



EAC

EAC: Current Path

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Chart 2: Population structure in the Current Path, 1990-2043

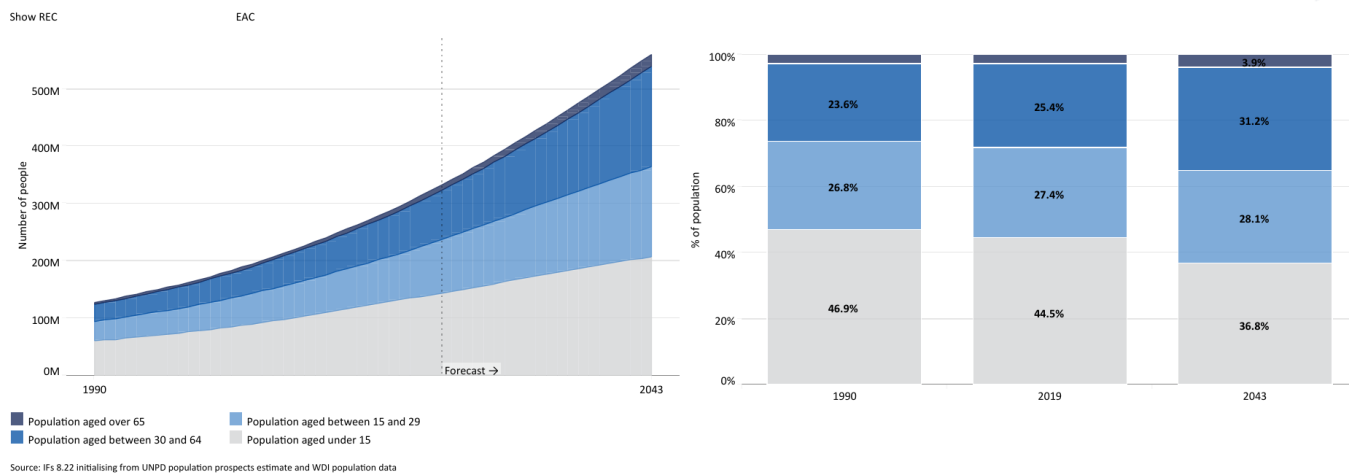


Chart 2 presents the population structure from 1990 to 2043 in the Current Path.

The EAC experienced rapid population growth between 1990 and 2023, as the REC's population rose from 127.4 million people to 332 million, a 160% increase. The EAC's total population will rise from 332 million people in 2023 to 560 million people by 2043, which equates to a 69% increase. The rapidly growing population will stem from one source in particular: DR Congo, whose share of the total population will grow from 31% to 34% within the same period, and will see its population grow by 83%, to reach 189 million people by 2043. This is unsurprising, given the country's high total fertility rate of 6 births per woman in 2023. The rate will have decreased by 2043, but will still be high at 4 births per woman, compared to the African average of 3.3. This rapidly growing population in DRC will condemn the country to modest increase in income and lead to pressure on social amenities.

Notably, the EAC is expected to have 3 members in the top 20 most populous countries worldwide by 2043: DR Congo at 10th, Tanzania at 15th and Uganda at 20th. Kenya will be close behind in 21st place.

22% of Africa's total population resides in the eight member states of the EAC, and this will rise to 24.2% by 2043. EAC countries will face growing pressure to provide opportunities and services for their ever-expanding populations, which necessitates proactive steps in the short term.

The EAC has a very young population. In 2023, 43% of the population was aged below 15 years, while a further 28% was aged between 15 and 29 years. The large share of young dependents will continue to put pressure on the working-age population throughout the forecast, as those in the youngest age bracket will account for 37% of the population by 2043. Those in the 15 to 29 years age group will keep steady at 28%, but those in the older band, with ages ranging from 30 to 64 years, will take up a larger share, growing from 26% to 31% by 2043. Those aged 65 years and over will constitute nearly 4% of the population by 2043, leading to an increased care burden for younger cohorts past the mid-century point.

When you consider the individual population structures of the member states, two countries, Kenya and Rwanda, stand out as being further along their demographic transition towards a more mature population. They were the only countries whose young dependents made up less than 40% of the total population in 2023, and by 2043 will be the only countries whose children will make up less than 30% of their total population. In contrast, DR Congo and Somalia's populations will remain very youthful, with those aged 15 and younger continuing to make up more than 40% of their total population by 2043.

The age bracket above, those aged between 15 and 29, is another area of interest. As a percentage of the total adult population, all EAC countries had a rate above 45% in 2023. This presents both an opportunity and a problem: on one side, a large share of workers are young and capable of making a significant contribution to the economy, supporting those too young or old to work. On the other, this youth bulge serves as a potential catalyst for instability, should no economic opportunities arise or political exclusion occur for those in this young age band. Over the forecast horizon, these rates drop, but not dramatically: again, DR Congo and Somalia face sizeable challenges, with percentages of 49% and 50% respectively. Kenya and Rwanda's rates will be the lowest at 37% and 38%.

Chart 3: Population distribution map, 2023

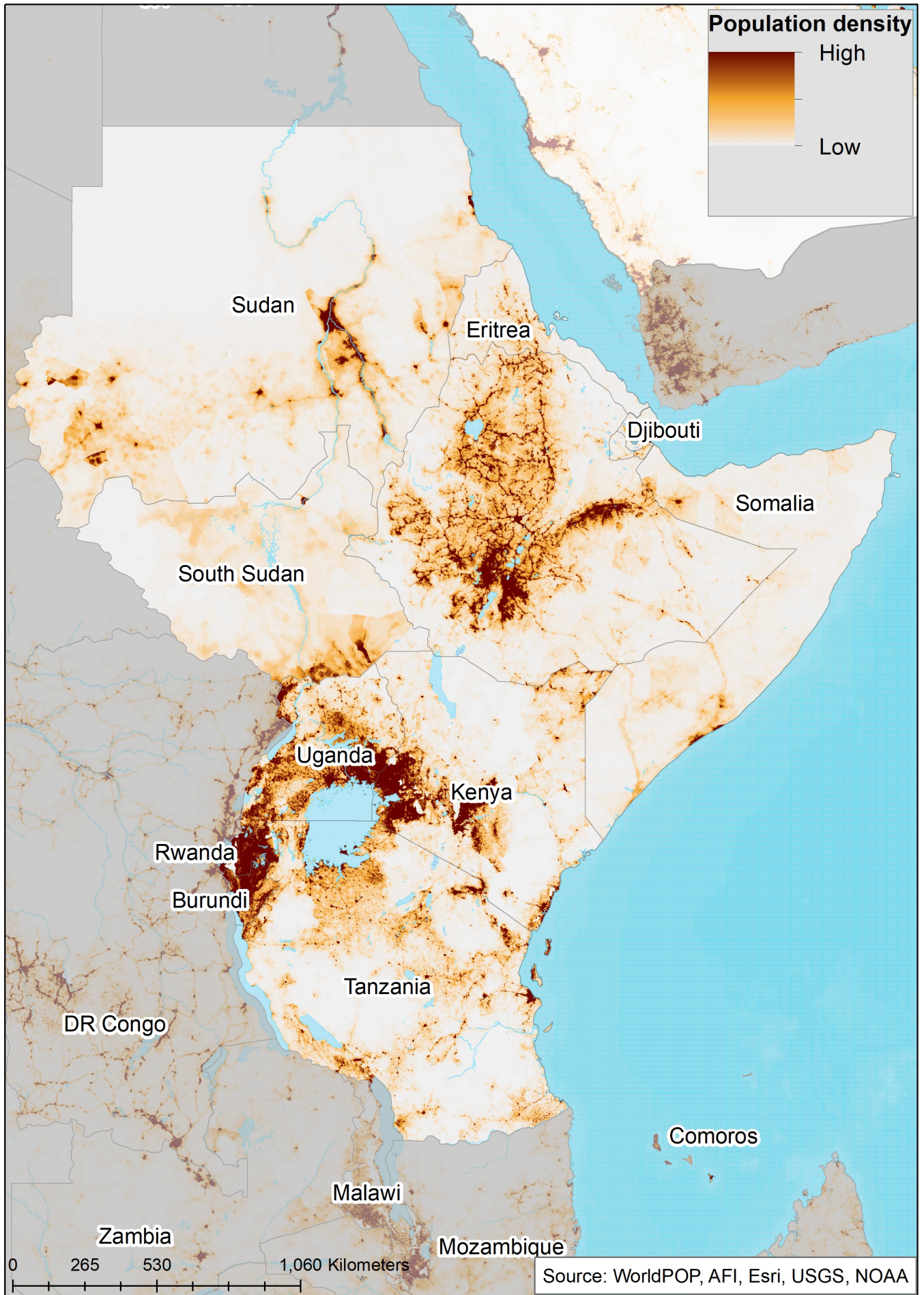


Chart 3 presents a population density map.

The EAC has a mix of heavily and sparsely populated countries. The REC’s average stood at 0.63 people per hectare in 2023, growing to 1.1 by 2043. The group average does however hide the large spread between countries. For instance, Rwanda and Burundi ranked 11th and 14th globally in 2023 for population density and will climb those rankings to 9th and 8th by 2043. South Sudan on the other hand, ranked 167th in 2023, with a population density of 0.17 people per hectare.

The majority of the REC’s population is clustered around and near Lake Victoria, with Uganda, Kenya and Tanzania’s citizens clustering in areas close to the large body of water. DR Congo’s population is also heavily clustered along its eastern border, which it shares with five EAC members, South Sudan, Uganda, Rwanda, Burundi and Tanzania.

The region also plays host to **large migration flows**: DR Congo, Uganda, Kenya and South Sudan ranked amongst the top 10 migrant destination countries in Africa in 2022, while DR Congo, South Sudan and Somalia were also in the top 10 migrant origin countries. As a result, EAC members play host to a large number of refugees and asylum-seekers, while also serving as the origin of these displaced peoples. Internal displacement, due to disasters or conflict, also fuels the movement of citizens within countries. The DR Congo saw over 4 million people displaced internally due to conflict in 2022, while over 5% of South Sudan and Somalia’s population was forced to move internally due to a disaster.

Contributing to these flows is the ease with which members can gain access to fellow EAC states^[1]. The **AFDB’s Visa Openness Index** measures the level to which African countries open their border to fellow Africans by granting visa-free, visa-upon-arrival or visa-before-travelling access. Overall, EAC countries perform heterogeneously. In 2023, Rwanda, Burundi, Somalia and Tanzania ranked in the Top 20 for Visa openness, with Rwanda achieving a perfect score due to the country granting visa-free access to all African countries. Conversely, South Sudan and DR Congo score poorly, and rank 50th and 47th respectively. Free movement within the Community is very high compared to other RECs on the continent. About 71% of citizens of member countries in the community can travel without visa, a reciprocity score that is only behind ECOWAS in Africa.

Chart 4: Urban and rural population in the Current Path, 1990-2043

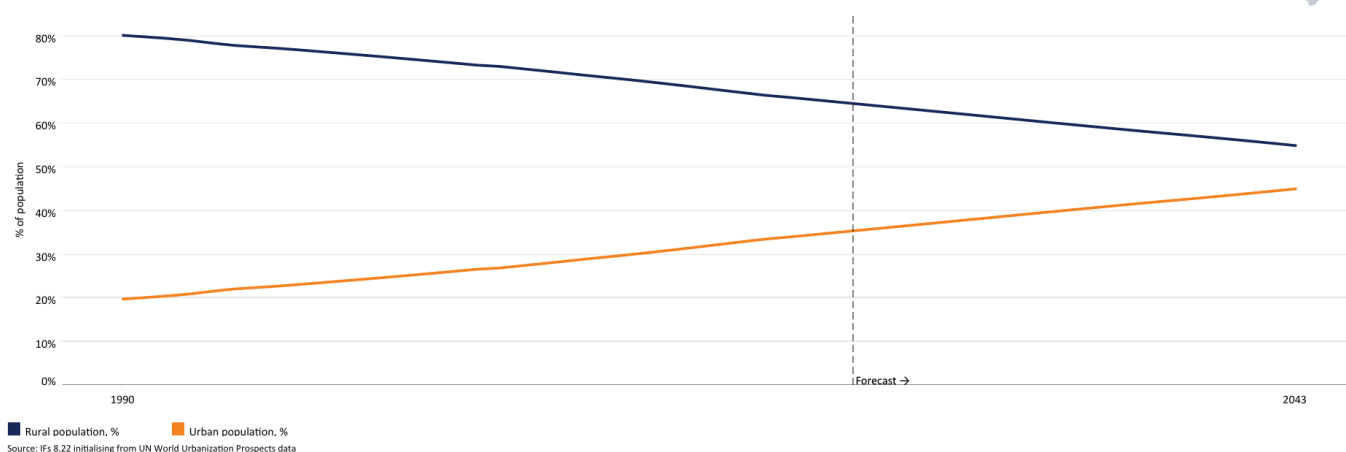


Chart 4 presents the proportion of the population living in urban and rural areas between 1990 and 2043.

The EAC is predominantly rural, with 64.6% of the total population living in rural areas in 2023.

Rates do however differ enormously between member states, partly down to **the various ways** in which countries measure what constitutes an urban and rural area. **The criteria used** to define an urban centre differs widely: some countries use a minimum population threshold, while others have a predefined list of cities and towns. Burundi sees its urban area simply as the “Commune of Bujumbura”.

In 2023, all countries in the Community had more than half of the population residing in rural areas. In fact, five out of eight group members (Burundi, Rwanda, South Sudan, Uganda and Kenya) had more than 70% of their populations living in rural areas. An important factor to consider, is the remoteness of the urban centres from the capital city. The more remote, or further away from the capital, these urban centres are, the harder they are to service, requiring more infrastructure and planning by government. The DR Congo’s urban population stood at 47% in 2023, but had, on average, the most remote urban centres in Africa, **by some distance**. This means that majority of its urban and peri-urban centres lack key social amenities and infrastructure that is crucial to modern urban living. Burundi and Rwanda, in contrast, had the highest rural share of the population in 2023, at 86% and 82% respectively, but they ranked 1st and 3rd lowest when considering remoteness of urban centres. In addition, due to their small surface area’s, all rural settlements are comparatively closer to more urban settings, potentially helping with service delivery.

Another important phenomenon is the rising informal settlement in urban centres in the region. The EAC houses 2 of the top 3 countries in the world with the highest share of the urban population living in slums.^[x] South Sudan ranks first in the world, with 94% of urban residents measured as **living in slums**, while DR Congo ranks third globally with 78%. Uganda and Kenya both rank highly too with more than half of their urban populations living in slums.

On average, urbanisation will increase over the forecast horizon, but the REC will remain predominantly rural even by 2043, with 55% of the population, 308 million people, projected to live in rural areas. As the REC steadily urbanises, care must be taken to provide for the increasing number of people living in towns and cities. Without adequate housing, sanitation and water infrastructure and access to services such as healthcare, these urban dwellers will live in poor conditions and place strain on urban infrastructure systems. EAC member states must plan for growing urban populations seeking employment and service delivery, and must act proactively to contain increasing levels of people living informally.

Chart 5: GDP (MER) and growth in the Current Path, 1990-2043

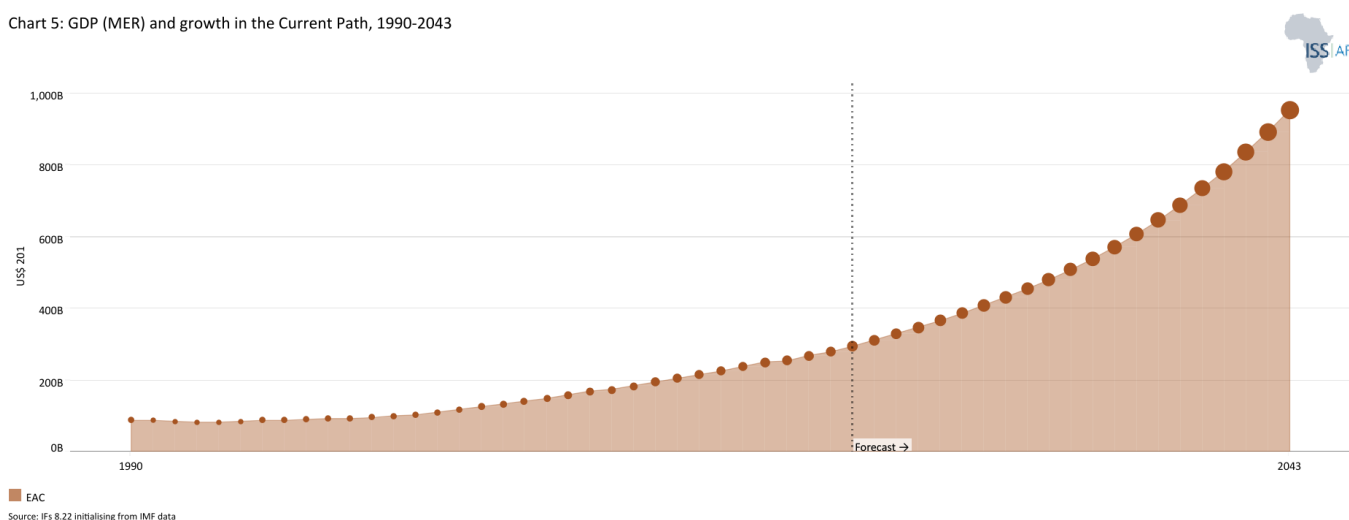


Chart 5 presents a stacked area graph that includes each country in the [REGION'S] economy from 1990 and includes a forecast to 2043 including the associated growth rate.

The combined economic size of the EAC rose significantly between 1990 and 2023, but is expected to grow even more rapidly in the next 20 years to 2043. The region has historically relied on agriculture and mining to drive GDP growth, but

the services sector has emerged as the main source of GDP growth and overall GDP amongst EAC members in the last decade or so. Between 2000 and 2010, the shift away from agriculture led to growth in a **variety of sectors** such as transportation, construction and wholesale trade, all linked to the growing need for services. This **demand for services** has also been linked to ongoing urbanisation and increasing demand for services linked to the tourism sector such as accommodation, food and entertainment. Natural resources in the form of forests, wildlife, oil, gas and minerals are a cornerstone of the economy, with climate change and rapid population growth severely threatening the region's natural capital. These challenges threaten the livelihoods of the majority of the region's inhabitants, as **agricultural activities account** for 55% of all employment in the REC, with the highest share recorded in Burundi at 85% and the lowest share in Somalia at 27%. Nonetheless, the region has been one of the best performing in Africa, and is **forecast to continue** on its upwards trajectory in the short term. In 1990, the EAC's GDP stood at US\$87 billion, before expanding by 237% to reach US\$293 billion in 2023. On the Current Path, growth will remain high and boost economic output to US\$954 billion by 2043.

The EAC is split into two distinct tiers regarding economic size: the first comprises of DR Congo, Kenya, Tanzania and Uganda, while the second includes Burundi, Rwanda, Somalia and South Sudan. The first grouping make up 91% of the total GDP for the EAC, with Kenya having the largest economy in 2023 at US\$108 billion. Over the forecast horizon, Kenya will remain the largest economy, but DR Congo, Rwanda and Uganda will grow the quickest. The balance of economic weight in the REC will remain largely unchanged, with Kenya comprising 33% of the EAC's combined economy in 2043, followed by Tanzania at 24%, DR Congo at 18% and Uganda at 16%. The worst performing country over the forecast horizon will be Somalia, as the country stands to only double its economy in the next 20 years to reach US\$16 billion.

Chart 6: Size of the informal economy in the Current Path, 2019-2043

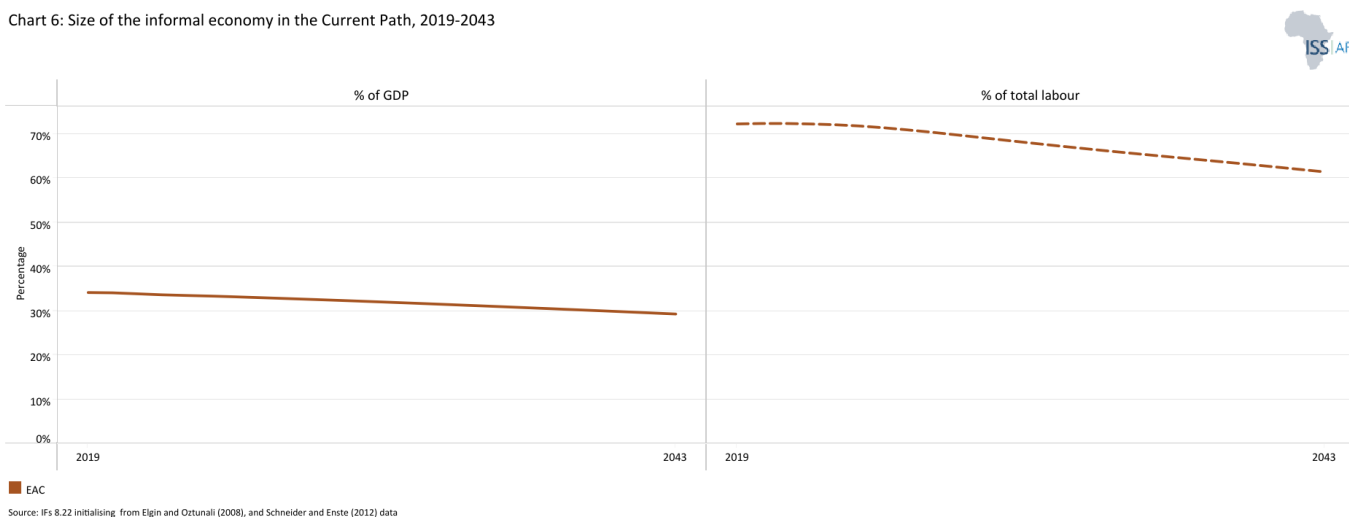


Chart 6 presents the size of the informal economy as a per cent of GDP and in absolute terms, as well as the per cent of total non-agriculture labour involved in the informal economy, from 2019 to 2043.

The informal economy in the EAC is an important survival mechanism for a large share of the population. Although informal economic activities serve to partially alleviate poverty in a country, the sector remains far less productive than the formal sector and exposes workers to adverse workplace conditions and limited to no benefits. The sector also denies the state of the needed revenue as their activities are hardly taxed due to its unregulated nature. Formalising the sector must be the goal for all African economies, notwithstanding the mediating effect it might have on those living in poverty. The EAC has a long way to go in formalising its informal economy. Informal economic activity in the REC equated to 33% of total GDP in 2023, and will only decline to 29% by 2043. The REC performs considerably worse than Africa, whose average was 26% in 2023, but will only decline to 24% by 2043. Another aspect of the informal economy is the size of its labour

force, and in this metric the EAC lags behind the continental average too. In 2023, the REC's informal labour force was equivalent to 72% of the total labour force, while Africa's was only at 58%. The EAC will see a strong decrease over the forecast horizon and reach 61% compared to Africa's 51% by 2043.

At the country level, three groups emerge within the EAC. The first contains Tanzania and DR Congo, whose informal economies stood at 45% and 42% of GDP in 2023 respectively. The second group contains Burundi, Rwanda, Somalia, South Sudan and Uganda: their values ranged from 37% in Somalia to 32% in Rwanda. The third group is made up of only Kenya, whose informal economy only equated to 22% of GDP in 2023, a significant difference from the rest of its EAC peers [2]. All 8 economies will see their informal sector shrink, but DR Congo will see particularly strong reductions, as its value drops to 35% by 2043, a 7 percentage point reduction. Tanzania's informal economy will still amount to 38% of total GDP, while Kenya will dip below 20% by 2043.

The informal labour force tells a somewhat different story: Uganda and DR Congo have a large number of informal labourers, equating to 85% and 84% of the total labour force in 2023. Again, the DR Congo will see a sharp decline, reaching a value of 62% by 2043, whereas Uganda will still have an informal labour force equivalent to 76% of the total labour force at that stage.

Chart 7: GDP per capita in Current Path, 1990-2043

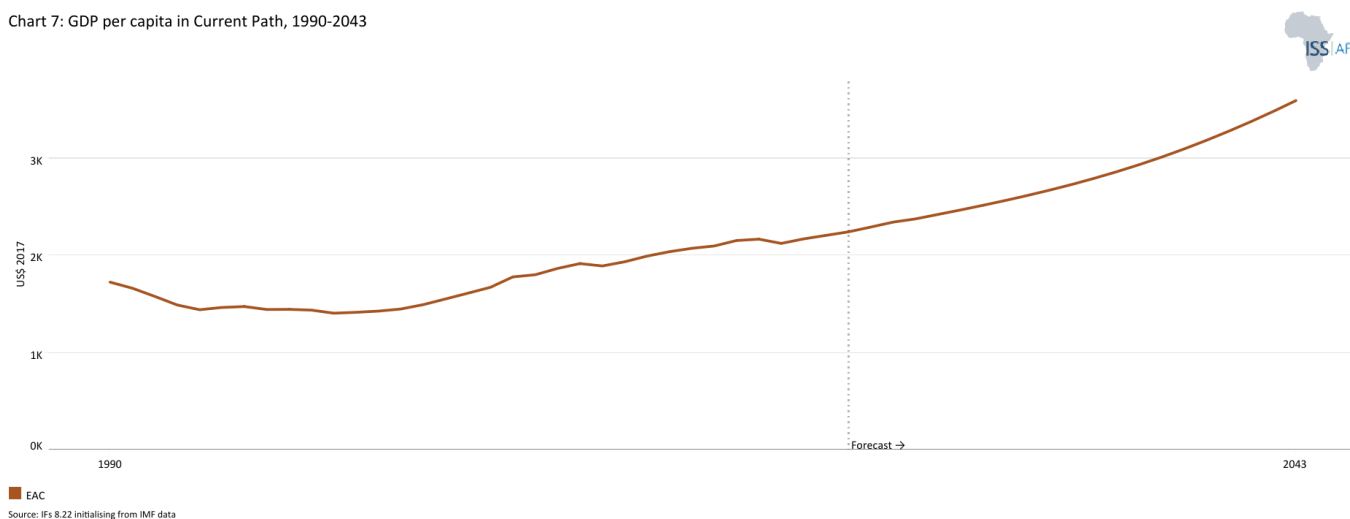


Chart 7 depicts GDP per capita in the Current Path from 1990 to 2043.

The members of the EAC have consistently been amongst the worst-performing countries in Africa in terms of GDP per capita since 1990. The REC has thus been underperforming compared to Africa's average but will make gains over the forecast horizon. In 1990, the EAC's GDP per capita stood at 46% of Africa's average, improving slightly to 47% by 2023 at US\$2 200. By 2043 however, the EAC's GDP per capita will equate to 58% of Africa's average income, showing strong growth over the forecast horizon.

The EAC has three levels when comparing GDP per capita between members. The top level is occupied by Kenya, which ranks first with US\$4.8K in 2023, 85% higher than Tanzania in second place. The second level is made up of Tanzania, Uganda and Rwanda, whose GDP per capita ranged from US\$2.6k for Tanzania to US\$2.3k for Uganda in 2023. The lowest level comprises South Sudan, Somalia, DR Congo and Burundi. The lowest GDP per capita in 2023 was that of Burundi at US\$0.7K, with South Sudan the highest in that group at US\$1.4K. Three of these countries, South Sudan, Somalia and DR Congo, continue to grapple with the adverse effects of internal conflicts, while Burundi has a history of political instability and civil unrest, coupled with widespread corruption, that hinder economic growth. In fact, Burundi had the lowest GDP per capita in Africa in 2023, while DR Congo and Somalia ranked third and fourth from the bottom respectively. In the case

of DR Congo, the country's large and rapidly growing population acts as a drag on GDP per capita growth, with economic growth translating to smaller gains at per capita levels. The growth prospects of these countries are constrained, as by 2043 Burundi and Somalia will still be ranked second and third worst, while DR Congo will have only climbed to 6th lowest out of 54 African countries.

Chart 8: Extreme poverty in Current Path, 2019-2043

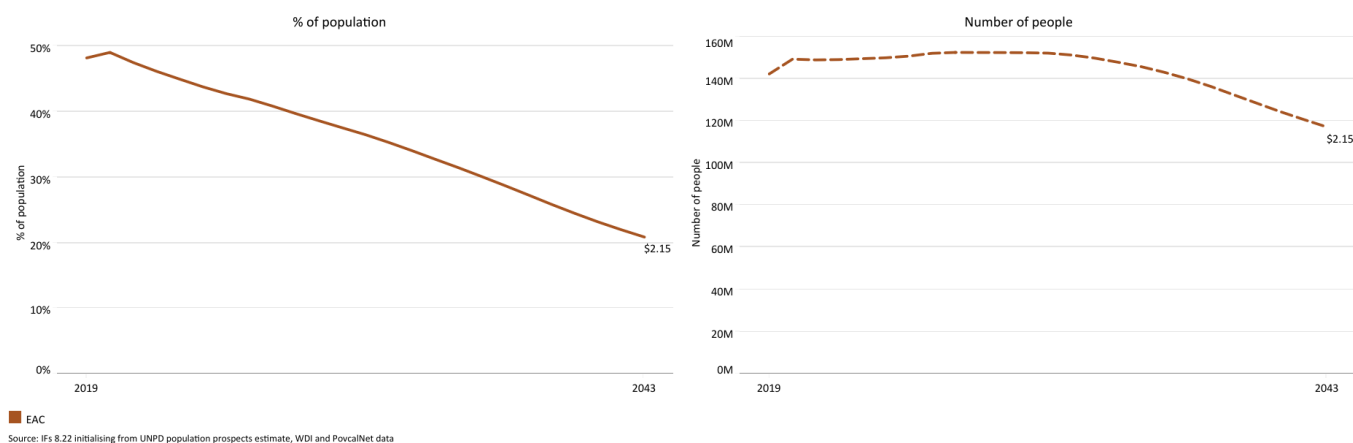


Chart 8 presents extreme poverty as per cent and total numbers of the population for the Current Path, from 2019 to 2043.

In 2015, the World Bank adopted US\$1.90 per person per day (in 2011 prices using GNI), also used to measure progress towards achieving Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. In 2022, the World Bank updated the poverty lines to 2017 constant dollar values as follows:

- The previous US\$1.90 extreme poverty line is now set at US\$2.15, also for use with low-income countries.
- US\$3.20 for lower-middle-income countries, now US\$3.65 in 2017 values.
- US\$5.50 for upper-middle-income countries, now US\$6.85 in 2017 values.
- US\$22.70 for high-income countries. The Bank has not yet announced the new poverty line in 2017 US\$ prices for high-income countries.

Monetary poverty only tells part of the story, however. In addition, the global **Multidimensional Poverty Index (MPI)** measures acute multidimensional poverty by measuring each person's overlapping deprivations across 10 indicators in three equally weighted dimensions: health, education and standard of living. The MPI complements the international \$2.15 a day poverty rate by identifying who is multidimensionally poor and also shows the composition of multidimensional poverty. The headcount or incidence of multidimensional poverty is often several percentage points higher than that of monetary poverty. This implies that individuals living above the monetary poverty line may still suffer deprivations in health, education and/or standard of living.

Compared to the average poverty rate in Africa, at the US\$2.15 poverty line, the EAC performs poorly. In 2023, the REC's poverty rate of 45% was 15 percentage points below the average for Africa. The EAC will catch up, and by 2043, only 21% of the population will live below the US\$2.15 poverty line, compared to 17% for Africa. The reduction in absolute terms equates to 32 million fewer people living in extreme poverty by 2043, resulting in the extremely poor population falling to 117 million people.

The individual members of the EAC have had divergent patterns of extreme poverty since 1981, driven in large part by persistent conflict in the area, since 1994 when the Rwandan genocide took place. What followed was years of unrest and conflict in the eastern DR Congo, with Rwanda, Burundi, Uganda and DR Congo involved. The effects of the conflict are clear to see when looking at historical poverty rates: between 1987 and 2002, DR Congo's poverty rate climbed from 55% to 93%, while Rwanda and Burundi also saw large increases during the 1990s as a result of civil war. Both these countries recovered somewhat through the 2000s and early 2010s, but Burundi suffered significant setbacks in 2015, as foreign investors withdrew from the country amid riots and violence brought on by a political crisis.

In some lesser form, the initial conflict of the 1990s still persists [to this day](#), but poverty rates across the REC have been declining since the early 2000's, coming from a very high base in the late 1990's. The decline can be largely attributed to greater stability, even with intermittent flare ups in certain areas of the region. South Sudan stands as an obvious contradiction. Due to the civil war, which started two years after it declared independence from Sudan in 2011, extreme poverty rose sharply from 47% in 2011 to 71% in 2020, before again tapering off to 33% by 2023.

All member countries will see their poverty rates decrease considerably over the forecast horizon. The country with the lowest poverty rate in 2023 at the US\$2.15 level, Kenya, will still maintain that position by 2043, with a poverty rate of 10%. The country's relative stability compared to its neighbours, which has been [improving since 2009](#), and position as central trade hub for the region, has led to steady reductions in extreme poverty levels in the last two decades. In contrast, Burundi will remain the most impoverished country in the REC, with a poverty rate of 38% by 2043, coming from the highest rate in the EAC of 72% in 2023. Taking into account different income levels and their corresponding poverty lines, Rwanda will have the lowest poverty rate by 2043, with 13.4% at US\$2.15. Tanzania, at the US\$3.65 poverty line, will have the highest rate at 39.5%.

Chart 9: National Development Plan of EAC



Chart 9 shows the Regional Development Plan for the EAC.

The EAC overarching development plan is termed Vision 2050, which is implemented through medium term development strategies that renew every 5 years. The [Vision 2050 document](#) main aim is to make the EAC an “upper – middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability”, and stipulates a host of targets the REC aims to achieve by 2050, ranging from poverty reduction, to economic growth, infant mortality and adult literacy rates. The document was however drawn up before the inclusion of DR Congo, Somalia and South Sudan, so performance measured against these goals will naturally be skewed by the new entrants.

For example, the original five members, Burundi, Rwanda, Uganda, Tanzania and Kenya, are on course to have an average poverty of 14% by 2050, measured at the \$1.25 poverty mentioned in the Vision 2050 document. The current EAC, with DR Congo, Somalia and South Sudan added in, will reach a rate of 21% by 2050, 7 percentage points worse. The Vision 2050 goal is for poverty to have decreased to 5% by 2050, a mark the EAC is likely to miss.

The current strategy, the 6th of its kind, stretches from 2021/22 to 2025/26 and outlines multiple focus areas and goals the REC aims to achieve in that time. The main points of focus of the strategy are:

- Infrastructure development
- Human capital for long-term skills development

- Consolidation of the EAC Common Market
- Funding of regional initiatives
- Strengthening the financing and banking systems
- Expanding savings and investment
- Research and Development
- Security and governance

The strategy also emphasises the need for member states to adopt the goals of the region into their own Medium Term Plans, together with those captured in the AU Agenda 2063 and UN Sustainable Development Goals documents. A key focus area for this strategy in particular is the promotion of the REC's COVID-19 recovery plan.

Endnotes

1. The Visa Openness Index report in 2023 did not include Somalia as a EAC member, as it only joined the REC in early 2024.
2. The figures in IFs uses a method developed by Elgin and Oztunali (2008), and Schneider and Ernste (2012). A more recent study by [Murunga et al. \(2021\)](#), using alternative methods, found the size of the informal economy to be over 32%. Thus, IFs potentially underestimates the size of the sector and its relative importance in Kenya, where 82.9% of [total employment occurred](#) in 2022.

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