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COMMUNITY DEVELOPMENT PROGRAMS: CONCEPTIONS AND PRACTICES WITH EMPHASIS ON EAST AFRICA COMMUNITY

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ABSTRACT

Community Development Policy aims to mobilize and empower the Rwandan community to exercise its powers in decision making in order to promote development, commensurate with the progress of decentralization. The policy is formulated in response to the challenges the community still confronts: extreme poverty, illiteracy, a culture of deference to authority and the widespread use of traditional farming methods which constrain significant sustainable development. Analysis of the regional situation (EAC Vision 2050, various official sources) indicates a number of important phenomena and socioeconomic developments characterizing the EAC – with the region's socioeconomic development status and trends over the recent past reflecting an improvement in a number of areas. Among others, the Community has been identified as one of the fastest growing regions in Sub-Saharan Africa – with an average GDP growth of 6.2 percent in 2015. It is also one of the largest regional economic blocs, and has one of the largest single markets in Africa – with a total population of about 150 million. It has a diversified economic base – offering a variety of business and investment opportunities. In addition, the region is increasingly creating a business-friendly environment – being the world's fastest reforming region – with a largely stable economic and political environment; harmonised tariff; great market access to all regions in Africa, Middle East and Asia, as well as preferential market access to the US, the EU and some other developed countries. EAC's major economic trends indicate, inter alia, that real GDP growth in EAC Partner States varied over the past five years, driven by diverse factors – with average growth over the past five years having been 4.2 percent. The collective GDP (at current prices) of the five EAC Partner States (excluding the Republic of South Sudan) stood – as of 2016 – at USD 156.7 billion (after rebasing in some Partner States in 2014). The region has also managed to sustain economic expansion, despite a number of international economic shocks. As regards inflation, exchange rate depreciation pressures, coupled with supply factors, have rendered the consumer prices to remain above the target levels of inflation in the region – although the situation is expected to improve in the medium-term. Also noteworthy is that in the External Sector, over the review period, the EAC Partner States registered increases in their total trade, despite having increasing current account balances; while in the Fiscal Sector, the Partner States continue to face shortages of local resources to finance their budgets, given pressures to finance infrastructure developments and human development needs – with the overall deficit in the region, on average, having varied between 4.4 percent in 2013, to 6.2 percent in 2015. As regards infrastructure development in the region, in response to the existing situation characterised by a largely under-developed *transport infrastructure, the EAC has prioritised ten (10) international road transport corridors (the East African Road Network), totalling fifteen thousand eight hundred kilometres (15, 800 km) (EAC Vision 2050). This is partly benchmarked against one of the EAC Vision 2050 targets for the regional road network that by 2030, the paved road network will be 35,250km, and is expected to reach 65,700km by 2050. As regards the railway network – considering that the regional railways sub-sector is still considerably underdeveloped (across all Partner States); the EAC has adopted a Railway Master Plan that guides the development of railway projects in the region. With regard to the region's sea and lake ports, these face several challenges, which include: poor operating systems; predominantly aged fleet, inefficient cargo handling equipment; siltation; as well as water hyacinth and narrow berths, particularly at Port Bell, Jinja, Mwanza North Port and Kisumu – which inhibit the navigation and docking of large ships. Lake transport also faces a serious challenge of accidents due to poor search and rescue systems. It is also noteworthy, however, that the various EAC regional Social Sectors, including, among others, Health; Education and Training; as well as Culture and Sports, have already been responding to the above and related phenomena, though, inter alia, developing and implementing various regional legal, policy and strategic instruments, plans, as well as other initiatives and interventions in a holistic manner – in accordance with their respective mandates – and continue to do so going forward. Regarding major regional trends in political affairs and governance, first, the political situation in the EAC region over the last five years has, inter alia, been characterized by considerable democratic activity – including the holding of multi-party elections in Kenya (2013); Tanzania (2015); Burundi (2015); and Uganda (2016); as well as the most recent ones for Rwanda and Kenya, held in August, 2017. Over the same period, various developments have also taken place with regard to the pursuit of the EAC Political Federation – culminating into the most recent development, whereby the 33rd Council of Ministers in February, 2016, adopted a Political Confederation as the model for East Africa's integration – pending working out the form the Confederation of East Africa will take, as well as related details – including development of the Confederation Constitution. Among the major factors most frequently cited by the various implementing entities, as the ones underlying mediocre performance were: complete lack of funding; low levels of actual funding vis-a-viz expected levels; as well as delayed or inconsistent and untimely release of funds. These were followed by lack of adequate support and goodwill by various major stakeholders on which Strategy Implementers had originally relied for the success of their respective Strategic Interventions, as well as less than adequate coordination of stakeholder efforts in Strategy implementation. Against the above background, the necessary unaccomplished planned Strategic Interventions under the 4th EAC Development Strategy have been "rolled over" and integrated into the 5th EAC Development Strategy (2016/17 – 2020/21). A number of lessons – which are duly documented in the main document – have been learnt and have also partly informed the formulation of this Strategy.*

Keywords: *Microfinance, efficiency evaluation, management, sustainable economic development, goals*

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INTRODUCTION

Historically the territories that are now referred to as East Africa, namely Burundi, Kenya, Uganda, Tanzania, Rwanda (and Somalia, South-Sudan plus parts of Ethiopia) are recorded to have had ethnic, cultural, economic and political ties that dated back into antiquity (Derideaux, 2002) long before the East African federation was conceived and its intermittent collapse (Muriuki, 1978). Historical studies also attest to the fact that this region has had past episodes of running big and complex governments; from the ancient Aksum Kingdom in Ethiopia (which flourished both in before and after the time of Christ) to the contemporary Buganda Kingdom in Uganda (which flourished both before and after colonialism). With that perspective in mind, then the regionalization of the East African community ought to be considered as an African experiment in the of re-organization of government to cover a wider geographical space among people who share a rich history before the colonial masters. By the time of modern contact with foreigners, much of the east African region was characterized by multiple small kingdoms and chieftainships that dotted the landscape from coast to the interior, which were in constant contest over territorial influence, which implies that it was a challenge to sustainably govern the larger kingdoms of the past. Nevertheless, these kingdoms and chiefdoms continued to share and cooperate in many aspects such as trade, culture, among others.

The East African Community regionalization was originally officially founded in 1967; then it collapsed in 1977, and was officially revived on 7 July 2000. The Treaty re-establishing the East African Community was signed by the governments of Kenya, Tanzania and Uganda in Arusha, Tanzania in November of 1999, and came into force in July, 2000; later, Burundi and Rwanda joined in 2007 and currently South-Sudan has submitted an application to join the bloc. The EAC is therefore a regional intergovernmental organization comprising five countries (Burundi, Kenya, Tanzania, Uganda and Rwanda) and its administrative Secretariat is in the city of Arusha, Tanzania. The region of the EAC covers an area of 1.8 million km2 , with an estimated population of 132 million and a combined GDP of 38 billion USD. The organ is headed by a Summit of Heads of State followed by the Council of Ministers (individually selected by the partner states) and its Secretariat is run by the Secretary General (EAC Treaty, Art 9 Chap 4, 5, & 6). There are increasing reports (plus concerns) that the bloc is being fasttracked to become a political federation (Kasaija, 2006; Naturinda, 2011); and in 2004 the Summit set up a special committee tasked with generating a 'fast tracking mechanism' after raising concerns over the slow pace of the integration (EAC, 2007). Most Heads of State such as Mkapa who were members of the Summit by 2004 considered the regional integration as "necessary strategy for sustainable development" (Kasaija, p.2).

It is these multiple kingdoms that the colonial masters later conquered or manipulated or coerced into forming the modern states in the region (Audrey, 2014); by implication thereof, even the modern states in east Africa are groupings of various traditional kingdoms, cultures and tribes. The colonialists majorly undertook the venture for economic purposes (Gann & Duignan, 1975; Byrd, 1971) with more interest in the economic output and benefit from those colonies than the benefit of the natives; and that legacy has continued to haunt the region's governments (Mutiibwa, 1992; Koigi, 2002; Knud, 2007). So by the time the idea for the formation of the East African federation was mooted, it was more or less motivated by colonial economic expediency and its sustainability would come under enormous pressure once the colonialists were forced to grant the natives independent rule. This led to the collapse of the first East African Community enterprise (EAC-1), which has been revived in recent years thus begging the question of whether the second attempt will be sustainable. It suffices to not however, that the current attempt to form the East African Community (EAC-2) embodies both continuations and discontinuations of the colonial legacy in the region; thus the need to investigate them and find more suitable ways of ensuring the project's sustainability.

In modern terms, the cooperation among the east African states started during the colonial era with the first East African customs union that was between Kenya and Uganda in 1917; Tanganyika joined in 1927. In 1948 the colonial powers that controlled the Kenyan territory (a colony by then), Uganda (a protectorate by then) and Tanzania (by then called Tanganyika) signed and made those territories to enter into an Inter-territorial Co-operation agreement which established the East African High Commission. This trend began a history of cooperation and integration of the East African community.

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But at same time there are concerns over its sustainability which are mainly expressed in terms of economic growth (World Bank, 2007:37). In the international development industry there is a growing concern over attaining sustainable development in Africa (UNDP, 1997; Rarieya, 2009). Concurrently, regional governments (such as East African Community) are growing in importance and impact, which is apparently shifting responsibility over and analysis of development from national to regional levels. The challenge is therefore how to govern such a regional bloc and yet achieve sustainability. For that reason the 1997 UNDP report, Governance for Sustainable Development, explored the relationship between governance and the achievement of sustainable development. And in response various thinkers have investigated and elevated the relationship between the two at a regional level exploring how regional management can be harnessed for sustainable development (see: Lyons & Deutz, 2010). As regional governments become progressively important to sustainable development, there is need for competence in the management of those entities. This implies the ability to manage groups of governments that have come together from a number of states; in other words it could be referred to as the 'governance of governance'.

Challenges of development have been heavy on the government hence the emergence of other development partners and players. These players have supplemented the work of the government and even reached areas that the government has not reached after many years since independence.

The role of development agencies has a long history globally and mostly in the third world countries where development agencies through sustainable development have supported communities to address some of their social, economic and political needs. UNDP has a mandate under the UN to work with countries to address national development challenges. Through supporting the Government and non-governmental actors on implementation and developing national capacity, The United Nations through UNDP contributes to its goal of building and sharing solutions to national needs and furthering the effort to achieve the Millennium Development Goals, to promote growth and reduce poverty (Arasian, 2000).

In the United States in the 1960s, the term "community development" began to complement and generally replace the idea of urban renewal, which typically focused on physical development projects often at the expense of working-class communities. In the late 1960s, philanthropies such as the Ford Foundation and government officials such as Senator Robert F. Kennedy took an interest in local nonprofit organizations—a pioneer was the Bedford-Stuyvesant Restoration Corporation in Brooklyn—that attempted to apply business and management skills to the social mission of uplifting low-income residents and their neighborhoods. Eventually such groups became known as "Community Development Corporations" or CDCs. Federal laws beginning with the 1974 Housing and Community Development Act provided a way for state and municipal governments to channel funds to CDCs and other nonprofit organizations. National organizations such as the Neighborhood Reinvestment Corporation (founded in 1978 and now known as Neighbor Works America), the Local Initiatives Support Corporation (founded in 1980 and known as LISC), and the Enterprise Foundation (founded in 1981) have built extensive networks of affiliated local nonprofit organizations to which they help provide financing for countless physical and social development programs in urban and rural communities. The CDCs and similar organizations have been credited with starting the process that stabilized and revived seemingly hopeless inner city areas such as the South Bronx in New York City (Blakers, 1989).

In Russia, Community-driven development (CDD) gives control of decisions and resources to community groups. CDD treats poor people as assets and partners in the development process, building on their institutions and resources. Support to CDD usually includes strengthening and financing inclusive community groups, facilitating community access to information, and promoting an enabling environment through policy and institutional reform. Experience demonstrates that by directly relying on poor people to drive development activities, CDD has the potential to make poverty reduction efforts more responsive to demands, more inclusive, more sustainable, and more cost-effective than traditional centrally led results at the grassroots level and complementing market economy and government-run programs. With these powerful attributes, CDD can play an important role in strategies to reduce poverty (Bolman and Deal, 1991).

In Egypt, Community-driven development (CDD) recognizes that poor people are prime actors in the development process, not targets of externally designed poverty reduction efforts. In CDD, control of decisions and resources rests with community groups, who may often work in partnership with demand-responsive support organizations and service providers, including elected local governments, the private sector, non-governmental organizations (NGOs) and central government agencies. Experience has shown that, given clear rules of the game, access to information, and appropriate support, poor men and women can effectively organize to provide goods and services that meet their immediate priorities. Not only do poor communities have greater capacity than generally recognized, they also have the most to gain from making good use of resources targeted at poverty reduction (Alkire *et al.,* 2001). According to the World Bank's Voices of the Poor, based on interviews with 60,000 poor people in 60 countries, poor people demand a development process driven by their communities. They want NGOs and governments to be accountable to them (Narayan and Petesch, 2002). CDD.s potential is increasingly recognized. Individual studies have shown that CDD can increase the effectiveness, efficiency, and sustainability of projects or programs, making them more pro-poor and responsive to local priorities. Other interventions for liberating the poor include; developing capacity, building social and human capital, facilitating community and individual empowerment, deepening democracy, improving governance, and strengthening human rights (Campbell and Fainstein, 2003).

The Strategic Development Direction for the EAC (2016/17 – 2020/21)

Besides being in line with the EAC Vision 2050 imperatives, this Development Strategy is also, inter alia, partly informed by the identified key regional development priorities. These priorities include: consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products; infrastructure development in the region; enhancing free movement of all Factors of Production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols; enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development; improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region; promotion of regional peace, security and good governance; and institutional transformation at the regional and Partner State levels.

Accordingly, the Development Strategy also articulates eleven (11) Strategic Development Objectives (SDOs) to be attained over the 5-year Plan period. These include: (i) accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development, agriculture, fisheries, livestock, food and nutrition security, and high value industrialization; (ii) investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness; and (iii) strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socio-economic services – with emphasis on enhancing human capital development, gainful employment and decent work, health status, as well as overall welfare of the people of East Africa. The SDOs also include: (iv) strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development; (v) increasing investment in Science, Technology and Innovation (STI), as key drivers and enablers of sustainable regional development and socio-economic transformation, as well as creating an enabling environment for their application; and (vi) enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilization and conservation, environmental sustainability and climate change management. The same Strategic Development Objectives also include: (vii) attaining a fully functioning Customs Union; (viii) accelerating the full implementation of the Common Market Protocol, including protection of fair competition, and of the Monetary Union; and (ix) accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability. The SDOs to be attained further include: (x) developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates; and (xi) enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process. These Strategic Development Objectives will be operationalised by appropriate sets of Strategic Interventions at Pillar, Sectoral, Sub-sectoral, Organ and Institution levels.

In order to achieve the above objectives, the EAC will pursue a number of development strategies including: prioritizing – at both the regional and Partner State levels – enhanced investment in infrastructure development, while also maintaining macro-economic stability in the region; accelerating implementation of EAC Industrialization Policy and Strategy; enhancing investment and undertaking the necessary reforms in the strategic area of human capital development, with emphasis on skills development; fast-tracking the implementation of

EAC Common Market and Monetary Union Protocols; increasing efficiency of the public sector and competitiveness of the private sector in all Partner States; putting in place and strengthening the necessary policies – at the regional and Partner State levels, aimed at enhancing planned and controlled urbanization; enhancement of the institutions and legal frameworks for good governance in all the EAC Partner States; and ensuring appropriate mainstreaming of the key cross-cutting issues across all growth sectors.

Attainment of sustainable growth and development of the Partner States

As a result of the efforts of the customs union, the EAC by end of 2010 was confident that there was progress with the diversification of products, improvement in market access, and business activities for the region's SMEs (East African Community, 2011). Awareness of the EAC integration agenda also increased and was estimated at about 90 percent awareness, with a 75 percent positive rating. Other areas of performance include: agreeing on a common external trade policy starting with negotiation of EPA and AGOA investment as a block; accessibility to cross-border resources and FDIs; wider stakeholder involvement and enhanced government revenues. Improvement of EAC intra-trade, estimated to have increased from US$1,979.2 million to US$3,339.4 million between 2006 and 2008. Exports increased from US$1,084.9 million to US$1,902.9 million in the same period, while imports increased from US$874.3 million to US$1,436.5 million. A trade surplus was registered increasing from US$411.4 million to 466.4 million.

By 2010, the coming into force of the common market led to an increased cross border student exchange, alternative methods of mobilizing additional development resources from the stock markets, joint sporting activities including interuniversity sports, free movement of persons and labour. During the period 2011-2016, the EAC CU is credited for: the diversification of the product range, improvement in market access and business activities for the region's SMEs, increased awareness of the EAC integration agenda; a common external trade policy taking into account the needs of the European market; increased cross-border investments and resource flows, wider stakeholder involvement, and enhanced government revenues. Further, the Customs Union is credited for improving intra-EAC trade performance, when this trade increased from US$3,339.4 million in 2008 to US$5.38 billion in 2015. Exports increased from US$1.903 billion in 2008 to US$3.33 billion in 2015, while imports increased from US$1.44 billion to US$2.05 billion in 2015. In the period of the 4th EAC strategy (2011/12-2015/16), total intra-EAC trade increased from US$4.7 billion to US$5.38 billion, representing an increase of almost 13% over the Strategy period. Exports increased by 22.5% from US$2.72 billion to US$3.33 billion (East African Community, 2017).

Strengthening and consolidation of cooperation in agreed fields

Under the Customs Union, the community sought to liberalize and promote intra-regional trade; promote efficiency in production in response to intra-region competition among businesses, enhancement of domestic, cross border and foreign investment and promotion of industrial diversification with a view to enhance economic development. In the period 2006-2010, the community progressed with the implementation of a common external tariff; Rules of Origin and standards and gradual elimination of internal tariffs. Further in this period, there was effort to establishment key institutions, systems, instruments, legal framework (in particular, the EAC Customs Management Act), concluded the regional Competition Act (2006), policies and strategies; promoted EAC as a single investment area and initiated common trade policy frameworks and reviews (in particular, the WTO trade policy review, FEPA, TIFA); and expansion of the membership of the community to include Rwanda and Burundi.

In the period 2011-2016, the community aimed to consolidate the benefits of a fully-fledged Customs

Union through: (i) strengthening of customs administration; (ii) trade facilitation, (iii) enhancement of revenue management; (iv) promotion of customs and trade partnerships; (v) enhancing market access; (vi) trade and competitiveness including harmonisation of administrative procedures and regulations; (vii) enhancing collection and dissemination of trade information; and (viii) harmonizing Standardization, Quality Assurance, Metrology and Testing (SQMT). In this period, implementation of the Single Customs Territory commenced and it boosted the clearance of goods through a reduced turn around period, reduced documentation and enabled real-time exchange of information between Customs and other agencies. With the full rollout of the single customs territory in 2017, the rollout of other customs regimes was in progress (East African Community, 2018). The application of the electronic cargo tracking system enhanced on the Northern corridor was expected to be extended to the central corridor by April 2018 to support the implementation of the single customs territory and other trade facilitation initiatives. By 2018, a regional interconnectivity programme on customs risk and valuation management was initiated to address weaknesses in customs valuation and monitoring of goods in the region.

Further, the community promoted EAC as a single investment area and initiated the common trade policy frameworks and reviews such as the World Trade Organization (WTO), the framework Economic Partnership Agreements of the European Union (EAC-EU EPA), the tripartite free trade area agreement between the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC)-(COMESA-EAC-SADC) tripartite arrangement, and other trade and investment framework agreements. The COMESA-EAC-SADC tripartite arrangement was signed in June 2015. This is important for the rationalization of trade arrangements in Sub-Saharan Africa (East African Community, 2017).

Under the common market, having concluded the negotiation, signing and ratification of the EAC Common Market Protocol, the community was set to enhance and institutionalize guaranteed provisions in the Protocol through harmonization of policies, legal and regulatory framework and establishment of supportive institutions to facilitate private sector investments, efficient and effective service delivery and wide stakeholder involvement by 2010. By this time, the preparatory process for the implementation of the EAC Treaty resulted in the attainment of gradual currency convertibility and macro-economic convergence; adoption of common travel documents, work permits and fees for education and tourism; adoption of common negotiating frameworks; substantial progress in harmonization of academic and professional qualifications; free movement of capital and harmonization of transport facilitating instruments.

In the period of the fourth regional strategic plan (2011-2016), the community aimed to fully implement the EAC Common Market Protocol and establish a Single Market in Financial Services. Partner states made amendments to their respective national policies, laws and regulations to conform to the Common Market Protocol. According to the Common Market Scorecard (CMS) for 2016, the EAC Partner States have implemented significant reforms to facilitate the free movement of capital, goods and services. In the case of free movement of goods, Non-Tariff Barriers (NTBs), have often emerged after tariffs are eliminated but processes for addressing them are effective. There has been a decline in the occurrence of the NTBs and an increase in the speed at which they are addressed (Note 1). With respect to the free movement of capital, three Partner States in particular Kenya, Tanzania and Uganda undertook a total of 11 reforms (between 2014 and 2016), including measures that enhanced the region's securities capacities by adding a framework for trading in derivatives in Kenya and Uganda.

Generally, according to the recent two strategic development plans, the priority interventions for the common market have been the following: approximation and harmonization of national laws, policies and systems; fast tracking institutional review; addressing imbalances; facilitating free movement of capital; facilitating free movement of services; facilitating free movement of workers; protection of cross-border investments; eliminating unfair business practices and enhancing consumer protection; research and technological development; co-operation in intellectual property rights; harmonisation of domestic taxes; enhance access to financial services; harmonisation of financial laws and regulations in tandem with agreed common standards; mutual recognition of supervisory agencies across the region; integration of financial market infrastructure; development of regional bond market; and capacity building for EAC Secretariat, regulatory agencies and market participants. In 2017, the republics of Kenya, Rwanda and Uganda ratified the EAC double taxation agreement and the other partner states were expected to follow. This is aimed at avoiding double taxation across the partner states.

Under the monetary union, whereas the negotiations of the EAC Monetary Union (EAMU) Protocol commenced in 2010, the community gained substantial progress in regards Partner States currencies convertibility; approximation of banking rules and regulations; harmonization of fiscal and monetary policies and trading practices and regulations in the Stock Exchanges. In the period 2011-2016, the community focused on laying the foundation for the Monetary Union and adoption of a single currency. The Protocol for its establishment was signed by the EAC Heads of State in 2013, and entered into force in 2014. The protocol covers banking, insurance, capital markets and the pension sector. Attaining and maintaining macroeconomic convergence is presumed dependent on a set of Primary and Secondary Performance Convergence Criteria to be met by 2021 so that a single currency is introduced and then have full operation of the Monetary Union in 2024. Prior to entering the single currency in 2024, at least, three partner States should have achieved and maintained the performance convergence criteria for, at least, three consecutive years. Further, the Protocol requires each Partner State to: (i) develop a Medium-Term Convergence Programme (MTCP) to facilitate attainment of the agreed criteria, taking into account each country's economic circumstances; and also (ii) fully implement the Customs Union and Common Market Protocols to ensure sufficient trade integration and openness, labour mobility, capital mobility and exchange rate flexibility in order to make it possible to respond to economic shocks. In order to monitor and enforce convergence, the monetary union requires the establishment of the East African Monetary Institute to pave way for the regional Central Bank; the Statistics Bureau; and the Surveillance, Compliance and Enforcement Commission. The monetary Institute is expected to put in place the organizational, regulatory and logistical conditions for the conduct of a single monetary and exchange rate policy and related central banking functions in the monetary union.

The priority under the pillar of the monetary union in the period under review include the following: negotiations of the Monetary Union Protocol; research and technical preparations on introducing a common currency; harmonization of the monetary and exchange rate policies; harmonisation of Fiscal Policies; integrating banking and financial markets; establishment of legal and institutional frameworks for the implementation of the MU; surveillance mechanisms for macro-economic convergence and compatibility of economic policies and performances; enhancing cooperation in the monetary and exchange rate field; harmonization of payment and settlement systems to ensure finality; conduct civic education on implications of a single currency; and harmonization of banking and financial sector supervision.

By end of 2016, Partner States' had initiated processes to ensure currency convertibility; harmonization of fiscal, monetary and exchange policies, banking rules and regulations, and the trading practices and regulations in the stock exchanges and financial markets. Legislative bills for the establishment of the EAC Monetary Institute and the EAC Bureau of Statistics had been developed and cleared by the Council of Ministers. The legislative bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission was awaiting technical judicial input before submission to the Council of Ministers. In the same period, a study on the financial sector regulatory and supervisory architecture was undertaken to inform the Bill for the establishment of EAC Financial Services Commission. With respect to macroeconomic convergence, in the most recent years up to 2016, annual headline inflation in all EAC Partner States (except South Sudan), was below the 8 percent criterion. With the exception of the Republic of Kenya, all the EAC countries had debt to GDP ratio below 50 percent of GDP. In regard to the political federation, between 1999 and 2010, the community gained from the establishment of the cardinal regional institutions (such as the Parliament and Court) which were linked to national frameworks. Regional mechanisms and programmes for early warning and disaster preparedness, Conflict Prevention Management and Resolution (CPMR), refugee management, combating proliferation of illicit small arms and light weapons were set in motion for institutionalisation. The EAC Forum of Electoral Commissions; Forum of National Human Rights Commissions; Anti-Corruption/Ombudsman agencies, and Forum of Chief Justices; the Nyerere Centre for Peace research were established. A Sectoral Council on Foreign Policy Coordination (SCFPC) was established in 2010 to facilitate handling of the sector specific interventions. By end of 2010, work on a number of protocols was ongoing, including the Protocols on combating and preventing corruption and on good governance; peace and security; and on cooperation in defence. The Protocol on foreign policy coordination was adopted by 2010 and the process of ratification has started. Full implementation of the Memorandum of Understanding on Cooperation in Defence on areas including joint trainings, military exercises, joint operations, technical cooperation, and visits/exchange programmes was also achieved by then.

Statement of the Problem

The challenge that confronts governance and development thinkers and practitioners in Africa today is how to achieve sustainable development. One of the greatest presuppositions of development thinking and goal-setting is that good and competent governance exists in the given geographical areas of jurisdiction; however, in many places in Africa that is not the case. It is noteworthy that most of the anthropocentric challenges documented in governance that hinder sustainable development (such as corruption, abuse of office, incompetence, etc.) are basically ethical in nature yet many governance and development experts pay less than necessary attention to ethics. Nonetheless, ethicists have a task of contributing to the resolution of this challenge and the problem is how to apply ethics thinking in bridging the disjoint between development and governance in order to achieve sustainable development. Constructively applying ethics to the art and science of governing regional governments (metagovernance) in Africa could yield better ways of approaching and resolving the problem of sustainability on the continent.

Kenya

Kenya has the highest gross domestic product in East Africa, but poverty is still widespread, especially in rural areas. 36 percent of the 50 million Kenyans are affected by poverty. One of the most difficult challenges in the coming years will be growing income inequality and high youth unemployment (26.2 percent in 2018). In addition, Kenya is home to around 500,000 refugees from neighboring countries. Commercial banks have seen declining profits and increasing sector consolidation in recent years. The microfinance sector consists of savings and credit cooperatives (SACCOs) and microfinance institutions (MFIs). Recently introduced interest rate controls have made the lending business unattractive for banks and microfinance institutions, and borrowing for the smallest, small and medium-sized enterprises (MSMEs) has been made more difficult. A special focus in the Kenyan financial market is on digital financial services. Over 80 percent of the adult population have access to at least one financial product. However, this high level of financial inclusion is not achieved via traditional bank accounts, but via mobile accounts, which can be opened and managed using a simple cell phone. However, these "Mobile Money" accounts are not in the regulated financial sector, but are managed by mobile phone providers.

Social sector: policies, programmes and projects

Kenya has enjoyed political stability despite post-election violence witnessed after the 2007 general election. The peaceful transition of power from the second President to the third President in presidential and legislative elections in December 2002 marked the beginning of a new political era by ending almost four decades of one-party rule. The new administration embarked on policies that focused on economic development, building up the country's infrastructure, generating employment and foreign investment. The economic recovery strategy (2003 - 2007) targeted to achieve an 8% growth rate and industrial status for Kenya by 2025, creating 500,000 jobs a year in the process. The central focus of the Plan was job creation through sound macroeconomic policies, improved governance, efficient public service delivery, an enabling environment for the private sector to do business, and through public investments and policies that reduce the cost of doing business. The Plan also included an equity and social-economic agenda focusing on reducing inequalities in access to productive resources and basic goods and services.

Following the expiry of the Economic Recovery Strategy, Kenya's Development Agenda is now anchored on the Kenya Vision 2030, which aims at creating "a globally competitive and prosperous country with a high quality of life by 2030". It aims to transform Kenya into "a newly industrialized, middle-income country providing a high quality of life to all its citizens in a clean and secure environment". Simultaneously, the Vision aspires to meet the Millennium Development Goals (MDGs) for Kenyans by 2015.

The social pillar is supported by the following sectors; Energy Sector (inclusive of Clean Energy); Water and Irrigation; Roads (maintenance); Transport sector (Devt of Bus Rapid Transport BRT & LRT); Youth Affairs and Sports; Gender, Children & Social Development; Special Programmes (Famine and Disaster Risk Reduction-DRR); Education; Health; and ICT.

Environment sector: policies, programmes and projects

The environment sector in Kenya is a cross-sectoral and cross-cutting pillar that involves all natural resources their exploitation, management and conservation. Some of the sectors include water resources, forestry & wildlife, marine & fisheries, tourism, agriculture & livestock, and mineral resources amongst other sectors. These sectors are responsible for most of the country's GDP (more than 60%) and employ a majority of the population. The environment is also the main source of livelihood for most of the human population in the country. Hence, the environment is a pivotal pillar for economic and sustainable development in the country. Recognizing the importance of natural resources and the environment in general, the Kenyan Government has put in place a wide range of policy, institutional and legislative frameworks to address the major causes of environmental degradation and negative impacts on ecosystems emanating from industrial and economic development programmes.

The Environmental Management and Coordination Act of 1999 (EMCA) was enacted to provide an appropriate legal and institutional framework for the management of the environmental and for matters connected therewith and incidental thereto. Vision 2030 is a government development strategy that is aimed at steering Kenya to a middle income country by the year 2030. The Vision's key goal is the attainment of a 'nation living in a clean, secure and sustainable environment' driven by the principles of sustainable development. It is based on the 3 pillars of political, social and economic advancement and it aims to transform the economy and achieve sustainable growth. Environmental considerations of development are contained within the social and economic pillar. Kenya is a member of the Convention of Biological Diversity (CBD), one of the outcomes of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992. Kenya has also been implementing other international development treaties like Agenda 21 and the MDGs that are inclined to environment protection and sustainable development.

Majority of environmental coordination in Kenya is handled by the National Environment Management Authority (NEMA), a parastatal within the ministry of environment and mineral resources. However environment being a multi-sectoral phenomenon, there are several other government agencies that play a role as they manage their sectors. These include: Ministry of public health and sanitation-environmental health including; Public Health, the working environment radiation control and management of hazardous wastes; Ministry of water development-through management of water resources utilization; Ministry of Local government through management of urban environments by urban councils; Ministry of forestry and wild lifeanti poaching and deforestation; and Ministry of Agriculture-Controls farming practices to prevent soil erosion in areas with sloppy land.

Emerging opportunities and pitfalls to economic growth and employment

Kenya has recorded robust growth over the last decade and is expected to sustain growth rates above 5 per cent in the next few years. However, the growth achieved so far is still below what is necessary to achieve the targets set out in the country's vision of making Kenya an upper-middle country by 2030. But there are many opportunities that the country can exploit to maintain and raise its growth performance. An important one is to take advantage of being a regional financial hub and having a transit set of port and airport facilities and an efficient road and railway network. As the largest economy in the East Africa Community, Kenya stands to gain from removal of barriers to trade. Advancement with the trilateral agreement between SADC, EAC, and COMESA is bound to boost opportunities for trade and boost economic growth in the entire region including Kenya. Kenya has also diversified its commercial relationships with a wide array of partners especially in Asia and increasingly in the Middle East. These new relationships offer new opportunities to boost economic growth through expanded trade and investment and also other dimensions of development cooperation.

Kenya has embarked on the implementation of an ambitious new constitution—Constitution of Kenya 2010. The key aspect of this constitution is devolution which has resulted in the creation of 47 constituent county governments. The devolution process is a significant shift from the previous system where power was concentrated with the central government. Devolution is particularly important because it provides for individual counties to deliver specific services and also design policies to promote growth. The counties have different resource endowments that can be utilized once devolved policies and resources are efficiently employed. If well implemented, devolution holds the potential to significantly support growth. These counties have different resource endowments and so policies and the provision of services closer to the populace will spur economic vibrancy at the periphery. Kenya has also discovered new natural resources, with oil being the most important. The exploitation and possible exportation of oil by Kenya is expected to support the country's transformation process by reducing the cost of energy and stimulating the manufacturing of petrochemicals, plastics, and related products.

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These are expected to drive economic growth and generate more employment opportunities.

The large youthful population presents the country with an opportunity to accelerate its growth. There is an increasing number of educated youth and this group has been active in various mobile phone-based financial services innovations that have created job opportunities. With a supportive environment, Kenyan youth holds great potential for economic growth. Coupled with the growth in youth population, the emerging middle class in Kenya forms a large market, group of innovators, investors, consumers, and early adapters. The middle-class population prefers and preserves stable policy and political environment. They have everything to lose with violence and civil wars and hence are major contributors in creating a supportive environment and market which drive investment and employment creation.

Nevertheless, the country also faces serious pitfalls that present real risks to growth potential. A serious challenge to economic growth in the long-run pertains to the limited transformation of the economy. Although there have been important shifts in terms of sectoral contribution from agriculture to services, the economy has undergone only limited transformation. In agriculture which is the primary source of livelihoods to the vast majority of the population, productivity remains low and most sub-sectors are characterized by traditional production methods. Likewise, productivity in manufacturing is low and the growth in this sector has been stunted. The share of manufacturing output to GDP has remained relatively flat. The expectation, given the resource endowment pattern in Kenya, was that agri-industries would have transformed agricultural production downstream and expanded the manufacturing sector and product demand upstream. The failure to transform the economy is a major threat to economic growth and job creation.

The fragile democracy in Kenya is also a challenge to sustained economic growth. The sporadic ethnic violence observed during elections has been a major concern and private investors seem to adopt a waiting option, driven by election cycles. These are the patterns that were observed in most ethnically heterogeneous constituencies in 1992, 1997, and 2002 and even in the 2007 general elections (see Kimenyi and Ndung'u 2005). This can only be resolved by strong institutions of governance and adherence to the rule of law. The other risk factors include the emerging terrorist attacks by the Al-Shaabab group based in Somalia which has adversely impacted the country's economy and directly affected the tourist sector. The youth bulge could also easily turn out to be a curse instead of a blessing if enough jobs are not created for the increased youth population. Likewise, poverty and inequality, and more so inequality at the regional levels, remain high and pose threats not only to sustained growth but also to stability. Empirical evidence has shown that inequality can choke growth momentum. In addition, internal institutional weaknesses and governance challenges threaten the gains of the new constitution. These and other risk factors are of concern to the country's ability to sustain growth and retain its position as a dominant economy.

Burundi

Situated in the African Great Lakes region, the Republic of Burundi (Burundi) is a small, mountainous, landlocked, densely populated and highly fragile country that is home to 11 million people. It borders Rwanda to the north, Tanzania to the east and south, and the Democratic Republic of Congo to the west. It has roughly the same land area and population as Rwanda but its land area and population are dwarfed by that of the Democratic Republic of Congo (88 and seven times larger) and Tanzania (34 and five times larger). It is the third most densely populated country in Sub-Saharan Africa (SSA) with an estimated 435 inhabitants per km2 in 2015. Its population is rising rapidly at above 3 percent per year and it is expected to double as early as 2040. Burundi is a landlocked country in the East African region, with a large shoreline on Lake Tanganyika, located in the

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Great Lakes region and surrounded by the Democratic Republic of the Congo to the west, Rwanda to the north, and Tanzania to the east and south.

In 2019, Burundi's population was estimated at 12 million, with a growth rate of 3.3 per cent in 2016. The Burundian population is very young with 36 per cent of the population being between 16-30 years according to the World Population Fund. Burundi's economy is mainly rural and based on agricultural exports and livestock.

Due to the tense political situation, the economy has shrunk in recent years. It is one of the world's poorest countries, as evidenced by its ranking in the human development index. Burundi is ranked 185 out of 189 listed countries in the human development index report 2019. As a result, GDP per capita and general livelihood is rather low.

The rate of financial inclusion in Burundi is very low with only 60.2 per cent of the adult population having a bank account in a formal financial institution. Although microfinance institutions account for more than 80 per cent of users of banking services in Burundi, they account for only 21 per cent of outstanding deposits and 23 per cent of outstanding loans of the entire banking sector. Inadequate access to financial services as well as a lack of education, poorly educated employees and weak institutions are among the challenges of the microfinance sector in Burundi.

State fragility in Burundi has been a cause, and consequence, of the country's political instability. Since independence, Burundi has endured six episodes of civil war, two major foiled coup d'états, and five coup d'états that have led to regime change. The root cause of state fragility is traced back to divisive practices introduced by the colonial power, which have since been perpetuated by post-colonial elites. This political volatility has generated persistent cycles of violence, resulting in the collapse of the country's institutions and economy, even after the negotiation of the Arusha Agreement. This has led to mass migration of Burundi's people and the emergence of a large refugee population, dispersed among neighbouring states and far away. Therefore, state fragility in Burundi is first and foremost the result of the strategies and policies of its political leaders, who are motivated by personal interests. Political capture calls into question the legitimacy of those in power, who feed state fragility through rent extraction, corruption, and mismanagement. This has had vast economic consequences, including slow growth, an underdeveloped private sector, an unstable investment landscape, and severe financial constraints. For reconciliation to be achieved, justice needs to be afforded to those who have encountered repression from the state, thereby breaking the cycle of violence. What's more, Burundi needs strong and long-term engagement of the international community for the successful implementation of reforms, as well as the provision of technical and financial resources, to embark on a prosperous and peaceful path.

One indicator of economic fragility is the slow rate at which Burundi accumulates physical capital. As illustrated in Figure 1, during periods of conflict, physical capital is destroyed or not maintained, explaining the slow and mostly negative rates of capital accumulation. In turn, a small stock of capital slows economic growth, and growth rates remain slow as the conflict persists. It is against this backdrop that Burundi's GDP per capita has been declining since the early 1990s. Consequently, Burundi has one of the highest incidences of poverty in Africa. In 2013, 75% of Burundians were considered poor, as their daily income was less than US$1.9, measured in 2011 Purchasing Power Parities (PPP). This rate of poverty is almost twice the African average of 41% of the population in the same year.

Economic Sector

Economic Transformation

In the wake of the political and security crisis engulfing Burundi since 2015, the economy has suffered a sharp decline. The return and integration of displaced refugees poses an additional problem. With an economy in recession since 2015, Burundians' living conditions and access to services are deteriorating. The poor levels of nutrition amongst the rural population mean that a large percentage of the population (approximately 70% - 80%) live below the poverty line. According to a UN Security Council report from November 2018, the number of food insecure people has decreased by 35% in 2018 after two consecutive relatively good agricultural seasons, yet 1.7 million people are still deemed food insecure. Due to insufficient data, the 2015 and 2016 Global Hunger Index could not be calculated for Burundi; in 2014, Burundi was at the top of the list worldwide in terms of hunger severity. In the 2010 Multidimensional Poverty Index (MPI), which takes into consideration deprivation in health, education and living standards, 89.5% of Burundians are multidimensional poor and 48.2% of the population lives in severe poverty. The ministry of energy and mining also raised the price of electricity in 2017.

Poverty is relatively evenly distributed among rural Hutu, Tutsi and Twa, and it disproportionately affects women. Following consultations under Article 96 of the Cotonou Agreement, which provides for the suspension or change in terms of EU aid if one of the parties does not respect human rights, democratic principles and the rule of law, the EU and its member states – until then Burundi's main donors – withdrew direct budgetary support in 2016. Agriculture still represents 40% of the country's GDP and provides a livelihood for more than 70% of the economically active population, but fertilizer deliveries were frequently delayed in 2017. In a move to offset the decreasing aid from traditional donors, the government increased taxes, which affected food prices, drawing more Burundians into poverty. After the referendum of 2018, the economy is experiencing further declines.

Organization of the Market and Competition

Several structural factors impede the establishment of a market-based competitive economy. Resources are scarce. The bulk of the economy is based on the predominantly informal and subsistence-focused agricultural sector. This accounts for just over 40% of GDP but employs approximately 90% of the population, most importantly women. More market-based competition in this sphere is hardly useful, as it would not benefit the rural poor. The country is characterized by high levels of economic opportunism, including corruption on all levels of administration and direct intervention in the economic sphere by politicians in order to influence economic activities in accordance with political and personal interests. Access to financing and corruption have also been mentioned as key problematic factors for doing business in an executive opinion survey conducted by the World Economic Forum 2017 to 2018. Membership of the East African Community (EAC) since 2007 was an important step toward the economic development of Burundi, the weakest East African state. The situation has worsened since 2015. A common market of the five member states has been in existence since 2010. This is intended to facilitate trade in goods and provides for a freedom of establishment for workers. But in November 2018 the EAC summit was postponed due to the absence of Burundi. Burundi is ranked 168 among 190 economies in the ease of doing business by the latest World Bank annual ratings. The rank of Burundi deteriorated to 168 in 2018 from 164 in 2017. Access to electricity and finances are the most pressing issues. In 2019, a further increase in government debt can be expected. During recent years, Burundi has actively undertaken reforms to improve the business environment. Foreign and domestic investments receive equal treatment, and foreign investment is generally not subject to state screening.

Due to the small size and particular structural features of the national economy, there is hardly any practical scope for the effective control of existing monopolies or oligopolies. The accession in 2007 to the wider East African Community (EAC) market may slowly have some practical bearing on this situation by confronting Burundian economic actors with competition from the more advanced EAC partner countries. Anti-monopoly policies are rarely enforced and little attention is paid to this topic. In 2017, Burundi enacted a competition law, but it has yet to be operationalized.

Since 2005, Burundi's annual economic growth rate has averaged 4.5%. 90% of the population is dependent on subsistence agriculture. Following presidential elections in April 2015, the situation in the country descended into political instability and economic decline. According to the Observatory of Economic Complexity, Burundi ranks a lowly 180th on a scale of country exports. In 2016, Burundi's exports were worth $178 million while imports were worth $358 million, resulting in a negative trade balance of $179 million. The top exports were gold, coffee and tea. In 2016, the GDP of Burundi was $3.0 billion and its GDP per capita was $777. Burundi has committed to trade liberalization policies as laid out by the Common Market for Eastern and Southern Africa (COMESA) Free Trade Agreement, which it joined in 2004, and the EAC Customs Union, which it joined in 2009. According to the Heritage Foundation's 2018 Index of Economic Freedom, Burundi's average tariff rate is 5.4% and importing goods is costly and time-consuming. Burundi does not yet fully comply with the WTO's Common External Tariff (CET) system. Despite some progress in harmonizing trade within COMESA and EAC, non-tariff barriers (NTBs) remain high. Customs and administrative procedures are lengthy and partly discriminatory.

Traditionally, the state in Burundi either fully owned or had controlling shares in most Burundian financial institutions. The banking system is relatively well organized and has a presence in most provincial centers, but is to a large extent concentrated in the capital city Bujumbura. Bank credit was often issued on the basis of political connections rather than projects' expected returns. A large fraction of bank loans were never repaid and poor management led many banks to the brink of collapse, prompting the central bank to bail them out. Three traditional commercial banks, namely Bancobu (Banque Commerciale du Burundi), Bujumbura Credit Bank (BCB) and Interbank Burundi (IBB), together represent 75% of total bank assets, credit and deposits and savings. The lack of competition in the banking industry has prevented the sector from modernizing. In general, the small financial sector in Burundi is dominated by banks. The most important banks are under foreign ownership, mostly Belgian. There are also 36 microfinance institutions and eight insurance companies. According to the Heritage Foundation just 2% of the population own bank accounts. The majority of the rural poor do not have access to mainstream finance and rely on informal lending. Burundi is characterized by a narrow credit market that favors persons close to the political elites. The government has only minor stakes in commercial banks, while two banks are majority-owned by the state. Nevertheless, the government manages to exert considerable influence on the appointment of managers and board members and exercises a certain level of control over the financial sector, resulting in conflicts with private shareholders. Empirical data on the efficiency of the overall banking sector is unavailable. The banking sector has been described by the African Development Bank as resilient and characterized by a high level of capitalization due to respect for prudential rules. Since the crisis in 2015, non-performing loans (NPL) have been declining significantly (14.2%). The main challenge is that 83.0% of all loans were short to medium term, so that access to long-term financial resources remains constrained. The central bank is legally independent of the government, but during the recent political crisis, it has been vulnerable to government interference. According to the International Crisis Group, at the end of 2017 the finance minister required the Burundi Commercial Bank (Banque Commerciale du Burundi – Bancobu), the Burundi Bank of Commerce and Investment (Banque Burundaise pour le Commerce et l'Investissement – BBCI), the Bujumbura Credit Bank (Banque de Crédit de Bujumbura – BCB), the National Bank of Economic Development (Banque Nationale de Développement Economique – BNDE), as well as the Urban Habitat Fund (Fonds de Promotion de l'Habitat urbain) to pay their end-of-year dividends to the state rather than to their staff. According to the World Bank, the share of non-performing loans out of total loans was 13.6% and the capital to assets ratio was 12.2% in 2018. The central bank aims to improve the regulatory framework for telecommunication companies with regard to their financial services by starting a cooperation with the regulatory body for telecommunication l'Agence de Régulation et de Contrôle de Télécommunications (ARCT).

Sustainability of community development projects

Burundi is struggling with significant ecological problems and is extremely vulnerable to climate change. By 2050, average annual temperatures are projected to increase by up to three degrees. This drastic change in climate will increase the prevalence of flooding, land degradation, reduction of soil fertility, reduction of water resources, and the frequency and intensity of extreme weather events. The high population density (402.98/km²) in Burundi means all agricultural land is in use, but subsistence agriculture characterizes rural areas, with only coffee and tea produced for export. High population growth (3.2%) will further aggravate the situation in the food sector, as the soil is already being intensively farmed where possible. To feed the growing population, substantial areas of forest have already been cleared for agriculture, but poor agricultural practices have harmed soil fertility and integrity. In addition, burning of biofuel indoors continues to expose the population to severe air pollution. The increasing pollution of Lake Tanganyika by industrial wastewater represents a serious problem. There is urgent need for action in order not to endanger this important freshwater resource. Burundi has a number of key documents relevant to developing a national plan. There is an outline of the country's climate sensitivities, forming a foundation for documents such as: the Vision Burundi 2025 (2011); the strategic framework for growth and fight against poverty 2012 to 2015; and the national strategy and action plan on climate change.

The education system in Burundi is in a poor state, highly politicized, often paralyzed by strikes, subject to procedural irregularities and highly dependent on external financial support. The entire education system suffered heavily during the civil war. Child labor is widespread. Children and adolescents often suffer in areas of nutrition, health and education. The problem of child soldiers is also common in Burundi. The education issue is still a sensitive topic since it is linked to memories of segregation and violence. Primary school enrollment has been free since 2005, a big step for the government and a big improvement over previous conditions. Burundian primary school students have achieved the highest score in the 2014 survey among francophone sub-Saharan African countries (PASEC). This is despite, according to OCHA, only 11% of schools in Burundi providing school meals and an average student-to-teacher ratio of 72:1. According to the World Bank, Burundi's overall literacy rate in 2014 (last available data) was 61.6% (2014). The literacy rate is higher for men (69.7%) than it is for women (54.7%). Gross primary school enrollment is at 127% (due to older children being admitted to school) with near gender equality. The enrollment rate for secondary education is 48.4% (2018), higher than in the previous reporting period (last data available was 2017: 37.9%). Female-to-male enrollment was 1.0 for secondary and 0.3 for tertiary education.

Rwanda

Small and landlocked in the East Africa region, Rwanda is hilly and fertile with a densely packed population of about 12.5 million people. Approximately 38% of the population live in poverty, 16% even in extreme poverty as per EICV5 (Integrated Household Living Conditions Survey 5). Rwanda now aspires to reach a Middle-Income Country (MIC) status by 2035 and a High-Income Country (HIC) status by 2050. This aspiration will be implemented through a series of seven-year National Strategies for Transformation (NST1), underpinned by detailed sectoral strategies that are aimed towards achieving the Sustainable Development Goals.

According to the finscope survey of 2020, 93 % of Rwandan adults are financially included with 77% using formal financial products/ services. Formal savings are used by 86% while formal loans are used by 22% of the adult population. Rural population in Rwanda was reported at 74 %. Still, 7% of adults in Rwanda do not use any financial products or services.

The promotion of "Umurenge SACCOs" in 2010 led to a substantial increase of financial inclusion in these areas. 90% of the population has access to an Umurenge SACCO within 5 km. However, financial literacy and the lack of qualified personnel in MFIs (Microfinance institutions) is still a constraint to sustainable financial inclusion in Rwanda.

Is a government initiative aimed at increasing the financial inclusion to Rwandan citizens? The concept of Umurenge Savings and Credit Cooperatives (Umurenge SACCOs) was based on an understanding that banks and other financial institutions were more concentrated in urban areas whilst the majority of the Rwandan population lives in rural areas and totally excluded from the formal financial institutions.(MINECOFIN, 2009).

Umurenge SACCOs are small-scale Savings and Credit Cooperatives, which were founded in each Rwandan administrative sector in 2009. Overall, they are 416 autonomous institutions which serve 2.7 million members. Umurenge SACCOs have contributed significantly to the increase of financial inclusion of the poor and rural population. However, various structural obstacles hinder the sustainable performance of the sector. In order to address these obstacles, the Rwandan government initiated a professionalization program in 2015, to which German Sparkassenstiftung Eastern Africa, inter alia, makes the following contributions in the so called 3-C's:

- **COMPUTERIZATION:** Supporting the selection and advising in the development and deployment of a core banking software for the SACCOs. Assistance in implementing the data cleaning in the SACCOs as well as the data migration for each SACCO
- **CONSOLIDATION:** Consulting in the professionalization of internal policies and procedures of the SACCOs and the Cooperative Bank. Participative business planning for 30 District SACCOs, to which the 416 Umurenge SACCOs shall be merged
- **COOPERATIVE BANK:** Drafting a business plan and business model for a Cooperative Bank, which will take over the role of a central financial and non-financial service provider for the SACCO sector.

Microfinance sector in Rwanda

The microfinance sector in Rwanda is a relatively new and a fast-growing market. Despite the existence for decades of informal finance grassroots organizations such as the tontines, microfinance really started with the creation of the Union de Banques Populaires (UBPR) in 1975. Since then, the microfinance market has followed different phases in its evolution. Before the 1994 genocide against the Tutsis, there was a slow growth and expansion of a great number of cooperatives and a few financial institutions, which mainly used to offer services in Kigali. After the genocide, many international NGOs became involved in the financial sector by implementing relief-oriented microfinance initiatives. In addition, the government granted a significant amount of financial assistance to the population through heavily subsidized credit lines and grants by means of a series of development projects. The different initiatives were not well structured and good practices were not promoted. This generated a contagion of delinquency habits amongst the population including commercial bank clients, where 45% of the loans were non-performing (Minicom, 2000) Due to Rwanda's sustained development approach, some of these NGO initiatives and government projects have gradually been formalized into MFIs. In general, more formalized microfinance services were introduced to the country towards the end of the 1990s. However, currently there are still few microfinance services and products in the market and MFIs are just starting to invest in market research and product development. Overall, the financial market depth is still low.

However, it is very important to highlight that, microfinance in Rwanda is the result of traditional cooperatives mainly established during the Belgian colonial times. The first attempt to institutionalize cooperatives in Rwanda began with the enactment of the cooperative ordinance 1949 that operated until the current law No. 31/1988 was enacted on 12th October 1988 (Rwanda Cooperatives agency, RCA, 2020) Traditionally, Rwanda had its own self-help forms that conform to the principles of self-help. Some of these forms such as Ubudehe, Umubyizi and Umuganda have survived to the present day. What is true is that to date, no efforts have been made to consolidate this traditional philosophy of mutual assistance into economically oriented development initiatives such as cooperatives and microfinance with saving and credits services. The cooperative movement in Rwanda was started as a tool for promoting colonial government and later in the 1960s the national government‘s policies. The interest of colonial governments was to get resources from Rwanda for the development of their own countries. After independence, the Government used cooperatives as instruments of implementation of its policies and plans, thus becoming a tool for politicians. This attitude led to misconception of the notion of ―cooperative with ―associations‖. Although the government invested many resources in them, most eventually collapsed because they lacked clear policies and strategies and the spirit of self-help among its members. The war and genocide of 1994 had further adverse effects on the rather weak cooperatives, at the level of human, material and financial resources (RCA, 2020) In addition, to the fore going negative effects on the cooperative movement the State and development agencies including donors introduced the culture of dependency by conditioning external assistance to the formation of cooperatives and other forms of associations.

Rwandan microfinance: Umurenge saving and credit cooperatives (SACCOs)

The history of Rwandan Umurenge SACCOs can be traced in the general context of the other Savings and Credit Cooperatives, which first appeared in Germany in the 1870's; and later on, that idea moved to North America in 1900 with European immigration especially in Canada, the United States, Australia and Ireland where it had the most established movements. In many regions of these countries, SACCOs are much larger than the commercial banks (David J.S. King, 1991).

Globally there are almost 100 million individual members in almost 60 countries around the world. SACCOs are a member of World Council of Credit Unions. Through this relationship SACCOs enjoy a reciprocal relationship with member countries throughout the world where SACCOs were formed before 1993. It evolved from the Cape Credit Union League (SACCOs), which was formed in 1981. At this time various Catholic Church parishes decided to form Credit Unions and SACCOs were formed to help them to coordinate their activities and standardize their operations. At this time, though the Credit Unions were formed as social organizations and did not operate their cooperatives as businesses. This brought about a whole lot of problems. Because the Credit Unions did not pay good interest on savings but gave out loans very cheaply, members were not interested in saving with the SACCOs, only getting loans from the SACCOs. Without savings and shares, the SACCOs were unable to grow. However, because members were enjoying the cheap loans, they did not want to change the way they operated. Without growth, it was inevitable the SACCOs would stagnate (SACCOs.2011).

A second problem that existed in those days was that, people were scared to take up leadership positions, as there existed a state of emergency in the country during this period. This resulted in the ministers of the parishes taking a leadership position in the SACCOs. If the minister were transferred to another parish, it would depend whether the incoming minister had knowledge about the Sacco and whether he was interested in continuing its activities. However, the idea of a Sacco grew in impoverished communities as an alternative to other savings schemes, where you could get cheap loans. In 1987, the SACCOs extended its activities outside of the Western Cape Region and formed itself into the South African Credit Union League. The problem of non-viable SACCOs still existed and in 1991, when the World Council of Credit Unions did an assessment of the viability of the movement in South Africa, they found that only three of the existing 47 SACCOs were viable. Because of much discussion within the movement, it decided to change its entire orientation toward a business orientation. The viable cooperatives argued that making a surplus and developing strong SACCOs was in member's interests in the longer term, rather than short-term gain of cheap loans only. Thus in 1993 the Savings and Credit Co-operative League of South Africa (SACCOs) was born (Saccos.2011).

According to RCA, (2012) the government of Rwanda started to think of establishing Umurenge Sacco in 2008; after carrying out a study that showed 52 % of Rwandans had no access to formal financial institutions and keeping the money by traditional means such as digging a hole. Umurenge SACCOs is a Rwandan government initiative as elaborated in the Vision 2020 development agenda that aims to increase access of financial services to citizens. The concept of Umurenge Sacco was initiated on the understanding that banks and other financial institutions are more concentrated in towns and less spread in rural areas to serve the poor. As such, establishing a Sacco at every Umurenge sector would bridge this gap. This would in effect, encourage local citizens to break the stigma of fearing financial institutions. Local citizens would thereafter be able to save, have access to loans and credit for different business activities, thus allowing them to invest and graduate from chronic poverty. Since the introduction of Umurenge Sacco, different government and non-government departments especially working in the areas of decentralization and local governance have made efforts to mobilize Rwandans towards this program. The Ministry of Local government and the Rwanda Cooperative Agency (RCA) have been at the helm of this drive. Substantial progress has been made. In a bid to better understand the progress achieved in Umurenge Sacco implementation, the Governor of the Central Bank visited all the provinces of the country (RCA, 2012).

In Rwanda, the concept of Umurenge Savings and Credit Cooperatives (Umurenge SACCOs) was based on an understanding that banks and other financial institutions were more concentrated in urban areas whilst the majority of the Rwandan population lives in rural areas who are totally excluded from the formal financial institutions (Minecofin, 2009) Before 1994, Rwanda had a thriving microfinance sector in manufacturing, arts and crafts, carpentry, tailoring, garment making, metalworking, leather products, minerals, and maintenance work. However, over the last ten years, there has been an impressive growth of MFIs. Currently there are around 456 MFIs registered and supervised by National Bank of Rwanda. The activity of supervising Microfinance institutions (MFIs) by the National Bank of Rwanda is based on the Law no. 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, the law no. 40/2008 of 26/0872008 establishing the organization of microfinance activities and its implementing the regulation no. 02/2009 of 27/07/2009. Currently the micro financial services provide the poor an opportunity to improve their livelihoods and, alongside with social services that can contribute to poverty reduction. The needed financial services do not cover micro credit alone, but also other services are in demand. These include above all savings, but also money transfer services, micro insurance and micro leasing, all of which can play an important role in the economic empowerment of the poor. On the other side, Umurenge SACCO was established in 2008 by the government of Rwanda with the aim to boost up rural savings and provide Rwandans with loans to improve their earnings and enhance their livelihoods. The Fin Scope 2008 and 2012 surveys have revealed that in 2008 21% of Rwandans, 18 years or older, were using formal financial institutions.

This percentage has increased to 42% in 2012. Before 2008, among the half million who are banked in Rwanda, 97% were holding a bank account at UBPR (Union des Banques Populaires du Rwanda). Later on, within 3 years, Umurenge SACCOs multiplied by 5 the number of banked people and have an impact on households representing more than half of the total population. The figure below sums up the ultimate target of Umurenge SACCOs in Rwanda.

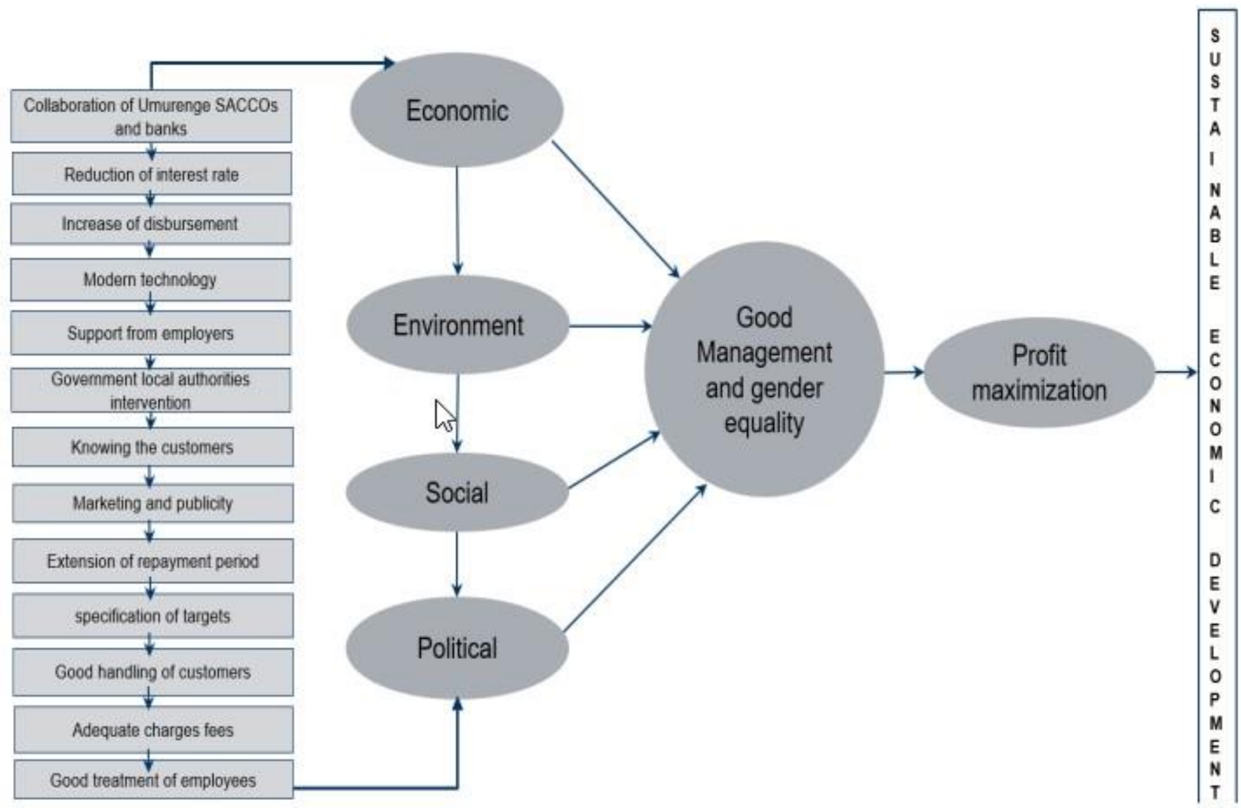

Figure 1: The Schema of Umurenge SACCOs in Rwanda.

Source: developed by author

Umurenge SACCO contributes a lot in alleviating the poverty in rural areas where development is still raging behind in the context of achieving the goals of sustainable economic development in Rwanda. The concept of sustainable development normally covers the following main ideas:

- Development involves in solving economic, social and environmental problems. It will be sustainable only if a balance is achieved between the various factors that determine the overall level and quality of life of the population.
- Current generation has a duty to future generations to leave sufficient reserves of natural, social and economic resources in order to ensure their level of well-being, not lower than the current one.

Implementation Framework for the Community Development Policy

Community development draws on the traditions, norms and rules that underpin how people relate with one other. In Rwanda this social capital has been harnessed and developed into the "Ubudehe" (local collective action) process which now operates at the Umudugudu level. The diagram below shows how various on community level processes, anchored the ubudehe principles, work together to enhance the three core dimensions of community development in collaboration with local government authorities. These are further explained in the paragraphs below.

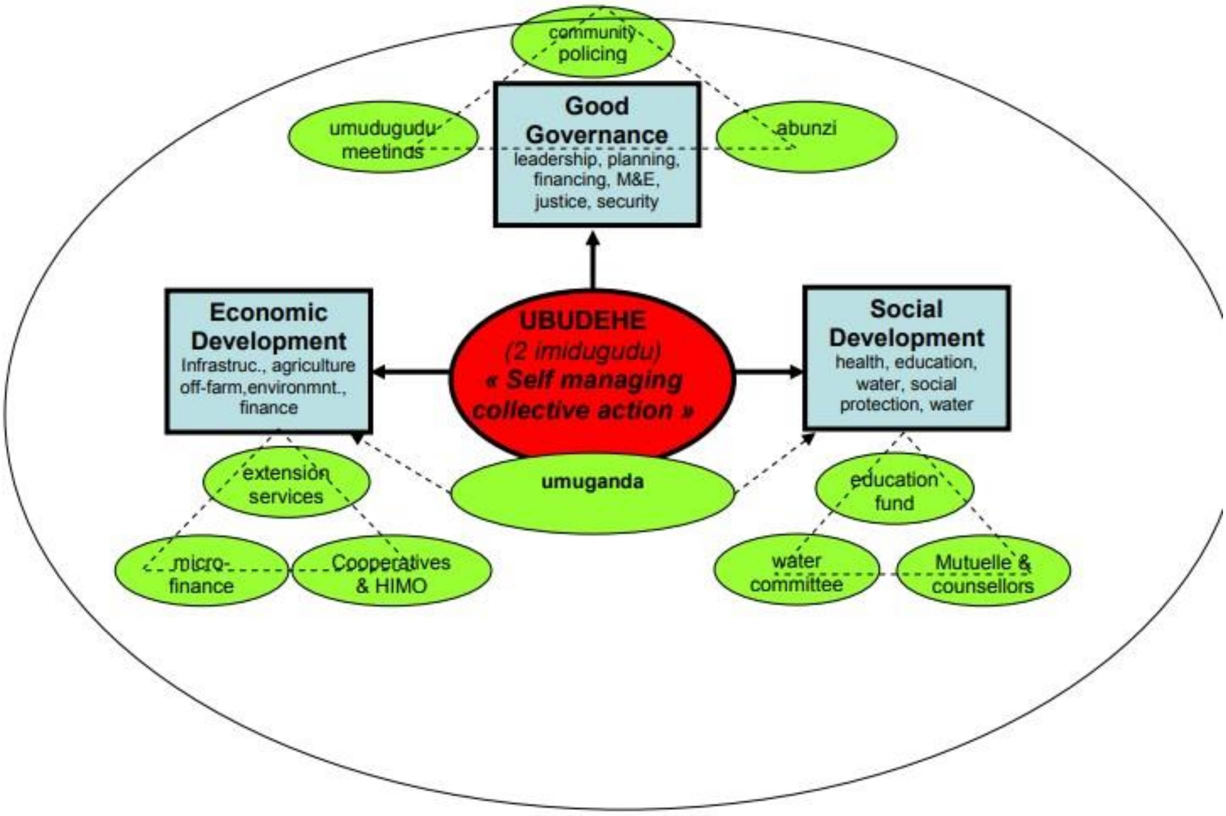

Figure 2: How various community level processes, anchored the Ubudehe principles work together

The Ubudehe process involves Government ensuring that every umudugudu has access to some funds to engage in collective action to solve one local problem of their choosing. The process creates opportunities for people at the umudugudu level to interact with one another, share views and create institutions of their own which assign duties, benefits, responsibility and authority. The role of Government in the process is as an enabler (not as a patron), providing an environment for the socio-cultural rights and obligations of citizens towards one another to be reinforced. The process puts into operation the principles of citizens' participation through local collective action and seeks to strengthen democratic processes and governance starting from the people's aspirations, abilities and traditions.

An Agenda for Reform

Rwanda's aspiration for upper-middle income by 2035 and high income by 2050 calls for stretch targets for future growth rates. Such targets may prove helpful in lifting the nation's vision and infusing a future orientation among the people, while mobilizing citizen support and resources for the needed economic reforms. This has to be supported with periodic and systematic review of goals and targets, with an eye to reassessing their feasibility according to evolving trends and with scope for readjustment if needed.

Any future high-growth strategy will require a multisectoral approach. Relying on manufacturing alone as a pathway for high growth clearly has become trickier than in the past. Services can offer significant scope for productivity gains (IMF 2018), but the service sector alone cannot yet absorb all of the unskilled labor released by agriculture. Moreover, important interdependencies between sectors (most notably between services and manufacturing) prevent any one sector from growing too large without sufficient inputs from others—for example, in China from 2000 to 2014, services inputs into manufacturing accounted for 38 percent of growth in services value added, while manufacturing inputs into services accounted for 30 percent.

The reform agenda is complex and highly demanding: nothing short of an extraordinary effort will suffice. The hard work begins in classrooms. The country needs a massive effort to build human capital—its own education-focused Marshall Plan—if it is to realize its ambitious growth targets. With all of its achievements, Rwanda still lags the average of low-income countries in crucial aspects of human capital—for example, in stunting and primary and lower-secondary school completion. Moreover, the concern is as much about quality as it is about quantity. 3 An important related issue is high stunting rates in early years—with implications for children's future learning abilities and participation in the knowledge and services-led economy that Rwanda envisages. The next requirement is higher investment and savings rates. Rwanda already has a relatively high investment rate of about 26 percent of GDP, well in excess of the domestic savings rate of less than 10 percent. But double-digit growth rates would require the investment rate to be significantly higher. Achieving this level of investment would require a sharp increase in investment by the private sector; a multifold rise in the domestic savings rate; and higher foreign direct investment. Nothing short of this will achieve the growth ambitions that Rwanda has. A higher-order challenge is to boost productivity growth, which also has a bearing on Rwanda's ability to maintain high investment rates. Rwanda's labor productivity (output per worker) and total factor productivity (output generated by a given quantity of labor and capital) are low for its income level. Moreover, the rate of total factor productivity growth has slowed significantly in recent years. The principal requirements for sustained high productivity growth are scale economies and economic specialization in areas of Rwanda's comparative advantage, with competition and technology diffusion as essential complements. These elements have proved essential for sustaining high growth across the world, but they are even more important for a small, landlocked country like Rwanda. Scale and specialization require Rwanda to make the most of external opportunities and to enhance the benefits of urban agglomeration. But, to succeed in these areas, Rwanda has to have a competitive domestic enterprise sector, both public and private, with a strong potential to do well in competitive environments. Such enterprises themselves have three critical requirements: a strong ecosystem for technological innovation, world-class human capital, and robust institutions of governance. This chain of priorities forms the high-growth strategy for Rwanda.

Rwanda's strategy for high growth thus has four essential and interdependent drivers—innovation, integration, agglomeration, and competition. These future drivers of growth, in turn, would receive the necessary boost from reforms in six high-priority areas: (1) human capital development; (2) export dynamism and regional integration; (3) well-managed urbanization; (4) competitive domestic enterprises; (5) agricultural modernization; and (6) capable and accountable public institutions. The six reform areas are discussed in more detail in the next section. Doing well on each of these six necessary reform areas is what separated the high-growth East Asian economies from those that achieved rapid growth for a decade or two, only to see it fizzle out. Even more challenging perhaps is to go beyond the necessary to the sufficient conditions. Rwanda sees rapid development not as a choice but as an existential matter and will be pushed to take highrisk strategic bets to gain high returns. These efforts have to be calibrated and managed carefully. Unlike the East Asian economies, Rwanda does not have the luxury of high savings, which gives it far less scope to make costly mistakes. Policy responses first need to address key cross-cutting constraints (such as skills, finance, infrastructure, and business regulation), clarify the future role of stateowned enterprises (SOEs), and then, if deemed necessary, selectively pick areas for direct support that are aligned closely with Rwanda's comparative advantages and focused on export promotion rather than import substitution. Any direct support will have to set clear policy objectives and performance targets for beneficiary firms; be coordinated closely across government entities; and include a rigorous system for monitoring progress and enforcing sanctions as well as incentives for rewarding success and punishing failure—a model that the Republic of Korea closely followed in its early years of development.

Figure 3: Future drivers of Rwanda's growth: Innovation, integration, agglomeration, and competition

Tanzania

Tanzania is a country in East Africa that is home to 60 million inhabitants. About 64% of the population live in poverty and 32% in extreme poverty. Tanzania is ranked 159 out of 189 in the human development index report 2019. However, the economy has grown steadily in recent years and achieved economic growth of 6.5% in 2016. According to the 2017 FinScope study, just 35% of the population is still financially excluded from the formal sector. Especially people from rural areas (66% of the population) lack access to formal financial services. Families remain the biggest supporter in terms of financial hardship.

Over the past decade, despite rapid population growth, Tanzania has achieved relatively strong economic growth and declining poverty rates. The country remains a lower middle-income country despite the global pandemic-induced contraction of GDP per capita in 2020. Much of the country's development success over the decade was predicated on its strategic maritime location, rich and diverse natural resources, and socio-political stability, as well as its rapidly growing tourism. With an area of 947,000 square kilometers, Tanzania has a population of about 61.5 million, of which about a third live in urban areas. Tanzania's 2021 GDP was $67.8 billion, while its per capita income in 2021 was about $1,136.

Development model - SMET

The Government of Tanzania has developed crucial plans for sustainable development, namely the Tanzania Development Vision 2025, the National Five Year Development Plans and the Integrated Industrial Development Strategy 2025. The successful implementation requires every member of society to participate and benefit from national wealth creation. The SMET model seems to be the adequate option for building a strong, inclusive and sustainable economy. To achieve the envisioned goals, the SMET model suggests adjusted sectoral strategies, for example an enterprise order, a competitive order and an agricultural policy. Here within, the model underscores reliable framework conditions, supportive state behavior, independent and responsible media, independence as well as willingness of participants and a strong lead through commitment of the private sector.

SMET is an economic model which ensures that human beings are the focus of all economic activities and that inefficiencies of the state-controlled economy are minimized or completely phased out. The model fosters equal opportunities for all individuals and emphasizes their human dignity. It comprises aspects of free market economy paired with social protection mechanisms and a regulatory framework. The model is custom-tailored for Tanzania to further inclusive and sustainable economic growth and to ensure a prosperous future for the country. It is based on the following principles and pillars:

- Solidarity
- Subsidiarity
- Minimum wealth for all
- Open markets with fair competition
- Legal regulatory frameworks

President Samia Suluhu Hassan was sworn in on March 19, 2021, as the United Republic of Tanzania's sixth, and first woman, president. Her policies and programs reflect an evolving social and economic context, but the broad policy objectives remain guided by the Tanzania Development Vision 2025 and its supporting five-year development plans.

The government has revived proactive engagement with multilateral and bilateral development partners in the region and worldwide and has implemented a strategy to contain the COVID-19 pandemic, including a COVID-19 National Vaccine Deployment Plan. The government has taken steps to re-open the civic and media space, and embarked on important investments in public services delivery, particularly in health and education, while enhancing accountability and transparency within the public service. It has also reaffirmed the private sector as an engine of economic growth by addressing major constraints on private investment.

Economic activity in Tanzania is recovering, with the 2022 real GDP growth rate projected to reach 4-5% (2021 at 4.3%, up from 2% in 2020). The accommodation and restaurants, mining, ICT, transport, and electricity sectors are driving the recovery. High-frequency indicators suggest that while economic activities were expanding, they have not yet reached pre-pandemic levels. Leading indicators such as cement production, electricity generation, private-sector credit, goods and services exports, nonfuel goods imports, telecommunications, and tourist arrivals have continued to increase (June 2022), though activity in most sectors remains below pre-pandemic levels. Driven by higher energy and food prices, inflation has increased but remains manageable at 4.5% (July 2022).

As in mainland Tanzania, official data for Zanzibar shows that economic activity is recovering. Real GDP grew by 5.1% in 2021, following significant slowdown to 1.3% in 2020 due to the impact of the COVID-19 pandemic on the tourism-dominated services sector which accounts for nearly 50% of Zanzibar's GDP.

Women and girls' empowerment is a key lever to unlock economic opportunity and growth in Tanzania. Reflecting this, the Tanzania Development Vision 2025 outlines steps to enhance human capital with a strong focus on women's empowerment and gender equality. Women continue to face a range of obstacles which are highlighted, along with promising opportunities for advancement, in a report recently commissioned by The World Bank: Gender Assessment for Tanzania 2022. Issues of women's economic empowerment are also intrinsically linked with women and girls' freedom from gender-based violence. The World Bank commissioned Gender-based Violence (GBV) Assessment 2022 highlights the successes, gaps, and opportunities to comprehensively address GBV policies and programming in Tanzania. The recent adoption of the National Plans of Actions (NPAs) to end violence against women and children in Tanzania and Zanzibar demonstrates strong government commitment to addressing the issue and provides a framework for battling GBV and violence against children.

Economic sector growth rate

Since 2012, income and consumption growth among the wealthiest households has outpaced growth among the poorest, and Tanzania's growth elasticity of poverty is among the lowest in the world. The current economic expansion has been driven by sectors that employ relatively few workers, especially from poor households. Wealthier Tanzanians, particularly those in urban households with greater human capital and productive assets, were better positioned to seize opportunities generated by rapidly growing sectors such as construction, information and communications technology, and real estate. This imbalance in economic opportunities widened the income gap between households. Meanwhile, job creation is becoming increasingly urgent, as Tanzania's demographic dividend is intensifying pressure on the labor market. At present, an estimated 800,000 new workers are expected enter the market each year, and this number is expected to increase over the next decade. Without a substantial increase in the number of high-quality jobs, many of these workers will face unemployment or underemployment, with negative implications for their lifetime earnings and for Tanzania's development aspirations.

The government's policy orientation is broadly aligned with its stated objectives, and significant progress has been made in enhancing access to healthcare, reducing child mortality, expanding free primary education, raising primary and secondary enrollment rates, increasing investment in higher education, and implementing targeted social protection programs for households in extreme poverty. However, Tanzania's Human Capital Index (HCI) remains well below the LMIC average. Access to education is highly unequal, and a lack of qualified teachers undermines learning outcomes. The health system's resources are not adequate to meet the needs of the population, and a fragmented approach to alleviating stunting and malnutrition hinders progress on crucial health indicators. In the labor market, a shortage of skilled workers, and skills mismatches, slows income growth and constrains employment opportunities. A more ambitious human capital development strategy must reflect the evolving needs of Tanzania's growing population, with a focus on poor households, underserved regions, and vulnerable groups such as children, women, and adolescent girls.

A country's aggregate level of education, health, and skills development is a critical determinant of both the pace and quality of its economic growth. Human capital formation is also vital to economic security, as it increases household resilience and lowers the risk of falling back into poverty. By expanding access to employment opportunities and basic services, investments in human capital generate more inclusive growth and accelerate intergenerational economic mobility. Currently, less than 10 percent of Tanzania's population is defined as economically secure, and the large number of nonpoor households just above the poverty line slows progress on poverty reduction: in recent years, three out of every four Tanzanians who rose above the poverty line eventually fell back below it. In addition to building human capital, expanding access to financial services, particularly among women, can enable firms and households to build financial reserves against future shocks and invest in income-generating activities, promoting inclusive growth and strengthening economic security.

Emerging Human Capital Developments

Investing in human capital is essential for Tanzania. To generate future income and achieve sustainable development, people are the most important asset countries have. Part 2 of this economic update discusses where Tanzania stands in terms of its investments in human capital for both children and adults. The analysis is part of the World Bank Human Capital Project (HCP), which relies on both the Human Capital Index (HCI) and data on human capital wealth (HCW). The HCI focuses on the children and youth who will be workers in the future. The HCI was launched in October 2018 as part of the new World Bank Human Capital Project, an effort to encourage countries to invest in their people. The HCI is based on five variables likely to affect future earnings: (1) the survival rate of children past age 5; (2) the expected number of years of education completed by youth; (3) the quality of learning in school; (4) how long workers will remain in the workforce, as proxied by adult survival past 60; and finally (5) prevention of stunting in young children. The HCI measures the likely productivity of future workers based on a comparison of current health and education outcomes versus outcomes that would lead to full productivity. The HCI takes a value between zero and one, with a lower value suggesting likely losses in productivity in adulthood. For Tanzania, the HCI is estimated at 0.40, which means that children and youth may reach only 40 percent of the earnings that they could aspire to with full health and education. In comparison to other countries, Tanzania does especially poorly in terms of the number of years of schooling that children complete and the risk that children under the age of five will be stunted. However, even in other dimensions, outcomes tend to be poor. Given its level of economic development, Tanzania's HCI value is below expectations, putting the country in the bottom 35 countries globally. Both sector-specific and multisectoral interventions are required to improve the HCI, and to increase the future earnings potential of young Tanzanians.

Improving education outcomes requires gains in both the length of schooling and the effectiveness of learning. Priorities for schooling include solving the early-grade "traffic jam," reducing drop outs, and broadening system capacity, especially for secondary students. For learning, priorities include recruiting more teachers to meet standards and emphasizing mathematics, science, and other areas where the shortages are acute, building up in-service training as well as recruiting more female teachers. Investments in early childhood development are especially important to improve the HCI survival and health components. High rates of under-5 mortality and stunting are graphic demonstrations of the lack of investment in young children, especially in the first 1,000 days of a child's life. For stunting, both nutrition-specific and nutritionsensitive interventions are needed. Nutrition-specific interventions include promotion of exclusive breast-feeding for six months, micronutrient supplements, and proper hygiene, feeding, and caregiving practices—most of which are accessed through the health sector. Emerging evidence suggests, however, that certain nutrition-sensitive interventions are also beneficial, especially in agriculture. In addition to an analysis of the HCI for Tanzania, the report also briefly discusses estimates of human capital wealth, a key component of the country's total wealth. Human capital wealth—the value of the future earnings of today's labor force—accounts for two-thirds of total global wealth. As countries develop, human capital wealth becomes ever more important. Although

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Tanzania's wealth has increased by 45 percent over the last two decades, per capita wealth decreased from US$20,900 to US$17,451 due in part to high population growth, which in turn depends on fertility rates— the number of children women have on average over their lifetime. While fertility rates declined from a peak of 6.8 children per woman in the 1960s to 5.0 in 2016, the pace of the decline is slow, and Tanzania's fertility rate is still slightly higher than the SSA average of 4.9. Better access to reproductive health services would help to reduce fertility rates, but improving girls' educational attainment and reducing child marriage would have even larger impacts toward lower fertility and reduced population growth rates. Universal completion of secondary education for girls could reduce the fertility rate by 21 percent versus current levels.

Uganda

The Ugandan economy grew at 4.6% during FY22, faster than had been anticipated due to an uptick in activity after the economy reopened in January 2022. On the supply side, services and industry were the main drivers of economic growth. There was also strong recovery in wholesale and retail trade, real estate and education, with industry rebounding through construction and manufacturing. On the demand side, private investment and private consumption headed towards pre-COVID levels. The current account deficit widened to over 9% of GDP, primarily reflecting a deterioration in the terms of trade and wider trade deficit.

With higher prices and policy tightening, growth in real consumption slowed, possibly because of reduced purchasing power, limited credit growth, and job losses. Employment fell after the second lockdown in June 2021 and remained at the same level in June/July 2022. Half of the population was moderately food insecure. Households, in particular the poorest ones, felt a negative impact from increased prices, either by being unable to access food products or to buy them in desired amounts.

The rate of economic growth could rise to over 6% in the medium-term despite sustained commodity price-driven inflation pressures, gradual fiscal consolidation, and tighter monetary policy. Growth will benefit from a gradual increase in investments in the oil sector and any dividends from the Ugandan government's promotion efforts for tourism, export diversification, and agro-industrialization. The slowdown of global growth and heightened tightening of global financial conditions pose major risks to Uganda's growth, however. Accelerated growth may reduce poverty (measured at the $1.90 line) slightly to 41.9% by 2024, but this will depend on how COVID-19 evolves, how long Russia's invasion of Ukraine and related sanctions continue, the pace of food inflation, and any environmental shocks that adversely affect households due to their limited adaptive capacity.

The Model positions the **PARISH** as the epicenter of multi-sectoral community development, planning, implementation, supervision and accountability. Parish as the lowest reference unit for planning, budgeting and delivery of interventions to drive socio-economic transformation.

The PDM will create Wealth, Employment and increase Household Incomes.

The PDM has seven Pillars i.e.

- Production, Storage, Processing and Marketing;
- Infrastructure and Economic Services;
- Financial Inclusion;
- Social Services;
- Mindset change;
- Parish Based Management Information System
- Governance and Administration.

The PDM is therefore a Government approach that delivers a package of services and entails;

- The Model proposes building infrastructure and systems that support processing and marketing of Uganda's agricultural products.
- Generating data on house-holds country-wide to inform Government interventions.
- Farmers at Parish level will be coordinated through area-based commodity clusters in

order to increase production and productivity that will create sustainable agricultural production.

- Farmers will get access to Agricultural extension services, finance business Management training.
- Build infrastructure and systems that support processing and marketing of Uganda's agricultural products.
- Strengthen participatory planning by local communities to collectively identify and address systemic bottlenecks that affect local economic development.
- Addressing vulnerability among youth, women, PWDs at the grassroots by developing and Implementing Action Plans for inclusion of disadvantaged interest groups

Priority Commodities for the Parish Model include

At the Local Government level, the Mindset change and crosscutting issues implementation is integrated/ mainstreamed in the existing government structures under the leadership of District/ City/ Municipality Community Development office.

At the District/City/Municipality level, the District/City/Municipality Technical Planning Committee (D/MTPC) will provide overall coordination, technical and policy guidance. In the case of KCCA, similar committees to the district shall be responsible.

At the Sub-county/Town Council level, the Sub-county/Town Council Technical Planning Committee will provide overall coordination, technical guidance and policy guidance.

At Parish level, the PDC with other existing community volunteers namely: community empowerment group facilitators, VHTs and leadership of famers associations will be responsible for implementing the Mindset change and crosscutting issues interventions. The community volunteers will get technical support from the CDOs/ ACDOs, Sub-county and District/ Municipal Officers (Agriculture, Veterinary, Environment, Commercial Officers, and Production Officers, Civil Society Organization and Private Sector Agencies). The Parish Chief has the primary responsibility of ensuring effective coordination of this support at the community level.

Coffee, Cotton, Cocoa, Cassava, Tea, Vegetable Oils (Inc. Oil Palm), Maize, Rice, Sugar Cane, Fish, Diary, Beef, Bananas, Beans, Avocado, Shea Nut, Cashew Nuts, Macadamia

The PDM is aligned to the following 5 strategic objectives of the NDPIII;

- Enhance value addition in Key Growth Opportunities.
- Strengthen private sector capacity to drive growth and create jobs.
- Consolidate & increase stock and quality of Productive Infrastructure.
- Enhance productivity and well-being of Population.
- Strengthen the role of the State in guiding and facilitating development.

Principles that underpin the Parish Development Model

- **Organization**: Organizing Ugandans that are currently operating in the subsistence economy to access quality inputs, tailored technical assistance, guaranteed markets, subsidized credit etc, through Associations, aimed at mitigating the diseconomies of scale (in savings, production, marketing and extension services), poor quality inputs/output, lack of reliable production advice, information (on) and connectivity to commodity and financial markets and post-harvest losses.
- **Market orientation**: The PDM shall encourage market-based approaches that strengthen the value chains, incentivize competition, efficiency, and innovation that will drive down the requirement for Government support over time.

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Table 1: Contribution of community mobilization and mindset change in realization of the pillars of PDM

S/N	Pillar	Key Services to be provided	Community Mobilization and Mindset Change will
1.	Production, Processing and Marketing	- Train farmers and farmer groups in institutional development - Provide extension services along the value chains - Supervise and build capacity of community-based service providers - Link farmers to other service providers - Guide PDCs on enterprise priority setting - Supervise the collection of data, analysis and storage - Mobilize model farmers to organize and advise farmers - Develop Parish Development Plans and set priorities for agricultural enterprises and technologies - Monitor implementation of activities and report to the community - Collect business and agriculture statistics and summit to sub-county for analysis and storage - Supervise management and operations of post harvest handling, storage and processing activities	- Operationalize Community Learning Centres as hubs for service delivery under PDM - Build capacity of communities to conduct community situational analysis (using PRA tools, support communities to develop Community Calendars, Community/Village/Parish resource maps to enable communities profile their activities, needs and challenges. (Each Village will be supported to produce one (1) Village Resource Map)
2.	Infrastructure and Economic Services	- Construct and maintain accessible community roads - Improve choke points/bridges on community roads - Upgrade community local markets - Extension of safe water for domestic use and production - Extension of power to communities, ensure availability of power in each parish - Creation of internet free zones in communities - Develop appropriate e-services to support PDM - Physical development planning to facilitate well planned settlement - Provide banking and agricultural	- Training of communities and PDCs on participatory approaches for identifying, prioritizing their needs - Conduct community mobilization and sensitization on likely benefits, impacts and consequences of infrastructure development on the affected communities - Mobilize communities and facilitate the formation and training of infrastructure management and user committees to maintain and manage infrastructure investments sustainably. - Mobilize and sensitize

S/N	Pillar	Key Services to be provided	Community Mobilization and Mindset Change will
		insurance at affordable rates	communities on importance and development of Public Private Partnership for the delivery of Infrastructure and Economic Services
3.	Financial Inclusion	- Organize households into business development groups and link them to quality inputs that support value-chain development (community organization) - Provide Business Development Services - Provide financial services to households in the subsistence economy - Promote development and delivery of agricultural insurance products	- Sensitize communities about opportunities under the Financial Inclusion Pillar of PDM - Build capacity of PDCs to identify subsistence households who are the main target of PDM and Financial Inclusion Pillar. This will through training of PDCs on PRA tools for profiling households such as Wealth Ranking - Encourage communities to form groups (including among others Associations, SACCOs, CBOs etc. - Conduct registration of formed associations (at sub-county) - Train groups on group dynamics, constitution development and where necessary develop a generic template of a constitution for groups to adapt
4.	Social Services	- Construct and equip health centres (HC III) in all sub-counties - Recruit critical staff as well as extension staff - Strengthen infrastructure/facilities management by community for education, health, water and environment - Provide and maintain safe and accessible water points - Support functional Village Health Teams (VHTs) - Construct/upgrade community primary schools - Provide logistics and equipment for institutions (schools, hospitals, health centres etc.)	- Catalyze communities to appreciate, demand, adopt the recommended service standards such as health practices and measures, access to education, sanitation and hygiene among others - Popularize and disseminate I.E.C materials developed by other MDAs on improving social service delivery (e.g. materials on malaria prevention, sanitation and hygiene, Sexual and Reproductive Health, school attendance, teenage pregnancy etc. - Mobilize communities to actively participate in Social Service

S/N	Pillar	Key Services to be provided	Community Mobilization and Mindset Change will
		- Sensitize the public on the need for appropriate housing, sanitation and hygiene	Associations such as Parents Associations and School Management Committees for improved social service outcomes
5.	Community Mobilization and Mindset Change	- Promote intended community mobilization and engagement towards development programmes - Promote positive cultural beliefs and norms which enhance development - Inculcate and promote positive thinking towards personal, family and community development - Promote disciplined, committee and self-driven service teams for improved service provision at the local level	- Develop and operationalize manual for community mobilization and mindset change - Undertake national mobilization and sensitization programmes - Develop community mobilization strategy in consultation other stakeholders - Develop I.E.C Materials for community mobilization and mindset change - Conduct ToT trainings at national and regional levels targeting LG technical staff, parish mobilisers and change agents - Mapping of non-state actors at sub-county and develop referrals systems - Mobilize communities for Public-Private Partnership Engagement - Conduct civic education aimed at nurturing good citizens - Promote mentorship programmes for households and communities for livelihoods improvement
6.	Community Information System	- Setup, coordinate and manage the Parish Based Management Information Systems (PBMIS) and provide the requisite software and data management packages - Undertake data collection on PDM activities at community level - Promote use of data for planning and development of the parish	- Build capacity of PDCs on use of PRA tools for undertaking community situation mapping, and generation of Parish/Community Profile - Support development of 1 Resource Map per Village (this will highlight the main economic activities of the village, physical assets available such as grazing areas, wetlands, forests, schools, health units, status of community access roads)

S/N	Pillar	Key Services to be provided	Community Mobilization and Mindset Change will
7.	Governance and Administration	- Operationalization of local government structures at parish level (PDC) - Recruitment of Parish Chiefs as the technical staff for the PDM at the parish level - Enhance monitoring and evaluation - Enhance transparency, accountability and reporting	- Undertake training of Parish Development Committees - Organize Community feedback meetings/Barazas to enhance transparency, accountability and reporting

Why Uganda Has Embraced EAC Integration

The main elements namely market access, competitiveness, and joint decision making and collaboration cut across seventeen (17) areas of cooperation, namely: trade liberalization and development; industry and investment; agriculture and food security; energy; minerals; transport infrastructure; information communication technology; tourism; business services; financial services; education and training; health; labour and employment; gender, youth and persons with disability; environment and natural resources; peace and security; and governance (Republic of Uganda, 2015). Ugandans expectations regarding benefits from the Integration of EAC are observed across a wide range of areas, though not limited to the following: a significant increase in the country's share of the EAC regional trade in order to create wealth and employment; improvement in the competitiveness of the country's industrial sector within the EAC region and the contribution to the structural transformation of the economy; increased national share of EAC regional agricultural trade and its contribution to food security and national agricultural production; adequate and affordable access to modern energy by all Ugandans sustainable manner; the development of an efficient, competitive, and sustainable minerals sector; Increased integration into regional and global markets through increased, efficient and least-cost connectivity; a developed, popular and competitive tourism sector integrated within in the EAC development programme; an enabling local environment for the development of a well-regulated, and vibrant, business services sector able to compete effectively within the EAC region; a financial sector that is fully integrated with financial sectors of the other EAC Partner States in order to achieve monetary stability; the country's health system is integrated, efficient and attractive to citizens of other member countries; improved competitiveness of Ugandan labour, generating decent employment for all women and men in conditions of freedom, equity, security and human dignity; meaningful participation of the country's special interest groups; popular development activities and measures that will ensure a clean and health environment and sustainable exploitation of Uganda's natural resources; peace and security is popular and consolidate through constitutionalism and reinforcement of better policy, legal and institutional reforms and increased capacity of Uganda to promote peace in the region through good neighborliness; and attainment of political, social and economic stability. A facilitating factor for the attainment of the benefits of integration is the utilization of education as an engine of EAC integration.

Before assessing the extent to which Uganda is performing against the above expectations, it is important to evaluate the state of economic integration that the country has attained on the basis of the Africa Regional Integration Index (Integrate-Africa, 2016). This index is five dimensional and the indicators are based on the Abuja Treaty and its operational framework. These dimensions are: regional infrastructure (the connections made by road, by air or by airwaves have an important impact on Africa's integration), trade integration (when trade flows are faster and more cost-effective, business and consumers in the regions benefit), productive integration (making production work better for the continent across different sectors, by being part of regional and global value chains), free movements of people (getting people to move freely across Africa represents a powerful boost to economic growth and skills development), financial and macroeconomic integration (when capital flows freely across Africa, investment increases and finance is allocated where it can generate the most productivity).

Development Challenges

Compared to its strong performance in the 2000s, recent economic growth has slowed considerably. With reduced reform momentum, a less supportive external environment, and other exogenous shocks like droughts, growth since 2011 has barely surpassed the country's high population growth rate of 3%. As a result, in the five years prior to the COVID-19 crisis, per capita real GDP growth halved to 1.1% on average per year.

Structural transformation is essential to reinvigorate economic activity and reduce poverty. Uganda's growth model of debt-financed public spending—which emphasizes infrastructure and has crowded out private sector borrowing —is not sustainable. The state should instead support the economy through investments in human capital, through regulations that facilitate investment and job-creation, and through measures to reduce inequality and strengthen resilience. The prospects for this shift to a private sector-led growth model will also rely on maintaining macroeconomic stability and better support for the vulnerable, farmers, and small enterprises; increasing the uptake of digital technologies; and the effective use of public resources.

Uganda's commitment to economic integration in Africa cannot be over emphasized when the government over time has underscored the issue of fragmented markets, market access and expansion as one of the strategic issues for Africa (Museveni, 2016). There is search for a market to absorb what the private and traditional sectors produce, and stimulate further production in the economy. Uganda's population currently about 37 million, is not enough, but with EAC integration, the market is bigger with about 145 million people. This market enlarges further with the Tripartite Free Trade Area (TFTA) arrangement of EAC, COMESA and SADC close to about 625million and 26 countries. This was reiterated by the President of the republic of Uganda at the 19th Summit of the heads of State in 2018, adding the role it will play in boosting partners' joint bargaining power in the global markets. The Parish Development Model is premised on the model that the Parish Development Committee(PDC) together with common citizens as the end user of social services are better placed to identify and respond to their own needs, priorities, and direct use of resources.

South Sudan

The Republic of South Sudan became the world's youngest nation and Africa's 55th country on July 9, 2011. However, the outbreak of civil war in December 2013 and July 2016 undermined the development gains it had since achieved and made the humanitarian situation worse. Now, more than a decade after independence, South Sudan remains impacted by fragility, economic stagnation, and instability. Poverty is ubiquitous and is exacerbated by conflict, displacement, and external shocks.

The signing of the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS) in September 2018 and the formation of a Transitional Government of National Unity in February 2020 have contributed to recovery and peacebuilding. A two-year extension of the R-ARCSS to February 2025 will allow the government to meet key milestones in the peace agreement. At the same time, a resumption of oil production in oil fields, previously shutdown due to conflict, has raised the prospects of an economic recovery. The country faces the risk of these gains being reversed, though, with incidents of violence increasing in 2021 (and continuing into 2022), severe flooding, and the lingering effects of COVID-19 pandemic all making an already dire situation worse.

South Sudan remains in a serious humanitarian crisis. Some two-thirds of its total population of 11.4 million (2021) are estimated to be in need of humanitarian assistance in 2022. Women and children continue to be the most affected.

South Sudan is highly prone and vulnerable to climate-related shocks, which have a devastating impact on people's welfare. Since 2011 alone, it has suffered severe droughts and floods. The May-November 2021 floods, reportedly the most devastating since the early 1960s, affected 9 out of 10 states, impacting around one million people and displacing more than 300,000.

Going forward, upholding and implementing the peace agreement, strengthening service delivery institutions, governance, and economic and public financial management systems will prove critical as the country seeks to build resilience against future shocks and lay down the building blocks for a diversified, inclusive, and sustainable growth path.

Sudan's civil war was the longest running in Africa and covered most of its life as an independent country. After more than thirty months of negotiation, the northern National Congress Party (NCP) and the southern rebel, the Sudan People's Liberation Movement/Army (SPLM/A), signed the Comprehensive Peace Agreement (CPA) in January 2005. The CPA not only provided a political framework for a ceasefire but it also addressed the issues at the root of Sudan's civil war, namely, the unequal development of the peripheral areas and the distribution of wealth (Johnson 2003, Kulusika 1998). The signature of the CPA provided a historic opportunity to put South Sudan on the path of development in response to the high expectations of its population, but also supported by the domesticallygenerated resources, especially the oil revenues and the flow of international aid. In this sense, the (re)construction of South Sudan is a white canvas where the international community can try out and implement its vision of pro-poor growth.

Economic Development

There is extensive debate as to what development is exactly and, even more, how to achieve it. In general terms, this paper understands development as structural transformation that encompasses not only national economic growth but also, as defined by Ravenhill, 'the material improvement in the lives of its citizens evidenced in poverty reduction and increased equity' (2008: 411). But the understanding of development within the World Bank, and its institutional emphasis on development issues, changed over time. At the beginning of the 1980's development policy started to shift from being led by the state to being led by the market. Poverty reduction has been largely seen as a result of overall economic growth and the Bretton Woods institutions had a prominent role in universalizing a model of growth and development that promoted global economic integration and free trade. The neo-liberal global development policy was fostered by the international finance institutions (IFIs) by providing assistance on the basis of the adoption of certain policies (conditionality). Through Structural Adjustment Programmes (SAP) governments where encouraged to pursue macroeconomic stability by controlling inflation and reducing fiscal deficits, open up their economies and liberalise markets through privatisation and deregulation. The idea was that growth would trigger a trickle-down process which would have a positive effect on the poorer sectors of society.

Within the World Bank there have been various attempts to define pro-poor growth, with different policy implications. A paper prepared in the context of the Bank's pro-poor growth programme2 investigated the determinants of growth in the income of the poor - defined as those in the bottom quintile of the income distribution. Kraay finds that most of the variation in changes in poverty is due to growth in average incomes (absolute approach). He argues that ‘growth in average household survey incomes is correlated with several of the usual determinants of growth from the empirical growth literature, including institutional quality, openness to international trade, and size of government’ (2004: 2). Thus, in the line of the second group of measures described by Hansohm (2008), Kraay suggests that a propoor growth strategy, focusing on determinants of growth in average incomes, should involve policies like the protection of property rights, sound macroeconomic policies, and openness to international trade.

Effective approaches to community development

Community development empowers persons and groups within society to have capacity to improve their lives. Community development is a positive change and value based process which aims to address imbalances in welfare and power based on inclusion, human rights, social justice, equity and equality. The paper highlights on different approaches to community development. The community development approaches include: needs-based approach, problem-solving approach, participatory approach, asset-based approach, the power-conflict -approach, welfare approach and rights-based approach. Is also seen as a course of action where community participants or settlers agree to take collective action and create results to overcome the challenges faced in the area of jurisdiction.

Its also seen as a progression where the public residents coming from a particular village are buttressed by interventions to deal with challenges and take shared action on issues which are important to them. Community development empowers the community and creates stronger and more networked communities.

Community Development Challenge report(2009) defines it as a set of values and practices which plays a special role in overcoming poverty and disadvantage, knitting society together at the grass roots and deepening democracy. Community Development Exchange defines community development as: both an occupation (such as a community development worker in a local authority) and a way of working with communities. Its key purpose is to build communities based on justice, equality and mutual respect. The United Nations defines community development as "a process where community participants, settlers, or citizens come together to take shared or communal action and make or generate solutions to collective challenges or difficulties

Community development promotes equality, egalitarianism, classlessness, consensus, fairness, human rights and social justice, through education and empowerment of people within their communities, whether these be of locality, identity or interest, in urban and rural settings (Gilchrist and Taylor 2011).

Community development is a holistic approach grounded in principles of empowerment, human rights, inclusion, social justice, self-determination and collective action (Kenny, 2007). Community development considers community members to be experts in their lives and communities, and values community knowledge and wisdom. Community development programs are led by community members at every stage - from deciding on issues to selecting and implementing actions, and evaluation. Community development has an explicit focus on the redistribution of power to address the causes of inequality and disadvantage.

Community development empowers persons and groups within society to have capacity to improve their lives. Community development is a positive change and value based process which aims to address imbalances in welfare and power based on inclusion, human rights, social justice, equity and equality. Community development involves changing the relationships between local and uncivilized people and elite, rich, in positions of power. This enables them to participate in the discussion of community issues that affect their lives.

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Community participation involves sharing on knowledge and experience which is shared to create solutions into communal and cooperative action to achieve desired goals. Community change-makers work with communities. The process enables them build networks with groups, skilled personnel, professionals and organizations to deal with community challenges. They create opportunities for the community to learn new skills and, by enabling people to act together, community development practitioners help to foster social inclusion and equality.

Community development is crucial purpose is to build communities based on justice, equality and mutual respect. There are potential outcomes at both individual and community level. Children and families directly involved in community development initiatives may benefit from increases in skills, knowledge, empowerment and self-efficacy, and experience enhanced social inclusion and community connectedness (Kenny, 2007).

Through community development initiatives, community members can become more empowered. This enables them to increasingly recognize and challenge conditions and structures which are leading to their disempowerment or negatively impacting their wellbeing (Ife, 2016). At the community level, community development and empowerment initiatives can achieve long-term outcomes such as stronger and more cohesive communities, evidenced by changes in social capital, civic engagement, social cohesion and improved health (Campbell, Pyett, & McCarthy, 2007; Ife, 2016; Kenny, 2007; Wallerstein, 2006) The community development approaches involves different methods and techniques of operation and functioning with communities for conventional programs and organization. Community development approaches include: needs-based approach, problem-solving approach, participatory approach, asset-based approach, community-based approach, the power-conflict - approach, welfare approach and rights-based approach.

- The needs-based approach focuses on the community's needs, deficiencies and problems. It focuses on identifying needs in a deteriorating community and creating external inputs to meet those needs. as a traditional approach, is generally understood as a deficit model which focuses on the community's needs, deficiencies and problems.
- The problem solving approach focuses on different methods approaches that can be used in creating different solution for the problems that are faced by communities
- Participatory approach focuses on ensuring that people are educated and encouraged to participate in the development process. People should participate in every step from initiation to evaluation on every development project and programme.
- The asset Based Community Development is an approach to sustainable community driven development. Asset Based Community Development's basis is that communities can drive the development process themselves by identifying and mobilizing existing, but often unrecognized assets.
- The power conflict approach concentrates on creating a peaceful community. The process deals with solution that will deal with conflicts that slow the progress and hamper development process
- Welfare approach. Is an approach that deals with working communities to build their capacity that improves their wellbeing, happiness and eventually their prosperity
- Right based approach focused on ensuring that people‘s human rights are by themselves and the leaders. The process deals with human rights abuses which especially have kept people in suffering and poverty

CONCLUSIONS AND RECOMMENDATIONS

The analysis of Kenya’s population trends reveals a high rate of population growth, though the rate of population growth is expected to continue on a downward trend. Urbanization is expected to

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continue at a steady rate, even though, the vast majority of the population will remain in rural areas. Increased urbanization and expanding cities have been shown to increase economic growth if accompanied with enhanced infrastructural development and decongestion of the urban areas. The demographic transitions experienced over the years were found to have put Kenya on the path to reaping demographic dividend. If measures are put in place to enhance institutional quality and provide productive employment opportunities to the large working population, Kenya is likely to realize her demographic dividend even before 2050. The emergence of the middle class, driving innovations, is also increasingly appealing to investors and presents an opportunity for economic and social-political growth through advancement of social progress, realization of inclusive growth, innovation, and entrepreneurial drive.

Kenya has succeeded in financial inclusion, and in the last ten years or so and in the financial sector, growth has pulled overall growth with it. In addition, the adoption of digital finance has supported a financial inclusion profile unparalleled elsewhere in the world. The link between financial inclusion and poverty reduction is important since financial inclusion can be regarded as a form of market access that recognizes that the poor are willing to save and invest but are sensitive to the type of financial services products, their costs, and their delivery modes or channels. The observed pattern in the financial sector is that it has provided direct and indirect employment, has improved the payments infrastructure (greatly reduced the transactions costs in this area), and has increased savings and investments. This has enhanced prospects for a more inclusive growth in Kenya. Finally, it is the middle class that seems to drive the demand for such financial products and even investments in the country. A developing country with a large middle class is likely to enjoy peace, stability, and increased private investments that will drive overall growth. That is where the Kenyan economy is at the moment.

So far, Eastern Africa has not yet found ways to fully reap the promised benefits of 'globalization'. In fact, Eastern Africa is not even fully integrated into the world economy. In the same vein, systems of global governance are being perceived more as 'Northern' rather than truly 'global'. Hence, for Eastern Africa, three major goals in the global arena must be:

- To have a fair say in global governance, which requires fair representation in international institutions that allow for just, democratic and transparent decision making processes, as well as sufficient national capacity to engage in these processes. The reform of the WTO and progress in the Doha Development Round is a priority here, as well as a strengthening of the UN and the attainment of the MDGs.
- To have a new paradigm (a new 'Consensus') informing the decisions of international institutions, allowing for a proper development-oriented management of global flows of goods, services, capital and ideas/technology, in order to make globalization beneficial for the South.
- To have sufficient room within this international system to design and implement national and regional strategies to mitigate globalization's negative effects and exploit opportunities for development, e.g. through industrial policies, and to shape crucial bilateral relations, as those to emerging powers of the South.

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