The Role of Regional Cooperation in Eradicating Poverty and Aid Dependency in East Africa

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Declaration

I hereby declare that this dissertation is my own original work

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Abstract

The hypothesis of this thesis is that regional cooperation and integration are effective tools in alleviating poverty within nations and reducing their dependency on foreign or development aid. This research focuses on regional cooperation in East Africa, through the East African Community (EAC), as a counter measure to the adverse effects of development aid in the region: poverty, debt and dependency. A case study of the impact of regional cooperation in Tanzania and an analysis of the role of regional cooperation in other regions of the world including East Africa has shown that regional cooperation has the potential to bring economic growth and eradicate dependency on aid which has had a crippling effect on African economies. However, for the EAC to successfully achieve this, the organisation will need to examine the models and structures of other regional bodies to adapt to its own structures the elements that have brought about success. These elements have been drawn from a study of the European Union which has over 50 years of experience in regional cooperation. This research concludes that with a revised model and operating system the EAC will increase its effectiveness and achieve success in development and poverty eradication.

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Introduction

The continent of Africa has, for centuries, been laden with negative connotations. In the days of the scramble and subsequent partition of Africa at the Berlin Conference of 1884 – 1885, Africa was labelled as the 'Dark Continent': dark, 'as a negatively valued foil for Western notions of superiority and enlightenment' (Jarosz, 1992) because its territories were unmarked, unknown and information on this vast land was scarce. The negative images and perceptions have persisted even in modern times with Africa being known as the poorest and most needy continent on the planet, 'a dry and barren land ravaged by perpetual poverty' (Rothschild, 2011). Images of the continent often portray negative stereotypes: skeletal, naked men, women and children with distended bellies, lips chapped from hunger and bones jutting out of scabby, eczema-riddled skin emerging from plastic-walled abodes and surrounded by dry earth. Other perceptions depict Africans as cannibals, living in trees and jungles in the most primitive surroundings, with ferocious lions and elephants for pets. In sum, 'Africa is seen as a homogenous entity comprising of uncivilized and heathen peoples who are culturally, intellectually, politically and technically backward or inferior' (Michira, 2002).

The continent is always typified as having a large begging bowl extended to the West and East alike, hoping for a few crumbs and morsels from the richly laden tables of the First World to ensure the survival of its inhabitants. The majority of the continent's populations are wallowing in abject poverty, living on less than $2 a day. Most families live on one meal a day or even less and it is their children who suffer and face the most severe challenges. Recently, Citizen TV, a Kenyan television channel, broadcast a report on the plight of children in a dry region of the country. Young children, whose parents herd goats, suck milk straight from the goat's udder, fighting off the goat's own kids. Only after the children have drunk their fill do they allow the kids to feed. Lack of food is only one of the many challenges that Africa is experiencing today: its peoples are weighed down by the burden of lack of the most basic resources: food, shelter, clothing, safe water and adequate sanitation. According to AMREF (2010) over one billion people in the developing world, mostly in Africa, have no safe drinking water, 2.4 billion have no adequate sanitation and 2 in 5 people in sub-Saharan Africa do not have access to safe water. As a result, avoidable water borne diseases such as cholera and dysentery are killing Africans everyday; diarrhoea, typhoid, malaria, tuberculosis, malnutrition and starvation, the list is endless: all these stemming from the deplorable living conditions and extreme poverty. The Cozay Group website (2011) provides statistics from various sources on the bleak and depressing reality of poverty in Africa:

- The majority of people living in rural areas in developing countries live on less than $1 a day. (World Vision, UNICEF)
- More than 800 million people go to bed hungry every day, 300 million are children. Of these 300 million children, only eight percent are victims of famine or other emergency situations. (UNAIDS, UNICEF)
- About 30 percent of all children in developing countries suffer from stunted growth (underweight). Nearly one third of children in Sub-Saharan Africa are underweight. (UNICEF)

- 43% of children in Sub-Saharan Africa do not have safe, accessible drinking water. Bad drinking water causes several water-related diseases in these communities. (UNICEF)
- More than 50 percent of Africans suffer from water-related diseases such as cholera, infant diarrhoea, dysentery, river blindness, etc. (WHO)
- About 4 million newborns die worldwide during their first month of life. About 2.5 million children die every year because they are not immunized. (WHO)
- A child dies every four seconds from HIV/AIDS and extreme poverty often before their fifth birthday. 15 children die every minute. Over 22,000 children die worldwide every single day. About 8 million children die every year. (UNICEF)
- About 45 million people are living with HIV/AIDS in the world today and about 65% (nearly 2/3) of the world's HIV-positive population live in Sub-Saharan Africa. Women are the most affected. (UNAIDS)
- About 500 million malarial cases are recorded every year with about 1 million fatalities. About 90% of all malaria deaths occur in Africa especially in Sub-Saharan Africa with children being the most affected group. (WHO, UNICEF)
- More than 200,000 child slaves are sold every year in Africa. There are an estimated 8,000 girl-slaves in West Africa alone. (BBC: Anti-Slavery Society)
- Only 57% of African children are enrolled in primary education, and one in three of those does not complete school. (African Union: Poverty in Africa statistics)

Wars and conflicts which are prevalent in Africa exacerbate the poverty on the continent. There are many fatalities: the old and young alike are killed; and the unrest results in the destruction of infrastructure: homes, offices, factories, industries and causes disruption of essential services such as health and education. Thus the story of Africa remains bleak, its peoples living from hand to mouth and from poverty to poverty. Here is a heart-rending account from 'One Poor African' (Cozay, 2011):

> I know poverty because […] it has become part of life like the blood through my veins. […] Poverty is watching your mothers, fathers, brothers and sisters die in pain and in sorrow just because they couldn't get something to eat. […] Poverty is watching your own children and grandchildren die in your arms but there is nothing you can do. […] I know poverty just like I know my father's name. Poverty never sleeps. Poverty works all day and night. Poverty never takes a holiday.

Indeed, poverty appears to be just an extension of life in Africa, and yet, contrary to the prevailing global perception and the apparent poverty of its inhabitants, Africa is rich. It is teeming with natural resources and raw materials: land, energy, minerals, wildlife, coastal and marine ecosystems, forests and savannah grasslands. Every corner of the continent is filled with rich natural resources: Angola and Botswana are producers diamonds; South Africa is the world's largest producer and exporter of platinum; Nigeria, Algeria and Libya have overflowing petroleum reserves; Zimbabwe is the continent's major exporter of tobacco; Namibia, Zambia and the Democratic Republic of Congo have substantial deposits of copper, zinc and cobalt. Africa's agricultural and mineral riches stretch from the west to the east and from the north to the south of the continent: uranium in Chad and South Africa, timber in Swaziland and Côte d'Ivoire, phosphates in Morocco and Tanzania, livestock in Botswana and Mali, limestone in Togo and Kenya, gold in Ghana and Zimbabwe, bauxite in Madagascar and Guinea; cotton, maize, millet, barley, wheat, cassava, groundnuts and olives are in bountiful supply all over the continent.

Africa is not only rich in resources but in manpower as it has a vast young and able-bodied population. With its high fertility rate which surpasses that of other continents except Asia, Africa's growth rate will continue to increase steadily, even to the next century. This ensures a continuous strong population of solid manpower and labour. The United Nations 2006 Revision of the World Population Prospects says:

> Africa stands out as the only major region whose population is still relatively young and where the number of elderly, although increasing, will still be far below the number of children in 2050 (p.2).

In addition to a strong labour force, Africa on the whole, has a good academic base with trained, educated specialists, professionals and experts in various fields that would bring profit to the economy. Boasting of high literacy rates in most countries, the continent not only has the manpower but is vested with the technical know-how and expertise to enhance its various sectors and bring about economic growth. Unfortunately, the majority of the continent's skilled workforce has been drained out of Africa and lost to western countries. According to the *Toronto Star* (2006) 49% of African immigrants to the United States aged 25 and above possess a Bachelor's Degree or higher compared with nearly 33% of Europeans, 45% of Asians, 6% of Central Americans and 25% of South Americans. Hanson (2008) asserts that nearly half of Ghana's educated citizens live abroad and that one in three skilled Angolans reside outside their country. Tebeje (no date) provides some statistics from the International Organisation for Migration (IOM) which show the severity of the loss of human capital or brain drain in Africa: since 1990 the continent has been losing 20,000 professionals annually and over 300,000 professionals reside outside Africa. The emigration of African professionals and specialists to the West is one of the main hindrances to the continent's development.

The continuing poverty of Africa, despite its considerable wealth in human and natural resources, remains a puzzle. Global attempts in the form of development assistance or aid have been made in order to develop all sectors of Africa's economy including infrastructure, and enrich its peoples. Using the model of the Marshall Plan (1947) also known as the European Recovery Program (ERP), where the United States provided financial and technical assistance to countries in Europe to help them rebuild after the devastation of the Second World War, Africa has received funds from the developed world to develop its own economies and structures. Nevertheless, these attempts have borne no real fruit as calls are made day after day for an increase in the funds provided as development assistance. The United Nations Conference for Trade and Development (UNCTAD) has called for a doubling of aid to Africa stating in its 2006 report on aid that an increase is necessary because 'the continent lacks sufficient domestic resources to attain an annual growth rate of 8 percent, which most analysts consider to be the minimum required to achieve the MDGs' (p. 24). The report estimates that Africa would need additional aid of US$20 billion per annum by 2008-2010, with the amount increasing to US$25 billion per annum by 2015 (p.25). In the case of the Marshall Plan, US President Truman asked Congress for US$17 billion until 1952 to get Europe back on its feet: US$6.8 billion for the first 15 months since April 1949 and US$10.2 billion for the remaining three years. The aid was to decrease each year (OECD, 2008). When the funding ceased in 1952 the economy of every European country involved had significantly improved; trade relations had grown and strengthened; and the economic prosperity that stemmed from this resulted in the formation and shaping of the European

Union as we know it today. For Africa, the opposite is true: the continent has remained poor and sunk even deeper into poverty thanks to the cash and goods that have been handed out as development assistance, with very little in the way of development.

The truth of the matter is that aid has not been effective in taking Africa out of its poverty. It is therefore hardly surprising that development aid has awakened the critics and, of late, has been the object of many negative reviews: William Easterly a Professor of Economics at New York University calls aid 'the white man's burden' (2006), and advocates for an end to aid since so much money has been poured into the continent with very little in the way of tangible results. Easterly laments 'the tragedy in which the West spent $2.3 trillion on foreign aid over the last five decades and has still not managed to get 12 cent medicines to children to prevent half of all malaria deaths. The West spent $2.3 trillion and still had not managed to get $4 bed nets to poor families. The West spent $2.3 trillion and still had not managed to get $3 to each new mother to prevent five million child deaths' (Postrel, New York Times, 2006). Dambisa Moyo, an international economist from Zambia describes development assistance as 'Dead Aid' (2009) highlighting that the only achievement development aid has made is to create the need for more aid while crippling African economies, increasing aid dependency and deepening poverty. She says that it is time for aid to Africa to stop. Ian Vasquez (2005) is just as scathing in his criticism and says that the idea that rich countries can pull poor countries out of poverty is a 'delusion' and that while African countries can become prosperous, 'we are fooling ourselves if we pretend that rich countries can achieve that result through government-to-government wealth transfers.'

Although some may think that these remarks on the developed world's generosity through development aid are rather harsh, there is some truth to them that makes them worth further analysis. Aid has not been effective at all, in fact, many argue that it has forced the continent to sink deeper into poverty, into debt and into corruption. Considering the millions that have been poured into the development of the continent, many begin to question why there is no end to Africa's neediness and Africa's poverty.

This study will explore the hypothesis that Africa, as seen by its natural and human resources, has intrinsic potential to develop itself and to prosper without having to accept handouts from countries in the West. Development assistance is not the solution to eradicating poverty; foreign aid will not do much to bring sustainable development and lasting answers to Africa's problems. Instead, with a pooling together of resources within the continent, and close cooperation with like-minded governments, the poverty of Africa will be a thing of the past. Regional cooperation and development diplomacy will be more effective tools in dealing with the unending poverty of the continent.

There is evidence that the East African Community (EAC) has been instrumental in shaping the development of the region. Starting from humble beginnings in the 1960s with a vision to coordinate efforts towards having a prosperous region, the EAC has witnessed a considerable growth. The five countries that form the EAC have greatly benefited as members of the bloc, in comparison to standing as individual countries, which has also served to reinforce and strengthen the purpose of the EAC.

The research-guiding question of this study is whether, through appropriate pooling together of resources within the continent and close cooperation with like-minded governments, regional cooperation and development diplomacy could become more effective tools ensuring the eradication of Africa's poverty. This study explores the hypothesis that the EAC can function as a major force in altering the destiny of East Africa as a region and have positive consequences on other regions in the continent. The main argument of this study is that many countries in the African continent, as seen by their natural and human resources, have inherent ability to develop and prosper without necessarily having to accept aid from Western countries. Development aid has done very little to eradicate poverty in Africa and to bring independent and sustainable development to the continent.

The focal point of this dissertation is the role and structures of the EAC. Tanzania, one of the five members of the EAC, is selected as the case study to probe the potential of the EAC in eradicating poverty and aid dependency as well as promoting economic growth, self-sufficiency and much needed stability in Africa.

Theoretical and Analytical Framework

Statement of the Problem

In terms of development, Africa is the continent that has made the least progress. Poverty levels are high, with millions of the inhabitants of Sub-Saharan Africa living below the international poverty line of US$1.25 a day. In addition to this, Africa's population is at an all time high (despite having the highest figures of HIV and AIDS related deaths) and the resources available are unevenly distributed within African nations and across the continent's regions. Economic growth is stunted: countries' GDPs remain low and individual incomes are equally low. Every sector of the economy of the countries in Africa could do with a massive overhaul and major improvements – transport, communications, education, health and infrastructure are some of the sectors that are still trailing behind and have not even reached international standards.

In the 1960s the rich countries of the world realized the challenges that Africa was facing. As many African countries gained independence from their colonial masters, it was noted that Africa had a long way to go before it could reach the level of Europe and the United States. The irony of this is that the western powers themselves had been running these countries before independence, plundering the natural resources, sending raw materials to their own countries abroad and repatriating any funds obtained from trade and investments. Africa, it was decided, needed an inflow of aid to help in its development: thus in 1970 development aid was officially born and was to be funded by 0.7 percent of the income of rich countries annually (UN Resolution 2626, XXV). Little matter that aid served the interests of the western powers more than that of Africa and enabled the former to maintain a grip on Africa's resources. The bottom line is that millions and billions of dollars have been poured into Africa since that time. In the period from 1970-1979 a total of 8,305 million US dollars was given as aid to Africa and in 2009 alone the amount disbursed was 47,609 million US dollars (OECD Statistics, 2011). The figures are staggering and what is even more shocking is that the aid has not produced any tangible or sustainable results. Africa is still poor, the poorest of all the continents, and African countries are among the poorest in the world. In fact, Ethiopia and Tanzania who are the highest recipients of aid are among the poorest. Despite having received over 2,331 million US dollars by 2009, about 89 percent of Tanzanians were still living below the poverty line (UNICEF, 2009). The mind boggles.

So, why is Africa still underdeveloped? Why has money that has been poured in not produced the development results expected? Is Africa destined to be poor? The OECD countries have conducted meetings such as the Paris Declaration of Aid Effectiveness (2005) to analyse the problem of aid and find solutions for development. Several economists agree that while there are several factors inhibiting development, aid dependency is the principal cause of aid ineffectiveness.

The Dependency Theory

The dependency theory was developed in the late 1950s to explain the persistent poverty in poor countries. Proponents of this theory such as Raul Prebish, the then Director of the United Nations Economic Commission for Latin America were disturbed by the fact that growth in the developed world had not led to development in poor countries. The theory of dependence comprises of two sets of states – dominant and dependent or core and periphery. The dominant states are the advanced industrial nations in the OECD, the rich countries of the world, and the dependent nations are the poor countries in Africa, Latin America and Asia 'which have low per capita GNPs and which rely heavily on the export of a single commodity for foreign exchange earning' (Ferraro, 1996). The dominant states were considered to be at the centre or core of the world economic system while dependent states were on the periphery: development gravitated away from the periphery towards the core.

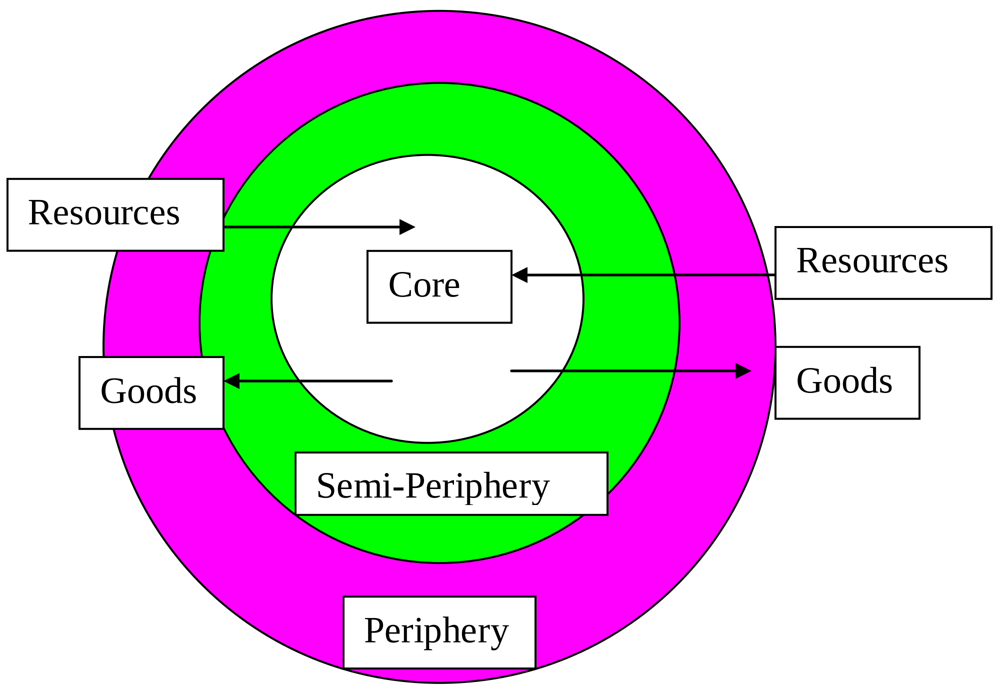

Figure 1: relationship between core and periphery states

This diagram (adapted from images.google.com) illustrates the relationship between the states at the core and those at the periphery. The interaction between the developed and the dependent states is unbalanced and unequal largely due to the colonial legacy: raw materials, minerals and cheap labour were taken from the periphery to enrich those at the core who then became the dominant states. Resources flowed from the peripheral dependent states to wealthy nations to the detriment of the poor underdeveloped states.

In the African context, that colonial legacy has caused dependency, hindered growth and development. As Dos Santos (1971) says, dependency is 'an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others and limits the development possibilities of the subordinate economies' (cited by Ferraro, V, 1996). This unequal relationship has resulted in dependency which in turn has limited growth and development. Palmer and Parsons (1977) add that 'western capitalisation promoted underdevelopment by permeating Third World economies, reducing them to dependency, and then creaming off their surpluses' (p.3).

In the 1950s there were two groups/traditions with divergent dependency theories (Vernengo, no date). The first is the Marxist tradition influenced by the likes of Paul Baran and André Gunder Frank who argued that as a result of capitalist exploitation it was impossible for economic development to occur in any dependent, peripheral state because the economies of the periphery were mainly subsistent, producing goods for the core states while the core obtained resources from the periphery and manufactured goods for itself and the periphery; and the second is the Structuralist tradition espoused by Prebish, Celso Furtado and others at the Economic Commission for Latin America and the Caribbean (ECLAC) who stated that economic development in dependent states was feasible and that it is the internal or domestic forces that determine development and not the external. Indeed, development in the dependent states is feasible: in the 1960s and 1970s rapid growth occurred in some underdeveloped nations but stagnated in the 1980s following the debt crisis resulting in a review of the relevance of dependency situations (Vernengo, p.2).

Development aid was therefore introduced as a solution to the underdevelopment of countries at the periphery. However, instead of enriching the poor countries of the world and spurring them on to more solid development, aid has sunk them deeper into dependency and poverty. Bauer (1971) states that aid is ineffective, a waste of resources and has caused recipient governments to be inefficient; Irwin Stelzer concurs and says:

> An assured continued flow of aid infantilises and debilitates its recipients, and prevents the local economy from becoming self-sustaining. It diverts local politicians from the hard work of creating the institutions that make private-sector development possible and instead sets them wandering from one world capital to another, begging bowl in hand (cited by Immanuel, 2011, p.8) .

Africa has received so much aid, and like a drug addict, has become totally dependent on it. Moyo (2009) says dependency engenders laziness in African Governments and policy makers and this is demonstrated by their insouciance and lack of urgency for any development agenda. African countries view aid flows as income and do not explore other any alternatives, such as pursuing tax revenues (p. 66). In 2005, ODA accounted for more than a quarter of Rwanda's GDP (Afrol News, 2010); and aid accounts for 10-12 percent of government spending in Kenya and half of the total government spending in Uganda (Cookesy, 2004). This dependency becomes a burden on donors and OECD countries who are compelled to continue providing aid in order for the continent to attain real economic growth and tangible development. Easterly (2006) says aid and the subsequent dependency is doing more harm than good. It has kept Africa's growth in check with no light at the end of the dark tunnel of poverty. Dembele (2005) asserts that the rich countries of the world have deliberately created aid dependency through unfair trade with African countries. They provide subsidies for their goods effectively putting African trade out of business. Subsidies force African countries to lower the prices of their goods and crops – prices become so low that the profit obtained from sale of produce and goods is minimal. This forces African countries to seek for more aid to finance their losses and stay afloat. He illustrates the seriousness of the impact of these subsidies on the African economy:

> In 2002, subsidies for cotton provided by the US caused a 25 percent decrease in cotton prices, which translated into a loss of $300 million by African exporters, such as Mali, Benin and Burkina Faso, a higher sum than the entire 'debt relief' ($230 million) promised by the IMF and the World Bank….Subsidies by OECD countries – which according to UNDP, cost more than six times what they spend on aid to poor countries – have increased African countries' food deficit and dependency. By flooding African markets with cheap, subsidized food, industrialized countries destroy domestic food production and increase African countries' dependency on food imports, which are paid for through new loans and 'aid' from the same industrialized countries (Dembele, 2005).

He adds that dependency is created by debt which is caused by the conditions attached to the aid given to Africa. Debt is a double-edged sword through which aid perpetuates a vicious cycle of want and dependency. Some countries in Africa have been in so much debt that money given for development aid was used to cover loans. Dembele says 'the cost of complying with conditions imposed by the donors and lenders and subsidies on domestic produce by OECD countries help explain, among other things, the worsening of the debt crisis, which in turn has meant greater dependency on foreign aid. In the 1980s and 1990s, the average debt service was roughly equal or even higher than foreign aid to

African countries. Part of that aid was even used to pay back old debts, including multilateral debts. All this reinforced dependency on external sources, especially the World Bank, IMF and the African Development Bank' (Dembele, 2005).

The dependency on such external sources has adversely affected African countries especially since one of the conditions for loans was the acceptance and implementation of their own policies which were not adapted to the African context and therefore failed to result in development. Policies such as Economic Structural Adjustment Programmes have brought African countries to their knees, further entrenching them in poverty and debt. Dependency on aid undermines the ability of Africans to determine their own best economic and political policies.

Other theories explaining the failure of aid have been put forward and shall be elaborated in this paper: the OECD countries not honouring their commitments with the target of 0.7 percent of their income annually attained by only a handful of countries (Desai and Kharas, 2008); the total amount of aid promised is not what is disbursed (Karas, 2008; One International, 2011); the conditions attached to aid (Dembele, 2005); the projects undertaken in African countries serve the interests of the donor and not those of the recipients (Easterly, 2006; Kimenyi, 2009); the conditions and policies put in place by the IMF and the World Bank before loans or grants can be secured (Dembele, 2005; Eurodad, 2006); corruption by African Governments (Bauer, 1971; Dembele, 2005; Moyo, 2009); and the system of aid itself, the aid architecture which is highly fragmented and therefore ineffective (Kharas, 2009).

Literature on development aid falls short because the critics do not offer Africa solutions to aid. Critiques indicate what is wrong with development aid and its negative effects and suggest ways aid could be made more effective instead of offering alternatives to aid. Nevertheless, there is a solution for the problem of African aid dependency and poverty: the answer is regional cooperation and integration.

Regional Cooperation and Integration Theory

Regional integration is defined as the process whereby states enter into a regional agreement in order to enhance regional cooperation through regional institutions and regulations. The focus of every country within the region ceases to be individualistic and is directed towards the collective grouping. Karl Deutsch (cited by Laursen, 2008) defined integration as 'the attainment, within a territory, of a sense of community and of institutions and practices …' This 'sense of community' highlights the importance of interdependence among states, causing them to 'shift their loyalties, expectation and political activities to a new centre whose institutions possess or demand jurisdiction over the pre-existing national states' (Hass, 1958, cited by Laursen, 2008, p.4). Lindberg's definition (cited by Laursen, 2008, p.4) in *The Political Dynamics of European Integration* (1968) encompasses these same points and he adds that nations opt to make joint decisions and to delegate the decision-making process to new central organs. According to Axline (1994, p.186), the regional cooperation theory relates to the functioning of an inter-governmental organisation with specific purposes and goals.

Members benefit from participation in regional cooperation proposals which promote trade and become an 'engine of growth' and economic development (p.3).

Regional cooperation and integration is indeed 'an engine of growth' and can fill in the gaps created by development aid and aid dependency by bringing together countries who not only share the same geographical location but the same challenges. Having challenges in common allows for exchange of ideas and results in solutions that will be of mutual benefit to the region and its members: harmonization of policies, efficient use of resources and channelling of common funds towards mutual development goals in various sectors of the economy (ECA, 2007; Kandiah 2011). Ferraro (1996) advises dependent states to pursue policies of self reliance without following the models endorsed by the IMF and the World Bank; models which are not a good choice for poor countries. Regional cooperation and integration is the pathway to self-reliance, economic growth and development. This research briefly looks at four examples of regional cooperation (CARICOM, EU, ASEAN and ECOWAS) in order to determine whether it is a feasible alternative to aid and a practical solution for all round economic growth and development. These four organisations have achieved accelerated and sustained growth due to cooperation and integration: by 2008 the Caribbean Community (CARICOM) had a GDP average of US$5,600 including Haiti and Guyana (Greene, 2010); between 2000 and 2008 GDP per capita in the EU grew by 1.8 percent per year on average; ASEAN members' cooperation has led to the realization of development objectives in the energy sector as well as in copper fabrication and infrastructure development (ASEAN, 2011); and ECOWAS has noted several achievements including the establishment of frameworks for maintaining peace and stability within the region (ECOWAS Report, 2010). Having seen the positive effects of regional cooperation in these regions it is correct to surmise that regional cooperation can be an effective tool in bringing development and doing away with aid dependency and debt.

Even in East Africa, which is the focus of this research, development and economic growth is being achieved through the auspices of the East African Community. Statistics from the World Bank (2004) the GDP growth of the EAC increased from 3.7 percent in 2001 to 4.5 percent in 2003. The organisation's development strategies have led to economic growth and development of policy frameworks for cooperation and infrastructure, establishment of the EAC Customs Union and the East African Common Market (EAC, 2011; Onen, 2008). This paper uses Tanzania as a case study, measures the impact of regional cooperation and integration on the Tanzanian economy and analyses how the EAC has been instrumental in bringing development, not only to Tanzania which is the focus of our study, but to other countries in the region. Through East African Community initiatives and projects Tanzania has begun to see economic growth, social progress, infrastructure development including a rail and road network, and development in various sectors including health and education (National Website, 2011; The Citizen, 2011; Kenya London News, 2011; Busiweek, 2011; Onen, 2008).

After establishing that regional cooperation and integration is indeed a feasible solution to aid dependency and poverty reduction, this research sets out, through comparison of the EU and EAC models, to see how the East African Community can maximize its outputs and experience success in its objectives (EAC, 2011; Age of the Sage, no date; Europa, no date). This comparative study of the two organisations suggests ways in which the EAC can improve: reduce the levels of decision-making thus minimizing on the bureaucracy and red tape (Carter, 2007; TMEA, 2011); avoid overlap and duplication which will effectively reduce waste of human capital and resources available; and introduce policies that will foster uniform and inclusive development such as the cohesion policies employed by the EU.

Conclusion

The evidence shows that aid (and the resulting dependency) has failed because it involves outsiders trying to control the destiny of Africans. Regional cooperation and integration is a way for Africa to find its own solutions to the challenges the continent faces: it advocates for change from within and makes use of the resources and expertise available. Thus, this research demonstrates conclusively that eradication of aid dependency and poverty is not just a dream; it can be realised, and with remarkable results, through regional cooperation and integration.

Chapter One: Development Assistance and Development

In Africa, development aid began in earnest in the post-colonial period, when western countries had been stripped of the self-given right to exploit and plunder the continent's riches. The scramble, partition and colonization of Africa had opened up a free and infinite supply of resources needed in Europe and had provided the imperialists with unlimited access to land, minerals, ores, industries and labour. However, in the 1960s and 1970s when the wave of independence and freedom spread across the continent, western powers that had been enjoying the wealth of Africa for so long had to devise a new and acceptable strategy in order to maintain a hold onto the source of their wealth: this is how development aid came into being. Aid was not born out of genuine philanthropy but out of a need to directly control the flow of resources from Africa to Europe and the Americas. Millions of needy people in Europe and the US are living in deplorable conditions, under the weight of poverty, why do the western powers not provide aid to their own struggling citizens? In the United States for example, the Catholic Campaign for Human Development (2009) notes that:

> The official poverty rate in 2009 was 14.3 percent, up from 13.2 percent in 2008. In 2009, 43.6 million people were in poverty, up from 39.8 million in 2008. Between 2000–2008, the number of poor Americans grew by more than 9 million. The number of people living in extreme poverty, that is, those with incomes below half the poverty line, rose to over 17 million people.

In an article published on 14 September 2011, the International Business Times (IBT) says the percentage of poor Americans rose by 15.1 percent in 2010 to 46.2 million due to rising unemployment, the weakness in the economy and declining economic growth. Oxfam (2011) says in the United Kingdom nearly 13 million people live in poverty in the UK (1 in 5 of the population) and that the UK has a higher proportion of its population living in relative poverty than most other EU countries: of the 27 EU countries, only 6 have a higher rate than the UK. The poverty rate of Japan, one of the world's most developed countries, doubled in 2010 to 15.7 percent (New York Times, 2010) due to years of deregulation of the labour market and stiff competition with neighbouring China, which is its increasing aid to Africa but has over 500 million Chinese people living in poverty and over 150 million people living in extreme poverty.

1.1. Development Aid for Africa

So, why 'help' Africa? As mentioned earlier, in the 1960s and 1970s the wave of independence spread across the continent loosening the colonial powers hold on their colonies. Development aid was devised to control the flow of resources and to assist Africa in its development objectives. In order to reduce the disparity between the developed and developing countries and secure prosperity for all, the United Nations General Assembly resolved in 1970 to assist Africa to reach its development goals through 'financial resources and more favourable economic and commercial policies' (Resolution 2626, XXV). The continent was lagging behind politically, economically and socially: the very rich countries were to be found on other continents and the poorest and least developed were in Africa. In that same Session of the General Assembly, the rich countries of the world which formed the Organisation for Economic Cooperation and Development (OECD) agreed to give 0.7 percent of their Gross National Income (GNI) annually as official development aid. The altruistic purpose of this aid was to reduce poverty and promote sustainable economic growth but these were not the only reasons.

Powerful Information, a British charity working to empower communities in low-income countries, states that while some countries give aid out of altruism – to promote a better world, others do it out of their own self-interest, mainly to promote strategic, political or commercial interest. It describes Norway as an altruistic donor; France and the UK as 'selfish donors'; and the US as being somewhere in the middle. And, although it is difficult to gauge the levels of 'selfishness' or altruism in each country, it is true to say that there are elements of both in their reasons behind the provision of development aid to Africa. Moreover, despite their selfish or altruistic reasons, despite many of the countries not reaching the intended target of 0.7 percent of their GNI annually, billions of dollars have been poured into the continent. From 8,305 million United States dollars in the period from 1970-1979, statistics from the OECD (*Development Aid at a Glance*, 2011) record an 11.7 percent increase in the net Official Development Assistance (ODA) disbursed to Africa, from 43 926 million US dollars in 2008 to 47 609 million US dollars in 2009. Total ODA to Africa as disbursed by various OECD countries represents a large percentage of those countries' total aid. From 2007 to 2009 the total percentage of ODA to Africa disbursed by Ireland, Belgium and Portugal formed 81%, 74% and 66% respectively of their total aid. In 2009 alone, the United States, France and the United Kingdom disbursed 7,672 million, 4,092 million and 2,795 million dollars respectively in aid to Africa. Multilateral institutions such as the European Union, African Development Bank (AfDB), International Monetary Fund (IMF) and the United Nations Development Programme (UNDP) have made huge contributions in the form of aid all geared towards the development of the continent and reduction of poverty. Net disbursements to Africa from 2007 to 2009 totalled 49,458 million US dollars with over 19 million dollars being given in 2009 alone. In that year, Ethiopia and Tanzania were the top recipients of aid totalling 8 and 6 percent respectively of the total aid given to Africa.

With all these funds disbursed as development aid, it is not difficult to see why Africa as a continent has been lulled into dependency. Money has been flowing into the continent in its millions, achieving very little and leaving the recipients begging for more.

1.2. Aid Dependency and Lack of Development in Africa

Why then, if so much money has been poured into the continent, has development assistance not been effective in Africa? As mentioned earlier, the Marshall Plan worked so well that when aid ceased, the economies of all countries involved had improved greatly. Why is Africa so dependent on aid and why is it still lagging behind and still begging from the rich countries of the world?

Economists have varying opinions to explain Africa's persistent poverty, some putting the blame squarely on the OECD countries, the rich countries of the world, for not honouring their commitments to the development of the continent. The target of 0.7 percent of their GNI annually has been reached by less than a handful and powerful countries like the United States are contributing the least, when compared with their GNI. The UN Secretary-General Ban Ki-Moon has, time and again, urged Western Countries to make good on their commitments to official development assistance but according to Desai and Kharas (2008) 'the commitment is a statement of intent, but with no teeth.'

With no real action plan and timetables few observers believe that aid commitments made at any time will be met.

The amount of money committed to development by the developed countries is, unfortunately, not the amount disbursed although the former figure is the one used in the calculation of total aid. For example, under the Millennium Challenge Corporation created by former United States President George W. Bush, Madagascar was promised $110 million to be disbursed over a period of four years. However, in his article '*A Reality Check on African Aid'* Kharas (2008) points out that in the third year following the signing of this agreement, 'it had only disbursed $23 million in total, or about 21 percent of the total planned for disbursement for the four years.' At the signing of the Food Security Initiative statement held as part of the G8 Summit in L'Aquila, Italy (2009), G8 countries and 5 other donors pledged to invest US$22 billion in agriculture development in Africa, to deliver the funds within 3 years and to be transparent and accountable to their commitments; and yet two years later only 22 percent of the financial pledges have been fulfilled (One International, 2011).

Conditions attached to aid have caused the recipients to sink further into debt. Technical assistance which is one major condition for receiving aid results in the same money disbursed returning to the donor country. Donor countries bring in their own specialist firms and pay them hefty salaries for consultation and technical assistance from the money provided as aid. This means that the bulk of the money for development is returned to the country of origin with very little remaining for actual development work.

The United Nations Resolution 2626 (p. 44) states that financial and technical assistance should not be used in any way by the developed countries to the detriment of recipient countries but this is exactly what has been happening. Self interest on the part of the donor countries has governed the flow of aid, with other Western countries dictating policy and government compositions and using them as conditions for aid. Recipient countries that are 'friendly' to the donor countries and 'toe the line' are given more aid and funding for projects unlike those who do not allow the interference of foreign countries in the governing of their own States. For example the relations between Zimbabwe and the United States have been strained since the Bush Administration questioned election results, accused the government of human rights abuses and called for the current President, Robert Mugabe, to resign. The Zimbabwean leader, who viewed this 'interest' in the country as an infringement on the sovereignty of the nation, did not remain silent in his criticism. A news article from the Voice of America (2010) reports that at the burial of his sister at the country's National Heroes Acre President Mugabe 'told the West to "go to hell" for what he characterized as interference in Zimbabwean politics.' Barbs and accusations which have been traded back and forth between Harare and Washington over the years resulted in targeted sanctions and travel bans (since 2002) being applied on Zimbabwean government officials as well as the suspension of development aid or non-humanitarian government-to-government assistance (US Department of State, 2011). Thus, nations who are considered to be 'unfriendly' as is the case with Zimbabwe have had to do without development aid.

Donor self interest is also reflected in their choice of areas of funding, some of which are forced on recipient countries but have no bearing whatsoever on the needs of the country. In his book, "The White Man's Burden", William Easterly (2006) gives the example of an agricultural project in Lesotho which was sponsored by the Canadian International Development Agency and the World Bank. The objective of the project was to teach local farmers agricultural techniques but these techniques conflicted with local law and the region's bad weather – despite being told by the locals that the area was not good for farming the sponsors went ahead with the project which was a huge flop. In his article "Four Ways to Help Africa?" (2009), Mwangi Kimenyi emphasizes that the needs of Africa must be taken into consideration in the giving of aid. He says that western countries (and America specifically) can help Africa 'by supporting investments in infrastructure and industry that promote economic transformation and consequential diversification and by building exchange relationships that increase interdependence rather than using policy instruments whose primary aim is to advance specific [American] interests with little regard to African interests."

The International Monetary Fund (IMF) and World Bank have also put in place conditions and policies which have hindered development. A report by the European Network on Debt and Development (Eurodad, 2006) on the injustice of World Bank and IMF conditions for aid, states that on average poor countries face as many as 67 conditions to obtain a single World Bank loan. Other countries face an even higher number of conditions: for example Uganda 'faced a staggering 197 conditions attached to its World Bank development finance grant in 2005'. In addition to the difficulties of obtaining a simple loan and the immense administrative burden that develops from this, governments of recipient countries are forced to adopt 'reforms' of trade liberalisation and privatisation and policies such as Economic Structural Adjustment Programmes which have served to damage economies further. At the peak of structural adjustment in the 1980s and 1990s Africa's debt grew drastically and many countries on the continent are still trying to recover from these programmes, which though well suited to the European scenario were ill-fitting for the African context. Trade liberalization, deregulation, fiscal austerity and privatization have all brought to bear on the continent and deepened the economic crisis in Africa. The Eurodad report admonishes the IMF and World Bank to stop its tendency to micro-manage reform in poor countries, stop all forms of conditionality, stop imposing controversial economic policies and instead 'focus only on fundamental fiduciary concerns' which will increase transparency in the management of public funds holding governments accountable to their citizens and not to them.

Other economists have blamed Africa for its own lack of progress: corrupt governments are the main targets of this criticism as corrupt leaders and government officials line their pockets with aid money, effectively ensuring that the money does not reach the intended beneficiaries. For example, Mobutu Sese Seko, former President of the Democratic Republic of Congo (formerly Zaire) is said to have amassed a personal fortune of up to US$5 billion hiding it in Swiss bank accounts, property and assets such as a fleet of Mercedes-Benz vehicles while the country, despite its rich resources sank deeper into poverty, weighed down by rapid inflation, collapse of infrastructure as well as extreme poverty and starvation. Dembele (2005) confirms that Mobutu Sese Seko despite being corrupt was a ‘friend’ of the United States and was given millions in development aid which were used to shore up his own fortune to the detriment of the country he led. The 10th President of Nigeria, Sani Abacha, ranked one of the world’s most corrupt leaders is said to have siphoned over £5 billion out of the country and embezzled public funds to the tune of US$4 billion. Where were these billions of dollars coming from? The answer is glaringly obvious: mostly from development aid funds. Many development projects in Africa have been initiated with the money provided as development assistance but they have not completed due to corruption, siphoning of funds abroad or other government projects and lack of technical expertise. Due to the low wages that civil servants earn, a severe brain drain has affected many African countries as the majority of their experts and specialists have been poached by better paying companies and institutions in Europe and the United States. African Governments’ inability to govern well and effectively manage resources and funds available has also contributed to the dependency on aid and lack of tangible progress.

Some economists have blamed the system and architecture of aid arguing that the current structure has pushed Africa into dependency and debt taking sustainable development far out of the reach of recipient countries. With other players such as Non-Governmental Organisations and private donors, aid has become fragmented and is now characterized by duplication, overlap and waste. In 2006, there were 81,000 aid activity commitments registered with the Development Assistance Committee (DAC), a sharp increase from 17,000 in 1996 and the size of the commitments decreased significantly in that period – from $3.2 million in 1996 to $1.6 million in 2006 (Kharas, 2009). Thus, the increase in the quantity of projects has compromised the quality of aid and its effectiveness. Kharas (2009) adds, ‘It appears that the increase in total ODA has come about by adding many small new projects rather than by scaling up what works…An aid ‘industry’ has been built around mechanisms to deliver aid projects rather than to deliver development results.’ And unfortunately, development aid has failed to deliver development results: the aid delivery system and flows are flawed with the administrative burden for projects and activities falling on the recipient countries and being included as part of ODA. Even domestic campaigns to raise awareness and funding are counted as ‘aid’. Forgiveness of debts on loans which could not have been repaid is considered as aid although that money essentially does nothing to increase development as it is not even available. The total amount of debt forgiven for Nigeria and Iraq in 2005 amounted to $19 billion and yet, though considered as part of development aid, that amount was not used to develop anything at all.

Trade policies and conditions are equally flawed: goods and products from Western countries are subsidized, making African goods more expensive and forcing local competitors out of business. Donor countries have not been trading fairly with recipient countries bringing about loud calls for *fair* and not *free* trade. In his article on *Aid Dependence and the MDGs*, Dembele (2005) makes a case for fair trade as the tool that will bring about Africa’s freedom from dependency and growth instead of free trade which has increased Africa’s need for hard currencies and heightened its dependence on aid. Moyo (p.122) also extols the benefits of trade which ‘creates employment, improves trade balances, lowers the price of consumer goods through greater imports, generates income for the country's exporters and produces income that accrues to governments through tariffs and income taxes'. African economies are more vulnerable to fluctuation of commodity prices and interest rates. The imposition of trade liberalization has cost African countries billions of dollars and unfair trade exacerbated by increases in subsidies on produce and goods by OECD countries have resulted in huge losses for African exporters and pushed the continent into further dependency, debt and poverty.

Indeed, studies of economic growth and market performance have brought about the realisation that development does not come through foreign aid. Recipients of aid have become heavily indebted and have sunk deeper into poverty and yet there is talk of more billions of dollars being poured into third world countries. Aid is not a solution to poverty. Development will occur, instead, through sustained domestic and regional efforts to ensure that the right conditions for markets to flourish are met.

Other economists have said that development aid itself is responsible for the lack of progress in Africa. In the early 1970s, Lord Peter Bauer (1915 – 2002), fierce critic of development aid, charged that development aid interfered with development, led to corruption, misallocation of funds, and inequality in the distribution of resources resulting in social imbalances which causes poor people to be further entrenched in their poverty. He declared that the peoples of the Third World were not stuck in a vicious circle of poverty; that foreign aid was a great hindrance to development and was totally unnecessary considering that the countries which were now developed had progressed significantly without any external help or donations (From Subsistence to Exchange, 2004, p.6). In an interview with *The Economist* (1 May 2002) Bauer stated that "foreign aid continues to be detrimental to trading systems, continues to encourage the misallocation of local capital and skill, continues to foster government policies that impoverish rather than benefit the people.” He advocated for trade between and among nations where market forces are allowed to work in order to eradicate poverty and bring about much needed development. Moyo (2009) concurs with Bauer about the ineffectiveness of development aid as a solution to poverty reduction and offers her book, *Dead Aid* (2009) as a blueprint for Africa to wean itself off aid. She categorically states that Africa is poorer because of aid; misery and poverty have increased on the continent because aid ‘perpetuates the cycle of poverty and derails sustainable economic growth’ (p.28). She asserts that aid reduces the domestic savings of a country, discourages the inflow of money and causes investment to fall. This, in turn, puts pressure on domestic prices, on the prices of goods, products and services causing inflation which will erode the economy: the more aid infiltrates the economy ‘the more it erodes, the greater the culture of aid-dependency’ (p.37). Unlike Bauer, Moyo describes aid as a ‘vicious cycle’:

> The cycle that chokes off desperately needed investment, instills a culture of dependency, and facilitates rampant and systematic corruption, all with deleterious consequences for growth. The cycle that, in fact, perpetuates underdevelopment, and guarantees economic failure in the poorest aid-dependent countries. (p. 49)

Thus, aid and consequently, aid dependency is the enemy of Africa’s progress and development. The plans to double aid to the continent will only serve to increase the Africa’s dependency on aid and bring the continent even further down to its knees.

In East Africa, development and growth has been minimal largely due to aid dependency. Cooksey (2004) asks if aid to East Africa is ‘an elixir or a poison chalice?’ All major sectors of East African society – government, economy and civil society benefit from and depend on aid, with loans and grants from the World Bank and other donors financing various projects. He highlights the extent of aid dependency in Kenya and Uganda, two countries in East Africa: aid accounts for 10-12 percent of government spending in Kenya and half of the total government spending in Uganda. Tanzania, which is one of the highest aid recipients on the continent, has received a vast amount of development aid and yet its infrastructure and industries are quite underdeveloped and the vast majority of Tanzanians are still living in abject poverty. In 2010, the country received a total of 34 million Euros in bilateral aid from Finland alone and the latter has planned to increase this amount to 40 million Euros in 2011 because of 'the poverty level of the country' (Finnish Ministry of Foreign Affairs, 2011). This is a country that has been receiving development aid since the 1960s and yet it is still one of the poorest countries on the continent. Leaders concentrate more on courting and appeasing donors than pursuing effective development programmes.

Maathai Wangari, in 'The Challenge for Africa' (2009), says that dependency on aid has prevented Africans from taking responsibility and seeking solutions for the challenges they face:

> While I applaud the motives of the international community in providing technical and financial assistance to developing countries, including those in Africa, I do question how much good aid does versus how much damage it may do to the capacity of the African peoples to engineer their own solutions to their own problems' (p. 71).

Moyo (p.122) asserts that effective trade for the growth and development of African economies does not necessarily have to be international trade only: 'But, like charity, trade begins at home. Africa need not look so far away: it can look to itself.' Vasquez (2005) adds that the hard work of economic development in Africa has always rested squarely in Africa and that 'it is time for African governments to embrace economic freedom…' In fact, regional cohesion, harmonization of solid economic policies, integration and trade will result in inclusive economic growth across the board, reaching even the ordinary man in the street and the peasant in the most remote village. Africa has the capacity to solve its own problems, to search and find solutions to its own difficulties. The challenge for Africa at this time is to stop looking only to the West for assistance but to look to its own resources for sustainable economic growth to reduce aid dependency. Africa needs home grown solutions to it's perpetual problem of poverty (Easterly, 2006). Poverty in the poorest continent in the world can be eradicated but it must be done on African terms, by African people.

The hypothesis of this thesis is that dependency on aid can be eradicated through regional cooperation. Regional cooperation encourages countries in the same geographical location to pull their ideas, resources and expertise together to find sustainable solutions to their challenges. The focus of this research is East Africa and it will explore the ways on which regional cooperation in East Africa can be an effective tool in the eradication of aid dependency and the reduction of poverty across the region. As a country in East Africa, Tanzania, which is one of the highest recipients of development aid, will be used as a case study to examine the extent to which development can be achieved through East African regional cooperation.

Chapter 2: Regional Cooperation and Development in East Africa

2. 1. Poverty in the East African Region

The World Bank records that poverty in Africa, including East Africa is on the rise. In Kenya, for example, over half the population is said to live below the poverty line (IFAD Rural Poverty Portal, 2009) and one of the reasons for this widespread poverty are the challenges faced in the economy's main activity - agriculture. The Kenyan economy relies heavily on the agricultural industry especially in coffee and tea production (Kenya is the world's 4th largest tea producer) and drought, government corruption, poor policies and even poorer international trade terms and conditions have hindered the growth of the agricultural sector. As a result, the millions of people who depend on this sector heavily rely on food aid. Millions of the Kenyan poor live in slums: Kibera, one of the largest slums in Africa is divided into 13 villages including Kianda, Soweto, Kisumu Ndogo and Mashimoni and houses over 2.5 million residents. The people living in these slums are highly impoverished, living in overcrowded squalid shacks made out of mud or iron sheets with no basic services, no running water, waste water drainage or sanitation facilities. Due to the poor hygiene and unsanitary living conditions slum residents are prone to all manner of diseases including cholera, typhoid and malaria.

In Tanzania, the economy, although based on agriculture, is characterized by a very large informal sector separate from the formal economy and comprising mainly of street vendors, door to door salesmen and small retail outlets. Literacy is low putting formal sector employment out of the reach of many. The low disposable income makes life very difficult for the average citizen further worsening the poor living conditions and standards. The British Department for International Development (DFID, 2011) records that in 2007, 33.6 percent of Tanzanians lived below the national poverty line which was around US$1.10 a day. UNICEF's 2009 statistics report that as recent as 2008, 89 percent of the population in Tanzania lived below the international poverty line of US$1.25 per day and as at 2009, only 26 percent of the population was urbanized: and yet Tanzania had, by this time, received over 2,331 million USD in development aid. As for Rwanda, the majority of its population are peasants, living in rural and pitiable conditions, barely able to make ends meet. The agricultural sector forms the backbone of the economy but it is too fragile, affected by too many factors to be of great benefit to the economy and living standards of its people. Life expectancy is low, malnutrition is high; malaria and respiratory diseases are rife and many are living with HIV and AIDS. However, since the end of the genocide and post-genocide recovery period, the capital city of Kigali has grown and developed significantly unlike other regions and areas. An article by Bosco Hitimana which appeared in the March 2011 edition of the East African Business Week expresses concern at the rapid increase in inflation causing a sharp rise in the cost of living. Month on month inflation rose from 0.2 percent in December 2010 to 1.1 percent in January 2011 and 2.6 percent in February 2011. Already, drastic increases in food prices, fuel prices as well as other goods and services have been recorded. Transport and education costs have risen by 4 percent and 18.17 percent respectively (Hitimana, 2011).

With over 60 percent of its population living in poverty, Uganda has one of the highest population growth rates in the world and a low life expectancy. According to UNICEF's

2009 statistics only 38 percent of the urban population has access to good sanitation facilities, and as of 2009 only 13 percent of the country was urbanized. The largely agricultural population is vulnerable to food insecurity due to erratic rainfall, diminishing soil fertility and civil strife which has disrupted agricultural production. This is what Burundi, another country in East Africa is experiencing. Civil wars and internal conflict since 1993 have, to a large extent, been responsible for the poor infrastructure and limited economic progress. Displaced by wars, fighting and hunger, the majority in Burundi are living in abject poverty, struggling to find potable drinking water with poor access to good sanitation and health services. According to the Rural Poverty Portal (2009) run by IFAD, seven out of ten Burundians live below the poverty line mainly due to the long period of civil and ethnic wars between the Tutsi dominated army and Hutu rebel groups. The Global Security website (2011) explains that the minority Tutsis who have held power for long control the military and form the educated society. Meanwhile, Hutus who make up about 85 percent of the population are discriminated against and excluded in education and branches of the Government such as the army and the judiciary. Fighting, destruction and looting of crops and livestock disrupted agriculture which is the main source of livelihood for 90 percent of the population. Thus, these small scale farmers who are facing declining soil fertility and an increasing population are particularly vulnerable to the ravages of poverty. The Democratic Republic of the Congo (DRC) which has the largest surface area and population in the region is facing the same situation as Burundi: conflict has resulted in millions of deaths, displacement of millions and destruction of infrastructure and services. Citizens of the DRC are among the poorest in the world; living conditions are poor and standards of living are low, perhaps the worst in the world at this time.

2.2. Development Aid to Countries in East Africa

The story of East Africa and Africa in general is disheartening, and yet the region has received more than its fair share of development aid. For example, ODA accounted for more than a quarter of Rwanda's gross domestic product in 2005, making it, according to UN data (Afrol News, 2010), one of the world's 10 most aid-dependent nations. The Norwegian Agency for Development Cooperation (NORAD, 2011) has, over the years given millions in aid to countries in East Africa including Uganda but now says that there is stagnation in terms of growth and poverty reduction. In 2009 alone NORAD gave NOK423 million[1] to Uganda as development aid in various sectors including economic development and trade, environment and energy, health, education and other sectors. In that same year, for development in the same sectors NORAD disbursed NOK731 million[2], NOK176 million[3] and NOK156 million[4] to Tanzania, DRC and Burundi respectively. The UK Department for International Development, DFID (2011) records that in the 2009 – 2010 biennium Uganda received a total of £68 million in the same sectors provided for by NORAD including humanitarian assistance which accounts for 12 percent of the total figure. Kenya received £64.2 million and Tanzania received a staggering £143.6 million in 2009-2010 with one percent covering humanitarian

[1] Equivalent to US$65,734,265.73 based on the United Nations Exchange Rate for June 2009
[2] Equivalent to US$113,597,513.60
[3] Equivalent to US$27,350,427.35
[4] Equivalent to US$24,242,424.24

assistance and 30 percent and 28 percent being earmarked for governance and economic growth respectively. The Irish Government (Irish Aid, 2009) provided 44 million euros to Uganda in 2008 for education, HIV/AIDS, governance and poverty reduction through its Poverty Action Fund. In the same year Tanzania received Irish Aid to the amount of 40 million euros to cover governance, improvement of agriculture and rural livelihoods as well as health and HIV/AIDS. Countries in East Africa have not only received aid and grants but they have also been given considerable loans through the IMF and the World Bank. Since 1996 Tanzania, Kenya and Uganda have received over 134 World Bank loans (Stein, 2009 p.17) and still East Africa has not developed as expected. Billions of dollars have been poured into the region and yet, it appears that all the funds have been poured into a bottomless pit. Stein (p.22) comments that in 1981 roughly 27.5 million people lived in poverty in Tanzania, Kenya and Uganda but in 2005 that figure had nearly doubled to 53.2 million or more than 50% of the population.

Indeed, there has been very little progress in economic growth, health services and even education despite the commitment of donor countries to providing aid to less developed countries. Aid has failed to trickle down to the poor and the poverty of the region and the continent remains constant. On the streets of Arusha, Kigali, Dar es Salaam, Kampala, Bujumbura; in the slums of Kibera in Kenya and elsewhere within the region, poverty, abject poverty is the reality that the citizens have to endure. Aid has not been effective in bringing sustainable development to the region: it has instead created dependence.

From the above-mentioned facts and figures, it is clear that a new approach to development is required to ensure the development of individual countries and the region. Regional cooperation which is an essential component for development can effectively play this role and fill in the gaps that have been created by development assistance and dependency on aid.

2.3. Examples of Regional Cooperation in Other Regions of the World

With regional cooperation, mutual interests and challenges as well as mutual understanding will work together to bring mutual benefits. As seen from the examples to follow in this chapter, cooperation allows for more efficient use of resources; cohesion of policy; exchange of ideas, expertise and experience as well as support and the strengthening of economic links.

2.3.1 The Caribbean Community (CARICOM)

The Caribbean Community and Common Market (CARICOM) has, to a large extent, demonstrated the effectiveness of regional cooperation in development since the signing of the Treaty establishing the Caribbean Community in 1973. Article 6 of the Community's Treaty describes the objectives of the organisation some of which are to: 'improve standards of living and work; fully employ labour and other factors of production; bring about accelerated, coordinated and sustained economic development and convergence (CARICOM, 2011). The Common Market established in 1972 was transformed into a single market allowing for active competition in the production of goods and services. Barriers to intra-regional movement were removed, standards and laws among Member States harmonised through the creation of a Common Market External Tariff and a Common Trade Policy. In order to ensure development in the various sectors which will bring economic growth to individual countries within the Caribbean, CARICOM has initiated projects and programmes to promote agriculture, food security, use of renewable energy and technology for development; to adapt to climate change and deal with global health issues such as HIV and AIDS. The Caribbean Renewable Energy Development Programme (CREDP) is an initiative of the Energy Ministers of the region and was set up to 'reduce barriers to the increased use of renewable energy thus reducing the dependence on fossil fuels while contributing to the reduction of greenhouse emissions' (CARICOM Projects, 2011). The Agribusiness Development Programme established in 2008 aims to develop a strategic framework for regional agribusiness development, contributing to an enhanced and coordinated framework for macroeconomic and sectoral policy. Such programmes have been responsible for increased production and productivity within the region, allowing each small island state to develop and grow its own markets. The development of Information and Communications Technology (ICT) is a major goal of the Caribbean Community because it plays a crucial role in creating economic opportunities which lead to the reduction of poverty within the region. The project is working on building on ICT infrastructure across the region, installing a fibre optic network and ensuring that each family has one laptop to take them through this information age. Through regional cooperation and integration, countries have benefited from improvements in the health, transport and communications sectors as well as all round economic growth. In his keynote speech at a Regional Integration and Development Conference (2010), Assistant Secretary-General Dr. Edward Greene stated that there have been significant development gains to the region through CARICOM's cooperation and integration:

> Based on the world's most acclaimed development indicators e.g. the UNDP's (HDI, GEM, GDI, HPI) measures, all the countries, with the exception of Haiti, are classified at a medium level of development or better… Based on income indicators the region also does well. The average per capita GNP in 2008 was about US$5,600, including Haiti (US$460 and Guyana US$950)…The Caribbean Commission on Health and Development in its Report 2006, also forecasts that 'there is a real possibility that [the Region] will achieve or surpass most of the Millennium Development Goals.'

2.3.2. The Association of Southeast Asian Nations (ASEAN)

The Association of Southeast Asian Nations (ASEAN) was established in 1967 in Thailand with five founding members: Thailand, the Philippines, Malaysia, Indonesia and Singapore. Membership of the Association is now at 10 States including Burma, Brunei, Laos, Vietnam and Cambodia. Its objectives are to accelerate economic and social growth; promote regional stability and peace; collaborate in areas of mutual interest in economic, social and technical fields as well as sectors of the economy including infrastructure development, transport, education, health and communications (ASEAN, 2011). The organisation has stretched regional cooperation to cover development in areas such as culture, disaster management, health and nutrition, rural development, education, poverty eradication and science and technology and this has borne much fruit. Over the years, ASEAN has initiated and implemented regional projects such as the Urea Project in Indonesia and Malaysia, the Copper Fabrication Project in the Philippines and the Rock Salt-Soda Ash Project in Thailand which were designed to bring about the economic growth of its members and the region. Great strides have been made in infrastructure development and energy cooperation. The ASEAN Plan of Action on Energy Cooperation (APAEC) 2010-2015 is already being implemented with progress being made on the construction of the Trans-ASEAN Gas Pipeline comprising of 4,500km undersea pipelines and 2,300km of gas interconnection pipelines. The ASEAN Power Grid Project is already in progress and connections are expected to be completed by 2015 (ASEAN Infrastructure Development, no date).

2.3.3. The European Union

The European Union (EU) is another example of success in regional cooperation and development. The EU has set targets for economic growth for its members and the region as outlined in its annual Sustainable Development Strategy (SDS) whose aim is to achieve 'continuous improvement in the quality of life of citizens through sustainable communities that manage and use resources efficiently and tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion' (Eurostat, 2009 p.7). This single-minded focus on development has indeed resulted in economic growth:

> Between 2000 and 2008, GDP per capita in the EU-27 grew by 1.8% per year on average, with increasing growth rates during the economic upturn from 2003 to 2007. This favourable development led to an increase in resource productivity…' (Eurostat, 2009 p.8).

The European Union has defined success in regional cooperation offering its 27 Members peace and stability in integration. At the 50th anniversary of the Union in 2007, the then President of the European Commission, José Manuel Barroso stated that the EU has been a force for good on the continent, promoting democracy, political freedom and human rights across Europe, and bringing sustainable development to the continent. He emphasised that the European Union is not only a Union of the past, but a Union of the future, describing it as ‘the best answer to 21st [Century] challenges such as globalization, sustainable economic growth and competitiveness, political solidarity, energy supply, climate change, and security (Europa Press Releases, 2007’.

2.3.4. The Economy Community of West African States (ECOWAS)

Closer to home, in Africa, the Economic Community of West African States (ECOWAS), founded in 1975 and comprising of 15 countries, seeks to promote economic integration and development in the various economic and social sectors including energy, telecommunications, agriculture and commerce. According to the report of the ECOWAS International Conference held in March 2010, some of the achievements of the organisation in the last two decades include the restoration of peace to troubled Member States of the Community such as Liberia and Sierra Leone; effective preventive diplomacy initiatives that averted possible wars or their recurrence in other Member States, such as Togo and Guinea Bissau; and the institutionalization of “home-grown” strategies in preventive diplomacy and military intervention (p. 4 – 5). The ECOWAS Commission and the ECOWAS Bank for Investment and Development (EBID) implement policies and carry out development projects within member countries such as infrastructure and road construction, establishment of telecommunications facilities, as well as agricultural, energy and water resources development. As part of its poverty reduction strategy, EBID finances projects relating to the social sector, rural development and the environment based on the regional Poverty Reduction Strategy Papers. Although West Africa is still dependent on development aid, the establishment of its own structures and mechanisms for the development of the region is a good place to work from.

2.4. Regional Cooperation in East Africa

Similarly, the East African region through the East African Community (EAC), has a good place to work from, to effectively develop the region through its own resources. The region has been actively involved in regional diplomacy and cooperation with a view towards regional integration in the coming year. From as early as 1948 the region (involving Kenya, Uganda and what is now known as Tanzania) has cooperated: first through the East African High Commission (1948-1961) which provided a customs union, common tariff, currency and postage as well as transport, education and communication; then through the East African Common Services (1961-1967) and the East African Community (EAC) which lasted for ten years, from 1967 to 1977. Since its revival in 1997 this regional intergovernmental organisation headquartered in Arusha, Tanzania, has brought regional cooperation in East Africa to a new level. Regional development through regional cooperation is one of the main objectives of the EAC. Afro Barometer (2008, p.1) highlights the importance of the establishment of the East African Community (EAC) for its members: States can take advantage of development opportunities and promote common development projects in various sectors such as tourism, energy, agriculture and infrastructure; protect and expand markets through harmonization of tariffs and benefit from the strength gained by the adoption of a common position when in negotiation with international organisations and larger entities. The geography of the countries in the region means that they cannot exist in isolation; they cannot escape the fact that their destinies are intertwined and interwoven. Their geographical proximity to each other means natural markets for their products and results in increased development: improved transportation facilities, improved communications and greater connectivity. Thus, working together towards a common goal with a common purpose has brought manifold benefits for the region. The serious challenge in East Africa, as already mentioned, is to overcome the crippling poverty it faces and to channel efforts and funds to sustainable development projects which, despite the monies poured into the region as development aid, its countries have been unable to achieve.

Thus, the hypothesis of this thesis still stands: with regional cooperation and a firm focus on development, the region can reduce, and with time, effectively eradicate aid dependency. The motto of the EAC 'one people, one destiny' is a constant reminder of the need for cooperation to bring about good for all. The EAC aims to promote sustainable growth and equitable development of the region; consolidate political, economic, cultural and social ties between the people of the region; enhance private sector participation and the role of women in development; promote good governance, peace and stability within the region. The EAC's vision is to have a prosperous, competitive and secure region and this entails drawing up a strategy mapping the areas or sectors where all the member states will mutually benefit. In his article on the EAC's strategy for economic cooperation, Arthur Baguma (2004) highlights an important fact: that the countries of the region have similarities in their export trade policies and needs.

This is a point in favour of the region’s development considering that it allows for each country to make good use of its natural resources and riches to bring about wealth for itself and for the region as a whole. Regional cooperation works well because pooling together resources, ideas and expertise yields better results than trying to go it alone at national level. This is what has contributed to the success of countries in CARICOM and in the EU and this accounts for some of the economic growth in East Africa. According to statistics from the World Bank (2004) the GDP growth of the EAC increased from 3.7 percent in 2001 to 4.5 percent in 2003; GDP per capita was US$301.10 in 2001 and US$337.70 in 2003; export growth rose from 7.0 in 2001 to 12.0 in 2003. In his address at a Seminar for members of the East African Legislative Assembly in 2008, the Deputy Secretary-General of Projects and Programmes Ambassador Julius Onen described the progress of the EAC with regard to regional development as ‘steady’. This progress was defined in the three development strategies drawn by the organization. The first, from 1997–2000 developed the policy framework for regional cooperation; the second (2001-2005) focused on implementation of some regional projects and programmes including the launch, in 2005, of the EAC Customs Union. The third development strategy (2006-2010), according to Ambassador Onen, has been successful in consolidating the Customs Union; establishing the East African Common Market; deepening infrastructure development and industrialization; promoting East African agricultural and rural development and the Lake Victoria Basin Development Programme. The establishment of the Customs Union has had a positive impact on trade and investments resulting in an increase in the inflow of trade among the Member States, growth in revenue and Foreign Direct Investment (FDI). Progress in the transport and communication sectors has been significant with the implementation of the East African Road Network Project involving the construction of major roads such as the Mombasa – Katuna Road, the Dar es Salaam – Mutukula Road and the Arusha – Namanga – Athi River Road which, once completed, will link towns, cities and countries in the region. The promotion of the region as a single tourist destination has also helped to bring growth to the region and the individual countries as well. Some tour and safari operators have packaged their products to include tourist destinations in two or three countries in the region resulting in an increase in tourism's contribution to the economy. Revenue from tourism has increased significantly over time to enable countries to develop the tourism sector even further and to finance other struggling sectors.

2.5. Conclusion

It is therefore evident that since its revival the EAC has done much to develop the individual countries and the region. The next chapter will examine the role of the East African Community in the development of one of its Member States: Tanzania. Through the case study of Tanzania's development and growth on the backbone of the East Africa Community we can further assess the plausibility of the hypothesis of this thesis. Will regional cooperation be enough to bring much needed development? And most importantly, will it be able to eradicate dependency on aid which economists agree is doing more harm than good?

Chapter 3: Case Study - Tanzania

Figure 2: Map of Tanzania (US Department of State, 2011)

3. 1. Geography

Tanzania is located south of the Equator in East Africa between longitude 29° and 41° East; latitude 1° and 12° South covering a total area of 945,000 square kilometres. Of the total area 883,000 square kilometres are land and water covers the remaining 62,000 square kilometres. Tanzania has the largest land area in East Africa with a scenic landscape and the Great Rift Valley running from the north east of Africa through central part of the country. It borders Kenya and Uganda to the North; Rwanda, Burundi and the Democratic Republic of Congo to the West; Zambia, Malawi and Mozambique to the South; and the Indian Ocean to the East making its port in the commercial capital of Dar es Salaam the gateway to East and Central Africa. It comprises of the mainland and

Zanzibar divided into 26 administrative regions and 130 administrative districts. On the mainland there are about 120 ethnic groups, mostly of Bantu origins, such as Chaga, Masaai, Pare, Sukuma and Gogo, none of them exceeding 10 percent of the population. The population also includes people of Arab, Indian and Pakistani origin and some European and Asian communities. According to the results of Tanzania's population and housing census conducted in 2002 (Tanzania Census Analytical Report: Volume X, 2002), the population of Tanzania was estimated at 34.4 million people, an increase of about 49 percent compared to the 23.1 million people in 1988. The high growth rate has put pressure on water, energy, food and other natural resources; increased demand for social services including health, education and housing; and increased poverty levels within the country. In 2002 population density was 39 persons per square kilometre for the whole of Tanzania with density variations in different regions ranging from as low as 12 persons per kilometre in the Lindi region to 1,786 persons per square kilometre in Dar es Salaam which is the most densely populated region, followed by 1,696 persons per square kilometre in the Urban West region. More recent statistics put Tanzania's population in 2008 at 42,500,000 (IMF 2008 statistics, cited on the Foreign and Commonwealth website, 2011) and approximately 42,746,620 in 2011 (Economy Watch, 2011). More than 80 per cent of Tanzania's population is rural and is concentrated along the coast and isles, the fertile northern and southern highlands as well as the lands bordering Lake Victoria. The central region, which is arid and less fertile, is sparsely inhabited.

3.2 A Brief History of Tanzania

The history of Tanzania (Tanzania National Website, 2011) dates back to prehistoric times: Northern Tanzania is home to Olduvai Gorge where fossils of prehistoric man were found. Excavations and discoveries have shown that this may have been the origin or 'cradle' of mankind and this has resulted in some interesting studies. Since that time, African natives lived on the land later known as Tanganyika without much outside influence until around the 8^{th} century when Arab traders came to the coast to trade. By the 12^{th} century traders and immigrants from as far as Persia (now Iran) and India had come to trade and some to settle in the coastal regions. In 1498 Portuguese explorer Vasco da Gama explored the East African coast on his epic voyage to India and by 1506 the Portuguese had taken control over the entire coast although they did not colonize the interior. Omani Arabs managed to drive out the Portuguese in the early 18^{th} century and in 1841 the Omani Sultan Seyyid Said (1804-56) claimed control of the coastal strip and moved his capital to Zanzibar.

Europeans ventured into the country in the mid 19^{th} century: German missionaries in the 1840s and British explorers and missionaries in the 1850s. In 1891 the German Government took over direct administration of the territory which was named German East Africa (covering the following present day countries – Tanzania, Rwanda, Burundi and parts of Mozambique) and their violent, repressive acts to control the population, the heavy head taxes levied from 1898, the use of forced labour to build roads and to do other manual work and the order from the Governor for all villages to grow cotton as a cash crop were extremely unpopular in Tanzania and caused the African peoples to come together and resist European occupation. The 1905 drought which threatened the region was the last straw and resulted in the Maji Maji rebellion of 1905-1907. The uprising was successfully suppressed in August 1907 but this was the beginning of Tanzanian nationalism which came to realization in the 1950s and culminated in the attainment of independence from colonial rule in 1961. After the uprising was brought to an end, the German Government instituted administrative reforms to such an extent that some historians claim that by the outbreak of the First World War Tanganyika was among the better-administered European colonies in Africa. German colonial rule ended after the First World War; in 1919 control of Tanganyika went to the United Kingdom under a League of Nations mandate. After the Second World War the territory passed to the British as a United Nations Trust Territory who changed the name to Tanganyika Territory. In 1927 Tanganyika became part of the Customs Union of Kenya and Uganda as well as the East African Postal Union. This regional cooperation led to the establishment of the East African High Commission (1948-1961), the East African Common Services Organisation (1961-1967), and the East African Community (1967-1977) which were precursors of the present day East African Community.

In East Africa, as in other parts of the continent, nationalism was characterized by the formation of political parties, unions or clubs. The Tanganyika African Association (TAA), which was established in 1929 to represent the interests of Africans, especially civil servants, teachers, leaders and other social groups, became more active in politics. According to Wijsen (1994, p.72-73) national conscience was first expressed in a TAA conference in 1946: “The Africans of Tanganyika hope and believe that a day will come when they will get their independence or self-government as Tanganyika Africans and not as East Africans.” The TAA grew and established many branches throughout the country. In 1953 Julius Nyerere became Chairman of the organization and transformed it, in 1954, into the Tanganyika African National Union (TANU) whose aim was, ‘to prepare the people of Tanganyika for self-government and independence and to fight relentlessly until Tanganyika is self-governing and independent’ (Wijsen, p.73). TANU was victorious in the September 1958 and February 1959 Legislative Council elections. In December 1959 the British agreed to the setting up of internal self rule with elections to be held in 1960 – Julius Nyerere was named Chief Minister of the Government. In May 1961, Tanganyika became autonomous and full independence was achieved on 9 December 1961 with Nyerere elected as President when Tanganyika became a republic. Tanganyika ceased to exist as a nation in 1964 when it was united with Zanzibar to become Tanzania.

3.3 The Economy of Tanzania since Independence

Generally, colonization made a great impact on the economy of colonized countries, and Tanzania is no exception. During the years before independence, under both the German and British rule, Tanzania’s economy was, according to some economists, a ‘cash economy’ where taxes were not paid or utilized within Tanzania but goods and raw materials were exported back to the countries of the colonial masters. The latter profited from this arrangement as the raw materials sent abroad improved their own economies and set up markets where their processed goods could be sold and traded. Even after independence in 1961, the economy was still controlled by the British: industries, plantations, mines and relatively large commercial activities continued to be under the British and Asians (Ngowi, 2007). The Tanzanian economy was characterized by economic policies from the colonial era with high investments supported by a high level of domestic savings leading to a relatively strong per capita income growth of 3.7 per cent (Nyoni, 2006). However, despite the high per capita income growth experienced in the immediate post-independence period, ordinary Tanzanians who are mostly rural and had no share in the economy did not benefit from it. Thus, after independence, the continuation of the colonial policy of a market-oriented economy dominated by the private sector ownership of the major means of production did nothing to improve Tanzania's economy: 'rural-urban development differentials increased, local expertise remained inadequate and land and labour resources were underutilised (Ngowi, p.10). A change was needed if the economy of Tanzania was to prosper and the government of the day, led by President Julius Nyerere decided to implement what was called the *Ujamaa*[5] policy contained in the Arusha Declaration (1961). *Ujamaa* called for development from an African socialist perspective without reliance on foreign development assistance, promoting national development, nationalisation of the economy's major sectors and collectivisation of production and all production capacity. Ngowi (p.10) says that the policy replaced the 'capitalist, private sector market-led economy that was inherited from the colonial power at independence' with 'a state owned, centrally planned and controlled economy.' Nationalisation of key sectors and the subsequent formation of parastatals

[5] Ujamaa is a Kiswahili word for family or 'familyhood'.

turned the government into the largest employer in the country and manager of all state-owned enterprises.

Although the *Ujamaa* policy brought drastic changes to the economy of Tanzania, it was not a success. The per capita growth rate decreased sharply from 3.70 per cent in the immediate post-colonial period to 0.07 from 1967 to 1985 (see Table 1 below).

Table 1: Overall and Per Capita Gross Domestic Product in 1992 Prices – Percentage Annual Growth Rates

Years	Overall Gross Domestic Product	Per Capita Gross Domestic Product
1961-1967	6.30	3.70
1967-1985	3.31	0.07
1985-1995	3.18	0.78
1995-2004	5.04	2.17
1961-2004	4.05	1.18

Source: Computed from URT (1993), and URT (2005) (cited by Nyoni, 2006 p.3)

Many economists state that the centrally planned economy, public ownership and nationalisation of the major sectors of production are some of the main reasons of Tanzania's economic failure. Moreover, because the policy did not encourage exports and the government had a monopoly on goods and services, the economy floundered.

The newly formed parastatals were characterised by 'inadequate managerial and technical skills; embezzlement; capacity under-utilisation; reliance on government subsidies; non-payment of taxes; over-employing; protected from imports; and monopolistic in nature. As a result, they became loss-making entities that depended on government subsidies for their survival….it is not surprising that most of these SOEs came to a virtual verge of collapse' (Ngowi, p. 11). Nyoni adds:

> The combination of collective production schemes, import substitution industrial strategy, adverse exogenous shocks in the end of the 1970s including the end of the coffee boom in 1978, the costly war against Idi Amin's Uganda during 1978-1979 and the oil price shock in 1979 resulted in the thriving of the underground economy. By the early 1980s, the economic crisis in Tanzania was so deep that the socialist strong control regime could no longer be sustained' (Nyoni 2006, p. 3-4)

The failure of *Ujamaa* resulted in policy reform to embrace the private sector once again with the privatisation of those parastatals which had been nationalised; the removal of price, exchange rate, foreign exchange and interest rate controls; public sector service reform (which had been inefficient and ineffective) and general relaxation of all restrictions. These reforms, enacted from 1985 brought in a steady flow of development aid to support economic and social development and inflows of Foreign Direct Investments (FDIs) which reduced the investment capital gap, thereby improving the quality of life of some of the people. There was a firm overall growth in the economy that reached well into the 1990s and microeconomic stabilisation which reduced inflation to single digits. Per capita incomes grew by 0.7 per cent per year and this economic growth together with the formulation and implementation of new trade policies was instrumental in reducing poverty and causing significant development in the country. Policies such as the National Trade Policy and the Sustainable Industries Development Policy set about 'to achieve a competitive export-led growth for the realisation of poverty reduction…through trade liberalisation, export diversification, improved transportation and infrastructure, information dissemination, processing of primary exports for the purpose of value adding and through participation in regional trade arrangements and integration' (Nyoni, 2006, p.1). Market-oriented reforms, diversification of the economic base and an increase in exports were responsible for growth in this period resulting in a slight reduction in poverty but no change in income inequality across the country.

Based on the most recent Government reports (National Website, 2011), 'agricultural GDP has grown 3.3 percent per year since 1985, the main food crops at 3.5 percent and export crops at 5.4 percent per year. Agriculture accounts for about half of the national income as well as three quarters of merchandise exports and is the source of food and employment for about 80 percent of Tanzanians. Small holder farmers or peasants dominate the agricultural industry cultivating a total of 5.1 million hectares of which 85 percent comprises of food crop production. After 2000, Tanzania continued with the diversification of its economy by investing more seriously in other sectors such as mining and tourism, with mining contributing about 2 percent to the country's GDP and tourism providing annual earnings of over US$700 million. Other sectors have also made significant contributions to the economy: trade, financial, industrial sectors contribute 16, 10, and 8 percent respectively to the GDP (National Website). Since 2010, the country has also invested in infrastructure to extract natural gas for domestic use and project implementation as well as export in the future. Tanzania has two gas deposits in commercial production in the country: Songo Songo was said to hold 1.5 trillion cubic feet of gas while the Mnazi Bay field had two trillion cubic feet but recent discoveries off the coast in West Songo Songo and Mkuranga near Dar es Salaam have brought Tanzania's natural gas reserves to well over 7.5 trillion cubit feet. These reserves, according to a statement issued to Reuters Africa (2011), are sufficient for Tanzania to export both natural gas and electricity to the EAC region. According to African Economic Outlook (2011), Tanzania's economy should continue its robust expansion in real terms, and forecasts the containment of inflation around 6.9 percent in 2011 and slightly above 6.0 percent in 2012; and a real GDP growth rate of 6.9 percent in 2011 and 7.3 percent in 2012. A real GDP growth rate and sustained upward growth in the economy is essential for Tanzania in order for a significant reduction in poverty levels to be achieved within its borders.

The economic growth mentioned above has not been achieved in isolation. While extensive national efforts have been instrumental in the country's economic growth and stability, regional cooperation through the East African Community has also played an important role.

3.4 The Role of Regional Cooperation in Tanzania's Economic Growth and Development

Regional cooperation, as we have already seen through the examples of organisations such as CARICOM and ASEAN, has played an important role in developing individual countries associated with it. In his book *The Challenge to the South* (1990), Julius Nyerere calls for cooperation between states for development to become a reality in the region:

> …the South does not know the South - what goes on in its countries, what are the ideas of its people, what its potential is, and the manner in which South-South cooperation can widen development options for all countries. Instead each country is forced to make its own mistakes, without being able to learn from the

> experience of others in a similar situation, and to benefit from the experience of their successes (Prabhakar, 2008).

The Economic Commission for Latin America and the Caribbean (ECLAC) adds that the current global context calls for greater regional cooperation as a means of broadening national markets and production scales; promoting trade in services and intraregional investments; stimulating production diversification; encouraging formation of regional value chains and creating a learning platform that will lead to competitiveness at a global level (p.81). Thus, regional cooperation is essential in development, accelerating growth and fighting poverty. The EAC, whose policies and programmes target growth at both regional and national levels, has been instrumental in Tanzania's economic growth and development since its revival in the late 1990s. Tanzania's economy has grown despite various challenges and the 2009 global economic crisis, with an average of 7.1 percent in 2010, surpassing, according to The Citizen (27 July 2011), the International Monetary Fund projection of 5.7 percent. Projections for growth in 2011 have been set at between 5.8 and 7.2 percent for all sectors of the economy. This growth has not occurred in isolation but is a combination of both national and regional efforts: Tanzania's fiscal policies and the role of the East African Community. According to the Kenya London News (2011), the EAC and its trade partners received a trade surplus of 1.06 billion US dollars for the financial year which ended in June 2011. The article quotes the Permanent Secretary of the East African Community Ministry David Nalo as saying:

> Over the past five years, the value of the intra-EAC trade has nearly doubled from the 1.8 billion dollars in 2004 to 3.5 billion dollars in 2009 and the growth in flows of Foreign Direct Investment into the region has increased from 683 million dollars to 1.7 billion dollars in the same period.

The inception of the EAC Common Market Protocol (CMP) in July 2010 opened up markets for intra-trade among members and the economies of countries in the East African bloc, Tanzania included, are set to grow even stronger as investments increase resulting in deeper integration among its members which is a major goal of the EAC.

Through various organs of the organisation, the EAC has embarked on poverty alleviation programmes with a focus on community development: in this case development of both the regional community and the individual national communities. Adopting a common approach to development through EAC structures and programmes has helped Tanzania and its counterparts to empower their own communities and foster development within their own borders. Mr. Richard Owora, the current EAC Head of Communications and Public Affairs notes that:

> The social development agenda which is being spearheaded by the Community aims at alleviating poverty at the regional level and at the same time complements economic development efforts by Partner States to improve the living standards of their nationals. It is in this context that one of the key priority areas of the EAC […] is to enhance infrastructure at community level with focus on those that will enhance community development such as community access roads, community centres, rural training centres, water and sanitation and health centres. (Busiweek, June 2011).

Regional cooperation on the Lake Victoria Basin has been of immense benefit to Tanzania which has an estimated annual catch of 350,000 metric tonnes contributing between 1.6 to 3.1 percent to the country's GDP (Tanzania National Website, 2011). The establishment of the Lake Victoria Fisheries Organisation, an institute of the East African Community represents a regional effort to marshal expertise from the region in order to conserve, manage and develop the fisheries resources for sustainability. In total the region catches approximately 800,000 tonnes annually with about $590 million worth of revenue (LVFO, 2011).

Regional infrastructure projects such as the new railway extension from Isaka, Tanzania to Kigali, Rwanda and Keza-Musongati in Burundi have contributed to growth and development of Tanzania's infrastructure and transport sector. The railway system in Tanzania has developed, with two main companies in operation: The Tanzania Railway Corporation (TRC) and the Tanzania-Zambia Railway Authority (TAZARA). TRC operates within the country and connects to parts of Burundi, Rwanda, Kenya, Uganda and the DRC. The TAZARA railway network connects the port in Dar es Salaam with Zambia and provides freight cargo for Malawi, Zimbabwe and the DRC. EAC transport and communications projects designed to develop the region have improved Tanzania in the process – the roads and railways have served to link and connect agricultural production areas, which form the backbone of Tanzania's economy, to markets and industrial centres within the country and also within the region. The East African Road Network which was established during the EAC's 2nd Development Strategy (2001 – 2005) spreads across more of Tanzania than any other country – the Dar es Salaam – Mutukula Road, the Arusha-Namanga-Athi River Road, the Arusha – Holili-Taveta Road and the Tanga-Horohoro – Malindi Road (Onen, 2008).

Great improvement has thus been seen in the construction of new roads, road rehabilitation, modernization of port services as well as marine, railway and airport services. The country has three international airports in Dar es Salaam, Kilimanjaro (near

Arusha) and Zanzibar, with many airstrips and aerodromes in other cities and towns. The establishment of the EAC Civil Aviation Safety and Security Oversight Agency (CASSOA) in 2007 has improved Tanzania's aviation services and standards. Through CASSOA, which is the first regional body of its kind in Africa, state-of-the-art baggage security scanners were installed at Mwalimu Julius Nyerere International Airport in Dar es Salaam and two other international airports in the region: Jomo Kenyatta International Airport in Kenya and Entebbe International Airport in Uganda (CASSOA, 2011). Airlines, aircraft and flights have been streamlined to match international aviation standards making Tanzania a safe destination and causing the emergence of national airlines such as Precision Air, which rose from obscurity in 1993 to become a formidable force on the regional and domestic aviation scene. The airline offers daily flights to domestic destinations including Mwanza and Zanzibar and has a comprehensive flight schedule to major capitals of countries in the East African bloc. Partnership with Kenya Airways since 2003 and code-share agreements with other ten reputable airlines worldwide has increased the reach of the airline (Precision Air, 2011).

Development of transport and communications infrastructure contributes immensely to the development of various sectors of the economy including but not limited to tourism. The EAC has developed a Tourism and Wildlife Marketing Plan Strategy to promote the region as a single tourist destination thereby boosting the tourism sectors of each of its Partner States. The Strategy establishes mechanisms and institutions for coordination, promotion and facilitation of development of responsible tourism and sustainable wildlife management within the Community (EAC Tourism, 2011). Regional airports are being developed and upgraded to create a regional network of airports which will be useful in the marketing of the region. Tanzania's tourism sector, which was strong on its own, has grown even more under the umbrella of the EAC, surpassing even that of more developed Kenya and the other members of the Community. According to reports from the Tanzanian Ministry of Natural Resources and Tourism (2002, p.7) the sector contributes over US$700 million annually, generates hard foreign currency and tax revenues for the government; creates jobs and benefits the whole country including local communities.

The East African Community has also stepped up efforts to harmonize basic education and training within the region which has helped Tanzania to focus on improvement of its education system and structures. Statistics from the 2002 census showed that after 11 years of age school attendance declined significantly with less than 10 percent attending school by 20 years of age. This has been the reason for Tanzania's low literacy rates with the majority of the population unable to read and write in English which is considered an official language and even in Kiswahili which is the main official language. Programmes from the EAC to harmonise curricula, standards, assessment and evaluation of education programmes began in 1998 and focus on extensive reforms as well as review of educational structures and frameworks (EAC Education, 2011). This harmonisation is set to reverse these trends and eradicate illiteracy in the region and in Tanzania. According to Tanzania's National website, reforms in education began in 1995 and have been introduced together with other policy initiatives in order to 'ensure growing and equitable access to high quality formal education and adult literacy through facilities expansion, efficiency gains and quality improvement, accompanied with efficient supply and use of resources.’ The Tanzanian government is creating a more conducive environment for investment in the education sector which will ensure provision of quality education at all levels.

Regional cooperation in fields of research, human resources development as well as science and technology through established EAC institutions is not only serving the region but Tanzania as well. For example, clinical, biomedical and epidemiological research has resulted in malaria vaccine trials in Korogwe and Tanga as well as massive investments in training and infrastructure development in the communities where the trials are being conducted. According to *The Citizen* (30 April 2011) the RTS,S Phase 3 malaria vaccine trials in Korogwe have been successful. Malaria kills millions of people in sub Saharan Africa every year: statistics show that 1 in 5 children in Tanzania have malaria and that it is a major cause of death in young children and pregnant women. Awareness has also been created in the area of malaria prevention as recorded by UNICEF’s 2009 information on Tanzania: 39 percent of households in Tanzania now own at least one insecticide treated net (ITN), 26 percent of children now sleep under ITNs and 57 percent of children under five years old receive anti-malarial drugs and treatment when required.

The setting of health standards through policy frameworks established by the EAC Council of Ministers Working Group on Research, Policy and Health Systems has been instrumental in the development of Tanzania’s own health systems and services. As part of regional cooperation on health, the EAC has harmonised the manufacture, import, trade, sale and export of all medicines and pharmaceuticals in each Member State. Tanzania's health system has grown and offers better services compared to that of the 1990s. Village health services are provided in rural villages; Dispensaries, Health Centres, District and Regional Hospitals as well as Referral Hospitals have been improved to offer health services by medical professionals and specialists. The Tanzanian health system has developed to provide Professional Health and Medical Training at Universities such as Muhimbili University in Dar es Salaam and Hospitals like the Kilimanjaro Christian Medical Centre (KCMC) in Moshi; Family Planning Services, Public Health Education with emphasis on community involvement and education of children and youths through the school health programme (National website, 2011) .

3.5 Conclusion

Tanzania benefits immensely from regional cooperation within the East African Community. Ambassador Juma Mwapachu, the then EAC Secretary-General remarked in 2010 that the EAC considers 'regional integration as the pivot and driver of faster and more robust social and economic development' (EAC Press Release, 2010). In a word, regional diplomacy and cooperation is a most sure way of ensuring the development of a country. The US Ambassador to Tanzania and the EAC Ambassador Lenhardt echoes this same sentiment and adds: 'We consider regional economic integration to be a highly effective means of promoting prosperity through increased trade and investment. In fact, we have pursued similar policies ourselves' (ibid). Regional economic integration is the key to promoting prosperity and eradicating poverty and aid dependency within the region and in the individual member countries.

However, for East African regional cooperation to be effective, strategies and models will have to be defined, refined and applied to East African Community structures. The next chapter will show what models the East African Community can adopt and adapt to in order to grow out of the vicious cycle of aid which, according to Moyo (2009), 'perpetuates underdevelopment, and guarantees economic failure', and grow from aid dependent countries to self-sufficient and prosperous economies.

Chapter 4: Models for Regional Cooperation

"*It's time to stop pretending that the aid-based development model currently in place will generate sustained economic growth in the world's poorest countries. It will not.*" (Moyo, 2009)

4.1. The Case for Regional Cooperation

This research has put forward the hypothesis that dependency on development aid and poverty can be eradicated through regional cooperation which offers a broad spectrum for development, stability, sustained economic growth and social progress. The UN Economic Commission for Africa (ECA) strongly emphasized that regional cooperation and integration are crucial in the acceleration of economic, social, cultural and political development of African countries because 'the economic advantage of a whole regional community is greater than the sum of the economic advantage of its separate Member States' (2007, paragraph 4).

This paper has already shown the successes of regional cooperation through the examples of CARICOM, ASEAN, the EU, ECOWAS and even the EAC, organisations which have made great strides in developing their regions thanks to cooperation among States. Increase in capital gains, economic growth, infrastructure development, growth of all sectors including tourism, transport and communications networks as well as availability and accessibility of crucial services such as health and education are the benefits of regional cooperation and integration. ADB Bangladesh Country Director Thevakumar Kandiah (2011) says that regional cooperation initiatives play a critical role in achieving long term development goals, enabling the region to harness economies of scale, and cost advantages stemming from the huge regional market; contribute to faster economic growth and rapid reduction in poverty; address large infrastructure deficits within the region through development of cross-border infrastructure such as trade facilitation and transport connectivity; address common social and environmental concerns through enhancing provision of regional public goods such as efficient rivers system management, environmental safeguards, reducing air and water pollution, responding to the effects of climate change and managing disaster risks, and controlling communicable diseases. The lesson to be learned here is that Africa's plethora of natural and human resources can be effectively used to develop the continent and release its regions from the burden of debt and dependency.

In East Africa, the East African Community has taken steps to change the status quo and reverse the effects of poverty on the peoples of the region. However, as a relatively 'new kid' on the block of regional cooperation, rising from the ashes of a defunct cooperation, extinct in the 1970s, the EAC has much to learn. 'Some bumps and bruises […] can be avoided if you heed the lessons that others have picked up along the way (INSIGHT, 2005). Learning from others provides opportunities for improvement avoiding waste of funds and human resources. Some mistakes are costly; trying to re-invent the wheel is an expensive enterprise and some programmes which have been tried and tested with disastrous results in one place need not be repeated in another. Programmes which do not produce the desired results waste man-hours and millions of dollars, which East Africa, through the EAC cannot afford to lose. Therefore, this chapter will deal with models for regional cooperation by looking at the EAC model and the model of the European Union which has enjoyed some success in over 50 years of regional cooperation, to see how the EAC can improve its operation to get the maximum output out of regional cooperation.

4.2. The East African Community Model

The East African Community (EAC) which has established itself as the regional body in East Africa is working towards full regional integration with a focus on development of political, economic and social dimensions. The EAC operates on the basis of a five-year Development Strategy which sets the policy guidelines, priority programmes and implementation schedules (EAC website, 2011). The first EAC Development Strategy (1997-2000) was designed to re-launch cooperation in East Africa following the failure of the first in 1977; the second Development Strategy was for consolidation of the East African Cooperation culminating in the launching of the East African Customs Union in January 2005; the objectives of the third Development Strategy (2006-2010) were to consolidate and complete the East African Customs Union, establish the East African Common Market; and lay foundations for a Monetary Union and a Political Federation. The EAC objectives of developing, promoting, consolidating, enhancing and mainstreaming policies to bring about inclusive regional development can be attained through the establishment and operation of sound and solid structures which work as the basis or foundation of all implementation strategies. The EAC organisational structure is the framework from which all Community projects and programmes are initiated, monitored and completed.

4.2.1. Structure of the EAC

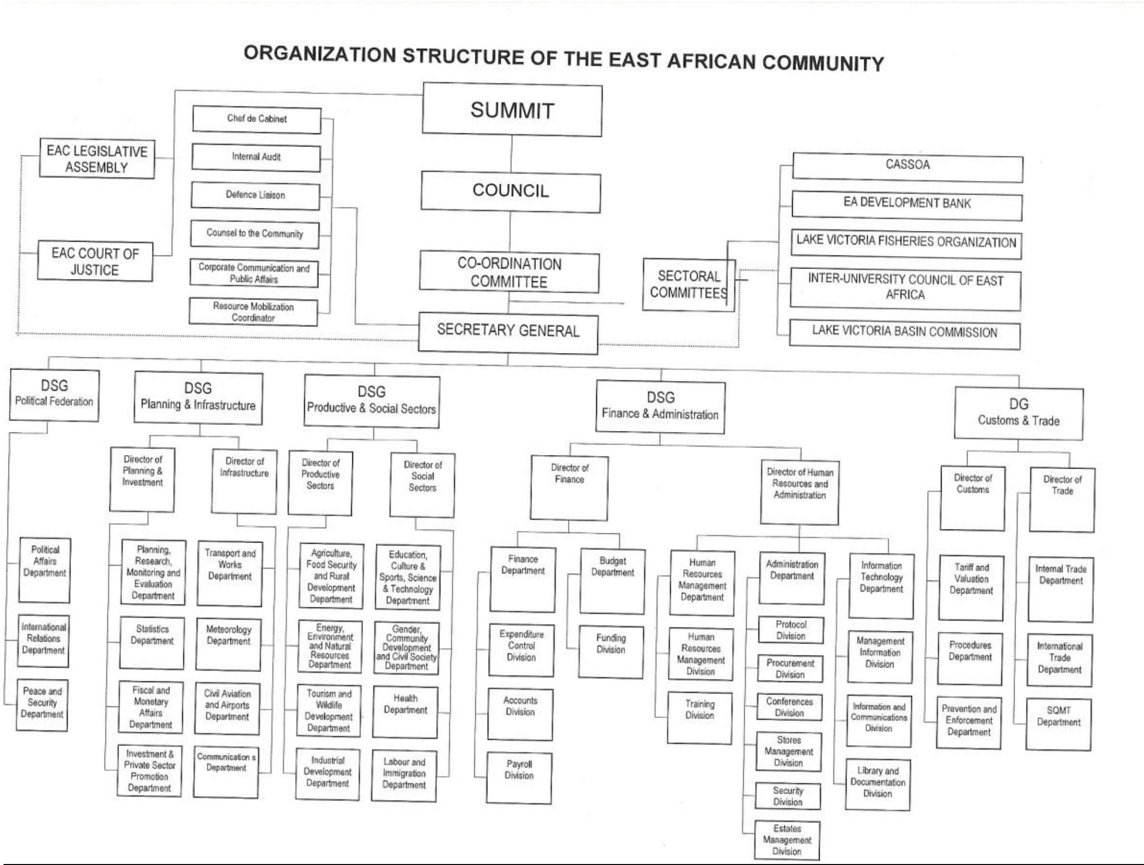

Figure 3: Organisational Structure of the East African Community (EAC, no date)

The EAC has several distinctive organs with different functions: the Summit of Heads of Government; the Council of Ministers; the Coordination Committee; Sectoral Committees; the East African Court of Justice, the East African Legislative Assembly; and the Secretariat.

1. **The Summit** consists of the Heads of State and Government of the Partner States. The function of the Summit is to give general direction and impetus to the achievement of the objectives of the Community. It reviews the state of peace, security and good governance within the Community and the progress achieved in

the establishment of a Political Federation of Partner States. All its decisions are by consensus.

2. **The Council of Ministers** is the policy organ of the Community, consisting of the Ministers responsible for regional co-operation of each Partner State. Among its functions, the Council initiates and submits bills to the Legislative Assembly; submits annual progress reports to The Summit; implements decisions and directives from The Summit; promotes, monitors and keeps under constant review the implementation of the programmes of the Community, reviews the budget and ensures the proper functioning of the regional organisation. It is responsible for the setting up of Sectoral Councils mandated to deal with matters that arise under the Treaty, and the decisions of such councils have the same effect as those of the Council of Ministers.
3. **The Co-ordination Committee** consists of the Permanent Secretaries responsible for regional co-operation in each Partner State. The Committee submits reports and recommendations to the Council on implementation of the Treaty; reports to the Council of Ministers and implements its decisions; and co-ordinates the activities of the Sectoral Committees set up by the Council of Ministers.
4. **The Sectoral Committees** report to the Co-ordination Committee and are established by the Council on the basis of the recommendations of the Co-ordination Committee that spells out their composition and functions. They prepare comprehensive implementation programmes, setting out priorities with respect to the various sectors as well as monitor their implementation. To date,

there are thirteen approved Sectoral Councils/ Committees in the following sectors:

(a) Transport, Communication and Meteorology
(b) Trade, Industry, Finance and Investment
(c) Agriculture and Food Security
(d) Education, Science and Technology, Culture and Sport
(e) Energy
(f) Tourism and Wildlife
(g) Health
(h) Legal and Judicial Affairs
(i) EAC Affairs
(j) Inter-State Security
(k) Foreign Policy Coordination
(l) Community Development
(m) Monetary Union (EAC website, 2011)

5. **The East African Court of Justice** (the Court/ EACJ) has jurisdiction over the interpretation and application of the Treaty on Common Market Matters and plays an advisory role regarding questions of law arising from the Treaty. Its Judges are appointed by The Summit. The EACJ’s First Instance and Appellate Divisions are not fully operational as the workload is still very minimal: the Court only convenes when there is need.

6. **The East African Legislative Assembly** is the legislative organ of the EAC. Its membership consists of 45 elected members whose duty is to further the

objectives of the Community; liaise with the National Assemblies of Partner States on matters relating to the Community; debate and approve the Community budget; and review audit reports and annual reports on the activities of the EAC. The Assembly has established Committees on regional affairs, conflict resolution and trade to oversee the implementation of the provisions of the Treaty and the EAC Development Strategies.

7. **The Secretariat** is the executive organ of the Community that runs its day-to-day business and is headed by the Secretary-General. The core budget of the EAC's Secretariat is funded by equal contributions from the Partner States. Regional Projects and Programmes are funded through the mobilisation of resources from both within and outside the region. The EAC website (2011) provides a comprehensive list of the responsibilities and duties of the Secretariat which include strategic planning, management, monitoring and implementation of programmes; co-ordination and harmonisation of the policies and strategies; and mobilisation of funds from development partners and other sources for the implementation of projects.

The EAC also has Autonomous Institutions such as the East African Development Bank, Lake Victoria Fisheries Organisation, Inter-University Council for East Africa, East African Civil Aviation Academy and East African School of Librarianship.

These structures have been put in place to ensure the smooth and effective functioning of the Community. Indeed the East African Community model has matured since cooperation efforts began in the region in 1996 however, there is always room for improvement The EAC will need to observe other institutions of regional cooperation to adopt and adapt practices that will be of benefit to the region and its peoples. US Secretary of State Hillary Clinton commended the EAC as being ‘the most successful regional economic community among the regional trade or cooperation agreements in Sub-Saharan Africa’ (EAC Press, 2010) and encouraged the organisation to promote the institutions that work and to share best practices in order for its aims to be achieved. This will ensure the development of initiatives and innovations and avoid unnecessary waste of funds through unsuccessful experiments. This chapter will look at the European Union (EU) model, which has been in operation for over 50 years and has enjoyed some success, to determine the areas that the EAC can work on in order to wean the countries of the region off development aid and aid dependency; and promote development, growth and regional stability.

4.3. The European Union

4.3.1. Formation of the European Union

The idea of a unified Europe stemmed from French Emperor Napoleon Bonaparte 1769 - 1821) who is quoted by Zarzenczny (no date) as saying: “I wished to found a European system, a European Code of Laws, a European judiciary: there would be but one people in Europe…. the United States of Europe would have become a possibility.” Years later, in his opening address to the Peace Congress held in Paris in August 1849, French author and philosopher Victor Hugo further elaborated on the idea of a United States of Europe:

> A day will come when you all, nations of the continent, without losing your distinct qualities and your glorious individuality, will be merged closely within a superior unit and you will form the European brotherhood… (The European Prospect, no date)

However it was only after the Second World War in 1945 that the concept of unification began to concretise. Between 1945 and 1950, European Statesmen like Robert Schuman (France) and Winston Churchill (Britain) began to advocate for the creation of structures based on common interests and founded upon treaties to bring Europe together and guarantee peace and equality between all countries of the continent. From early 1946, Western Europe embarked on a course of closer economic and political integration in large part with the intention of making future conflict less likely. In September 1946 Winston Churchill called for the formation of a United States of Europe and in 1950 French Foreign Minister Schuman proposed the establishment of a European Coal and Steel Community (ECSC) under which the production of coal and steel, a symbol of Europe's prosperity, would be supervised. One year later, on 18 April 1951 Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands signed the Treaty of Paris establishing the ECSC (Age of the Sage, no date). By 1953 there was a common market formally established in Europe for coal, iron ore and scrap iron (February) and for steel (May). The members of the ECSC then signed the Treaty of Rome in 1957 which set up a European Economic Community (EEC). Between 1962 and 1968, the EEC adopted regulations providing for a common market in agriculture, for financial regulation and for governing competition; completed a Customs Union applying a common external tariff on imports; established a common labour market through guarantees of free movement of labour; and agreed, in 1969, to work towards greater integration of a single EC market. From 1973 other countries began to join the

Community: Denmark Ireland and the United Kingdom in 1973; Greece in 1981; Spain and Portugal in 1986 and Austria, Finland and Sweden in 1995. In 1977 Customs duties between EC members were abolished and a year later the European Council approved plans to set up a European Monetary System (EMS). In 1993 the EC changed its name to the European Union (EU) and continued to plan towards the setting up of a single currency in the region. In 1995 the European Council decided on "The Euro" as the name for the future single currency to be legal tender for Member States involved in the European Monetary Union (EMU). The European Central Bank opened in Frankfurt on 1 June 1998 and on 1 January 2002 Euro notes and coins entered into circulation leaving the Euro as the sole legal tender in participating member states. By January 2007 membership of the EU had grown to twenty-seven countries (Age of the Sage, no date). Current membership of the EU still stands at 27 countries with accession decisions pending for five countries including Turkey and Montenegro.

4.3.2. Structure of the EU

The EU website, Europa (no date) states that European Union is more than just an association of countries: it is, in fact, a new type of structure that does not fall into any traditional legal category. Its political system is historically unique and has been constantly evolving over more than 50 years. Jones (2001) says the institutional structure of the EU is unique it is neither a state nor an international organisation but has features of both (p. 105). The EU is made up of three main bodies and other institutions which are responsible for making European laws, managing projects, distributing funds and determining the direction of the EU:

1. **The Council of the European Union** (formerly known as the Council of Ministers) which comprises of government ministers from all the Member States discusses EU policies, develops legislation and has the power to issue directives. It cannot make new laws and any decisions it makes must be approved by the European Parliament for them to be binding. When it meets at Heads of States or Government level it is called **The European Council** which is responsible for defining the general political direction, priorities and initiatives of the EU. It also deals with complex or sensitive issues that cannot be resolved at a lower level of intergovernmental cooperation;
2. **The European Parliament** which represents the people, shares legislative and budgetary power with the Council of the European Union and is mandated to debate and pass European laws; scrutinise other EU institutions, especially the European Commission, to make sure that they are working democratically; and debate and adopt the EU's budget.
3. **The European Commission** which consists of Commissioners nominated by the Member States represents the common interests of the EU and is the main executive and administrative body. It is responsible for proposing legislation and ensuring the implementation of EU policies; writing the EU budget and distributing funds to Member States; representing all the members in the negotiation of treaties; and is responsible for managing EU policy in various sectors such as education, environment and transport. The Commission carries out

negotiations on behalf the EU although all agreements made at these negotiations are subject to the approval of the Council. The President of the Commission also serves as the representative of the European Union at the United Nations, World Trade Organisation and other important international fora such as G8 summits.

Other European Union institutions and bodies are:

- **The European Court of Justice (ECJ)** which is made up of one judge from each Member State, assisted by eight advocates-general, implements EU law and serves as the judicial arbiter between Member States, institutions and individuals in cases relating to EU law. The Court settles disputes on interpretation and application of Community law; its judgments are binding on the Commission, on national governments, and on firms and individuals (NATO Handbook, 2001) In areas covered by EU law, the ECJ is the highest court in all the Member States outranking national Supreme Courts on EU matters: Its rulings cannot be appealed;
- **The Court of Auditors** which checks all the European Union's revenue and ensures that all its expenditure is obtained and handled lawfully and that the budget is properly managed;
- **The European Economic and Social Committee EESC).** The Council and the Commission consult the EESC on policy issues in various economic and social sectors;

- **The Committee of the Regions** which represents all regional and local authorities consists of representatives of regional and local governments proposed by the Member States and appointed by the Council;
- **The European Investment Bank (EIB)** which is based in Luxembourg provides loans, finances EU investment projects, guarantees to help the EU's less developed regions and helps small businesses through the European Investment Fund;
- **The European Central Bank** which is headquartered in Frankfurt is responsible for European monetary policy and managing the euro.

The mission and purpose of the European Union (EU) is to ensure the peace, prosperity and stability of all its peoples and to overcome the divisions within the continent. This includes taking effective action to guarantee the safety and security of its members and of the continent by dealing with external conflicts, such as the threat of terrorism which has come to the fore in recent times, and internal conflicts within individual member countries that may affect the stability of the whole region. The EU seeks to promote economic and social development of the region by upholding European values and ensuring the sustainability of the development attained. Enlargement of the Union through the years has not only made Europe more secure and increased its potential for trade and economic growth but it has also created a gap between the rich and poorer countries as some new members have living standards below the EU average. The organisation has established programmes and activities to create economic growth and reduce the inequalities between the different parts of Europe by providing Structural

Funds managed by the European Commission and loans from the European Investment Bank (EIB). These funds are used to improve both national and regional infrastructure such as road and railway networks to boost Europe's trade. Upholding its humanitarian and progressive values is one of the keystones of the European Union and includes 'a belief in human rights, social solidarity, free enterprise, a fair distribution of the fruits of economic growth, the right to a protected environment, respect for cultural, linguistic and religious diversity and a harmonious blend of tradition and progress (Europa, no date).

The European Union has established a myriad of activities covering economic, social, political spheres and sectors for the benefit of its Member States. These sectors include agriculture, public health, energy, justice, security, education, food safety, research and innovation as well as transport. EU policies directing these activities can be grouped into two sections: solidarity or cohesion policies and innovation policies. Cohesion policies' main function is to support, among other things, the completion of the single market, making structural adjustments in order to ensure that no country or region lags behind the rest. Since its inception, the single market has, through elimination of trade restrictions and free competition, increased and improved the standards of living of millions of Europeans in the individual Member States. Border controls on goods and customs controls on citizens within the EU have been abolished. For the majority of products, EU countries have adopted the principle of mutual recognition of national rules: any product legally manufactured and sold in one Member State must be allowed to be placed on the markets in all others. Through the mutual recognition of national rules principle the services sector has been liberalised allowing access to and practice of certain fields such as law, tourism, banking and medicine. Action is being taken to ensure free movement of labour although there are still obstacles that hinder people from moving to another EU country or doing certain types of work there. Public contracts are now open to bidders from anywhere in the EU whether tenders have been called for by national, regional or local authorities. Thus through the EU's cohesion policies, regional aid is provided to boost development in the regions that are lagging behind; revive industries, modernise farming and rural areas; create and develop employment for the youth and the unemployed. Conditions for growth and development in the least developed regions are set to improve even further through investment in the various sectors as well as physical and human resources. Growth will also be realised through the increase in cross-border, transnational and interregional cooperation, promoting 'joint solutions to problems that are shared by neighbouring authorities in sectors such as urban, rural and coastal development, the cultivation of economic relations, and networking between small and medium-sized enterprises' (Europa, no date). Funding for cohesion policies is made available through a Cohesion Fund which is used to finance transport infrastructure and environmental projects; and two Structural Funds namely, the European Regional Development Fund (ERDF) which funds programmes that reduce the differences between the different regions; and the European Social Fund (ESF) which provides funding for job creation initiatives and vocational training.

The innovation policies of the EU are applied in three different areas or sector namely, the environment and sustainable development, technology and energy. In dealing with the environment and sustainable development the European Union aims to create a safe and waste free, clean environment which will be a vehicle of sustainable development. This involves reducing the effects of global warming and climate change; dealing with environmental issues that affect health; protecting and conserving nature and wildlife and preserving all natural resources in order to ensure total environmental protection. Issues being dealt with range from the reduction of noise and waste, protection of natural habitats, control of exhaust gases and chemicals, to ensuring availability of clean bathing water, and prevention of oil spills and forest fires. In order to remain a world leader in technological innovation and advances the EU has established research centres as a key to technological development. In 1958, Euratom – the European Atomic Energy Community was set up to bring European countries together in order to find ways of exploiting nuclear energy for peaceful purposes (Europa, no date). Joint Research Centres were founded, bringing together a wide variety of scientists and researchers to complement national research programmes in various fields such as nuclear fusion, electronics and computer technology. The energy sector is the third area in which innovation is sought to reduce the importation of fossil fuels like natural gas and oil which are only found outside the EU. Sourcing of fuels outside the Union is full of risks especially in times of crises – where price hikes and shortages would severely disadvantage EU countries: lowering the consumption levels of coal, natural gas and oil would also be an effective way of reversing the process of global warming. Saving energy is the watchword of innovation in the EU and researchers have to find alternative energy sources for energy consumption levels to be significantly lowered. One pertinent example is the phasing out, since 2009, of traditional light bulbs throughout Europe and replacing them with new energy efficient lights. Incandescent lights of 100 watts, 75 watts, and, with effect from September 2011, 60 watts can no longer be sold in stores. Consumers in the EU are encouraged to buy fluorescent lights instead, which cost more initially but are cheaper in the long run because they use less energy and last longer. It is estimated that steps such as these will help to reduce energy consumption levels by a sizeable amount and create an energy efficient Europe.

The EU has become a leading trading power in the world and plays a major role in international negotiations such as the implementation of the Kyoto Protocol on air pollution and climate change adopted in 1997. It is therefore most prudent for regional organisations such as the East African Community to glean whatever valuable lessons are to be learnt from the EU and adapt them to their own context to ensure success in regional cooperation.

4. 4. Lessons on Regional Cooperation from the European Union

"Ears that do not listen to advice accompany the head when it is being chopped off"
– A Cameroonian Proverb

Although the EU is facing its own challenges of regional cooperation and integration, it is a model that the EAC can learn from. A Nigerian proverb says, 'What an old man can see sitting down, a child cannot see even while standing up', meaning in this case that the EAC can benefit from the EU experience and bring prosperity to the peoples of East Africa.

Firstly, the structure of the EAC, unlike that of the EU, is bulky, with many decision makers and key players. A structure such as this one is a hotbed for bureaucracy and red tape which results in the organisation being inefficient and ultimately ineffective. It allows for unnecessary duplication of duties, causing overlap which may be detrimental to the operations of the organisation. Overlap and duplication result in waste of resources, both human and capital, which could be more gainfully employed in developing the region. Stephen Carter (2007) says bureaucracy 'inevitably results in inefficiency within the bureaucratic organization, at first chronic, then unsustainable, then ruinous.' Such a bureaucratic structure causes delays in decision-making which result in delays in implementation. Surveys reveal that the bureaucracy in the EAC is very high and has proven costly to EAC operations and trade. For example, following the inception of the EAC Customs Union, traders complained about the challenges of implementing the Protocol due to bureaucratic clearing procedures and customs processes. The bureaucracy in the EAC is not only worrisome for local traders and business people but it is also a major concern for investors. If there is too much red tape and things move far too slowly, investors are likely to shy away and invest in systems that are less cumbersome and time consuming. DFID Director, Joy Hutcheon describes EAC bureaucracy as a barrier to trade and progress:

> Measures to strengthen the EAC Common Market and streamline border post bureaucracy are important for East Africa. By breaking through the barriers to trade, the partnership between TMEA and the EAC Secretariat is helping to create new opportunities and accelerate economic growth across the region[6]. (TMEA, 2011).

[6] Speech at signing of MoU between EAC and TMEA

Cohesion policies similar to those of the EU will also need to be applied in the East African Community to bridge the gap between the rich and the poor in both individual countries and the region. As mentioned earlier, cohesion policies are designed to ensure that member countries do not lag behind in terms of development and progress. The disparities between the rich and the poor in countries like Kenya and Rwanda is alarming. Kenya is said to have the widest gap between the rich and the poor with millions living below the poverty line, and in slum areas. It has been said that the richest 10 percent of Kenya's population earn 42 percent of the country's wealth while the poorest 10 percent earn less than 1 percent of the income (A Kenya for the People, 2010). Cohesion policies and their implementation together with the effective use of available resources will narrow the poverty gap between countries and their citizens so that they can reap real benefits of regional cooperation and integration.

One of the points of contention in the East African Community was the question of enlargement: increase in the membership of the organisation. At present the Community only has five members with Kenya, Tanzania and Uganda being the founding members and Burundi and Rwanda joining the Community in 2007. There was much debate surrounding the inclusion of these two countries into the organisation as it was felt that the Community was still in its infancy and needed some time to establish structures and to grow. At present Tanzania is said to support further expansion, advocating for the accession of Malawi, Zambia and the Democratic Republic of Congo while Kenya and Rwanda would be glad to see the inclusion of the newly formed Southern Sudan into the Community. While expansion has the direct benefit of opening up opportunities for trade, investments and economic growth, increasing the cultural diversity of the organisation and transforming countries socially, economically and even politically, is not without problems. The EU which has now expanded to twenty-seven Member States can attest to that. Firstly, it poses serious challenges in decision making: reaching consensus or agreement and charting a map for action becomes a very difficult task. Smaller groupings are easier to handle and it is less arduous to find commonalities among them whereas a large group like the European Union is encumbered with a hotchpotch of countries each with their own ideas, ideology, culture and expectations with, in some cases very few areas of mutual interest. Expansion may bring about political instability within the region especially where civil strife exists or where peace is still fragile. For example, the Democratic Republic of Congo is a country in strife and would bring that instability into the East African Community. The larger the group, the more likely Members are to lose their identity, individuality and uniqueness which will all be sacrificed as each country becomes swallowed up and submerged into the Bloc. And that is not all: enlargement becomes an administrative headache especially at Conferences where all languages will need to be translated and interpreted. With the accession of Bulgarian and Romania to the European Union the number of official languages reached 23 – creating a translation and interpretation 'nightmare' at conferences and meetings. Regarding the enlargement of the EU, the Europa website (no date) says:

> The ability of the Union to function in accordance with the fundamental principles of the Treaties will be harder with more than 30 countries. The decision-making procedures would have to be thoroughly re-examined to avoid paralysis and allow the EU to retain the ability to act.

Forewarned is forearmed. The East African Community should consider this and not rush to expand but rather solidify the current structures and systems to make for a stronger and efficient Community.

The European Union has learnt the importance of including the public in its decisions which is something the East African Community can emulate. It is standard practice for Governments in Africa to make decisions arbitrarily without consulting their citizens but having the public in support of a programme or a policy secures their commitment to making it work. The EU Member States use referenda to find out how their publics feel about certain policies within the EU. For example, through referenda Norway rejected EU membership twice, in 1973 and 1995; Switzerland voted not to join the EU; Sweden, Denmark and the United Kingdom refused to join the Euro; and in 2005 The French and the Dutch voted against the 'Treaty establishing a Constitution for Europe.' Consultations with the populace will go a long way to build trust in their own leaders as well as confidence and belief in the good of the Community.

Although the East African Common Market only came into operation in 2010, there is much to be gleaned from the European Union Single Market which will enable significant growth in trade and investment. Two EU principles can be applicable in the EAC context: the first is the principle of non-discrimination which states that goods and services from Member States should be treated as domestic goods or national services; the second is the principle of mutual recognition which claims that the legislation of another Member State is equivalent in its effects to domestic legislation. As a result, the

EU Single Market has been instrumental in removing trade barriers, creating more jobs and bringing about the prosperity of all members.

The East African Community must strive to simplify its structures, develop an organisational model that reduces the bureaucracy and the red tape and allows for action to take place, quickly and effectively. Sometimes less is more – and in cases where more staff, sections and structures have been put in place there is excessive duplication and overlap which results in waste of funds, resources, human capital etc. Waste also results in inefficiency and needs to be eliminated for an organisation such as the EAC and the EU to work efficiently. The Community will also need to ensure that individual nations do not become dangerously dependent on the EAC as regional cooperation and integration must build up nations so that they are better able to stand on their own, alleviating poverty and bringing prosperity to their own nations and to the region as a whole.

Conclusion

From the outset, the hypothesis of this research has been that regional cooperation in East Africa and a firm focus on development will result in the eradication of poverty and aid dependency. The idea of a prosperous Africa does not have to remain a hypothesis but can become a reality. Regional cooperation is the solution to the poverty challenges of Africa and the remedy for economic progress.

Why regional cooperation? Why should regional cooperation be a solution to a problem that has been in existence for decades? The answer is simple. The alternative of development aid has been tried and tested and it has failed to produce the desired results. When development aid was instituted, it was meant to be the longed-for solution to the African problems of backwardness and poverty. Millions of dollars were to have been injected into African economies and as by the waving of a magic wand, these economies were supposed to flourish. True enough, millions and billions of dollars have been poured into the continent but the funds have only served to dig Africa deeper into its poverty and further entrench the continent into dependency. Dependency on aid has resulted in complacency in the Governments of Africa and the culture of dependency has resulted in gross corruption, misappropriation and misallocation of funds, crippling debt, waste and misuse of resources and very little development on the ground. As we have seen, Ethiopia and Tanzania are the highest recipients of development aid in Africa and yet remain the poorest countries on the continent. It is hardly surprising then, that development aid has been denounced as inefficient and a waste of the hard earned money of taxpayers in the developed world. Critics have advocated for aid to be directed towards national economic and social priorities to benefit domestic publics who are living below the poverty line instead of sending it away to foreign lands where the money is poured into a bottomless pit. Like a rolling stone that gathers no moss, development aid which might have worked well in Europe through the Marshall Plan, is not suited to the African context and has not produced anything concrete in the way of development. Imposition of policies by the IMF and the World Bank has not helped the African cause.

Assistance from the exterior has failed, aid from the rich countries of the world has failed to bring progress to the continent but Africa's case is not closed. There is a way, a better way for Africans that is found in regional cooperation. Africa must look to itself for the solutions to its challenges of poverty and use the resources available within to develop individual countries and the region. A change of mentality and mindset is needed for Africans to progress: take their destiny into their own hands and realise that Africa has something of value to offer to the world, and that Africa can make a difference on the global economic scene. East Africa already has a head start through the East African Community and through its efforts East Africa has the potential to experience phenomenal growth. As we have seen from the examples of regional organisations such as CARICOM and ASEAN, regional cooperation can be a conduit for economic growth, infrastructure development, and progress in various sectors of the economy such as energy, tourism, water, education and health. The EAC is well placed to bring development to the region and the individual member countries. However, structural changes need to be made before full success can be achieved: the organisation must restructure its systems by minimising the levels of decision-making and bureaucratic bottlenecks which result in unnecessary delays in implementation. The performance of the institution is stunted by bureaucracy and red tape thereby decreasing its efficiency. Through its five-year Development Strategies the EAC can target sectors for development and transform the incomes of the countries in the region. Intra-regional trade must be allowed to grow through the removal of barriers and cumbersome procedures. Markets and industries must be opened up for investment not only at regional level but at the national level as well. Policies such as the cohesion policies of the EU must be put in place to ensure inclusive growth of all the Member States and their citizens. Development must not be seen on paper only but must be a tangible progress that filters down to the grassroots of a nation: all the peoples of the region must benefit from the fruits of development and economic prosperity. In fact, domestic publics must not be spectators but participants in the growth of their region: discussions at the regional level must be communicated to the citizens of each country through their Governments and their opinions sought before decisions are made. This allows for effective inclusive development.

The facts and figures in favour of regional cooperation speak for themselves: CARICOM Members have performed well on income indicators with an increased GDP average; the EU Members have enjoyed GDP growth and the success of the Single Market; ECOWAS is reaching economic growth through the establishment of policies and frameworks as well as working towards ensuring peace and stability within the region; and ASEAN is achieving development and economic growth through sectoral development projects such as the construction of gas pipelines and power grids. Even the EAC has, since its inception, been an instrument of development in East Africa: road and rail networks have been developed; standards in aviation have been set; great strides are being made to develop sectors such as health and education; and the Common Market is now in operation.

Thus, when all is said and done, the hypothesis of this research still stands: through regional cooperation and a firm focus on development the East African Community can be the vehicle for change and progress in the region and within the continent as a whole.

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