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Original Article

## Somalia's New Horizon: Joining the East African Community (EAC)

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Somalia's recent participation in the EAC brings forth transformative opportunities and challenges across various sectors. This report delves into EAC integration, focusing on Somalia's opportunities and challenges, along with policy implications. It emphasizes the importance of comprehending Somalia's dynamic integration into the EAC for informed decision-making and strategic planning. As a member of the EAC Customs Union, Somalia gains access to a larger market, stimulating economic growth and fostering cross-border collaborations. The removal of trade barriers and participation in collaborative ventures offer resilience and connectivity to the global economy. The EAC Common Market reinforces fairness, equity, and cooperation, ensuring Somalia's equal treatment, transparency, and active engagement. Participation in the EAC Monetary Union addresses economic challenges, including dollarization and counterfeit currencies, and will promote economic stability. Somalia's involvement in the Political Federation provides support for lasting peace and recovery from years of conflict. Despite these advantages, challenges arise, including aligning regulations, adapting to increased competition, and navigating the complexities of regional cooperation. The economic landscape of Somalia is rapidly evolving, with notable achievements such as the UN Security Council's decision to end the arms embargo after three decades. Moreover, the International Monetary Fund (IMF) recognizes Somalia's strong implementation of wide-ranging reforms, strengthening key economic and financial policy institutions. This progress positions Somalia for potential debt relief at the Heavily Indebted Poor Countries (HIPC) Completion Point in December 2023. These milestones underscore Somalia's commitment to economic development, international trade, and the defeat of terrorism. The Political Federation in EAC brings both opportunities and challenges, requiring Somalia to balance national priorities with regional integration efforts, harmonize governance practices, and ensure political stability.

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## INTRODUCTION

The East African Community (EAC) stands as a testament to the enduring pursuit of regional integration and cooperation among East African nations.<sup>1</sup> Anchored by a rich history of collaborative efforts, the EAC has evolved through various phases, each marked by significant milestones and transformative events. The journey began in the late 19th century when railway lines crisscrossed Kenya, Uganda, and Tanganyika, opening the region for colonial development under the management of the East African Railways Cooperation (1897-1901). This initiative not only facilitated economic connectivity but also laid the groundwork for subsequent integrative endeavours. The establishment of the Customs Union in 1917 marked a crucial step forward, with Mombasa port serving as a pivotal hub for goods destined for Uganda (1900-1917). As the years unfolded, key institutions like the East African Currency Board, the Postal Union, and others (1905-1940) were formed, further cementing the collaborative foundations of the EAC.

The post-World War II era witnessed the incorporation of the East African Airways Corporation in 1946, fostering regional and international connectivity. The period from 1948 to 1961 saw the East African High Commission (EACH) acting as a coordinating body, addressing

customs union, common external tariffs, currency, postage, and common services in transport, communications, research, and education. However, the post-independence era in 1961 brought changes, leading to the establishment of the East African Common Services Organisation (EACSO). Anticipated as a step toward a political federation, challenges such as a lack of joint planning and fiscal policy, separate political policies, and Kenya's economic dominance posed hurdles.

In 1967, the signing of the "Treaty for East African Cooperation" among Kenya, Uganda, and Tanzania underscored a renewed commitment to collaboration. Nevertheless, challenges persisted, leading to the dissolution of the first East African Community in 1977. The turning point came in 1999 when the Treaty for the re-establishment of the East African Community was signed, rekindling the spirit of integration. November 30th became a symbolic date, recognized as EAC Day across the region. Subsequent years saw the accession of new members, with Rwanda and Burundi joining in 2007, South Sudan in 2016, the Democratic Republic of the Congo in 2022, and Somalia in 2023. Each accession marked a milestone in the EAC's journey, reflecting a commitment to regional unity, economic cooperation, and shared progress.

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<sup>1</sup> Hazlewood, A. (1988). The East African Community. In *International Economic Integration* (pp. 166-189). London: Palgrave Macmillan UK.

By examining the evolution of the EAC from its early collaborative efforts to the present day, with a focus on the recent admission of Somalia in 2023, the article aims to shed light on the dynamics influencing regional unity, economic cooperation, and shared progress. Through a detailed exploration of historical events and their impact on the EAC's structure, policies, and member relationships, this article seeks to offer insights that can inform policymakers, researchers, and stakeholders involved in the ongoing journey of regional integration within the East African Community.

**Table 1: Summary of the key facts about East African Community integration process**

| Date        | Major Event Description   |
|-------------|---|
| 1897 - 1901 | The opening of railway lines across Kenya, Uganda, and Tanganyika, facilitating colonial development under the East African Railways Cooperation's management.  |
| 1900 - 1917 | Customs for goods destined for Uganda collected at Mombasa port, leading to the establishment of a full Customs Union comprising Kenya, Uganda, and later, Tanganyika in 1917.  |
| 1905 - 1940 | Establishment of key institutions, including the East African Currency Board, the Postal Union, the Court of Appeal for Eastern Africa, the East African Governors' Conference, the East African Income Tax Board, and the Joint Economic Council.  |
| 1946        | Incorporation of the East African Airways Corporation, covering the East African region and operating across Africa, connecting to Europe and India.  |
| 1948 - 1961 | The East African High Commission (EACH) coordinates customs union, common external tariff, currency, postage, and common services in transport, communications, research, and education.  |
| 1961        | After independence, the East African High Commission is replaced by the East African Common Services Organisation (EACSO), initially expected to lead to a political federation. However, challenges arise, including a lack of joint planning, fiscal policy, separate political policies, and Kenya's dominant economic position. |
| 1967        | Signing of the "Treaty for East African Cooperation" among Kenya, Uganda, and Tanzania.   |
| 1977        | Dissolution of the first East African Community.  |
| 1999        | Signing of the Treaty for the Establishment of the East African Community on 30th November, recognized as EAC Day, by the Presidents of the Republic of Kenya, Republic of Uganda, and the United Republic of Tanzania.   |
| 2007        | The Republic of Rwanda and the Republic of Burundi become full members of EAC on 1st July.  |
| 2016        | The Republic of South Sudan was admitted and became a full member of EAC on 5 <sup>th</sup> September.  |
| 2022        | The Democratic Republic of the Congo was admitted and became a full member of EAC on 11 <sup>th</sup> July.   |
| 2023        | The Federal Republic of Somalia was admitted and became a full member of EAC on 24 <sup>th</sup> November.  |

## METHODOLOGY AND STRUCTURE

The foundation of this report rested upon a comprehensive review conducted by the author, focusing on Somalia's prospective integration into the EAC. The examination primarily revolved around the document titled "Somalia's New Horizon on Joining the EAC." In the subsequent sections, a multifaceted exploration of various aspects pertaining to EAC integration was undertaken.

The report commenced by investigating an intricate discussion on the governance structure of the EAC; it was crucial to delineate the foundational elements that guided the functioning of the community. The main organs of the EAC included the Summit, the Council of Ministers, the Coordinating Committee, the Sectoral Committees, the East African Court of Justice, the East African Legislative Assembly, and the Secretariat. These components collectively

contributed to shaping the governance dynamics of the EAC and were comprehensively examined to provide a nuanced understanding of their roles and interactions within the community.

In tandem with this, a detailed examination of the main fundamental pillars that constituted the EAC framework was provided. These pillars, namely the Customs Union, Common Market, Monetary Union, and Political Federation, collectively formed the backbone of the EAC and were thoroughly dissected for a comprehensive understanding.

In addition to scrutinizing the primary governing bodies, the report also undertook an extensive review of semi-autonomous institutions associated with the EAC. This segment aimed to provide a detailed understanding of the roles and responsibilities of these entities in the broader EAC landscape.

Moving beyond the structural aspects, the report navigated through the opportunities and challenges that Somalia encountered in the process of aligning itself with the East African Community. A thorough exploration of these elements was essential to understanding the intricate dynamics and potential obstacles that may have emerged during Somalia's integration journey.

Concluding the report, a set of policy recommendations was presented. These recommendations were informed by the insights derived from the preceding analysis, offering practical and strategic guidance for policymakers and stakeholders involved in Somalia's trajectory towards EAC membership.

## **EAC GOVERNANCE STRUCTURE**

The core governance framework of the EAC is structured around several key entities, including the Summit, the Council of Ministers, the Coordinating Committee, Sectoral Committees, the East African Court of Justice, the East African Legislative

Assembly, and the Secretariat. Together, these components form the foundational structure that guides and oversees the decision-making, coordination, and implementation of policies within the EAC. This diverse structure reflects the varied nature of EAC governance, facilitating collaboration and effective management across various sectors and levels of the regional organization.

### **The Summit**

At the top of the EAC governance structure is the Summit, a collective assembly of Heads of Government from Partner States. This high-level forum serves as the forefront for providing strategic direction and steering the EAC towards the realization of its primary goals and objectives.<sup>2</sup> Committed to fostering regional unity and collaboration, the Summit plays a pivotal role in shaping the vision and path of the Community. Through informed discussions and consensus-building, the Heads of Government chart a course that reflects the shared aims and interests of the Partner States, ensuring a cohesive and purposeful approach to regional integration. The Summit, thus, stands as a testament to the collective commitment of the East African nations in their journey toward a more integrated and prosperous future.

Somalia's engaged involvement in informed discussions and consensus-building within the Summit plays a crucial role in ensuring that its distinct needs and interests are given due consideration in the overarching decision-making processes that shape the trajectory of the entire East African region. As a member of the Summit, Somalia gains a significant platform to contribute to the formulation of strategic directions and policies that guide regional integration efforts. This engagement not only empowers Somalia to articulate its specific concerns but also positions the country to actively influence the broader agenda of the EAC. By shaping the discourse within the

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3. Article 11 functions of the Summit

Summit, Somalia contributes to fostering regional unity, collaboration, and the realization of shared objectives. This collective commitment of East African nations, exemplified through the Summit, underscores a shared vision for a more integrated and prosperous future, where Somalia's involved engagement becomes instrumental in shaping the regional narrative of progress and cooperation.

### **The Council of Ministers**

The Council of Ministers, often referred to simply as the Council, stands as the key decision-making and governing organ within the EAC<sup>3</sup>. Comprising Ministers or Cabinet Secretaries from the Partner States responsible for regional cooperation, the Council plays a crucial role in translating political decisions made at the Summit into the day-to-day operations of the Community. The Council meets twice a year, with one meeting held just before a Summit gathering, ensuring a seamless connection between high-level decisions and the practical functioning of the EAC.<sup>4</sup>

Decisions, regulations, and directives issued by the Council hold binding authority for the Partner States and all other Organs and Institutions of the Community, excluding the Summit, the Court, and the Assembly. Additionally, the Council annually elects a chairperson through a rotation system, with each Chairperson serving a one-year term. This process reflects the commitment to shared leadership and facilitates a dynamic approach to steering the Council's responsibilities in regional governance. The Council of Ministers emerges as a cornerstone in the governance structure of the EAC, embodying the collaborative spirit that drives the regional integration efforts forward.

Somalia, as a member of the Council, gains the opportunity to actively contribute to shaping and implementing decisions, regulations, and directives that hold binding authority for the Partner States and all other Organs and Institutions of the Community,

excluding the Summit, the Court, and the Assembly. The Council's commitment provides Somalia the chance to engage in collaborative decision-making and dynamic governance, reflecting the spirit that drives regional integration efforts forward. Somalia's involvement in the Council of Ministers strengthens its role in the governance structure of the EAC, fostering active participation in regional decision-making and contributing to the ongoing progress of the EAC.

### **The Coordinating Committee**

Serving as an integral component under the umbrella of the Council of Ministers, the Coordinating Committee plays an essential role in advancing regional cooperation within the EAC. Charged with primary responsibility for coordinating regional activities, the committee holds influence over the Sectoral Committees, directing their efforts to support the broader goals of the EAC<sup>5</sup>. The Coordinating Committee, drawing its membership from Permanent or Principal Secretaries overseeing regional cooperation in the Partner States, serves as a channel for strategic recommendations to the Council regarding the establishment, composition, and functions of Sectoral Committees.

According to Article 19, meetings of the Coordinating Committee occur biannually, preceding Council meetings, and may arrange extraordinary sessions upon the request of the Committee's Chairperson. Operating under the guidance of the Council, the Coordinating Committee embodies a dynamic force, facilitating collaboration, and ensuring the seamless alignment of sectoral initiatives with the objectives of the EAC.

Somalia's inclusion in the Coordinating Committee creates a significant avenue for direct engagement and meaningful contributions to the strategic recommendations guiding the establishment,

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Article 14(1) of the Treaty.  
Article 14 Meeting of the Council

6. Article 18 Functions of the Coordination Committee

composition, and functions of Sectoral Committees within the EAC. As a member of this integral component under the Council of Ministers, Somalia has the opportunity to shape and influence the decision-making processes that drive regional cooperation. The biannual meetings of the Coordinating Committee held before Council meetings, serve as crucial forums for Somalia to play a proactive role in shaping regional initiatives. This involvement ensures that Somalia's perspectives and priorities are taken into consideration, fostering a harmonious alignment with the overarching objectives of the EAC. By assuming this dynamic role, Somalia emerges as a force within the EAC, fostering collaboration among member states and actively contributing to the effective coordination of sectoral activities, thereby advancing the collective goals of the East African community.

### **The Sectoral Committees**

Playing a crucial role in the operational landscape of the EAC, Sectoral Committees are instrumental in shaping and overseeing the implementation of programs. These committees, tasked with the conceptualization of programs and the monitoring of their execution, are established by the Council based on recommendations from the Coordinating Committee. Operating at the intersection of strategy and execution, Sectoral Committees convene as often as required to effectively discharge their functions, contributing to the dynamic and responsive nature of the EAC's governance structure.

The active participation of Somalia in the Sectoral Committees presents a unique opportunity for the country to play a pivotal role in the development and implementation of strategic programs that precisely align with its distinct needs and priorities. As these committees are entrusted with conceptualizing and monitoring programs, Somalia's engagement in the decision-making processes allows for a direct and impactful contribution to the shaping of the regional agenda within the East African Community (EAC).

By leveraging its insights and experiences, Somalia can advocate for policies and initiatives that are not only sensitive to its domestic requirements but also resonate with the broader objectives of the EAC.

Somalia's involvement in the Sectoral Committees positions the country as an active influencer in regional governance. Through constructive dialogue and collaboration with other member states, Somalia can foster a more inclusive and tailored approach to the EAC's initiatives. This collaborative effort contributes to the formulation of well-rounded policies that address diverse challenges faced by the region. Somalia's active engagement enhances the overall effectiveness and relevance of the EAC's programs, ensuring that they are responsive to the unique socio-economic and geopolitical dynamics of the member states.

Furthermore, Somalia's participation in the Sectoral Committees not only amplifies its voice within the community but also underscores its commitment to regional cooperation and sustainable development. By actively contributing to the decision-making processes, Somalia becomes an integral part of the collective efforts aimed at addressing regional challenges, promoting economic growth, and fostering sustainable development across the East African region. This collaborative and participatory approach not only strengthens the ties between Somalia and other member states but also bolsters the EAC's capacity to navigate and overcome complex challenges on its path to fostering a prosperous and harmonious EAC.

### **The East African Court of Justice**

Functioning as the principal judicial organ of the EAC, the East African Court of Justice (referred to simply as the Court) plays a critical role in ensuring the adherence to the law during the interpretation and application of compliance with the EAC Treaty. Established under Article 9 of the Treaty for the Establishment of the East African Community, the Court currently operates from its temporary seat in Arusha, Tanzania, with its permanent location

subject to determination by the Summit<sup>6</sup>. The Court strategically extends its reach by establishing Sub-registries within the Partner States, strategically positioned within the premises of the National Courts.

Comprising ten judges appointed by the Summit from sitting judges of any Partner State court of judicature or jurists of recognized competence, along with a Registrar appointed by the Council of Ministers, the Court operates with two distinct divisions: an Appellate division and a First Instance division. This dual-division structure ensures a comprehensive and efficient judicial framework to address legal matters within the EAC, reflecting the commitment to a robust and accessible legal system.

Somalia's active participation in The EACJ significantly contributes to enhancing the overall effectiveness and fairness of the regional judicial process within the EAC. By being part of the EACJ, Somalia gains a voice and representation in the Court's proceedings, allowing it to play a role in shaping and influencing the legal landscape of the East African region. This involvement fosters a more inclusive and diverse perspective within the judicial framework, ensuring that the unique concerns and legal considerations of Somalia are considered.

The Court's mandate to ensure adherence to the law during the interpretation and application of compliance with the EAC Treaty becomes more comprehensive with the active involvement of Somalia. As a member state, Somalia can bring its legal expertise and experiences to the Court, contributing to a more nuanced understanding of legal issues and facilitating fair and just outcomes.

Furthermore, Somalia's potential engagement with the Sub-registries strategically positioned within its national borders offers direct access to legal recourse for its citizens, reinforcing the accessibility and responsiveness of the EACJ to the needs of the

Somali people. This decentralized approach aligns with the principles of justice, ensuring that legal remedies are more readily available to individuals within their own jurisdictions.

In essence, Somalia's involvement in the EACJ not only contributes to the effectiveness and fairness of the regional judicial process but also reinforces the East African Community's commitment to upholding the rule of law. It reflects a collective dedication to a legal system that is responsive, inclusive, and capable of addressing the diverse legal challenges that may arise within the East African region.

### **The East African Legislative Assembly**

Established under Article 9 of the Treaty for the Establishment of the EAC, the East African Legislative Assembly (EALA) serves as the Legislative Organ of the Community. With a pivotal role in advancing EAC objectives, it operates through a Legislative, Representative, and Oversight mandate. The Assembly comprises 63 elected Members, with 9 representatives from each Partner State, and an additional 9 ex-officio Members, including the Minister or Cabinet Secretary responsible for EAC Affairs from each Partner State, the Secretary-General, and the Counsel to the Community, totalling 72 Members.

To fulfil its mandate, the Assembly establishes Standing Committees, currently consisting of six committees, each focusing on specific areas such as Accounts, Legal Rules, and Privileges, Agriculture, Tourism and Natural Resources, Regional Affairs and Conflict Resolution, Communication, Trade, and Investment, and General Purpose. These committees play a crucial role in overseeing and directing legislative activities within their respective domains. Additionally, the EALA Commission, established through the Administration of the EALA Act 2012, assumes responsibility for the overall management of the

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7. Article 9 of the Treaty

Assembly, ensuring the efficient execution of its legislative functions.

The benefits for Somalia in EALA are diverse. Firstly, it provides a platform for direct representation in the legislative processes of the EAC, allowing Somalia to actively contribute to the formulation of regional policies and laws. The inclusion of Somali representatives in EALA ensures that the specific needs and concerns of Somalia are taken into account during the legislative decision-making process, fostering a more inclusive and comprehensive approach to regional governance.

Moreover, Somalia's participation in EALA grants it access to various Standing Committees that focus on specific areas shaping the EAC's legislative agenda and policies. These committees play a crucial role in overseeing and directing legislative activities within their respective domains, offering Somalia the opportunity to actively engage in discussions and decision-making processes that impact the East African region. In summary, Somalia's membership in EALA not only ensures its representation in the regional legislative body but also provides a platform for active participation in shaping the legislative agenda and policies of the EAC.

### **The Secretariat**

Serving as the executive organ of the EAC, the Secretariat plays a crucial role in executing and upholding the mandates set forth by the Council. As the guardian of the Treaty, the Secretariat ensures the proper implementation of regulations and directives established by the Council. Comprising the Secretary-General, 2 Deputy Secretaries-General, the Counsel to the Community, and a team of dedicated EAC staff, the Secretariat is instrumental in carrying out the day-to-day work mandated by the Council for the benefit of the Community. The Secretary-General, appointed by the Summit for a fixed five-year, non-renewable term, serves as the principal executive, accounting

officer, head of the Secretariat, and Secretary of the Summit. The Deputy Secretaries-General, appointed by the Summit on a rotational basis, supports the Secretary-General and serves renewable three-year terms. The Counsel to the Community assumes the role of the principal legal adviser to the Community, contributing to the effective and lawful functioning of the EAC.

Somalia's recent membership in the EAC opens up potential employment opportunities within the Secretariat—the executive organ of the EAC. As a key player in implementing and upholding EAC mandates, the Secretariat, led by the Secretary-General, offers a range of positions for skilled professionals. Employment prospects extend to roles such as administrative staff, legal experts, policy analysts, and support staff. Additionally, Somali individuals have the chance to aspire to leadership roles within the Secretariat. The Secretary-General, appointed by the Summit, and Deputy Secretaries-General, appointed on a rotational basis, present an opportunity for qualified individuals from Somalia to potentially assume key leadership positions, contributing to the effective functioning and development of the EAC. As the EAC continues to evolve, these employment opportunities within the Secretariat not only allow for active engagement but also offer a pathway for Somalia to contribute to the collaborative development of the East African region.

### **INTEGRATED HARMONY: THE FOUR PILLARS OF EAC**

The EAC is anchored by four foundational pillars: the Customs Union, the Common Market, the Monetary Union, and the Political Federation. Each pillar represents a crucial stage in the evolution of regional integration, collectively shaping the trajectory of the EAC. The Customs Union fosters economic collaboration by facilitating the free movement of goods and services among member states. The Common Market expands this collaboration to include the free movement of capital and labour. The Monetary Union aims at



harmonizing monetary and fiscal policies, laying the groundwork for a single currency. Lastly, the Political Federation stands as the ultimate goal, emphasizing shared governance and a unified political identity within the region. The upcoming table will present the establishment dates of each

pillar, and the following section will provide a detailed explanation of each offering a comprehensive understanding of their individual roles and contributions to the overall integration framework of the EAC.

**Table 2: Summary of the key facts about the four pillars of EAC**

| Date | Major Event Description   |
|------|---|
| 2005 | The Protocol for the establishment of the EAC Customs Union was signed on 1st July,   |
| 2010 | The EAC Common Market Protocol entered into force on 1 <sup>st</sup> July, an expansion of the bloc's existing Customs Union.   |
| 2013 | The EAMU Protocol was signed on 30th November and set the groundwork for a monetary union within 10 years while allowing the EAC Partner States to progressively converge their currencies into a single currency in the Community. |
| 2017 | On 20th May, the EAC Heads of State adopted the Political Confederation as a transitional model of the East African Political Federation.   |

**The Customs Union**

Article 75 of the Treaty establishing the EAC defines the Customs Union as the primary regional integration milestone and a fundamental cornerstone of the EAC. This union has been in effect since 2005. Within the East African Customs Union (EACU), partner states have mutually committed to eliminating duties on goods and services traded among themselves. Additionally, they have established a common external tariff (CET), ensuring that imports from states outside the EAC face the same tariff when selling their goods and services to any EAC partner state.

The EACU covers key sectors crucial for regional integration and development. In agriculture and food security, the focus is on harmonizing policies and implementing joint programs to enhance efficiency in production. The customs sector aims to bring about economies of scale by establishing a Single Customs Territory, supporting economic development across EAC Partner States. Health initiatives within the union are directed at collaboratively preventing and controlling both communicable and non-communicable diseases, including the management of pandemics and epidemics. Immigration and labour policies are

geared towards accelerating economic growth through the facilitation of free movement of persons and labour.

The industrialization and SME development sector seeks to improve competitiveness in the industrial domain, fostering trade in industrial goods within the community and promoting exports from EAC Partner States. Infrastructure coordination focuses on harmonizing transport and communication policies, improving existing links, and establishing new ones for enhanced regional connectivity. The joint efforts in tourism and wildlife management aim to collectively promote the EAC as a Single Tourist Destination while ensuring the conservation and sustainable utilization of wildlife and tourist sites. Lastly, the trade sector aims to rationalize investments, optimize established industries, and harmonize policies, incentives, and standards to position the EAC as a unified investment area.

The Customs Union has set four clear objectives aimed at fostering regional cooperation and economic growth. Firstly, it seeks to advance the liberalization of trade in goods among Partner States through mutually beneficial trade arrangements. The goal is to create a more open and seamless environment for the movement of goods within the

region. Secondly, the Customs Union aims to boost efficiency in production across the community. By streamlining processes and promoting best practices, the union intends to enhance overall productivity. Thirdly, a key objective involves encouraging investment both domestic and foreign within the community. This initiative is geared towards attracting capital and fostering economic development. Lastly, the Customs Union aims to drive economic development and diversify industrialization within the community. By promoting a dynamic and diversified industrial sector, the union aims for a robust and sustainable economic future for all member states.

### The Common Market

Article 1 of the EAC Treaty lays the foundation for a Common Market, defining it as the integration of Partner States' markets into a unified entity characterized by the free movement of capital, labour, goods, and services. This vision materialized with the signing and enforcement of the Protocol on the Establishment of the East African Community Common Market (CMP) in 2010. Marking the second major milestone in the EAC regional integration journey, the Common Market builds upon the achievements of the fully-fledged Customs Union, which was established in January 2010.<sup>7</sup>

The operational principles of the EAC Common Market underscore the commitment to fair and equitable treatment among Partner States. These principles include the non-discrimination of nationals based on their nationality, ensuring equal treatment for all Partner States' citizens, fostering transparency in matters involving other Partner States, and facilitating the seamless implementation

of the Protocol through the exchange of relevant information.<sup>8</sup>

Beyond these principles, the advantages of cooperating and integrating as one region are noteworthy. This collaboration brings about reduced transaction costs, the creation of larger markets, stimulation of investment and industrialization, and social development arising from the resolution of issues related to peace and political stability. As the EAC continues to evolve, the Common Market stands as a testament to the region's dedication to creating an integrated and cooperative framework that promotes the free flow of resources and opportunities among its member states.

To boost economic growth and development, the EAC Partner States have adopted a liberal approach, emphasizing the importance of four Freedoms and two Rights among themselves.<sup>9</sup> These essential elements comprise the Free Movement of Goods, allowing the smooth exchange of products; the Free Movement of Persons, facilitating easy travel; the Free Movement of Labour/Workers, encouraging employment mobility<sup>10</sup>; the Right of Establishment, promoting business activities<sup>11</sup>; the Right of Residence, enabling individuals to settle in different member states<sup>12</sup>; the Free Movement of Services<sup>13</sup>, fostering service exchange; and the Free Movement of Capital, supporting financial transactions. By upholding these principles, the EAC aims to create a more interconnected and dynamic environment, fostering collaboration and prosperity among its member states.

The EAC Common Market encompasses various sectors, with a strong emphasis on harmonizing policies for integrated growth and development. One crucial area is agriculture and food security,

8. Article 5(2) of the EAC Common Market Protocol.

9. Article 6 of the EAC Common Market Protocol.

10. Tax, S.L., (2010), 'East African Community Integration: Marching towards a Common Market', Paper Presented at the University of Dar es Salaam, East African Community Students' Union, 26th June 2010, 6 (unpublished).

11. Part D of the EAC Common Market Protocol.

12. Article 13(12) of the EAC Common Market Protocol.

13. Article 14 of the EAC Common Market Protocol.

14. Part F of the EAC Common Market Protocol.

where policies are geared towards efficient production through the harmonization of agricultural strategies. Culture and sports are recognized as drivers of a people-centred integration agenda, promoting diverse sports activities and preserving regional cultures. Education, science, and technology are prioritized for economic development, with policies focusing on harmonized curricula and accreditation institutions. Energy resources are efficiently managed through shared policies and mechanisms for exploitation and joint research. Transport and communication policies are coordinated and harmonized to improve existing links and establish new ones.

Common approaches are adopted to address the needs of disadvantaged groups, including women, children, youth, the elderly, and persons with disabilities. Joint efforts are undertaken to prevent and control diseases, both communicable and non-communicable. Economic growth is accelerated by facilitating the free movement of persons and labour through common policies and procedures. The industrial sector's competitiveness is improved to boost trade in industrial goods within the Community. A conducive atmosphere for social and economic development is maintained through cooperation on peace and security issues. The private sector is provided with an enabling environment through continuous dialogue and policy harmonization, aiming to enhance investor confidence and promote the Community as a single investment area. The EAC Common Market stands as a collaborative effort, where shared policies pave the way for a more integrated and prosperous regional community.

### **The Monetary Union**

The East African Monetary Union (EAMU) represents a crucial milestone in the EAC Regional Integration journey. The EAMU Protocol, aligned with the EAC Treaty and officially signed in

November 2013, sets the stage for the establishment of a monetary union within a decade. This framework enables EAC Partner States to gradually align their currencies, working towards the ultimate goal of a unified currency within the Community. In the lead-up to the adoption of a single currency, the EAC Partner States are committed to coordinating monetary and fiscal policies, standardizing financial, payment, and settlement systems, unifying financial accounting and reporting practices, aligning policies and standards on statistical information, and establishing an East African Central Bank.

As the EAC progresses towards a common currency, the Partner States are dedicated to coordinating various aspects of their economic frameworks. This includes the synchronization of monetary and fiscal policies, the standardization of financial systems, the uniformity of accounting and reporting practices, and the establishment of policies and standards for statistical information. Furthermore, a pivotal component of this journey involves the creation of an East African Central Bank. The commitment to these initiatives underlines the cooperative efforts of the EAC Partner States in realizing a unified and stable monetary environment for the entire East African Community.<sup>14</sup>

The creation of the East African Central Bank (EACB) presents significant opportunities for Somalia. With a focus on regional economic stability and coordination, the EACB could contribute to fostering a more secure economic environment in the region. For Somalia, which currently relies on the US Dollar (USD) as its official currency, the potential for a unified regional currency could be a positive development. This transition could reduce dependency on the USD, providing Somalia with a chance to participate in currency integration across EAC member states. Furthermore, the EACB's role in increasing

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15. Article 3 of EAC Monetary Union Protocol

economic cooperation among member states may lead to enhanced trade, investment, and overall economic development, offering Somalia new avenues for growth and collaboration in the regional context.

### **The Political Confederation**

The Political Federation is the ultimate goal in the East African Community's journey toward regional integration and represents the fourth significant step, following the Customs Union, Common Market, and Monetary Union. This ambitious vision is detailed in Article 5(2) of the Treaty for the Establishment of the EAC and is built on three main pillars: the development of common foreign and security policies, promoting good governance, and effectively implementing the earlier stages of Regional Integration. On 20th May 2017, the EAC Heads of State adopted the Political Confederation as a transitional model of the East African Political Federation. As member states of the East African Community work towards achieving the Political Federation, these pillars serve as crucial foundations, fostering unity, cooperation, and shared governance in the region. The pursuit of a Political Federation underscores a collective commitment to building a more integrated and politically cohesive East African Community.

Within the framework of the Political Federation, several pivotal sectors come into focus, each playing a crucial role in shaping the collective identity and strength of the EAC. In the realm of International Relations, the emphasis is on establishing common foreign and security policies. This serves as a strategic measure to safeguard the shared values, fundamental interests, and independence of the Community. By fortifying the security of the Community and its Partner States, the aim is to create a resilient and united front on the global stage. This sector reflects a commitment to collaborative diplomacy and a recognition that a harmonized approach to international relations is instrumental in fostering a strong and organized East African presence.

Peace and Security stand as foundational pillars within the Political Federation, embodying the imperative of creating a conducive atmosphere for social and economic development. This sector is not merely about crisis response; rather, it emphasizes proactive cooperation and consultations on matters related to peace and security among the Partner States. By fostering a cooperative environment and engaging in ongoing consultations, the Political Federation seeks to ensure that peace becomes an integral part of the region's fabric. It underscores the understanding that sustained peace is not only a prerequisite for economic prosperity but also an essential foundation for the overall well-being of the East African Community and its member states.

### **EAC Semi-Autonomous Institutions**

The EAC comprises several semi-autonomous institutions that play a crucial role in implementing the organization's mandate. These institutions include the Civil Aviation Safety and Security Oversight Agency (CASSOA), the East African Competition Authority (EACA), the East African Development Bank (EADB), the East African Health Research Commission (EAHRC), the East African Kiswahili Commission (EAKC), the East African Science and Technology Commission (EASTECO), the Inter-University Council for East Africa (IUCEA), the Lake Victoria Basin Commission (LVBC), and the Lake Victoria Fisheries Organization (LVFO). Each of these institutions serves a specific function, contributing to the overall goals and objectives of the EAC.

The CASSOA operates within the civil aviation sector with the goal of ensuring the safety, efficiency, and profitability of air transport services. This agency focuses on fostering the adoption of common policies and the harmonization of civil aviation rules and regulations. By working towards these objectives, CASSOA contributes to the enhancement and standardization of safety measures within the civil aviation industry, ensuring a secure and streamlined air travel experience.

The EACA is entrusted with the mandate to promote and safeguard fair trade and ensure consumer welfare within the community, as outlined in the EAC Competition Act, 2006. The Act is designed to enhance the well-being of the community's people by prohibiting anticompetitive practices, safeguarding the opening of partner states' markets against barriers to interstate trade, and ensuring equal opportunities for market participants, particularly small and medium-sized enterprises (SMEs). Furthermore, it aims to establish a level playing field, eliminating discrimination based on nationality or residence, and providing consumers with access to products and services at competitive prices and better quality. The Act also incentivizes producers to improve production and products through technical and organizational innovation. Ultimately, the EACA plays a pivotal role in fostering economic integration and development within the community by creating a conducive environment for investment and aligning EAC competition policy and law with international best practices.

The EADB provides tailored financial solutions to organizations across various sectors, including health, education, hospitality and tourism, infrastructure development, energy and utilities, and agriculture. Meanwhile, the EAHRC plays a pivotal role in coordinating a regional health research agenda and facilitating the translation of its findings into policy and practice across the Partner States. Additionally, the EAKC serves as the coordinating body for matters concerning Kiswahili research, teaching, learning, and development. Together, these institutions contribute to the diverse and comprehensive development of the East African Community.

The EASTECO oversees the cooperative efforts of Partner States in the development and execution of Science and Technology initiatives. The IUCEA plays a pivotal role in coordinating the harmonization of higher education and training systems across East Africa, fostering their strategic

development, and advocating for internationally comparable standards and systems. The LVBC concentrates on coordinating interventions within the Lake and its Basin. Meanwhile, the LVFO is dedicated to promoting the sustainable utilization of the Lake's fisheries resources. Each of these institutions fulfils a unique role in advancing the collective goals and collaboration within the East African Community.

### **EAC Entry – Somalia's Gateway to Opportunities**

Somalia's active involvement in the Customs Union within the EAC offers a broader spectrum of economic advantages. Firstly, the newfound access to a significantly larger market within the EAC presents a transformative opportunity for Somalia. The collective consumer base of EAC member states provides an expansive market for Somali goods and services. This expanded market reach not only facilitates business expansion but also enables Somali enterprises to cater to diverse consumer preferences and needs. The resulting surge in demand for Somali products contributes substantially to economic growth, driving production, creating jobs, and fostering a more dynamic business environment.

Moreover, Somalia's integration into the EAC dismantles trade barriers, leading to increased trade opportunities. The removal of tariffs and other impediments streamlines cross-border commerce, making it easier for Somali businesses to engage in trade with other member states. This not only stimulates economic activity within Somalia but also empowers businesses to explore new markets for their goods and services. Bilateral and multilateral trade agreements within the EAC framework provide a structured platform for Somalia to diversify its exports and imports, contributing to a more resilient and globally connected economy.

Furthermore, EAC membership opens doors to collaborative ventures and investments, fostering

economic cooperation among member states. Somali entrepreneurs can actively participate in joint projects with businesses from other EAC countries, allowing for the pooling of resources, expertise, and market knowledge. This cross-border collaboration has the potential to unlock synergies, spur innovation, and contribute to economic diversification. The mutual benefits derived from these collaborative ventures extend beyond individual enterprises, positively impacting the overall economic landscape of Somalia and the EAC region. Conclusively, Somalia's participation in the Customs Union not only ensures regional economic integration but also serves as a catalyst for transformative growth, job creation, and cross-border collaboration within the East African context.

The Common Market brings Somalia a multitude of advantages, rooted in its operational principles that underscore fairness, equity, and cooperation among the Partner States. The EAC Common Market emphasizes the non-discrimination of nationals based on their nationality. For Somalia, this means that its citizens can expect equal treatment alongside citizens of other Partner States within the EAC. This principle fosters a sense of inclusivity and ensures that Somalia can actively engage in economic activities, trade, and other aspects of the Common Market on equal footing with citizens from other member states.

Additionally, the commitment to transparency in matters involving other Partner States is crucial for Somalia. Transparent dealings enhance trust and facilitate smoother interactions between member countries. Somalia, as a newcomer, can benefit from clear and open communication channels, making it easier to navigate the complexities of regional cooperation. The emphasis on the seamless implementation of the Protocol through the exchange of relevant information further positions Somalia to stay informed and participate effectively in the Common Market. This exchange of information ensures that Somalia is well-integrated

into the decision-making processes and can align its policies and practices with those of other Partner States, fostering a cooperative and mutually beneficial relationship within the EAC. Overall, Somalia's participation in the EAC Common Market, guided by these operational principles, contributes to a more inclusive, transparent, and cooperative regional economic environment.

Somalia's active engagement in the initiatives towards a Monetary Union not only fosters cooperative efforts among the EAC Partner States but also addresses significant challenges in the Somali economy. The Somali economy grapples with dollarization and the infiltration of counterfeit money, hindering effective monetary policy implementation. Counterfeit local currencies, particularly the Somali Shilling, have become unattractive to citizens, leading to a loss of value and diminished trust in the local currency for business transactions. Notably, the prevalence of counterfeit money exacerbates this situation, contributing to a perception of instability in the financial system.

In this context, Somalia's active participation in the establishment of a Monetary Union within the EAC becomes a crucial avenue for tackling these economic challenges. By synchronizing monetary and fiscal policies and standardizing financial systems, Somalia, alongside other Partner States, can work towards mitigating dollarization and enhancing the integrity of the local currency. The creation of an EACB, a key component of the Monetary Union, presents an opportunity to strengthen regulatory mechanisms and address issues of counterfeit money, thereby fostering a more stable and reliable monetary environment.

Moreover, considering the prevalence of Hawalah (remittance) in Somalia, households often access foreign exchange, primarily denominated in USD. The propensity to spend in US dollars is significant, particularly if widely accepted as a medium of exchange in Somalia. Somalia's involvement in the EAC's Monetary Union aligns with these dynamics,

providing a framework to address the challenges posed by dollarization and counterfeit currencies. Through active participation, Somalia can contribute to shaping a monetary landscape that enhances the stability, attractiveness, and functionality of its local currency, promoting economic resilience and fostering financial prosperity within the East African Community.

Lastly, despite enduring ongoing civil wars and persistent terror attacks since the collapse of its central government in 1991, Somalia stands to find crucial support and relief through its participation in the Political Federation of the EAC. Under statelessness, the Somali economy was in disarray since the governance system in the country collapsed. The collapse of the banking sector even preceded the onset of statelessness.

The emphasis on peace and security within the Political Federation aligns with the imperative of creating a stable atmosphere for social and economic development. For Somalia, which is grappling with prolonged instability, the cooperative environment fostered by the Political Federation offers an avenue for proactive engagement and consultations on peace and security matters with other Partner States. By actively participating in the initiatives of the Political Federation, Somalia gains a platform to address its specific challenges, drawing on collective efforts to find sustainable solutions. This engagement not only contributes to the broader stability of the East African region but also offers tangible assistance to Somalia in its quest for lasting peace and recovery from years of conflict and unrest. In summary, despite enduring ongoing challenges, Somalia's involvement in the Political Federation holds the potential to provide vital support in addressing the unique challenges it faces, fostering stability, and contributing to the overall well-being of the nation and the East African Community at large.

## **EXPLORING THE CHALLENGES: SOMALIA'S JOURNEY INTO THE EAC**

Somalia's active involvement in the Customs Union within the EAC brings forth significant economic advantages, but it also poses certain challenges. One notable challenge lies in aligning domestic regulations and standards with those of the broader EAC. Harmonizing policies related to product quality, safety standards, and other regulatory frameworks can be a complex process, requiring substantial adjustments in Somalia's legal and administrative systems. Additionally, ensuring compliance with the EAC's unified trade policies may demand investments in infrastructure and technology to meet international standards, potentially straining Somalia's resources.

Furthermore, the increased competition within the larger EAC market could pose challenges for Somali industries that may not be as developed or competitive as those in other member states. Balancing the benefits of market access with the need for domestic industry protection will be a delicate task. Additionally, adapting to the removal of tariffs and other trade barriers may initially expose certain sectors in Somalia to intensified competition, requiring strategic measures to enhance competitiveness and resilience.

While the EAC Common Market promises Somalia a multitude of advantages rooted in its operational principles of fairness, equity, and cooperation among Partner States, several challenges may arise. One notable challenge lies in the need for effective integration into the regional economic framework. Somalia, as a newcomer, may encounter difficulties in aligning its existing policies and practices with those of other Partner States, as regional harmonization requires adjustments and adaptation. Additionally, ensuring that its citizens receive equal treatment alongside nationals of other member states may pose implementation challenges, considering the differences in economic capacities and regulatory frameworks among EAC countries. The process of navigating the intricacies of regional

cooperation may also be challenging for Somalia, as the Common Market necessitates a coordinated and synchronized approach to economic activities, trade, and other shared aspects. Furthermore, while transparency is emphasized, achieving consistent and thorough information exchange may be hindered by factors such as infrastructure limitations and varying levels of administrative capacities across the Partner States. Overcoming these challenges will require concerted efforts from Somalia and its EAC counterparts to foster a truly cooperative and mutually beneficial relationship within the Common Market.

The shift towards a regional currency and the establishment of the EACB may pose challenges for Somalia. The country's current reliance on the USD could face disruptions, requiring careful management of the transition to avoid negative impacts on businesses and individuals accustomed to using the USD. Additionally, potential exchange rate risks must be considered, as the introduction of a regional currency could influence the dynamics of trade and financial transactions. The adjustment period to a new currency system may present logistical and operational challenges for Somalia's financial systems and trade practices. Effective participation in the planning and discussions surrounding the establishment of the EACB is essential for Somalia to navigate these challenges, ensuring its unique economic circumstances are taken into account in the evolving regional economic landscape.

As Somalia progresses and its government strengthens, participating in the Political Federation of the EAC may present both opportunities and challenges. One challenge could involve aligning regional interests with Somalia's evolving domestic priorities. Balancing national development goals with regional integration efforts might require careful negotiation to ensure that Somalia's unique circumstances are considered within the broader EAC framework. Additionally, as the government builds good governance practices, coordinating with

other Partner States in the Political Federation may pose challenges in terms of harmonizing policies, legal systems, and administrative procedures. Striking a balance between maintaining sovereignty and adhering to regional integration commitments could be a delicate task for Somalia. Moreover, given Somalia's history of internal conflicts, ensuring political stability and security within its borders will be crucial to effectively contribute to the Political Federation. Engaging in regional decision-making processes while addressing domestic concerns and maintaining political stability will likely be among the challenges Somalia faces in navigating its role within the Political Federation.

## **POLICY RECOMMENDATIONS**

### **Harmonize Regulatory Frameworks**

Somalia should focus on aligning its domestic regulations and standards with those of the broader East African Community (EAC). This includes harmonizing policies related to product quality, safety standards, and other regulatory frameworks. A comprehensive effort in this direction is crucial for seamless integration into the EAC Customs Union.

### **Invest in Infrastructure and Technology**

To ensure compliance with the EAC's unified trade policies, Somalia should prioritize investments in infrastructure and technology. This strategic move will not only meet international standards but also bolster the nation's capacity to engage effectively in cross-border commerce within the EAC.

### **Promote Industry Competitiveness**

Given the increased competition within the larger EAC market, Somalia should implement strategic measures to enhance the competitiveness and resilience of its industries. This involves balancing the benefits of market access with the need to protect domestic industries, fostering a delicate but necessary equilibrium.



### **Facilitate Smooth Transition to Regional Currency**

As the EAC considers a shift towards a regional currency and the establishment of the EACB, Somalia should actively participate in planning and discussions. The country must carefully manage the transition from its reliance on the USD, considering potential disruptions and exchange rate risks. This proactive approach ensures a smooth adaptation to the evolving regional economic landscape.

### **Navigate Political Federation Challenges**

As Somalia progresses and engages in the Political Federation of the EAC, the country should carefully balance national development goals with regional integration efforts. Coordination with other Partner States requires strategic negotiation, harmonizing policies, legal systems, and administrative procedures. Ensuring political stability and security within Somalia is paramount to effectively contributing to the Political Federation.

### **Enhance Information Exchange and Infrastructure**

Addressing challenges related to the EAC Common Market necessitates concerted efforts to enhance information exchange. Somalia should focus on overcoming infrastructure limitations and varying administrative capacities across Partner States. By prioritizing consistent and thorough information exchange, Somalia can foster transparency and effective regional cooperation within the Common Market.