



**UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES**

**"THE EFFECTS OF REGIONAL INTEGRATION ON YOUTH
UNEMPLOYMENT IN AFRICA:
A CASE STUDY OF EAST AFRICAN COMMUNITY
(2000 – 2015)"**

UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION

EKRAH WARUINU KIMANI

R50/75555/2014



1600336
University of Nairobi Library Theses
2016

**RESEARCH PROJECT PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A
DEGREE OF MASTER OF ARTS IN INTERNATIONAL STUDIES (IS)**

OCTOBER, 2016

6d. 30 32 30

A. G.

JZ

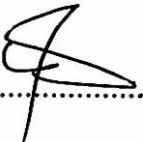
5456

.KSS

C-2

DECLARATION


I, the undersigned, declare that this project paper is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

Signature.......... Date.....6-10-2016.....

EKRAH WARUINU KIMANI

R50/75555/2014

This research project paper has been presented for examination with my approval as the student's University SupervirSOR .

Signature.......... Date.....29/11/2016.....

MR GERRISHON IKIARA

SENIOR LECTURER,UNIVERSITY OF NAIROBI.

ACKNOWLEDGEMENT

I wish to register my gratitude to all those who offered me support while undertaking this research project.

My sincere gratitude to my supervisor Mr.Gerrison Ikiara, senior lecturer at the University of Nairobi, for his guidance and encouragement through out the research project..

To my family and especially my mum Jane Mugure Kimani for her support and concern. My friends and colleagues in the MA IS class of 2014,for their moral support and guidance.

I thank the Almighty God for his love,grace and protection.

DEDICATION

This research project is dedicated to my loving family for their patience and support during my study.

I dedicate it to the unborn generation and hope that they will gain from the finding and recommendations from the research.

Thank you and God bless you.

LIST OF ABBREVIATIONS

AfDB	African Development Bank
CET	Common External Tariff
COMESA	Common Market of East and Southern Africa
DWP	Decent Working Programme
EAC	East African Community
FDI	Foreign Direct Investment
FTA	Free Trade Area
GDP	Gross Domestic Product
ILO	International Labor Organization
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
MSME	Micro, Small and Medium Scale Enterprises
OECD	Organization for Economic Co-operation and Development
SADC	South African Development Community
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iv
LIST OF ABBREVIATIONS	v
TABLE OF CONTENTS	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
ABSTRACT.....	xi
CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY.....	1
1.0 Introduction.....	1
1.1 Background to the Study.....	1
1.2 Statement of the research Problem	2
1.3 Main Objective.....	3
1.3.1 Specific Objectives	3
1.4 Justification.....	4
1.5 Literature Review.....	4
1.5.1 The Unemployment Concept	4
1.5.2 Causes of Unemployment.....	7
1.5.3 Unemployment in Africa	9
1.5.4 Unemployment in East Africa	10
1.5.5 Summary of gap in the Literature review	11
1.6 Theoretical framework.....	11
1.7 Hypotheses.....	12
1.8 Methodology	12
1.9 Scope and Limitations of the Research.....	13
1.10 Chapter Outline.....	13
CHAPTER TWO: OVERVIEW OF REGIONAL INTEGRATION AND UNEMPLOYMENT IN AFRICA	15
2.0 Introduction.....	15

2.1 Youth Unemployment in Africa	15
2.1.1 Trends	17
2.1.1.1 Youth to Adult Unemployment rate	18
2.1.1.2 Rural and Urban Youth Unemployment Rate.....	20
2.1.1.3 Youth Unemployment Ratios by level of Education	21
2.1.1.4 Underemployment amongst youth and adults.....	22
2.1.1.5 Effects of High Youth Unemployment Rate in Africa	28
2.2 Africa’s Regional Economic Communities – Their Effects on Unemployment Reduction...	29
2.2.1 South African Development Community (SADC).....	29
2.3 Conclusion	31
CHAPTER THREE: UNEMPLOYMENT IN EAST AFRICA.....	32
3.0 Introduction.....	32
3.1 Overview of Unemployment in East Africa	32
3.1.1 Youth Unemployment in East African countries.....	34
3.1.1.1 Burundi	34
3.1.1.2 Kenya	35
3.1.1.3 Tanzania.....	35
3.1.1.4 Uganda	35
3.1.1.5 Rwanda	36
3.1.2 Causes of high youth unemployment rate in the EAC.....	36
3.1.3 Effects of high youth unemployment in the EAC.....	39
3.2 Conclusion	40
CHAPTER FOUR: THE EAST AFRICAN COMMUNITY EFFECTS ON UNEMPLOYMENT REDUCTION.....	41
4.0 Introduction.....	41
4.1 EAC driven strategies for unemployment reduction	41
4.1.1 Customs Union and Common Market Protocols	43
4.1.2 Infrastructural Expansion.....	44
4.1.3 Policy Documents	44

4.2 The effects of the strategies on unemployment reduction 46

4.2.1 EAC Integration Protocols..... 46

4.2.2 Increased/expanded market..... 49

4.2.3 Foreign Direct Investment Increased..... 51

4.2.4 Infrastructure Development 52

4.3 Conclusion 53

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS 54

5.0 Introduction..... 54

5.1 Summary 54

5.2 Conclusion 55

5.3 Recommendations..... 56

BIBLIOGRAPHY 58

LIST OF FIGURES

Figure 2.0: Youth Unemployment Rate in African countries (2014)	17
Figure 2.1: Ratio of Youth Unemployment Rate to Adult Unemployment Rate, 1991 – 2010 ...	19
Figure 2.2: Youth unemployment ratios by level of education	22
Figure 2.3: Underemployment rates among youth and adults in some selected African countries	23
Figure 2.4: Underemployment among rural and urban in some selected African countries	24
Figure 2.5: Share of young workers in Agriculture in selected African countries	25
Figure 2.6: Trends in Youth Unemployment Rate by Gender, 1991 – 2010.....	28

LIST OF TABLES

Table 2.0: Distribution of youth and adults by job status (in percentage).....	18
Table 2.1: Distribution of urban and rural youth by job status (in percentage).....	21
Table 2.2: Underemployment rates among young men and women in selected African countries	25
Table 2.3: Distribution of young men and women by job status in selected African countries ...	27
Table 2.4: Total exports from SADC.....	30
Table 2.5: SADC exports in agriculture and non-agriculture in 2010 by destination	31
Table 3.0: Unemployment rates in 5 East African Countries, 2001 – 2010	33
Table 3.1: Unemployment rates in 5 East African Countries, 2011 – 2014	34
Table 4.0: Intra-EAC Trade, in million \$US (2006 - 2014)	48
Table 4.1: FDI Flows in EAC Countries (million \$)	51

ABSTRACT

Employment creation is considered as one of the benefits of regional integration. This research examines the effects of regional integration on unemployment reduction in Africa through a case study of the East African Community. The main aim of the study is to examine EAC regionally driven strategies for unemployment reduction in East Africa so as to seek lessons on how regional integration can facilitate youth unemployment reduction in the EAC. Some of the strategies include several policy frameworks, regionally driven foreign investment attraction, infrastructural expansion projects and integration protocols. In addition, the research systematically examines the trends, causes and effects of unemployment/youth unemployment in Africa and East Africa. The study found low demand of labour is a leading cause of unemployment among the youth in Africa, that further aggressive drive for foreign investments in the EAC can facilitate youth unemployment reduction in the sub-region. This study is based on Marlow's Hierarchy of Needs theory. The research adopted a mixed method research methodology which is based on secondary data.

CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY

1.0 Introduction

This study aims at examining the effects of regional integration on youth unemployment reduction in Africa through a case study of the East African Community (EAC).

This chapter covers the background to the study and the statement of the research problem. It also captures the main objective, specific objectives and the research questions. It also introduces theory that informs the study, and covers the justification of the study, literature review, hypotheses, methodology and the chapter outline.

1.1 Background to the Study

In most countries today we find that most people rely on their earnings so that they are able to maintain their standards of living and most people get not only some income but also a sense of personal accomplishment. Unemployment is known to lead to lower living standards, cause anxiety of what could happen in the future and also reduces ones self-esteem.¹ A nation that is able to keep workers who are employed is highly likely to achieve higher levels of the GDP growth rates in comparison to when most workers are unemployed and idle.

One type of unemployment is 'natural unemployment' which refers to unemployment that an economy faces and cyclical unemployment which refers to yearly unemployment variations around natural rates associated with short run ups and downs of economic activity.²

Unemployment in the modern day can be cyclical unemployment or it can be structural.

Unemployment reduction has been traditionally considered to be one of the benefits of regional integration. This is based on the fact that since regional integration facilitates movement of

¹ Economics –N.Gregory Man Kiw Mark P.Taylor (Second Edition)pp 59

² Ibid

people within the concerned member states, as such people can find jobs within the region.³ This is one of the pillars for the formation of African Economic Community and East African Community. Unemployment challenge has become common and continues to affect the East African economies, which has seen large number of young people exposed to short term work in the informal sector or long term unemployment.

This means that all East African countries are in a dire need of promoting a coherent economic and employment development so as to aid reduction of unemployment and under-employment. Recent years have seen great concern on the problem of waste of human potential especially in East Africa. As at 2008, the Kenyan youth unemployment rate for instance is between 65% and 80%.⁴ Nobel Laureate Wangari Mathai once said “if young people are a gift to both their communities and the world, then Africa is continent rich in gifts.”

1.2 Statement of the research Problem

There have been studies on the trends, causes and effects of unemployment in Africa and East Africa by organizations and scholars such as the World Bank⁵, Golubetal⁶ and Semboja Haji Hatibu Haji.⁷ They examined the unemployment situation on the continent and in East Africa, and it's causes. However, these studies have not adequately investigated the effects of the East African Community integration on unemployment reduction in the sub-region. They have not

³Ibid

⁴Ombeni Mwashu (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." Korean Review of International Studies

⁵The World Bank (2008). "Youth Employment in Africa." World Bank report.

⁶Stephen Golub and Faraz Hayat (2014). "Employment, unemployment, and underemployment in Africa." WIDER Working Paper 2014/014

⁷Semboja Haji Hatibu Haji (2007). "The Youth Employment in East Africa: An Integrated Labour Market Perspective." African Integration Review Volume I, No 2

adequately interrogated the EAC driven strategies for unemployment reduction in the sub-region. This study seeks to cover these gaps.

The essence of this study is to thoroughly analyze the effects of the EAC on unemployment reduction in the sub-region with the goal of recommending regionally driven strategies to reduce unemployment rate in East Africa. Following this, this study aims to fill the knowledge gaps by answering the following questions:

1. What are the trends of youth unemployment in East Africa?
2. What are the effects of the EAC on youth unemployment reduction in East Africa?
3. What EAC driven strategies can be used to reduce youth unemployment in the sub-region?

1.3 Main Objective

The main objective of the study is to investigate the effects of the EAC integration on unemployment reduction in East Africa.

1.3.1 Specific Objectives

1. To examine the trends of youth unemployment in East Africa
2. To investigate the effects of the EAC on youth unemployment reduction in East Africa.
3. To seek lessons on how regional integration can facilitate youth unemployment reduction in the EAC.

1.4 Justification

To the academia, there is a need for more research on regional integration driven strategies for unemployment reduction. This is especially for East Africa where unemployment is very high and rampant and if something is not done and the issues addressed, the crisis will elevate and largely affect the continent deeply. This research will help the academia in that it covers possible literature gaps on the effects of the EAC on unemployment reduction in the sub-region. This study is expected to inform the policies of the EAC, and that the governments of the sub-region on best strategies to reduce unemployment.

The general public is interested in understanding of how the EAC integration framework has helped and can help in grossly reducing unemployment rates in the sub-region. The larger population, through this work, needs more information so as to be more involved in policies that affect or are affected by the issue at hand.

1.5 Literature Review

The literature review is centered on unemployment in the world, Africa and the East Africa Community. It looks at the major causes, effects and some of strategies that have been used to deal with the unemployment crisis in the East African Community.

1.5.1 The Unemployment Concept

There have been some studies on the general unemployment concept. The International Labour Organization (ILO), states that , "unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched

for work.”⁸ The organization further explains that “unemployment rate is a measure of unemployment prevalence which is calculated as a percentage by dividing the number of unemployed individuals by all individuals currently in the labor force. In addition, the organization’s report in 2012, notes that 6% of the world’s workforce or more than 200 million people globally were without a job in 2012.”⁹

A substantial number of theoretical debates on the causes, effects and solutions that address unemployment have been previously discussed. The Austrian School of Economics, Classical economics, Neo classical economics claim that market devices are the best ways of solving unemployment. The theories are against labour market enforced interventions from the external, including minimum wage laws, rigid work rules, unionization, taxes, and regulations discouraging hiring of workers.

The Keynesian economics believes in unemployment of cyclical nature and suggests that some interventions by government will help in reduction of unemployment during recession times. The theory emphasizes on reducing total demand of goods and services hence decrease on request for workers. The theory recommends interventions by government which includes openly sponsored job creation, financial spurs, and monetary policies. According to John Maynard Keynes an economist “the cause of unemployment is the need of investors to accept more money as opposed to producing more, which is not viable when public bodies do not make new money.”¹⁰

⁸ International Labor Organization (October 1982). “Resolution on statistics of the economically active population, employment, underemployment and unemployment adopted by the Thirteenth International Conference of Labor Statisticians. Page 4

⁹ International Labour Organization (2013). “Global employment trends 2013.” Retrieved on 27 August 2016, from http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcom/---publ/documents/publication/wcms_202326.pdf

¹⁰ F. A. Hayek (1960). “The Constitution of Liberty.” Chicago: University of Chicago Press.

Unemployment can be measured. For example, in the US the rate of unemployment is measured by dividing the number of unemployed by the number of people working. "To determine the civilian labor force, one has to take the total population and subtract from that all persons incapable of working, such as people under 16 years of age. From that figure another subtraction is made the number of people not in the labor force, e.g. retirees, disabled. The result is the potential workforce, which is about 50 percent of the population. From that, there is subtraction of about 2 million individuals who are in the armed forces, this leads to arrive at a civilian labor force. To determine the number of unemployed individuals there is subtraction from the civilian labor force all those employed during a given week."¹¹

According to Gary E. Clayton, "unemployed persons are those available for work and were making specific effort to find a job during the past month and who, during the most recent survey week, worked less than 1 hour per day for pay or profit. People are also classified as unemployed if they worked in a family business without pay for less than 15 hours a week. The European Union and OECD have adopted the ILO unemployment"¹² definition. This is "defined as those who either: are unemployed ,want a job, have actively sought work in the last four weeks, and are readily available to start work in the next two weeks or are unemployed, have found a job, and are waiting to start it in two weeks' time."¹³

However, being unemployed also depends on whether one is willing to work i.e. available to work at going wage rates. Therefore, it can be seen that the unemployed number in a particular economy is the sum of a working age and are available to work at a present wage though they do

¹¹ Economics David C.Colanderpp 141-146

¹²Economics Twelfth Edition Lipsey& Chrystal.

¹³ Economics: Principles and Practices Gary E.Clayton, Ph.D. pp 394-397

not have a job. Unemployment makes the youths prone to be involved in crimes and negative social vices such as use of drugs, among others. The use and abuse of drugs has been known to be a major cause of mental instability, health risks, and premature deaths. Other negative social vices include early pregnancies, prostitution and suicide among others. In Kenya for instance, crime rates are rising by the day. The most affected regions are particularly Nairobi, Mombasa, Kisumu and coastal region. Other vices include carjacking, ethnic violence, corruption, terrorism and drug peddling.

1.5.2 Causes of Unemployment

There have been studies on causes of unemployment. According to CBS News, “unemployed individuals are unable to earn money to meet their financial obligations. The failure to pay mortgage payments is known to lead to homelessness through foreclosure and/or eviction.”¹⁴

In a study by Meade et al, shows that unemployment increases vulnerability to somatization, and stress related ailments. To add to it, people who are out of work risk food deficiencies, medication use, tobacco smoking, doctor’s visits, consumption of alcoholic drinks consumption, and drug use.”¹⁵

A study published by Social Indicator Research, indicated that “when unemployed, even those who are positive minded have difficulties in seeing the bright side of situation. In 1979, a study by Brenner, found out that “for every 10% increase in the number of unemployed, there is an increase of 1.2% in total mortality, 1.3% more cirrhosis cases, 1.7% more suicides, 4.0% more

¹⁴CBS News (2010). "Suburban Homeless: Rising Tide of Families". Retrieved on 28 August 2016, from <http://www.cbsnews.com/stories/10/02/16/national/main6213988.shtml>

¹⁵Meade, Barbara; Wirth, Oliver; and Glenn, Margaret (2013). "Mission Critical: Getting Vets With PTSD Back to Work". NIOSH: Workplace Safety & Health. Medscape & NIOSH.

arrests, 1.7% increase in cardiovascular disease, and 0.8% more assaults were reported to the police.”¹⁶

A study conducted in 2008 by Covizzi, looked at the connection between unemployment and divorce, and found that divorce rates are higher when one is unemployed.”¹⁷ A current study found that couples are in unhealthy relationship as a result of unemployment¹⁸ In 2014, Van der Meer in 2014 in his research observed the following,

“The unemployment stigma affects the personal well-being, especially for men, who often have the feeling that their masculine identities are threatened.”¹⁹

The cost of unemployment also varies depending on the age of concerned persons. Kaberietal observed that “the young and the old are the two largest age groups who are currently experiencing unemployment.”²⁰ Jacob and Kleinert study in 2007 observed that “young people (ages 18 to 24) with limited work experiences and fewer resources are more likely to be unemployed.”²¹ Studies conducted by Michniewiczetal found that “older people find difficulties than younger people in employment, and need solidier I networks to obtain work, and are less

¹⁶ Brenner, Harvey (1979). "Influence of the Social Environment on Psychology: The Historical Perspective". In Barrett, James. *Stress and Mental Disorder*. New York: Raven Press.

¹⁷ Ilaria Covizzi (2008-07-01). "Does Union Dissolution Lead to Unemployment? A Longitudinal Study of Health and Risk of Unemployment for Women and Men Undergoing Separation". *European Sociological Review*. 24 (3): 347–361. ISSN 026-7215.

¹⁸ Amato, Paul; Beattie, Brett (2011). "Does the unemployment rate affect the divorce rate? An analysis of state data 1960–2005". *Social Science Research*. 40 (3): 705–715.

¹⁹ Peter H. van der Meer (2012). "Gender, Unemployment and Subjective Well-Being: Why Being Unemployed Is Worse for Men than for Women". *Social Indicators*

²⁰ Kaberi Gayen; Robert Raeside; Ronald McQuaid (2010). "Social networks, age cohorts and employment". *International Journal of Sociology and Social Policy*. ISSN 0144-333X.

²¹ Jacob Marita; Kleinert Corinna (2008-04-01). "Does Unemployment Help or Hinder Becoming Independent? The Role of Employment Status for Leaving the Parental Home". *European Sociological Review*. 24 (2): 141–153. ISSN 0266-7215.

likely to transfer from temporary to permanent places.”²² In addition, some older people feel that are not getting hired as a result of their age²³

There have been various studies on the socio-political effects of unemployment; the studies have shown that levels of unemployment have increased and thus a cause of civil unrest, and a cause of revolution to some. “Adolf Hitler’s rose to power as a result of the fall of Weimar Republic in 1933, and led to World War II and tens of millions lost their lives leading to poor economic conditions and unemployment rate of above 20%Also, increasing unemployment rate has been considered as an important supporter of electoral defeat for any government which supervises it.

1.5.3 Unemployment in Africa

There have been a number of studies on unemployment in Africa. The World Bank reported that Africa’s youth population is estimated to be about 200 million with ages between 15 and 24 years. This is a 20% representation of the entire continent’s population. The World Bank’s population Research Bureau states that Africa is known to have the highest youth population in the world. The youth are the most affected by unemployment crisis. The study attributed the continent’s rising unemployment to lack of more opportunities been created yet the population is high rising. Unemployment is more in urban areas due to major rural urban migration.”²⁴

²²Michniewicz, Kenneth; Bosson, Jennifer; Vandello, Joseph (2014-01-19). "Men's (Mis)Perceptions of the Gender Threatening Consequences of Unemployment". *Sex Roles*. 70 (3-4): 88–97. doi:10.1007/s11199-013-0339-3. ISSN 0360-0025.

²³Wray-Lake, Laura; Briddell, Laine; Syvertsen, Amy K.; Osgood, D. Wayne; Flanagan, Constance A. (2011-09-01). "Exploring the Changing Meaning of Work for American High School Seniors From 1976 to 2005". *Youth & Society*. 43 (3): 1110–1135.

²⁴The World Bank (2008). "Youth Employment in Africa." World Bank report.

A study by Stephen Golub and Faraz Hayat on unemployment/underemployment in Africa analyzed the predominance of informal employment on the continent. The study found out that 'a lack of labour demand as compared to worker behavior's is among reasons for high underemployment e.'²⁵ In addition, it was observed that 'integration into the global economy and exports of labour-intensive goods are key to boosting labour demand in Africa. The study concluded that improvements in the business climate are imperative to boosting investment and transfer of technology in labour-intensive tradable industries, and thus raising demand for labour & employment on the continent.'²⁶

1.5.4 Unemployment in East Africa

In a study by Semboja Haji Hatibu Haji, he reviewed youth employment trends and difficulties in the EAC countries. He found out that 'employment challenges among youth are basic and continue affecting the EA, with many young men and women open to long term unemployment or short-term work in informal sector.'²⁷ Following this, 'number of them leave the labor force or fail to successfully enter and become inactive which imperils overall national productivity.'²⁸ He also found out that "youths that are socially disintegrated are affected, leading to a repetitive circle of poverty."²⁹ In conclusion, he said that that all states in East African need to promote an economic that is integrated to help in reducing unemployment among them.

²⁵Stephen Golub and Faraz Hayat (2014). "Employment, unemployment, and underemployment in Africa." WIDER Working Paper 2014/014

²⁶ Ibid

²⁷Semboja Haji Haji (2007). "The Youth Employment in East Africa: An Integrated Labour Market Perspective." African Integration Review Volume 1, No. 2

²⁸ Ibid

²⁹ Ibid

1.6.5 Summary of gap in the Literature review

From the literature reviewed, it was clear that none of the studies have adequately investigated the effects of the East African Community integration on unemployment reduction in the sub-region. The studies have not also adequately interrogated the EAC driven strategies for unemployment reduction in the sub-region. This study seeks to cover these gaps.

1.6 Theoretical framework

The research is informed by the Marlow's Hierarchy of Needs theory. The theory was aimed understanding what motivates people. It states that people are motivated to achieve several needs and that after fulfilling one need after the other.

The order of needs includes five motivational needs, which are seen in levels. The levels are distributed into: basic needs, social, safety, love, esteem and self-actualization. One has to fulfill lower level needs before continuing to fulfill higher level needs. Once those they are attained, one is able to reach self-actualization.

The theory will help understand why unemployment crisis in the East Africa Community has led to low self-esteem among most unemployed people and helps us see how unemployment has led to very slow rise in hierarchy of needs. It will further be used to help understand why unemployment, is a major crisis in the world, Africa, and is may be affecting the East African Community Integration.

1.7 Hypotheses

1. Low demand for labour is the major cause of youth unemployment in East Africa.
2. The EAC has not achieved measurable youth unemployment reduction results in the sub-region.
3. Further aggressive drive for foreign investments in the EAC has the potential to facilitate youth unemployment reduction in the sub-region.

1.8 Methodology

Research design

Research design is the structure of research³⁰ and a scheme outline that is used to generate answers to research problems³¹. The research therefore uses mixed method research design where it uses both qualitative and quantitative research design. This design helps us investigate the effects of the EAC on unemployment reduction in the sub-region.

Study area

The area of the research is in the East African Community.

Data Collection

This research heavily relies on secondary data. This is mainly statistical data which was collected from websites and reports such as then Kenya National Bureau of Statistics (KNBS), African Development Bank (AfDB), the World Bank, United Nations Development Programme (UNDP), International Monetary Fund (IMF), International Labour Organization (ILO), United

³⁰Kombo, D. and Tromp, A (2006). "Proposal and Thesis Writing - An Introduction," Nairobi, Pauline's Publications Africa.

³¹Orodho, A. (2003). "Essentials of Educational and Social Sciences Research Methods," Nairobi, Masola Publications, 2003.

Nations Economic Commission for Africa (UNECA) et cetera. Any relevant books, journals, and scholarly papers are also be included as secondary sources.

Data Analysis

The quantitative data collected is analyzed through descriptive and explanatory analysis, and by making careful observations on the effects of the EAC on unemployment reduction in the sub-region. To get better observation and assessment, research tools such as graphs, charts and tables were used. Qualitative data is analyzed using thematic analysis in order to reduce a broad variety of items of information to a more contracted set of attributes composing a variable.

Ethics

Considerations such as ensuring data validity and research ethics are observed to by the researcher. Research approval was acquired from the University of Nairobi and the National Council for Science and Technology.

1.9 Scope and Limitations of the Research

Unemployment predominantly affects young people. In the light of this, this study focuses largely on youth unemployment. In addition, this study covers youth unemployment and regional driven strategies for its reduction in East Africa from 2000 to 2015.

1.10 Chapter Outline

Chapter One has the Introduction, Study Background, Problem Statement, Objectives, Research Justification, Literature Review, Theoretical Framework, Hypotheses, Methodology of Research, Scope & Limitations, and Chapter Outline.

Chapter Two starts by examining the state of unemployment/youth unemployment in Africa. It looks at the trends. Thereafter, it investigates the causes of youth unemployment and its effects on the continent. Ultimately, it examines the effects of some African regional economic communities on unemployment reduction in the respective sub-regions.

Chapter Three starts by examining the trends of unemployment/youth unemployment in East Africa. It highlights the causes and effects of youth unemployment in the sub-region. Also, it discusses the youth unemployment rates in EAC member states.

Chapter Four looks at the effects of the EAC on unemployment reduction in the sub-region. It looks at strategies the Community has used to address unemployment, and how successful they have been.

Chapter Five has the summary, study conclusions and recommendations.

CHAPTER TWO: OVERVIEW OF REGIONAL INTEGRATION AND UNEMPLOYMENT IN AFRICA

2.0 Introduction

For some years now, Africa has had high levels of unemployment, a challenge still affecting productivity on the continent. This is especially that of youth unemployment, which has remained a barrier to the continent's economic development. As at 2013, some of the highest rates in Africa were in Southern Africa, with 51% of young women and 43% young men without work. This great numbers of people with no work showed lost potential as the young people can contribute greatly in boosting the economy adding to it. Difficulties in finding sustaining work, reduces young people productivity, which makes it harder to escape poverty.

This chapter starts by examining the trends of youth unemployment in Africa. After this, it investigates the causes of unemployment and its effects on the continent. Finally, it captures the effects of the South African Development Community on unemployment reduction.

2.1 Youth Unemployment in Africa

Youth unemployment in sub-Saharan Africa was slightly higher than global average of 12.8 percent in 2011, and North Africa at 27.1 percent, which was highest in the regions of the world.³² That was an average of about 20% unemployment in Africa in 2011. This means that "the continent finds it difficult to tap the energy of its young people. Youth unemployment is also primarily an issue for women more so in North Africa. Unemployment rate for young North African women was 34.3% in 2010 (compared to the global average of 13.1%), while the rate for

³² John C. Anyanwu (2014). "Does Intra-African Trade Reduce Youth Unemployment in Africa?." Working Paper Series, African Development Bank.

young men were at 18.5% (compared to the global average of 12.6%).³³ About half of the 10 million graduates churned out of the over 668 African universities annually do not get employment. As at 2016, sub-Saharan Africa's youth unemployment rate hovers around 12 percent a reduction from 12.8 percent in 2011.

This is lower than the world youth unemployment rate of 12.4 percent, Africa has the world's highest rate of poverty, and some of those employed earn less than US\$2 a day.³⁴ This is as a result of the fact that despite a 4.3 percent decrease as we have the working poor earning \$1 a day level from 1997 to 2007, more than 50 percent of those employed don't earn enough to get themselves and their families out of poverty circle.

Africa has 200 million people between 15 and 24 years (youthful age bracket) a representation of about 20 percent of the population in the continent.³⁵ It is projected that come 2050, this age bracket will nearly double to about 561 million.³⁶ This is primarily caused by the continent's high fertility rate. The last are socio-economic; with the both of being very connected. As the population grows, jobs need to be created. If the jobs are insufficient, there will be many young people unemployed. 3 out of 5 unemployed people in Africa are young people this is according to the ILO.³⁷ Youth unemployment rate is more dominant in urban areas as deteriorating conditions in the rural areas leads to rural-urban migration. This brings forth difficulties in the

³³ Ibid

³⁴ ACET (2016). "Graduate Unemployment in Africa." Retrieved on 19 September 2016, from <http://acetforafrica.org/unemployment-in-africa-no-jobs-for-50-of-graduates/>

³⁵ MDGs in Africa (2012). "Youth Unemployment in Africa: Causes, effects and Solutions." Retrieved on 20 September 2016, from <https://mdginafrica.wordpress.com/12/10/15/youth-unemployment-in-africa-causes-effects-and-solutions/>

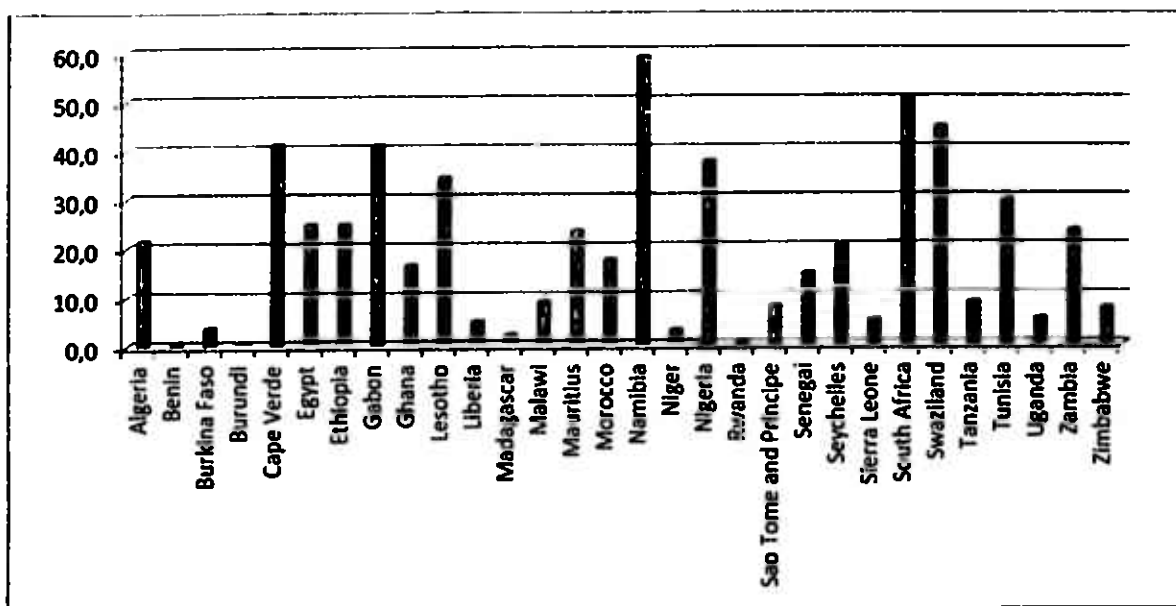
³⁶ Ibid

³⁷ Zuehike, E. (2009). "Youth Employment and underemployment in Africa brings uncertainty and opportunity." Population Reference Bureau.

unemployment challenge in the urban centers. In addition, this is visible in many African big cities such as Dakar, Aba, Accra, Ibadan, Johannesburg, Lagos and Zaria.

2.1.1 Trends

Figure 2.0: The Youth Unemployment Rate in African countries (2014)



Source: ILO, 2014

Figure 2.0 shows the youth unemployment rate in countries in Africa as at 2014 with Namibia having the highest rate of 58%, followed by South Africa (50%) and Swaziland (45 percent). Benin, Burundi, and Rwanda have the lowest rates.

2.1.1.1 Youth to Adult Unemployment rate

Table 2.0 – Distribution of youth and adults by job status (in percentage)

	Employed		Unemployed		Out of the labor force	
	Youth	Adults	Youth	Adults	Youth	Adults
SHIP data						
Burundi, 1998	70.4	95.8	0.3	0.4	29.3	3.8
Côte d'Ivoire, 1998	51.4	81.8	3.0	2.9	45.6	15.3
Cameroon, 2001	42.7	80.9	7.2	4.7	50.1	14.4
Ghana, 1998	17.7	78.4	31.3	8.7	51.0	12.9
Guinea, 1994	69.9	87.9	8.3	5.3	21.9	6.9
Kenya, 1997	20.8	58.2	3.7	1.1	75.5	40.7
Mozambique, 1996	22.0	59.5	2.2	1.4	75.8	39.1
Mauritania, 2000	28.4	50.4	3.1	3.4	68.6	46.2
Malawi, 1997	20.3	58.8	1.3	1.5	78.4	39.7
Nigeria, 1996	23.1	76.7	5.5	1.2	71.4	22.1
Sierra Leone, 2003	40.4	85.4	52.5	10.2	7.1	4.4
São Tomé and Príncipe, 2000	32.8	68.1	4.1	0.8	63.1	31.1
Uganda, 1999	17.9	66.0	0.7	0.6	81.4	33.4
Zambia, 1998	38.7	77.7	6.7	4.2	54.6	18.1
SSA-14 (mean)	35.5	73.3	9.3	3.3	55.3	23.4
SSA-14 (median)	30.6	77.2	3.9	2.2	58.9	20.1
LFS data						
Ethiopia, 2005	72.8	86.5	2.9	1.9	24.3	11.9
Madagascar, 2005	71.7	93.3	1.7	2.6	26.6	4.1
Tanzania, 2005	74.4	93.5	4.9	1.9	20.7	4.8

Source: World Bank, 2005/2006

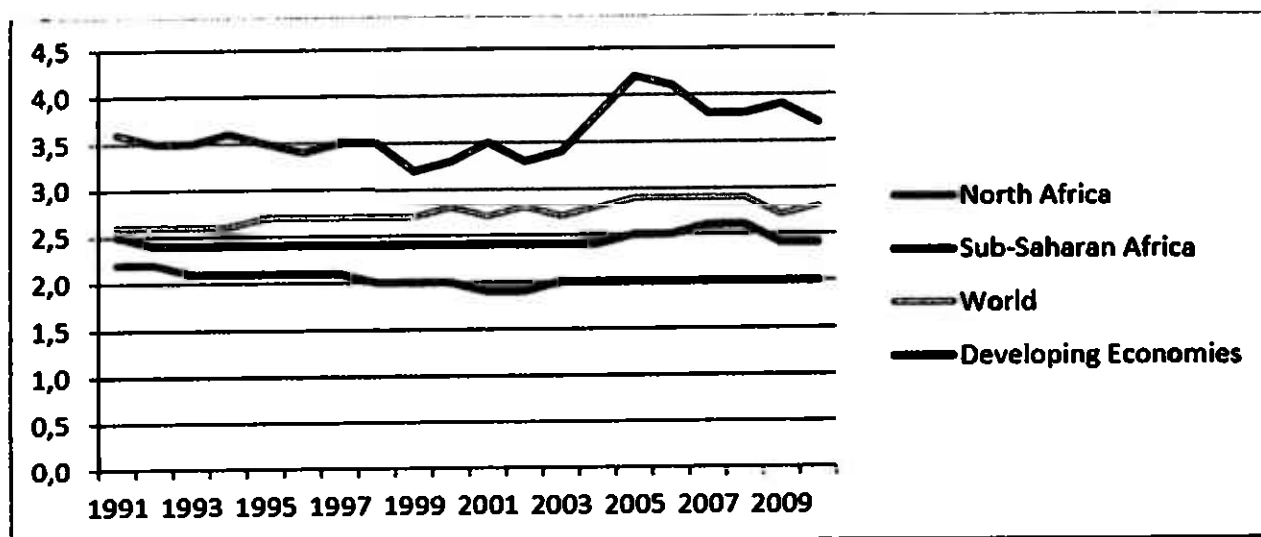
In 2005, the ILO reported that “the labor force participation rate of young males in Africa was 73.7 percent, one of the highest in the world.”³⁸ “Youth made up 40 percent of the working-age numbers only that 59.5 percent of the total unemployed, a number higher than global average for 2005 (43.7 percent), showing very dire demand on the continent.”³⁹ Between 1997 and 2000, the share of youth unemployed was as high as at 81.4 percent in Uganda, 68.8 percent in

³⁸ILO (2006). “Global Employment Trends for Youth 2006.” Geneva.

³⁹ Ibid

Mauritania, and 78.8 percent in Malawi (see table 2.0). Table 2.0 also shows that unemployment among adults is lower than that of the youth. While 3.8 percent of adults were unemployed in Burundi as at 1998, 29.3 percent of youth were not employed.

Figure 2.1: Ratio of Youth Unemployment Rate to Adult Unemployment Rate (1991 – 2010)



Source: ILO, 2014

The same goes with Nigeria as at 1996 (22.1 percent unemployment rate amongst adult and 71.4 percent among the youth), and Zambia as at 1998 (18.1 percent unemployment rate among adult and 63.1 percent among the youth). This means that unemployment rate in youth is twice the adult unemployment rate in many countries.(see figure 2.1). the ratio of youth to adult unemployment rate in SSA is about 2, it is 4 in North Africa (Figure 2.1).

This is primarily because of several reasons including, first, the work market bias towards the young people. Younger people are seen as less expensive and easier to let go off as compared to older ones. Employers dismiss young workers first because the cost of dismissing young people

is deemed lower. Secondly legislation on employment in most African countries normally requires specific period of employment before enforcement. As a result, the youth suffer most from freezes in employment.

In addition, to the high youth to adult unemployment rate on the continent includes that the youth often lack skills⁴⁰, the size of the youth labour force, low demand for labour⁴¹, as well as gender, ethnic determinants, and educational attainments – quality and quantity).⁴² Also, most African economies are predominantly dependent on primary exports which are subject to commodity price turmoil. This in turn slows progress in terms of jobs quality.

2.1.1.2 Rural and Urban Youth Unemployment Rate

Unemployment among the youth is more in urban areas (see table 2.1) and is higher among those with higher education. Table 2.1 shows that in Cameroon in 2001, while 41.3% of youth in rural areas were unemployed, 63.4% in urban areas were not employed. The same goes for Tanzania, where 16.6% of youth were unemployed in the rural areas than 30.6% in the urban areas. Often because of migration of rural youth to urban areas in search for education and better paying jobs.

⁴⁰ Kristen Devlin (2013). "Reducing Youth Unemployment in Sub-Saharan Africa." Publications Research Bureau. Retrieved on 30 September 2016, from <http://www.prb.org/Publications/Articles/13/youth-unemployment-africa.aspx>

⁴¹ Stephen Golub & Faraz Hayat (2014). "Employment, unemployment, and underemployment in Africa." The United Nations University

⁴² ILO (2006). "Global Employment Trends for Youth 2006." Geneva.

Table 2.1 –The Distribution of urban and rural youth by job status (in percentage)

	Employed		Unemployed		Out of the labor force	
	Urban	Rural	Urban	Rural	Urban	Rural
SHIP data						
Burundi, 1998	14.9	74.0	5.2	0.0	79.9	26.0
Côte d'Ivoire, 1998	31.5	73.6	5.1	0.6	63.4	25.9
Cameroon, 2001	25.9	55.6	12.5	3.1	61.6	41.3
Ghana, 1998	16.2	18.7	36.7	27.4	47.1	53.9
Guinea, 1994	40.0	92.2	16.2	2.4	43.8	5.4
Kenya, 1997	36.2	17.2	8.4	2.6	55.4	80.2
Mozambique, 1996	20.9	22.4	3.5	1.7	75.6	75.9
Mauritania, 2000	17.6	37.0	5.4	1.2	77.0	61.8
Malawi, 1997	14.5	21.2	2.6	1.1	82.9	77.7
Nigeria, 1996	22.9	23.3	6.4	4.8	70.7	71.9
Sierra Leone, 2003	22.9	56.6	67.9	38.2	9.2	5.2
São Tomé and Príncipe, 2000	30.5	36.3	3.2	5.4	66.4	58.3
Uganda, 1999	25.6	16.3	2.3	0.4	72.1	83.3
Zambia, 1998	16.6	53.6	11.9	3.2	71.5	43.2
SSA-14 (mean)	24.0	42.7	13.4	6.6	62.6	50.7
SSA-14 (median)	22.9	36.7	5.9	2.5	68.6	56.1
LFS data						
Ethiopia, 2005	40.7	81.1	10.0	1.0	49.3	17.9
Madagascar, 2005	50.5	78.4	4.6	0.7	44.9	20.9
Tanzania, 2005	56.0	82.1	13.4	1.3	30.6	18.6

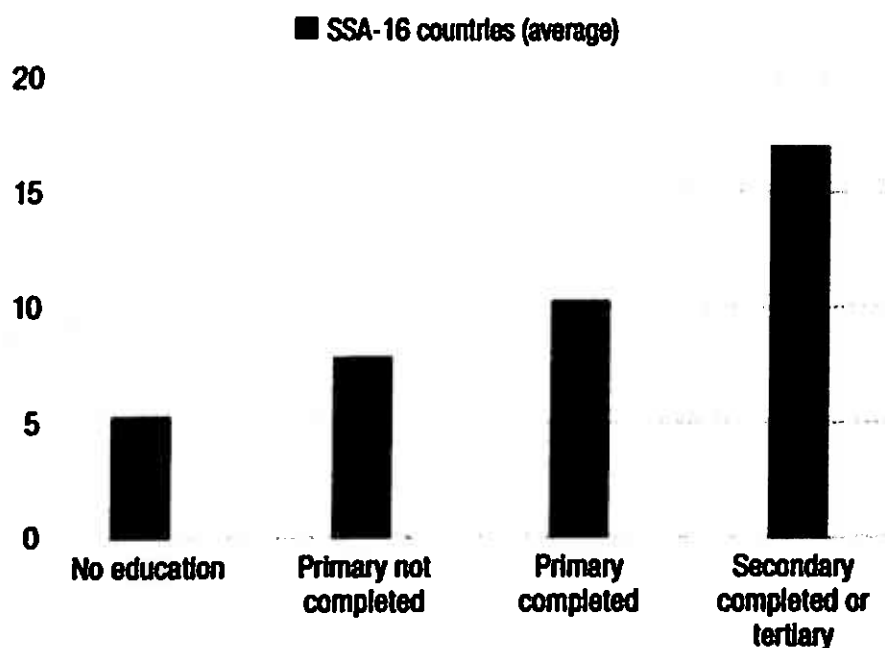
Source: World Bank, 2005/2006

2.1.1.3 Youth Unemployment Ratios by level of Education

Unemployment among the youth with high school education is Youth unemployment among is 3 times higher than those without any educationa at all (see figure 2.2). This may mean that “the higher the educational attainment, the less the prospects of getting a job . to be in the informal

In 2005, Ethiopia had 81.4 percent and 12.5 percent of youth in the informal and self-employment areas, against 43 percent and 49.6 percent of adults.⁴³ Youth are more likely to work for more hours with insecure work arrangements, with meager earnings and low productivity.

Figure 2.2: Youth unemployment ratios by level of education



Source: World Bank, 2005

2.1.1.4 Underemployment amongst youth and adults

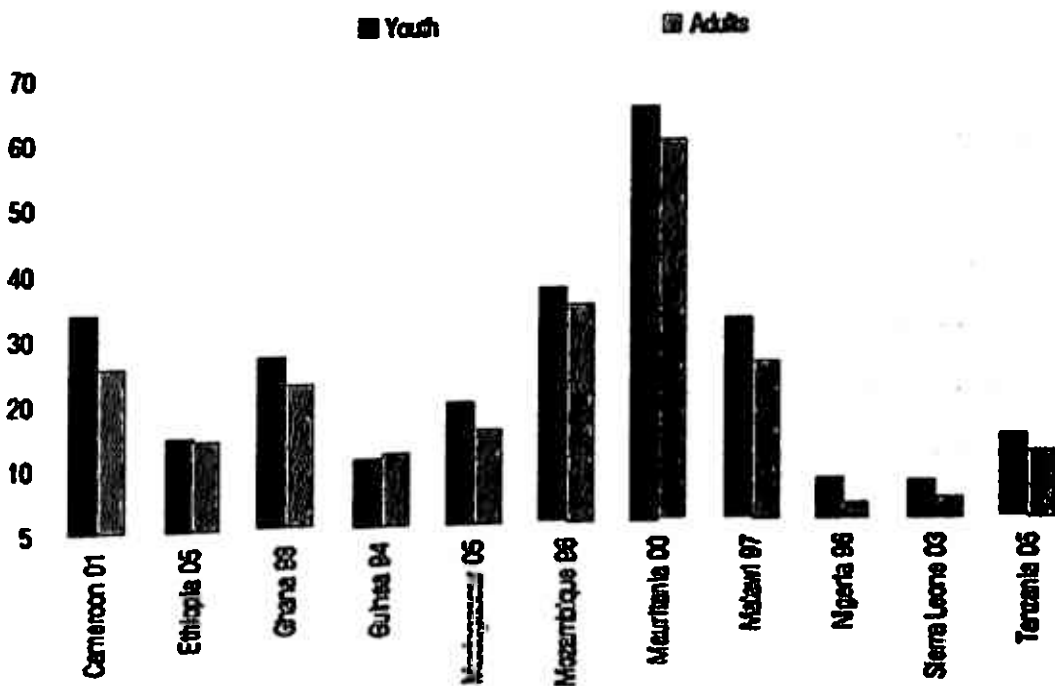
In addition, underemployment is mostly felt among youth as compared to adults, and is mostly spread in rural rather than urban regions (see figures 2.3 and 2.4).

Figure 2.3 shows that while 34 percent of youth are underemployed in Cameroon, the percentage is 27 percent for adults. At the same time, in Mauritania, the rates of underemployment are 60 percent for adults and 65 percent for youth. This is mostly due to limited availability of jobs.

⁴³World Bank (2009). "Youth and Employment in Africa: The Potential, the Problem, the Promise." Washington, DC

From 2000 to 2008 for instance, only one third of 74 million created jobs in Africa were targeting people of ages 15 to 24.⁴⁴ This challenge means that young people settle for less ideal jobs, low paying jobs, unsafe or temporary, or end up in overqualified positions. And some enter in informal economy just to make ends meet.

Figure 2.3: Underemployment rates among youth and adults in selected African countries



Source: World Bank, 2005

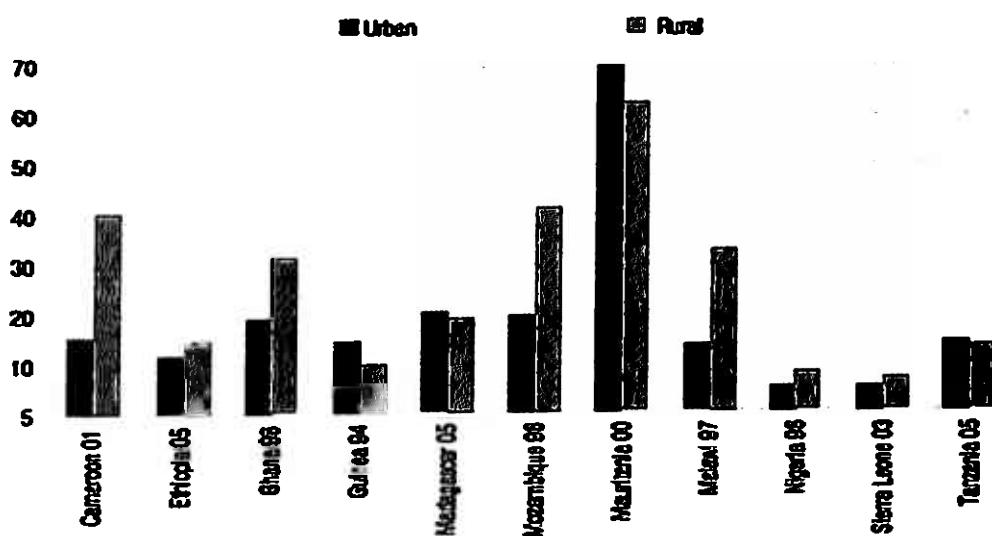
Figure 2.4 shows that in Cameroon, while 40 percent of rural youth are underemployed, the rate is 17 percent in urban areas. The same goes for Mozambique with 42 percent underemployed rural youth and 19 percent underemployed urban youth. Youth are also employed majorly in agriculture (see figure 2.5), which is responsible for 65% of employment total.⁴⁵ Figure 2.5

⁴⁴Stephen Golub and Faraz Hayat (2014). "Employment, unemployment, and underemployment in Africa." The United Nations University

⁴⁵ILO (2006). "Global Employment Trends for Youth 2006." Geneva.

shows that in Burundi, 82% of youth work in the agricultural sector, 40% in Kenya and 79% in Zambia. In rural Africa, the youth spend so much of their time in domestic work. Rural Ethiopia working is mostly at 43 hours a week as against 31 hours in urban zones.⁴⁶ The 43 hours worked, the rural youth uses 31 hours in household engagement (water fetching, fire wood picking etc.), while 22 hours are spent on these tasks in urban zones.⁴⁷

Figure 2.4: Underemployment among rural and urban in some selected African countries

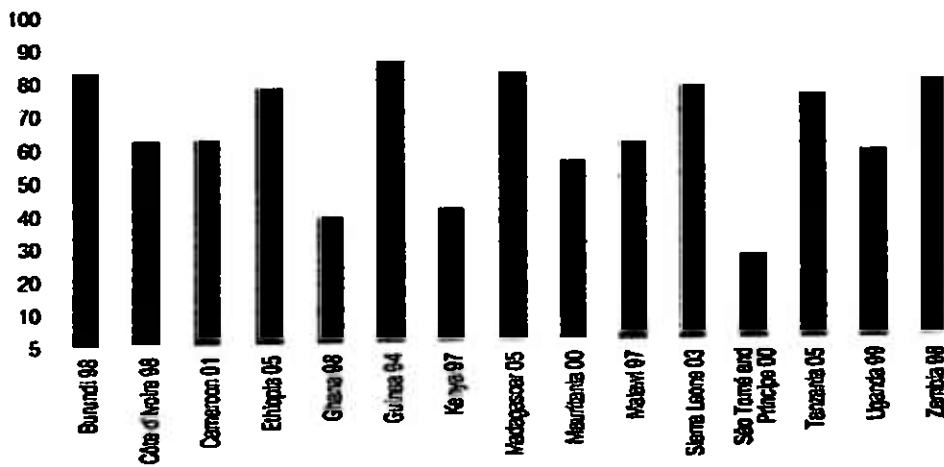


Source: World Bank, 2005

⁴⁶World Bank (2009). "Youth and Employment in Africa: The Potential, the Problem, the Promise." Washington, DC

⁴⁷ Ibid

Figure 2.5: Share of young workers in Agriculture in selected African countries



Source: World Bank 2005

2.1.1.5 Unemployment and Underemployment among young men and women

Table 2.2: Underemployment rates among young men and women in selected African countries

	Men	Women
SHIP data		
Cameroon, 2001	28.3	40.7
Ghana, 1998	22.2	30.0
Guinea, 1994	4.4	18.3
Mozambique, 1996	33.6	42.0
Mauritania, 2000	63.1	66.9
Malawi, 1997	26.5	36.7
Nigeria, 1998	6.1	6.7
Sierra Leone, 2003	2.9	7.4
SSA-8 (mean)	23.1	30.8
SSA-8 (median)	24.3	33.4
LFS data		
Ethiopia, 2005	12.0	18.4
Madagascar, 2005	15.1	23.2
Tanzania, 2005	13.5	12.4

Source: World Bank, 2005

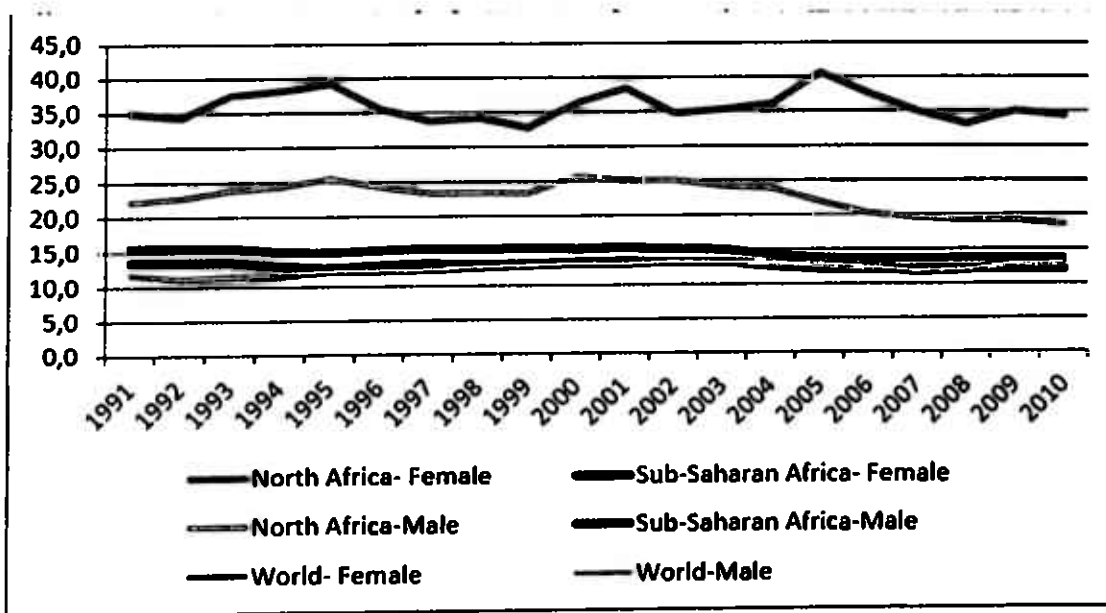
Tables 2.2 and 2.3 show that women who are young are more probable to be underemployed, and likely to be out of the work force. Table 2.2 shows that in Ghana as at 1998, 22.2 percent of young men were underemployed as against 30 percent of young women. The same goes with Madagascar in 2005, where the rates of underemployment were 15.1 percent and 23.2 percent for men and women, respectively. Table 2.3 shows that the number of young women out of labour force are higher than that of men in all examined African countries except in Ghana, Guinea, Sierra Leone and Tanzania. Similarly, figure 2.6 shows that North Africa women are the most unemployed, followed by North Africa Male, and SSA female. Women work for more hours than men, and are likely to be involved in more non market activities. Ethiopia women spend 48 hours weekly compared 32 hours for men.

Table 2.3: Distribution of young men and women by job status in selected African countries

	Employed		Unemployed		Out of the labor force	
	Men	Women	Men	Women	Men	Women
SHIP data						
Burundi, 1998	67.4	72.8	0.4	0.3	32.2	26.9
Côte d'Ivoire, 1998	53.4	49.4	3.0	3.0	43.6	47.6
Cameroon, 2001	43.8	41.8	8.5	6.0	47.9	52.2
Ghana, 1998	15.7	19.7	29.0	33.7	55.3	46.6
Guinea, 1994	68.3	73.4	6.6	9.9	27.1	16.7
Kenya, 1997	23.5	18.3	4.6	2.8	71.9	78.9
Mozambique, 1998	28.6	16.0	3.7	0.7	67.7	83.2
Mauntania, 2000	36.4	21.2	4.1	2.2	59.5	76.6
Malawi, 1997	21.9	18.9	2.0	0.8	76.1	80.3
Nigeria, 1996	27.1	19.6	7.9	3.4	65.0	77.0
Sierra Leone, 2003	31.5	48.5	60.8	45.2	7.9	8.3
São Tomé and Príncipe, 2000	47.4	18.2	5.3	2.8	47.3	78.9
Uganda, 1999	22.1	13.9	1.0	0.5	76.9	85.6
Zambia, 1998	38.1	39.3	8.1	5.5	53.8	55.3
SSA-14 (mean)	37.4	33.6	10.3	8.3	52.3	58.0
SSA-14 (median)	34.0	20.5	5.0	2.9	54.6	66.0
LFS data						
Ethiopia, 2005	78.7	67.7	2.2	3.4	18.1	28.9
Madagascar, 2005	72.3	71.1	1.3	2.0	26.4	26.9
Tanzania, 2005	74.9	74.0	4.1	5.5	21.0	20.5

Source: World Bank, 2005

Figure 2.6: Trends in Youth Unemployment Rate by Gender, 1991 – 2010



Source: ILO, 2014

2.1.1.5 Effects of High Youth Unemployment Rate in Africa

Increased employment in the youth ,increases growth in economy,socio-political stability promoted, poverty reduction, and equalities, youth unemployment endangers such progress and creates an immense disaster. Not to talk of the rate at which the later is seen in Africa.⁴⁸Following the high rate of youth unemployment on the continent, unemployed youth available for crime related activities which jeopardize stability of countries in the continent. Consequently, an unstable society negatively affects the economy which scares away investors. Studies have shown that underemployed and unemployed youth are at exposure to conflicts and illegal activities.

⁴⁸Ncube, M. and Anyanwu, J. C. (2012).“Inequality and the Arab Spring Revolutions in North Africa and the Middle East.” Africa Economic Brief, African Development Bank, Vol. 3, Issue 7.

Adding to that, young people been excluded from the labour force has lead to poverty.⁴⁹ In Northern Africa the general population is miserable and lack of inclusion of the youth is aticking time-bomb.

2.2 Africa's Regional Economic Communities – Their Effects on Unemployment Reduction

Its been argued that regional integration especially its trade component facilitates employment creation, though this varies significantly across countries. In the African Union integration agenda for Africa, trade is has become an important in the creation of jobs and poverty reduction.

2.2.1 South African Development Community (SADC)

SADC is an AU recognized economic community comprising of 15 states with an objective focusing on regional integration. Established in 1980, SADC's mandate is strengthening socio-economic unity and integration, security and political cooperations. Its objectives include achieving economic growth, development, increased employment, improving life quality by, supporting the disadvantaged countries. . To achieve it has implemented policies that aid free movement of capital, goods and services. Its trade liberalisation has lead to establishment of free trade areas, customs union and common markets.

⁴⁹ACET (2016). "Graduate Unemployment in Africa." Retrieved on 19 September 2016, from <http://acetforafrica.org/unemployment-in-africa-no-jobs-for-50-of-graduates/>

Table 2.4: Total exports from SADC

	2000	2005	2010
	USD billion	USD billion	USD billion
World	52.2	102.1	170.3
	%	%	%
World	100.0	100.0	100.0
SADC	12.6	9.7	10.9
Rest of Africa	2.4	3.1	3.2
European Union	37.9	34.0	23.0
Other high income OECD	27.9	29.2	26.4
BRICs	7.8	13.0	28.8
Rest of the World	11.3	11.0	7.7

Source: UNCTAD, 2012

The Free Trade Area protocol that was implemented in 2008, and the tariff reduction led to increased trade, from 9.7 % in 2005 to 11 %s in 2010 (see table 2.4). This was high as compared to other regional economic communities in Africa. It's estimated that such increase in trade in SADC had an indirect impact on economic growth which then affects employment. This is especially so in the agricultural sector in which a higher percentage of countries in the region depend on (see table 2.5). Where high tariffs are eliminated, noticeable changes in employment and production is observed. changes are noted that result to adjustment in costs.⁵⁰ In addition to that, the trade liberalization in SADC lead to the development of broader markets that attracted FDI.

⁵⁰Mina Mashayekhi, David Vanzetti and Ralf Peters(2012)."Regional Integration and Employment Effects in SADC." UNCTAD

Table 2.5: SADC exports in agriculture and non-agriculture in 2010 by destination

	Agriculture	Non-agriculture
	USD billion	USD billion
World	17.2	153.1
	%	%
World	100.0	100.0
SADC	17.3	10.1
Rest of Africa	5.5	2.9
EU	40.2	21.1
Other high income OECD	12.5	28.0
BRICs	9.8	31.0
Rest of the World	14.7	6.9

Source: UNCTAD, 2012

SADC is expected to boost wages and employment, though this may vary across countries. Some have high tariffs on manufactured goods, textiles, wood and paper products and a substantial adjustment of these tariffs elimination would be go along way. these industries could. This emphasises important positive effect of integration in SADC and the significance of policies on labour market .

2.3 Conclusion

In this chapter, using selected African countries, we have examined the trends of youth unemployment on the continent by looking at the employability of youth to adults by job status, and comparison of urban and rural youth by job standing, youth unemployment ratios by level of education, underemployment rates among youth and adults, underemployment among rural and urban, share of young workers in agriculture, and underemployment rates among young men and women. We further discussed the effects of unemployment on the continent and used SADC in an attempt to measure the effects of regional integration on employment reduction.

CHAPTER THREE: UNEMPLOYMENT IN EAST AFRICA

3.0 Introduction

Our discussions in the previous chapter shows that Africa has the highest rate of youth unemployment globally. It was also clear that youth unemployment and underemployment are higher than that of adults on the continent. Also, urban unemployment was found higher than that of rural, and underemployment/unemployment rate was found higher in young African women unlike in men.

This chapter starts by examining the unemployment rate in East Africa. It highlights the causes and effects of youth unemployment in the sub-region. Also, it discusses the youth unemployment rates in EAC member states.

3.1 An Overview of Unemployment situation in East Africa

In the East Africa, the levels of under-employment, unemployment, and poverty have been gradually rising and remains very high regardless of efforts to promote development by the EAC, its national governments, as well as international development agencies. Recent years, there has increased concerns with regards to waste of human potential.. On the flip side, they are also overworked in conditions that lacking basic standards. A great portion of women who are young women still work in the agriculture and informal economy, earning low incomes and being in jobs in low profitability activities.

Tables 3.0 and 3.1 show the unemployment rates of 5 East African countries from 2001 to 2014. Unemployment rates have remained as high as 13 percent in Tanzania, until 2006 when it reduced to 11 percent. In Kenya, it has remained at 13 percent since 2008, while it has remained low in Rwanda at 1 percent until 2013 that it reached 3.4 percent and 2 percent in 2014. As at 2014, unemployment rates in the 4 East African countries, Burundi, Tanzania, Uganda and Kenya are 2%, 8%, 6% and 9.2%, respectively (see table 3.1). This puts the average general unemployment rate in the 5 East African countries at 5.44 percent.

Table 3.0: Unemployment rates in 5 East African Countries, 2001 – 2010

Burundi	-	-	-	-	-	-	-	1.0	-	-
Tanzania	12.9	12.9	12.9	12.9	11.0	11.0	11.0	11.0	11.0	11.0
Uganda	-	-	3.5	-	-	1.9	-	-	-	4.2
Kenya	-	-	-	-	-	-	-	12.7	12.7	12.7
Rwanda	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.2
East Africa	-	-	-	-	-	-	-	-	-	-

Source: East African Community 2015, Researcher's Collation

Table 3.1: Unemployment rates in 5 East African Countries, 2011 – 2014

	2011	2012	2013	2014
Burundi	-	-	-	2
Tanzania	11.0	11.0	11.0	8
Uganda	-	-	-	6
Kenya	12.7	12.7	12.7	9.2
Rwanda	1.2	1.2	3.4	2
East Africa	-	-	-	5.44

Source: East African Community 2015, Researcher's Collation

3.1.1 Youth Unemployment in East African countries

3.1.1.1 Burundi

Burundi has been characterized by rapid population growth rate which is at 4 percent per annum leading to increased school dropouts, slow economic trends as well systems in education systems that is not beneficial to young people's ambitions.⁵¹ "As at 2011, 51 % of Burundians were youth, 14 % were unemployed with only 1% graduates could get to work in the public

⁵¹Young People of East African Community (2012). "The Joint East African Community Youth Programme of Action." East African Regional Youth Conference on Trade & Business, Kampala, Uganda.

sector.⁵² Adding it, most Burundian youth mindsets hinders their motivation for entrepreneurship and self employment .

3.1.1.2 Kenya

Kenyan youth bracket is between 14 and 34 years, while 72 percent of these youths below the age of 30 years are unemployed. Unemployment for the Kenyan youth is primarily due to illiteracy, insufficient skills or mismatch skill, and changing economic trends. In 2011, the unemployment rate was at 66 percent⁵³

3.1.1.3 Tanzania

Tanzanians work force is currently at 53.7 per cent of the population with 68 per cent between 15 - 35 years old.⁵⁴ The Unemployment rate as at 2014 was at 8 per cent (see table 8).

In 2006 88.3 percent i.e., 16.6 million people were employed, due to creation of employment jobs in rural areas. However unemployment in the urban settings remains high resulting to lack of Labour Market Information System, inhibited implementation resources for government policies, tendency of the youth to be unenthusiastic approach to agri-business, and inadequate necessary skills including computer literacy.

3.1.1.4 Uganda

The unemployment rate in the country as at 2014 was at 6 percent (see table 8). In 2010 Uganda's GDP growth rate was projected to be at 5.2 percent with population growth was about

⁵² Ibid

⁵³ Ombeni Mwasha (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." *Korea Review of International Studies*

⁵⁴ Ibid

According to Statistical Abstract 2011, there was an increased work force from 10.8 million people in 2005/2006 to 13.4 million people in 2009/2010, indicating a rise of 23%.⁵⁵

Estimates show that the country's over 2 million educated youth are jobless, 2 million are underemployed, while 50% of active youth do not engage in income-generating activities. It also indicated that Kampala's youth unemployment rate is at 32.2 percent with that of university graduates is at 36 percent. Key causes of this in Uganda are the lack of professional & entrepreneurship skills; weak career guidance; and over dependence on primary export (over 95 percent of Uganda's exports are agricultural products).

3.1.1.5 Rwanda

40.2 percent of Rwanda's 12 million people were of ages 14 to 35 years in 2011. ⁵⁶ 22 years old was the average age for jobseekers. There are projections that in the next five years, there will be one million jobseekers. In Rwanda, the challenge of unemployment is due to limited job opportunities, entrepreneurship capacity, access to finance & employability skills; issues of unity & reconciliation; and a large informal sector, as well as HIV/AIDS; drug abuse etc. To add to it, the youth have a prejudiced behaviour towards conventional agriculture and lack the sufficient support structures for job.

3.1.2 Causes of high youth unemployment rate in the EAC

There are a considerable number of causes of youth unemployment in the EAC. But many of them are structural due to having unemployed youth with incompatible skills from the labour market requirements. Most jobless youth either have insufficient skills or have outdated skills not

⁵⁵ Ibid

⁵⁶ Ibid

appropriate to available industries. Some of the causes comprises of: first, great population growth and fertility. High population growth is mostly more than resources in the region even with the growing economy. Resulting to an economy being unable to have enough jobs for the youth joining the job market yearly.⁵⁷

Secondly, fast population growth, leads to an economy finding difficulties in providing resources for advancing youth's human investment i.e. in things like education, health and training for better employability.⁵⁸ Thirdly, youth mostly have disposable income leading to reduced savings and investment that may lead to other opportunities. Fourthly, lacking of the right skills needed and less educated youth in EAC.⁵⁹

Fifthly is the minimal youth input in decision and policy making most especially to processes affecting their welfare. Sixthly, the education system is mostly in theory form and inadequately prepares the young people for the work to come.⁶⁰ The system of education is unbending and needing adjustments to fit the job market⁶¹, training done in East Africa has been unrelenting to the needs of the labour market.⁶²

Seventhly, there is still a lacking environment that promotes paid employment creation in private sector. Employability is one that not only needs skills appropriate, but government policies

⁵⁷Semboja Haji Haji (2007). "The Youth Employment in East Africa: An Integrated Labour Market Perspective". African Integration Review Volume 1, No. 2

⁵⁸ Ibid

⁵⁹OmbeniMwasha (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." Korea Review of International Studies

⁶⁰ Ibid

⁶¹Ikiara G.K and N.S. Ndung'u (1997), "Employment and Labour Market During Adjustment: The Case of Kenya", ILO Geneva.

⁶²Manda D.K., M. Kimenyi and G. Mwabu (2002). "Human Capital and Returns to Education in Kenya." Discussion paper No 13, KIPPRA, Nairobi.

leading to employment opportunities where the skills are useful. The East African states have a number of restructurings that back up formal private sector.⁶³ These may include simplified licensing procedures; macro-economic steadiness; evaluation of the tax system; and realizing business environment consolidation programmes. However, it's been suggested that structural improvements are incomplete hence the youth are still at a cross-road.⁶⁴ While there are clear improvements in the making of national development policies, implementation has not been effective, consistent, and acceptable by citizens in the countries",⁶⁵ the macro-economic reforms' gains have not led to effective possession, operation and management of economic happenings, resources, and processes.

Eighthly is the lack of adequate vocational training programs and youth centres that teach and encourage entrepreneurship skills that can be helpful in in establishing Micro Small and Medium Enterprises (MSMEs).

The youth tend to prefer joining established companies as opposed to setting up their own enterprises. This may be because some lack the skills needed to set up MSMEs. They also fear that administrative procedures for business registration are too cumbersome and costly. The barriers to setting up new businesses are mainly high for young people who on the other hand face complex entrepreneurship barriers. These structural problems include: lack of access to

⁶³Semboja Haji Haji (2005). "A Concept Paper on Promoting Opportunities for Youth Employment in East Africa." Prepared for the ILO regional Office and presented at the EAC Meeting of Labour Commissioners, Nairobi, Kenya

⁶⁴Semboja Haji Haji.(2007). "The Youth Employment Situation and Challenges." Paper Presented at National Employment Forum, Karimjee Hall, Dares Salaam, Tanzania.

⁶⁵URT (2007). "National Employment Report." Ministry of Labour, Employment and Youth Development, Dar es Salaam

credit and seed funding, isolation and lack of support, and access to effective business advisory & support services.”⁶⁶

In addition is the “continuation of cultural attitudes and discriminatory practices against young women and the susceptibility of young workers to layoffs when economic growth weakens, absence of avenues for youth to acquire the needed job experiences and poor mind set and negative attitudes of youth towards some jobs.”⁶⁷

3.1.3 Effects of high youth unemployment in the EAC

Unemployment has economic, social and political and costs for the youth and the humanities. These consequences in the EAC includes: first, as a result of being made to look for other of income generating activities, some youths find themselves in negative activities such as drug abuse, organized crime, political conflict among others negative vices. Secondly, high youth unemployment has led to political conflicts for an example in South Sudan leading to no FDI to the state. Thirdly, unemployment means a small or declining tax base in some EAC countries leading to small tax revenue earnings. Finally, since employment is a significant means of distributing benefits of economy, the non-involvement of the youth from fruitful socio-economic livelihood which in turn has inequalities and poverty EAC countries.

⁶⁶Semboja Haji Haji.(2007). “The Youth Employment Situation and Challenges.” Paper Presented at National Employment Forum, Karimjee Hall, Dares Salaam, Tanzania.

⁶⁷ Ibid

3.2 Conclusion

In this chapter, we have examined unemployment/youth unemployment rates in the EAC member states. We found out that the rates are devastatingly high. We also examined the causes and effects of the high rates in the EAC member states.

CHAPTER FOUR: THE EAST AFRICAN COMMUNITY EFFECTS ON UNEMPLOYMENT REDUCTION

4.0 Introduction

The state of unemployment and specifically youth unemployment in East Africa was examined in the previous chapter. The key lesson learnt was that unemployment is still a major challenge in the sub-region with member states such as Kenya and Tanzania having unemployment rates in 2 digits, consistently, for some years now.⁶⁸ We also learnt of several causes on such high unemployment/youth unemployment rate in the region and its consequences. This chapter looks at the effects of the EAC on unemployment reduction in the sub-region. It looks at strategies the Community has used to address unemployment, and how successful that have been.

4.1 EAC driven strategies for unemployment reduction

Studies have considered regional economic integration as a facilitator of economic growth, employment creation, and Foreign Direct Investment attraction.⁶⁹ It is also known to lead to free movement of people, capital, goods, and services; expansion of markets, and gains in trade.⁷⁰ The founding member states of the EAC formed the organization with this in mind. EAC is a trade bloc with six countries in East Africa namely: Kenya, Burundi, Rwanda, Tanzania, South Sudan and Uganda. Its Headquarters are in Arusha, Tanzania; and in 2015, the Community had a population of 158 million people with a combined Gross Domestic Product of \$169.5 billion.⁷¹

⁶⁸ <http://www.tradingeconomics.com>

⁶⁹ IMF working paper, *Trade integration in East African Community: an Assessment for Kenya*

⁷⁰ Ibid

⁷¹ EAC, *Overview of EAC*, 2016. Retrieved on 13 July 2016, from <http://www.eac.int/about/overview>

The Community establishment treaty was signed in November 1999 and entered into force in July 2000 following successive ratifications by the three initial member states - Kenya, Tanzania and Uganda. Rwanda and Burundi agreed to the Community's Treaty in June 2007 and became full Members in July 2007.⁷² South Sudan acceded to the Treaty in April 2016, and has the intention of becoming a full Member once the instruments of the Treaty's ratification are deposited with the Secretary-General of the Community.

The broad objective of the EAC is to expand and deepen co-operation among the Member States in economic, political, social and cultural areas, research and technology, security, defense, and legal and judicial affairs to ensure mutual benefits. The vision of the Community is "to have a competitive, prosperous, secure and politically united East Africa."⁷³ The mission "is to expand and deepen economic, political, social and cultural integration in order to improve the quality of life of the East African people through increased competitiveness, value added production, trade and investment."⁷⁴

2004 saw the EAC customs union signed with commencement in January 2005.⁷⁵ The community launched its common market in 2010, a second Regional Integration milestone. In 2008, after negotiations with the COMESA and SADC, the EAC agreed to have a Tripartite expanding its

⁷² EAC, *Customs Union*, 2016. Retrieved on 13 July 2016, from <http://www.eac.int/integration-pillars/customs-union>

⁷³ EAC Development Strategy 2006-2010.

⁷⁴ East African Development Strategy 2006-2010.

⁷⁵ Ibid

Free Trade Area the member's involved.⁷⁶Employment among the youth is on known way for alleviating poverty in East Africa.⁷⁷

Table 4.0 and 4.1 show that there has been an increase in employment creation especially by the private sector which has more employment opportunities compared to the public sector in most of the countries in East Africa.

4.1.1 Customs Union and Common Market Protocols

The EAC customs union brought in the establishment of a free trade on goods and services among the member-states and a CET), by having imports from countries outside the trade bloc put through the same tariff when sold to any EAC member states. In addition, goods moving within the EAC must comply with the bloc's Rules of Origin and with some provisions of the Customs Union Protocol. The Customs Union covers sectors such as Agriculture and Food Security, Health, Customs, Immigration and Labour, Infrastructure, Tourism & Wildlife Management, Trade, and Industrialization & SME Development.

The Common Market enabled free movement of goods, people , and capital inside the region,⁷⁸“with its Right of Residence, Right of Establishment for the citizens of its member states, as well as Free Movement of Services within the region. This singlehandedly integrated the labour market while allowing foreign nationals from member states to work in any member state country without paying work permit fees. This also has underlying operational principles of

⁷⁶ Reuters, *East African trade bloc approves monetary union deal*, 30 November 2013. Retrieved on 2 February 2016, from <http://www.reuters.com/article/us-africa-monetaryunion-idUSBRE9AT08O20131130?feedType=RSS&feedName=worldNews>

⁷⁷ AFDB (2015). “Regional Integration Can Boost Job Creation and Foster Economic Growth.” Retrieved on 18 September 2016, from <http://www.afdb.org/en/news-&-events/article/regional-integration-can-boost-job-creation-and-foster-economic-growth-9315/>

⁷⁸ Reuters, *FACTBOX-East African common market begins*, 1 July 2010. Retrieved on 2 February 2016, from <http://af.reuters.com/article/kenyaNews/idAFLDE65T2AJ2100701?sp=true>

the EAC, such as equal treatment to citizens of other member states; non-discrimination of citizens of other member states on the basis of nationality; ensuring transparency in issues regarding to other member states; and distributing information for smooth implementation of the Procedure.⁷⁹ These procedures have boosted trade relations within the EAC and impacted on economic growth and employment creation.

4.1.2 Infrastructural Expansion

The EAC has been pursuing ambitious infrastructural goals for the sub-region's development. This has been through the organization's two main corridors, the Northern and Central. The Northern starts from the Kenyan port at Mombasa to Burundi, and comprises of several railway and road projects along the route. The Central starts from the Tanzanian port at Dar es Salaam to DRC, and comprises of several railway and road projects along the route. The Arusha – Namanga – Athi River road project that links the Central to Northern Corridors has been completed. There are also new corridors that start from new Ports at the Kenyan Lamu town and Tanzanian city of Mwambani. The construction of these infrastructural projects has a direct effect on employment creation. These infrastructural projects will reduce or have reduced the transaction cost to business while propelling economic growth within the sub-region.

4.1.3 Policy Documents

The EAC adopted a five year development strategy to act as a guide in the implementation of its Treaty systematically.⁸⁰ The first Development Strategy (1997 - 2000) was succeeded by the

⁷⁹ EAC, *Common Market*, 2016. Retrieved on 13 July 2016, from <http://www.eac.int/integration-pillars/common-market>

⁸⁰ East African Community (2005). "EAC Development Strategy (2006 - 2010)." East African Community Secretariat.

second one in (2001 – 2005), third one (2006 - 2010), and fourth one (2011 - 2015).⁸¹ These strategies cover a wide range of areas and activities in the member states and the Community at large, reviews progresses made in the immediate previous development strategy, draws lessons from its implementation, and make plans, targets, & projections for the next development strategy. The past development strategy recognizes the challenge of unemployment in the region and outline policy interventions by the Community and member states to deal with unemployment.⁸²

Also in a quest to deal with unemployment issues and underemployment in East Africa, the EAC collaborated with the ILO on preparing a sub-regional Decent Work Programme (DWP) to cover a period of 2010 – 2015.⁸³ The DWP focuses on employment for the youth, HIV and AIDS, social dialogue and others.⁸⁴“The EAC-DWP focuses on three priority areas which are youth employment creation, extension of social protection and enhancement of capacity for social dialogue.”⁸⁵ Under youth employment creation umbrella, “activities include creating a conducive policy environment for youth, improving the skills level of the East African youth, and supporting entrepreneurship activities for young women and men at the sub-regional level. The social protection umbrella covers social security rights of migrant workers within the EAC. The implementation of the EAC DWP was directed and monitored by the EAC Meeting of Ministers

⁸¹ Ibid
⁸² East African Community (2010). "EAC Development Strategy (2011 - 2015)." East African Community Secretariat.

⁸³ ILO (2015). "East African Community (EAC) and ILO for strengthened collaboration in promoting Decent work in East Africa." Retrieved on 24 September 2016, from http://www.ilo.org/addisababa/media-centre/WCMS_412438/lang--en/index.htm

⁸⁴ Ibid
⁸⁵ The East African Community (2009). "East African Community - Decent Working Programme." Retrieved on 24 September 2016, from <http://www.ilo.org/public/english/bureau/dwcp/download/eacfinal.pdf>

responsible for Labour and Employment, while the various organs of the EAC provided coordination.”⁸⁶

4.2 The effects of the strategies on unemployment reduction

4.2.1 EAC Integration Protocols

Accelerated regional integration has had considerable benefits including job creation and gains in trade. The East African Community, having successfully implemented a Common Market is currently tapping this benefit. The EAC Common Market has affected job creation process, and as new types of employment or job categories have emerged with establishment of free movement of workers there has been ease access to employment in the region. Citizens from EAC member countries can seek employment in any member country without paying work permit fees.⁸⁷

Table 4.0: Unemployment Rate Percent

Partner State\Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tanzania	12.9	12.9	12.9	12.9	11.0	11.0	11.0	11.0	11.0	11.0
Uganda	-	-	3.5			1.9	-	-	-	-
Kenya	-	-	-	-	-	-	-	12.7	12.7	12.7
Rwanda	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.2

Source: EAC Facts and Figures 2014

⁸⁶ Ibid

⁸⁷ OmbeniMwasha (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." Korea Review of International Studies

Table 4.1 Employment by Private and public sector, percent

Private sector	States	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Burundi	35.0	35.0	35.0	35.0	35.0	35.0				
	Tanzania	83.4				97.0	96.5	96.3	96.0	96.0	96.0
	Kenya	60.7	61.2	61.8	62.7	63.8	67.0	67.0	67.2	69.3	69.3
	Rwanda					85.9	85.9	85.9	85.9	85.9	85.9
Public sector	Burundi	65.0	65.0	65.0	65.0	65.0	65.0				
	Tanzania	16.6				3.5	3.7	4.0	4.0	4.0	4.0
	Kenya	39.3	38.8	38.2	37.3	36.2	35.0	33.0	32.8	31.2	30.7
	Rwanda					14.1	14.1	14.1	14.1	14.1	14.1

Source; EAC Facts and Figure 2014

Table 4.2: Intra-EAC Trade, in million SUS (2006 - 2014)

Country	Partner State	Flow	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kenya	Uganda	Export	385.7	498.5	611.2	596.6	657.6	855.4	797.9	758.9	690.1
		Import	13.9	88.8	75.5	57.1	116.4	116.4	181.3	186.8	199.3
		Balance	371.8	409.7	535.8	539.5	541.2	739.0	616.7	572.2	490.9
	Tanzania	Export	253.6	331.5	422.4	388.2	419.2	470.1	544.6	470.2	485.1
		Import	62.6	99.2	105.0	100.8	133.1	176.5	170.4	135.5	208.5
		Balance	191.0	232.3	317.4	287.4	286.0	293.6	374.2	334.8	276.6
	Rwanda	Export	66.1	86.2	129.4	123.0	133.0	152.7	191.1	156.8	164.0
		Import	2.9	1.3	0.4	3.1	5.4	4.8	9.7	11.7	8.1
		Balance	63.2	84.9	129.1	119.9	127.5	147.9	181.3	145.1	155.8
	Burundi	Export	35.4	29.4	30.3	59.3	68.9	66.5	62.8	65.0	89.1
		Import	1.2	2.2	1.5	1.2	1.8	5.3	3.7	0.6	-
		Balance	34.2	27.2	28.8	58.1	67.1	61.2	59.1	64.4	89.1
	Total EAC	Export	740.9	945.6	1,193.4	1,167.2	1,278.7	1,544.7	1,596.4	1,450.9	1,428.3
		Import	80.6	191.5	182.3	162.2	256.8	302.9	365.1	334.5	415.9
		Balance	660.3	754.1	1,011.0	1,005.1	1,021.8	1,241.8	1,231.4	1,116.4	1,012.4

Source: EAC Secretariat, 2015

At the same time, through the EAC's FTA, Customs Union and Common Market, intra EAC trade has improved significantly. Table 4.0 shows that between 2006 and 2014, intra EAC exports increased from \$741 million to \$1.4 billion at about 100 percent while intra EAC imports increased from 80 million to 415 million. The balance of trade also increased from \$660 million to \$1 billion. An increase in intra EAC trade had an indirect impact on economic growth and subsequently employment creation this was as a result of increased exports. Meaning that there was increase in production and productivity within the region which involves employment opportunities creation.⁸⁸

⁸⁸ EAC Trade report 2009

4.2.2 Increased/expanded market

Regional economic cooperation offers a way to overcome the disadvantages of economic smallness, by combining markets or pooling resources. The EAC countries are all developing and small economies. These economies are small to attract any major investment in the global economy. EAC economic integration, has created a single market of over 158 million people with a combined GDP of \$169.5 billion.⁸⁹ Thus, it can be said that the EAC provides its member with an expanded market, one that investors can take advantage of economies of scale and produce competitively. This incentive for investors has had an enormous effect on employment creation.

There has been significance increase in exports and imports trade in EAC since 2000-2013 as shown in table 4.3

⁸⁹ EAC, *Overview of EAC*, 2016. Retrieved on 13 July 2016, from <http://www.eac.int/about/overview>

Table 4.3 Total trade by EAC Partner States (Million USD)

Year	Kenya		Uganda		Tanzania		Burundi		Rwanda	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
2000	1766.31	3249.27	401.64	958.18	734.88	1520.38	48.51	146.07	69.04	216.14
2001	1878.61	3692.67	451.76	1006.37	805.38	1653.75	38.46	138.61	93.55	236.73
2002	2150.18	3273.35	467.61	1073.75	886.77	1598.67	30.61	128.37	67.36	285.30
2003	2411.88	3711.50	534.11	1375.11	1131.40	1958.82	37.17	155.30	63.03	363.89
2004	2704.85	4604.51	644.29	1726.24	1400.42	2420.72	48.11	174.50	98.10	450.86
2005	3447.66	5864.94	812.86	2054.14	1571.28	3043.47	65.91	289.77	124.98	583.00
2006	3481.19	7232.77	962.19	2557.31	2000.12	3864.10	59.75	441.42	147.38	890.02
2007	4080.02	8988.98	1336.67	3495.39	2007.00	5919.02	56.86	309.16	176.77	999.22
2008	5054.16	11291.59	1724.30	4525.90	3119.30	6907.80	69.65	402.96	264.82	1083.97
2009	4462.48	10188.45	1567.61	4257.60	2982.45	6531.22	68.42	402.26	234.97	1565.82
2010	5172.01	11954.68	1618.60	4664.34	3976.79	8070.36	101.23	508.83	297.28	1083.97
2011	5755.58	14817.78	2159.08	5630.88	4771.62	11184.25	123.98	755.59	464.24	1565.82
2012	6126.19	16261.53	2357.49	6042.84	5361.41	11715.73	134.70	751.53	594.78	1896.43
2013	5832.41	16411.01	2407.74	5817.51	5174.70	12525.40	189.65	911.93	703.00	1851.45

Source: EAC facts and Figures 2014

4.2.3 Foreign Direct Investment Increased

Domestic and Foreign investment increment is crucial to macroeconomic integration. EAC customs union and common market have enhanced cross-border investment regionally. This has resulted to markets expansions with less clearing formalities., which attracts investors. To add to it, the customs union for example has offered and expectations are that a stable economic climate traders and investors across in the region administered.

CET. Table 4.1 shows that the FDI flows (in million US\$) for EAC member states. The inward FDI flows in 2004, 2008 and 2014 are better compared to the in 1992 to 1997 where integration had not happened.

Table 4.4: FDI Flows in EAC Countries (million \$)

Burundi	-	-	-	0	14	-	6.7	32
Kenya	18	111	46	51	96	186	505	989
Rwanda	-	-	-	30.6	103.4	102.6	257.7	267.7
Tanzania	90	282	470	597	679	700	2,130	2,142
Uganda	95	275	237	644	816	848	1,096	1,146
EAC	-	-	-	1,323	1,679	-	3,995.4	4,576.7

Source: EAC Development Strategy (2006 - 2010)/(2011 – 2016)

The overall inflow of FDI to EAC increased from a total of \$1.3 billion in 2006 to \$4.6 billion in 2014 (see table 4.1). The Inward FDI has brought in benefits in terms of employment creation in

several sectors such as manufacturing, construction, accommodation services, transport, communication and storage, agriculture etc. Although there may be other factors specified to the country responsible for attracting increased FDI, stable investment environment and a larger market brought in by the economic integration is the main factor.⁹⁰

4.2.4 Infrastructure Development

The EAC has provided a lot of job opportunities for the citizens of its member states through its various infrastructural projects.⁹¹ Regionally driven infrastructural expansion will also boost agricultural productivity which will in turn increase employment based on access to markets. Regional infrastructure interventions are imperative in attracting investment, promoting trade and improving competition which help to facilitate employment creation. The Mwambani and Lamu new corridors would have huge impacts on employment creation through thousands of workers at the ports, rail stations and a new set of transporters.

The ongoing construction works on the rails and roads of the two traditional corridors have created so many semi-skilled and unskilled jobs, and through the supply of goods to the sites and the hospitality services provided. . The Arusha – Namanga – Athi River road project provided approximately 800 jobs in Kenya and 1,100 in Tanzania.⁹² This road links the Central and Northern Corridors. On the Northern Corridor, the Mombasa – Nairobi Standard Gauge Railway project has created approximately 30,000 jobs.⁹³ The construction of the 609 km-long line

⁹⁰OmbeniMwasha (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." Korea Review of International Studies

⁹¹ Ibid

⁹² African Development Bank (2013). "ARUSHA-HOLILI/TAVETA-VOI ROAD PROJECT."

OITC Department

⁹³ Daily Nation (2014). "Railway deal to create more than 30,000 new jobs."

began in October 2013 and expected to be completed by December 2017. The Corridors are expected to create more jobs after they have been finished more so the railway sector.

4.3 Conclusion

In this chapter, we have discussed the effects of the EAC on unemployment reduction in East Africa through examining some of the Community's counter-unemployment strategies. Our discussions revealed that the EAC has affected unemployment reduction in East Africa directly/indirectly through several policy frameworks, infrastructural expansion projects and its integration protocols. We also looked at how regionally driven FDI attraction, and increased trade gains have helped in reducing unemployment rates in the EAC's member states.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

Following the objectives of this study, the study was conducted to investigate the effects of the EAC integration on unemployment reduction in East Africa. It has also examined the issue of unemployment in Africa and East Africa. This chapter then summarizes what the researcher has learnt through the study, and provides the conclusion and recommendations of the study.

5.1 Summary

This study has examined the impacts of the EAC integration on unemployment reduction in East Africa. It has also examined the issue of unemployment/underemployment in Africa and East Africa. It started with examining the trends of youth unemployment in Africa. It looked at the causes of unemployment and its effects on the continent. Finally, it captures the effects of the South African Development Community on unemployment reduction. It was learnt that Africa has the highest rate of youth unemployment globally. It was also clear that youth unemployment and underemployment are higher than that of adults on the continent. Also, urban unemployment was found higher than that of rural, and underemployment/unemployment rate was found higher in young African women unlike in men. Our findings in chapter 2 also showed that low demand for labour is a major cause of youth unemployment in Africa.

Furthermore, following the first objective of this study, chapter 3 examined the unemployment rate in East Africa. It highlighted the causes and effects of youth unemployment in the sub-region. Also, it discussed the youth unemployment rates in EAC member states. The key lesson

learnt was that unemployment is still a major challenge in the sub-region with member states such as Kenya and Tanzania having unemployment rates in 2 digits, consistently, for some years now. We also learnt of several causes on such high unemployment/youth unemployment rate in the region and its consequences.

Finally, according to the second objective of this study, chapter four examined the effects of the EAC on unemployment reduction in the sub-region. It looked at strategies the Community has used to address unemployment and how successful they have been. Our discussions revealed that the EAC has affected unemployment reduction in East Africa directly/indirectly through several policy frameworks, infrastructural expansion projects, and its integration protocols. We also looked at how regionally driven FDI attraction, and increased trade gains have helped in reducing unemployment rates in the EAC's member states. Ultimately, our discussions in this chapter showed that the EAC has not achieved measurable youth unemployment reduction results in the sub-region. And that further aggressive drive for foreign investments in the EAC can facilitate youth unemployment reduction in the sub-region.

5.2 Conclusion

In East Africa, youths are not a uniform group and their employment prospects fluctuate with influence of age, gender, region, level of education, health status, and ethnicity, hence requiring different sets of regional/national interventions in policies. Considering the low demand for labour in East Africa and on the continent, integration into the global economy and exports of labour-oriented products are imperative to boosting the demand for labour in East Africa and Africa at large. one of the most promising avenue for export-led growth in many East African

countries is the agricultural sector, which includes traditional cash crops such as coffee, tea flowers, and groundnuts. Contrary to most opinions, these traditional cash crops, which are the source of livelihood for millions in the sub-region, have many of the characteristics of manufacturing exports: potential for quality value addition through technological transfer; high labour-intensity; and lucrative but quality-sensitive markets in developed countries. While the EAC has made remarkable integration feats through the Common Market protocol and several policy documents to address unemployment, the coordination, domestication and implementation of these are very vital for successful progress in unemployment reduction. Ultimately, is a continuous drive for foreign investment by the EAC member states.

5.3 Recommendations

This section makes some regional/national driven policy recommendations for addressing unemployment/underemployment in Africa and East Africa. First, in addressing the menace of youth unemployment in Africa there is requirement of an integrated sound approach. With reference to earlier discussion and referring to table 2.1, there is a pressing need for a clear way that looks after rural-urban migration, rural development, training young people on labor market and investing in agri-business. Secondly, African regional organizations must ensure that free movement of people and goods and is allowed within the borders

Thirdly, the education syllabus needs urgent revision to capture skills that are enterprise related. Fourthly, incentives should be provision of SMEs to endorse student internships will also be of much help. It is therefore of importance that the government jointly work with the private sector in promoting internships, trainee platforms, and projects in the community that creates jobs.

Fifthly, agriculture should be made attractive to the young people, with a fast transition from subsistence to commercialized farming. Sixthly, consequently, as SSA's labour force becomes expanded and there is better educated, there is a great prospect for growth in the economy h and development. Therefore, states must build-the capacity of their youth for a better future.

Seventhly, to tackle underemployment, there must be strategies to improve work standards and protection for youth, such as acceptable wages, salaries and work conditions; and programs that focus on specific youth ,that may include disadvantaged young women, to increase their employability and skills. Ultimately, there must be governmental, the private sectorial, and international donor integrated, and coherent policies &strategies that create jobs for youth & improve the transition between school & work.

For further study

This study suggests further studies on the effects of regional integration on unemployment reduction by studying other African Regional Economic Communities.

BIBLIOGRAPHY

- ACET (2016). "Graduate Unemployment in Africa." Retrieved on 19 September 2016, from <http://acetforafrica.org/highlights/unemployment-in-africa-no-jobs-for-50-of-graduates/>
- African Development Bank (2013). "ARUSHA-HOLILI/TAVETA-VOI ROAD PROJECT." OITC Department
- AFDB (2015). "Regional Integration Can Boost Job Creation and Foster Economic Growth." Retrieved on 18 September 2016, from <http://www.afdb.org/en/news-and-events/article/regional-integration-can-boost-job-creation-and-foster-economic-growth-9315/>
- Amato, Paul R.; Beattie, Brett (2011). "Does the unemployment rate affect the divorce rate? An analysis of state data 1960–2005". *Social Science Research*. 40 (3): 705–715.
- Anyanwu John C. (2014). "Does Intra-African Trade Reduce Youth Unemployment in Africa?." Working Paper Series, African Development Bank.
- Brenner, M. Harvey (1979). "Influence of the Social Environment on Psychology: The Historical Perspective". In Barrett, James E. *Stress and Mental Disorder*. New York: Raven Press. ISBN 0-89004-384-1.
- CBS News (2010). "Suburban Homeless: Rising Tide of Families". Retrieved on 28 August 2016, from <http://www.cbsnews.com/stories/2010/02/16/national/main6213988.shtml>
- Colander, D.(2012). Economics; Series in Economics. 9th ed. New York: McGraw Hill.
- Covizzi, Ilaria (2008-07-01). "Does Union Dissolution Lead to Unemployment? A Longitudinal Study of Health and Risk of Unemployment for Women and Men Undergoing Separation". *European Sociological Review*. 24 (3): 347–361. ISSN 0266-7215.
- Daily Nation (2014). "Railway deal to create more than 30,000 new jobs." Retrieved on 24 September 2016, from <http://www.nation.co.ke/lifestyle/DN2/Railway-deal-to-create-more-than-30-000-new-jobs-/957860-2316678-b7dgm/index.html>
- East African Community (2005). "EAC Development Strategy (2006 - 2010)." East African Community Secretariat.
- The East African Community (2009). "East African Community - Decent Working Programme." Retrieved on 24 September 2016, from <http://www.ilo.org/public/english/bureau/program/dwcp/download/eacfinal.pdf>

- East African Community (2010). "EAC Development Strategy (2011 - 2015)." East African Community Secretariat.
- EAC (2016). "Common Market." Retrieved on 13 July 2016, from <http://www.eac.int/integration-pillars/common-market>
- EAC (2016). "Customs Union." Retrieved on 13 July 2016, from <http://www.eac.int/integration-pillars/customs-union>
- EAC (2016). "Overview of EAC." Retrieved on 13 July 2016, from <http://www.eac.int/about/overview>
- East African Development Strategy 2006-2010.
- Gary E. Clayton. (2007). Economics :Principles and Practices. New York; MC Graw-Hill.
- Gregory Mankiw, N & Mark P. Taylor. (2011) Economics 2nd ed United States Cengage Learning
- Hayek, F. A. (1960). "The Constitution of Liberty." Chicago: University of Chicago Press.
- Ikiara G.K and N.S. Ndung'u (1997), "Employment and Labour Market During Adjustment: The Case of Kenya", ILO Geneva.
- ILO (2006). "Global Employment Trends for Youth 2006." Geneva.
- International Labor Organization (1982). "Resolution concerning statistics of the economically active population, employment, unemployment, and underemployment, adopted by the Thirteenth International Conference of Labor Statisticians. Page 4
- International Labour Organization (2013). "Global employment trends 2013." Retrieved on 27 August 2016, from http://www.ilo.org/wcmsp5/groups/public/---dg_reports/---dcomm/---publ/documents/publication/wcms_202326.pdf
- ILO (2015). "East African Community (EAC) and ILO for strengthened collaboration in promoting Decent work in East Africa." Retrieved on 24 September 2016, from http://www.ilo.org/addisababa/media-centre/news/WCMS_412438/lang--en/index.htm
- Kaberi Gayen; Ronald McQuaid; Robert Raeside (2010). "Social networks, age cohorts and employment". International Journal of Sociology and Social Policy. ISSN 0144-333X.
- Kombo, D. and Tromp A (2006). "Proposal and Thesis Writing - An Introduction." Nairobi, Pauline's Publications Africa.

- Kristen Devlin (2013). "Reducing Youth Unemployment in Sub-Saharan Africa." Publications Research Bureau. Retrieved on 30 September 2016, from <http://www.prb.org/Publications/Articles/2013/youth-unemployment-africa.aspx>
- Les Leopold (2010). "Why are We Afraid to Create the Jobs We Need?" Retrieved on 28 August 2016, from http://www.huffingtonpost.com/les-leopold/why-are-we-afraid-to-crea_b_487041.html
- Lipsey, R& Chrystal A, (2011). Economics. 12thed Oxford University Press.
- Manda D.K., G. Mwabu and M. Kimenyi (2002). "Human Capital and Returns to Education in Kenya." Discussion paper No 13, KIPPRA, Nairobi.
- Marita, Jacob; Kleinert, Corinna (2008-04-01). "Does Unemployment Help or Hinder Becoming Independent? The Role of Employment Status for Leaving the Parental Home". *European Sociological Review*. 24 (2): 141–153. ISSN 0266-7215.
- MDGs in Africa (2012). "Youth Unemployment in Africa: Causes, effects and Solutions." Retrieved on 20 September 2016, from <https://mdginafrica.wordpress.com/2012/10/15/youth-unemployment-in-africa-causes-effects-and-solutions/>
- Meade, Barbara J.; Glenn, Margaret K.; Wirth, Oliver (2013). "Mission Critical: Getting Vets With PTSD Back to Work". NIOSH: Workplace Safety and Health. Medscape & NIOSH.
- Meer, Peter H. van der (2012). "Gender, Unemployment and Subjective Well-Being: Why Being Unemployed Is Worse for Men than for Women". *Social Indicators*
- Michniewicz, Kenneth S.; Vandello, Joseph A.; Bosson, Jennifer K. (2014-01-19). "Men's (Mis)Perceptions of the Gender Threatening Consequences of Unemployment". *Sex Roles*. 70 (3-4): 88–97. doi:10.1007/s11199-013-0339-3. ISSN 0360-0025.
- Mina Mashayekhi, Ralf Peters and David Vanzetti (2012). "Regional Integration and Employment Effects in SADC." UNCTAD
- Ncube, M. and Anyanwu, J. C. (2012). "Inequality and the Arab Spring Revolutions in North Africa and the Middle East." *Africa Economic Brief*, African Development Bank, Vol. 3, Issue 7, July.
- Ndegwa ,P. (1991). Development and Employment in Kenya; A Strategy for The Transformation of The Economy Kenya.

- Newswise (2008). "Even Optimists Get the Blues When Pink-slipped". Retrieved on 29 September 2016, from <http://newswise.com/articles/view/545782/>
- Ombeni N. Mwashia (2008). "The Benefits of Regional Economic Integration for Developing Countries in Africa: A Case of East African Community (EAC)." *Korea Review of International Studies*
- Orodho, A. (2003). "Essentials of Educational and Social Sciences Research Methods." Nairobi, Masola Publications
- Reuters (2010), "FACTBOX-East African common market begins." Retrieved on 2 February 2016, from <http://af.reuters.com/article/kenyaNews/idAFLDE65T2AJ20100701?sp=true>
- Reuters (2013). "East African trade bloc approves monetary union deal." Retrieved on 2 February 2016, from <http://www.reuters.com/article/us-africa-monetaryunion-idUSBRE9AT08O20131130?feedType=RSS&feedName=worldNews>
- Semboja Haji Hatibu Haji (2007). "The Youth Employment in East Africa: An Integrated Labour Market Perspective." *African Integration Review* Volume 1, No. 2
- Stephen Golub and Faraz Hayat (2014). "Employment, unemployment, and underemployment in Africa." WIDER Working Paper 2014/014
- United Republic of Tanzania (2007). "National Employment Report." Ministry of Labour, Employment and Youth Development, Dar es Salaam
- World Bank. (2006). "Labor Diagnostics for Sub-Saharan Africa: Assessing Indicators and Data Available". Washington, DC.
- World Bank (2008). "Youth employment in Africa." World Bank Report
- World Bank (2009). "Youth and Employment in Africa: The Potential, the Problem, the Promise." Washington, DC
- Wray-Lake, Laura; Syvertsen, Amy K.; Briddell, Laine; Osgood, D. Wayne; Flanagan, Constance A. (2011-09-01). "Exploring the Changing Meaning of Work for American High School Seniors From 1976 to 2005". *Youth & Society*. 43 (3): 1110–1135.
- Young People of East African Community (2012). "The Joint East African Community Youth Programme of Action." East African Regional Youth Conference on Trade and Business, Kampala, Uganda.
- Zuehike, E. (2009). "Youth Employment and underemployment in Africa brings uncertainty and opportunity." Population Reference Bureau.

UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION