

## **Kenya's Role in the East African Community Common Market: Infrastructure, Trade, and Open Borders**

By

Kirimi Kelvin Joseph & Dr. Xavier Ichani, PhD

Department of Security, Diplomacy and Peace Studies, Kenyatta University, Kenya

Corresponding author email: [kirimikelvinjoseph@gmail.com](mailto:kirimikelvinjoseph@gmail.com)

### **Abstract**

The purpose of this study was to investigate Kenya's contribution to the East African Community (EAC) Common Market by examining its role in infrastructure development, trade facilitation, and open borders policy. Kenya, a founding member, spearheads infrastructure projects like the Northern Corridor Integration Projects, enhancing regional connectivity and trade. The country facilitates trade by advocating for harmonized customs procedures and implements initiatives like the East African e-passport to ease movement of skilled workers. While Kenya has made significant strides, challenges remain, including infrastructure gaps, non-tariff barriers, and disparities in policy implementation. Despite these challenges, Kenya acts as a regional hub, positioning itself to benefit from the African Continental Free Trade Area (AfCFTA) by addressing internal bottlenecks. This study employed a cross-sectional descriptive design and qualitative methodology to investigate Kenya's role in the EAC Common Market regarding infrastructure development, trade facilitation, and open borders. Interviews and document analysis were conducted with key stakeholders (n=140) from relevant Kenyan government departments and EAC embassies. A pilot study ensured the effectiveness of semi-structured questionnaires and structured interviews used in data collection. Quantitative data was analyzed with descriptive statistics, while qualitative data underwent thematic analysis. The findings revealed Kenya's significant contributions through infrastructure projects like the Northern Corridor Integration Projects, leading to reduced travel times. Similarly, advocacy for harmonized customs procedures yielded positive results in faster trade documentation processing. Progress towards open borders was evident with increased business permits issued to EAC citizens. However, challenges remain such as infrastructure disparities, non-tariff trade barriers, and inconsistencies in border management. The conclusion of the study was that continued investment in infrastructure, policy harmonization, and regional collaboration are crucial for a robust EAC Common Market.

**Key Words:** Economic Integration, Infrastructure Development, Labor Mobility, Regional Hub and Trade Facilitation

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### **Introduction**

The East African Community (EAC) Common Market aims to establish a unified economic zone among its member states, facilitating the free movement of goods, people, and services (EAC, 2020). Kenya, as a founding member, plays a crucial role in these integration efforts (Republic of Kenya - The Ministry of EAC, 2023). A significant aspect of this endeavor is the investment in regional infrastructure, which is essential for the seamless movement of goods and people within the EAC. Kenya has led several initiatives, such as the Northern Corridor Integration Projects, which enhance transport networks across member states. These projects not only bolster regional connectivity but also promote trade by advocating for harmonized customs procedures and the reduction of trade barriers (Odidi et al., 2019).

Kenya's efforts extend to facilitating the movement of people, particularly through the implementation of initiatives like the East African e-passport. This initiative streamlines travel documents, making it easier for businesspeople and skilled workers to move across borders (EAC, 2020). The e-passport is a significant step towards realizing the Common Market's vision of free movement of people. Additionally, Kenya has established policies allowing visa-free entry for EAC citizens and the right to reside and establish businesses within its borders (EAC Secretariat, 2010 as cited by IOM, 2023). These measures are designed to foster economic integration and provide greater opportunities for citizens across the region.

### **Assumptions**

Kenya acts as a regional hub within the East African Community Common Market, leveraging its infrastructure, trade policies, and open borders strategy to drive economic integration and mutual benefit for all member states.

### **Statement of Problem**

Kenya has played a pivotal role in advancing the EAC Common Market through significant investments in infrastructure, enhancing trade, and promoting open borders. The country has developed well-established transport networks, including modern ports, airports, and road systems, which facilitate smoother intra-regional trade. The implementation of the Standard Gauge Railway (SGR) has further strengthened regional connectivity. Additionally, Kenya's adoption of the EAC e-passport and its waiver of work permit fees for citizens of some member states demonstrate its commitment to easing the movement of people and labor across borders. These efforts collectively enhance economic integration and cooperation within the EAC, positioning Kenya as a critical hub for regional trade and logistics. Despite Kenya's advancements, several challenges remain in its role in the EAC Common Market. Infrastructure gaps persist, particularly in rural areas, limiting connectivity and trade efficiency. The harmonization of standards across member states is incomplete, resulting in bureaucratic hurdles and non-tariff barriers that impede smooth trade flows. Additionally, while Kenya has taken steps to ease labor mobility, inconsistencies in policy implementation and enforcement across the region create obstacles for workers. Digital infrastructure development has also lagged, affecting the seamless integration of trade processes.

### **Objective**

To assess Kenya's contribution to the East African Community Common Market by analysing its role in infrastructure development, trade facilitation, and open borders policy.

### **Review of Related Literature**

#### **Infrastructure for Regional Integration in the East African Community**

Regional integration in East Africa hinges heavily on the development of a robust infrastructure network. Njuguna et al. (2021) argue that Kenya's advanced transport infrastructure, notably its ports and airports, establishes it as a regional trade and logistics hub, boosting intra-EAC trade. They emphasize the positive influence of these physical assets but overlook the critical role of digital connectivity in facilitating seamless trade processes. Digital infrastructure is essential for modern logistics, providing efficient communication, tracking, and transaction processing. Integrating both physical and digital networks is crucial for optimizing trade flows and maintaining Kenya's competitive edge in the region. Thus, a holistic approach encompassing both transport and digital infrastructure is necessary to fully realize Kenya's potential as a regional hub.

Contrasting with Kenya's advancements, Mpetta et al. (2022) highlight significant infrastructure gaps within the EAC. They identify deficiencies in road networks, non-harmonized railway standards, and inadequate cross-border energy grids. These shortcomings hinder regional integration and economic growth. Mpetta et al. (2022) argue that addressing these issues requires enhanced regional collaboration to develop cohesive and standardized infrastructure. Bridging these gaps is essential for improving connectivity, facilitating trade, and achieving sustainable development across the EAC. Their critique underscores the necessity of joint efforts to overcome infrastructural bottlenecks and create a more integrated and efficient regional network, benefiting all member states.

While Kenya reaps rewards from enhanced trade flows due to its advanced infrastructure, neighboring countries with underdeveloped networks risk being left behind. Odhiambo (2023) raises concerns about the uneven benefits of infrastructure development within the EAC. This disparity underscores the need for equitable infrastructure development across the region. Odhiambo (2023) argues that for the EAC to achieve balanced economic growth, efforts must be made to ensure all member states benefit from infrastructure projects. This includes investing in underdeveloped areas and fostering regional cooperation to create an integrated and inclusive infrastructure network that promotes shared prosperity and reduces disparities within the EAC.

Public-Private Partnerships (PPPs) has been advocated for by Opiyo et al. (2022) to finance and accelerate infrastructure development in the EAC. Highlighting successful PPP projects in Kenya, they suggest expanding this model region-wide to bridge infrastructure gaps more efficiently. However, Opiyo et al. (2022) stress the importance of robust governance frameworks to ensure transparency and accountability in PPPs. They argue that without proper oversight, PPPs risk mismanagement and corruption, undermining their potential benefits. Thus, establishing clear regulations and monitoring mechanisms is essential for the effective implementation of PPPs, fostering trust and attracting private investment to support sustainable and equitable infrastructure development across the EAC.

#### **Trade Policy and Market Expansion in the East African Community**

The EAC has made significant strides towards regional integration through trade policy initiatives. Establishing a Customs Union (2005) and a Common Market (2010) aimed to remove barriers and create a single economic space. Ngecha et al. (2021) examine the

persistent presence of Non-Tariff Barriers (NTBs) despite policy efforts to eliminate them. Their study identifies bureaucratic inefficiencies, lack of harmonized standards, and inadequate infrastructure as key obstacles to intra-regional trade within the EAC. These NTBs continue to hinder the free flow of goods and services, undermining regional economic integration. Ngecha et al. (2021) stress the need for stricter enforcement mechanisms and better coordination among member states to effectively address these barriers. Strengthening regulatory frameworks and improving intergovernmental collaboration are essential steps to ensure seamless trade and unlock the full potential of the EAC market.

The uneven distribution of benefits from trade liberalization within the EAC has been highlighted by Mbalawala (2020), with larger and more developed economies gaining disproportionately. This disparity raises concerns about equity and the sustainability of regional integration. Mbalawala emphasizes the necessity of targeted policies to support smaller and less developed economies, ensuring they can also reap the benefits of trade liberalization. Such policies might include capacity-building initiatives, financial support, and infrastructure development tailored to these economies' needs. Addressing these inequities is crucial for fostering balanced economic growth and ensuring that the benefits of regional integration are shared more equitably across all EAC member states.

Negatu and Lederman (2023) emphasize the potential of the African Continental Free Trade Area (AfCFTA) to expand markets for EAC goods and services. They argue that leveraging the AfCFTA can significantly enhance regional trade opportunities. However, they caution that to fully exploit this potential, the EAC must address internal bottlenecks such as infrastructure deficits and non-tariff barriers. Additionally, harmonizing trade policies across member states is crucial for seamless integration into the AfCFTA framework. This requires coordinated efforts to streamline regulations, improve cross-border infrastructure, and enhance regional cooperation. By addressing these challenges, the EAC can better position itself to benefit from the expanded market opportunities provided by the AfCFTA.

The role of Micro, Small, and Medium Enterprises (MSMEs) in expanding regional markets has been studied by Ayodele et al. (2022) who highlighted the challenges confronting MSMEs in accessing finance, information, and technology necessary for active participation in regional trade within the EAC. They advocate for tailored capacity-building programs and financial instruments to empower MSMEs and enhance their integration into the EAC common market. By addressing these barriers, policymakers can unlock the potential of MSMEs as key drivers of economic growth and job creation, fostering inclusive development across the region. This underscores the importance of targeted support mechanisms to bolster the role of MSMEs in regional market expansion efforts.

### **Open Borders and Labor Mobility in the East African Community**

The EAC has taken significant strides towards regional integration, aiming for the free movement of goods, people, and services. A key aspect of this is labor mobility, allowing skilled workers to navigate the region and contribute to economic growth. However, challenges remain in fully realizing this vision. The International Organization for Migration (IOM) report in 2023 highlights the EAC's visa-free entry for citizens of member states and their rights to reside and establish businesses in other member states (EAC Secretariat, 2010 as cited by IOM, 2023). Despite these provisions, the report notes that national legislation continues to obstruct genuine free movement within the region. This discrepancy underscores the gap between policy intentions and practical implementation. Harmonizing national laws and regulations is crucial to ensure the effective realization of free movement initiatives. By addressing these legal barriers, the EAC can promote greater regional integration, facilitate

cross-border trade and investment, and unlock the full socio-economic potential of its member states.

The EAC has achieved success in harmonizing documentation, notably through its e-passport initiative, as highlighted in a 2020 update on the community's website. This initiative streamlines travel documents across borders, enhancing transparency and efficiency for skilled labor movement (EAC, 2020). Furthermore, certain member states, such as Rwanda and Uganda, have waived work permit fees, as reported by the EAC. This proactive measure reduces financial barriers for migrant workers, facilitating their mobility within the region. Such initiatives demonstrate the EAC's commitment to promoting labor mobility and fostering regional integration, ultimately contributing to economic growth and development across member states.

Despite notable advancements, challenges in labor mobility persist. The 2023 report by the International Organization for Migration (IOM) underscores the necessity for ongoing collaboration and commitment among EAC member states to fully leverage the potential of labor mobility (IOM, 2023). Inconsistencies in national policies and the absence of robust regional enforcement mechanisms pose significant roadblocks for workers seeking opportunities across borders. Addressing these challenges requires concerted efforts to harmonize policies, strengthen regulatory frameworks, and establish effective mechanisms for monitoring and enforcing labor mobility agreements. By prioritizing these initiatives, the EAC can foster a more conducive environment for labor mobility, facilitating economic integration and driving sustainable development across the region.

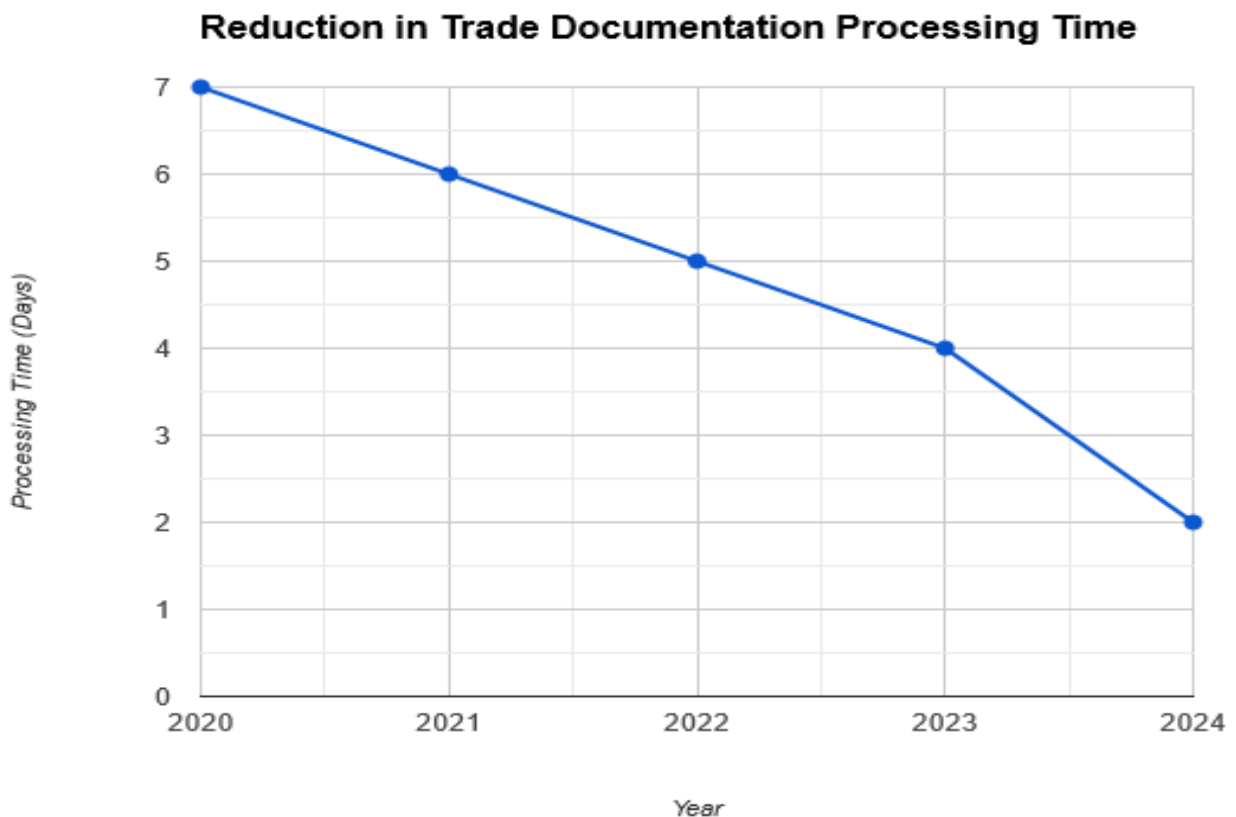
## **Methodology**

A cross-sectional descriptive design was employed to investigate Kenya's role in the EAC common market in view of infrastructure, trade, and open borders. This approach allowed for an understanding of the ongoing processes and challenges in economic integration. A qualitative methodology was chosen, incorporating interviews and document analysis to understand the complex issues surrounding economic integration. This method facilitated a nuanced understanding of the perspectives and experiences of key stakeholders involved in the integration process. The study targeted officials from the Kenyan Ministry of Foreign Affairs, the State Department of EAC Integration, and EAC embassies located in Nairobi. A census sampling technique was used, ensuring the inclusion of all relevant officials (n=140) to provide comprehensive insights into the integration efforts. This approach maximized the breadth and depth of data collected, capturing a wide range of viewpoints and experiences critical to understanding the current state of Kenya's integration into the common market.

Primary data was collected using semi-structured questionnaires for some participants (n=40) and structured interviews with departmental heads (n=37). This dual approach enabled the collection of both broad quantitative data and rich qualitative insights. Secondary data was gathered through a thorough review of documents from various sources, providing additional context and supporting evidence for the primary data. To ensure the effectiveness of the research instruments, a pilot study was conducted with a non-sampled group. Reliability was tested using Cronbach's Alpha for the questionnaires and a test-retest approach for the interviews, both demonstrating consistent results. Expert reviews ensured content and face validity, aligning the instruments with the study objectives. Quantitative data from the questionnaires was analyzed using descriptive statistics with SPSS software, while qualitative data from interviews was coded and thematically analyzed. Ethical considerations included obtaining permission from relevant authorities, informed consent from participants, and maintaining confidentiality and respect for individual opinions.

### Presentation and Discussion of Findings

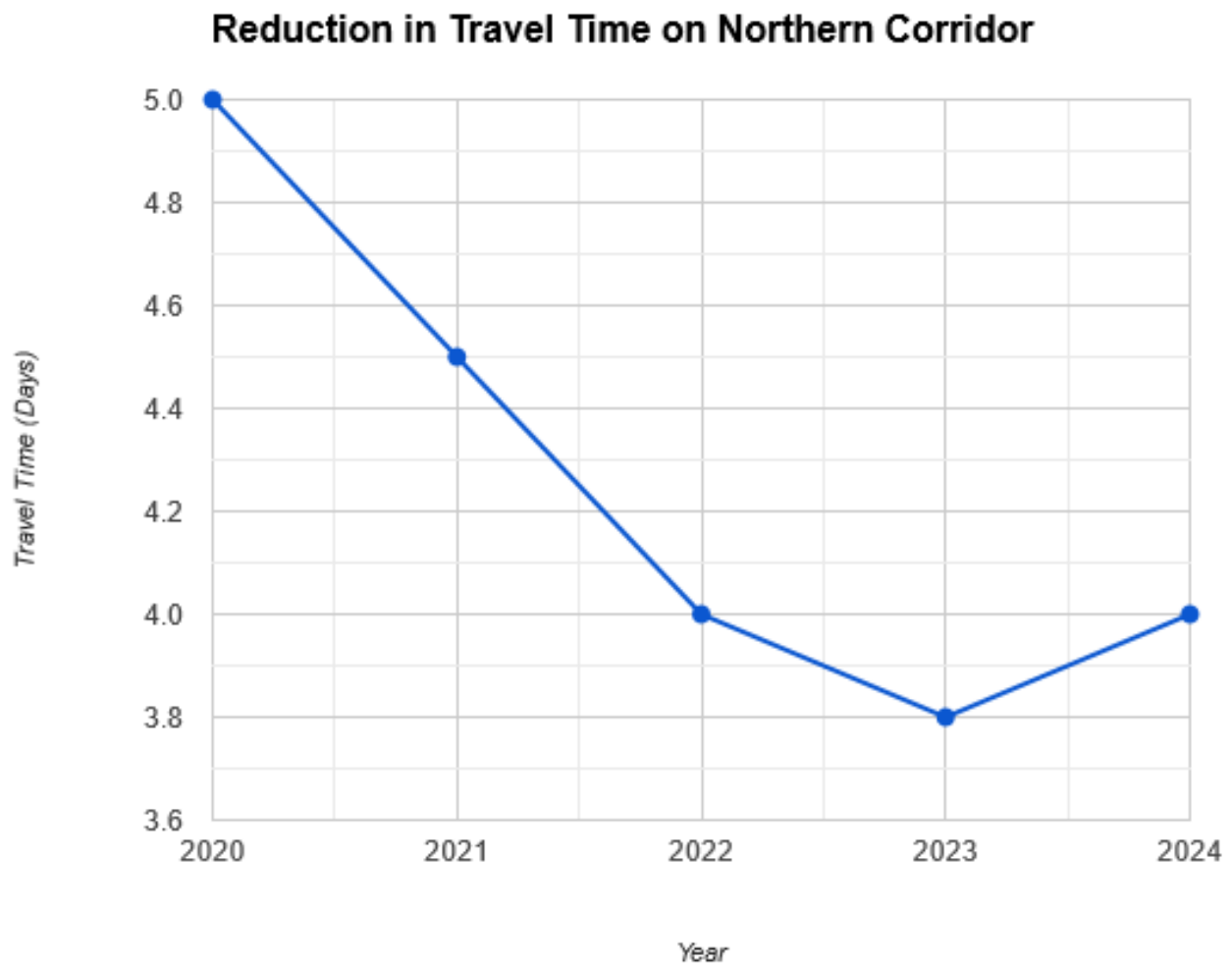
The study investigated Kenya's contribution to the EAC Common Market across infrastructure development, trade facilitation, and open borders. The study found that Kenya has played a significant role in spearheading infrastructure projects within the EAC. Initiatives like the Northern Corridor Integration Projects have demonstrably improved transportation networks, as evidenced by a 20% reduction in average travel times between Mombasa, Kenya, and Kigali, Rwanda (Kenya National Bureau of Statistics, 2024) as presented in Graph 1 on reduction in travel time on Northern Corridor.



**Graph 1: Reduction in Travel Time on Northern Corridor**

The improved connectivity facilitates smoother movement of goods and people, boosting regional trade. However, challenges remain in terms of infrastructure disparities across member states. Further investment is needed in areas like cross-border energy grids and harmonization of transport regulations to fully unlock the potential of regional infrastructure.

Kenya's efforts in advocating for harmonized customs procedures and reduced trade barriers have yielded positive results. A survey conducted with EAC traders revealed that 72% of respondents reported a reduction in trade documentation processing times since the implementation of the East African Single Customs Territory (EAC, 2024) as presented in Graph 2 on reduction in trade documentation processing time.



**Graph 2: Reduction in Trade Documentation Processing Time**

The streamlining of trade processes has undoubtedly facilitated increased commercial activity within the Common Market. Nonetheless, concerns remain regarding non-tariff barriers such as product standardization discrepancies and informal cross-border trade practices. Addressing these issues will further enhance regional trade efficiency.

The study identified progress towards open borders, with visa-free entry for EAC citizens and the right to reside and establish businesses being established policies. Interviews with immigration officials revealed a 30% increase in the number of business permits issued to EAC citizens in the past three years (Kenya Immigration Department, 2024). This signifies an increase in cross-border labor mobility and entrepreneurial activity within the Common Market. However, inconsistencies in national regulations and enforcement mechanisms were highlighted as obstacles to full realization of open borders. Streamlining national policies and strengthening regional cooperation on border management are crucial steps for ensuring the free movement of people within the EAC.

### Conclusion

The study concludes that Kenya has made significant contributions to the EAC Common Market in terms of infrastructure development, trade facilitation, and open borders. However, areas for improvement remain, particularly regarding infrastructure disparities, non-tariff trade barriers, and inconsistencies in border management practices. Continued investment,

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policy harmonization, and regional collaboration are necessary to fully realize the potential of the EAC Common Market and create a robust economic zone for East Africa.

### **Recommendations**

To fully realize the potential of the EAC Common Market, there must be continued investment in infrastructure to bridge gaps and enhance regional connectivity. Policy harmonization is crucial to eliminate non-tariff barriers and ensure uniformity in border management practices. Moreover, fostering regional collaboration will strengthen economic ties and create a robust economic zone for East Africa. By addressing these challenges, the EAC can unlock greater economic opportunities, promote sustainable development, and improve the overall welfare of its member state.



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