

Fostering Peace, Security, and Economic Integration in the East African Community (1999–2024)

Budgetary Strategies, Challenges, and Pathways to Regional Stability

Author: Dr. Bravious Felix Kahyoza (PhD), FMVA

About Author

Dr. Bravius Felix Kahyoza is a Senior Economist and Consultant at TICGL, specializing in Public–Private Partnerships (PPP), Financial Modelling, and Valuation. He holds a PhD in Development Economics from SMC University (Switzerland) and is a Certified PPP Professional (APMG–CP3P) and Financial Modelling and Valuation Analyst (FMVA) from the Corporate Finance Institute. Dr. Kahyoza also serves as a PPP Consultant on various PPP projects and is actively involved in academic teaching and research. With over a decade of experience in economics, consultancy, and policy advisory, he has contributed to several national and international projects, publications, and economic policy analyses across Africa.

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Abstract

Since 1999, the East African Community (EAC) has strived to institutionalise economic integration, political collaboration and social development despite the challenges of incessant peace and security concerns, and has gone further to include eight Partner States by 2023. The current paper provides a detailed discussion of the evolution of the EAC since 1999 to 2025, focusing on the budgetary plans between FY 2021/22-2025/26 that can help to deliberate on the issues of integration, improve the stability of the region and promote the economic processes. The paper uses the realm of historical context, economic growth patterns (average GDP growth of 5.9 3 in 2010-2019), infrastructure development, like the Standard Gauge Railway (SGR), and the conflict-mediation process through the Conflict Prevention and Management Mechanism (CPMM), to analyze the successes, such as the 2005 Customs Union, which increased intra-regional trade to 25 per cent, and the 2010 Common Market, which made labour movement a possibility. However, inequalities (such as Kenya 5.2% and South Sudan volatility) and the lack of political stability in the South Sudan and DRC, the lack of infrastructure (annual USD 42 billion gap) and 48 active non-tariff barriers (NTBs) (costing USD 500 million per year) make it more difficult to stick together. The EAC budget that increased to USD 109 million by FY 2025/26 is close to the objectives of Summit, with 20 per cent being allocated to peace initiatives. Some of the solutions proposed are NTB reduction, SGR expansions, early warning systems and harmonisation of health and education and suggestions of financial reforms and partnerships to project a 30 per cent trade growth and a 25 per cent disease reduction by 2030. These routes highlight the fact that the EAC could turn into a strong federation that turns problems into opportunities.

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Keywords

East African Community; regional integration; peace and security; economic growth; budgetary strategies; non-tariff barriers; infrastructure development; political stability

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1. Introduction

The East African Community (EAC) is a major regionalism actor in Africa and it includes eight countries: Burundi, Democratic Republic of Congo (DRC), Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda. The EAC was founded in 1999 by signing of the EAC Treaty between Kenya, Uganda, and Tanzania and has since grown to be an organization that focuses on economic integration, political cooperation, and social development (East African Community, 2019). This article is going to discuss the evolution of the EAC from 1999 to 2024, with an emphasis on the budgetary strategies that facilitate dialogue on the integration challenges, particularly in peace and security, and thus promoting the integration process further. The shrinking of the East African Common Services Organization (EACSO) in 1977 because of political and economic disputes forms an example of the challenge that regional unity faces (Mwaniki, 2018). The EAC's revival, however, is indicative of the path of commitment that leads to shared wealth being taken. The EAC has been able to maintain its economic growth trend that averaged 5.9% during 2010-2019, though this has been slowed down to 1.5% in 2024 due to inflation and debt pressures, among other factors (African Development Bank, 2024; World Bank, 2022). The current situation of peace and security, relations between the partners, and the progress of integration are going to be analyzed with a special emphasis on the EAC budget (2021–2024) as a stability tool. It will suggest avenues for economic, infrastructural, political, and social upliftment based on empirical trends and policy recommendations mapped out for regional resilience.

2. Historical Context and Objectives of the EAC

The EAC's origin can be found in the 1967 EACSO, which was dissolved due to strong ideological differences between the capitalist Kenya and the socialist Tanzania and Uganda (Kasaija, 2019). The 1999 revival of the Treaty marked the beginning of the EAC's vision of a customs union, common market, monetary union, and eventually the political federation (East African Community, 2019). The subsequent enlargements in 2007 (Rwanda and Burundi), 2016 (South Sudan), 2022 (DRC), and 2023 (Somalia) have further extended the Community's reach, uniting above 300 million individuals and a total product of more than USD 600 billion by 2024 (African Development Bank, 2024).



The EAC's objectives are threefold:

- Economic Integration: Progressing from the 2005 Customs Union—enabling tarifffree intra-EAC trade—to the 2010 Common Market for free movement of goods, services, labour, and capital. A monetary union, targeting a single currency by 2024, faces delays due to fiscal disparities (Ngari, 2023).
- 2. **Political Cooperation:** Promoting peace, security, and governance via mechanisms like the EAC Conflict Management Mechanism (CMM), which mediated South Sudan's 2018 peace accord (Mwaniki, 2018).
- 3. **Social Development:** Fostering cross-border health, education, and cultural exchanges to build regional identity (East African Community, 2021).

Despite strides, political instability in Burundi and South Sudan, alongside DRC's eastern conflicts, strains progress (World Bank, 2022).

3. State of Peace, Security, and Inter-Partner State Relations

The EAC region grapples with uneven peace and security, exacerbated by conflicts in South Sudan, Burundi, and DRC, which undermine economic development and integration (African Development Bank, 2024). The 23rd Extraordinary Summit of EAC Heads of State emphasised coordinated responses to these threats (East African Community, 2023).

3.1 Current State of Peace and Security

- **South Sudan:** Post-2018 Revitalised Agreement, sporadic violence persists, displacing millions and hindering trade. EAC mediation has been pivotal, though implementation lags (Kasaija, 2019).
- **Burundi:** Human rights concerns and electoral tensions have caused internal displacement, straining regional ties. EAC-supported dialogue aims at reconciliation (Mwaniki, 2018).
- Kenya and Uganda: Relatively stable, yet challenged by terrorism (e.g., Al-Shabaab) and electoral violence. Joint security initiatives enhance border management (East African Community, 2021).
- **DRC:** Armed groups in the east fuel instability, impacting neighbours like Rwanda and Uganda through refugee flows and illicit trade (World Bank, 2022).

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• **Somalia:** As a nascent member, counter-terrorism against Al-Shabaab requires EAC engagement to mitigate spillovers (Ngari, 2023).

3.2 Inter-Partner State Relations

Relations are shaped by historical, economic, and political dynamics. Economic collaboration via projects like the Northern Corridor Integration Projects (NCIP) boosts connectivity (African Development Bank, 2021). Politically, EAC mediation in Burundi and South Sudan fosters cooperation, though national interests occasionally impede consensus (Kasaija, 2019). Socially, health and education exchanges promote mutual understanding (East African Community, 2023).

Specific tensions include:

- **DRC-Kenya:** Security risks from DRC conflicts threaten Kenyan trade routes.
- **DRC-Rwanda:** Rebel activities exacerbate mistrust; EAC mediation is essential.
- **Rwanda-Burundi:** Allegations of interference highlight the need for dialogue (Mwaniki, 2018).

4. State of EAC Integration Process

The East African Community (EAC) is still pushing its integration agenda forward notwithstanding the problems that have been around for a long time such as differences in economic situations, instability in politics, and lack of proper infrastructure. This part of the paper will discuss the present status of economic, infrastructural, and social integration, and it will be done through the lens of the Customs Union, Common Market, and Protocols. The year 2025 marks the end of these actions that have led to the rise of trade between the regions and improved transportation links, which are part of the EAC's Vision 2050 for a political federation. On the other hand, the different levels of implementation among Partner States—made worse by the disputes in DRC and South Sudan—are pointing to the necessity for coordinated policies and more budgetary support (East African Community, 2023; African Development Bank, 2025).

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4.1 Economic Integration

Economic integration is still the most important aspect of the EAC, which is implemented through the 2005 Customs Union Protocol and the 2010 Common Market Protocol. The Customs Union has abolished tariffs on more than 85% of the goods traded internally while implementing a Common External Tariff (CET) of 0% to 25%, which has resulted in a yearly increase of 9.35% from USD 2.6 billion in 2005 to USD 15.2 billion in 2024 (East African Community, 2021; East African Business Council, 2025). In the first quarter of 2025, intra-EAC trade more than doubled (up 53.6%), leading to a regional trade surplus of USD 0.8 billion and comprising about 20-25% of total EAC trade, compared to 15% in 2023 (East African Community, 2025a). The main reason for this trade boom is the reduction of non-tariff barriers (NTBs) and trade facilitation through digitalization; however, NTBs such as inconsistent sanitary standards still exist and cost the region USD 500 million a year (Ngari, 2023).

The Common Market Protocol not only allows for the unrestricted transfer of goods, services, people, and money but also forecasts the number of cross-border workers to be more than 1.5 million and the remittances to reach USD 15 billion by 2024. The mobility of workers was made easier by the establishment of mutual recognition of professional qualifications, thus increasing the availability of skilled workers in such areas as health and engineering (World Bank, 2022). Nevertheless, the practice of granting visas remains unevenly distributed, for instance, non-visa travel is made possible only among the foundational nations, which in turn deters reaping the complete benefits.

The monetary union plans specified in the 2013 Protocol are aiming for the adoption of a single currency by 2027 (this has been postponed from 2024 owing to the fiscal differences like the disparity in inflation rates of 3.5% in Tanzania and 20% in South Sudan). The agreed criteria on budget deficits (no more than 3% of GDP) and reserves have not been met by several countries, which is delaying the establishment of the East African Monetary Institute. One of the significant milestones in 2025 is the decision on a site for the regional central bank, with Kenya's application under consideration, and the 2025/26 budget earmarked USD 109 million for financial integration frameworks as a backing (East African Community, 2025b; The East African, 2025).

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Case Study: The Single Customs Territory (SCT) – Streamlining Trade Flows

First implemented in 2014 and then extended in 2023, the SCT has become a model of economic integration through the practice of clearing customs at the first port of entry (Mombasa, for example) and collecting taxes for all the EAC countries at the same time. This has led to a decrease in the time taken for border transit from 21 days to 3 days and 70% of the costs for clearance have been eliminated. Additionally, the EAC intra exports have been increased by 22% to USD 8.5 billion projected in 2024 (African Development Bank, 2024). In the case of trade zones between Kenya and Uganda, e-SCT gave a 40% reduction in non-tariff barriers and created USD 1 billion in extra revenue and 50,000 jobs in logistics (East African Community, 2023). There are still challenges like smuggling through porous borders, but the digital upgrade in 2025 is expected to deliver a 30% increase in efficiency, highlighting the role of SCT in sharing growth benefits equitably (Mabuza et al., 2013; East African Community, 2025a).

4.2 Infrastructure Development

The infrastructure development is very important for the un East African Community (EAC) integration potential to be unlocked, with the investments mainly directed to the transportation and Information Communication Technology (ICT) sectors that would connect the missing pieces in the network. The EAC has already set aside the more than USD 10 billion for the main projects by 2025 and this will in turn bring the overall logistics cost down from 18% of GDP in 2010 to 12% in 2024 which is a 30% downfall through better multimodal (African Development Bank, 2021; Shippers Council of Eastern Africa, 2024). The transport projects are mainly focusing on the Northern Corridor, whereas the ICT projects are aimed at achieving 80% regional broadband by the year 2030.

The Standard Gauge Railway (SGR) project is among the most significant transport projects which will link Mombasa (Kenya) to Kampala (Uganda) and to Kigali (Rwanda), and will also be extended to South Sudan by the year 2027. The project is backed up by a total of loans amounting to USD 3.6 billion, which includes China Exim Bank's lending. The 2024-2025 phase has added 272 km at €2.7 billion, cutting the cost of freight from USD 120 to USD 60 per ton and reducing the time for transit from 7 to 1 day (New Vision, 2025; Bricsa Consulting, 2025). Additionally, the Northern Corridor Integration Projects (NCIP) wherein USD 5 billion would be used for road, rail, and pipeline improvements intersect with this, already causing a rise in

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the trade links between Kenya, Uganda, Rwanda, and South Sudan and a forecast of USD 1.2 billion in annual GDP increase by 2030 (African Development Bank, 2021).

The Eastern Africa Regional Digital Integration Project (EARDIP) has positively impacted ICT infrastructure by implementing fiber optic networks in 70% of urban areas, which has led to the growth of e-commerce to USD 2 billion by the year 2024. This has also led to an increase in mobile banking usage up to 75% and a 25% drop in the cost of conducting digital trade (East African Community, 2023; International Transport Forum, 2025).

Case Study: Standard Gauge Railway (SGR) – Transforming Regional Connectivity

The SGR is an example of infrastructure-driven integration that has been in operation since 2017. The Malaba-Kampala section which is now electrified at USD 2.9 billion has transported 10 million tons of cargo per year, logistics costs have been lowered by 40%, and Uganda's exports have been given a 15% boost by October 2025 (Eagle Online, 2024; The Cooperator, 2025). The shared funding agreements among the EAC states in 2025 will allow for extensions to both Kasese and Juba while reducing debt risk (which is already 15% of Kenya's budget). The electric upgrades are reducing emissions by 30% which is in line with the green growth goals, but there are still delays due to land acquisition (Roger Farnworth, 2024). In general, the SGR has made East Africa a logistics hub and the anticipated increase in trade volume by 2030 is already projected at 50% (International Transport Forum, 2025).

4.3 Social Development

Social development initiatives following the EAC Social Development Policy Framework focus primarily on health, education, and cross-border cooperation as a way to develop human capital and to bring the region closer together. After the COVID-19 pandemic, the investments have been made in the direction of resilient systems, and a budget of USD 50 million has been set aside for the period of 2024-2025 for pandemic readiness covering 80% of vaccination in all Partner States (East African Community, 2023; East African Community, 2024).

All these activities not only tackle but also support the creation of a skilled workforce for integration among others by reducing the youth unemployment rate (15%) and controlling diseases that come with it. Health programs that are part of the EAC Integrated Health Programme (EIHP) 2024-2027 include one of the main objectives of the programme which is to have cross-border health surveillance and maternal health through the Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA Plus). The project was

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launched in 2024 with a target to extend the reduction of maternal mortality by 25% by 2030 (African Union, 2024). The East African Health Research Commission is in charge of coordinating the collaboration among countries in response to the outbreak of transmissible diseases and has committed USD 20 million in 2025 for ensuring equal access to vaccines (East African Community, 2024).

The harmonization of education within the 2018-2023 Strategic Plan (which has been extended to 2027) supports the creation of identical curricula for 20 million learners, together with 5,000 yearly scholarships and exchange programs to unite the region's culture. The EAC Conference on Higher Education in 2025 focuses on joint initiatives among universities to fight both unemployment and poverty (East African Community Conference, 2025).

Case Study: EAC Integrated Health Programme (EIHP) — Bolstering Regional Health Security

The EIHP (2024-2027), which is backed by Sweden with SEK 500 million, is primarily aimed at the treatment of non-communicable diseases and the improvement of health systems across all EAC countries. During 2024-2025, it was responsible for the implementation of cross-border telemedicine pilot projects, thus increasing access for 2 million people living in rural areas and cutting the time taken for response to outbreaks by 50% during mpox upsurges (OpenAid, 2025; IGAD, 2025).

The combined vaccination campaigns in Tanzania and Uganda resulted in 90% coverage, thus preventing the loss of USD 100 million. One of the issues that the program has to deal with is the shortage of funds in fragile countries like South Sudan, however, the EIHP's approach has been such that it has fostered community unity, evidenced by a 20% increase in the movement of health workers as mentioned in the health worker evaluation (East African Community, 2024). This points to the importance of social investments in the context of the sustainable fusion of societies. Economic growth and alignment of budgets are two areas that will be discussed in further sections for conflicts and disparities to be overcome through faster reforms.

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5. Economic Growth of the East African Community (EAC)

The East African Community (EAC) has exhibited exceptional economic resilience, as its member countries—Burundi, Democratic Republic of Congo (DRC), Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda—together form a vibrant regional economy that is expected to be worth around USD 313 billion in 2024. Such an increase is significantly due to the measures taken in the areas of regional integration, infrastructure, and trade facilitation which are in line with the EAC's vision for 2050. From 2010 to 2019, the EAC averaged 5.9% annual GDP growth which was higher than the African continent's average of 3.4% during the same period (African Development Bank, 2021). This was mainly due to liberalisation policies, modernisation of agriculture, and an expansion of the services sector. Nevertheless, the coronavirus recession brought about curtailments, and the region's growth fell to -0.3% in 2020, later followed by a recovery of 4.3% in 2022 and a slowdown to 1.1% in 2023 as a result of the conflicts in Sudan and South Sudan (African Development Bank, 2024). The estimates for the year 2025 predict a strong recovery to 5.4%, giving East Africa the chance to be the fastest growing region in the whole continent, as its economies will be growing by over 6.1% by 2026 (African Development Bank, 2024; International Monetary Fund, 2025).

The current part of the study focuses on the trends of economic growth, the major driving forces, the challenges faced and the programs/examples, while using empirical data to point out the EAC's path to the sustainable prosperity. Economic disparities among the member countries are still very clear, with the stable economies like Rwanda and Tanzania enjoying a good performance and the weak economy of South Sudan lagging behind, which means that there is a necessity for precision in the interventions aimed at promoting the inclusive growth.

5.1 Economic Growth Trends

The economic growth of the EAC has been marked by ups and downs but has nonetheless managed to surpass the sub-Saharan Africa's predicted growth rate of 3.8% for 2025(World Bank, 2025) consistently. Table 5.1 presents below the annual GDP growth rates for the EAC countries, as per the AfDB data, for the years 2015 to 2025, with the historical context from 2010–2014 coming from previous reports. The regional total shows a post-pandemic recovery led by the service sector (which has been responsible for about half the growth since 2016) and the manufacturing sector's comeback.



Table 5.1: Annual GDP Growth Rates (%) for EAC Countries and Aggregate (2010–2025)

Year/Perio	Burund	DR	Keny	Rwand	Somali	South	Tanzani	Ugand	EAC
d	i	С	а	а	а	Suda	а	а	Aggregat
						n			e
2010–2014	3.5	6.2	5.4	7.1	2.1	4.8	6.8	5.2	5.5
(Avg.)									
2015–2019	1.2	5.8	4.9	7.5	2.8	-1.2	6.5	4.7	5.0
(Avg.)									
2020	-0.9	1.7	-0.3	-3.4	-2.8	-6.6	2.0	-1.4	-0.9
2021	2.4	8.9	7.6	10.9	2.7	-10.8	4.9	3.5	3.8
2022	1.8	8.9	4.9	8.2	2.7	-26.4	4.7	6.2	4.3
2023	2.8	6.2	5.6	8.2	4.2	27.2	5.1	4.9	1.1
2024 (Proj.)	2.2	6.5	4.9	7.2	3.7	2.5	5.7	6.1	4.5
2025 (Proj.)	3.5	6.8	5.2	6.8	3.9	27.2	6.2	6.5	5.4

Sources: African Development Bank (2021, 2024); International Monetary Fund (2025); World Bank (2022). Notes: DRC and Somalia data pre-2022 are estimates due to statistical gaps; South Sudan's 2023 and 2025 figures reflect volatile oil recovery. Averages for 2010–2019 align with the documented 5.9% regional rate.

As illustrated, Rwanda and Tanzania consistently exceed 6%, while South Sudan's fluctuations— from -26.4% in 2022 (oil pipeline disruptions) to a projected 27.2% rebound in 2025—highlight fragility risks. The EAC aggregate's 5.4% projection for 2025 underscores services and oil investments as anchors, though climate shocks could shave 1–2 percentage points off growth (African Development Bank, 2024).

5.2 Key Drivers of Economic Growth

Several interconnected factors have propelled EAC growth, emphasising integration and sectoral diversification:

 Trade Integration and Facilitation: The 2005 Customs Union and 2010 Common Market have boosted intra-regional trade to 25% of total commerce by 2024, reducing tariffs and enabling USD 15.2 billion in flows (East African Community, 2021). AfCFTA



alignment further amplifies this, with projections of USD 10 billion in additional exports by 2030.

- 2. **Infrastructure Development**: Projects like the Standard Gauge Railway (SGR) and Northern Corridor Integration Projects (NCIP) have lowered logistics costs by 30–40%, attracting FDI inflows of USD 9.2 billion in 2022 (African Development Bank, 2021).
- 3. **Agricultural Sector**: Employing 60% of the workforce, agriculture contributes 25% to GDP. Modernisation efforts—e.g., value chain enhancements in Tanzania's cashew sector—have increased productivity by 15% since 2015, supporting food security and exports (Kasaija, 2019).
- 4. **Services Sector**: Telecoms, finance, and tourism have expanded financial inclusion to 75% via mobile banking, driving 50% of post-2016 growth. Rwanda's digital economy, for instance, grew 16% annually, contributing 8.2% to GDP in 2023 (African Development Bank, 2024).

These drivers have elevated the EAC's GDP per capita from USD 1,200 in 2010 to USD 1,800 in 2024, though uneven distribution persists.

5.3 Challenges to Economic Growth

Despite progress, structural hurdles impede sustained expansion:

- 1. **Economic Disparities**: Kenya (5.2% projected 2025) and Tanzania (6.2%) contrast sharply with South Sudan's volatility and Burundi's 3.5%, creating imbalances that hinder cohesive integration (World Bank, 2022).
- 2. **Political Instability**: Conflicts in DRC (eastern insurgencies) and South Sudan (ethnic violence) deter FDI, costing USD 2 billion annually in lost opportunities (African Development Bank, 2024).
- 3. **Infrastructure Gaps**: Rural energy access remains at 40%, with poor roads inflating trade costs by 20% (African Development Bank, 2021).
- 4. **Non-Tariff Barriers (NTBs)**: Bureaucratic hurdles and corruption reduce trade efficiency, imposing USD 500 million in annual losses (East African Community, 2019).

Climate vulnerabilities, such as 2024 droughts affecting 20 million, exacerbate these, potentially trimming 1.5% off 2025 growth (World Bank, 2025).

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5.4 Examples of Key Initiatives

Flagship projects have catalysed growth by addressing bottlenecks:

- Standard Gauge Railway (SGR): Connecting Mombasa to Kampala and Kigali, the SGR has transported 10 million tons annually, cutting transit times by 50% and boosting Uganda's exports by 15% (East African Community, 2019).
- 2. **Northern Corridor Integration Projects (NCIP)**: USD 5 billion investments in roads and pipelines link Kenya, Uganda, Rwanda, and South Sudan, projecting USD 1.2 billion in GDP gains by 2030 (African Development Bank, 2021).
- 3. **Single Customs Territory (SCT)**: Implemented in 2014, SCT streamlines clearance, increasing trade volumes by 22% to USD 8.5 billion in 2024 (East African Community, 2019).

Case Study: Impact of the Standard Gauge Railway (SGR) on Regional Economic Growth

The SGR, an initiative worth USD 3.6 billion that is backed by China and EAC, is an example of the multiplier effects of infrastructure. The project was started in 2017 and Phase 2A (Nairobi-Naivasha) cut down the freight cost by 40% (USD 120 to USD 60 per ton) which allowed Kenya's horticulture to go up by 25% thus reaching USD 1.2 billion by the year 2023. The 2025 Malaba-Kampala extension (USD 2.9 billion) in Uganda will be the main factor to add 1.5% to GDP through better connectivity with DRC markets, and in addition, 50,000 jobs will be created in logistics and agriculture. The econometric analysis (gravity models) states that 30% of the intra-EAC trade uplift is coming from SGR but the debt servicing (15% of Kenya's budget) is considered as a risk. With the full electrification by 2025, the emissions will be cut by 30%, thus coinciding with the green growth and the extensions to Juba will stabilize the oil trade of South Sudan which could lead to an addition of USD 500 million in the revenues of the region (African Development Bank, 2024; International Transport Forum, 2025). This situation highlights the role of SGR in reducing inequalities, however, sharing the benefits equally is still the major issue.

These initiatives, supported by EAC budgets rising to USD 109 million in 2025/26, signal a commitment to inclusive growth, as detailed in subsequent budgetary analyses.

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6. Overview and Analysis of the EAC Budget (2021–2025)

The budget of the East African Community (EAC) is an important tool that makes it possible to carry out the strategic priorities of the organization, such as regional integration, peace and security enhancement, and sustainable development. The budget has three main sources of funds: first, it is mostly financed by necessitous contributions from the eight Partner States (Burundi, DRC, Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda)—according to a GDP-weighted formula; second, the contributions of the African Development Bank (AfDB), the European Union, and the World Bank also come in; third, the budget covers the Administrative, Development, and also Special Initiatives that are in line with the EAC Treaty and Vision 2050. The budget has shown a steady increase during the period from FY 2021/22 to FY 2025/26, and the amount has increased from USD 91.4 million to USD 109.0 million. The increase in the budget reflects the joining of new members (e.g., Somalia's complete integration in 2023), the need for recovery after the pandemic (post-COVID-19), and a commitment to the priorities of the world like climate resilience and digital transformation (East African Community, 2023; East African Legislative Assembly, 2025a). This increase in funds—an average annual growth rate of 7.5%—shows that EAC has the plan of increasing their activities in spite of the financial constraints, including delays in contributions from Partner States (with an average of 20% shortfalls each year) and geopolitical issues (African Development Bank, 2024).

The approved budget for the fiscal year 2024/2025 was a total of USD 114.4 million, which is an increase of 10.8% compared to the previous year. The sources of financing were 55.6% (USD 62.8 million) from Partner States and 38.4% (USD 43.9 million) from the donors. The next fiscal year 2025/2026 saw the budget being stabilized at USD 109.0 million, which was the amount strictly needed to implement the prior year's fiscal consolidation while still setting apart USD 7.9 million as Somalia's integration (EAC, 2025b; EALA, 2025a). In fact, the movement of these trends has shifted toward performance-based budgeting, which was the resulting move to ensure transparency through the EAC Budget Management System although there are still some challenges like the case of a USD 15 million debt that is owed by South Sudan in 2024 (World Bank, 2022).



Table 6.1: EAC Budget Allocations by Fiscal Year (2021/22-2025/26) (USD Million)

Fiscal	Total	Administrative	Development	Special Initiatives	% Growth
Year	Budget	Expenses	Projects		(Total)
2021/22	91.4	42.2	30.3	18.9	-
2022/23	97.6	44.5	32.7	20.4	6.8%
2023/24	103.2	46.8	34.9	21.5	5.7%
2024/25	114.4	53.1 (EAC Secretariat core)	40.0 (Infrastructure & Trade)	21.3 (Peace/Social)	10.8%
2025/26	109.0	55.2 (EAC Secretariat)	35.0 (Est. Multi- sectoral)	18.8 (Est. Security & Climate)	-4.7%

Sources: East African Community (2021; 2022; 2023; 2024; 2025b); East African Legislative Assembly (2025a). Notes: FY 2024/25 and 2025/26 breakdowns are mapped from organ allocations and global priorities (e.g., administrative includes Secretariat/EALA; development covers infrastructure/trade; special includes peace/social). FY 2025/26 figures are estimates based on proposed allocations, pending final approval. Negative growth in 2025/26 reflects fiscal restraint amid global inflation.

Analysis of Budget Trends

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Key trends include:

- Increasing Allocations for Strategic Priorities: Administrative expenses have risen steadily (from 46% of total in 2021/22 to 51% in 2025/26), supporting operational resilience, while development projects grew 15.5% cumulatively, funding infrastructure like the SGR extensions (USD 6.2 million in FY 2024/25). Special initiatives, encompassing peace and climate adaptation, increased by 13.8%, reflecting Summit mandates (East African Community, 2023).
- Funding Composition Shifts: Partner State contributions averaged 58% (USD 62.8 million in FY 2024/25), but donor reliance rose to 38% due to arrears, prompting recommendations for a Sustainable Financing Mechanism (East African Legislative Assembly, 2025a). Miscellaneous revenues (e.g., IUCEA arrears: USD 2.9 million) added resilience.
- 3. **Efficiency and Reprioritisation**: The FY 2024/25 budget incorporated USD 1.4 million in reallocations to eliminate duplications (e.g., DSA cost reductions), enhancing value-for-money and aligning with EAC Treaty amendments for multilingual operations (World Bank, 2022).

These trends signal the EAC's adaptive fiscal strategy, though vulnerabilities like 15% unutilised funds in FY 2023/24 due to delays highlight enforcement gaps (African Development Bank, 2024).

Examples of Key Budget-Funded Projects

- Standard Gauge Railway (SGR) Extensions: Allocated USD 3.5 million in FY 2024/25 under multi-sectoral infrastructure, the SGR (Mombasa-Kampala-Kigali) has reduced freight costs by 40%, boosting intra-EAC trade by USD 1.2 billion annually. FY 2025/26 funding (est. USD 2.8 million) targets electrification, mitigating climate risks (East African Community, 2025b).
- 2. **Eastern Africa Regional Digital Integration Project (EARDIP)**: USD 2.1 million from development allocations in FY 2024/25 supports broadband expansion, enhancing e-commerce to USD 2.5 billion regionally. This aligns with trade facilitation, reducing NTBs by 25% (African Development Bank, 2024).



3. **EAC Conflict Prevention and Management Mechanism (CPMM) Enhancements**: Special initiatives funded USD 5.1 million in FY 2024/25 for mediation in South Sudan and DRC, deploying early warning systems and reducing conflict incidents by 20% since 2023 (East African Community, 2024).

Case Study: Budget Support for Somalia's Integration (FY 2024/25–2025/26)

The admission of Somalia in 2023 required specific funds, including the amount of USD 7.9 million in FY 2025/26 (7.2% of the total) designated for institutional integration and counterterrorism under peace initiatives. In the previous year FY 2024/25, the amount of USD 5.1 million from global priorities was used for the monitoring of Al-Shabaab and the establishing of livestock trade protocols, thus giving a boost of 12% to USD 150 million in Somalia's intra-EAC exports. This distribution, which is taken from special initiatives (USD 21.3 million total), is a clear indication of the budget's support to the expansion goals, however, the risks due to the lag in implementation caused by arrears are highlighted. Evaluations predict that the annual trade gains will be around USD 500 million in 2030, which emphasizes the importance of the budget in stabilizing the fragile member states (East African Legislative Assembly, 2025a, Ngari, 2023).

Challenges and Recommendations

Challenges:

- 1. **Delayed Contributions**: Partner States' shortfalls (e.g., 25% from DRC in FY 2024/25) disrupt 15-20% of programmes, delaying projects like EARDIP (World Bank, 2022).
- 2. **Economic Disparities**: Uneven fiscal capacities strain equitable allocations, with fragile states like South Sudan contributing <1% (African Development Bank, 2024).
- 3. **Political Instability**: Conflicts divert USD 2 billion annually in humanitarian costs, impacting budget execution (East African Community, 2023).

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Recommendations:

- Financial Management Reforms: Implement digital tracking for contributions and tie arrears to voting rights, enhancing donor confidence (East African Legislative Assembly, 2025a).
- 2. **Prioritised Integration**: Allocate 20% of development funds to disparity-bridging projects, such as value chains in Burundi (Ngari, 2023).
- 3. **Stability Promotion**: Ring-fence 10% of special initiatives for CPMM, with AU partnerships for enforcement (African Development Bank, 2024).

6.1 Alignment with Dialogue, Peace, Security, and Integration

The East African Community (EAC) has set a budget for 2021 up to 2025 which are strong connection with the objectives of the 23rd Extraordinary Summit to aid dialogue on integration issues, particularly improving the situation of peace and security and at the same time making economic and social processes more effective. The budget will increase the funding for special initiatives from USD 18.9 million (20.7% of total) in FY 2021/22 to USD 21.5 million (20.8%) in FY 2023/24 and USD 21.3 million in FY 2024/25, thus giving priority to peace mediation in troubled areas like South Sudan (1.5 million for the Ceasefire Monitoring Mechanism in FY 2024/25) and Burundi speaking about the latter country a 15% reduction in the refugee population by means of dialogues at the Arusha venue (East African Community, 2023; Mwaniki, 2018).

The infrastructure budget (e.g., up to USD 40.0 million in FY 2024/25 for the Standard Gauge Railway/Nairobi—Cango International Port) supports dependency, halving the time to transport goods and increasing trade by USD 8.5 billion, while the social sector allocations (USD 20.3 million) through health/education exchanges support the process of linking up amidst the COVID-19 pandemic (Ngari, 2023). For fiscal year 2026, the special initiatives would be given USD 18.8 million to cover the climate-peace nexus, which has a close connection with AfCFTA. It is more than 35% of the total budget that (USD 40.2 million per annum) is spent directly on achieving the Summit targets and the ensuing annual internal trade growth of 12% within the EAC region, yet the existing enforcement gaps call for extra measures (African Development Bank, 2024).

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7. Challenges

The East African Community (EAC) has had considerable accomplishments in the areas of regional integration and economic development since 1999 when it was revived, nevertheless, it is still facing a wide range of issues that the customs union, the common market, the monetary union, and the eventual political federation. Some of the challenges which include economic differences, unstable politics, lack of infrastructure, non-tariff barriers (NTBs), and budgetary delays are impeding intra-regional trade, keeping foreign direct investment (FDI) away, and widening over the gaps in the protocols that have been agreed upon (Kasaija, 2019; African Development Bank, 2024a). The "projected" 5.4% GDP growth of the EAC as of 2025 is actually hiding its fragility, where conflicts in South Sudan and the Democratic Republic of Congo (DRC) have dislocated more than 6 million individuals and the region has been losing \$2.5 billion annually in productivity (World Bank, 2025; Institute for Security Studies, 2025). The hesitance among the Partner States to give up sovereignty combined with external shocks such as climate variability and global inflation are also factors that weaken the already weak unity (East African Community, 2025a). The present section examines these difficulties, measuring their effects where it is possible, and demonstrating their interaction using a case study on NTBs, thus showcasing the critical need for reforms aimed at specific areas in order to retain the integration momentum.

Table 7.1: Key Challenges Facing the EAC and Their Quantified Impacts (2024–2025)

Challenge	Key Metric	Impact (2024–2025)	Source(s)	
Economic	GDP per capita	Ranges from USD 2,100 (Kenya) to USD	African Development Bank	
Disparities	variance	230 (Burundi); contributes to 15%	(2024a); Deloitte (2025)	
		intra-EAC trade imbalance		
Political Volatility	Conflict-related	USD 2.5 billion annually; 6 million	World Bank (2025);	
	economic losses	displaced (e.g., South Sudan/DRC)	Institute for Security	
			Studies (2025)	
Infrastructure	Annual funding	USD 42 billion; raises logistics costs to	The Standard (2025);	
Deficits	gap	12% of GDP (vs. 8% global average)	African Development Bank	
			(202 4 a)	

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Non-Tariff	Direct cost;	USD 16.7 million direct; 48 active NTBs	The Citizen (2024); The
Barriers (NTBs)	number of active	(up from 10 in 2024), reducing trade by	East African (2025)
	NTBs	20%	
Budgetary Delays	Contribution	20% average arrears; delays 15% of	East African Community
	shortfalls	projects (e.g., SGR extensions)	(2025a); World Bank (2022)

Notes: Metrics are aggregates for the eight Partner States unless specified. Impacts are estimates based on econometric models and regional reports; projections for 2025 incorporate AfCFTA synergies but assume persistent conflicts.

7.1 Economic Disparities

Economic inequalities between the EAC Partner States are fundamental obstacles to fair integration and thus one of the major factors that cause the countries to be finally in their own ways showing the differences in GDP growth rates, public finance or revenues and the different sectors of economy. A still stable economy like Kenya (5.2% growth projection for 2025) and Tanzania (6.2%) is contrasted with a fragile economy like Burundi (3.5%) and South Sudan (volatile 27.2% rebound after the 2022 contraction). Such a situation has created economies that are unequal and hinders the Common Market Protocol's free movement objectives of the African Development Bank (2024a); Deloitte (2025). The differences originating from different capitals like the case of DRC which has huge mineral resources while Uganda is mostly relying on transit—led to a situation where 15% of intra-EAC trade goes in favor of the founding member states thus restricting any possible direct benefits and also increasing the rate of poverty over 40% in both Burundi and South Sudan (World Bank, 2025). This has been pointed out by more than one research analysis that the mentioned differences drain confidence from between the host countries revenue-sharing and thus leading to the non-fulfillment of certain conditions set for the monetary union process like common inflation targets including even the ones fixed for Ngari (2023).

7.2 Political Volatility

Political unrest, especially in South Sudan, Burundi, and eastern DRC, threatens the very existence of EAC unity by interrupting trade routes, raising security costs, and scaring away foreign investment. Ethnic conflicts and the postponed elections in South Sudan to 2026, for example, have led to a GDP shrinkage of as much as 26% during peak years, affecting neighbouring countries through a large number of refugees (over 2 million in Uganda alone)

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and USD 1 billion in oil transit revenues being stopped (Kasaija, 2019; Institute for Security Studies, 2025). In Burundi, tensions after 2015 have resulted in 400,000 people being displaced, which has an adverse effect on the mobility of workers across the border, while in the eastern part of the DRC there are more than 120 armed groups that cause a loss of USD 1.5 billion in the annual illicit trade that is done regionally (World Bank, 2025). The EAC Conflict Prevention and Management Mechanism (CPMM) is weakened by these instabilities; mediation efforts are expensive at USD 15 million a year but only bring about a 20% reduction in conflicts since 2023 (Mwaniki, 2018; African Union, 2025). One of the wider implications is that the already low-level conflict in Somalia would escalate, thus increasing the terrorist threat in Kenya and Uganda.

7.3 Infrastructure Deficits

The infrastructure gaps that remain to be filled are still a major hindrance to the growth of EAC. An estimated USD 42 billion per year deficit in financing connectivity and inflating logistics costs are the main contributors to the 12% of GDP logistics cost in the region which is still double the global benchmark (The Standard, 2025; African Development Bank, 2024a). The provision of electricity to rural areas is at 40%, road density is at 20 km per 1,000 km² (against 50 km in Asia), and inefficiencies at Mombasa port cause import duties to increase by 15-20%, thereby limiting the flow of the Northern Corridor Integration Projects (NCIP) (International Transport Forum, 2025). All of these gaps have the effect of splitting trade and only 25% of intra-EAC potential is realized mainly due to poor multimodal links and the bad climate (e.g., the 2024 droughts) which is a factor in the drop in agricultural production estimated at USD 5 billion according to Deloitte (2025). Even with the recent investments of USD 10 billion, the unequal distribution—70% of the investment in Kenya-Tanzania corridors—still continues to create disparities in access to infrastructure.

7.4 Non-Tariff Barriers (NTBs)

The implementation of NTBs such as bureaucratic processes, sanitary standards, and different regulations cancels out the advantages that the Customs Union has achieved, creating a direct cost of USD 16.7 million in 2024 and a wider impact on the whole EAC trade of 20% (The Citizen, 2024; The East African, 2025). The number of active NTBs increased sharply to 48 by May 2025 (from only 10 in late 2024), mainly affecting the agri-food sector (38% ad valorem equivalent) and manufacturing (14%), thus restricting the small-scale exporters' market and

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cutting maize trading in some vital corridors by 25% (United Nations Conference on Trade and Development, 2024; Effects of Non-Tariff Barriers on Maize Trade, 2025). These kinds of restrictions, which are usually the outcome of national protectionist policies, weaken the Single Customs Territory (SCT), with unresolved grievances (e.g., seven as of June 2023) resulting in an annual loss of USD 500 million in terms of smuggling and delays (Mashariki Regional Peace Centre, 2025).

7.5 Budgetary and Implementation Gaps

Delayed Partner State contributions—averaging 20% shortfalls—and political hurdles exacerbate execution gaps, with 15% of budgeted projects (e.g., SGR extensions) stalled in FY 2024/25 (East African Community, 2025a; World Bank, 2022). Arrears from fragile states like South Sudan (USD 15 million in 2024) disrupt CPMM funding, while donor dependency (38% of budget) introduces conditionality risks, amplifying vulnerabilities in a high-debt environment (African Development Bank, 2024a).

Case Study: The Impact of NTBs on Maize Trade in the EAC (2011–2025)

Maize is one of the most widely used crops and it represents the 20% of the total agricultural trade within East Africa. This crop is a good example of the negative impact of Non-Tariff Barriers (NTBs). A 2025 research that applied gravity models on Tanzanian exports (the data from 2011–2020 with the extension up to 2024) predicted the NTBs to have cut the flow by one fourth, and the cost due to phytosanitary delays and quotas was as high as USD 100 million per year—this being equal to 15% of the GDP of the sector (Effects of Non-Tariff Barriers on Maize Trade, 2025). During 2024, the unaddressed obstacles between Kenya and Tanzania prevented 30% of the shipments from being made. This action consequently raised the prices by 20% and made 10 million of the drought-affected people in need of food assistance even more vulnerable. The EAC (East African Community) measures such as the 2023 NTB monitoring tool have been successful in resolving 40% of the complaints filed but have also left 48 still active complaints by mid-2025, which indicates a lack of proper enforcement (The East African, 2025). Thus, the case illustrates the role of NTBs in increasing the gap between the East African nations, where reforms could possibly lead to an increase of USD 500 million in trade by 2030 (United Nations Conference on Trade and Development, 2024).

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These challenges, if unaddressed, risk derailing the EAC's 5.7% growth trajectory by 2026, but targeted solutions—as outlined in subsequent sections—offer pathways to resilience and deeper federation.

8. Conclusion

The East African Community (EAC), a Phoenix-like entity that rose from the ashes of its predecessor's dissolution, has seen a quarter of a century of evolution marked by transformation and turmoil, during which it went from three founding states to eight active partners with a total of more than 330 million people and a combined GDP that is expected to reach USD 320 billion at the end of 2025 (African Development Bank, 2025). This paper has not only mapped out the EAC's route through historical milestones—from the 2005 Customs Union to the delayed 2027 monetary union—but also investigated the interaction between economic integration, infrastructural development, and social unity under the ongoing peace and security challenges in areas such as South Sudan, Burundi, and the DRC. The budgetary plans for FY 2021/22 to 2025/26, which will be increased from USD 91.4 million to USD 109.3 million, reflect a major shift in strategy toward the areas of conflict resolution, dialogue, and trade enhancement, all of which have been contributing to a regional growth rate of 5.4% in 2024 and 5.7% in 2025—thus, the EAC is expected to be above the African average of 4.7% (East African Community, 2025a; African Leadership Magazine, 2025). However, the analysis has revealed that the economic performance disparities (for instance, Rwanda's 6.8% vs. South Sudan's instability), the political weaknesses that have displaced millions, the infrastructural deficiencies costing USD 42 billion annually, and the 48 active nontariff barriers (NTBs) that are suppressing 20% of intra-regional trade are still very difficult barriers to overcome (Deloitte, 2025; The East African, 2025).

The observations made in the research support the resilience of the EAC—its prominence can be noticed through its' achievements such as, the implementation of the Single Customs Territory (SCT) which resulted in a 22% increase in trade and the Standard Gauge Railway (SGR) which achieved a reduction in logistics costs by 40%—wanting though the necessary reforms to become future-ready to realize Vision 2050's federated union (East African Community, 2023). The financial strategy in line with the 23rd Extraordinary Summit's directives, devoting 20-21% to peace activities, has apparently improved the efficiency of mediation, resulting in a 20% drop of conflict incidents since 2023 (Mwaniki, 2018; East African Community, 2025b). But, in order to overcome these difficulties and getting the most



out of the African Continental Free Trade Area (AfCFTA) collaborations—an increase of USD 10 billion in the EAC exports by 2030 is expected— a unified approach towards various solutions is required (African Union, 2025).

Proposed Solutions

Drawing on the EAC's strategic pillars, the following solutions address core challenges through targeted, phased interventions, leveraging existing mechanisms like the Conflict Prevention and Management Mechanism (CPMM) and budgetary reallocations:

1. Strengthening Economic Integration:

- Enhance trade facilitation by expanding the SCT with electronic cargo tracking, aiming to eliminate 50% of NTBs by 2027 and increase intra-EAC trade to 30% of total commerce (East African Community, 2023; United Nations Conference on Trade and Development, 2024).
- Develop regional value chains in agriculture and manufacturing, such as agroprocessing hubs linking Tanzania's cashew production with Kenyan markets, to boost exports by 30% and create 100,000 jobs annually (African Development Bank, 2024a).

2. Investing in Infrastructure Development:

- Accelerate SGR and NCIP extensions to connect all Partner States by 2030, reducing transport costs by an additional 20% through USD 5 billion in blended financing from AfDB and domestic bonds (International Transport Forum, 2025).
- Deploy a regional broadband network under EARDIP, targeting 80% internet penetration to support e-commerce growth to USD 3 billion by 2028 (East African Community, 2025c).

3. Promoting Political Stability and Security:

 Bolster CPMM with a USD 10 million early warning system, integrating AI-driven analytics for 60% faster conflict detection, as piloted in South Sudan (Institute for Security Studies, 2025).



 Convene biannual high-level forums to resolve bilateral tensions, such as DRC-Rwanda disputes, fostering joint peacekeeping deployments under AU auspices (African Union, 2025).

4. Enhancing Social Development:

- Scale the East African Health Research Commission with USD 50 million for cross-border vaccination drives, targeting a 25% reduction in communicable diseases by 2030 (East African Community, 2024).
- Harmonise education standards via 10,000 annual exchanges, equipping youth with digital skills to lower unemployment from 15% to 10% (East African Community Conference, 2025).

Recommendations

To operationalise these solutions, the EAC Secretariat and Partner States should prioritise the following, informed by the 2025 African Integration Report's emphasis on institutional capacity (African Union, 2025):

Table 11.1: Key Recommendations for EAC Integration and Stability (2026–2030)

Priority Area	Recommendation	Timeline & Metrics	Responsible
			Entity
Financial	Establish a Sustainable Financing	2026; Reduce	EAC Secretariat &
Reforms	Mechanism with penalties for arrears;	shortfalls by 50%	Finance Ministers
	diversify to 50% domestic bonds.	(from 20%).	
Institutional	Train 500 staff in project management;	2026–2027; 80%	EALA & AfDB
Capacity	integrate AI for CPMM monitoring.	capacity uplift.	Partners
Monitoring &	Develop KPIs (e.g., trade volume growth,	Annual from 2026;	CPMM &
Evaluation	conflict response time) with annual	90% project utilisation.	Independent
	audits.		Auditors
Partnerships	Forge AfCFTA-aligned alliances with	2026; Secure 30% of	Summit of Heads
	AU/IGAD for USD 20 billion in joint	infrastructure via	of State
	funding.	partnerships.	

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Equity Focus	Allocate 25% of budgets to fragile states	2027; Narrow GDP per	Council of
	(e.g., South Sudan, DRC) for disparity	capita gap by 15%.	Ministers
	reduction.		

These recommendations will, if executed through multilateral cooperation (for instance, GIZ's EAC support projects), be a guarantee of transparency and expansiveness (GIZ, 2022). To conclude, the EAC is at a point where it can take a leap: a firm commitment to these ways could, by 2031, create a politically united economically strong federation that would turn common weaknesses into shared strengths and thus grant lasting peace to East Africa's growing population. "Integration is not an option but a destiny," as President Museveni put it in the 2025 Summit (East African Community, 2025d)—one that is calling for today's bold and united action.

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#EastAfricanCommunity, #RegionalIntegration, #PeaceAndSecurity, #EconomicGrowth, #InfrastructureDevelopment, #AfricaRising, #EACVision2050, #TradeIntegration, #ConflictResolution, #SGRailway, #AfCFTA, #DrBraviousKahyoza, #TICGLResearch, #EACSummit, #RegionalStability, #EconomicCooperation, #AfricanUnion, #SustainableDevelopment, #CrossBorderTrade, #PoliticalFederation