ISS | AFRICAN FUTURES

EAC

EAC: Current Path

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EAC: Current Path forecast

Chart 1: Political map of the East African Community

Source: African Futures

Note that this analysis does not yet include Somalia which was admitted to the EAC in November 2023.

This page provides an overview of the key characteristics of the East African Community (EAC) along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

The East African Community (EAC) is a regional economic community comprising seven member states: Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda, and the Democratic Republic of the Congo (DR Congo). The EAC Treaty was signed on 30 November 1999 and came into effect on 7 July 2000 after it was ratified by three original members: Kenya, Tanzania and Uganda. Rwanda and Burundi acceded to the treaty in June 2007 and became full members in July 2007. South Sudan acceded to the treaty in April 2016 and became a full member in August the same year. The DR Congo acceded to the treaty in April 2022.

Headquartered in Arusha, Tanzania, the EAC covers a land area of 4.8 million km2, has a population of 276 million, and has a combined GDP of US$243 billion in 2019.

The EAC's mission is to 'widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.' It has made significant progress towards regional integration through the establishment of a common market in 2010, the implementation of the East African Monetary Union Protocol, and the progress towards the establishment of the East African Federation, i.e. the serious determination of the East African leadership and citizens towards an economic and political bloc.[1]

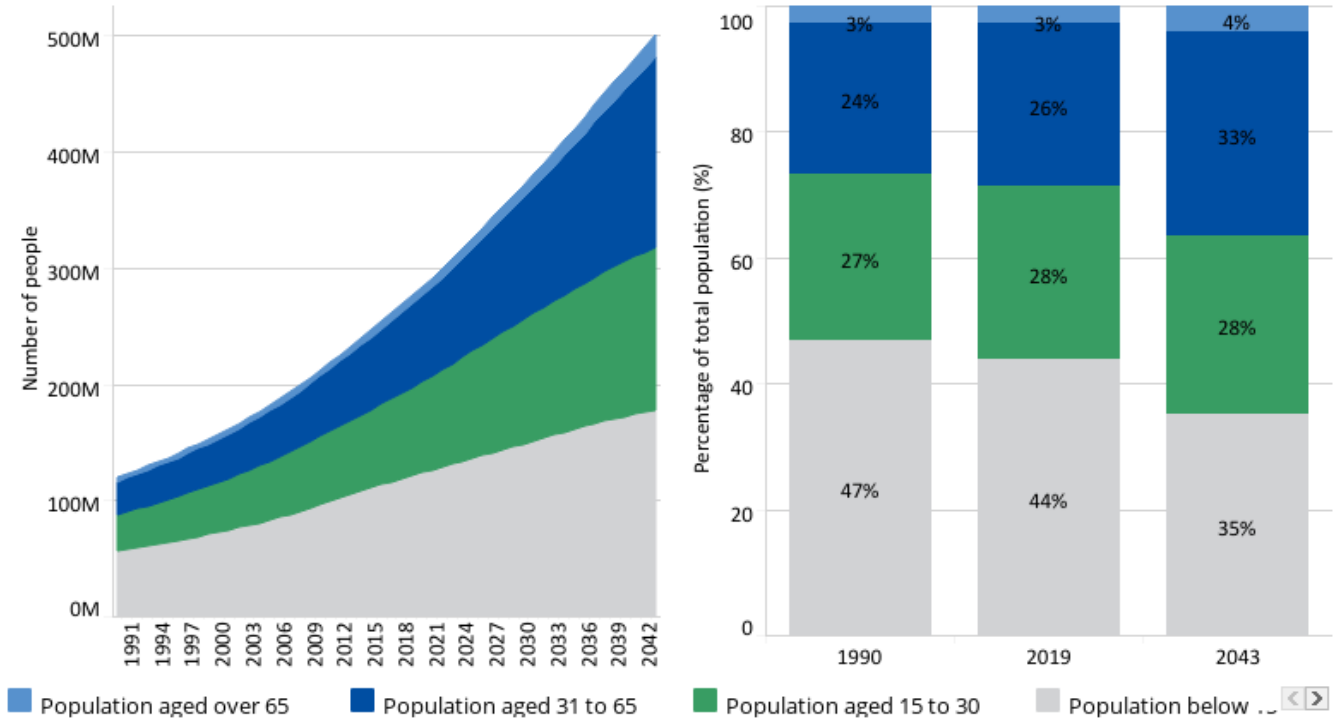
Demographics: Current Path

Chart 2 | Chart 3 | Chart 5 | Chart 6 | Chart 7 | Chart 8 | Chart 9 | Chart 10 | Chart 11 | Chart 12 | Chart 13

Chart 2: Population structure in CP, 1990–2043

By cohort and % of population

EAC



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate and World Development Indicators population data

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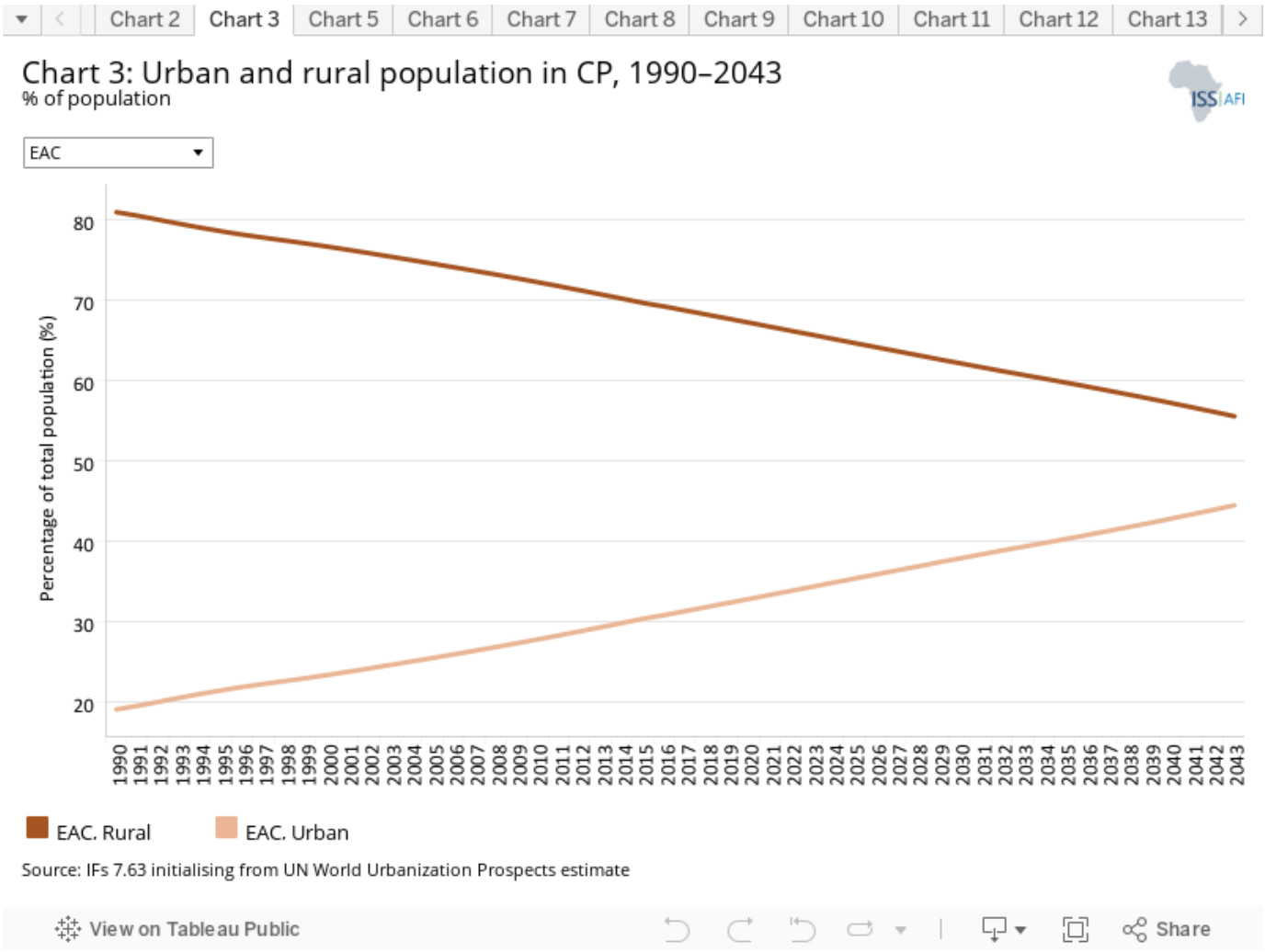
The population of the EAC stood at 119.1 million in 1990, and by 2019 it had more than doubled to 276 million people. In the Current Path forecast, the population will reach half a billion people (500.6 million) by 2043. This is reflective of the 2.8% population growth rate in 2019, which only declines to 2% by 2043. The DR Congo is the most populous member state with 87 million people in 2019, followed by Tanzania (58 million people) and Kenya (53 million). The least populous countries are Burundi (11.1 million) and South Sudan (10.3 million).

The EAC has an exceptionally young population with 49.2% of its adult population in the age group 15 to 29 years of age in 2019, typically considered as constituting its youth bulge. Even by 2043, 43.5% of its adult population will still be in this bulge, implying considerable momentum towards social turbulence if there is not rapid expansion of services and opportunities.

The population structure will gradually become older as the median age of the group increases from 16.4 years in 1990 and 17.8 years in 2019 to 22.4 years in 2043. At the individual country level, the median age within the group ranges from 20 years in Rwanda to 16.6 years in Uganda.

As a result, the under-15 years cohort will decline from 44% in 2019 to 35% in 2043, while the 65 years and older cohort increases marginally from just 2.6% in 2019 to 4% in 2043. With only 53.6% of its population in the general working-age bracket (15 to 64 years of age) in 2019, the EAC will only benefit from a demographic dividend in 2050 when the ratio of

working-age persons to dependants exceeds 1.7 to 1. The decline in the youthful population can be attributed to the fall in the total fertility rate as a result of increased use of modern contraception with the total fertility rate declining from 6.6 births per woman in 1990 to 4.8 births per woman in 2019; it is projected to decline to 3.2 births per woman in 2043.



The EAC is still mainly rural (average of 69.7% in 2019) but rates differ enormously between member states. Its urban population of 32.3% in 2019 is below Africa's average of 42.8% and only higher than the Intergovernmental Authority on Development (IGAD) among the regional economic communities (RECs). In 2019, five out of seven group members (Burundi, Rwanda, South Sudan, Uganda and Kenya) had more than 70% of their populations living in rural areas, and none of the countries had less than 50% rural population, with Tanzania at 66.1% and the DR Congo at 55% rural population. On average, the group will remain predominantly rural even by 2043, with only 44.5% of the population (222.6 million people) projected to live in urban areas based on the Current Path.

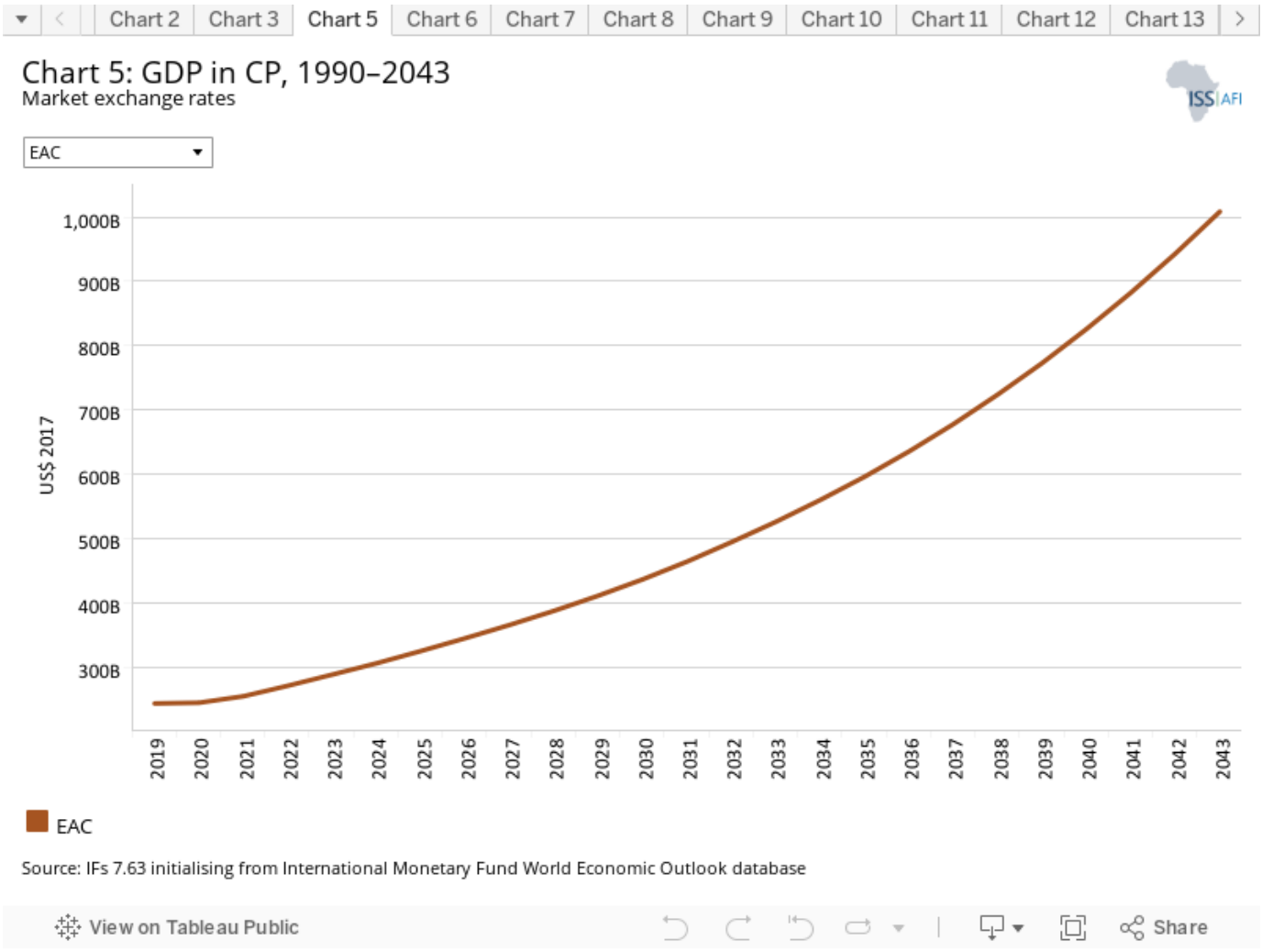
Chart 4: Population density map for 2019

Source: Source goes here

The EAC has one the highest population densities among the RECs (0.6 people per hectare in 2019), only lower than the average population density for the Economic Community of West African States (ECOWAS) at 0.8, with large differences between countries. Rwanda and Burundi were the most densely populated countries within the EAC in 2019 with 5.1 and 4.3 persons per hectare, respectively, followed by Uganda with 2.2 persons per hectare. In 2019, South Sudan had the

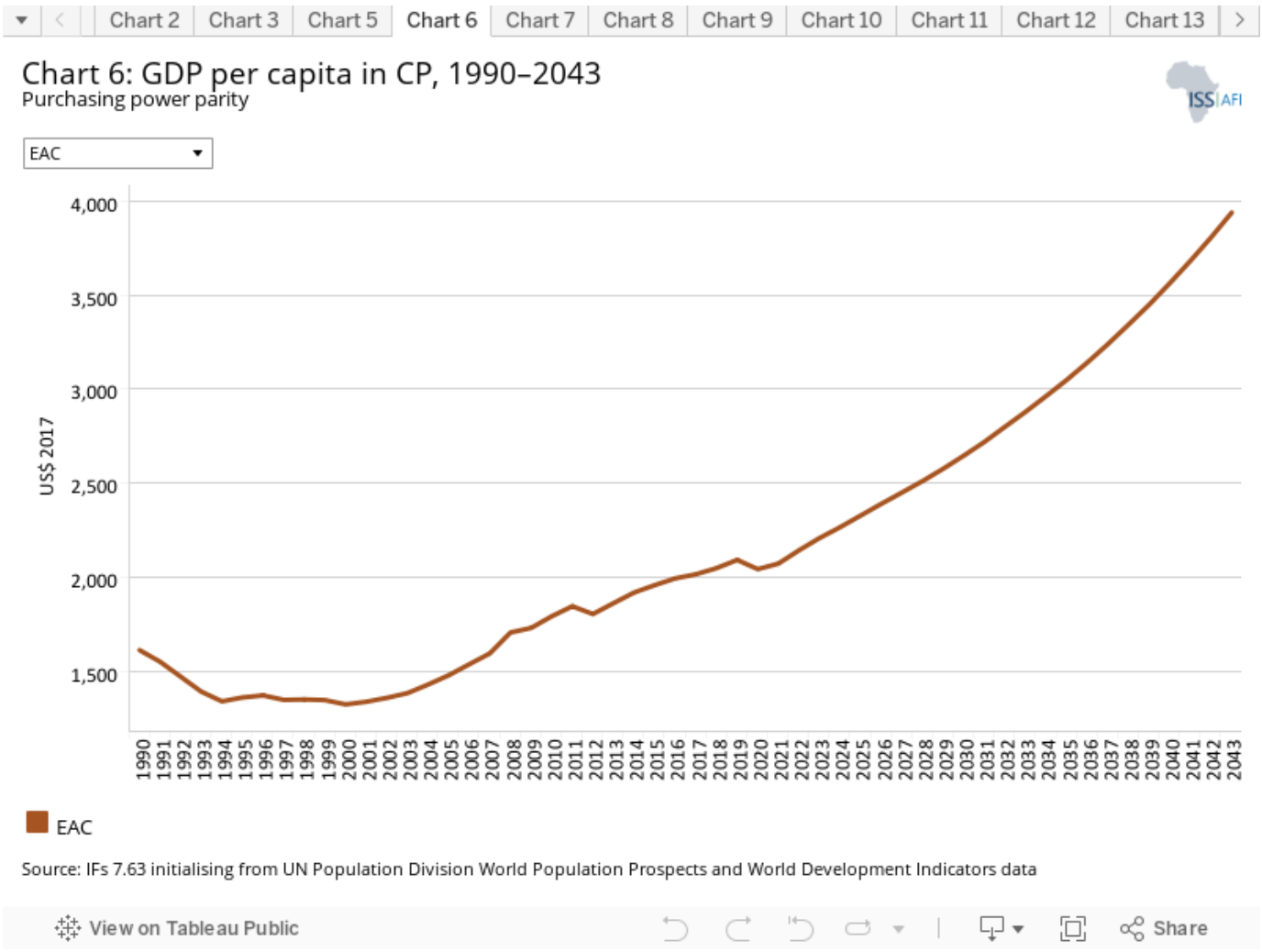
lowest density. Of the seven member countries, four have a density of less than one person per hectare. By 2043, Rwanda will still be the most densely populated country at 8.3 persons per hectare, followed by Burundi at 7.7.

Economics: Current Path



The combined GDP of the EAC has more than tripled from US$79 billion in 1990 to US$243 billion in 2019, and in the Current Path forecast it is set to more than quadruple to US$1 008.3 billion by 2043. In 2019, the EAC's share of Africa's economy was 8%, which is set to increase to 11.6% in 2043, largely as a result of the growth of the population. The EAC is dominated by Kenya and Tanzania, collectively constituting 51% the GDP of the group, followed by the DR Congo and Uganda at 18.5% and 16.7%, respectively. In 2019, Kenya, the largest economy within the group, was valued at US$70.1 billion, followed by Tanzania which was valued at US$60.8 billion. The economies of South Sudan (US$7.4 billion) and Burundi (US$2.8 billion) were the smallest in the region with each constituting less than 4% of total GDP of the EAC in 2019.

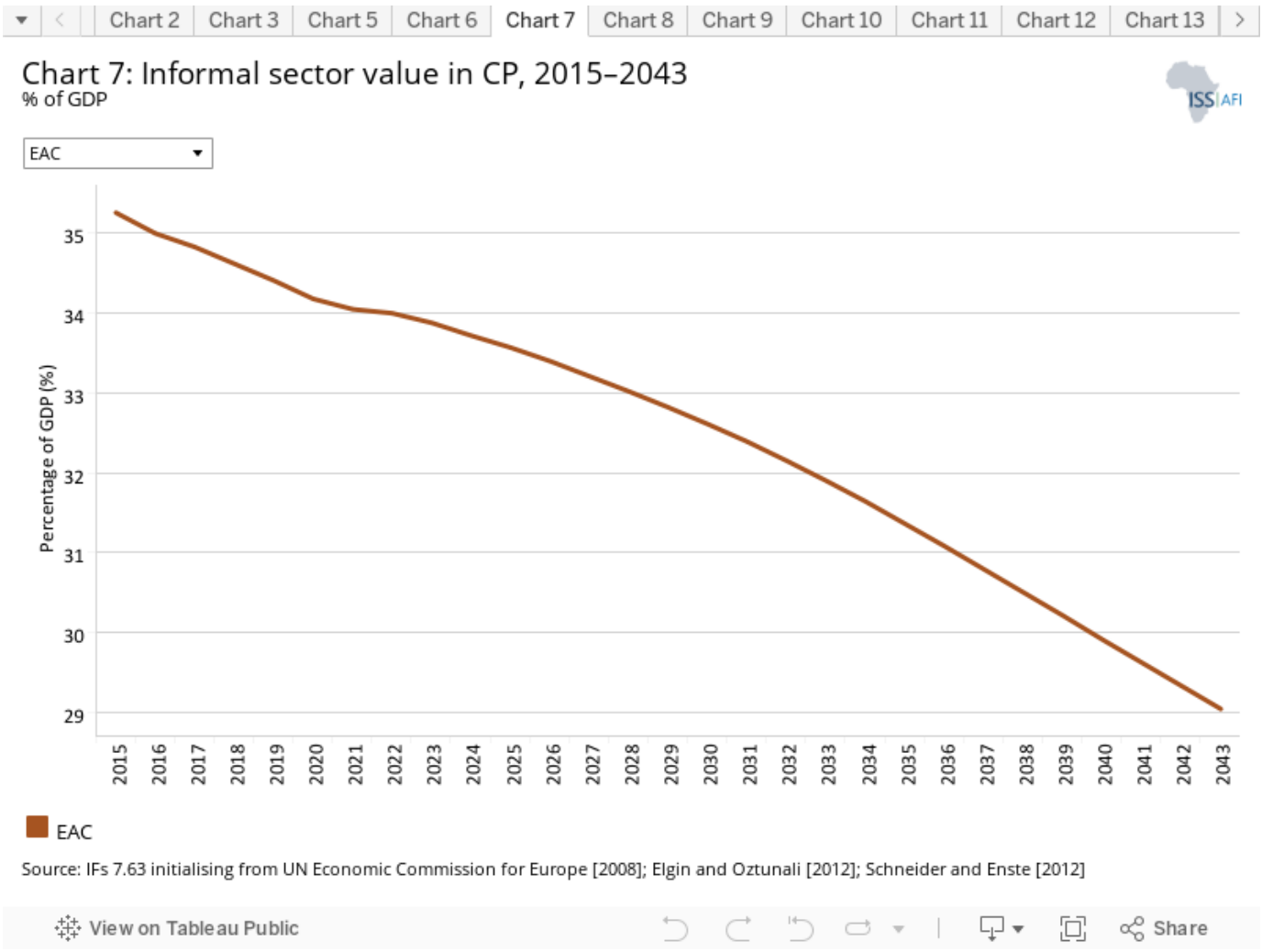
There is a wide range of differences in economic growth rates across the EAC. In 2019, four out of the seven members had an average GDP growth rate of more than 5%, while Burundi and South Sudan had less than 2% growth rate, with the DR Congo at 4.3%. The GDP growth rate ranges from 9.4% in Rwanda to 0.9% in South Sudan which is struggling with instability despite its huge oil reserves. Looking to 2043, Tanzania will have the largest economy in the group (US$258 billion), followed by Uganda (US$249.9 billion). The share of Kenya and Tanzania is set to marginally decline to 49% as Uganda gains momentum in economic growth and expansion reaching a quarter (25%) of EAC economy.



Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of the East African Community.

The average GDP per capita for the EAC was US$2 091 in 2019 — 2.5 times lower than the GDP per capita for an average African country of US$5 289 in that year. Kenya and Tanzania at US$3 331 and US$3 056, respectively, had the highest average income levels in 2019, while the DR Congo and Burundi the lowest at less than US$1 000 in 2019. Though the DR Congo has the third largest economy in the group (at 18.5%), its large population size (87 million people in 2019) means that it ranks sixth among the seven EAC group of countries on GDP per capita, whereas Kenya with a much smaller population and higher GDP ranks first.

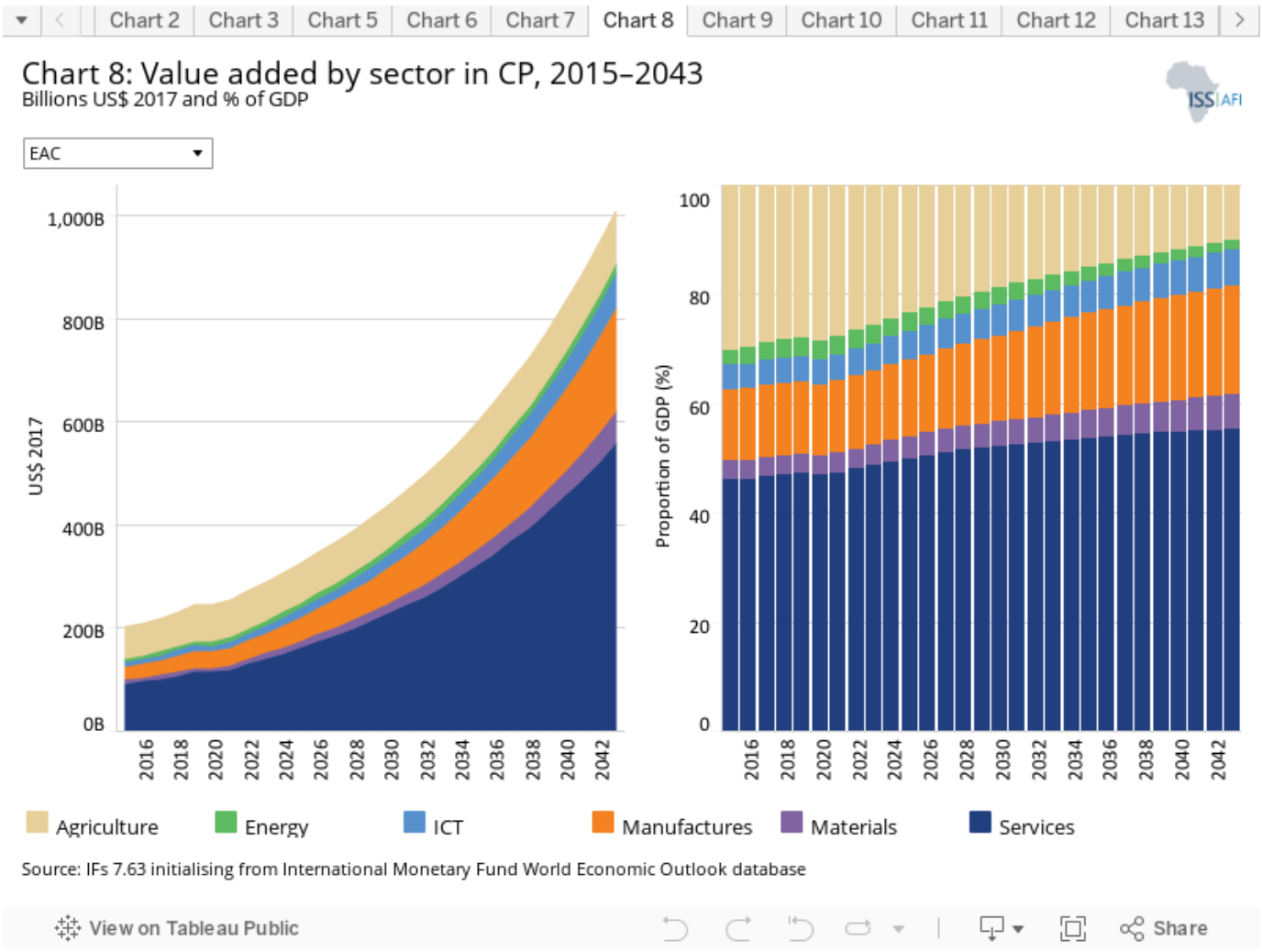
In the Current Path forecast, the EAC is set to increase its GDP per capita to US$3 938 by 2043, when it will constitute about 55% of the average GDP per capita in Africa, up from 40% in 2019. By 2043, Kenya will record the highest per capita GDP of US$5 696, followed by Tanzania at US$5 523, while the economic woes of Burundi (with a growth rate of 1.8% in 2019) will see it recording the lowest at US$1 297 in 2043.



Estimates on the contribution of the informal sector to GDP in 2019 range from 45% in Tanzania to 22% in Kenya. By 2043, these numbers will have declined to 36% and 19.4%, respectively.

At 34.4% (or US$83.6 billion) in 2019, the informal sector in the EAC was about nine percentage points of GDP larger than the average for Africa, reflecting the extent to which a very large portion of the population depends on this sector. By 2043, the GDP share of the informal sector is set to decline to 29%, equivalent to US$293 billion.

The informal sector's share of GDP is largest in Tanzania (45%) and smallest in Kenya (22%), while the informal labour share of total labour force is largest in Uganda at 84.2% and lowest in Kenya at 38.3% in 2019. Tanzania, which ranks number two in the size of its economy in 2019, has the largest informal sector size within the EAC with a value of US$25.1 billion in 2019.

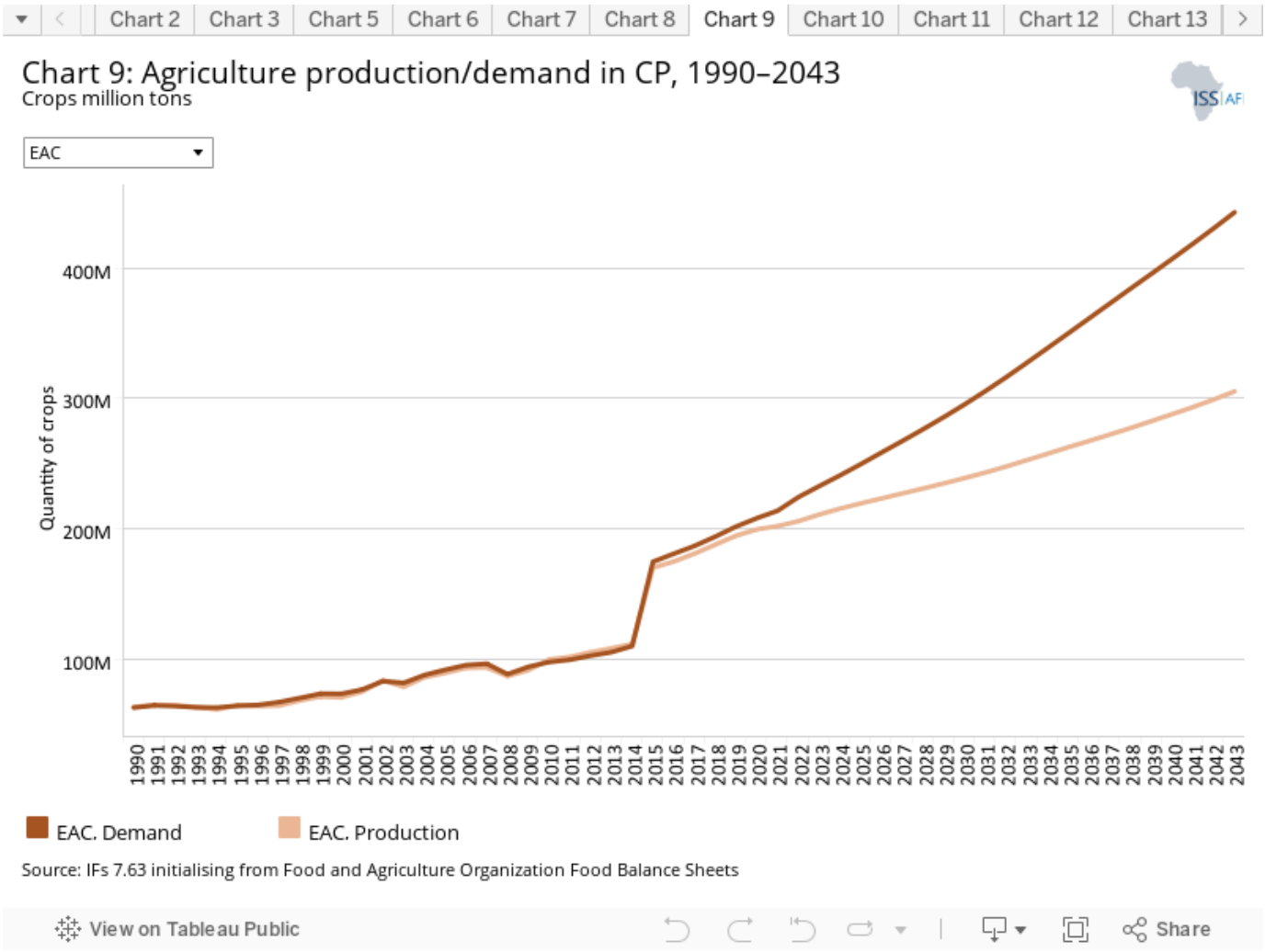


The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, services and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

Generally, the service sector dominates in the EAC, accounting on average 47% in 2019, ranging from 57.7% in Rwanda to 31% in the DR Congo. The service sector contributed more than 45% of GDP in five of the seven EAC members in 2019, and in South Sudan and DR Congo it comprised more than 30% of GDP. These are, however, generally low-end services, either as part of subsistence agriculture or low-end retail services located in informal urban areas. The contribution of the service sector is set to steadily increase from 47% in 2019 to 55% in 2043, while the contribution of the agriculture sector declines from 28% to 10% during the same period, despite its substantial potential. In 2019, the contribution of the agriculture sector of up to 31.3% of GDP in the DR Congo was the highest in the region and the least in South Sudan at 10.1%. By 2043, the contribution of the agriculture sector will range from 13.9% in Burundi to 5.8% in Uganda.

In the same vein, the share of the manufacturing sector of GDP in the EAC will modestly increase from 13.3% in 2019 to 19.9% in 2043. In 2019, the share of the manufacturing sector ranged from 21.3% in the DR Congo to just 2.2% in South Sudan, where economic activity is dominated by oil production as energy comprised 54% of GDP in 2019. The contribution of the energy sector, at 3.4% in 2019, is boosted by oil production in South Sudan (54% of GDP in 2019) and is set to decline to an average for the group of 1.9% of GDP by 2043. The ICT sector's contribution is just next to the materials

sector: both sectors are set to increase marginally in 2043. Tanzania, Kenya and Rwanda, the champions for digitalisation in Africa, had the largest ICT sector in the EAC in 2019 at 5.6, 5.3 and 5.2%, respectively; by 2043, Rwanda will have the largest ICT sector (measured as share of GDP) at 8.1%, followed by Tanzania at 7.9%.



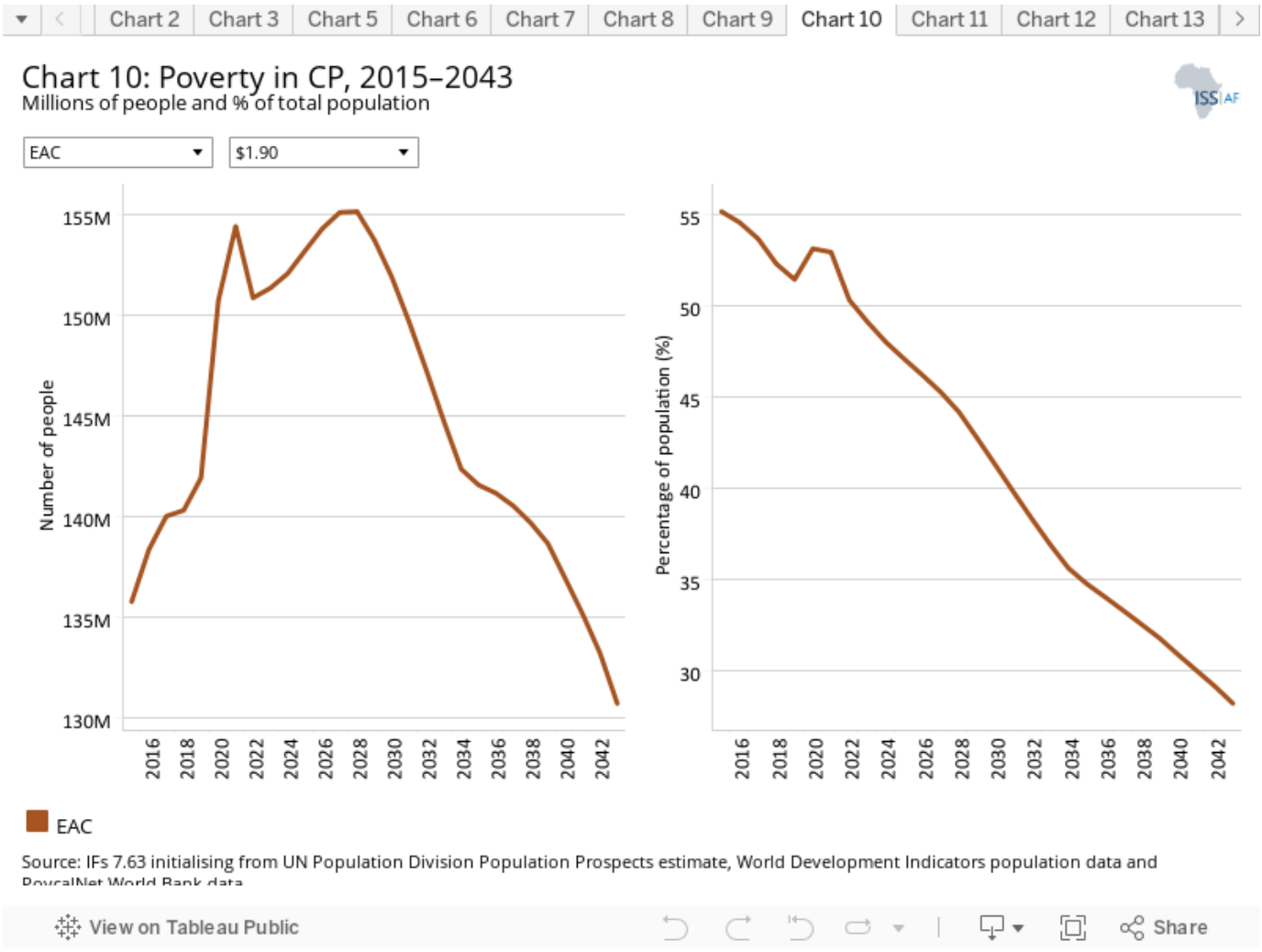
The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Historically, the EAC has been a food sufficient region, where agricultural production has generally met total demand. For instance, in 1990 total production (64.1 metric million tons) exceeded total demand (63.6 metric million metric tons). However, over the years, this trend has been reversed with demand outgrowing production. In 2019, total agricultural demand exceeded production by about 7 million metric tons — a gap that is expected to increase to 137 million metric tons by 2043. The EAC region is, therefore, becoming increasingly food insecure because of poor domestic production.

In 2019, the DR Congo and Tanzania produced the most food in the EAC at 51.5 million metric tons and 51.2 million metric tons, respectively, followed by Kenya and Uganda at 34.9 million metric tons and 32.7 million metric tons, respectively. South Sudan and Burundi were the smallest agricultural producers in the EAC. By 2043, the DR Congo will have increased its agricultural production by 1.6 fold to 85 million metric tons, and Burundi, the smallest producer, will have marginally increased production from 5.3 million metric tons to 6.9 million metric tons in 2019.

Crop production comprised 90% of total agricultural production in the EAC in 2019, and by 2033 this will decline to below 90% such that in 2043 crop production will amount to 83% of total agricultural production.

Poverty: Current Path



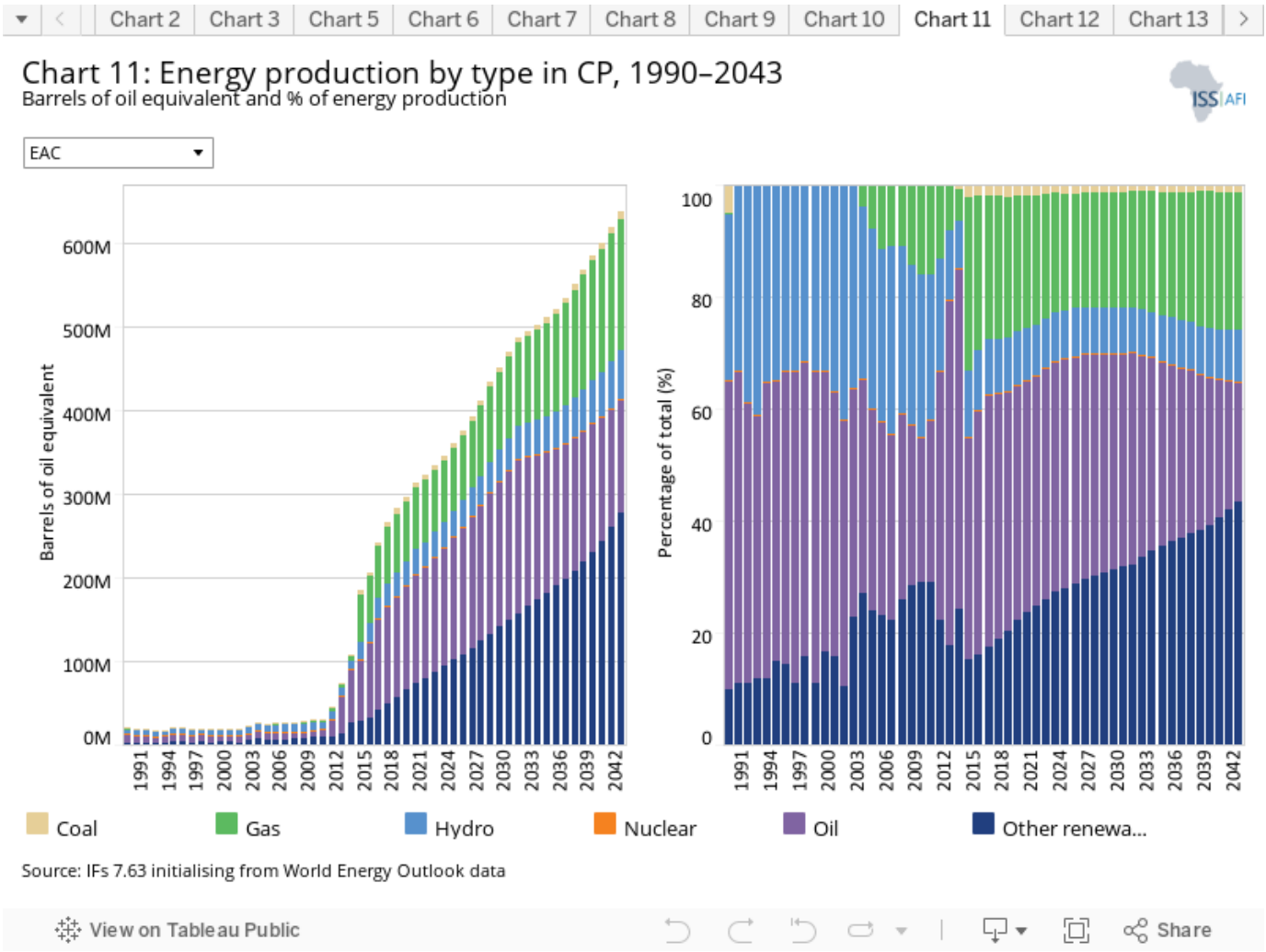
There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries
- US$5.50 for upper middle-income countries
- US$22.70 for high-income countries.

In spite of its high rates of economic growth, the EAC is the second poorest region among the RECs in Africa after the Economic Community of Central African States (ECCAS). The number of extremely poor people (using US$1.90) in the EAC will only modestly decline from 102.5 million in 2019 to 77.8 million in 2043. By 2043, the extreme poverty rate will reduce to 28.2%, compared to 51.5% in 2019. While Tanzania will do well in reducing the number of extremely poor people from 24 million in 2019 to just 21 million in 2043, the DR Congo will increase its number of extremely poor people from 62.8 million in 2019 to 81.9 million in 2043, although with a modest decline in the percentage of extremely poor people.

Whereas in 2019, four out of the seven EAC countries had an extreme poverty rate of above 50%, by 2043, except for South Sudan and Burundi, all EAC countries will experience a poverty rate of below 50%. The decline in poverty in the EAC will be supported by strong economic growth in 2043.

Carbon Emissions/Energy: Current Path



The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

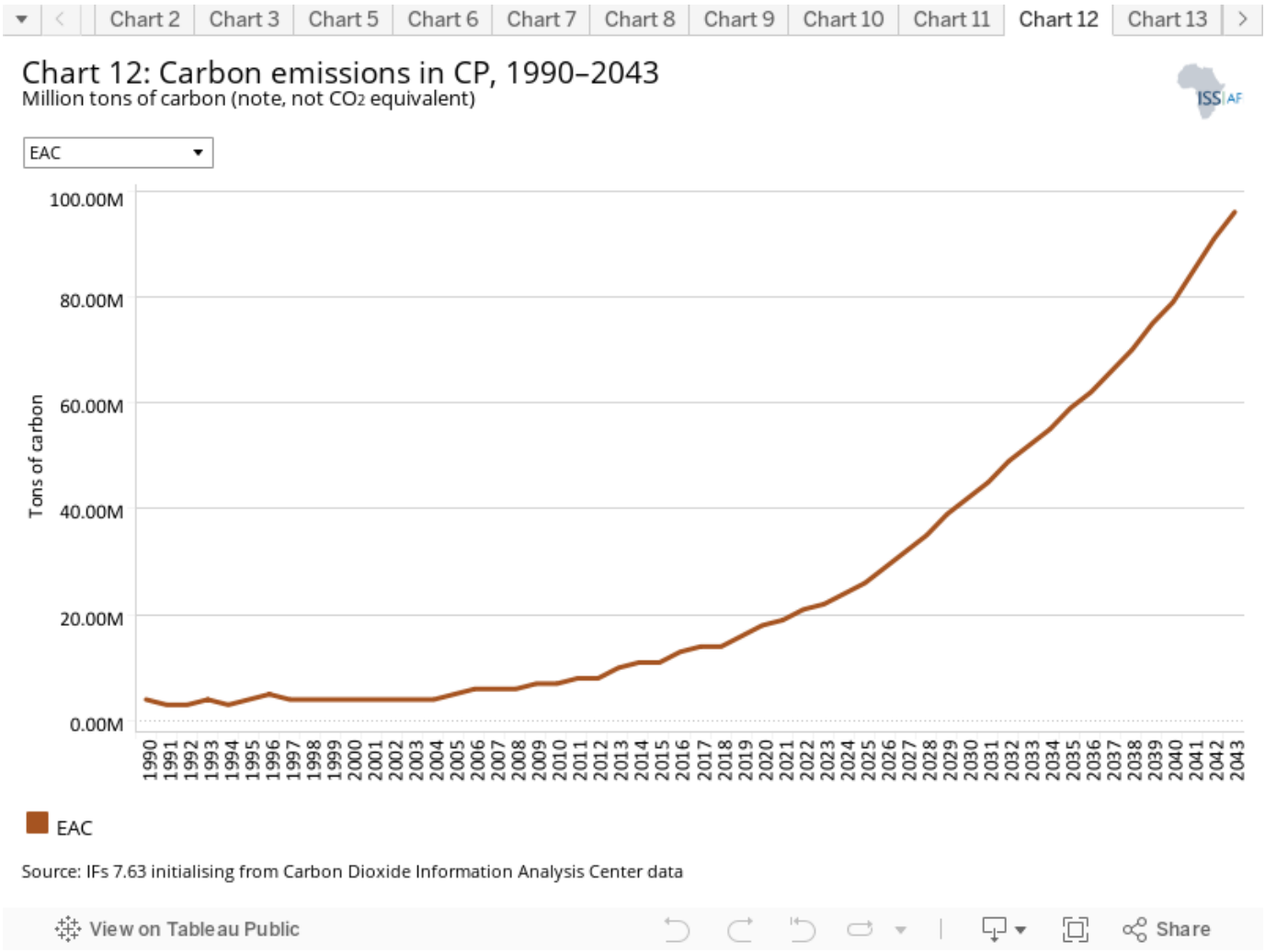
In 2019, oil (at 121 million BOE) and gas (at 71 million BOE) comprised 67.8% of total energy production in the EAC. These were supplemented by the production of hydro and other renewable energies which accounted for 10% and 20%, respectively, of total energy production. The region also produced a negligible amount of coal, representing 2% of total energy production.

South Sudan and the DR Congo are the oil producers within the EAC, while major gas producers are Tanzania, Uganda and Rwanda. Tanzania was the only coal producer in 2019 at 6 million BOE. In 2019, South Sudan produced 106 million BOE, followed by the DR Congo at 15 million BOE.

Hydro energy production is strongest in the DR Congo at 13 million BOE, followed by Tanzania (7 million BOE), Uganda (4 million BOE) and Kenya (3 million BOE), with hydro accounting for one-tenth of energy production in the EAC.

In the Current Path forecast, in 2043 other renewables will dominate energy production in the EAC, accounting for 43%,

followed by gas at 25%. Kenya will be the powerhouse of other renewable energy production, producing 209 million BOE in 2043.



Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO2), carbon monoxide (CO) and methane (CH4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO2 equivalent.

As a group, EAC countries emitted 16 million tons of carbon in 2019, representing about 3.8% of total emissions in Africa. This amount will increase by more than fivefold to 96 million tons by 2043. In the process, the EAC will increase its portion of African carbon emissions from 3.8% of the African total to 10.3%. Tanzania, Kenya and Uganda, which are the largest economies in the region, are the largest emitters, contributing 75% of total emissions in 2019. In the Current Path forecast, the top three emitters will still contribute 70% of all carbon emissions in 2043, with Tanzania poised to contribute the most at 35 million tons.

Endnotes

1. East African Community, Overview of EAC.

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Mustapha Jobarteh joined the ISS in January 2022 as a Senior Researcher in the African Futures and Innovation programme in Pretoria. Before joining ISS, Mustapha was a senior lecturer and Head of the Department of Economics and Finance at the University of the Gambia and a research fellow with the Center for Policy, Research and Strategic Studies. His interests include macroeconomics, international trade and econometric modelling. Mustapha has a PhD in economics from Istanbul Medeniyet
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