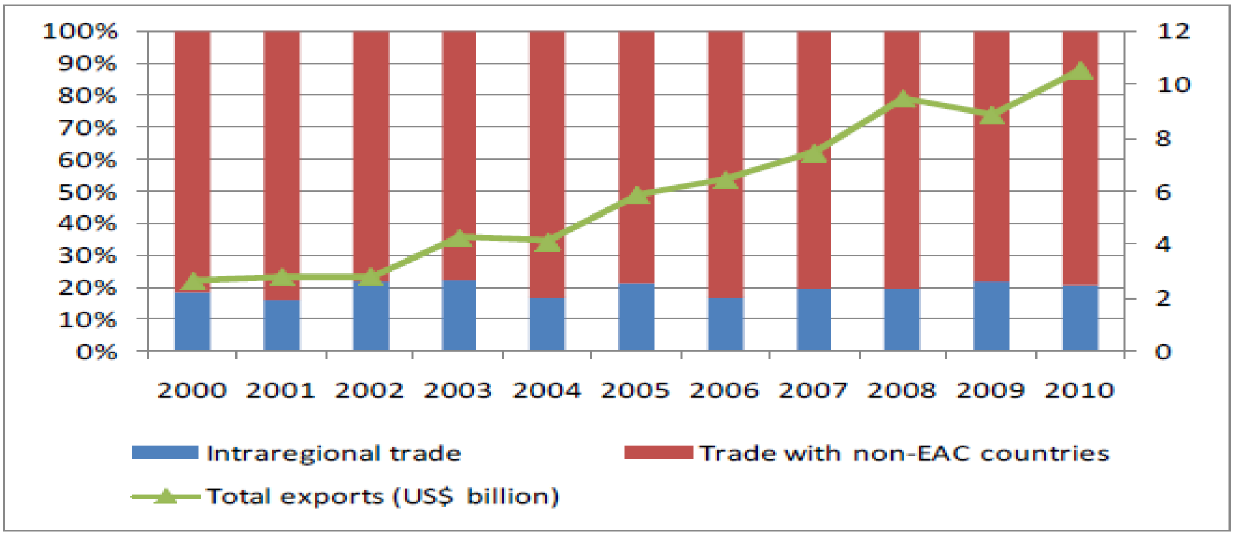
20 All numbers cited in this report are to be treated with caution. Cross border trade includes non-recorded and under-recorded transactions.

21 Juma Mwapachu 2016. 'EAC flip flops and search for leap of faith', Guardian, 15 March. This source claims that intra-EAC trade increased from US$2.14b to US$4.78n between January 2005 and December 2010.

The EAC explanation for these upward trends is that: 'The Customs Union in particular catalyzed remarkable trade expansion' (EAC 2011: 9). Managers of businesses active in the region agreed. In a survey undertaken by the East African Business Council, responses as to 'whether the EAC Customs Union had been successfully implemented' were 'overwhelmingly in the affirmative among 79%, 84% and 93% of respondent companies in Kenya, Tanzania and Uganda, respectively' (EABC 2008).

However, **Chart 1** shows a flat relative trend for intra-EAC exports compared to trade with non-EAC countries for 2000-10. Throughout the decade, intra-EAC trade accounted for only about a fifth of total trade by community members. Thus, absolute increases in intra-regional trade are part of a general increase, not a structural reorientation. In a report examining 'whether the region's economic interdependence has deepened since the reformation of the EAC', Goto (2012: 25) concluded that 'there has been no clear boost.' More recently, the chairman of the East African Business Council (EABC), Dennis Karera, noted that "Intra-EAC trade has increased but not to the anticipated level and still lags behind. …"

Chart 1: EAC exports 2000-2010 (US$bn)



Source: SID (2012) citing United Nations Comtrade

A critique from mainstream economics is that regional economic integration is very difficult to achieve. According to Radelet (1998:26): 'Neoclassical analysis suggests that the welfare gains from integration are limited, and result mostly from a reduced CET [Common External Tariff] rather than dynamic effects of more intraregional trade.' Successful integration requires: political and economic stability, strong infrastructural and communications linkages, reduced bureaucratic and administrative constrains on trade, and a 'fundamental shift to an outward-oriented trade policy.' Patronage and clientelism reduce the likelihood that integration will lead to more competition and an open economy (Radelet, ibid.). Below, we examine these fundamental challenges to EAC integration in more detail.

The importance of integrating regional infrastructural development is stressed by Kessides and Benjamin (2012: 26):

> '...reforms that reduce cross-border transaction costs and improve the performance of backbone infrastructure services are arguably more important for the creation of an open, unified regional economic space than trade policy reforms narrowly defined.' '... Deficient infrastructure [has]

> hampered regional connectivity, inhibited the cross-border flow of goods and services, and impeded the integration of the continent with the global economy.'[22]

A fundamental constraint on regional integration is the perceived asymmetry of benefits. While neo-classical economic theory sees the growth of trade as beneficial to all parties, in practice, deepening trade generates winners and losers among different groups of producers and consumers (Spooner and Ngunyi 2006). The literature identifying national and sectoral winners and losers from economic integration is based on econometric modelling techniques ('simulations') which are highly data sensitive. Since much cross-border trade is 'informal' (unrecorded, 'smuggling'), and data collection on formal trade prone to under-reporting, the conclusions from such modelling exercises are necessarily tentative. These plus other shortcomings of 'partial equilibrium models', mean that 'our estimates may not portray the actual situation on the ground.'[23]

The EAC lists '...some of the major constraints that slow the achievement of the full benefits of the Customs Union' (EAC 2011: 10):

> 'The prevalence of NTBs, inadequate infrastructure; institutional handicaps; inadequate national level capacities to domesticate regional policies; divergent socio-economic structures; ...; weak legal, regulatory and dispute settlement mechanisms and requisite powers for EAC to enforce Community obligations and decisions; delays in operationalization of EAC Competition Act; mismatch during the implementation of trade facilitation instruments and processes...'

Some of these constraints appear to be fixable (inadequate infrastructure, NTBs), some will take time ('strengthening' institutions) and some are givens (divergent socio-economic structures).

The IMF's list of obstacles to the implementation of the CU and increasing export growth is equally daunting, echoing a number of points made in previous sections (IMF 2012: 45):

> 'Although a common market is in place, nontariff barriers are still high in the region; and common standards and harmonized regulations are yet to be agreed upon... While EAC members have embraced market-supportive policies at the broader level and often put in place legal frameworks amicable (sic) to investors, business surveys show that enforcement is problematic. Investment incentives are uncoordinated and often enterprise specific. … Although most EAC country authorities have plans to improve the investment climate, progress to date has been uneven across the region, with only Rwanda implementing ambitious and comprehensive reforms. … Removing these remaining obstacles could facilitate faster export growth for the region.'

Trade Mark East Africa[24] (2013a:1) lists the 'critical barriers to full implementation of the Customs Union', based on a survey of stakeholders. Eliminating non-trade barriers (NTBs) is constrained by 'institutional and political economy difficulties'. Standardisation of required border documents, alignment of standards, and 'uniform border working hours' are a second set of constraints. The One-Stop Border Post (OSBP) concept has yet to be fully operationalised. Countries fail to recognise certificates of origin from other partner states. Tariffs on agricultural products have been applied to preferential partners, and there are

[22] Reducing transport costs will also make Chinese and other imports more competitive with local products in EAC markets - see below.

[23] With this major disclaimer, Odhiambo (2011: 43) concludes that: 'The literature generally shows aggregate welfare benefits in Kenya and Tanzania, but welfare losses in Uganda, where consumers and producers have had to face higher consumer and import prices as a result of the ... CU.'

[24] 'Trade Mark East Africa is a not for profit organization that supports the EAC integration process in areas such as trade policy reform, trade related infrastructure, regional investment climate harmonization, export development and trade facilitation.' http://www.trademarkea.com.

'discrepancies over excluded products from liberalisation in countries' sensitive products list. Finally, there have been cases of trade restrictions and bans imposed by partner states against each other', and 'a revenue sharing mechanism has not yet been agreed.' While some progress has been made since this was written, much still remains to be done. NTBs seem to be an intractable issue.

As with the first EAC, a key issue is the industrial, commercial and financial dominance of Kenya in the region, and the fear among other EAC member states that reduced tariffs will benefit Kenyan manufacturers and undermine national industries. Kenya 'accounts for well over 60 percent of the total exports in the region' (Odhiambo 2011: 42).

Finally, factors in the external environment have major implications for the outcome of EAC integration efforts. These include trends in FDI, especially in minerals, agricultural commodities, oil and gas; preferential trade agreements; support from international aid organisations for infrastructure development, improving the business environment, and governance; and deepening trade and investment relations with China. The latter are particularly important since many of the on-going and planned infrastructural developments in the region are to be financed with Chinese soft loans (Ihucha 2014; Oluka 2014). The rationale for these projects and their cost are being challenged, for example, Kenya's decision to build a standard gauge railway line from Mombasa to Nairobi and beyond costing US$5 billion (Akumu 2014a,b). In Tanzania, a new SG railway is planned to replace the present central line and a US$10 billion Bagamoyo port is also on the drawing board (Simbeye 2014).[25] These projects are discussed further in **Part 2** below.

Some economists question the payoffs of regional trade integration, particularly when the region's main trading partners are countries in the developed or developing world exchanging fuel, capital and consumer goods for East African minerals and agricultural products. Unlike regional trading blocks in Asia, Europe and the Americas, African RECs have little to trade with each other. The main interest in integration for the landlocked countries in the EAC is *to reduce the cost of doing business with the outside world*, with increased regional trade as a relatively minor residual benefit. The trade integration risks and benefits for the region and individual countries are discussed in more detail in **Part 2** below.

[25] Shermarx Ngahemera 2014. 'Bagamoyo economic Zone beckons investors', *African*, April 7-13. In January 2016, the project was said to be put on hold as the government focused on upgrading Dar and Mtwara ports. See: Rosemary Mirondo 2016. 'Govt halts building of Bagamoyo Port', *Citizen*, 8 January. The following day, the government retracted the statement, saying the Bagamoyo project would take off in July 'upon conclusion of financing negotiations…' Rosemary Mirondo 2016. 'Fate of Bagamoyo Port clarified', *Citizen*, 9 January. The new railway challenges a US$300m WB-financed upgrade of the present Central Line to Isaka.

PART 2

6. Towards a political economy of Tanzania in the EAC

The intra-regional inequalities inherited from the colonial period became more pronounced as a result of Tanzania's unsuccessful state-led agricultural and industrial development strategy, which led the country to reluctantly adopt more 'market-friendly' policies after 1985. In the absence of an African business class to spearhead a process of capitalist accumulation, 'structural adjustment' meant the re-empowerment of the formerly demonised Asian business community. Wangwe and Van Arkadie (2000, cited by Aminzade 2013: 325) note the re-emergence of Asian traders as well as the emergence of new Asian players in banking, finance and real estate development (see also Gray 2013).

The absence of perceived common interests of a non-personalised nature between politicians/officials and local business elites is a fundamental constraint on the implementation of a pro-capitalist development strategy (Kelsall 2013). Calls for economic empowerment have intensified as foreign investment has increased but not generated the expected taxes, employment, or linkages to local business (Aminzade 2013: 360; Hansen 2013).

Global comparisons of the investment and business environments show the EA region to be largely uncompetitive, while Tanzania's performance in recent years has been below the regional average. According to the World Bank (2014), performance in 'trading across borders' deteriorated significantly from 2010 to 2014, while performance in most other indicators is also getting worse **(Table 1,** the views are those of Tanzanian business respondents).

Table 1: Ease of doing business in Tanzania 2010-14

	2010 (/180)		2014 (178)	
Indicator	**Rank (/183)**	**Percentile**	**Rank (/189)**	**Percentile**
Enforcing contracts	31	17	42	22
Getting electricity	-	-	102	54
Protecting investors	93	51	98	52
Starting a business	120	66	119	63
Trading across borders	108	59	139	74
Getting credit	87	48	130	69
Resolving insolvency	113	62	134	69
Paying taxes	119	65	141	75
Registering property	145	79	146	77
Construction permits	178	97	177	94
All	**131**	**72**	**145**	**77**

Source: http://www.doingbusiness.org/. Note: low numbers are good.

From 2010 to 2014, Tanzania slipped 14 places in the global ease of doing business rankings.[26] This is worrying from an integration perspective. We return to EAC countries' global competitiveness below.

[26] See **Tables 10** and **11** below. Comparisons between Tanzania and other EAC members on a range of business and governance indicators can be found in Tanzania Governance Reviews, Policy Forum, various years (www.policyforum.or.tz).

Similar findings in other surveys suggest that the implementation of pro-market liberalisation policies is stalling badly.

In the last 20 years, Tanzania has liberalised its investment procedures, and has attracted unprecedented levels of foreign direct investment, mainly in minerals. Yet it is proving extremely difficult for the country's political elite to craft a development strategy that promotes longer-term economic development while at the same time meeting shorter-term political imperatives. Kelsall (2013:99) summarises key constraints on Tanzania's economic development and capacity to reduce rural and urban poverty as follows:

- 'The failure of policies intended to raise productivity in agriculture;
- The decentralised, opportunistic rent-seeking that infects areas of crucial strategic importance to the economy, including energy;
- The lack of direction in the country's industrial policy, meaning that investments in key sectors lack the support and coordination that would maximize their contribution to sustainable growth;
- Endemic and unproductive corruption in the country's ministries, departments and agencies that diverts resources from the production of public goods and social services essential to long-term investment; and
- Corruption in Tanzania's regulatory agencies, especially the Tanzania Revenue Authority, which increases the cost, nuisance and unpredictability of doing business.'

If near the mark, these constraints have profound implications for Tanzania's involvement in the EAC project. In particular, 'decentralised, opportunistic rent-seeking' threatens to undermine competitiveness in all nationally endorsed strategies and policies, including agriculture, industrial policy, and regional integration.

Sectoral analysis reinforces the conclusion that the constraints listed above have real consequences on production and livelihoods, making it extremely difficult to craft and implement the transformative agricultural and industrial policies which are essential for long-term development.[27] Agriculture and manufacturing are discussed at greater length below.

These and other factors threaten to undermine Tanzania's participation in deeper EAC integration, with Kenya, Uganda and Rwanda seemingly more committed to trade integration, as detailed below. A strong view expressed by the former Secretary General of the EAC is that:

> 'The EAC ... is under stress largely for unreasonable causes and Tanzania is mostly to blame. We all know and appreciate that regional integration is fundamentally politically driven. ... Tanzania should feel free to opt out openly from areas of cooperation and integration it finds unreasonable at this time. But it fails to do so and instead either blocks or delays decisions towards deepening and widening EAC integration. Kenya, Uganda and Rwanda, on the other hand, want to move with speed. ... Unfortunately Tanzania is now crying wolf and accusing others of isolating her. On the contrary, Tanzania is isolating itself.'[28]

We will return to the basic factors underlying Tanzania's relations with its neighbours after a *tour d'horizon* of the region.

[27] For agriculture, see Cooksey (2011a, 2012, 2013); for manufacturing see Hansen (2013) and Reporter 2016. 'CTI explains why local manufacturers are uncompetitive against imports', *Guardian*, 29 February.
[28] Email message to the author, 4 November 2013.

7. Structural linkages between Tanzania and its EAC neighbours

What are the key structural relationships between the peoples of the EAC? Above, we argued that imbalances in levels of economic development between member states explained in part the collapse of the first EAC: Kenyan capitalism threatened to dominate the regional economy.[29] We also argued that a *partial convergence* in economic models has taken place since the 1990s, facilitating current integration efforts, but the large gap between Kenyan finance, industry and commerce and the rest of the region remains a stumbling block for trade integration, as discussed further below.[30]

EAC1 was characterised as a ruling elite/government bureaucracy project, with insufficient popular and business buy-in to withstand contingent political shocks. Despite formal convergence around a capitalist model, the *'elite-led'* argument is still used by commentators on the current EAC.[31] However, there are signs that key players in the Kenyan business community are actively buying into the EAC project. What's more, an emerging political alliance between Kenya, Uganda and Rwanda (hereafter KUR) has freed up the movement of capital and labour and initiated ambitious cross-border infrastructure projects.

Below we examine how the Tanzanian ruling elite and business class are handling the challenges of regional and wider integration posed by these developments. The conundrum is: with multiple incentives to deepen regional integration, why is Tanzania perceived by its major partners to be dragging its feet? **Table 2** summarises size and population figures for the five EAC countries.

Table 2: EAC member states: size, population and GDP estimates, 2014

	Surface area ('000 sq kms)	Percent	Population (millions) 2014	Percent	Population density (per sq km)
Tanzania	947.3	52.0	47.2	32.4	50
Kenya	580.4	31.8	43.0	30.0	74
Uganda	241.6	13.2	34.7	23.8	144
Rwanda	26.3	1.5	10.9	7.5	414
Burundi	27.8	1.5	9.7	6.6	349
Total	**1,823.4**	**100.0**	**145.5**	**100.0**	**80**

Source: East African Community Facts and Figures, September 2015.

Tanzania boasts half the land area of the EAC and one third of its population. Rwanda and Burundi account for only 3 percent of the land area, though for nearly a fifth of the EAC population, reflecting their extremely high population densities. Uganda and Kenya account for 45 percent of the total area and 54 percent of total population. Gas, oil and minerals are found throughout the region, and their planned exploitation is an important part of the EAC story.

[29] The first EAC coincided with Tanzania's attempt to build a socialist economy, including a basic industries strategy requiring protection against imported, including Kenya, goods.

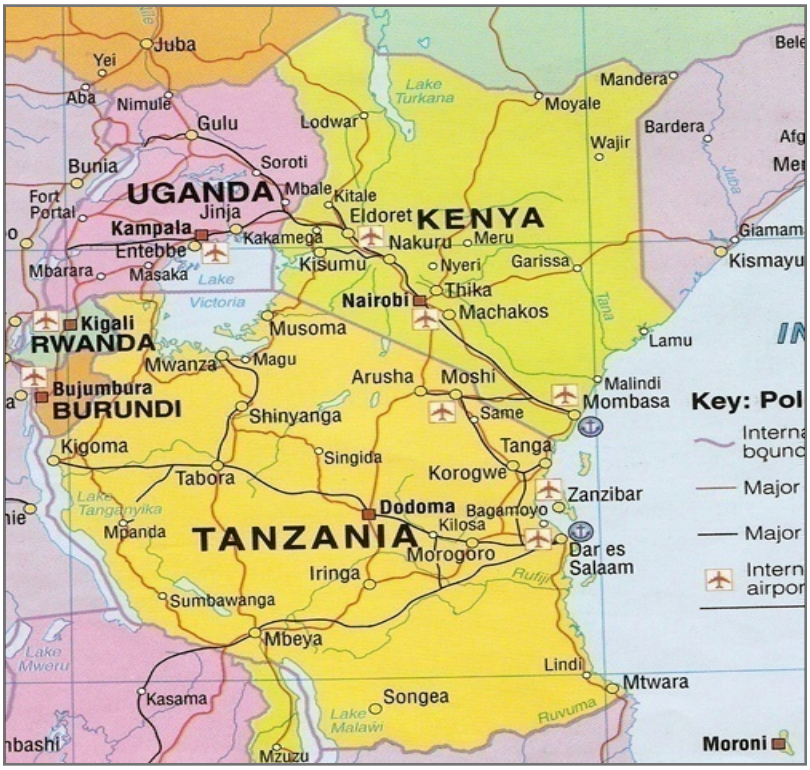
[30] The 'convergence' mentioned above is largely macro-economic: at the sectoral level, there are major variations between countries in terms of size, ownership and competitiveness. For an extensive comparative treatment see: Booth, Cooksey, Golooba-Mutebi and Kanyinga 2014.

[31] For example, Mwapachu (2011:211) '…we cannot seriously talk about the EAC being market-driven when the key institutions that drive the market are only peripherally engaged in EAC's mission and work.'

Map 1 shows the borders and trunk road and rail links of the EAC countries. Tanzania and its neighbours are constrained in what they can aspire to achieve collectively by their history and political geography, which were partly sketched in the literature review. **Map 1** shows the dependence of Uganda, Rwanda and Burundi on Kenya and Tanzania for access to the sea.

Mombasa and Dar es Salaam ports handle the lion's share of external trade. Eighty percent of Uganda's imports pass through Mombasa, while Rwanda and Burundi depend on both Dar and Mombasa for imports and exports. Conducting their terrestrial trade through Dar and Mombasa ports gives Uganda, Rwanda and Burundi compelling reasons to be concerned with the costs, predictability, and security of Kenya's and Tanzania's transport systems. It is also in the interest of these countries, particularly the smaller ones, to maintain good diplomatic and political relations with their coastal neighbours.

Map 1: East Africa



Code: roads, railways.

Other things being equal, it is likely that the land-locked countries would be particularly eager members of a regional economic community that promises to speed up and cheapen cross-border trade in capital and consumer goods.[32] Tanzania is not constrained by such considerations, as shown below. Of all cargo landed in Dar es Salaam port, roughly two-thirds is for Tanzania, 13 percent for the DRC, 12 percent for Zambia, and 4 percent each for Rwanda and Burundi.[33] Reliable income from entrepôt services to the region should be an incentive to efficient logistics. Below we present summaries of Tanzania's contemporary relations with its EAC neighbours with a view to assessing their impact on integration efforts.

32 Byiers et al. 2012. This source argues that Dar and Mombasa are implicitly in competition with each other.

33 Plus 2 percent for Malawi and 1 percent for Uganda (World Bank 2013:31).

In recent years, the Kikwete regime has taken an increasingly confrontational stance on regional issues.[34] In July 2013, the GoT started repatriating thousands of 'illegal immigrants', particularly in the north and west of the country. 'Social and political commentators in Kigali interpreted the directive as an expulsion of Rwandan refugees from Tanzania' (Kalinaki 2013). Many Ugandan and Kenyan private English-medium school teachers are said to have been sent home.[35]

These and other nationalistic actions are seen by some as part of Tanzania's growing alienation from the EAC. In 2013, journalists coined the phrase 'Coalition of the Willing' (CoW), to distinguish KUR from Tanzania, the latter accused of foot-dragging on issues of deeper regional integration, including the free movement of labour. The 'Coalition' held meetings to which Tanzania was not invited. Though some of these meetings discussed infrastructure projects that do not directly concern Tanzania ('variable geometry'), there was a feeling that the coalition was collectively frustrated with Tanzania's apparent go-slow on a number of integration issues (Akumu 2013c).

Some general governance indicators are relevant to our main question **(Table 3)**.

Table 3: Governance indicators for EAC countries, 2006 and 2014, scores/100

Indicator	Burundi		Kenya		Rwanda		Tanzania		Uganda	
	2006	2014	2006	2014	2006	2014	2006	2014	2006	2014
Voice and Accountability	25.5	21.2	**44.7**	**42.4**	**14.9**	**17.2**	41.8	41.9	33.2	30.0
Political Stability/ Peace	**9.1**	17.5	15.4	**8.7**	25.0	**42.7**	**33.7**	27.2	13.5	16.0
Government Effectiveness	**12.7**	**14.9**	33.2	43.3	**45.4**	**56.3**	43.4	26.9	39.0	38.5
Regulatory Quality	**9.8**	**24.5**	**49.0**	42.3	27.0	**58.7**	41.2	41.3	47.5	39.4
Rule of Law	**17.7**	**16.8**	20.6	37.5	30.1	**61.1**	42.1	39.4	**44.5**	39.9
Corruption Control	**11.2**	**9.6**	19.5	16.3	**53.2**	**76.9**	51.2	22.6	23.9	12.0
Average	**14.3**	**17.4**	**30.4**	**31.8**	**32.6**	**52.2**	**42.2**	**33.2**	**33.6**	**29.3**

Source: http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators
Code: worst, best performance in the EAC 2006, 2014. High numbers are good!

With the exception of Zanzibar, political violence in Tanzania has been relatively limited, in part through the hegemony enjoyed by the ruling CCM party. Relative 'peace and tranquility' have been Tanzania's biggest comparative advantage in attracting FDI. Strong relative performance on indicators of voice and accountability, peace and stability show where Tanzania's comparative advantage lies in a generally violent and divided neighbourhood. On the other hand, government effectiveness in service and public goods and in corruption control deteriorated sharply during 2006-2014.

Rwanda outstripped its fellow-EAC members in all indictors except voice and accountability. Burundi was considerably behind its neighbours on four of the six indicators listed.[36] Kenya's main governance challenge is maintaining stability and peace in an ethnically divided society. Tanzania and Uganda regressed between 2006 and 2014, while the other three countries progressed. Tanzania performed especially poorly in corruption control (down 29 percentage points) and government effectiveness (down 16.5).

[34] In late 2012, a border dispute with Malawi led to a temporary stand-off between the two countries, with Tanzanian Foreign Minister Bernard Membe challenging Malawi's claim to all the waters of Lake Malawi.

[35] Tightening up on work permits was later endorsed by the East African Trade Union Federation (EATUF) and opposed by the East African Employers Association (EAEA) (Edward Qooro 2016).

[36] As well as on mortality, life expectancy, nutrition and other welfare indicators: www.eacint/statistics/index.

Political and economic relations between Tanzania and other EAC members are sketched in the following sections with the aim of highlighting some key structural interdependencies that might facilitate or constrain progress on trade, investment, labour and infrastructural integration. Interviews with EAC journalists, researchers and private businesspeople during March and April 2014 strongly confirmed the perception that Tanzania is lagging behind on certain aspects of the integration process.

7.1 Burundi

Burundi is by default implicitly lumped with Tanzania as the slowest integrator, which is slightly unfair, if international comparisons are valid. Though Burundi had reason to thank Tanzania for receiving large numbers of its refugees over many years, recently Tanzania has become a much less friendly neighbour. At the end of 2013, Tanzania tightened its immigration controls and repatriated significant numbers of refugees from neighbouring countries, Burundi in particular.[37] Since 2011, the GoT has been working with the UNHCR and the International Office for Migration (IOM) to close old refugee camps in the north-west of the country. The 34,000 Burundian refugees living at the Mtabila Camp are mostly the children of Hutus who fled ethnic violence in their own country in 1972-73. According to a Tanzanian official, 'They are "economic refugees," meaning they have been living in camps for so long, they have no means of supporting themselves or their families if they go back.' A 2011 survey found that the refugees were 'not in need of international protection.' [38]

One hundred and sixty thousand Burundian refugees from the 1973 influx are said to have benefited from naturalisation.[39] According to an interviewee (N, 15/04/14, via email), the repatriations had led to tensions and violence in the capital Bujumbura and Rumonge commune in Bururi province. The adult children of refugees returning to this area found their parents' land occupied, mostly by Tutsi who settled on it after the violence of the 1970s.

Though popular among Tanzanians in the border district of Ngara,[40] where the refugees were living, their return 'home' in large numbers adds to the ongoing political crisis in the country, where President Pierre Nkurunziza's CNDD-FDD party abandoned the power sharing agreement signed in Arusha in 2000.[41] After a failed coup attempt in 2015, a subsequent contested referendum to extend Nkurunziza's stay in power, and violent elections later in the year, the continued deterioration in the security situation is most disturbing, and the reasonable relations between Rwanda and Burundi subsequently deteriorated, both sides accusing the other of hosting their enemies.[42]

Burundi's longer-term infrastructural development plans are based largely on the prospect of exploiting the country's nickel deposits, said to be the third largest in the world.[43] The rehabilitation and extension of

---

37 Burundi was part of a mandated territory under Belgian administration from 1916-62. This section draws on Leonce Ndarubagiye 1996. *Burundi: The origins of the Hutu-Tutsi conflict*, (mimeo.).

38 Alex Pearlman 2012. 'GP Rights', 2 August; UNHCR 2014 'Country operations profile - United Republic of Tanzania'; UNHCR 2014 'Country operations profile – Burundi'.

39 Citizen Reporter 2014. '162,156 Burundians get TZ citizenship', *Citizen,* 31 May. The naturalised refugees are still at Katumba and Mishamo camps (Katavi) and Ulyankuku (Tabora).

40 Though the border separates ethnically related groups, the residents of Ngara accuse the refugees of criminality and environmental destruction.

41 Liesl Louw-Vaudran 2014. 'Burundi: Alarm bells growing louder over political tensions', *The African*, 5 May. Brokered by Tanzania and South Africa, the accord brought peace after years of guerrilla warfare and bloodshed, triggered by the assassination of Burundi's first Hutu president Melchior Ndadaye in a coup staged by the Tutsi-dominated army in 1993.

42 IBTIMES 2016. 'Burundi: 'A genocide is being prepared and UN will be too late', 31 March.

43 Interview R, Bujumbura, 24/04/14.

Tanzania's Central Railway Line from Dar es Salaam to Kigoma has been justified in terms of exploiting both Tanzanian and Burundian nickel deposits.[44] The proposed Burundian nickel mines require 150 MW of power, over three times the country's entire current power production capacity.[45] Given the deteriorating security situation in Burundi, this is unlikely to happen any time soon.

7.2 Rwanda

> 'We are responsible for ourselves. But we are also, to some extent, responsible for each other.'[46]

If Tanzania-Burundi relations have soured recently, Tanzania-Rwanda relations have fared even worse, leading to serious tensions between Kigali and Dar. Kigali uses both the Central and Northern corridors for its trade with the outside world. Though the Kigali-Mombasa route is 200 kms longer than Kigali-Dar and involves an additional border crossing, more efficient clearing at Mombasa and fewer weighbridges and checkpoints along the road could tilt the balance in favour of deeper KUR integration at the expense of Dar port and the central corridor truckers. [47]

By regional standards, Rwanda is an outlier.[48] Whereas its neighbours have stagnated or gone backwards on most governance indicators in recent years, Rwanda has forged ahead (**Table 3**). However, it has done so at the expense of pluralism and a free press, say external critics of the Kagame regime.[49]

The recent conflict between Tanzania and Rwanda is largely political. In 2013, Rwanda accused the Tanzanian leadership of holding meetings with 'rebel groups' associated with the 1994 genocide, a claim denied by the GoT. President Kikwete's suggestion that the Rwandan leadership should dialogue with such groups was vigorously rejected by President Paul Kagame, who accused President Kikwete of being "an apologist for genocidaires like FDLR".[50] External critics accused Rwanda and Uganda of arming the M23 rebels, reported to be ethnic Tutsis who were active in south-eastern DRC until early 2014.[51] UNIMOG, the African Union and UN peacekeepers sent to southern DRC, were from Tanzania, South Africa and Malawi. The force was mobilised to defeat the M28 rebels, which it appears to have done, albeit after a number of Tanzanian soldiers were killed. In January 2014, Kigali accused the GoT of sheltering Rwandan dissidents. In May 2014, Foreign Minister Bernard Membe offended Rwanda by reiterating in parliament his statement to the BBC Focus on Africa programme that the Rwandan government was backing the M23 Tutsi rebels in Eastern DRC, in their fight with the Hutu FDLR. President Kagame's government described President

---

44 World Bank 2010. An alternative is to extend the new standard gauge railway from Mombasa to Nairobi and Kampala onwards to Kigali and Bujumbura.

45 Interviews in Bujumbura, 24/03/14. The commissioning of the Tanzanian nickel mine at Kabanga (Ngara) is also unlikely to happen soon.

46 Paul Kagame 2014. 'Africa has always had the attributes to rise, so why has it fallen short?', *East African*, 31 May.

47 Ludger Kasumuni 2014. 'Fear of the unknown persists over single customs territory', *Citizen*, 26 June. These improvements are said to have brought a reduction in the cost of transporting a container from Mombasa to Kigali from US$3,375 to US$1,644 and a reduction in the time taken from 21 to 7 days. The Ugandan Revenue Authority (URA) reports a saving of US$1,000 per container shipped from Mombasa to Kampala.

48 See Booth et al., Chapter 4 for an update on Rwanda's political economy.

49 Human rights organisations accuse Kagame of limiting democracy internally, of involvement in the destabilisation of southern DRC, and of assassinating his exiled enemies. Booth and Golooba-Mutebi 2014 present a critique of the 'good governance' approach to the Rwandan experience.

50 David Kisanga 2014. 'Embassy: JK has never met with rebels', *Guardian*, 31 January; Kalinaki 2013. The FDLR is the Front Démocratique pour la Libération de Rwanda; Emmanuel Ntabaye 2013. 'Why Rwanda should talk to FDLR rebels', *Daily News*, 24 June. As Minister of Foreign Affairs from 1995 to 2005, Jakaya Kikwete was a key player in the process. Deaths were in the hundreds of thousands.

51 Emmanuel Ntabaye 2013. 'Why Rwanda should talk to FDLR rebels', *Daily News*, 24 June. Congolese ethnic Tutsis are referred to as 'Banyamulenge'.

Kikwete as a 'sympathiser' of the FDLR.[52] The gratuitous escalation of the Tanzanian-Rwandan confrontation tells a story about the perceived incentives facing the Tanzanian elite, for whom stoking anti-Kagame sentiments is a calculated political choice.[53]

The end of President Kikwete's ten years in power saw a rapid improvement in Dar-Kigali relations. President Magufuli's first trip abroad after coming to power in late 2015 was to Kigali in early April 2016, where he was guest of honour at the 22nd commemoration of the 1994 genocide.[54]

7.3 Uganda

Like its neighbours Rwanda and Burundi, Uganda has experienced extended periods of civil war and armed insurgency.[55] Though Uganda and Tanzania were briefly 'at war' in 1978-79, it was not through intractable ethnic rivalry, territorial issues or competition for natural resources. The GoT supported the Obote faction that failed to hold the country together after the fall of Amin. Peace was finally restored when Yoweri Museveni's National Resistance Movement (NRM) took power in 1989. After a decade of pursuing largely statist economic development policies on a Tanzanian model,[56] Museveni implemented more liberal reforms, with a dramatic effect on agricultural exports, coffee in particular, and rural poverty. Museveni's pro-business policies, including welcoming Asian businesses back into the country, have resulted in significant FDI for over a decade. Large multinationals in Uganda include East African and South African Breweries (SAB-Miller), MTN, Airtel, Eskom, Unilever, Total, Barclays and Standard Chartered Banks. Kenyan firms include Nakumatt, Game, Orange, and the Nation Media and Serena hotel groups.[57]

Ugandan presidential commitment to the EA project is personal, strategic and economic. Yuweri Museveni sees himself as East Africa's elder statesman, which he certainly is in terms of his political longevity. Uganda needs an outlet to the sea. For the moment, most Ugandan imports and exports are via Mombasa. Uganda is proactively involved in developing an ambitious joint infrastructure strategy with Kenya and Rwanda.

Frustration with Tanzania's go-slow strategy sometimes leads to criticism from KUR leaders. For example, at an EALA meeting in Kampala in January 2014, 'The EAC … asked President Kikwete to spearhead infrastructure development along the central corridor.' President Yoweri Museveni said: that 'the regional economic bloc felt that the central corridor needed the same "medicine" as the northern corridor … to reduce the cost of doing business between Dar es Salaam and Lake Victoria.'[58] In other words: if we can do it, why can't you?

---

52 Citizen Reporters 2014. 'Membe: I will step down if...', Citizen, 28 May; Joint Report 2014. 'Kigali, Dar face off again over DRC conflict', East African, 31 May. The history of the Banyamulenge is, of course, much more complex than Mr Membe suggests (Richard Mgamba 2014. 'The Banyamulenge of Congo: Stateless rebels or victims of historical injustice?' *East African*, 14 June).

53 One Rwandan informant described how unfriendly Tanzanians were when they noticed his car's Rwandan number-plates. Interview S, 29/03/13, Kigali.

54 Reporter 2016. 'Magufuli visit helps Tanzania and Rwanda mend diplomatic relations', *Guardian*, 8 April

55 Booth et al. 2014, Chapter 4 gives a contemporary PEA.

56 Museveni studied at the University of Dar es Salaam in the 1970s where he was influenced by the Dar es Salaam school of political economy, which stressed breaking ties with global capitalism as a precondition for national development. His first years in power saw a vain attempt to implement this model, after which he turned to a more liberal model, with far better results (see Booth et al. 2014 for a summary).

57 Booth et al., op. cit., p. 74. Kenya's Nakumatt recently took over the troubled South African Shoprite franchise in Arusha and Dar es Salaam. At the time of writing the GoT was still deliberating on whether the take-over breaches anti-monopoly legislation.

58 Reporter 2014. 'EAC tasks Kikwete on central corridor', *Citizen*, 1 February.

7.4 Kenya

Kenya has the largest economy in the region, representing 37 percent of EAC GDP and the highest GDP per capita at US$1,517 in 2012, while its population of 43 million was just behind Tanzania's 48 million. Tanzania and Kenya compete for their neighbours' imports and exports, and for the East African safari and beach holiday markets, discussed below. If ideological and economic differences contributed to the demise of the first EAC, Tanzanian fears of Kenyan economic dominance are a prime cause of the slow pace of economic integration in EAC2. The Kenyan government and business communities pursue an aggressive investment and trade strategy in the EAC and more generally. Kenyan companies are among the largest investor in Tanzania and Uganda.[59] According to Booth et al. (2014:22):'…by 2009, there were [nearly 50] Kenyan companies in Tanzania doing business in the manufacturing, financial, tourism and natural resource sectors. Kenya also became the second largest investor in Tanzania after the UK.' [60]

President Kenyatta has committed Kenya to a swathe of infrastructural projects that have been criticised *inter alia* for their cost, non-transparent and non-competitive nature, and overoptimistic financial projections.[61] Some maintain that a 'snub' by US President Obama when he visited Tanzania rather than his father's homeland Kenya on his 2012 Africa trip, as well as a feeling that the West has been hostile towards Kenya over the human rights violations cases brought by the International Criminal Court in the Hague against Kenyan President Kenyatta and Vice President William Ruto, have contributed to Kenya's recent 'turn to the East', in terms of negotiating long-term infrastructure loans with China.[62]

Reforms and investment have increased the efficiency and reduced the cost of transport from Mombasa upcountry by both road and rail. One possible unintended consequence of reducing transit costs between Mombasa and neighbouring countries is to make Chinese and other Asian consumer goods more competitive with similar Kenyan products. According to a recent World Bank report, Kenyan manufactured exports to Tanzania fell by 36 percent between 2008 and 2014, and growth in exports to Uganda slowed. Reviewing the trade data, Kenya's 2015 Economic Survey concludes that "The greater overlap (sic) in East Africa suggests that Chinese goods will likely displace Kenyan exports."[63]

KUR are more committed than Tanzania to fast-tracking political integration. In November 2011, Tanzania refused to sign an EAC Council of Ministers' report on political integration until the issue of land ownership was removed and clauses on military cooperation revised. The GoT is wary of its perceived land-hungry neighbours' designs on the country's land mass (Naluyaga 2013). The right to own land across the region and a defence pact are basic components of the proposed political federation (Policy Forum 2012: 71-2). More recently, the GoT refused to participate in the single tourist visa scheme with Kenya, Uganda and Rwanda (Ubwani 2014), citing security concerns. Last, Tanzania also rejected the use of EA members' national identity cards for immigration purposes.[64]

All this threatens to undermine Tanzania's participation in deeper EAC integration. According to the former Secretary General of the EAC:

---

[59] Pearl Thandrayan 2013. 'The EAC: Regional engine, African model', World Politics Review, 20 February.

[60] http://www.timespublications.com/publications/corporate_africa/articles/kenya.html. Already in 1996-8 Companies with Kenyan shareholdings had 26 projects in Tanzania (Tanzania Investment Centre figures).

[61] Citizen Correspondents 2014. 'Uhuru team reeling under wide corruption allegations', *Citizen*, 28 January; Isaac Mwangi 2014. 'warlords, graft inhibit regional projects roll out', Citizen, 5 February.

[62] Jeff Otieno 2014. 'Is the West sabotaging Kenyatta presidency?' *East African*, May 24.

[63] Agencies 2016. 'Why Kenya is losing Ugandan and Tanzanian export markets to China', *Guardian,* 31 March.

[64] Mwapachu 2013.

> 'EAC ... is under stress largely for unreasonable causes and Tanzania is mostly to blame. We all know and appreciate that regional integration is fundamentally politically driven. ... Tanzania should feel free to opt out openly from areas of cooperation and integration it finds unreasonable at this time. But it fails to do so and instead either blocks or delays decisions towards deepening and widening EAC integration. Kenya, Uganda and Rwanda, on the other hand, want to move with speed. ... Unfortunately Tanzania is now crying wolf and accusing others of isolating her. On the contrary, Tanzania is isolating itself.' [65]

Finally, a number of serious conflicts plague the region and involve all EAC members in one way or another, with serious implications for regional stability and integration.[66] Kenya has serious cross-border security issues with Somalia - over 3,000 Kenyan army personnel were keeping the peace in the south of the country in June 2014;[67] Uganda with South Sudan and the DRC; Rwanda with DRC, South Sudan, and a number of other countries it considers threatens its national security; and Tanzania with Malawi, Burundi and Rwanda. Observers explain the growing frequency of deadly terrorist attacks on tourists, religious leaders and the general public as evidence of the growing penetration of Al-Shabaab, particularly in Kenya. The Westgate mall attack in Nairobi in September 2013 drew public attention to Kenya's frightening lack of effective state intelligence, security and counter-terrorist capabilities.[68]

Though Tanzania and Uganda did go to war briefly in 1978-79, most large-scale violence in the East African region have started within (not across) the national borders created by colonialism: genocide in Rwanda and Burundi; coups, terror, and guerrilla insurgency in Uganda; localised ethnic violence and internal population displacements in Kenya. But although most violence has started within national borders, there have generally been massive spillover effects in terms of refugee movements and destabilisation in neighbouring countries. In this respect, the intralacustrine region and south-eastern DRC, and the border regions between Ugandan and South Sudan and between Kenya and Somalia continue to be areas of chronic instability, violence and crimes against humanity. Pre-colonial population movements, conquests and settlement patterns, together with the erection of colonial territorial borders that served to separate populations with common identities and livelihoods, constitute extreme complexity and instability.[69]

The complexity, instability, and volatility of the region are fundamental constraints on all collective efforts at economic and political integration. At the same time, Rwanda's attempt to create a developmental state, and to integrate rapidly with its neighbours, originates in the same vortex of violence and state failure that has plagued the region since pre-colonial times, and that post-colonial nation-building has only served to exacerbate.[70] If deepening trade relations can reduce the likelihood of intra and inter-national violence in the region, then it will have proved its usefulness.

---

65 Email message to author, 4 November 2013.

66 Joint Report 2014. 'Regional projects at risk as Juba, CAR, DR Congo conflicts take toll on bloc', East African, 18 January.

67 The Kenyan army has been in southern Somalia since 2011. This intervention led Al-Shabbab to 'finally make good on its threats to attack Kenya' (Luckystar Miyandazi 2012. 'Kenya's military intervention in Somalia: An intricate process', ACCORD Policy and Practice Brief, Issue #019, November). An Al-Shabbab attack on a village near Lamu on 15th June 2014 left nearly 50 dead.

68 The GoK's subsequent heavy-handed treatment of Kenyan ethnic Somalis in Nairobi 'has … probably done more to radicalize Kenya's Muslim community … than al-Shabab ever achieved' (Michela Wrong 2014. 'How African military is terrible at dealing with new type of warfare', *Citizen*, 12 June).

69 Continued cross-border movements--from legitimate trade to smuggling, cattle grazing and rustling--between historically related peoples constitute an 'informal' EAC (see Byiers et al.).

70 Some of the violence in the region is related to companies and elites from other African countries, and globally, attempting to capture rents from the extractive industries, while in turn rebel militias seek to capture local resource rents by poaching, illegal logging, smuggling, and so on.

***

President Kikwete's (and Tanzania's) positive international image is not widely shared in the region. Views expressed on the Tanzanian president, government and people in interviews with senior professionals, journalists, businessmen and academics in the region were largely unflattering. Not surprisingly, the negative characterisations of President Kikwete were particularly marked in Rwanda. While the Tanzanian character is perceived as less acquisitive and aggressive than Kenyans' (the usual comparator), Tanzanians were variously described as lazy and laid-back, overly cautious, short-sighted, proud and patriotic, and increasingly nationalistic. "They want their cake and eat it!" observed one Kenyan interviewee in relation to economic integration. "They're *waswahili!"* said another, describing an observed tendency of not confronting issues directly, or of stating one position and not sticking to it.

East Africans also perceive Tanzanians as lacking work discipline and ethics. An East African company manager working in Tanzania described how one of his Tanzanian staff members had behaved in a way that would have earned instant dismissal in his home country. The rest of his Tanzanian staff were prepared to forgive the erring staff member. "Tanzanians would want you to tolerate incompetent behaviour to a high degree," he said. Conflicts are common in offices and on development projects employing managers and technicians from the region (and further afield). An extreme example is the withdrawal of work permits from all senior Kenyan staff of the Nation Media Group (*Citizen, Mwananchi*) in Dar es Salaam. On Labour Day (1st of May) 2014, President Kikwete is quoted as saying: "People have been complaining that foreigners are employed in positions that Tanzanians can serve in, which is true" and promised to centralise the issuing of work permits to foreigners.

Although Tanzanians also harbour negative perceptions of other Africans, they are mostly positive about the East African integration project, as detailed in the following section.

Before surveying institutional constraints on integration, we examine the ideological underpinnings of Tanzania nationalism. The time-challenged reader keen to know more about institutional issues, or sceptical as to whether ideological factors should play a significant role in PEA, may skip to **section 8.**

7.5 Tanzanian nationalism[71]

A partially defensive, partially aggressive Tanzanian nationalism has emerged in recent years in which the ruling elite and Tanzanians more generally are struggling with the existential choice between trying to compete in international markets or retreating behind a wall of TBs and NTBs that protect local professionals, companies and entire sectors against external competition.[72] We identify political, economic and socio-cultural strands of nationalism. The key message is that, taken together, all three strands undermine Tanzania's motivation to open up its borders to its neighbours in compliance with EAC trade protocols.

Political nationalism. One interpretation of contemporary Tanzanian nationalism is the ruling elite's attempt to assert, or reassert, Tanzania's claim to regional leadership. During the cold war Nyerere was a political colossus in Africa and Tanzania a centre of Pan-African politics. Tanzania's profile and status as a leader of the liberation struggle gradually waned after southern Africa's Portuguese colonies won their independence and Zimbabwe and finally South Africa dislodged white minority rule. The liberation of Southern Africa, the collapse of the Soviet Union and the rise of Chinese state-capitalism put an end to Tanzania's high-profile as a 'front-line' state, punching politically above its economic weight (Gordon 1994:

[71] Aminzade (2013) is the best recent source on Tanzanian nationalism.
[72] Kenyan companies are also protectionist, as explained below.

261). The years since these events and the death of Julius Nyerere in 1999, saw a decline in Tanzania's regional political standing, while opening up to the forces of global capitalism exposed some of the country's inherent structural and institutional weaknesses.[73]

At the same time, Tanzania is the biggest and most populated EAC member (**Table 2**). Since liberalisation, it has been the preferred destination for FDI in the region, and has continued to be lauded internationally as a reforming success story. Until recently, Tanzania enjoyed a high profile in G8 circles, where President Kikwete is praised for his pro-FDI economic policies. By contrast, President Kenyatta's long draw-out case at the International Criminal Court (ICC), President Museveni's move to outlaw homosexuality, and President Kagame's poor international image on democracy and human rights issues have strained relations between these leaders and the 'west', while serving to burnish Kikwete's image, albeit by default.[74]

The 2013-14 poaching crisis[75] and the 2014 Escrow scandal severely dented the Kikwete government's international reputation. The decision of aid donors to suspend budget support over the IPTL/Escrow affair in 2014, and of the US Millennium Challenge Corporation (MCC) in 2016 to cancel a US$400 million grant for infrastructural development inter alia over the disputed Zanzibar elections in 2015, sparked a hostile response by the GoT, who accused the donors of interfering in internal affairs. The GoT has declared its intention to reduce dependence on foreign aid through more commercial borrowing and issuing of sovereign bonds. In early 2016, the government instructed donors to request permission to travel up-country on official missions. New regulations would be issued to stop donors 'moving the goalposts' by suspending budget support and other grant aid over corruption concerns.[76] This new assertiveness on the part of the GoT reflects the declining role of aid in the national budget and the rise of China as a preferred 'development partner'.

Economic nationalism. Tanzania's mineral and gas wealth have driven foreign investment and resource nationalism in equal measure. Unprecedented levels of FDI and economic growth have triggered large investments in power and infrastructure designed to promote the country to middle-income status by 2025. But economic liberalisation has exposed the undeveloped nature of the Tanzanian capitalist class. A sense of exclusion from the main action has led business leaders to demand a greater share of oil and gas exploration and processing.[77] While Kenya's indigenous business elite's[78] self-projection is dynamic and outward-looking, Tanzania's is largely protectionist and defensive.[79] The largest local companies in most sectors not dominated by foreign corporations are a small number of 'Asian' and 'Arab' conglomerates, the

---

73 Cooksey (2011) reviews the PE of the post-liberalisation period while Aminzade (2013) considers the longer-term impact of economic change on nationalism, including racial attitudes towards citizenship.

74 In April 2014, President Kikwete received *Africa's Most Impactful Leader of the Year* Award from the London based *African Leadership* Magazine. In July, *Voice Magazine*, published in the Netherlands, awarded Kikwete the *Icon of Democracy Award* in recognition of his 'leadership track record.' Reporter 2014. 'JK wins another global award', *Citizen* 31 July; Reporter 2014. 'PRESIDENT KIKWETE ICON OF DEMOCRACY IN AFRICA', *Citizen*, 17 October.

75 In late 2013, officials in the ruling party, army and government were implicated in the apparently uncontrolled slaughter of Tanzania's elephant population, putting President Kikwete at the centre of an international outcry. See Policy Forum 2016. 'Tanzania Governance review 2014: The year of Escrow', May.

76 Christopher Kidanka 2016. 'Tanzania seeks to stop donors from freezing aid', *East African*, 2 April.

77 Ali Mfuruki 2014. 'African Leaders Who Believe Africans Are Incapable of Great Things Should Go!', Commentaries, *Guardian*, 30 May. Reginald Mengi, founder of the IPP group of companies and Chairman of the Tanzania Private Sector Foundation (TPSF), and Ali Mfuruki, founder of Infotec and Chairman of the CEO Round Table, lead the African 'empowerment' business lobby. In the past, Mr Mengi used IPP media to denounce alleged corruption among prominent Tanzanian Asian businessmen.

78 We refer to the newer elements of the Kenyan elite, not the Kikuyu 'old money' elite or the Moi-era cronies and Asian middlemen (Booth et al. 2014, Chapter 3).

79 But Kenyan companies at home can also be very protectionist, as discussed below.

origin of much cronyism and one of the key features of the PE of Tanzanian business-state relations. Much of the engagement of the Tanzanian private sector in the EAC project is anti-integration.[80]

Socio-cultural nationalism. While Tanzania has promoted Kiswahili as the national and regional language, Kenyans and Ugandans (and, increasingly, Rwandans) have focused on English.[81] Tanzania's poor public education system is identified as a source of an inferiority complex vis-à-vis regional neighbours, Kenyans in particular. Promoting Kiswahili as a nation-building tool was politically successful, but caused an enduring ambiguity over the status of the English language.[82]

Mistrust of EAC neighbours is widespread among the Tanzanian population, making anti-EAC pronouncements a useful political tool for the ruling elite to maintain its legitimacy while protecting its own perceived interests.[83] A 2012 national survey asked how much Tanzanians trusted various groups of people. While a third of Tanzanians trusted East Africans 'a lot or' 'quite a lot', two-thirds trusted them 'not much' or 'not at all.' This level of mistrust was significantly higher than that of the country's police and politicians. [84]

At the same time, Tanzanians appear to be ahead of their government in embracing some key components of EA integration. A Twaweza survey of 1,400 mainland Tanzanians in August 2014 found largely positive approval ratings (**Table 4**).

Table 4: Tanzanians' approval ratings of EAC integration (percent)

	Approval
Single tourist visa for the region	82
Ability to travel across the region with a national identity card	82
Joint infrastructure projects	78
Free movement of labour	69
Common passport	67
Tax free trade	58
Single currency	55
	Disapproval
Common army	64
Freedom of land ownership	70
Unitary government with a single EAC parliament	71

Source: http://www.twaweza.org/go/sauti-integration-en

While Tanzanians appear to support their government over land issues, they are considerably more integrationist on issues of the free movement of East Africans and tourists, and other issues.

80 Interviewee A, Arusha 03/06/14 believed that there is a lot more private sector engagement in EAC2 than EAC1, but that the TPSF does not represent all the key Tanzanian players.

81 An observation by the late Dr Flora Msondwa (2013: 24), former Director of Trade in the EAC Secretariat, makes the point well: 'In addition many Tanzanians are confronted by the fear of not commanding English language as other East Africans so this poses a challenge for them in accessing other markets. That is not as good as it means other people are benefiting on behalf of the Tanzanians.'

82 One respondent claimed that at least in earlier years, some Tanzanian members of the EALA would simply keep quiet, ashamed of their inferior English.

83 During past elections, CCM parliamentary candidates regularly evoked the Rwanda genocide of 1994 to warn voters of what might happen if they vote for opposition parties.

84 REPOA 2012. 'Views of the People' (draft).

In sum, there are overlapping and reinforcing political, economic and socio-cultural dimensions to Tanzanian nationalism. The impulse behind the elite's tendency to reassert nationalism in a more populist narrative contains elements of nostalgia for a mythical ujamaa past, supposed 'Tanzanian' values and culture, and ambiguity over the desirability of capitalism as a mode of production. Under Nyerere, the Tanzanian view of Kenyans as aggressive, competitive and materialistic helped Tanzanians define their own self-image--inclusive, egalitarian, poor but proud--in a world where competing ideologies of 'left' and 'right' were still predominant. The end of ujamaa and the death of Nyerere left Tanzania with neither a charismatic leader nor a convincing nationalist narrative, and for the first time Tanzania was obliged to confront global - including Kenyan - capital on its own terms. The realisation that Tanzanians were extremely poorly equipped to compete with their neighbours brought about a still unresolved existential crisis: it was no longer possible to talk in self-confident 'us and them' terms, since 'they' were clearly better than 'us' at the capitalist game. Tanzania's increasingly troubled relations with its EAC neighbours should be interpreted in light of this crisis of identity.

The upsurge of Tanzanian economic nationalism since liberalisation, and particularly since the Fourth Phase government came to power in 2005, makes it highly unlikely that the GoT will relinquish much economic sovereignty to the EAC in the short-term. Nevertheless, Kenyan investments in financial, retail, media and other sectors have increase steadily in recent years, suggesting that committed entrepreneurs can overcome obstacles, intentional or circumstantial, to economic integration. But the EAC is supposed to minimise such obstacles, a task that it is not being allowed to perform effectively, an issue discussed further in **section 8**.

This section has presented an overview of some of the salient structural relations between Tanzania and the other four EAC member states. We noted the rise of an increasingly aggressive Tanzanian nationalism, particularly in regard to Rwanda, even though there is no immediate threat to Tanzania's territorial integrity. We also argued that strategic, political and economic factors drive the KUR countries to cooperate actively, even including discussions of eventual political federation, leaving Tanzania ploughing a lone furrow of deepening nationalism, seemingly resisting the logic of integration. What drives Tanzania's apparent recalcitrance on these issues?

8 Institutional constraints on EAC integration

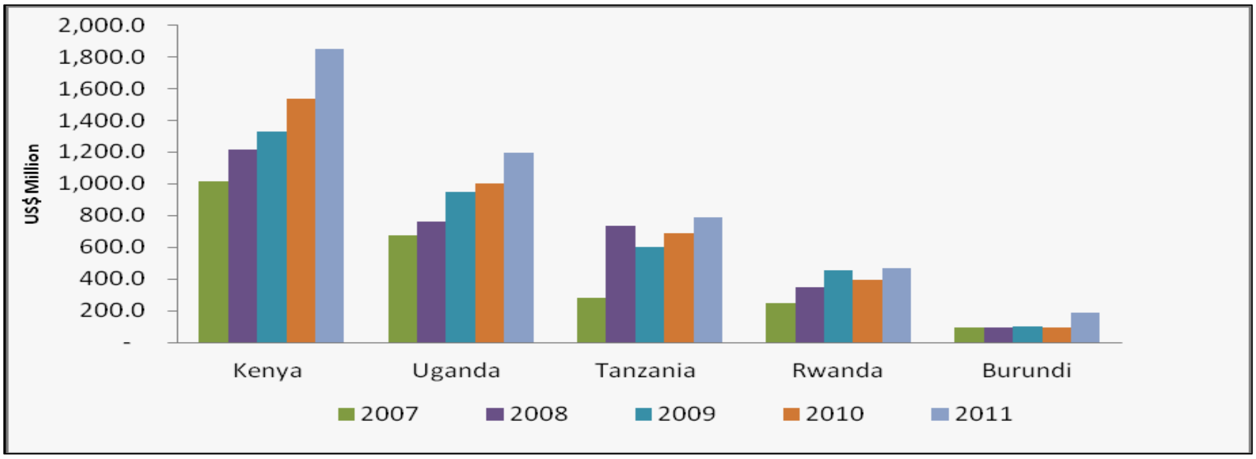
> 'Governments thrive on loyalties, patronage and bureaucracy: the very factors that hinder smooth operation of the market system especially cross-border markets.' [85]

Above we sketched some of the key relations between Tanzania and her closest neighbours to highlight the immediate political and diplomatic drivers of EAC integration. We described deteriorating relations with neighbours Burundi and especially Rwanda, and the perception of a growing gap between Tanzania and KUR on the speed and depth of integration. First, we consider trends in trade, competitiveness and the business environment.

Officially, Tanzanian exports to EAC partner states rose from US$409 million in 2011 to US$1,1 billion in 2013, while imports from the same countries in the same years were US$378 million and US$410 million.[86] **Chart 2** gives a breakdown of approximate trade values for the five member states for 2007-11.[87]

[85] Chris Ackello-Ogutu 2000. 'Prospects for trade in agricultural products within the EAC region', in EAC Secretariat 2000. 'Proceeds of the first ministerial seminar on East African Cooperation', Arusha, 25-6 March 1999.

Chart 2: Intra-EAC trade, 2007-2011 (US$ million)



Source: Policy Forum 2013: 84, citing EAC data.

Kenya dominates trade in the region, followed by Uganda, with Tanzania a poor third. However, there is evidence, reported below, that Tanzanian exports to the region are hugely under-reported, and it may be that the figures in **Chart 2** reflect this systematic bias.

Below we review Tanzania's regional competitiveness as a trade and logistics hub, infrastructural challenges to integration, intraregional trade in food and manufactured goods, and Tanzanian-Kenyan rivalries in the wildlife tourism industry.

8.1 Competitiveness in logistics and trade

The EAC's central mandate is to free up and cheapen the movement of goods, services, capital and people across national borders in order to stimulate economic growth, job creation and poverty reduction. Dar es Salaam and Mombasa ports handle most of the region's maritime trade.

Weak state agencies constrain regional economic integration. Often officials are too few for the job in hand, or inadequately trained, motivated and supervised, while being exposed to various levels and types of corruption and political patronage in carrying out their duties. These capacity and governance weaknesses (see **Table 3**) translate directly and indirectly into poorly performing economic institutions.[88]

Table 5 ranks four of the five EAC members on the World Bank's 2014 Logistics Performance Index.

---

86 URT 2014. Speech for Financial Year 2014-15 by Samuel Sitta, Minister for East African Cooperation, to the National Assembly, Dodoma, 22 May.

87 These statistics are from Society for International Development (2012:2) who source them to 'Partner States Revenue Authorities, Central Banks and National Statistics Offices.'

88 It follows that 'corruption' is not the best way of characterising the 'problem', since many countries far ahead of Tanzania in terms of economic development are arguably equally 'corrupt'. If better managed, the port could continue to yield 'rents' for the ruling elite. To our knowledge, the best example of a ring-fenced corrupt deal is IPTL, which was well built and has been technically efficient.

Table 5: Logistics Performance Index 2014

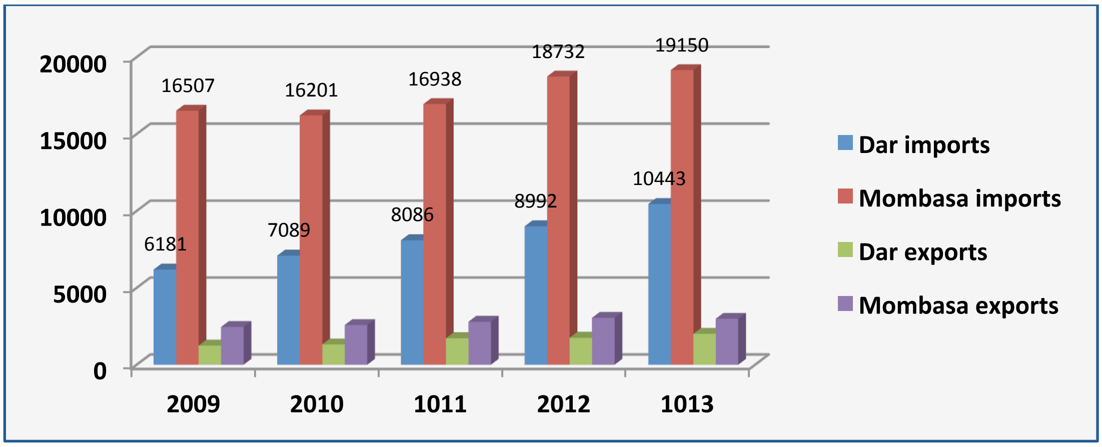
Country	Rank (/160)	Score (/5)	Customs	Infrast-ructure	International shipments	Logistics competence	Tracking & tracing	Time-liness
Kenya	**74**	**2.81**	1.96	2.40	3.15	2.65	3.03	3.58
Rwanda	**80**	**2.76**	2.50	2.32	2.78	2.64	2.94	3.34
Burundi	**107**	**2.57**	2.60	2.40	2.60	2.51	2.51	2.76
Tanzania	**138**	**2.33**	2.19	2.32	2.32	2.18	2.11	2.89

Source: www.lpi.worldbank.org/international/global/2014

While none of the four countries performs particularly well by international standards,[89] Rwanda and Kenya outperform Tanzania and Burundi, with Tanzania in the 86th percentile globally. Dar es Salaam port underperforms compared to Mombasa, as the scores in the 'international shipments' and 'logistics competence' columns confirm. The World Bank estimates that inefficiencies in Dar port were the equivalent of a 22 percent tariff on containers and 5 percent on bulk imports, and that raising efficiency to Mombasa standards would save the EAC over US$2.6 billion a year.[90]

Chart 3 shows the recent trend in port traffic. Mombasa accounted for nearly three-quarters of the trade handled by the two ports in 2009, but only two-thirds in 2013. Recent efforts to increase Dar es Salaam ports handling capacity and reduce dwell times have had some success.

Chart 3: Trade through Dar and Mombasa ports 2009-13 ('000 tonnes)



Source: Based on Hoffman and Kidenda 2014: 6.

Tanzania Ports Authority (TPA) claims that dwell times for containers have fallen and that other improvements in port operations, including providing 24-hour services, have been effected.[91] In a survey of mid-sized businesses, more respondents saw an improvement in performance from 2012 to 2013 than a deterioration (39 percent versus 9 percent).[92] Further vital investments in container handling capacity have

89 Like all comparative indicators, these should be interpreted with care. Burundi, for example, appears to 'outperform' Tanzania, but faces many fewer logistical challenges, so comparison is inappropriate.

90 Two-thirds of this sum (US$1.7 billion) are losses to the Tanzanian economy, the remaining US$900 million are losses to the rest of the region. Dar port moved 10.4 million tonnes of cargo in 2011, Mombasa moved 22 million tonnes in 2012 (Morisset, Moret, and Regolo 2012:59; Christabel Ligami 2014. 'Transport costs to come down, delays in clearance of goods minimised', *East African*, 28 June).

91 Interviews, 08/02/14. A subsequent interviewee (12/08/14) challenged this claim, saying that TRA port offices had not started working at night.

92 World Bank 2013. 'Tanzania Economic Update: Opening the Gates: How the port of Dar es Salaam can transform Tanzania', May.

been held up by reluctance to embrace the fundamental reforms that both official and private investors are pressing for, in particular, reducing TPA's role to that of landlord rather than of both owner and partial operator of the port, a clear conflict of interests that facilitates both large and petty corruption.[93]

Local freight handling companies actively resisted the establishment of a Single Customs Territory (SCT) on the grounds that they were not involved in the SCT process, and that its implementation would 'allow the deployment of revenue officials of EAC landlocked countries at the …Port.' Also opposing the SCT, Jimmy Mwalugelo of the Tanzania Freight Forwarders Association (TAFFA) argued that having Rwandan clearing and forwarding agents in Dar port would be: "very risky for our country's security", opening the possibility that "landlocked countries might use this … to pass dangerous goods at our ports." Finally, TAFFA President Stephen Ngatunga said: "All EAC landlocked member states are yearning to come to Dar es Salaam to do the clearing and forwarding tasks with their customs. What will locals do then?" [94] **Table 6** summarises the Global Economic Forum's (GEF) Global Competitiveness Index for the EAC for 2013/14.[95]

Table 6: Competitiveness index for EAC countries 2013/14 (n=152)

	Institutions		Infrastructure		Macro-environment		Health, primary education		Basic requirements		Competitive-ness index	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Rwanda	19	5.2	104	3.2	92	4.4	94	5.4	71	4.5	**66**	**4.2**
Kenya	88	3.6	102	3.2	132	3.6	119	4.5	121	3.9	**96**	**3.9**
Tanzania	97	3.5	134	2.3	131	3.6	114	4.6	129	3.5	**125**	**3.5**
Uganda	134	3.4	116	3.3	133	2.3	133	3.6	127	4.3	**129**	**3.4**
Burundi	144	2.8	146	1.9	129	3.7	130	4.2	144	3.1	**146**	**2.9**
Average	96	3.7	120	2.8	123	3.5	118	4.5	118	3.9	112	3.6

Source: www.weforum.org. Scores are out of 10.

Tanzania (82nd percentile) is closer to Uganda (85th) and Burundi (96th) in the global competitiveness rankings than to Kenya (63rd) or Rwanda (43rd). Tanzania's reluctance to reduce barriers to regional economic integration may be seen as reflecting this lack of competitiveness.

8.2 Infrastructure

> 'There is general recognition that infrastructure barriers are more important than trade barriers to growth, especially pro-poor growth, in East Africa…'[96]
>
> 'Regulatory harmonization and infrastructure regionalization could make a significant contribution to the region's economic development by promoting a more efficient utilization of its human and physical

[93] The cancellation of a large contract with a Chinese company to expand three births at the port further delayed the investment. Former TPA director general Ephraim Mgawe and his deputy were charged with awarding the US$523 million contract to the China Communication Construction Company Ltd (CCCCL) without following procurement regulations. Rosina John 2016. 'Ex-TPA bosses have a case to answer, to present witnesses', *Citizen*, 23 April; Maureen Odunga 2016. 'Court says TPA bosses have case to answer', *Daily News*, 23 April.

[94] Reporter 2014. 'Call for postponement of regional customs scheme,' *Daily News*, 16 June. Veneranda Sumila 2014. 'We're excluded from policy making: Freight forwarders', *Citizen*, 26 June. TRA replied that the SCT implementation will proceed as planned from July 2014.

[95] Klaus Schwab 2014. 'Global Competitiveness Report 2013/14', World Economic Forum. The four indicators listed account for 60 percent of the total weighted 'competitiveness' score (last two columns on the right) and constitute a sub-group of 'basic requirements.' 'Non-basic requirements' indicators are used for more economically developed and diversified economies.

[96] Booth, Cammack, Kibua, Kweka and Rudaheranwa 2007: 4.

resources, enhancing connectivity, reducing the costs of trade, and facilitating the integration of the continent with the global economy.' [97]

The EAC integration vision endorsed by EAC leaders involves multi-billion dollar infrastructure development projects to be financed largely by soft loans from China, the WB and other donors, to address the growing 'infrastructure deficit' that is said to be holding back both national and regional development.[98] Planned investments include upgrading existing ports, railway lines and roads and building new ones, an oil pipeline and hydro-plant worth many billions of US dollars. With WB support, the EAC has developed a strategy to identify 'physical, operational and institutional improvements to facilitate the implementation of an integrated, efficient and cost effective ... transport system along the Central and Northern Corridors...'[99]

A vital issue for the EAC as a whole is Tanzania's performance in creating, maintaining and managing port, rail and roads infrastructure. Modern transport and logistic planners employ a 'multi-modal' perspective that stresses the importance of interconnections in the transport chain from the source of goods to their final destination. This approach poses complex coordination challenges for individual governments when planning national transport development priorities, and even more complex challenges when cross-border initiatives are involved.[100]

Globally, road haulage has grown exponentially while railways have generally declined. In many countries, loss-making railways depend on public subsidies, particularly for non-peak hour passenger services. Transporting freight by rail is only competitive with road haulage over relatively long distances, or with very high volumes. In Tanzania, the rapid rise of road haulage and passenger services has filled the gap in terms of moving goods and people around the country, as well as providing vital transit services to Tanzania's land-locked neighbours in the East African Community (Kenya, Uganda, Rwanda and Burundi) and other neighbouring countries in the region, especially Zambia, Malawi, and southern DRC.

The replacement of rail by road haulage along both the Tanzam/TAZARA and central corridors was rapid and near total. While TAZARA was built initially to transport Zambian copper to Dar, the Tanzam highway now accounts for 95 percent of cross-border freight, and the central corridor road from Dar to Mwanza about the same.[101]

Most goods in transit to Tanzania's inland neighbours go by road from Dar es Salaam via the Southern (Tazara) or Corridors Central (see **Map** above). **Table 7** shows the growth in road transit trade with Tanzania's main inland neighbours via the Central Corridor.

---

[97] Kessides 2012:i.

[98] There is now a consensus among international development banks and agencies, think tanks and private sector investment promoters that Africa is suffering from an acute 'infrastructure deficit' reflecting unprecedented FDI in recent years across the continent and a history of underinvestment and poor maintenance of existing infrastructure.

[99] The 2nd Joint Technical Meeting of the East African Corridors, Rubavu, Rwanda, 13-14 March 2014.

[100] CPCS 2013. 'Tanzania Railways Upgrading and Performance Improvement Study', Report prepared for RAHCO, CPCS Report 11034.

[101] Correspondent 2014. 'Official: Shift to road transport killing Tazara', *Citizen*, 20 May. Unpaid for months, Tazara workers went on strike during May 2014, crippling both freight and passenger services.

Table 7: Transit trade from Dar es Salaam 2005-11 (tons)

Country	2005	2011	% change
Rwanda	83,506	356,612	+327
Burundi	154,635	356,150	+130
DRC	413,768	638,730	+ 54
All	**651,909**	**1,351,492**	**+107**

Source: TATOA Annual Report 2012, pp14-15

The upgrading and maintenance of the Central Corridor trunk road system with GoT finance and external loans and grants can be credited for facilitating the expanding road transport, including cross-border freight. Although there is no breakdown of the goods transported, fuel is the single most common item.

Plans to rehabilitate existing roads and railways and to build new ones are good news to the public-private cartels running illicit trade in the region. These examples alert us to the downside of improving cross-border transport, given the prevalence of informality in the relevant institutions.[102] Ambitious plans to upgrade the region's railway system are mired in controversy and muddled thinking. What should not be a key policy issue—narrow versus SG—takes centre stage. **Box 1** examines the issues involved.[103]

Box 1: Standard versus narrow gauge railways: what are the issues?

In a 2009 study, **Canadian** consultants **CPSC** listed a number of potential benefits of replacing the current Narrow Gauge with Standard Gauge (SG) tracks, concluding that the main benefit would be a 10 percent reduction in the 'availability and acquisition costs of rolling stock and track maintenance equipment.' At an estimated **US$20 billion**, the conversion of the entire EAC rail backbone ('trunk lines') to SG was considered 'cost prohibitive', in light of 'even the most optimistic' traffic and income projections. '[O]perating savings (if any) would be insignificant.' In 2003, the **African Development Fund** (ADF) financed a US$3.5 million feasibility study for a SG line from **Isaka** to **Kigali** (1,435 kms) and **Bujumbura** which found the project was feasible and could attract private investors, including mining companies interested in exploiting Burundi's (and Tanzania's) large nickel deposits. Commissioned in 2008 and costing over **US$8 million, Phase 2** of the ADF-financed study was designed to 'provide the Governments of **Tanzania, Rwanda and Burundi** with data and decision-making tools to facilitate the mobilization of financing, project implementation and railway infrastructure management.' The planned investment included *adding* 9,300 kms of new railway lines to the existing 6,195 kms, a 150 percent increase. Also in 2008, the **Burlington Northern Santa Fe Railway (BNSF)**, with support from the **US Trade and Development Agency (USTDA)**, proposed a SG rail line linking Isaka and Kigali. Finally, in March 2014, consultants claimed that the current rehabilitation of the narrow gauge Central Railway Line is seen as only a 'temporary' measure. In April 2014, **President Kikwete** told the **World Economic Forum Alignment Meeting on Development of the Central Corridor** in **Dar es Salaam** that his government's transport projects included 'upgrading the rail network – which could involve building new wider, standard gauge lines instead of the existing – and slower – narrow gauge.'

Source: Mohamed Issa Mohamed 2008. 'Dar, Kigali to build EA's first wide gauge railway line', *East African,* 10 March; CPCS 2009 'East Africa Railways Master Plan Study':19; Wikipedia accessed 17/04/14; Interview D (10/04/14); African Development Fund 2008; Reporter and Agencies 2014. 'Kikwete spells out Dar's potential as transport hub', *Daily News*, 14 April.

[102] After the completion of the Millennium Bridge over the Ruvuma River, Tanzania's southern hardwood forests were rapidly depleted through illegal logging, facilitated by government and port officials and shipping companies.

[103] This example is a summary of work in progress on infrastructural development in the region.

The lack of political or economic risk analysis around these planned investments highlights their 'disconnected' nature. Issues of governance, management and profitability in a context where 'private sector' participation (through PPPs) has largely failed are ignored, with the partial exception of the WB. The enormous costs involved stretch national budgets and add to the national debt.[104] How rail transport will claw back enough freight from the politically well-connected trucking industry to make rail financially viable is not explained. If the new railways' management fails to guarantee safe, prompt and competitively priced services to customers, then trucking will retain much of the transport business.

The East Africa Railways Master Plan contained no reference to the CPSC study. Subsequent justifications for SG were based on *a priori* arguments. For example:

> 'The interest shown in the railway line also stems from the comparative advantages of this mode of transport compared to the road. This includes bulky commodity transport capacity (mine, industrial, agricultural products), lower transport cost, greater security/safety of transporting goods, a longer life span of railway infrastructure (at least 30 years)….'.[105]

This example warns us that policy is vulnerable to subtle and sometimes contingent influences that make a rational, evidence-based approach to infrastructure development difficult and controversial. Consequently, '…there is no guarantee that the specific projects selected are the best candidates.' [106]

The GoT favours PPP arrangements in transport investments, but PPPs to date have largely failed in Tanzania, and it remains to be seen whether private investors will find the risks acceptable, given the long-term nature of the required investments and the GoT's poor record in managing previous PPPs.[107] The example of TAZARA, the only cross-border railway in the region, warns us that ownership and management issues are critical for the profitable functioning of the service.

Last, cross-border trade in arms, minerals, timber, ivory, trophies, drugs and other illicit products is also facilitated by improvements in infrastructure and the reduction of controls. According to the UN Group of Experts report on the DRC, gold smuggling to Uganda, Kenya, or to Tanzania, directly or via Burundi, is financing wars in the eastern DRC. Gold, tin, coltan and tungsten 'comprise the primary sources for funding of rebel groups', including the Hutu-led FDLR.[108] These illegal trades are facilitated by government officials[109] and transported by private Tanzanian and Kenyan truckers. '…Gold is smuggled from South Kivu into Tanzania primarily by boat across Lake Tanganyika to Kigoma.' [110]

The difficulties of coordinating infrastructural investments between EAC member states in the absence of an empowered supra-national body are acknowledged by the EAC Secretariat:

---

[104] Anzetse Were 2014. 'What's with all these international bonds being issued by African governments?' *East African,* 28 June. The author adds: poor project selection and supervision, and cost and time overruns, to the list of risks attached to large infrastructure projects. Paying compensation to those evicted by the new railway is likely to be a headache.

[105] AFB 2008:paragraph 5.

[106] Were 2014. On Sovereign Bond financing of infrastructure projects the IMF says: 'due to factors such as limited administrative capacity, low efficiency of public investment expenditure and governance issues, ...investment projects…may be poorly selected or executed and therefore would not render value for money.' See McAuliffe, Catherine Sweta C. Saxena, and Masafumi Yabara 2012.

[107] See Cooksey 2011a for a brief review.

[108] If true, this is ironic, since Uganda and Rwanda are allies in relation to the DRC.

[109] According to Transparency International, the police are considered the most corrupt public agency in Kenya, Rwanda, Uganda and Tanzania, and the second most corrupt in Burundi (East African Bribery Index 2012).

[110] Kevin Kelly 2014. 'EA fingered in $400m worth of RDC Congo gold smuggled to Uganda', *East African*, 8 February.

'Although there are various examples of national agencies cooperating and pooling resources (e.g. Kenya-Uganda joint railway concession, integrated upper airspace management initiative, one-stop border posts), there is no indication that partner states intend relinquishing their ownership role to the EAC. They will therefore remain responsible for the planning of, investment in and operation of their transport assets.... The role of the Community will be to guide partner states on the components of the transport system that are of regional importance. In principle, these are infrastructures associated with the identified regional corridors.'[111]

8.3 Trade in manufactured goods

'Tanzania has failed to establish internationally competitive manufacturing industries in areas such as agro-processing, textiles and garment or electronics, and there are very few examples of Tanzanian firms being integrated into global value chains (UNIDO, 2012).[112]

This gloomy view of Tanzania's competitiveness is challenged by the relatively robust recent performance of the manufacturing sector, including FDI and exports to the region. Tanzania Investment Centre (TIC) statistics for 2011 list 206 planned investments in manufacturing worth US$707 million.[113]

Tanzania's total manufacturing exports are reported to have quadrupled between 1997 and 2010.[114] According to Sutton and Omondi (2012:6) Tanzania's main manufacturing export growth was in textiles, steel and scrap metal, and maize flour.[115] Tanzanian manufactured exports to the EAC are said to have increased from US$20 million in 2000 to US$183 million in 2010, when they accounted for 20 percent of all intraregional manufactured exports, up from five percent in 2000.[116]

Some sectors of Tanzania's manufacturing industry are all or part foreign-owned, with South African and Kenyan firms prominent in food and drinks, cement and other building materials, soaps and detergents, metals and plastics, and cigarettes. 'Non-indigenous' Tanzanian manufacturing companies account for most of the large and middle-sized companies, with a mass of small African-owned enterprises accounting for most of the rest.[117]

If the business environment is as challenging as the data suggest, then it is quite surprising that Tanzanian manufacturers appear to be doing so well, including exports. Yet in key sectors, many export opportunities are effectively foregone, including agriculture, textiles and garments. Of the EAC countries, only Kenya has benefited significantly from the African Growth and Opportunity Act (AGOA): in 2013 Kenya exported US$343 million of goods to the USA compared to only US$10.4 million for Tanzania.[118] Future Tanzanian

[111] EAC Secretariat (2011: 113).
[112] Hansen 2013:7.
[113] This was more than agriculture US$672 million (55 projects) but much less than transport, communications and storage (US$3.5 billion, 155 projects), and finance, insurance, real estate and business services (US$1.1 billion in 152 projects). Downloaded from EAC website, 17/06/14, citing TIC figures.
[114] Sutton and Olomi 2012: 5. Total exports (driven by gold) grew by a factor of 5.6 over the same period.
[115] Sutton and Olomi 2012. These four groups accounted for US$335 million in exports in 2010. The authors include processed fish (US$133 million in 2010) and cut flowers (US$36 million) in their list of 'manufactures'. Figures are based on: Tanzania Investment Report 2009 (www.nbs.go.tz).
[116] URT and UNIDO 2012: 50.
[117] Gray (2013) points out that liberalisation did not see the former parastatal managers taking over the factories that they had previously run as state employees. Companies that had not remained in private hands under Tanzanian state socialism reverted to their former owners or were bought up by multinational corporations.
[118] www.AGOA.info accessed on 26/05/14. Neither Kenya nor Tanzania is competitive in European textile and garments markets. Kenya's exports of cut flowers and horticultural products to the EU are also multiples of

exports to the EU and to the USA under the new EPA and a renewed AGOA will depend on improvements in competitiveness and the business environment facing local and foreign investors.

8.4 Trade in food

Tanzania's management of inter- and intra-EAC food imports and exports illustrates the difficulty of 'harmonising' national and regional trade policies. As regards grain (mostly maize) exports, the GoT has been reluctant to fully liberalise cross-border trade in compliance with the EAC Protocol, preferring to negotiate a*d hoc* deals with EAC partners on the movement of food surpluses. While widespread drought led to famine in East Africa and the Horn of Africa in 2011, Tanzania enjoyed bumper harvests. The Tanzanian response to the famine in Kenya was to impose an export ban on maize. According to Onyango-Obbo: '... perennial food bans ... could start threatening the prospects for deepening regional integration.' [119] Tanzania's Prime Minister Mizengo Pinda finally endorsed a lifting of the export ban, following intensive lobbying from (mostly) external sources.

The USAID financed SERA project claims that Tanzania produces and exports much larger quantities of maize and rice than officially reported. For example, in 2011, *official* maize exports to neighbouring countries were recorded at only 2,873 tons compared to 95,089 tons recorded as imports on the other side of the border. For rice, the comparable figures are 35,914 tons reported as 'exported' and 69,327 tons 'imported'.[120] The EABC reported similar large discrepancies between people exiting and entering Kenya and Tanzania.[121]

Exporting surpluses in good years is a long way from becoming a regional breadbasket. *Business Monitor International* sees: 'little potential for the country to become a major grain exporter.' [122] According to Mtemi Naluyaga, executive director of Tanzania Exporters Association, the government:

> '…lacked coherence towards policy harmonisation, enforcement of legislation and streamlining administrative procedures.' "It is difficult for Tanzanians to compete in the [EAC] because … there are many restrictions that discourage farmers from cultivating more. For a person to export anything he or she needs an export permit which is not easy to obtain."[123]

The National Food Reserve Agency (NFRA), an Executive Agency under the Ministry of Agriculture, buys up large amounts of grain for the Strategic Grain Reserve, and negotiates cross-border sales of grain surpluses. The maize reserve stocks a maximum of 250,000 tonnes, of which 'about 50,000 tonnes will be sold to neighbouring countries...' while NFRA 'intends to buy a total of ...190,000 tonnes of maize and 10,000 tonnes of rice in the farming season 2014/15.'[124] NFRA plans to increase its storage capacity to 400,000 tonnes.

Tanzania's, though recently Tanzania has been doing well in horticulture, a sector not yet subsumed under state control.

[119] Charles Onyango-Obbo 2011. 'Spreading hunger tests open borders in East Africa', *East African*, 2 July.

[120] 2012. 'Time to Re-think the Food Crops Export Ban', Feed the Future, Policy Brief No. 1, August. SERA is a project under Feed the Future, a global initiative. This source also claims that maize production is under-recorded--by as much as 50 percent!

[121] East African Business Council 2008:19.

[122] Business Monitor International 2014. 'Tanzania Agribusiness Report Q3 2014', August.

[123] Veneranda Sumila 2014. 'TZ grains industry weak: study', *Citizen*, 2 August. It is of course traders who sell crops in bulk across borders, not farmers.

[124] Ashery Mkama 2014. 'Food agency boasts of abundant grain reserves', Daily News, 21 June. The idea of bulk state purchases is not wrong *a priori*: our concern is the likelihood of additional costs related to state procurement and storage (even when private companies are hired to haul the product), the likelihood of budgetary subsidies, and rent-seeking.

Apart from the grain trade, important seasonal exports of fruit and vegetables, both formal and informal, serve industries and consumer markets in Kenya and other neighbouring countries. Tanzanian carrots, onions and oranges sell well in Kenya. The flourishing informal marijuana trade, particularly to Kenya, creates useful rent-making opportunities for border officials in Arusha, Kilimanjaro and Mara regions.
Tanzanian protectionism is said to have discouraged Kenyan investments in the country. For example:

> 'In 2008, Tanzania banned Brookside Dairy, a Kenyan firm owned by the Kenyatta family, from collecting milk from Tanzanian farmers and processing it in Kenya. Brookside withdrew from the market, and milk prices paid to farmers in northern Tanzania collapsed.'[125]

Grain imports into the EAC are charged a CET of 75 percent. In 2012, Tanzanian rice and sugar imports brought the country negative commentary for breaking the EAC's CET rules and undermining regional producers, as explained in **Box 2.**

Box 2: Rice and sugar: politics and protection

In 2012, to make up for shortfalls in local **sugar** and **rice** production, without consulting EAC partners, the GoT issued permits to traders to import large volumes of Pakistani rice and Brazilian sugar at low or zero duty, leaving local estates and outgrowers with unsold inventories and severe cash flow problems. By late 2013, the **Tanzania Sugar Producers Association** (**TSPA**) claimed members were holding 82,000 tonnes of unsold sugar worth **US$62.5 million**. According to the TSPA, legal and illegal sugar imports meant that the "viability and sustainability of the sugar industry ... has been seriously compromised and is in danger of collapse." **Minister of Agriculture Christopher Chiza** defended the imports on the grounds that they brought down retail prices. In addition, "...producers are complaining because the decision to import denies them an opportunity to maximise from the shortfall." In May 2014, the **CEO of TPC Ltd** (Moshi), **Robert Baisack** told **Deputy Minister of Agriculture Godfrey Zambi** that in January the company had 37,000 tons of unsold sugar. As a result, profits fell and investment plans of US$57 million were put on hold. Tanzania's four large sugar estates are owned by **South African**, **Mauritian and Tanzanian** companies. A potential US$550 million investment in sugar, ethanol and power generation has been held up since 2006-07, over claims for compensation by displaced farmers. "Our shareholders and development bankers cannot invest massively in this project before the government addresses policy and regulatory issues…" said **Agro EcoEnergy Ltd Chairman Per Carstedt**. In 2006, **President Kikwete** endorsed a new policy focus on small-scale **irrigated rice**, with overambitious targets. Local producers were protected by an EAC-wide tariff of 75 percent on imported rice. But in 2012, the GoT authorised the importation of 40,000 tons of tax-free Asian rice. In March 2013, Minister Chiza suspended tax-free rice imports 'following complaints from local producers and donors.' **PKL**, a foreign-owned rice estate with 7,000 outgrowers, claimed to have lost TShs 4 billion 'as a result of the Asian rice imports' which left the company with 6,000 tonnes of unsold rice. CEO **Carter Coleman** said Imports had reduced the local wholesale price by 54 percent, and that future investments were on hold pending 'improvements in the infrastructure and tax regimes'. Again, minister Chiza justified accused local producers of hoarding. In April 2013, Ugandan rice traders complained they were losing their markets to cheap imported Pakistani rice from Tanzania.

Sources: Nalugaya 2013d; Ladu 2013; Reporter 2013; Domasa 2014.Lyamuya 2014; Simbeye 2014; Therkildsen 2011.

PEA suggests that the short-term interests of the ruling elite was to keep down inflation, which reached nearly 20 percent in December 2011, and the cost of living for the urban poor, while sharing the substantial rents from duty-free imports with the major trading companies, thus overriding the longer-term interests of

[125] Onyango-Obbo op. cit.

small-holders and larger-scale, including foreign, investors. Short-term political considerations trump longer-term economic development and poverty-reduction concerns. The dominance of trade over industry also undermines policies designed to add value to primary products before export.

Various recent global and Africa-wide initiatives target AEC agriculture.[126] One thrust is to open EA land and labour markets to foreign investors, including agribusiness, and to liberalise agricultural trade in general. We have highlighted Tanzanian reluctance to loosen its land policies, for fear of land-hungry neighbours and others quickly buying up the country's high-potential agricultural land and creating a landless rural class. FDI from further afield is inhibited by the complexity of investment procedures, the lack of secure land rights, and lack of confidence in the GoT's ability to enforce CET rules protecting key crops, as described above.

The Southern Agricultural Corridor of Tanzania (SAGCOT) is the GoT's flagship PPP in the sector, focusing in particular on maize, sugar and rice, and attempting to attract foreign and local investors without marginalising smallholders. But SAGCOT has failed to attract the volume of private investments foreseen. Land rights for foreigners and the policy incoherence described above are the major stumbling blocks.

Tanzania has few examples of large, integrated companies doing formal business across borders. One of the most successful, the family owned Bakhresa Group (Azam brands), is involved in agro-processing (its main activity), commodity trade, food and beverages, packaging, marine transport and logistics, real estate, and television, has operations in all EAC countries as well as Zambia, Malawi, and Mozambique.[127] This example suggests that there are no insuperable obstacles to business success, including cross-border expansion. What is lacking is a pro-active, coordinated and programmatic approach to business promotion that would make Bakhresa just one success story among many, including thriving SMEs to fill in the missing middle in all productive sectors.[128]

Without agricultural transformation, urban industrial development and job creation in high value-added sectors will remain long-term aspirations. Without greater coordination and regulatory capabilities, Tanzanian agricultural exports to neighbouring countries will continue to be largely informal and *ad hoc*.[129] There appears to be little long-term potential in cross-border agricultural trade as a driving force for transformation, and certainly no collective policy interest in one country, such as Tanzania, becoming the 'bread-basket' for the others.[130] Official claims that agricultural policy is 'market led' are belied by systematic state intervention in input and output markets, justified in terms of protecting smallholders against 'unscrupulous' middlemen. While there are important roles the state can play to coordinate markets and ensure (or limit) competition, official interventions are generally market constraining and undermined by patronage and rent-seeking at all levels.

---

[126] See Cooksey 2013 for an extended discussion. One approach focuses on 'smallholder' agriculture, another promotes agribusiness. Tanzanian agricultural policy is quite unclear where it stands, reflecting different interests within the elite and between the elite and other players.

[127] www.bakhresa.com, accessed 15/06/14. Group turnover is said to be more than US$0.6billion. The Azam Group was founded by Said Salim Bakhresa in the 1970s and has more than 5,000 employees.

[128] Mohamed Enterprises, another family conglomerate, has textile and other interests in Mozambique, Zambia, and elsewhere. Companies under METL employ 20,000 people and contribute approximately 2 percent of GDP. http://www.mohammeddewji.com/english/index-1.html, accessed 24 April 2016.

[129] The increasing tendency for the local state apparatus to exercise 'relative autonomy' in relation to the political centre in exchange for political loyalty could well mean more informalisation. See Bourgouin, Therkildsen and Geelan 2011.

[130] Bumper maize harvests in the Southern Highlands have led some to predict exactly this role for Tanzania.

In the absence of formal commodity markets and effective regulation, cross-border trade in grains and other foodstuffs is unlikely to constitute a driving force for regional integration, and traders, not farmers, may be the main beneficiaries of increased trade flows. Generally porous borders and *ad hoc* import duty waivers undermine sugar and rice estates' profitability and outgrowers' livelihoods in Tanzania, with ripple effects in other countries. Efforts by EAC members, with external finance and technical assistance, to introduce one-stop border posts (OSBP) throughout the region, are intended to reduce transit times for heavy goods traffic, and may not have much effect on informal trade.

8.5 Tourism

Tanzanian tourism has been a success story for a decade or more, overtaking gold in export earnings and rivalling Kenya in tourist arrivals. In 2013, 1.1 million tourists earned the country US$1.8 billion.[131] However, attempts to facilitate greater integration of the EAC game park tourism sector under the conditions of the EAC Protocol are stoutly resisted by local tour operators and hoteliers.[132] **Box 3** cites an example from the Serengeti-Maasai Mara tourist circuit.

Box 3: Tanzanian tourism and protectionism

When EAC 1 collapsed almost forty years ago, Tanzania closed the **Bologonja** border post between the **Maasai Mara** and **Serengeti National Park**, and the post remains closed to date, despite frequent attempts by the GoK and Kenyan safari tour industry to persuade the GoT to open it to their clients, whose package safaris include time in both countries. To enter Serengeti National Park, Kenyan tour operators have to take a five-hour detour. A 1985 MoU between the two countries to resolve the issue was not acted on. A 1999 study by the **Commonwealth Secretariat** declared that 'the days of the closure of the Bologonja Gate … are numbered … because the economic and environmental case for the closure … is no longer sustainable.' A February 2014 meeting between EAC ministers responsible for tourism declared it resolved. Apparently not so. **Maimuna Tarishi, Permanent Secretary** of **Tanzania's Ministry of Natural Resources and Tourism** wrote to national tourism stakeholders to propose a meeting to further discuss the issue. According to the PS, it had been agreed that 'a study should be conducted to know both advantages and disadvantages of reopening the border point.' One critic concluded that ministerial statements have no effect: "As far as tourism and aviation issues are concerned, the **East African Community** is just a farce." Among those opposing the reopening of the border post was former minister of **Natural Resources and Tourism Zakia Meghji**, arguing that 'tourists will enter and return to Kenya without having to stay in Tanzania.' In a parliamentary debate, opposition MP **James Mbatia** (NCCR-Mageuzi) argued that the reasons for the closure of the route 40 years ago 'were still valid today.' In 2012, 300,000 out of 1.1 million tourists visiting Tanzania came via Kenya.

Sources: Commonwealth Secretariat 1999. 'A Study on Liberalisation of Tourism towards a Single Market in East Africa'; Hoseana Bohela Lunogelo 2013. 'Can Tanzania go it alone in tourism?', *East African*, 30 November; Marc Nkwame 2014. 'Arusha: Main arena for Kenya versus Tanzania tourism competition', *Daily News,* 3 March; Prudencia Temba and Anthony Tambwe 2014. 'Bologonja tourism route "should remain closed"', *Daily News*, 15 May; Andrew Zablon 2014. 'Tz ready to review border closure', *East African Business Week*, 19 May.

[131] Moses Matthew 2014. 'Tourism sector racks up 3 trillion/-', *Citizen*, 27 May.

[132] The EAC Common Market Protocol of July 2010 heralds the free movement of services, goods, capital and labour across borders.

Kenyan and other non-Tanzanian tour operators had complained of: 'denial of entry of tourist vehicles registered in other partner states, harassment of driver guides at border crossings…, disparities in fees charged, lack of cross border cooperation in wildlife law enforcement, [and] lack of cooperation in addressing environmental agreements. Tanzanian tour operators argue that opening the Bologonja gate will boost Kenyan tourist arrivals by facilitating access to the Serengeti.[133]

Other Tanzanian tourism stakeholders fell in line with continued protectionist measures. Mustafa Khataw, chair of the Tanzania Society of Travel Agents (TASOTA) declared: "I believe that denial of tour operators' vehicles from other countries should stand unchanged."[134]

Table 8 summarises the competitiveness of the travel & tourism industry in the EAC.[135]

Table 8: Travel & Tourism Competitiveness Index 2013, EAC states

	Overall rank /140	Score /10	Regulatory framework	Score	Business environment & infrastructure	Score	Human, cultural & natural resources	Score
Kenya	**96**	**3.66**	108	3.98	105	2.98	60	4.01
Rwanda	**105**	**3.56**	78	4.46	117	2.74	104	3.49
Tanzania	**109**	**3.46**	118	3.67	125	2.68	59	4.02
Uganda	**116**	**3.39**	116	3.71	121	2.70	79	3.76
Burundi	**138**	**2.82**	130	3.40	139	2.33	138	2.73

Source: WEF 2014. http://www3.weforum.org/docs/TTCR/2013/TTCR_OverallRankings_2013.pdf

Though not very competitive by global standards,[136] East African iconic wildlife and geography continue to attract large numbers of tourists. Tanzania scores well on the 'natural resources' indicator (last two columns on the right), but relatively poorly on the regulatory framework (84th percentile globally), and business environment and infrastructure (89th). Poor regulatory and tax policies hamper the growth of the local tourist sector, particularly for small- and medium-size businesses, and stakeholders are constantly at loggerheads with the GoT on the legality, fairness and conformity of new regulations with existing policy. The relatively well organised Hoteliers Association of Tanzania (HAT) and Tanzania Association of Tour Operators (TATO) complain of inadequate communication and consultation between the government and the tourism and hospitality industry over policy and taxation issues. In December 2012 it was announced that 'Tour operators are taking the government to court in a class action after it hiked national park fees just months after a five-year negotiation was meant to set rates in stone.'[137]

A TATO spokesperson observed that:

> 'Overlapping regulatory frameworks in administering tourism business need to be streamlined for stakeholders to benefit from tourism proceeds. The Finance Act of June 2011 which empowers the

[133] A safari sector analyst claimed that one important unstated reason for continued resistance was the fear among Arusha hoteliers that they would lose custom if the post was opened and tourists could visit Serengeti as a day trip from Nairobi (Interview, Arusha, 06/06/14).

[134] Reporter 2014. 'Tasota wants status of tour operators' vehicles to stay unchanged in EA', *Guardian*, 21 February.

[135] Some of this section is sourced to Policy Forum 2013. 'Tanzania Governance Review 2012: Transparency with Impunity?' www.policyforum.or.tz.

[136] The EAC average score is in the 81st percentile.

[137] Katrina Manson 2012. 'Investors form a tentative queue', *Financial Times*, London, 7 December. The tour operators won the case.

> Local Government to make by-laws and impose fees on various categories of licences is an impediment to tourism growth.' [138]

A recurrent conclusion from PEA - that the policy, tax and regulatory regimes in placed hinder rather than promote the development of all sectors of the economy, in particular the growth of SMEs - may help explain the defensive behaviour noted above. In 2010, tour operators faced 12 tax and license payments and 11 duties, licenses, and fees for each vehicle they used, while hotels faced a minimum of 14 taxes, licenses, and fees.[139] In such a context, only the large players and those with political support survive and flourish.[140]

All this leads one to suspect that the national tourism lobby will continue to trump Kenyan/EAC attempts to promote regional integration in the sector.[141] Protectionism reflects failure to promote, tax and regulate the travel and tourism industry effectively. According to an industry insider: 'The story of hosting a million tourists annually could have been written many years ago. By now we would be talking of two to three million visitors…' [142]

In early 2014, KUR introduced a single tourist visa system, while Tanzania declined to participate, arguing the need for 'an independent study … to see the viability and impact this may have on her tourism business.'[143] The study is ongoing.

8.6 Capital and people

> 'Laws and regulations ... still present barriers to ... cross-border trade and foreign direct investments into the region.' 'Progress to eliminate restrictions has been slow, and some Partner States have introduced new measures despite their obligations under the EAC Common Market Protocol.'

A recent detailed EAC 'scorecard' of the degree of compliance to the EAC Protocol on the movement of capital, services and goods between EAC states concludes that progress on economic integration is slow, and that Tanzania is the slowest on a number of key indicators (**Table 9**).

In terms of freedom of cross-border capital movement 'Kenyan laws and regulations make it easiest to move capital across the EAC. Tanzania and Burundi make it hardest.' Kenya and Rwanda have almost completely liberalised capital movement and markets. For 17 out of 18[144] indicators for capital liberalisation Kenya had no restrictions, and in Rwanda and Uganda in 15 out of 18 indicators, compared to only four out of 18 in Tanzania and Burundi.

---

[138] Cyril Akko 2012. 'Tanzania should take bold moves to promote tourism', *Citizen,* 18 August.

[139] Zaki Raheem and Alex Mkindi 2010. 'Regulatory Constraints to the Competitiveness of the Tourism Sector in Tanzania: Platform for Advocacy', Tourism Confederation of Tanzania (TCT), Competitive Impacts of Business Environment Reform, December.

[140] There is a national *versus* outsider subtext here, with smaller, foreign-owned companies more vulnerable to excessive regulation, multiple taxes and extortion, as well as frequent visits to the Immigration Department.

[141] Godfrey Obonyo 2014. 'Reopening closed border will kill tourism, former minister warns', *Guardian*, 21 May. Sector stakeholders, the Parliamentary Standing Committee for Lands, Natural Resources and Environment and MPs from different parties are united on the issue.

[142] Reporter 2014. 'Tourism boom long overdue says top travel agent', *Citizen,* 28 September. The quote is from Mustafa Khataw, chair of the Tanzania Society of Travel Agents (TASOTA).

[143] Nick Oyoo-Kasera 2004. 'ACT, please walk the talk in tourism', *Guardian on Sunday*, 18 May. The Chair of the Committee, Mr James Lembeli (CCM Kahama) pointed out that the GOK spends a lot more than Tanzania promoting its tourism industry abroad. A deeper treatment of the regional PE of tourism would need to include the package tour industry, global hotel chains and airlines as major players and profit centres.

[144] We have removed two indicators for which no EAC member has a regulatory framework (derivatives).

As regards freedom of movement of workers, road transport, distribution and telecommunications services, restrictive practices: 'are most common in Tanzania (17) and Kenya (16), followed by Rwanda (11), Uganda (10), and Burundi (9)'.

Table 9: Restrictions on the free movement of capital in the EAC

Nature of capital transaction	BRI	TNZ	KYA	RWA	UGA
Purchase by residents of foreign shares or other securities	Restricted	Restricted	Open	Open	Open
Local purchase by non-residents of shares and other securities	Restricted	Restricted	Open	Open	Restricted
Participation of residents in IPOs in foreign capital markets	Restricted	Restricted	Open	Open	Open
Local sale by non-residents of foreign shares or other securities	Restricted	Restricted	Open	Open	Open
Foreign sale by residents of shares or other securities	Restricted	Restricted	Open	Open	Open
Local purchase of bonds and other debt instruments by non-residents	Restricted	Restricted	Open	Open	Restricted
Local sale of bonds and other debt instruments by non-residents	Restricted	Restricted	Open	Open	Open
Sale of bonds and other debt instruments abroad by residents	Restricted	Restricted	Open	Open	Open
Local purchase or sale of money market instruments by non-residents	Open	Restricted	Open	Restricted	Open
Foreign purchase or sale of money market instruments by residents	Restricted	Open	Open	Restricted	Open
Local purchase by non-residents of collective purchase schemes	No regulatory framework	Open	Open	Open	Open
Local sale or issue by non-residents of collective investment schemes	No regulatory framework	Restricted	Open	Open	Open
External borrowing by residents	Open	Open	Open	Open	Open
Lending abroad by residents	Restricted	Restricted	Open	Open	Open
Inward direct investments	Restricted	Restricted	Restricted	Restricted	Restricted
Outward direct investments	Restricted	Restricted	Open	Open	Open
Repatriation of proceeds from the sale of assets	Open	Open	Open	Open	Open
Personal capital transactions	Open	Restricted	Open	Open	Open
Open, no restrictions (percent)	**22**	**22**	**94**	**83**	**83**
Number of NTBs reported and resolved (2008- 2013)	**3 2**	**18 13**	**16 9**	**5 2**	**9 4**

Source: Adapted from World Bank, EAC Secretariat 2014
Colour code: Restricted; open; No regulatory framework

As regards freedom of movement of goods:

> 'All Partner States still apply non-tariff barriers, with most related to sanitary and phytosanitary measures, rules of origin, additional taxes and charges, and technical barriers to trade.' Partners 'are all members of multiple free trade areas' meaning that they 'apply different tariffs to extra-regional trade partners.'[145]

Tanzania and Kenya are the main creators and eliminators of NTBs, with two-thirds of the total reported NTBs and three quarters of those resolved. However, it is not at all clear that NTBs are all definitively 'resolved': they may be suspended temporarily or reintroduced under different guises, or merely reported as 'resolved'.[146]

The World Bank/EAC report cited above constitutes a severe indictment of the GoT's performance in promoting EAC integration, though its launch did not spark political debate on Tanzania's commitment or how to catch up with the KUR countries.

[145] East African Community 2014, pp 2-4. See **Annex 1** for details.
[146] Robert Kirk, personal communication, 30/07/14.

In its 2014 Africa CEO survey, PriceWaterhouseCoopers found that:

> '…nearly three-quarters of CEOs in the [east African] region were concerned about over-regulation and an increasing tax burden.' … 'protectionist tendencies among national governments can hinder growth and the free movement of goods, services and labour.'[147]

Tarimo reports that the East African Business Summit (EABS) held in Kigali in October 2014 prioritised 'simpler tax regulations and the cessation of sudden changes in the tax regime.' Tanzania's decision to impose VAT on goods in transit while Kenya zero-rated these services was an example of 'disharmonious policy making', which risked losing Dar transit customers to Mombasa. Reports in April 2016 suggested that transit trade was switching to Mombasa as a result of the move.[148]

Quite clearly, Tanzania is not alone in the slow realisation of the EAC Protocol, but is seen as by far the slowest of the group. In terms of zero tariffs on EAC products, none of the EAC states are compliant. Tanzania has fully adjusted its tariff regime, but:

'…compared to the other Partner States she applied the most additional charges of equivalent effect to tariffs on EAC originating products and … in the application of the EAC Rules of Origin she accounts for most of the problems reported...' [149]

A more recent comparison of the performance of Africa's eight RECs in regional integration underlines Tanzania's relatively poor performance (**Table 10**).[150]

Table 10: Africa Regional Integration Index 2016, EAC performance (scores /1)

	Trade integration	Regional infrastructure	Productive integration	Free movement of people	Financial & macro-economic integration	Global classification
Kenya	1.0	.44	.84	.80	0.20	.66
Uganda	.94	.48	.73	.70	0.05	.58
Rwanda	.69	.37	.41	.80	0.50	.55
Burundi	.5	.84	.33	.70	0.03	.48
Tanzania	.78	.36	.45	.58	0.00	.43
Average	**.78**	**.50**	**.55**	**.72**	**.16**	**.54**

Source: African Union, ADB Group and Economic Commission for Africa 2016. 'Africa Regional Integration Index Report 2016.' http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/ARII-Report2016_EN_web.pdf.

By EAC standards, Tanzania is an average performer for trade integration but performs well below the regional average for infrastructure; productive, financial and macro-economic integration; and the free movement of people. The report finds the EAC to be the most successful REC in Africa.

147 David Tarimo 2016. 'EAC fiscal policy: are we moving in the right direction?' *Citizen,* 1 March.

148 Reporter 2016. 'Vehicle imports in transit decline at Dar port', *Daily News*, 5 April; Saumu Mwalimu 2016. 'Committee pushes for exemption of goods-on-transit tax', *Citizen*, 15 April.

149 Ibid., pp 42-54.

150 An exercise comparing Kenya, Ethiopia and Tanzania competitiveness in the textile and garment sector placed Tanzania well behind the two other countries on a number of criteria, with the exception of the availability of cotton and unskilled labour. See: African Cotton and Textile Industries Federation and Wazir Advisors 5015. 'Regional and Global benchmarking of Tanzanian Textile Industry', Gatsby Charitable Foundation, June 2015.

In the following section, we look briefly at the institutions of the EAC, the Arusha Secretariat in particular, to see how they influence trade and other integration under the EAC Charter.

8.7 Institutions of the EAC[151]

'The EAC could fulfill a vital and desperately needed role in coordinating various regional initiatives and infrastructure investments. The reality is that no government in the region is willing to delegate any real authority to the EAC.' [152]

Neither the EAC Secretariat nor the EALA has powers to overrule decisions made at the national level on issues related to trade and broader economic integration. Laws passed by the EALA have to be endorsed by national parliaments, and then enforced, both of which are often highly problematic, as we have tried to demonstrate. Draft policies and laws promoting trade integration may be watered down or blocked by presidents or ministers or sector lobbies. There are no sanctions the EAC institutions can bring to bear in the event of gross non-compliance with the EAC Charter, such as Tanzania's unilateral decision to flood the region with imported sugar and rice in 2012.

Even the EAC's advisory role can be overridden by political interests. For example, the Secretariat's Railways Master Plan Study (CPCS 2009) concluded that the proposed SG railway was 'cost prohibitive' even on the most optimistic traffic projections (see **Box 1**), yet the subsequent East African Railway Master Plan fully endorsed the SG option. All subsequent justifications for the huge SG investments are based on *a priori* reasoning rather than on cost-benefit analysis. This example challenges the EAC's own assertion that: 'The role of the Community will be to guide partner states on the components of the transport system that are of regional importance.'[153]

Not surprisingly, the EALA is also vulnerable to national politics and patronage. **Box 4** gives an insight into relations between national governments and the EALA.

Box 4: The EALA and national politics in the EAC

In January 2014, Uganda's **President Museveni** proposed **Margaret Zziwa** as Speaker of the **East African Legislative Assembly**, a post that rotates between EAC member states. But Tanzanian and Kenyan members of the Assembly found Ms Zziwa arrogant, disrespectful and high-handed, and set in motion a process to impeach her. But in May 2014, six of Tanzania's nine members of the Assembly withdrew their support for the impeachment motion, led by **Adam Kimbisa** and **Shy-Rose Banji,** who justified their withdrawal on the grounds that the MP who moved the motion had 'failed to substantiate the allegations he made against Ms Zziwa'. The MP in question, Kenya's **Peter Mathuki**, responded: "It clearly means they have been compromised and I challenge them to come out in the open and tell EAC what principles they stand for…" However, on June 3, 2014 Kenya's **President Uhuru Kenyatta** wrote to **Joseph Kiangoi,** Chair of Kenyan EALA MPs directing him and the other Kenyan members "to immediately withdraw your signatures for the censure motion." When asked whether Mr Kenyatta has the authority to make this directive, Mr Kiangoi responded: "Eala and the executive each exercise independent authority. Ours is to offer oversight on EAC matters through laid down regulations and procedures."

Source: Citizen Reporter 2014. 'Member seeking ouster of Speaker fears for Eala', *Citizen*, 16 June.

---

[151] Most of this section is about relations between the Secretariat and national governments in the region, not about Tanzania in particular. Interesting issues not treated here is the

[152] Interviewee B, 30/05/14.

[153] EAC Secretariat (2011: 113).

Rather than serving as a symbol of EAC integration aspirations, the EALA is vulnerable to the divisive patronage politics and frictions between countries that we have described above.[154]

Another undesirable parallel with national governance weaknesses in the Secretariat are allegations of waste and corruption which serve to undermine the public image of the organisation and led donors to withhold funding.[155] In February 2014, the Senior Estate Management Officer was suspended in connection with the loss of 'items belonging to the Community.'[156] 'An audit report commissioned by the EALA found that 'as much as $10 million could have been misused or mismanaged by the Secretariat.' In 2014-15, donors were said to have disbursed only US$7.6 million out of US$49.7 million pledged. 'Donors had reportedly demanded an audit of the funds earlier disbursed to the Secretariat.' On becoming head of the EAC in 2016, President Magufuli pledged to cut down on waste in the Secretariat and other bodies, including holding annual meetings in regional capitals rather than Arusha.[157]

The EABC should be a key partner in EA integration, but it is unrealistic to expect a supra-national lobby to emerge from such a diversity of business communities. An elephant in the room is the informal influence of (mostly 'Asian') businesses that operate within and outside the region.

As well as trade promotion, the EAC Secretariat reaches out to various sectoral interests in EAC countries, including agricultural cooperatives, trades unions, the handicapped, and anti-corruption agencies. It is difficult to imagine how diverse interest groups and organisations such as these can hope to instrumentalise their common interests across EAC borders, even assuming that they perform useful and appreciated services in their own countries. Corruption control is a case in point.[158]

***

Above we examined the main components of trade between Tanzania and other EAC members, stressing generic and specific institutional strengths and weaknesses. We highlighted a number of cases where Tanzania, though not the only offender, was seriously underperforming in implementing the Community's charter.

Tanzania has participated in growing intra-EAC trade in the last decade, in fuel, building materials, maize flour and consumer goods in particular. In addition, there have been some limited collective gains in addressing NTBs and other constraints on integration through collective efforts. Though still low, Dar port efficiency is improving, and cargo movements are increasing. The Tanzanian trucking industry has expanded rapidly since liberalisation, beginning in the 1990s, and is responsible for most of the additional trade with DRC, Burundi, and Rwanda. Unfortunately, the country's railways almost collapsed during the same period. Nevertheless, the above examples of manufacturing, agriculture, infrastructure, tourism, people and capital highlight the limits of the possible regarding pro-integration moves on the part of the Tanzanian elite, bureaucracy and diverse private sector actors.

---

[154] The patronage opportunities that the EAC institutions affords to EA leaders are extensive and undocumented.

[155] Isaac Mwangi 2016. 'Begging with a straight face: Why can't EA finance its own agenda?', *Sunday News*, 10 April.

[156] Zephania Ubwani 2014. 'EAC suspends officer on graft claims', *Citizen*, 10 March. Mr Phil Kleruu supervised the construction of the new EAC headquarters.

[157] Adam Ihucha 2016. 'Magufuli begins austerity drive to instil discipline at EAC Secretariat', *East African*, 5 March. In 2012/13, the Secretariat spent US$3.5m on air travel, about 10 percent of total expenditure.

[158] 'Anti-corruption agencies in EAC member states are pushing for the speedy finalisation of the regional protocol on anti-corruption to help fight graft trends in the region' (Fred Oluoch 2014. 'Regional agencies seek more powers to fight corruption', *East African*, 28 June).

9 Tanzanian exceptionalism and the primacy of politics

Our concern has been to examine the apparent reluctance of the GoT to commit whole-heartedly to the first two 'pillars' of the EAC, that is, the CU, promising free trade within the EAC, and the CET, presenting a common set of graded tariffs on non-EAC imports. Relatively peaceful Tanzania is not under the same *existential pressures* to cooperate as the KUR countries. KUR have histories of civil-war, refugees and internal population displacements, post-election violence, and cross-border military action, while Kenya has also been a target for deadly terrorist attacks. KUR countries have complementary economic interests in Uganda's and Rwanda's dependence on Mombasa port services and their purchase of Kenyan consumer goods. These are compelling reasons driving economic cooperation.

9.1 Institutions, governance and integration

We still need to ask: if Tanzanian policy is pro-market led development and pro-EAC trade integration, then why do so many government actions and inactions seem to contradict these commitments? The obvious contrast here is with Kenya, for whom the EAC is treated as an opportunity for growing its private investment and trading presence in the region.[159]

One reason explored above is that Tanzanian commitments to the EAC are opposed by specific sectoral interests that feel threatened by competition. In addition, GoT's unilateral waivers of the CET undermine the integration process, leading to policy incoherence, while poor coordination and governance capacities, including service delivery, add to the above weaknesses. Finally, ideological considerations come into play. We summarise each in turn.[160]

Vested interests.[161] Tanzanian politicians, companies, and professional bodies actively defend their interests in the face of perceived threats from other EAC members, as illustrated in **section 8**. Despite pressures over many years to reopen the Bologonja border post to Kenyan tour operators it remains closed as a protective measure for Tanzanian hoteliers and tour operators on the northern circuit. Tanzanian clearing and forwarding agents continue to lobby against the introduction of a Single Customs Territory, already operational in Mombasa port, for fear of Rwandan companies setting up shop in Dar es Salaam.

Policy incoherence. We described the incoherence in agricultural policy, which is unclear on fundamental issues of strategy and focus. This incoherence often reflects contradictory incentives faced by the ruling elite. Booth et al. (2013:37-8) relate how different agricultural policy strands variously favour small farmers, local capitalist farmers, and foreign capitalist farmers/agribusiness. These elite incentives reflect material self-interest (owning land, farms and businesses), political expediency (controlling urban food prices), commercial lobbying (waiving import tariffs), ideology (mistrust of 'non-indigenous' merchants, foreign investors), and vote-seeking (promoting small-scale irrigation, input vouchers).

Not surprisingly, the policy incoherence described above is reflected in incoherent policy implementation. Unpredictability undermines the investment climate and business environment, which, according to trend data, seem to be getting worse, not better. Though agriculture is an outlier in terms of policy incoherence, other examples of policy confusion and failure to implement policies abound, as witnessed by the main

[159] Reminder: big Kenyan companies are no less protectionist than those in other countries.
[160] Chronic shortages of qualified and motivated public servants and technocrats constitute another constraint on integration efforts already mentioned in the text.
[161] Vested interests naturally lobby to defend themselves. The point is whether they are successful or not.

theme of this report. The loosening of central political authority in a context of competitive clientelism results in indiscipline and coordination failures.

Governance capabilities. **Table 3** showed a significant decline in a range of Tanzanian governance capabilities in recent years, which translates into poorly managed state corporations and utilities, poor private sector regulation, and seriously underperforming social services. Different forms of rent-seeking practiced within the state apparatus and between the state and private sector variously affect these capabilities.[162] Examples directly relevant to our story line include the following:

- The long-term underperformance of the education system has produced Tanzania's relatively uncompetitive workforce;
- The politicisation of key components of the state bureaucracy leads to staff demoralisation and the spread of indiscipline;
- Patronage spending[163] and waste in government expenditure divert public resources away from public goods creation and maintenance;
- Political rents in key sectors (ports, food security, roads, trucking, power supply, construction, aid projects, minerals...) are generally market-constraining, reinforcing the negative consequences of the previous factor; and
- 'Corruption' is considered a major factor undermining the Tanzanian business environment.[164]

Ideology. The tendency for politicians to endorse unrealistic policies that are not grounded in economic realities and for official bodies to play both regulatory and commercial roles in different sectors reflect a nationalist-statist ideology that is suspicious of both Asian merchant capitalists - variously described as 'greedy' and 'unscrupulous' - and international corporations and other companies representing 'so-called' investors, particularly in the extractive industries, who are suspected of serial tax evasion and illicit financial transfers. Though vested interests among Tanzanian politicians, bureaucrats and businesses partly drive these positions, they are also strongly influenced by Tanzania's colonial history of economic segregation and post-independence commitment to de-linking from global capitalism.

***

The formal architecture of the EAC designed to promote trade integration has little or no leverage over the above constraints of vested-interest, policy incoherence, and governance shortfalls. Below we suggest that Tanzania's evolving political settlement exacerbates these constraints.

9.2 Tanzania's political settlement[165]

Much of the above discussion touches indirectly on the issue of Tanzania's political settlement (TPS). Successful political settlements allow elites to stay in power and maintain the integrity of the nation state. In so doing, different interest groups must be accommodated or marginalised. The time, effort and costs

[162] Cooksey 2011a.

[163] Patronage spending is providing high salaries for politicians, opportunities for allowances, foreign travel, membership of committees and commissions, boards of directors, and so on. See Cooksey 2011a.

[164] A KPMG and World Bank survey (2013) of 100 mid-sized Tanzanian companies found 43 percent of respondents identifying corruption as 'the most significant constraint on doing business', followed by 'tax rates and regulations' (29 percent), and 'access to finance' (24 percent). Continued high rates of foreign investment suggest the *investment climate* is largely positive, though the recent history of the large-scale gold exploration and mining industry suggests serious regulatory, security, and tax issues that discourage new exploration and mining initiatives (Cooksey 2011c).

[165] Political settlements are 'the arrangements that elites agree to in order to end violent competition over power and resources' (Parks and Cole, 2010, cited by Booth et al. 2014: 10).

involved in doing this directly influence state capacity to deliver policy benefits to the people. Here we consider the ways in which the TPS affects and is affected by the institutional capacities discussed above.

Recent PEA of Tanzania suggests a post-liberalisation, post-democratisation elite settlement increasingly challenged by the politics of competitive patronage. For our purposes, key features of the settlement are the weakening of presidential authority within the state apparatus and the concomitant relative empowerment of lower levels of the political and bureaucratic system, and the escalation of the costs of politics under a competitive party system.

Tanzania's political settlement is currently in transition from a centralised and inclusive single-party to a looser and less monolithic model. With the reintroduction of multiparty politics in the 1990s, new political parties were established to challenge the hegemony of CCM, so far with limited success. But competition within CCM has raised the cost of maintaining the PS even more. Both types of competition have had largely negative effects on the state's functional capabilities.[166]

By African standards, Tanzania is still a well-integrated polity renowned for its 'peace and tranquillity', reflecting relatively low levels of historically-derived inequalities based on race, religion, ethnicity, or class, and the exceptional statecraft skills of the country's first (and still revered) president.

Signs of a loosening of the centralised hegemony of the ruling party's PS since liberalisation are the increasing influence of lower-level elites through (partial) decentralisation, control of land allocation, and the selection of parliamentary candidates.[167] The security of tenure of CCM incumbent MPs has fallen as a result, raising the possibility of defections to opposition parties when incumbents are not reselected. In 2015, Edward Lowassa, the front-runner for the CCM presidential nomination, defected to the opposition Chadema party after he lost the nomination to John Magufuli.[168]

In sum, the TPS has moved from centralised hegemony to a looser alliance around CCM, national security, senior bureaucrats, and the army, while competitive rent-seeking ratchets up the cost of the settlement without assuring stability over the longer term. An unknown amount of party finance flows informally from major 'Asian' (and other) businesses, in exchange for tax exemptions, lucrative contracts and other market-distorting mechanisms. Apart from this cronyism, the plunder of state resources by networks of politicians, senior government officials and private actors seems to have escalated with the dissipation of presidential power. The looting of over US$120m from a BoT escrow account in 2013 is evidence of 'state capture' of the most unproductive, economically constraining, kind.[169]

In theory, Tanzania's relative 'peace and tranquillity' should limit the transaction costs of the 'political settlement' dramatically compared to all its neighbours. In practice, the systemic diversion of public resources to help maintain the political equilibrium in Tanzania's increasingly competitive political system effectively captures any 'peace dividend' that the country might otherwise have enjoyed.

---

[166] For the negative implications of 'democracy' regarding long-term development policy-making in Africa, see Booth and Cammack 2013, Chapter 4, and Booth and Golooba-Mutebi 2013.

[167] Bourgouin, Therkildsen and Geelan 2011.

[168] But there was no mass defection to the opposition by his numerous CCM supporters in parliament.

[169] Zitto Kabwe 2014. 'Tegeta Escrow Account is public money', *Citizen*, Dar es Salaam, 29 June. Kenya's and Uganda power utilities make profits while Tanzania's TANESCO is indebted to the tune of hundreds of millions of US dollars as a result of long-term corruption in power procurement and mismanagement (See Policy Forum 2016. 'Tanzania Governance Review 2014: The year of escrow', June). Since its neighbours are equally corrupt, this example suggests that Tanzania needs to learn to perform large-scale corruption more efficiently.

9.3 Political will, mindsets and leadership

This discussion of the political settlement and growing Tanzanian nationalism helps put in perspective the popular development discourse of academics and journalists framing political issues in terms of *leadership, political will* and *mindsets*. These terms are rather problematic from a PE perspective. Focusing on presidential qualities and actions (and inactions) can easily morph into a 'great man' theory of history. Political economists are more likely to focus on how leadership is defined, projected and constrained in a given context, reflecting deeper structural, institutional and socio-cultural drivers.[170]

Some observers use the concept of political will to 'explain' the failure of presidents and governments to implement 'difficult' or 'challenging' reforms, or to co-operate with each other.[171] We do not find the term particularly useful. In a sense, doing nothing is an act of political will, since the actor will have to live with the consequences of inaction. Similarly, the act of reneging on policy commitments or international agreements so as to protect local companies, stifle competition and inconvenience the public requires considerable 'political will'. Even more 'political will' is required to favour trading interests over producers by waiving CETs on imported foodstuffs. Jakaya Kikwete's stonewalling on the Escrow issue was an act of supreme political will. Thus, of necessity, key actions and inactions by the political elite are expressions of its 'political will.' Different incentives pull in different directions, as the deconstruction of Tanzanian agricultural policy demonstrates.

Some observers claim that Tanzanian 'mindsets' need to change if policymaking and implementation are to become more effective and focused on the longer-term. If 'mindsets' is another term for 'ideology', then the PE challenge is to understand them, not to distinguish between 'right' and 'wrong' mindsets.[172] Mindsets-as-values are extremely difficult to change, since they have more to do with identity and sentiment than with rational discourse around development policies and strategies.

Do relations between heads of state and their networks influence the pace or content of EAC integration? Byiers et al. (2013) propose that cross-border collaborative investments are only likely to succeed if they coincide with the perceived interests of the rulers of the countries involved.[173] This is clearly demonstrated by the collective efforts of Kenya, Uganda and Rwanda, with Kenyan economic dominance accepted by the other two in exchange for Kenya's commitment to reduce the time and costs involved in importing and exporting goods through Mombasa. Contrast this with the stand-off between Tanzania and Rwanda discussed above, where both poor personal relations between heads of state and the lack of compelling complementary economic interests combine to undermine cooperation.

A related set of factors concerns the nature of the involvement of national elites in business activities, already discussed above. Here we might expect the commitment of elites to integration to reflect their own cross-border business interests. Again, the greatest contrasts are between Kenya and the other EAC members. The Kenyatta family, for example, owns multiple businesses, some of which are regionally

[170] Booth et al. (2014: Summary) state that: 'The leadership factors that matter are collective and have to do with political organisation and underlying settlements.'

[171] For example, Mukandala describes the failure of the first EAC as follows: 'Ultimately, in a climate of acrimonious accusations it was a general failure of **political will** rather than any single crisis which led to the breakup' (Rwekeza Mukandala 2000. 'Political Cooperation', in EAC Secretariat 2000. *Proceeds of the first ministerial seminar on East African Cooperation*, Arusha, 25-6 March 1999 (emphasis in the original).

[172] A 'wrong' mindset implies 'false consciousness'.

[173] Byiers, Bruce, Jan Vanheukelom, Quentin de Roquefeuil, 2013. 'Arguing a Political Economy Approach to Regional Integration', Draft, 5 November.

active.[174] But this effect works both ways: elite-owned or politically-well connected companies may have export ambitions, but they may also use their clout to limit investments and trade in the other direction. For example, Bakhressa (AZAM), Tanzania's biggest trading conglomerate, complains that politically well-connected maize interests may be responsible for the NTBs that forced them out of the Kenyan maize-flour business in 2013-14.[175]

How elites define, defend and advance their personal economic interests within the context of the EAC, both formally and informally, is a big subject worthy of more research, though not by the faint-hearted.

9.4 Whither Tanzania and the EAC?

Recent PE studies have highlighted differences between EAC countries in terms of their political settlements, the mobilisation of rents for political ends, their capacities to plan, tax, regulate, and create public goods and services effectively, and their potential for coordinating the transition from an economic growth to an economic transformation trajectory.[176] With the partial exception of Rwanda, the region's ruling elites struggle to craft policies that promise significant welfare gains, crucially through improvements in productivity among smallholder farming households.[177]

This is a first attempt to understand the deep PE constraints on rapid regional integration seen from a single country perspective. We have examined intra-EAC trade in cereals and manufactured goods, and infrastructure development from a Tanzanian perspective. Most cereal exports to the region have been neither formalised nor liberalised, and Tanzania is yet to become the region's proverbial breadbasket. Though policy encourages foreign (including EAC) investment in line with the EAC Protocol, in practice it is extremely difficult for non-Tanzanians to obtain or enforce land rights. Export of Tanzanian manufactures to the region appears to have increased quite rapidly, though figures are unreliable. Non-Tanzanian professionals find it hard to get a foot-hold in the country. Thus, while serving some cross-border markets, the GoT undermines others.

But Tanzanian recalcitrance is not cast in stone. There are signs that some senior state bureaucrats are becoming more flexible in their attitude towards the 'threats' posed by EAC (and other foreign) capital, professionals and goods, and a few Tanzanian conglomerates are developing a regional presence. Tanzania's trucking industry is regionally competitive, horticulture shows promise, manufacturing exports are increasing, tourism has boomed. There is also some evidence that higher profile politicians are being selected for the EALA.

While financial and political federation are still long-term objectives, it is worth asking whether the EAC currently serves a larger political purpose in an unstable region. For example, there is a view that Rwanda's and Burundi's joint accession to the EAC in 2007 helped 'normalise' relations between the two countries. According to Vandeginstea (2014:3):

> '…bilateral relations between the two neighbours have generally been very friendly during the past decade. This may well in part be due to a dynamic of regional integration, and, in particular, the fact that both states joined the East African Community in 2007.'

---

[174] See text for Brookside's ouster from northern Tanzania, though it is unclear whose interests were being protected, since nobody stepped in to buy the milk from farmers that Brookside had purchased previously. This example shows that even a 'well-connected' Kenyan company cannot be assured of protection against local interests.

[175] Senior official of Bakhressa, pointing to Kenyan NTBs (01/07/14).

[176] See Africa Power and Politics Programme; Kelsall 2013; Booth et al. 2014.

[177] Booth et al. 2014, Introduction.

However, the deteriorating political situation in Burundi has led to a growing standoff between Bujumbura and Kigali, who accuse each other of hosting political opponents.

The main recent political conflict of note in the Community has been Tanzania's stand-off with Rwanda over the former's apparent support for the 1994 *génocidaires* of the FDLR. This issue has been resolved for the moment with the election of a new Tanzanian President. In the longer term, it would be in both countries' economic interests to cooperate rather than confront each other, a logic which is stronger for Rwanda than for Tanzania. Yet, if Tanzania doesn't improve its integration performance, Rwanda will sooner or later transfer all its international trade to Mombasa, a trend already underway. Without joint economic interests, the stand-off could re-emerge, adding to the current instability in the region.

The larger EAC challenge remains: if collective action for sustainable and inclusive development is difficult to craft at the national level, how much more difficult is it between five (or six) independent partners?

Bibliography

Political Economy Analysis: General, comparative and African

Andrews, M. 2013. The Limits of Institutional Reform in Development. Changing Rules for Realistic Solutions. Cambridge University Press.

Barma, N., Kaiser, K., Minh Le, T., Viñuela, L. 2012. Rents to Riches?: The Political Economy of Natural Resource-Led Development, The World Bank.

Bates, Robert H. 1981. Markets and States in Tropical Africa: The Political Basis of Agricultural Policies, Berkeley: University of California Press.

Bayart, Jean-François; Stephen Ellis; and Béatrice Hobou 1999. The Criminalization of the State in Africa, London: James Currey.

Berendsen, Bernard, Ton Dietz, Henke Schulte Nordholt and Roel van der Veen (eds.) (2013) Asian Tigers, African Lions: Comparing the Development Performance of Southeast Asia and Africa. Leiden: Brill.

Bhagwati, Jagdish 2013. 'Dawn of a New System', Finance and Development, pp 9-13, December.

Booth, David and Diana Cammack 2013. Governance for Development in Africa: Solving Collective Action Problems. London: Zed Books.

Booth, D. and Therkildsen, O. 2012. Africa Power and Politics Programme, Developmental Leadership Programme, Elites Production and Poverty, Political Economy of Agricultural Policy in Africa and Tracking Development 2012. The Political Economy of Development in Africa: A Joint Statement from Five Research Programmes. Copenhagen: Danish Institute of International Studies.

Bretton Woods Project, 2007. 'Knowledge Bank-rupted: Evaluation says key World Bank research "not remotely reliable"' News, 31 January

Bueno de Mesquita, B., Smith, A., Siverson, R.M. and Morrow, J.D. 2003. The Logic of Political Survival. Boston, MA: MIT Press.

Buur, L. and Whitfield, L. 2013. Industrial Policy and state-business relations: towards a heuristic approach. in: te Velde, D.W. (ed.) 2013. State-business relations and industrial policy. Current policy and research debates.

Cardoso, Fernando Henrique and Enzo Faletto 1979. Dependence and Development in Latin America, Berkeley: University of California Press.

Chabal, Patrick, and Jean-Pascal Daloz 1999. Africa Works: Disorder as a Political Instrument, London: James Currey.

Chang, Ha-Joon 2002. Kicking Away the Ladder: Development Strategy in Historical Perspective. London: Anthem Press.

Collier, Paul 2007. The Bottom Billion: Why the Poorest Countries Are Failing and What

Can Be Done About It, New York: Oxford University Press.

Copestake, J. and Williams, R. 2012. 'The evolving art of political economy analysis: Unlocking its practical potential through a more interactive approach', Oxford Policy Management Development Futures paper.

Deaton, A. 2013. The Great Escape. Health, Wealth and the Origins of Inequality. Princeton University Press.

Desai, M.R. 2011. An Evaluation of Political-Economic Analysis in Support of the World Bank's Governance and Anticorruption Strategy. IEG Working Paper 2011/4, Washington: IEG

DFID. 2009. Political Economy Analysis. How To Note. A DFID practice paper. London.

Duncan, A., & Williams, G. 2010. ‘Making Development Assistance More Effective by Using Political Economy analysis: What has been done and what we have learned’, Brighton, UK: Policy and Practice Ltd.

Ellerman, David, 2007. ‘Helping people help themselves: From the World Bank to an alternative philosophy of development assistance’, 22 January.

Evans, Peter B. 1995. Embedded Autonomy: States and Industrial Transformation. Princeton, NJ: Princeton University Press.

Fisher, J. and Marquette, H. 2013. Donors Doing Political Economy Analysis: From Process to Product (and back again?). Birmingham: University of Birmingham.

Foot, Simon 2005. ‘Improving the investment Climate Support Project: Drivers of Change Review’, Nairobi: DFID.

Fritz, V., Kaiser, K. and Levy, B. 2009. Problem-Driven Governance and Political Economy Analysis. Good Practice Framework. Washington DC: The World Bank.

Gerschenkron, A. 1962. Economic Backwardness in Historical Perspective: A Book of Essays. Cambridge: Harvard University Press.

Grindle, M. 2004. Good Enough Governance: Poverty Reduction and Reform in Developing Countries, Governance: An International Journal of Policy, Administration and Institutions 17 (4): 525-48.

Haider, H., & Rao, S. 2010. ‘Political and Social Analysis for Development Policy and Practice: An Overview of Five Approaches’, Birmingham, UK: University of Birmingham, Governance and Social Development Resource Centre.

Halcrow Group Ltd. 2005. Agriculture and Infrastructure Linkages, Working Paper prepared for DFID, Swindon, UK: Halcrow Group Ltd.

Harris, D., Mcloughlin C. and Wild, I. 2013. The technical is political. Why understanding the political implications of technical characteristics can help improve service delivery. ODI.

Jomo K. S. and Rudiger von Arnim 2012. ‘Economic Liberalization and Constraints to Development in Sub-Saharan Africa’, Chapter 17 in Akbar Noman, Kwesi Botchwey, Howard Stein and Joseph E. Stiglitz (eds.) 2012. Good Growth and Governance in Africa: Rethinking Development Strategies. Oxford: Oxford University Press.

Keefer, Philip 2007. 'Clientelism, Credibility, and the Policy Choices of Young Democracies', American Journal of Political Science 51(4)**:** 804-821.

Keefer, Philip 2010. The Ethnicity Distraction? Political Credibility and Partisan Preferences in Africa. Policy Research Working Paper 5236. Washington, DC: World Bank.

Keefer, Philip 2011. ‘Collective Action, Political Parties and pro-Developmental Public Policy’, Policy Research Working Paper 5676, Washington DC: World Bank

Kelsall, Tim 2013. Business, Politics, and the State in Africa: Challenging the Orthodoxies on Growth and Transformation. London: Zed Books.

Khan, M. 2010. ‘Political Settlements and the Governance of Growth-Enhancing Institutions’. Draft Paper in Research Paper Series on Growth-Enhancing Governance.

Khan, M. 2012. ‘The Political Economy of Inclusive Growth’, in OECD and the World Bank. Promoting Inclusive Growth: Challenges and Policies. Paris: OECD.

Lawrence, R. 1996. Regionalisms, Multilateralism and Deeper Integration. Washington: The Bookings Institution.

Laws, Edward 2012. Political Settlements, Elite Pacts, and Governments of National Unity: A Conceptual Study. Background Paper 10. Canberra: Developmental Leadership Program.

Leftwich, A. 2011. 'Thinking and Working Politically'. Developmental Leadership Programme, Discussion Paper.

Levy, B. 2010. Development Trajectories: An Evolutionary Approach to Integrating Governance and Growth, Washington: World Bank.

Mansfield, E. D., 1999. Regionalism, Multilateralism, and Globalization. Department of Marwell, Gerald, and Pamela Oliver. 1993. The Critical Mass in Collective Action: A Micro-Social Theory. Cambridge: Cambridge University Press.

Mills, Gred 2010. Why Africa is Poor and What Africans Can Do About It. Johannesburg: Penguin.

Moen, E., & Eriksen, S. S. 2010. 'Political Economy analysis with a legitimacy twist: what is it and why does it matter?' Oslo: NORAD.

Moncrieffe, Joy and Luttrell, Cecilia 2005. 'An Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas', Overseas Development Institute.

Moore, Mick and Schmitz, H. 2008. Idealism, Realism and the Investment Climate in Developing Countries, Working Paper 307, Brighton: IDS.

Noman, Akbar, Kwesi Botchwey, Howard Stein and Joseph E. Stiglitz (eds.) 2012. Good Growth and Governance in Africa: Rethinking Development Strategies. Oxford: Oxford University Press.

North, Douglass 1990. Institutions, Institutional Change and Economic Performance, Cambridge: Cambridge University Press.

North, Douglass C., John J. Wallis, Steven B. Webb and Barry R. Weingast (eds.) 2013. In the Shadow of Violence: Politics, Economics, and the Problems of Development. Cambridge, UK: Cambridge University Press.

OECD 2009. Donor Approaches to Governance Assessments. A Sourcebook, Paris: OECD.

OECD 2011. International Drivers of Corruption: A Tool for Analysis. Paris: OECD.

Olson, Mancur. 1971. The Logic of Collective Action: Public Goods and the Theory of Groups. Cambridge, Mass.: Harvard University Press.

Poole A. 2011. Political Economy Assessments at Sector and Project Levels', How-To Note, World Bank, Washington DC.

Posner, Daniel N. 2005. Institutions and Ethnic Politics in Africa. Cambridge: Cambridge University Press.

Poulton, Colin 2012. Democratisation and the Political Economy of Agricultural Policy in Africa, Working Paper 043. Brighton: Future Agricultures.

Reinert, Erik S. 2007. How Rich Countries Got Rich ... and Why Poor Countries Stay Poor. London: Constable & Robinson.

Rodrik, D. 2007. One Economics. Many Recipes. Globalization, Institutions and Economic Growth. Princeton: Princeton University Press.

Rodrik, D. 2008. 'Second-Best Institutions', American Economic Review: Papers and Proceedings 98(2): 100-104.

Unsworth, Sue and Gareth Williams. 2011. 'Using Political Economy Analysis to improve EU Development Effectiveness', A DEVCO Concept Paper.

Unsworth, S. 2007. Framework for Strategic Governance and Corruption Analysis: Designing Strategic Responses Towards Good Governance, The Hague: Netherlands Institute of International Relations.

Unsworth, S. and Williams G., 2011, 'Political Economy Analysis to Improve EU Development Effectiveness', DEVCO Concept Paper.

van de Walle, Nicolas 2001. African Economies and the Politics of Permanent Crisis, 1979-1999. Cambridge: Cambridge University Press.

van Donge, Jan Kees, David Henley and Peter Lewis 2012. 'Tracking Development in Southeast Asia and sub-Saharan Africa: The Primacy of Policy', Development Policy Review 30(S1): s5-s24.

Vlasblom, Dirk 2013. The Richer Harvest: Economic Development in Africa and Southeast Asia Compared. Leiden: African Studies Centre.

Wales, J. with Wild, L. 2012. The political economy of roads. An overview and analysis of existing literature. London: ODI.

Whitfield, L. and Therkildsen, O. 2011. 'What Drives States to Support the Development of Productive Sectors? Strategies ruling elites pursue for political survival and their policy implications', DIIS Working Paper No 15. Copenhagen: Danish Institute for International Studies.

Williams, Gareth, Alex Duncan, Pierre Landell-Mills and Sue Unsworth 2009. 'Politics and Growth', Development Policy Review, 27 (1): 3-29.

World Bank 2008. 'The political economy of policy reform: Issues and implications for policy dialogue and development operation', Social Development Department, November.

African PEA and regional integration

Acclassato, D. 2013. 'Intra-West African Trade. DPS N°2', Center for European Integration Studies.

African Development Bank. 2011. 'Southern Africa Regional Integration Strategy Paper 2011-2015', AfDB.

Africa Economic Outlook 2013. Structural Transformation and Natural Resources. AfDB, UNECA, UNDP, OECD Development Centre.

African Capacity Building Foundation. 2006. *A Survey of Capacity Needs of Africa's Regional Economic Communities*.

Afrika, J.K.G., Ajumbo, G., 2012. 'Informal Cross Border Trade in Africa: Implications and Policy Recommendations', Africa Economic Brief, Vol.3 No.10.

Asche, Helmut and Jonne Brücher 2009. 'Myth and Reality of African Regional Integration', *Recht in Afrika*, 12 2, 169-186.

Barka, Ben, H. 2012. 'Border Posts, Checkpoints, and Intra-African Trade: Challenges and Solutions', Policy Brief, African Development Bank.

Bertelmann-Scott, T., Catherine Grant, Lesley Wentworth. 2013a. Southern African Private Sector Drivers of Regional Integration. Paper for Political Economy of Regional Integration in Southern Africa (PERISA). ECDPM and SAIIA Dialogue Meeting, 2-3 July, Pretoria.

Bertelmann-Scott, T., Catherine Grant, Lesley Wentworth. 2013b. The Management of Regional Public Goods in Favour of Regional Integration. Paper for Political Economy of Regional Integration in Southern Africa (PERISA). ECDPM and SAIIA Dialogue Meeting, 2-3 July 2013, Pretoria.

Booth, David 2012. *Development as a collective action problem. Addressing the real challenges of African governance.* Synthesis report of the Africa Power and Politics Programme.

Booth, David 2011. *Governance for Development. Building on What Works.* Africa Power and Politics, Policy Brief No 4.

Booth, David 2009. *Elites, governance and the public interest in Africa: working with the Grain?* Africa Power and Politics Discussion Paper No. 6.

Brett E. A., 1973. *Colonialism and Underdevelopment in East Africa: The Politics of Economic Change, 1919-39,* London: Westview.

Byiers, Bruce, Jan Vanheukelom, Quentin de Roquefeuil 2013. 'Arguing a Political Economy Approach to Regional Integration', Draft, November.

Carère, C., Julien Gourdon, Marcello Olarreaga. 2012. 'Regional Integration and Natural Resources: Who Benefit, Evidence from MENA', Policy Research Working Paper 5970, World Bank.

CPCS 2013. 'Financial and Economic Analysis of Tanzania Intermodal and Rail Development Project (TIRP)'. Report prepared for RAHCO and The World Bank. CPCS Report 13124.

Draper, P. 2010. 'Rethinking the (European) Foundation of Sub-Saharan African Regional Economic Integration: A Political Economy Essay', OECD Working Paper N° 293. OECD Development Centre.

European Centre for Development Policy Management 2011. 'The Political Economy of Regional Integration in Southern Africa: What role for the EU and other partners?' Workshop report.

European Centre for Development Policy Management and SAIIA. 2012. Political Economy of Regional Integration in Southern Africa: South Africa as a Catalyst of Regional Integration. Project Abstract. March 2012 – July 2013.

Flatters, F. 2002. 'SADC Rules of Origin: Undermining Regional Free Trade' Paper Prepared for TIPS Forum, Johannesburg, South Africa, September 9-11 2002.

Foster, V. and Briceno-Garmendia, C. (ed.). 2010. *Africa's Infrastructure. A Time for Transformation.* Washington: AfD and the World Bank.

Fouroutan, F. 1993. 'Regional integration in sub-Saharan Africa: experience and prospects', World Bank.

Geda, A., Kebret, H. 2007. 'Regional Economic Integration in Africa: A Review of problems and prospects with a Case Study of COMESA', Journal of African Economies 17(3): 357-394.

Hartzenberg, T. 2012. The Tripartite Free Trade Area – shaping a new paradigm for African integration? Foreign Voices. No. 02 April 2012.

Henley, D and van Donge, J.K. 2012. *Policy for Development in Africa: Learning from Southeast Asia.* Developmental Regimes in Africa, Policy Brief 1, March 2012.

Henley, D., Lewis, P. and van Donge, J. K.. 2012. *Tracking development in South-East Asia and Sub-Saharan Africa: the Primacy of Policy, Development Policy Review* 30 (S1): S5–S24.

Hoppe, M., and Francis Aidoo. 2012. Removing Barriers to Trade between Ghana and Nigeria: Strengthening Regional Integration by Implementing ECOWAS Commitments. Africa Trade Policy Note No. 30. March.

IPAR 2006. *Public Procurement Reforms: Redressing the Governance Concerns*, Nairobi: IPAR Policy View 2.

Jakobeit, C., Hartzenberg, T., Charalambides, N. 2005. 'Overlapping Membership in COMESA, EAC, SACU and SADC—Trade Policy Options for the Region and for EPA Negotiations', Trade Programme, GTZ.

Johnson, Simon, Jonathan D. Ostry, and Arvind Subramanian, 2007. 'The Prospects for Sustained Growth in Africa: Benchmarking the Constraints,' IMF Working Paper 07/52, Washington: International Monetary Fund.

Kibua, Thomas and Arne Tostensen 2005. 'Fast tracking East African Integration: Assessing the Feasibility of a Political Federation by 2010', Bergen: Christian Michelsen Institute, CMI Report R2005:14

Lamy, P. 2010. Intégrations régionales en Afrique: Ambitions et Vicissitude. In Europe et Gouvernance Mondiale. Notre Europe.

Lesser, C., Moisé-Leeman, E. 2009. 'Informal Cross-Border Trade and Trade Facilitation Reform in Sub-Saharan Africa', Final Report, OECD Trade Policy Working Paper No. 86.

Mkandawire, Thandika 2012. 'Institutional Monocropping and Monotasking in Africa', Ch. 3 in Akbar Noman, Kwesi Botchwey, Howard Stein and Joseph E. Stiglitz (eds.) 2012. *Good Growth and Governance in Africa: Rethinking Development Strategies.* Oxford: Oxford University Press.

Ndomo, A. 2009. 'Regional Economic Communities in Africa: A Progress Overview', GTZ.

Ndulu, Benno J., Stephen A. O'Connell, Jean-Paul Azam, 2008. *The Political Economy of Economic Growth in Africa, 1960–2000*, Cambridge: Cambridge University Press.

Poulton, Colin; Jonathan Kydd; and Andrew Dorward 2006. 'Overcoming Market Constraints on Pro-Poor Agricultural Growth in Sub-Saharan Africa', *Development Policy Review*, 24(3), May.

Poulton, Colin ; Peter Gibbon ; et al. 2003. 'Competition and Coordination in Liberalized African Cotton Market Systems', *World Development*, 31-50.

Raballand, G. and Teravaninthorn, S. 2009. *Transport Prices and Costs in Africa. A Review of International Corridors.* Washington: the World Bank.

Radelet, Steven, 2010. *Emerging Africa: How 17 Countries Are Leading the Way,* Washington: Centre for Global Development.

Vanheukelom, Jan 2012. 'Why a political economy approach to regional integration?', European Centre for Development Policy Management, Political Economy & Governance.

West African Trade Hub 2010. 'ECOWAS Market Integration: Results of A Preliminary Gap Analysis', West African Trade Hub Technical Report No. 33.

World Bank. 2010a. 'Roads: Broadening the Agenda', in V. Foster and C. Briceno-Garmendia (eds) *Africa's Infrastructure: A Time for Transformation.* Washington: The World Bank.

World Bank. 2010b. *Enabling Private Sector Development in the Landlocked Regions of the North-South Corridor.* Washington: Africa Finance and Private Sector Department.

East African Community: general

African Development Bank 2010. 'Eastern Africa—Regional Integration Strategy Paper 2011-2015'.

African Development Bank 2011. Eastern Africa Regional Integration Strategy Paper 2011-2015, AfDB.

African Development Bank and African Development Fund 2010. 'Eastern Africa Regional Integration Strategy Paper 2011-2015'.

African Development Fund 2006. 'Multinational: Institutional Support for East Africa Trade and Transport Facilitation', Appraisal Report.

Akumu, Washington 2013a. 'Unrealised economic benefits of a working regional bloc: Planning versus reality', *East African*, 2 November.

Akumu, Washington 2013b. 'Defence, security and foreign policy pact hallmark of summit', *East African*, 16 November.

Akumu, Washington 2013c. 'New alliance brings urgency to integration and regional projects', East African, Nairobi, 14 December.

Akumu, Washington 2014. 'Probing the dragon: China Inc runs into ethics barriers', *East African*, Nairobi, 25 January.

Akuola, Otieno; Michael Bockhorn-Vonderbank; and Ochieng' Rapuro (2001) *Old Vision – New Plans: Stakeholder Opinions on the Revival of the East African Community*, Nairobi: Konrad-Adenauer-Stiftung.

Aurecon 2010. 'East African Transport Strategy and Regional Road Sector Development Program'.

Bachmann, Veit and James D Sidaway 2010. 'African regional integration and European involvement: external agents in the East African Community', *South African Geographical Journal*, 91, 1, 1-6.

Booth, David, Brian Cooksey, Fred Golooba-Mutebi and Karuti Kanyinga 2014. 'East African prospects, An update on the political economy of Kenya, Rwanda, Tanzania and Uganda', ODI, May.

Booth, David, Diana Cammack, Thomas Kibua, Josaphat Kweka, Nicodemus Rudaheranwa 2006. 'Understanding the political economy of integration in East Africa', Report commissioned by the Africa Policy Department/Pan-Africa Unit, DFID.

Booth, David, and Josaphat Kweka 2004. 'Priorities for the National Trade Policy and the PRSP Review: The TTPP Trade-Poverty Linkages Study', Dar es Salaam: EPRC; London: ODI, April.

Buigut, Steven 2011. 'A Fast-Track East African Community Monetary Union? Convergence Evidence from A Cointegration Analysis', *International Journal of Economics and Finance*, 3 1, 255-261.

Castro, Lucio; Christiane Kraus; and Manuel de la Rocha 2004. *Regional Trade Integration in East Africa: Trade and Revenue Impacts of the Planned East African Community Customs Union*, Washington: World Bank, Africa Region Working Paper 72, August.

Chikwanha, Annie Barbara (no date). 'The Anatomy of Conflicts in the East African Community (EAC): Linking Security With Development,'

Cirera, Xavier 2013. 'Regional Integration in EAC Countries: Lessons and the Way Forward', TradeMark East Africa, January.

Collier, P. 2012. 'Emerging East Africa: Achievements and Goals of the East African Community', in Ed. Davoodi, H.R., *The East African Community After Ten Years: Deepening Integration*, Conference Report:

Cormack, Diane and David Booth 2006. 'Understanding the political economy of integration in East Africa', Final Workshop, Workshop Report, Impala Hotel, Arusha, 14 September.

CPCS 2009. 'East African Railways Master Plan Study', Report prepared for East African Community. CPCS Report 06089.

Davoodi, Hamid R. (ed) 2012. The East African Community after Ten Years: Deepening Integration, Society for International Development.

DeRosa, Dean A.; Marios Obwona; and Vernon O. Roningen 2002. *The New EAC Customs Union: Implications for Ugandan Trade, Industry Competitiveness and Economic Welfare*, Kampala: EPRC, Occasional Paper 17, Apr.

Deya, Donald 2007. 'An Institutional Analysis of the African Community: Some Initial Reflections', East African Scenarios Project Research Compendium, Society for International Development, October

East African Business Council 2008. 'Deepening Regional Integration through greater Private Sector Involvement', EABC Briefing Paper, October.

East African Community 2003a. 'EAC Private Sector Development Strategy Brainstorming Meeting', consultants' report by Coda, ESRF and EPRC, Arusha: EAC

East African Community 2003b. 'East Africa Community Private Sector Development Strategy: Final Report', Arusha: EAC, Nov.

East African Community 2011. 4th EAC Development Strategy (2011/12 – 2015/16), Deepening and Accelerating Integration, Arusha, August.

East African Community 2012. 'Attainment of a Single Customs Territory in a Fully Fledged Customs Union for the EAC', M.A. Consulting Group, March.

East African Community 2013. History of the EAC - Milestones in the EAC Integration Process,

East African 2013. Rules for EAC single currency finalised, *East African* September, East African Community 2014. 'The 2nd Joint Technical Meeting of the East African Corridors', with TradeMark East Africa, Rubavu, Rwanda, 13-14 March.

EPRC, ESRF and Coda Consulting Group 2000. *Final Draft of the Evaluation Report of the Implementation of the East African Cooperation Development Strategy, 1997-2000*, Kampala: EPRC, Occasional Paper 8, November.

Foreign Investment Advisory Service 2005. *East African Community: Selected Issues in Harmonization of Investment Policies and Incentives*, Washington, DC: FIAS, International Finance Corporation and World Bank, November.

Gonzalez, Javier Lopez and Xavier Cirera 2012. Review on the impact of transport costs on trade flows, TradeMark East Africa, November.

Goto, Junichi 2012. 'Regional Integration in East Africa: Diversity or Economic Conformity', Ethnic Diversity and Economic Instability in Africa: Policies for Harmonious Development, JICA-RI Working Paper No. 46 June.

Hazlewood, A. 1975. *Economic Integration: The East African Experience,* Heinemann Educational Books.

Kamanga, K. 2003. 'Some constitutional dimensions of East African Cooperation', in J. Oloka-Onyango (ed.) *Constitutional Development in East Africa for the Year 2001,* Dar es Salaam: E&D Limited.

Kessides, Ioannis N. and Nancy C. Benjamin 2012. 'Regionalizing Infrastructure for Deepening Market Integration: The Case of East Africa, Policy Research Working Paper 6113, Development Research Group, Environment and Energy Team, Washington: World Bank, June.

Kibua, Thomas N., and Arne Tostensen 2005. *Fast-tracking East African Integration: Assessing the Feasibility of a Political Federation by 2010*, Bergen: Christian Michelsen Institute, CMI Report R2005:14.

Kirk, Robert. 2010. 'Addressing Trade Restrictive Non Tariff Measures on Goods Trade in the East African Community.' Africa Trade Policy Notes.

Lumumba, P. 2009. 'The East African Community II: Destined to Succeed or Doomed to Fail?' Institute of Development Studies, Nairobi, Kenya.

McAuliffe, Catherine Sweta C. Saxena, and Masafumi Yabara 2012. 'The East African Community: Prospects for Sustained Growth', International Monetary Fund, Working Paper, WP/12/272.

Mogeni, N. 2011. 'Learning from Abroad? Policy Transfer, the East African Community, and the European union', Central European University, Department of Public Policy.

Mullei, A. 2005. 'Integration Experience of East African Countries', paper presented at the Symposium Marking the 30th Anniversary of Banco De Mocambique, Maputo, Mozambique. May 17.

Mwijagye, P. 2009. 'Roadblock Bribes Hurt East Regional Business Climate', East African Business Council.

Mwapachu, Juma V. 2012. *Challenging the Frontiers of African Integration: They Dynamics of Policies, Politics and Transformation in the East African Community*, E and D Vision: Dar es Salaam

Mwapachu, Juma V. 2013. 'Structural challenges impeding deeper EAC integration', *Citizen*, 22 September.

Nathan Associates. 2011a. 'Corridor Diagnostic Study of the Northern and Central Corridors of East Africa', Draft Action Plan, Vol. 1: Main Report.

Ntimpirangeza, Pontien, Christopher Onyango, John Bosco Kanyangoga, Monica A. Hangi, and Luka J. Okumu. (no date). 'East African Economic Integration: Benefits and Challenges for the EAC Partner States', background paper for the World Bank

Obwona, Marios 2004. *Coordinating Macroeconomic Policies for Economic Integration*, Kampala: EPRC: Occasional Paper 26, Nov.

Odhiambo, Walter 2011. 'The Distribution of Costs and Benefits in Trade in the Context of the East African Regional Integration Process', in Society for International Development (ed) *East African Integration: Dynamics of Equity in Trade, Education, Media and Labour*, SID, pp 1-49.

Okola-Onyango, J. (no date). 'Who owns the East African Community?', Human Rights and Peace Centre, Makerere University, Occasional Paper 1.

Ranganathan, Rupa, and V. Foster, 2011. 'East Africa's Infrastructure: A Continental Perspective,' Policy Research Working Paper 5844, Washington: World Bank.

Society for International Development 2006. *The State of East Africa Report 2006: Trends, Tensions and Contradictions: The Leadership Challenge*, Nairobi: SID

Society for International Development 2007. *East African Scenarios Project, Research Compendium,* Nairobi: SID

Society for International Development 2011. *East African Integration: Dynamics of Equity in Trade, Education, Media and Labour*, Nairobi: SID

Society for International Development 2012. 'The State of East Africa 2012: Deepening Integration, Intensifying Challenges', Nairobi: SID

Society for International Development 2013. *The State of East Africa 2013: One people, One Destiny? The Future of Inequality in East Africa,* Nairobi: SID

Spooner, Neil, and Mutahi Ngunyi 2006. 'Understanding the Political Economy of Integration in East Africa: Literature Review', London: Enterplan Ltd., June.

Stahl, Heinz-Michael 2005. 'EAC Customs Union Tariff Liberalisation in Perspective', Arusha: GTZ, June.

Stasavage, David 2011. 'Sustaining East African Integration', New York University, January.

Sunley, Emil M. Muthukumara Mani and Seth Terkper 2004. 'East African Community: Investment Tax Incentives and Harmonization', Washington, DC: IMF, Fiscal Affairs Department.

Thandrayan, Pearl 2013. 'The EAC: Regional Engine, African Model', World Politics Review, 20 February.

Tortora, Robert D. 2010. 'Kenyans, Tanzanians Less Likely to See Gain From EAC', May 19.

TradeMark East Africa 2011. 'Eliminating non-tariff barriers', *TMEA insights*, Nairobi.

TradeMark East Africa 2012. 'Reducing transport and related costs along key corridors in East Africa', An update on Economic Corridor projects, October.

Trade Mark East Africa 2013a. 'Making regional integration in the EAC work', February.

TradeMark East Africa 2013b. 'Constraints to Trade in the East African Community', Policy Brief, TradeMark East Africa, June.

United Republic of Tanzania 2007. 'Report of the National Committee for Gathering Views on Fast-Tracking the Formation of the East African Political Federation', Dar es Salaam, June.

Willenbockel, D. 2012. 'Completing the EAC Customs Union: A General Equilibrium Assessment', Report Commissioned by TradeMark East Africa, IDS, Brighton.

World Bank 2012. 'Reshaping Economic Geography of East Africa: From Regional to Global Integration', Poverty Reduction and Economic Management Unit, Africa Region, Report No. 65699-AFR June.

World Bank 2013. 'Doing Business in the East African Community 2013: Smarter regulation for small and medium-size enterprises', Washington.

Yabara, Masafumi, 2011. 'Capital Market Integration: Progress Ahead of the East African Community Monetary Union,' IMF Working Paper 12/18, Washington: International Monetary Fund.

Tanzania

Aminzade, Ronald 2013. Race, Nation, and Citizenship in Post-Colonial Africa: The Case of Tanzania, New York: Cambridge University Press

Barkan, Joel 1994. Beyond Capitalism and Socialism in Kenya and Tanzania, Boulder: Lynn Reinner

Boesen, J., Havnevik, K. J., Kopenen, J., and Odgaard, R. (Eds.) 1986. Tanzania: crisis and struggle for survival, Scandinavian Institute of African Studies: Uppsala.

Bourgouin, France, Ole Therkildsen with Torsten Geelan 2011. 'The slowly changing structure of Tanzania's ruling coalition', Draft paper for the EPP workshop, Dar es Salaam, January.

Cliffe, L. and Saul J. 1973. Socialism in Tanzania, East African Publishing House: Nairobi.

Cooksey, Brian 2003. 'Marketing Reform? The Rise and Fall of Agricultural Market Liberalisation in Tanzania', Development Policy Review, 21(1), January

Cooksey, Brian, 2011a. 'Public goods, rents and business in Tanzania', Africa Power and Politics Programme, Background Paper 01June

Cooksey, Brian 2011b. 'The political economy of export horticulture in Northern Tanzania', APPP Background Paper 02, June

Cooksey, Brian 2011c. 'The investment and business environment for gold exploration and mining in Tanzania', APPP Background Paper 03, June

Cooksey, Brian and Tim Kelsall 2011, 'The political economy of the investment climate in Tanzania', APPP Research report No. 1, June

Cooksey, Brian 2012. 'Politics, Patronage and Projects: The Political Economy of Agricultural Policy in Tanzania', Working paper 040, FAC Political Economy of Agricultural Policy in Africa, March

Cooksey, Brian 2013. 'What difference has CAADP made to Tanzanian agriculture? Working paper 74, FAC Political Economy of Agricultural Policy in Africa, November

Coulson, Andrew 2013. Tanzania: A Political Economy, Second Edition, Oxford University Press

Dagne, Ted 2011. 'Tanzania: Background and Current Conditions, Congressional Research Service, August 31.

Duygan, B. and J.B. Bump 2007. 'Can Trade Help the Poor People? The role of trade, trade policy and market access in Tanzania', Development Policy Review 25(3): 293-310.

Food and Agriculture Organisation 2013. 'The Characteristics and Issues of Tanzania's Maize and Rice Agro-Industry (draft)'. Dar es Salaam: Southern Highlands Food Systems Project, FAO/UN. April.

Gray, Hazel 2013. 'Industrial Policy and the Political Settlement in Tanzania: Aspects of Continuity and Change since Independence', Review of African Political Economy 193.

Hansen, Michael 2013. 'Linkages between extractive MNCs and local firms in Tanzania', RECOM Case Study.

Havnevik, Kjell and Aida C. Isinika (eds) 2010, Tanzania in Transition – From Nyerere to Mkapa, Mkuki na Nyota.

Hoffman, Barak 2013. 'Political Economy of Tanzania'. Center for Democracy and Civil Society, Georgetown University.

Hydén, Goran 2005. 'Why Do Things Happen the Way they Do? A Power Analysis of Tanzania', report to the Embassy of Sweden, Dar es Salaam, February.

Ihucha, Adam 2014. 'China: Tanzania's biggest development partner', East African, Nairobi, 25 January.

Iliffe, John 1979. A Modern History of Tanganyika, Cambridge University Press.

Kalinaki, Daniel 2013. 'All eyes on Dar, Kigali ahead of meeting', East African, Nairobi, 24 August.

Kelly, Kevin 2014. 'EA fingered in $400m worth of DR Congo gold smuggled to Uganda', East African, Nairobi, 8 February.

Khan, Mushtaq and Hazel Gray 2006. 'State weakness in developing countries and strategies of institutional reform–Operational implications for anti-corruption policy and a case study of Tanzania', for DFID, London.

Kilimanjaro International 2011. 'The Impact of Domestic and Cross Border Trade Restriction in Tanzania', report for the Rural Livelihood Development Company, October.

Kweka, Josaphat 2003. 'Regional Economic Integration in East Africa and its Impact on the Tanzanian Economy', paper for a Seminar for Members of Parliament, Dar es Salaam: ESRF.

Kweka, Josaphat and P. Mboya 2004. 'Regional Integration and Poverty: A Case Study of Tanzania', Working Paper, Economic and Social Research Foundation, Dar es Salaam.

Lawson, Andrew, and Lise Rakner 2005. 'Understanding Patterns of Accountability in Tanzania: Final Synthesis Report', Oxford: Oxford Policy Management; Christian Michelsen Institute; and REPOA.

Levin, Jörgen 2006. 'Achieving the Millennium Development Goals: Growth and Poverty Reduction in Tanzania', paper presented to the UNU-WIDER Conference on Aid, Helsinki, June.

Lindemann, S. and Putzel J. 2008. 'State Resilience in Tanzania –Draft analytical narrative', London: Crisis State Research Centre, London School of Economics.

Lipumba, Nguyuru H.I. 2006. 'Aid, Growth and Achieving Millennium Development Goals in Tanzania', paper presented to the UNU-WIDER Conference on Aid, Helsinki, June.

Lofchie, Michael 1997. 'Diversity in the Tanzanian Business Community: its Implications for Economic Growth', Dar es Salaam: Economic and Social Research Foundation.

Maliyamkono, T.L. and H. Mason 2006. The Promise, Dar es Salaam: TEMA Publishers.

McHenry, D. E. 1994. Limited choices: the political struggle for socialism in Tanzania, Boulder: Lynne Rienner.

Mmuya, Max 1998. Tanzania: Political Reform in Eclipse, Dar es Salaam: Friedrich Ebert Stiftung.

Morisset, Jacques Charles Moret, and Julie Regolo 2013. 'How to Push Efficiency Enhancing Reforms at the Port of Dar Es Salaam?', World Bank, Policy Note N0. 35, February.

Mwapachu, Juma V. 2005. Confronting New Realities: Reflections on Tanzania's Radical Transformation, Dar es Salaam: E&D Ltd.

Naluyaga, Ray 2013. 'Dar's isolation due to refusal to 'free' its land – EALA member', East African, 7-13 September.

Policy Forum 2012. 'Tanzania Governance Review 2010-11: Economic Growth without Poverty Reduction'.

Policy Forum 2013. 'Tanzania Governance Review 2012: Transparency with Impunity?'

Poulton, Colin 2013. 'The Political Economy of Cotton Sector Reform in Tanzania: a Case Study of the Introduction of Contract Farming 2008-2012 (draft)'. London: School of Oriental and African Studies.

Research on Poverty Alleviation 2012. Poverty and Human Development Report 2011, Research and Analysis Working Group, Mkuki na Nyota, Dar es Salaam.

Research on Poverty Alleviation 2013. 'Views of the People', REPOA, mimeo.

Robinson, David, Matthew Gaertner, and Chris Papageorgiou, 2011. 'Tanzania: Growth

Acceleration and Increased Public Spending with Macroeconomic Stability', in Yes

Africa Can: Success Stories from a Dynamic Continent, Washington: World Bank.

Rodney, Walter 1972. How Europe Underdeveloped Africa, Bogle l'Ouverture and Tanzania Publishing House.

Rweyemamu, J. 1973. Underdevelopment and industrialization in Tanzania: a study of perverse capitalist industrial development, Nairobi: Oxford Unioversity Press.

Shivji, Issa 1975. Class Struggles in Tanzania, Heinemann Educational Books: London and Tanzania Publishing House: Dar es Salaam.

Shlyk, Alexander 2009. 'Performance of the Contractual Arrangements for Public-Private Partnerships: Case of Railway Concession in Tanzania', Lund University, Master of International Development and Management, June.

Simbeye, Finnigan wa 2014. 'Expert backs Bagamoyo port project', Daily News, Dar es Salaam, 28 January.

Sutton, John and Donath Olomi 2012. An Enterprise Map of Tanzania. London: International Growth Centre.

Therkildsen, Ole 2012a. 'Policy Making and Implementation in Agriculture: Tanzania's Push for Irrigated Rice', DIIS/EPP Working Paper 2011:26. Copenhagen: Danish Institute for International Studies.

Therkildsen, Ole 2012b. 'Democratisation in Tanzania: No Taxation without Exemptions', paper presented at the APSA annual Meeting, New Orleans, Aug 30 - Sept 2.

Therkildsen, Ole and France Bourgouin 2012. 'Continuity and Change in Tanzania's Ruling Coalition: Legacies, Crises and Weak Productive Capacity', DIIS/EPP Working Paper 2012:06. Copenhagen: Danish Institute for International Studies.

Tilley , Helen 2014. 'The Political Economy of Aid and Accountability: The rise and fall of budget support in Tanzania', Farnham: Ashgate.

TradeMark Southern Africa 2012. 'Customs bloc pays off with more exports to Tanzania'.

Ubwani, Zephania 2014. 'Concern over single visa without Dar', Citizen, Dar es Salaam, 22 January.

USAID 2010. Democracy and Governance Assessment of Tanzania: Final Report. Washington, DC: US Agency for International Development.

Wangwe, Samuel and Brian Van Arkadie 2000. Overcoming Restraints on Tanzanian Growth: Policy Challenges Facing the Third Phase Government, Mkuki na Nyota: Dar es Salaam.

Wangwe, Samuel 2010. 'The political economy of Tanzania: the evolution of policy making', Dar es Salaam: REPOA.

World Bank 2013a. 'Tanzania Intermodal and Railway Development Project (P127241)', World Bank Pre-Appraisal Mission, February 12-26.

World Bank 2013b. 'Opening the Gates: How the port of Dar es Salaam can transform Tanzania', Tanzania Economic Update, Issue 3, May.

World Bank 2013c. Tanzania: Let's Think Together, World Bank: Dar es Salaam, June.

Kenya

Akumu, Washington 2014a. 'Kenya railway project starts amid controversy', *East African*, Nairobi, 18 January.

Ackello-Ogutu, Chris 1997. 'Unrecorded Cross-Border Trade between Kenya and Uganda: Implications for Food Security', report to USAID, Nairobi, July.

Barkan, Joel 1994. *Beyond Capitalism and Socialism in Kenya and Tanzania*, Boulder: Lynn Reinner.

Chege, Michael 1998. 'Introducing Race as a Variable into the Political Economy of Kenya debate: An Incendiary Idea', *African Affairs* 97(378): 209-230.

Hoffman, Barak D. and George B. O. Kidenda 2014. 'Political Economy of Transport Sector Integration in the East African Community', mimeo, October.

Holmquist, Frank 2002. *Business and Politics in Kenya in the 1990s*. Occasional Paper. Copenhagen: Centre for African Studies, University of Copenhagen.

Khadiagala, Gilbert M. 2009. 'Regionalism and conflict resolution: Lessons from the Kenyan crisis', *Journal of Contemporary African Studies*, 27 3, 431-444.

Kibua, Thomas N. et al. 2005. *The Development Challenge: Kenya's Reform Agenda at the Crossroads*, Nairobi: IPAR Discussion Paper 072/2005.

Leys, Colin 1975. *Underdevelopment in Kenya*, Heinemann Educational Books

Maina, Betty; Atsango Chesoni; and Jeremiah Owiti (n.d.) 'An Analysis of Power in Kenya and Implications for Pro-Poor Policy and Swedish Support to Kenya', Nairobi: Policy Solutions.

McIntyre, Meredith A. 2005. *Trade Integration in the East African Community: An Assessment for Kenya*, Washington, DC: IMF, IMF Working Paper 05/143.

Ng'eno, Nehemiah K., Hezron O Nyangito; Moses M. Ikiara; Eric E. Ronge; and Justus Nyamunga 2003. *Regional Integration Study of East Africa: The Case of Kenya*, Nairobi: KIPPRA, KIPPRA Working Paper 9, Jan.

Ng'ethe, Njuguna, Musambayi Katumanga and Gareth Williams 2004. 'Strengthening The Incentives For Pro-Poor Change In Kenya: An Analysis of Drivers Of Change' report for DFID Kenya.

Poulton, Colin and Karuti Kanyinga 2013. *The Politics of Revitalising Agriculture in Kenya*. Working Paper 059. London: Future Agricultures/PEAPA.

Roberts, John, and Sonja Fagernäs 2004. *Why is Bangladesh Outperforming Kenya: A Comparative Study of Growth and its Causes since the 1960s*, London: ODI, ESAU Working Paper 5, Sept.

Smith, Lawrence, with Stephen Jones and Stanley Karuga 2004. 'Agriculture in Kenya: What Shapes the Policy Environment?' Oxford: Oxford Policy Management.

Uganda

Baffes, John 2006. 'Restructuring Uganda's Coffee Industry', *Development Policy Review*, 24(4), July.

Barkan, Joel; Saillie Simba Kayunga; Njuguna Ng'ethe; and Jack Titsworth 2004. 'The Political Economy of Uganda: The Art of Managing a Donor-financed Neo-Patrimonial State', background paper commissioned by the World Bank, Kampala, July.

Booth, D., and Frederick Golooba-Mutebi. 2009. 'Aiding economic growth in Africa: The political economy of roads reform in Uganda.' ODI Working Papers Issue 307. September 2009.

Government of Uganda 2003. 'Strategies to Promote Economic Growth: Progress Report', paper presented to the 2003 Consultative Group Meeting, May.

Kappel, Robert; Jann Lay; and Susan Steiner 2005. 'Uganda: No More Pro-poor Growth?' *Development Policy Review*, 23(1), January

Kjær, Anne Mette and James Joughin 2010. 'The Politics of Agricultural Policy Reforms: The Case of Uganda', *Forum for Development Studies* 37(1)**:** 61-78.

Mamdani, Mahmood 1976. *Politics and Class Formation in Uganda*, Heinemann Educational Books

Moncreiffe, Joy, with Laure-Hélène Piron and David Booth 2004. 'Uganda's Political Economy: A Synthesis of Major Thought', report for DFID Uganda, London: ODI, Jan

Mwenda, Andrew M. 2006. ‘Corruption in Museveni’s Uganda is a System of Government’, *Sunday Monitor* (Kampala), 25 June.

Mwenda, Andrew M. (n.d.) ‘Playing Mouse to the IMF and World Bank Cat: How Donors Finance Armed Conflict, Promote Corruption, Stifle Democracy, and Sustain State Patronage – A Case Study of Uganda, 1987-2003’, Kampala.

Oluka, Benon 2014. ’20 years of explosive growth in trade ties with Kampala’, *East African*, Nairobi, 25 January.

Reinikka, Ritva, and Paul Collier (eds.) 2001. *Uganda’s Recovery: The Role of Farms, Firms, and Government*, Kampala: Fountain Publishers.

Robinson, Mark 2006. ‘The Political Economy of Governance Reforms in Uganda,’ Brighton: Institute of Development Studies, Discussion Paper 386, May.

Rudaheranwa, Nichodemus 2005. ‘Trade Costs Relating to Transport Barriers on Uganda’s Trade,’ Kampala: EPRC, Research Series 42, May.

Selassie, Abebe A. 2008. ‘Beyond Macroeconomic Stability: The Quest for Industrialization in Uganda’, IMF Working Paper 08/231, Washington: International Monetary Fund.

Press reports

Akumu, Washington 2014. 'Probing the dragon: China Inc runs into ethics barrier', *East African*, 25 January.

Allen, Scott 2013. 'East Africa's economies are small, they need trade openness to be able to grow their way out of poverty', *East African*, 27 April–3 May.

Allison, Simon 2013. 'How did TZ become loneliest kid on the EAC block?', *Citizen,* 6 November

Andrew, Gasper 2013. 'DC orders control over influx of foreign traders', *Citizen*, 17 April.

Asiimwe, Dicta 2013. 'EAC to cut tariffs on key commodities', *East African*, 23-29 March.

Athumani, Rose 2013. 'State woos private sector to invest in transport', *Daily News*, 5 December.

Bwahama, Julius 2013. 'Tanzania has the fewest bank customers: Study', *Citizen*, 2 June.

Citizen Correspondent 2014. 'Uhuru team reeling under wide corruption allegations', *Citizen*, 28 January.

Correspondent 2013. 'E. Africa among 'star performers' on global war on poverty', Joint Report, *East African*, 23-29 March.

Correspondent 2013. 'Dar is in EAC to stay despite isolation strategy by Coalition of the Willing', *East African*, 9-15 November.

Correspondent interview 2013. 'Why economic growth and poverty eradication are still elusive in EA', *East African*, 23-29 November.

Correspondent interview 2013. 'What the EAC means to Dar traders', *Citizen*, 27 November.

Correspondent Joint Report 2013. 'Business reforms in EA stagnate as other blocs improve on competitiveness', *East African*, 4-10 May.

Correspondent Joint Report 2013. 'After victory in DRC, a newly confident Tanzania', *East African*, 9-15 November.

Domasa, Sylivester 2014. 'Bagamoyo sugar factory in limbo pending court ruling', *Guardian*, 11 June; Staff writer 2014. 'Bright prospects seen on Bagamoyo energy farm project', *Daily News*, 17 June.

Ernest, Sylivester 2013. 'Report: Dar port among least efficient in world', *Citizen*, 4 May.

Gashumba, James 2013. 'EAC budget is cut by $10m', *Guardian*, 2 June.

Harrison, Chris 2013. 'Intra-African trade challenging', *Citizen*, 2 May.

Ihucha, Adam 2013. 'Intra-EAC trade rises 22pc, defies barriers and politics', *East African.*

Ihucha, Adam 2013. 'Insecurity threatens Dar tourism sector', *East African,* 22-28 June.

Ihucha, Adam 2013. 'Outcry as Tanzania imposes new levy on Kenyan trucks', *East African*, 24-30 August.

Ihucha, Adam 2013. 'Business lobby criticises Tanzania's rules', *East African*, 20-26 July.

Ihucha, Adam 2013. 'Kenya, Uganda, Tanzania in row over movement of tourists across borders', *East African*, 20-26 July.

Kalinaki, Daniel 2013. 'All eyes on Dar, Kigali ahead of meeting', *East African*, 24-30 August.

Kalinaki, Daniel 2013. 'EAC states pull in different directions as Dar is isolated', *East African*, 31 August – 6 September.

Kalinaki, Daniel 2013. 'Members pull apart: Is this the beginning of the end of EAC?' *East African*, 2-8 November.

Kalinaki, Daniel 2013. 'Africa redrawing alliances in line with economic interests', *East African*, 16-22

November.

Kalinaki, Daniel 2013. 'It is wiser to reform EAC than to kill it off', *East African*, 23-29 November.

Kamau, Scola 2013. 'Work permits remain key hurdle', *East African*, 25-31 May.

Kasumuni, Ludger 2013. 'Tanzania exports to China expand by over 800pc in ten-year period', *Citizen*, 27 November.

Ladu, Ismail Musa 2013. 'City traders fault Tanzania over rice dumping', *Daily Monitor*, 22 April.

Ligami, Christabel 2013. 'High corruption rates bad for business', *East African*, 13-19 July.

Ligami, Christabel 2013. 'Rising inequality tests growth prospects', *East African*, 23-29 November.

Lugongo, Bernard 2014. 'Truckers end strike on Nzega-Tabora road', *Citizen*, 28 January.

Lunogelo, Hoseana Bohela 2013. 'Can Tanzania go it alone in tourism?', E*ast African*, 30 November.

Lusekelo, Philemon 2013. 'Non-tariff barriers still big headache for EAC common market', *Guardian*, 4 March.

Lusekelo, Philemon 2013. '3 EAC neighbours face total trade ban on wildlife products', *Guardian*, 9 March.

Mohamed, Issa Mohamed 2008. 'Dar, Kigali to build EA's first wide gauge railway line', *East African,* 10 March.

Mtweve, Sturmius 2013. 'EA trade likely to grow as government reduces barriers', *Citizen*, 5 May.

Mugwe, David 2013. 'Uganda, Tanzania top EA in attracting foreign funds', *East African*, 6-12 July.

Mungai, Christine 2013. 'Tanzania expels EAC immigrants, hikes fees', *East African*, 21-27 September.

Mosoba, Tom 2013. 'EAC agrees on rules to monitor members', *Citizen*, 1 December.

Mwachang'a, Devota 2013. 'Mwakyembe reduces road checkpoints from 56 to 15', *Guardian*, 29 October.

Mwachang'a, Devota 2013. 'Transit vehicles violating traffic rules, says Mpinga', *Guardian*, 18 December.

Mwalimu, Saumu 2013. '1,500 foreign teachers leave', *Citizen*, 19 October.

Mwamunyange, Joseph 2013. 'Inefficiency at Dar port swallows up $ 2.6b of GDP', *East African*, 25-31 May.

Mwamunyange, Joseph 2013. 'Now Tanzania to review tax waivers', *East African*, 22-28 June.

Mwapachu, Juma 2013. 'Structural challenges impeding deeper EAC integration'*, Citizen*, 22 September.

Mwapachu, Juma 2013. 'EAC integration – Are citizens *players or spectators?' Citizen*, 27 October.

Nalugaya, Ray 2013. 'Sugar producers in cashflow crisis over imports', *East African*, 5 Oct.

Naluyaga, Ray 2013. 'Dar's isolation due to refusal to 'free' its land – EALA member', *East African*, 7-13 September.

Naluyaga, Ray 2013. 'Tanzania's labour laws slow economic growth'*, East African*, 16-22 November.

Naluyaga, Ray 2013. 'Tanzania's labour laws slow economic growth', *East African*, 16 November.

Lyamuya, Stanley 2014. 'Cheap imported sugar floods market, chocks (sic) economy', *Guardian,* 12 May.

Nyanje, Peter 2013. 'Need to see our faults in bloc: MP', *Citizen*, 13 November.

Nyanje, Peter and Florence Mugarula 2013. 'JK answers Museveni, Kenyatta and Kagame', *Citizen*, 8 November.

Nyanje, Peter 2013. 'Non-tariff barriers still trouble EAC', *Citizen*, 26 November.

Onyango-Obbo, Charles 3013. 'Is the EAC just a poor man's club with attitude?', *East African*, 30 November.

Qorro, Edward 2016. 'Employers, trade unions differ regarding foreign workers', *Guardian*, 10 February.

Redfern, Paul 2013. 'DfID to focus on trade in East Africa', *East African*, 13-19 April.

Redfern, Paul 2013. 'Africa likely to lose in G8 'tax haven' deal', *East African*, 22-28 June.

Reporter 2013. 'Truck owners protest over hostile business environment', *Guardian*, 2 May.

Reporter, 2013. '15 years of Kilombero Sugar Company Ltd under privatisation', *Guardian*, 14 Sept.

Reporter 2014. 'EAC tasks Kikwete on central corridor', *Citizen*, 1 February.

Reporter 2014. 'Tasota wants status of tour operators' vehicles to stay unchanged in EA', *Guardian*, 21 February.

Reporter and Agencies 2014. 'Kikwete spells out Dar's potential as transport hub', *Daily News*, 14 April.

Rutayisire, Emmanuel 2013. 'Export firms stuck with Rwanda's minerals'*, East African*, 2-8 March.

Simbeye, Finnigan wa 2014. 'SAGCOT cautions govt on evils of imported rice', *Daily News*, 29 April.

Sumila, Veneranda 2013. 'The cry of stillborn TZ manufacturing sector (1)', 27 June.

Tayari, Emmanuel 2013. 'Coalition of the willing: Using the EAC stick to beat Tanzania will only annoy the sleeping giant', *East African*, 7-13 September.

Thiong'o, Peterson 2013. 'EA power firms crisis deepens, losses mount', *East African*, 8-14 June.

Ubwani, Zephania 2013. 'Regional union bosses differ over approach to integration', *Citizen*, 28 November.

Ubwani, Zephania 2013. 'EA Monetary Union protocol signed', *Citizen*, 1 December.

About ECDPM

ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

Thematic priorities

ECDPM organises its work around four themes:

- Reconciling values and interests in the external action of the EU and other international players
- Promoting economic governance and trade for inclusive and sustainable growth
- Supporting societal dynamics of change related to democracy and governance in developing countries, particularly Africa
- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

Approach

ECDPM is a "think and do tank". It links policies and practice using a mix of roles and methods. ECDPM organises and facilitates policy dialogues, provides tailor-made analysis and advice, participates in South-North networks and does policy-oriented research with partners from the South.

ECDPM also assists with the implementation of policies and has a strong track record in evaluating policy impact. ECDPM's activities are largely designed to support institutions in the developing world to define their own agendas. ECDPM brings a frank and independent perspective to its activities, entering partnerships with an open mind and a clear focus on results.

For more information please visit www.ecdpm.org

ECDPM Discussion Papers

ECDPM Discussion Papers present initial findings of work-in-progress at the Centre to facilitate meaningful and substantive exchange on key policy questions. The aim is to stimulate broader reflection and informed debate on EU external action, with a focus on relations with countries in the South.

This publication benefits from the generous support of ECDPM's core, institutional and programme funders: The Netherlands, Belgium, Finland, Ireland, Luxemburg, Portugal, Sweden, Switzerland and Austria.

ISSN 1571-7577

European Centre for Development Policy Management

ecdpm

HEAD OFFICE
SIÈGE
Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands *Pays Bas*
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE
BUREAU DE BRUXELLES
Rue Archimède 5
1000 Brussels *Bruxelles*
Belgium *Belgique*
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

info@ecdpm.org
www.ecdpm.org
KvK 41077447

MIX
Paper from responsible sources
FSC
www.fsc.org
FSC® C017488

Printed on FSC certified paper.