



United Nations
Economic Commission for Africa
Sub-Regional Office for Eastern Africa



COMPILATION OF REPORT SUMMARIES

25TH INTERGOVERNMENTAL COMMITTEE
OF SENIOR OFFICIALS AND EXPERTS

27 - 29 OCTOBER 2021



Burundi Comoros D.R Congo Djibouti Eritrea Ethiopia Kenya Madagascar Rwanda Seychelles Somalia South Sudan Tanzania Uganda

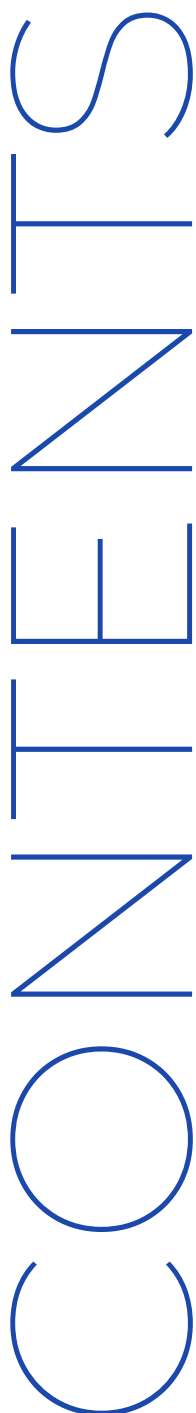
The reports summarized in this document were prepared for the 25th Meeting of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) in Eastern Africa, held virtually and also in Kigali, Rwanda from 27 - 29 October 2021.

Each year, the Sub-Regional Office for Eastern Africa (SRO-EA) of the United Nations Economic Commission for Africa (UNECA) convenes a statutory meeting discussing emerging issues as well as opportunities and challenges to fast-track the development process of the sub-region. The ICSOE is a platform for agenda setting, discussion of issues of regional economic interest, and experience-sharing.

The 25th edition of the ICSOE will reflect on the theme: ***Strengthening resilience for strong recovery and attracting investments to foster economic diversification and long-term growth in Eastern Africa.***

This is an informal compilation of executive summaries/main messages of the reports prepared for discussion at the Meeting. For further detail, participants are asked to refer to the full reports.

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MACROECONOMIC AND SOCIAL DEVELOPMENTS IN EASTERN AFRICA

From Pandemic to a Sustained Recovery

This report is a continuous work in progress - highlighting the main macroeconomic, trade and social trends observed in the year leading up to the ICSSOE meeting. This version of the report is based on data available in July 2021. See the full report for discussions and references.

The COVID-19 pandemic has caused unprecedented economic and social disruption globally. In Eastern Africa, the pandemic continues to threaten the region's recent economic and social progress, registering its first economic recession since 1992. Regional GDP is estimated to have contracted by 0.7 percent in 2020, after expanding by an impressive 6.5 percent in 2019. Although the region's economic recovery looked assured in the early months of 2021, with growth projected of 3.1 percent (UNDESA, 2021), the prospects are currently subdued due to new waves of the pandemic.

Over the longer run, the greatest risk is that the region fails to return to its previous high growth path. This would be particularly worrying given the high demographic pressures in Eastern Africa, because the growth does not translate into a restoration of rapid gains in per capita income, with obvious and negative implications for poverty-reduction. The social

consequences of the pandemic have thus far been serious, with ECA estimating that an additional 34 million people fell into extreme poverty in 2020.

The effects of the pandemic on growth in Eastern Africa have not been uniformly distributed. While the whole region has been adversely affected by this crisis, the impact has been more severe for countries more heavily dependent on certain services sub-sectors where greater human contact is required, such as tourism, hotels, restaurants, education, etc. The contraction of the tourism sector alone has resulted in the loss of anywhere between 6.0-9.3 percent of regional GDP (UNCTAD, 2021).

Regional GDP is estimated to have contracted by 0.7 percent in 2020

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Several economies in this region have been also facing severe challenges from weather-related shocks and huge locust swarms. Weeks before the spread of the coronavirus reached the region, South Sudan, Somalia, Ethiopia, Kenya and Uganda saw the biggest desert locust invasion in 70 years. Conflict in the Horn of Africa, particularly in Tigray, has also caused serious dislocation and loss of life. In South Sudan alone, after severe flooding, it is estimated that 7.2 million people will face severe acute food insecurity between April and July 2021 (OCHA, 2021). Meanwhile in Madagascar, as of April 2021, over 1.1 million people were suffering acute food insecurity due to insufficient rainfall, rising food prices and sandstorms. In June 2021, OCHA warned that in Somalia at least 2.9 million people were facing displacement due to both conflict and drought. The impression is given that climate-related crises are becoming endemic across Eastern Africa. The confluence of circumstances led to highest number of refugees and internally displaced people in Eastern Africa on record in 2020 - 16.6 million, or 3.7 percent of the regional population. New and urgent measures are required to address these challenges, including greater investments in the agricultural sector.

The Eastern African labour market has always been a precarious one, but the crisis has compounded that vulnerability, with the ILO estimating the equivalent of 18 million jobs lost in the second quarter of 2020 alone (ILO, 2021). Several countries have adopted fiscal packages in response to the crisis, particularly to support incomes and businesses. But the scale of the stimulus packages is insufficient to replace the jobs lost in the region, generating only 2 million jobs. Although precise estimates are elusive, survey data suggests that the loss of informal sector employment has been especially serious.



High demographic pressures and lower economic growth has negative implications for poverty-reduction

Subdued economic activity in the region due to the Covid-19 crisis has led to a corresponding reduction in fiscal revenues, amplifying pre-existing debt vulnerabilities in the region. Even before the crisis, there were six out of fourteen countries with debt-to-GDP ratios exceeding 50 percent in 2019. Additionally, an increase in risk aversion in financial markets has raised borrowing costs for African countries while public revenues have decreased against a background of sustained public spending to offset the effects of COVID-19. The international community has already undertaken a few initiatives with regards to alleviating the debt burden alleviation (e.g. the Debt Sustainability Initiative), but improved access to concessional financing and debt service relief would assist countries lower borrowing costs and redirect finances away from debt servicing and towards addressing the health and economic crises.

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From Pandemic to a Sustained Recovery

While there are concerns about debt sustainability in the region, in the short-term countries should continue to provide fiscal and monetary support. As stressed by the AfDB (2021), a premature scaling back of such support risks pushing the economy back into recession.

Despite the severity of the economic crisis, with the lifting of containment measures (the easing of lockdown measures and the partial reopening of international borders), a modest recovery in economic activity became evident in the second half of 2020 and first quarter of 2021, pointing to the relative resilience of the sub-region. This is particularly notable in the area of merchandise trade which, after experiencing a sharp drop in the initial period of the pandemic, registered a robust recovery. A few sectors in the region have actually benefited from the crisis – notably ICT.

Modest recovery in economic activity became evident in late 2020 and early 2021, pointing to the relative resilience of the sub-region.

From a public health perspective, as of July 2021, most countries still had confirmed infection and death rates significantly below the continental average, although since April there has been a worrying uptick in cases, as the Delta variant has become more widespread. Nonetheless, in terms of the financing, quality and adequacy of the health system, the region was ill-prepared for a pandemic. Most Eastern African economies spend less than USD50 per capita annually on health - less than half of the African average. The shortage of healthcare workers has been a serious constraint and increases the risk of fatalities in case of an upsurge in infections. Communicable diseases were already the leading cause of deaths in Eastern Africa prior to the recent pandemic, accounting for more than half of deaths in the region. This rate is likely to increase due to the diversion of already scarce medical resources to fight the current pandemic.

Beyond the health impacts, the closures of educational institutions impacted over 96 million learners. Besides a reduction in expected years of schooling, there are many other consequential impacts of reduced school attendance, such as poor nutrition, increased exposure to violence and exploitation, childhood pregnancies, and increased challenges to the mental development of children (UNICEF and WHO, 2020). Governments in the region have responded by introducing or ramping up distance learning solutions. Nonetheless, access to technologies such as internet, television, and radio is limited, especially among poorer households. UNICEF (2020a) estimates that at least a half of students in East and Southern Africa have been unable to access remote learning, and have thus urged governments to prioritize the safe reopening of schools as they begin easing lockdown restrictions.

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To soften the impact of widespread job losses, many governments in the region quickly reorganized budgets and sought international financing to support affected workers. These programmes, while responsive to the urgent needs emanating from the COVID-19 crisis, are expected to conclude within the next few months, if they have not already. This has demonstrated the need for more comprehensive contributory and non-contributory (government or aid-financed) social protection schemes that are both wide and deep in coverage – a necessary step towards universal provision.

RECOMMENDATIONS

Against this backdrop, government priorities in terms of macroeconomic management will inevitably include similar elements, including: (i) greater prudence in debt management, (ii) raising new sources of development finance, (iii) restricting recurrent government expenditures and (iv) ring-fencing development spending. Where there is still fiscal space or access to liquidity, policymakers should continue fiscal and monetary support until the expected economic recovery has fully materialized. Beyond these, member States, development partners and regional organisations urgently need to:

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|-----------|--|-----------|--|
| 01 | Accelerate the roll-out of COVID-19 vaccinations | 05 | Improve food security |
| 02 | Extend emergency support measures | 06 | Accelerate AfCFTA implementation |
| 03 | Maintain crucial infrastructure projects | 07 | Align health services with regional priorities |
| 04 | Accelerate digitalisation | 08 | Move towards universal health care and social protection |

Please see the full report for a discussion of these strategies.

INVESTING IN EASTERN AFRICA

Opportunities and Challenges

The current state of investment and industrialisation in Eastern Africa

Eastern Africa is composed of fourteen countries, namely Burundi, Comoros, Djibouti, Democratic Republic of the Congo (DRC), Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia, South Sudan, Tanzania, and Uganda. The economy of the region experienced a strong GDP growth before the outbreak of the Covid-19 pandemic. For instance, the annual average growth over 2000-2019 was 6.1% and -0.7% in 2020 with Covid-19's impact. Like the world and the African continent, the economy of the region is expected to rebound in 2021 with projected real GDP growth of 3% and to continue to grow in 2022 at a pace of 4.1% (UNECA, 2020).

The structure of the economies in the region is a function of the country: some countries such as South Sudan and DRC are “resource-rich” countries, with their economies highly dependent on natural resources, whereas the economy of the island Seychelles is driven by tourism. For the island Comoros, its economy depends on tourism and remittances from its diaspora. However, regardless of the country's level, economic diversification is weak. Kenya seems to have a relatively more diversified economy within the region, but it remains undiversified when compared to other emerging economies and the global average. The region is one of the least industrialized regions in the world and in Africa. More worrisome, the pace of industrialization has been slowing despite abundant resource opportunities in some of the countries in the region.

In terms of investment, the region captures a very small portion of the worldwide FDI, less than 1% from 2000 to 2019. The total amount of FDI flows captured by the region has been increasing overall since 2000 despite some volatilities. FDI amounts moved to US\$9 billion in 2019 from US\$1,1 billion in 2000 after reaching US\$10.4 billion in 2018. The bulk of FDI flows (83.5% over 2015-2019) into the region has been captured by only 5 countries (out of 14), namely Ethiopia, DRC, Kenya, Tanzania, and Uganda.

The region has several areas of strength and has several investment opportunities for attracting more investment, particularly FDI flows to foster its industrialization and

development. These include, among other things, the large size of its internal market

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The region has several areas of strength and has several investment opportunities for attracting more investment

INVESTING IN EASTERN AFRICA

Opportunities and Challenges

made of 437 million potential consumers, the strong economic growth prospect, as well as the region being rich in natural resources ideal for agriculture, mining, and tourism. There are also huge investment opportunities in the manufacturing, infrastructure and service sectors. In addition, all the countries in the region have already in place, to some extent, attractive investment codes and investment promotion agencies.

However, the region faces some key challenges that represent constraints and obstacles for attracting a sufficient volume of and quality investment, particularly FDI. These challenges can be summarized as follows: poor business environment, poor access to finance/credit in most countries due to an underdeveloped financial market and banking sector, weak infrastructure, weak economic openness, and corruption. Addressing these challenges is key for countries in the region to attract sizeable and quality investment and foreign capital flows to support their economic development.

Investment and regional integration

During the past four decades, several regional or sub-regional economic integration organizations have been implemented around the world. Africa seems to be the continent with the highest number of such economic communities. However, most of the African regional economic communities are not efficient and do not provide effective economic impact. This is partially explained by the following: there are too many sub-regional economic communities in Africa with inconsistent rules making their application difficult at each country level, investment treatments within these agreements are inadequate, and it seems that there are no effective implementation plans and follow-up to these agreements.

The implementation of the African Continental Free Trade Area (AfCFTA) and the upcoming negotiations of its investment protocol represents a great opportunity for East African countries to attract quantity and quality investments to foster their industrialization, diversify their economies, and sustain their economic growth and development. East African countries could benefit from this new pan-African integration initiative and its investment protocol if they manoeuvre well. However, they should pay attention to the underlying conditions/prerequisites for a successful regional economic integration. These conditions constitute levers they can use to benefit (in terms of attracting quantity and quality investments) from AfCFTA and its investment protocol implementation. These levers are related to the improvement of macroeconomic fundamentals, political stability, improvement of the global business environment, identification of comparative advantages, and improvement of financing markets. At the regional level, among other things, the investment protocol should include provisions on harmonization of investment codes, on investment liberalization in the region, on granting national treatment to regional investors, on effective intellectual property rights protection to protect investment and ensure technological transfer, and on internal/regional market protection.

INVESTING IN EASTERN AFRICA

Opportunities and Challenges

RECOMMENDATIONS

Action plans for attracting quality investments in Eastern Africa

Investments are seen as one of the main drivers of the long-term economic growth and development of these countries. Within the current economic framework, there are several approaches to investing in a country. These are public investments, private domestic investments, institutional investments, foreign direct investments, private equity investments, joint ventures, blended investments, and sustainable and socially responsible investments.

East African economies have a variety of great investments opportunities and strengths that should attract investors. Despite the existence of these investment opportunities, several challenges prevent the countries in this region to attract sufficient quality investments. The implementation of AfCFTA and its investment protocol represents a great opportunity for African countries, particularly East African countries for increasing intra-regional trade and investments as well as for attracting quality, productive, and efficient extra-African FDI to foster their industrialization and economic diversification for the long-term economic growth and development.

The main recommendations from this study are summarized in the table below. They are intended to help the countries in the region implement measures and action plans that would help them address the main challenges they are currently facing to benefit from AfCFTA and its investment protocol implementation.

01 Reinforce overall political and economic governance to ensure security and political stability

Comments	Actions	Actors
Political stability and non-violence environment are prerequisites for any business development	<ul style="list-style-type: none">• Reinforce democracy with strong and independent institutions• Address social inequalities with equitable distribution of resources• Ensure government accountability• Encourage social and community discussions to address issues	<ul style="list-style-type: none">• Government• Civil society• Development partners

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RECOMMENDATIONS

Action plans for attracting quality investments in Eastern Africa

02 Improve business and legal environment in the region

Comments	Actions	Actors
Business and legal environment is a key determinant of investment, particularly for attracting FDI	<ul style="list-style-type: none"> Reinforce justice independency Fight corruption Streamline processes to facilitate business creation and compliance/operation (construction permits, registering property, protecting minority investors, enforcing contracts, paying taxes, trading across borders, resolving insolvency, labor market regulation) 	<ul style="list-style-type: none"> Government Private sector (chambers of commerce; industry and professional associations) Development partners

03 Improve and reinforce economic infrastructure in the region

Comments	Actions	Actors
Economic infrastructures (national and regional roads, rails, electricity, ICT, ports...) are key drivers of domestic private investment and FDI inflows attraction	<ul style="list-style-type: none"> Design global infrastructure programs in the region Design new project finance (PPP, BOT) frameworks and ESG policies for infrastructure projects 	<ul style="list-style-type: none"> Regional and national policymakers Private sector Development partners

04 Identify each country's comparative advantages and design policies to support their development and attractiveness

Comments	Actions	Actors
AfCFTA and its investment protocol implementation on the continent will lead strong economic competition among countries, particularly among countries in the same region	<ul style="list-style-type: none"> Identify and analyze economic sectors with strong competitive advantages Implement strategic measures and policies to develop these economic sectors and support private entrepreneurs in these sectors Include specific provisions in investment codes to grant facilities to invest in these sectors 	<ul style="list-style-type: none"> Regional and national policymakers Private sector Development partners

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Opportunities and Challenges

RECOMMENDATIONS

Action plans for attracting quality investments in Eastern Africa

05 Strengthen management and governance capabilities of the domestic enterprises for developing national business champions in key sectors

Comments	Actions	Actors
Domestic firms are important channels for attracting international investments, particularly through joint venture and private equity investment	<ul style="list-style-type: none"> • Design strategies and policies to ensure development of businesses/companies with strong potential (domestic champions) • Support the financing of these businesses through tailored-made guarantee programs • Include local content in public procurements to grant public contracts to these domestic firms • Develop training programs (in management, negotiation skill) for domestic champions 	<ul style="list-style-type: none"> • Government • Private sector (chambers of commerce; industry and small business associations) • Development partners

06 Improve, reinforce and harmonize investment codes within the region

Comments	Actions	Actors
Competition should be fair among countries in the context of AfCFTA investment protocol implementation. Therefore, within the negotiation of the AfCFTA protocol on investment, it is critical to negotiate the harmonization of investment codes within all African countries.	<p>Review and harmonize investment codes to:</p> <ul style="list-style-type: none"> • Include provisions related to the liberalization of investment within the region • Grant national treatment and access to industrial sectors to all regional investors • Include provision on investment protection • Include provision on intellectual property rights protection and technology transfer mechanisms • Establish strategic (tariff and non-tariff) barriers at the region's borders to protect the domestic regional market for some specific sectors • Include specific provision for domestic primary transformation for investment in natural resources extraction • Establish mechanisms to resolve conflicts among countries of the region 	<ul style="list-style-type: none"> • Regional and national policymakers • Private sector • Development partners

INVESTING IN EASTERN AFRICA

Opportunities and Challenges

RECOMMENDATIONS

Action plans for attracting quality investments in Eastern Africa

07 Strengthen regional and national financial and banking sectors

Comments	Actions	Actors
Strong domestic and regional financial and banking sectors are key to finance domestic and regional investments	<ul style="list-style-type: none">• Create sectoral guarantee funds institutions to support bank lending to priority sectors or reinforce the existing ones• Create sector-oriented and dedicated strong regional and national development banks• Create a common financial market	<ul style="list-style-type: none">• Government• Private sector (financial sector)• Development partners

08 Seek for negotiating bilateral investment treaties

Comments	Actions	Actors
The bilateral treaties should carefully be negotiated and designed by countries in the region to cover areas and sectors that are not covered by the AfCFTA investment protocol to avoid duplications and inefficiencies	<ul style="list-style-type: none">• Identify origins (country/region) where there are trade and investment flows opportunities• Negotiate bilateral investment treaties with these countries and regions	<ul style="list-style-type: none">• Regional and national policymakers• Private sector• Bilateral partners• Development partners

09 Create innovation hubs and sandboxes to attract investment in technology-intensive sectors

Comments	Actions	Actors
Given the particularities of modern technology-intensive sectors heavily dependent on new ICT, investment strategies need to be designed to create an enabling environment for the development of these cutting-edge technological sectors	<ul style="list-style-type: none">• Create innovation hubs and sandboxes	<ul style="list-style-type: none">• Regional and national policymakers• Private sector• Development partners

INTERLINKAGES OF DEVELOPMENT, PEACE AND SECURITY, HUMAN RIGHTS AND HUMANITARIAN PILLARS IN EASTERN AFRICA

The reality of old and new protracted crises in Eastern Africa and the search for durable solutions makes the region a basket of opportunities and challenges for operationalising the four-pillar interlinkages approach. Since the 2016 World Humanitarian Summit, the UN system has pushed the “New Ways of Working” as the framework for addressing protracted crises. This manifested in the humanitarian-development-peace nexus (triple nexus), and subsequent push to add human rights as the fourth pillar. The four-pillar interlinkages approach is focused on addressing the vulnerability of communities, countries, and regions to multi-dimensional protracted crises, and to enhance conflict prevention and resolution, and to improve the efficiency and outcomes of interventions.

This report presents findings on the trends in the use of interlinkages of the four pillars in relation to conflict prevention and resolution in East Africa. It documents issues (opportunities and challenges) for promoting and harnessing the four-pillar interlinkages, including ways of mainstreaming the interlinkages into policy and strategies, including those related to the implementation of the global 2030 Agenda and the Africa continental Agenda 2063. It also provides action-oriented recommendations for advancing collaboration and complementary implementation and options for capacity development for regional bodies, national governments, civil society groups, and international stakeholders operating in East Africa.

This report will contribute to the broader objective of accelerating the integrated implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development through enhanced capacity of member states, African Union organs and agencies, and Regional Economic Communities (RECs) with emphasis on conflict prevention and resolution. Target audiences for the report are member States under the ECA Subregional Office for East Africa: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Ethiopia, Eritrea, Kenya, Madagascar, Rwanda, Seychelles, Somalia, South Sudan, Tanzania and Uganda; the African Union and AUDA-NEPAD; and relevant RECs and IGOs in the subregion, including EAC, IOC, IGAD, ICGLR, and the UN Development System in Eastern Africa. Secondary beneficiaries include national and regional civil society groups/networks, researchers and think-tanks, media, the African Peer Review Mechanism Secretariat, etc.



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While they are concerns about debt sustainability in the region, in the short-term countries should continue to provide fiscal and monetary support. As stressed by the AfDB (2021), a premature scaling back of such support risks pushing the economy back into recession.

Current Situation

Humanitarian

Countries in East Africa are experiencing increased risks and incidence of displacement, and the effects of climate change that trigger humanitarian emergencies, including flooding, famine, drought, locust invasion, etc. Climatic change events, including landslides, floods, and locust invasion further complicates the displacement situation in Eastern Africa.

Displacement is often a multiplier for the four pillars and their interlinkages; it signposts developmental challenges, exposes populations to human rights abuses, triggers humanitarian needs, and could result from and /or exacerbates old and new conflicts.

Displacements in Eastern Africa are symptomatic of emerging and protracted crises that are multidimensional in nature, and which requires active coherence and new ways of working across the four pillars. East Africa is host to over 8.3million internally displaced persons (IDPs), and more than 4.6million refugees; and it has over 31.5million food insecure population at the end of 2020 due to recurring violent conflicts, famine, drought, locust invasion and floods. The Horn of Africa desert locust invasion of 2020 was the worst in over 25 years for Somali and Ethiopia, and worst for Kenya in over 70 years; the locust invasion destroyed agriculture and livelihoods and worsened the food insecurity situation across the region. Violent conflicts and insecurity led to the destruction of agriculture and livelihoods, and rural economic activities, and increased exposure to human rights abuses, thereby contributing to large refugee outflows in Somalia, South Sudan, Sudan and most recently in the Tigray region in Ethiopia.

Human Rights

Over the past decade, there has been reported deterioration in the human rights situation of many countries in Eastern Africa. This is linked violent extremism, and efforts to counter it by a variety of state and international actors; elections and political transition processes; and resistance by civil society groups to expand the civic space. There has been varying reports of repression, including intimidation and arrests of journalists, leaders of civil society groups and opposition political groups, and increased surveillance and restrictions on voice and the freedom of expression. Other reported human rights challenges in the region include the failure and /or slow response to serious allegations of extrajudicial disappearances, detentions, and killings, and sexual and gender-based violence in war-affected and relatively stable countries. Human rights challenges in East Africa are symptoms and outcomes of poor governance, weak institutions, humanitarian crises, armed conflicts, failure of human development, and the lack of progress in sustainable development.

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Development

Countries in East Africa suffer from vulnerability to economic shocks as evidenced by major economic contraction due to COVID-19 pandemic, though the economies of a few countries demonstrated some resilience due to greater diversification. Countries like South Sudan, Uganda, Burundi, DRC, and Seychelles have less resilience to the worst effects of COVID-19 as they experienced major economic contractions in 2020. The pandemic lays bare some of the other development challenges across the region, namely human capital development, inequality, and slow progress in achieving sustainable development. It is estimated that the region recorded the number of lost days for learning (days for which schools were closed due to COVID-19) – Eastern Africa had 137 days versus the continental average of 101 days, and lower rates for other regions. For the 2021 HDI report, 10 countries in the region were located between 160 and 185 position, in the ranking of 189 countries across the world, and most countries in the region have flatlined – made marginal or no progress – in their human development index trend and ranking since 2014/5. Countries in the region show slow progress or stagnation in achieving key development targets, including the SDGs and Agenda 2063. The 2020 Africa 2020 SDG Index and Dashboards shows that most countries in the region showing stagnation or moderate improvements. The COVID-19 pandemic also spotlights and exacerbates the level of inequalities, especially gender disparities in the region. Most countries in Eastern Africa have high Human Inequality Coefficients (HIC).

Peace and Security

The security situation in Eastern Africa is either stagnant or deteriorating in some cases. On the SDGs, Eastern Africa faces the greatest challenge in relation to SDG 16 on peace, justice and strong institutions, and SDG 3 on good health and well-being. The region's performance on peace and security related targets for Agenda 2063 is mixed at best. The region contains countries in situations of fragility – the FSI flags three countries in the region that are among the bottom five states (the most fragile states) in the world in 2021 namely Somalia, South Sudan, and DRC. Violent conflicts and instability are rampant in the region with some going on for 20 years or more, including conflicts in Eastern DRC, Somalia, the LRA crisis in the Great Lakes region, etc. There are recurring episodes of deadly low-intensity conflicts in the region over a variety of issues, such as land, access to natural resources, cattle rustling, competition for socio-political privileges, and as part of national-level politics. East Africa is host to one of the epicentre countries (Somalia) for violent extremism and terrorism in Africa. Kenya and Ethiopia are also affected by terrorism as 'spill-over states, and Tanzania and Uganda categorised as 'at risk' countries for terrorism in Eastern Africa. The structural vulnerabilities of many states in Eastern Africa condition the push and pull factors of terrorism, including unemployment, poor literacy (including theological literacy), poor governance, human rights violations, radical ideologies, and cross-border spill overs. According to the Global Terrorism Index (GTI), Somalia and DRC are amongst the 10 countries most impacted by terrorism based on GTI score in 2020. Terrorist groups in the region include Al-Shabaab and the Allied Democratic Forces. Beyond fatalities, terrorism produces cross-cutting impacts on development, governance, human rights, humanitarian, and state-society relations. The GTI also estimates the economic cost of terrorism in Somalia as a percentage of GDP is worth

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US\$1.2billion, followed by US\$1.27 billion in Kenya, US\$0.33 billion in Ethiopia, US\$0.16 billion in Uganda, and US\$0.05 billion in Tanzania.

Governance and Institutions

The 2019 Ibrahim Index of African Governance notes Africa's average score for Overall Governance fell -0.2 points registering the first year-on-year score deterioration since 2010 due to worsening performance in Participation, Rights & Inclusion, Security & Rule of Law and Human Development. On Participation, Rights, and Inclusion, the five lowest scoring countries includes Somalia, South Sudan, and Eritrea, though Seychelles in among the top highest scoring countries. Similarly, on Security and Rule of Law, the general pattern has been continued deterioration over the past decade, albeit slower since 2015, however some countries in Eastern Africa are among the worst performers – the five worst performing countries include Eritrea, DR Congo, South Sudan, and Somalia, though Seychelles is among the highest scoring countries. There are also transparency, corruption, and accountability related challenges in the region; in the 2020 Transparency International Corruption Perception Index, three countries in the region are in the bottom 10 countries, namely, South Sudan and Somalia, and only six countries in the region have recorded improvements in their CPI score since 2012. The pattern of country-level scores in the CPI pinpoint the weaknesses of state institutions and governance challenges in aspects of transparency, accountability and probity, and the list of countries with low scores and poor ratings underlines the existence of protracted crises, including state fragility, armed conflict, developmental failures, and humanitarian crises. The APRM Country Review Reports of some countries provide further evidence of the observed trends.

Transboundary and Cross-Cutting Issues

Trade

This is at the heart of economic growth and development, and regional integration in Eastern Africa, specifically the EAC states of Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. Despite the importance of trade in the region, it has faced two major challenges in recent years, including COVID-19 pandemic fuelled disruptions, and inter-country political tensions. Though trade levels have rebounded however, the pandemic continues to affect informal cross-border trade with implications for the livelihoods of communities that depend on this type of trade, and it also shifted the composition of the region's export basket.

Gender

Gender identities, practices and norms continue to be factor in the pattern of effects of protracted crises – in the types of population affected, the social categories most affected and the intensity and severity of impacts. In most cases, women, girls, and children are the worst affected by failures in each pillar and in the interlinkages of the four pillars in Eastern Africa. This is reflected in the structural dimensions as well as practical (physical) dimensions of conflict prevention and insecurity in the region. For instance, a number of countries in Eastern Africa appear to have embedded structural inequalities that put women at a disadvantage – livelihood patterns and

INTERLINKAGES OF DEVELOPMENT, PEACE AND SECURITY, HUMAN RIGHTS AND HUMANITARIAN PILLARS IN EASTERN AFRICA

disproportionate effects of COVID-19 on women-sensitive activities, sexual and physical violence, child marriage, and female genital mutilation.

Youth

East Africa has a high proportion of young people, due to an average fertility rate of 4.2 live births per woman (compared with the global average of 2.4). This embeds challenges and opportunities in relation to the four-pillars interlinkages, however much of evidence points to the reality of a youth bulge in East Africa constituting a challenge due to structural issues (inequalities and blockages), lack of investment and poor access to education and employment, poor human rights situation, context of poverty, rural-urban migration and urbanization, armed conflict and insecurity, and humanitarian crises.

Climate Change

Eastern Africa is facing more heat waves and rising temperature with 2019 being among the three warmest years on record, and major cities. The subregion also faces more extreme weather events like cyclone and flooding – in 2019, increased cyclones over the Indian Ocean impacted areas in Eastern Africa and the Greater Horn shifted from dry conditions of 2018 to floods and landslides associated with heavy rainfall from late 2019. Eastern Africa has some of the worst affected countries in terms of climate vulnerability and fragility – four of the ten countries with highest levels of climate vulnerability and fragility are Somalia, South Sudan, Eritrea, and DRC. The desert locust invasion experienced across the subregion in 2020 – it destroyed crops and croplands, pastures, and vegetation especially in Somalia, Ethiopia, and Kenya is also linked to climate change events. It is projected that climate change could trigger 8% reduction in crop yield for East Africa by 2050. Climate change events are also contributing to population movements and displacements; for instance, in 2019 and 2020, short but heavy rainfalls, rising water levels in Lakes and waterbodies affected over 6 million people, including forced displacements of populations in coastal areas and around Lakes, especially Lake Victoria and River Nile.

COVID-19 Pandemic

since March 2020, there have been different phases of COVID-19 pandemic and the general mitigation measures introduced across the region are lockdowns, social distancing and other public measures, and restrictions on border crossing except for essential services. Despite some signs of resilience, the pandemic triggered declines in real GDP growth, disruptions to global demand and value chain creation, demand side shocks (oil, tourism, and remittances), slow down in investment leading to job losses, inflationary pressures, unanticipated rise in health spending (worth \$10.6 billion and revenue losses and likely to trigger debt distress). The pandemic increased acute food insecurity levels, mainly due to weather-related shocks in Kenya and a confluence of weather and conflict shocks in South Sudan. In addition, the pandemic triggered governance, and human rights challenges such as heightened police brutality in enforcing COVID-19 measures, increase in violence against women and girls (including rape), and increased militarization or securitization of governance (misuse of emergence powers).

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Key Findings on the Interlinkages

Lessons from Interventions (Triple Nexus) in East Africa

Since 2017, some of the interventions in East Africa have incorporated aspects of the triple nexus at the minimum, especially in seeking better coordination and coherence and collective outcomes on protracted crises involving humanitarian challenges in contexts of armed conflict and climate change events. Some of the documented lessons include the absence of a shared understanding, especially in the humanitarian-development-peace nexus owing to ideological differences, including competing visions of the peace component and the use of military force. There are reported issues in translating the triple nexus on an operational and programmatic level based on differences in how organizations approach issues, their mandates, and underlining principles; and capacity gap issues among local organizations in the region in ways to translate or operationalize the triple nexus, including limited templates and guidance notes, and limited training and investment in building the capacity of local stakeholders. Tensions and unease about the political undercurrents of service delivery as part of the triple nexus approach (in pursuing collective outcomes) also exist. There are risks of politicisation of certain intervention (especially humanitarian action) by security and peace actors and contribute to the dilution of principles (neutrality and independence) and the shrinking of humanitarian space as state actors exercises more leverage in programs and projects or intervention is perceived to be siding with a party to a conflict. Finally, there is limited flexibility and adaptive approaches to program design and implementation to support local approaches and area-based interpretations of the triple nexus; programming decisions remain top-down and micro-managed.

Harnessing and Mainstreaming Four-Pillar Interlinkages

Eastern Africa presents opportunities and challenges for promoting and operationalising the four-pillar interlinkages approach. The implementation of the four-pillar interlinkages in the region would involve five key elements, namely, the integration of it (principles and datasets) into context analysis and cross-sectoral joint analysis of events; and integration into decision-making, especially at the political level and reflected in the mandates of peace operations, mediation processes, peace agreements, and election observer missions. Others are alignment of project design processes and templates across sectors and agencies and project monitoring and evaluation and learning frameworks; financial commitment to long-term capacity building on the four-pillar interlinkages; and the promotion of coordination and partnerships across sectors and levels.

The opportunities for promoting and mainstreaming the four-pillar interlinkages approach in the region include the existence of early warning systems by RECs and the AU; the presence and activities of UN agencies, the AU, RECs (EAC, IGAD, ICGLR), NGOs, civil society groups, etc. working on conflict prevention and mitigation, and responding to the needs of vulnerable populations; and national development plans by governments at national and

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local levels. The other entry points for promoting the four-pillar interlinkages include strategic agendas such as Agendas 2030 and 2063, the statutes of the AU and the RECs in the region, and emerging coordination mechanisms and frameworks amongst actors, including the AU-UN Cooperation Framework.

There are also indications that the methodologies for mainstreaming the four-pillar interlinkages are permeating the early warning systems and conflict prevention and peacebuilding programs in the region, including CEWARN (IGAD), COMWARN (COMESA), and the EAC's early warning system. All incorporate socio-political and governance issues; environmental issues (climate change effects), population movements and displacement; food security issues including agriculture and rural development issues; and socio-economic issues into the range of indicators for assessing vulnerability and programs designed to boost regional trade, address the impacts of droughts and floods, improve agricultural productivity and livelihoods, and prevent conflicts.

The challenges associated with promoting and integrating the four-pillar interlinkages approach in the region include capacity issues at the national level to reflect contemporary thinking and policy processes; and the existence of limited technical templates, operational guidance, and funding for capacity training and for translating analysis into early, coordinated action. There are also inadequate synergies between national government policies and priorities versus those of other stakeholders; limited clarity on the interface of national, regional, and international actors in respect of work in each pillar and working across pillars (interlinkages); gaps in aligning and coordinating conflict prevention and peace building processes in Eastern Africa. Crucially, there is inadequate funding for the scale of work, and capacities required to translate theoretical connections into practical interlinkages across the four pillars in Eastern Africa. There is low-level awareness and advocacy among non-governmental stakeholders; struggles for operational (field-level) coherence among UN agencies and INGOs; lack of coherence in practice at the regional and national level; and technical capacity gaps at national and subregional levels to systematically translate and apply the interlinkages into concrete priorities, especially by civil society groups/NGOs, faith-based organisations. There are also issues around the lack of clarity as to the role of national government in aligning and harnessing the interlinkages; issues around aligning underlying principles across sectors (especially humanitarian principles).

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KEY MESSAGES AND RECOMMENDATIONS

01 *Violent conflicts and displacements linked to insecurity and extreme climate events are key challenges across the region and they undermine progress across the four pillars and their interlinkages.*

Across East Africa, a significant number of communities remain exposed to insecurity and extreme climate events that trigger displacements and exacerbates human security issues. Conflicts and displacement in the region multiply the vulnerabilities of communities, including the heightened exposure to risk of gender and sexual-based violence for girls and women, increase the number and influence of non-state armed groups, destroys the resilience of communities, and drain resources (social expenditure are diverted to humanitarian and security operations). Greater urgency, deepened engagement, political commitment, and investment are required by subregional and regional actors (AU, EAC, IGAD, ICGLR), the UN system and bilateral stakeholders to address the long-standing conflicts and displacements and undertake early action to address new and emerging conflicts (from escalating). More incentive and sanction-based approaches to peace processes are required to ensure progress on extant peace processes, and address justice issues (to prevent or end impunity). Inclusive peace processes and genuine reconciliation are central to preventing and resolving conflicts. East Africa already has the mechanisms and experience of mediation, this would need to be strengthened, including the professionalisation of mediation processes, and expanding it to include women mediators. Finally, addressing structural violence (inequalities) will be key to resolving protracted crises and transforming societies and countries and progress towards durable peace in East Africa.

02 *Human rights issues, poor governance and political leadership undermine conflict prevention, regional integration initiatives and block progress on SDGs and Agenda 2063.*

Old and new protracted crises in East Africa are triggered and sustained by human rights abuses, poor governance, and questionable political leadership. These issues undermine conflict prevention and regional integration efforts. Human rights abuses, including inequalities, lack of inclusion, the absence of rule of law, lack of checks and balances in the powers of the executive, and the lack of justice drives violent conflicts and insecurity across the region. This is complicated by poor governance – poor ratings in transparency and accountability, and the lack of trust in state institutions amongst citizens. To achieve progress in the SDGs and Agenda 2063, and regional integration efforts, RECs such as the EAC, IGAD, ICGLR, and COMESA would need to work more intensely with national authorities and state institutions (such as human rights commissions and ombudsmen), media, civil society groups and coalitions, diaspora groups, and international actors to strengthen early warning and early response systems. It will also entail greater monitoring of national human situations, and stronger emphasis on accountability mechanisms in mediation and peace processes. Moreover, conflict prevention efforts would need to prioritize human security in the region by transcending top-down, national level elite bargain approaches to also incorporate subnational, low intensity conflicts and humanitarian crises.

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03 *COVID-19 has heightened vulnerability to economic shocks In East Africa and exacerbate slow progress in meeting SDGs and Agenda 2063.*

The recent signs of recovery in trade cannot gloss over the cross-cutting impacts of COVID-19 pandemic on socio-economic, political and security activities in East Africa. The pandemic exposes the structural flaws in the economies of countries in Africa, specifically the reliance on one sector or commodity, and vulnerabilities to demand and price fluctuations. Countries in the region require economic diversification and a regional economic of scale and sharing of capacities to reduce their individual and collective economic vulnerabilities. This would require coordinated national and regional strategies for developing value chains for agricultural and mineral resources produced in the region, thereby changing (expanding) the types (including finished products) and volume of exports from the region. Greater investment and exploration of ICT solutions as part of economic diversification could also reduce political tensions and conflicts, especially when deployed in election monitoring and accountability by civil society groups, election observer teams of AU, RECs, and international stakeholders, though events in Kenya suggest a more cautious approach to the use of ICT in elections. This would require EAC, IGAD, ICGLR, AU, and CSOs to work with ICT hubs in the region to develop appropriate tools for monitoring electoral campaigns and elections, human rights violations, national budgets and service delivery, inclusion, and participation of citizens in governance, and transparency and accountability of public institutions. This could also be expanded to cover reporting instruments for the SDGs, Agenda 2063, early warning systems, and other regional development initiatives.

04 *Enhanced regional approach and strategies, and coordination of development efforts are key to harnessing the four-pillar interlinkages and transforming East Africa.*

East Africa has a mix of landlock and few coastal countries with ports. As demonstrated by the trading arrangement, a regional approach that leverages economics of scale is central to progress in meeting the SDGs and Agenda 2063 targets. As reflected in COMESA's Trade for Peace initiative, regional trade and enhanced coordination of development efforts could become the lynchpin of the region's search for sustainable development, durable solutions to protracted crises, and transforming societies positively. East Africa is well placed to maximise the benefits of the African Continental Free Trade Area (AfCFTA). To make progress in the context of the four-pillar interlinkages approach, there is a need to also explore solutions to protracted crises and build resilience through a regional framework. There is a need to concretize existing normative frameworks on the integration of the different pillars into regional and global visions and push responsible actors to act in accordance with these visions. The SDG and the AU agenda of 2063 can be used as entry points in this regard. There is a need by EAC, IGAD, ICGLR, COMES, etc. to develop templates and modalities for mobilizing stakeholders around the four-pillar interlinkages at national and regional levels to align priorities and promote local/regional ownership.

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05 *Localisation is key to realising the full potentials of the four-pillar interlinkages approach.*

The UN system (and agencies) and other international humanitarian, aid and development and peacebuilding agencies need to commit to a localisation agenda for the four-pillars interlinkages. Localisation will improve the effectiveness and efficiency of intervention at the grassroots as projects will reflect actual needs (those demanded by communities), promote sustainability of interventions, support the mobilisation of local resources and expertise, and enhance local partnerships. It will also unlock the capacity of local stakeholders to be internationally competitive, access global resources, form partnerships with organizations in other crisis-affected regions of the world and enhance their participation and contribution to policy debates across levels. The localisation agenda would require variations in programming and project conception and design to allow for greater local interpretations, setting of priorities, and adaptations of global templates at community level. The localisation agenda would also entail commitment and investment in long-term capacity building for local stakeholders in East Africa, including programming staff of regional bodies (EAC, IGAD, ICGLR, COMESA, etc.), MDAs of national governments, civil society groups, private sector bodies, etc. to enhance their technical skills in operationalising and implementing the four-pillar interlinkages, and to reduce the gap in technical knowledge and skills relative to international partners.

06 *Youth demographic is an untapped resource for advancing progress in SDGs and Agenda 2063.*

Most countries in East Africa are rated low in human development ranking and index. This has greater implications for youth, especially in the context of the region's fertility rate and population structure (youth bulge). Regional bodies such as EAC, IGAD, COMESA, and ICGLR have also started to reflect the importance of youth in their programs and activities. Still, greater commitment is required at national and subregional levels to advance youth empowerment agendas, including youth human development initiatives. This will require working with (putting youth and youth groups) at the heart of policy interventions, support to and partnerships with and between youth groups in the region, and greater inclusion and participation of youth in mediation and peacebuilding activities. Increasing youth productivity especially in the context of ICT and technology broadly, holds the key to progress in achieving the SDGs and Agenda 2063. Youth inclusion in politics and other decision-making processes is critical to harnessing their energies and innovations. The participation of youth in mainstream decision-making ensembles will reduce the urge to resort to extra-legal (militias and armed groups and illegal migration) means to exert influence. This will entail national governments, regional bodies, and youth groups to reaffirm and increase commitments to youth participation in politics, monitor and reduce targeting of youth groups and activists by security agencies, and opportunities for meaningful participation of youth in politics, and pro-youth government policies and programs.

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07 *Promoting and harnessing the Four-Pillar Interlinkages requires investments.*

The benefits of the four-pillar interlinkages approach are well articulated in theory and policy terms, and have gained policy traction at global, regional, and subregional levels. However, to actualise the gains of the four-pillar interlinkages approach long term commitments and investments are needed for capacity building and training, and the development of structures and templates. This will require the EAC, IGAD, ICGLR, AU, UN systems to forge partnerships and promote cross sectoral linkages with private sectors, civil society groups, charity organizations, etc. It will also require evidence-based approach involving the establishment and embedding of a dedicated institution/department both at the global and regional and sub-regional level that are tasked with producing cutting edge-knowledge on the four pillars and advocacy for synergizing the pillars. It will also require additional investment to align data reporting templates and timelines and monitor processes for major policy initiatives that embed the four-pillars interlinkages, such as Agendas 2030 and 2063 and initiatives by RECs and national governments. Further investment is also required to modify field-level operating rules and procedures of the various UN and other organizations in such a way that they will not undermine the effort to synergize the various pillars. This will need to proceed along with the development of the capacity of field level officials to act based on an integrated vision.

Several researchers contributed to the reports compiled in this summary.

Macroeconomic and Social Developments in Eastern Africa 2021: Produced collectively by staff of SRO-EA. The lead author was Andrew Mold, Chief of the Regional Integration and AfCFTA Cluster. Inputs were provided by Rodgers Mukwaya, Jessica Atsin, Raquel Frederick and Rachael Nsubuga. Data and research support were provided by Rosemary Bagiza, Philemon Mugisha, Isingizwe Ines Raphaela, Sonia Kayirere, and Lincoln Ngaboyisonga.

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We thank you for your contributions to the work of ECA and continued efforts to promote development in Eastern Africa.

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