



THE REPUBLIC OF UGANDA



EAST AFRICAN COMMUNITY

**AGRICULTURE AND RURAL
DEVELOPMENT POLICY
FOR THE EAST AFRICAN COMMUNITY**

**EAC SECRETARIAT
Arusha, Tanzania**

November, 2006



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LIST OF ABBREVIATIONS AND ACRONYMS

ACP	- African, Caribbean and Pacific
AGOA	- African Growth and Opportunity Act
AIDS	- Acquired Immunity Deficiency Syndrome
AU	- African Union
CARDF	- Common Agricultural and Rural Development Fund
CBO	- Community Based Organization
CBPP	- Contagious Bovine Pleuro-Pneumonia
CCPP	- Contagious Caprine Pleuro-Pneumonia
COMESA	- Common Market for Eastern and Southern Africa
EAC	- East African Community
EAC-ARDP	- East African Community - Agriculture and Rural Development Policy
EEZ	- Exclusive Economic Zone
EU	- European Union
FAO	- Food and Agriculture Organization
FMD	- Foot and Mouth Disease
GDP	- Gross Domestic Product
GIS	- Geographical Information System
HIV	- Human Immuno-Deficiency Virus
IGAD	- Inter-Governmental Authority on Development
IPPC	- International Plant Protection Convention
LGB	- Larger Grain Borer
MTEF	- Medium Term Expenditure Framework
NEPAD	- New Economic Partnership for African Development
NGO	- Non-Governmental Organization
OIE	- Office Internationale des Epizooties
PER	- Public Expenditure Review
PRSP	- Poverty Reduction Strategy Paper
RVF	- Rift Valley Fever
SADC	- Southern African Development Community
SPS	- Sanitary and Phytosanitary Standards
WTO	- World Trade Organization

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EXECUTIVE SUMMARY

The East African Community Agriculture and Rural Development Policy (EAC – ARDP) has been developed following the Council of Ministers' directive. It forms the initial step of implementing the provisions of the EAC Treaty as set out in Chapter 18 Articles 105-110. The Policy reflects the commitment of the Partner States to foster their economic co-operation for the benefit of their peoples.

The overall objectives of the EAC under the agricultural sector as set out in the Treaty are the achievement of food security and rational agricultural production. The EAC-ARD Policy will guide in the development of strategies, programmes and projects for realisation of the above objectives.

The economies of the three Partner States depend heavily on agriculture for growth and development. On average, the sector contributes 36% (2001) of the GDP and offers a source of foreign exchange earnings and employment. In addition to agriculture, artisanal activities, tourism, mining, forestry, fishing and small-scale manufacturing contribute substantially to the rural economy.

The development of the EAC Agriculture and Rural Development Policy is therefore a deliberate move by the Partner States to attain the goals and aspirations set out in the Treaty. It also provides a pillar for the development of a shared regional vision for sustainable development and takes advantage of the opportunities arising from globalisation and regional integration.

The policy is organised into five sections. Section one contains background information, performance of agricultural sector, and policy reforms undertaken in the Partner States. Section two describes the rationale and justification for the formulation of the policy. Section three spells out the goals and objectives of the policy. Section four provides the details on policy statements while Section five gives provisions for implementation and financial arrangements, roles of stakeholders and highlights monitoring, coordination and evaluation.

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1.0 INTRODUCTION AND BACKGROUND

In 1967 the three East African States, the Republic of Uganda, the United Republic of Tanzania and the Republic of Kenya set up a cooperation arrangement under the East African Community (EAC) that lasted up to 1977. The cooperation areas focused on the delivery of services such as railways, telecommunications, research, higher education, harbours, airways and common currency.

The Partner States decided to revive regional co-operation and established a Permanent Tripartite Commission in November 1993 and the Secretariat in March 1996. The Heads of State of the Partner States subsequently signed the Treaty establishing the East African Community on the 30th November 1999 in Arusha, Tanzania. The thrust of the new arrangement is to widen and deepen cooperation in political, economic, social and cultural fields, research and technology, defence, legal and judicial affairs. Cooperation in productive sectors consists of agriculture, fisheries and food security; investment and industrial development; forestry, tourism and wildlife; conservation of environment and management of natural resources.

The economies of the Partner States depend largely on agriculture for growth and development although its relative contribution to GDP is declining. In terms of GDP for the year 2000 agriculture contributed 24.5%, 42%, and 50% in Kenya, Uganda, and Tanzania respectively. Agriculture also contributes to foreign exchange earnings, employment and provides raw materials for agro-based industries.

About 80 percent of the population of the EAC Partner States live in the rural areas and depend on agriculture for their livelihood. The majority of them are poor, making poverty predominantly a rural phenomenon. Since agriculture employs over 75 percent of the rural population, development of the agriculture sector presents a great opportunity for poverty reduction in a sustainable manner.

The agricultural sector is dominated by smallholder mixed farming of livestock, food crops, cash crops, fishing and aquaculture. The major **food crops** are maize, rice, potatoes, bananas, cassava, vegetables, wheat, sorghum, millet and pulses. Most of these are also sold and could be regarded as cash crops. **Cash crops** include: tea, cotton, coffee, pyrethrum, sugarcane, sisal, horticultural crops, oil-crops, cloves, tobacco, coconut and cashew nuts. The **livestock** sub-sector consists of cattle, sheep, goats, and camels, mainly for meat and milk production; pigs and poultry for white meat and eggs respectively; hides and skins for export and industrial processing. **Fish and fisheries** products include both fresh water fish from rivers, dams and lakes and marine fish from the Indian Ocean. **Forestry** products include fruits, honey, herbal medicine, timber and wood for fuel.



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The improvement of rural infrastructure, supply of power, improvement in education and health sectors, rural industrialization, alternative income generating activities and maintenance of law and order are vital to the success of this policy. Similarly, food security will go a long way towards reducing poverty while the production of commercial crops and livestock will provide the necessary raw materials for industrial development.

1.1 Performance of the Agricultural Sector

The sector performance and contribution to GDP has generally been declining. In Kenya, the sector's growth has been declining from an annual average rate of 4.6% in the 1965-73 period to less than 1% in the 1990s compared to the overall economic growth rates of 6.6% and 2.5% over the same period respectively. The growth dropped further to negative 2.4% in the year 2000. In Uganda, growth rate of the agricultural sector averaged 10% in the 1960s but dropped to negative 2% in the 70s before recovering to register an average of 6.6% growth in the 1990s. In Tanzania, the sector growth averaged 4% in the 1970s, declined to 1.01% in the 1980s, but improved to 3.4% in the 1990s. The growth increased to 4.1% in 1999 but dropped to 3.4% in the year 2000. The growth rates in 2001 were 1.2%, 5.5% and 6.6% for Kenya, Tanzania and Uganda, respectively. Recent trends show a positive growth in all Partner States.

Forestry, wildlife, fisheries and mining registered appreciable growth rates in the Partner States but their direct contribution to the overall GDP remains relatively small.

1.2 Policy Reforms

The three Partner States have undergone institutional changes that have necessitated implementation of macroeconomic reforms and structural adjustment programmes.

In the context of structural adjustment programmes for the agricultural sector, the Partner States have largely liberalized the agricultural and food sectors. Positive aspects of these programmes include the opening up of the sector for private investment in production and processing, inputs supply, agricultural marketing and enhanced community participation.

The Partner States are at different stages of implementing various reforms such as decentralization, civil service and financial sector reforms. However, liberalization of the financial sector has resulted in high interest rates coupled with inadequate access to credit by the poor farmers. In order to reduce poverty and achieve sustainable growth, the Partner States have formulated and adopted participatory approaches to development through the Poverty Reduction Strategy Papers (PRSP) and the Medium Term Expenditure Framework (MTEF). In addition, they also undertake Public

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Expenditure Reviews (PERs) to ensure that resources are put to the best possible use. These are undertaken in line with the long-term visions of the individual Partner States.

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2.0 RATIONALE AND JUSTIFICATION

2.1 Common Development Objectives

The overall objective of the Partner States and that of the EAC is to ensure food security, poverty reduction and improvement of standards of living. The EAC Agriculture and Rural Development Policy emanates from the broader vision and provisions of the Treaty for the Establishment of the East African Community.

Agriculture and Food Security is a key area of co-operation by Partner States as outlined in Chapter 18 of the Treaty.

Article 105 (1) of the Treaty states that Partner States are mandated to undertake a scheme for the rationalization of agricultural production with a view to promoting complementarity and specialization in the sustainability of national agricultural programmes in order to ensure-

- i. A common agricultural policy;
- ii. Food sufficiency within the Community;
- iii. An increase in the production of crops, livestock, fisheries and forest products for domestic consumption, exports within and outside the community and as inputs to agro-based industries within the Community; and
- iv. Post harvest preservation and conservation and improved food processing.

Furthermore, Article 105(2) of the Treaty mentions specific fields of agriculture, which the Partner States undertake to co-operate in.

It is against this framework that the EAC Agriculture and Rural Development Policy has been developed to serve as an initial step in implementing one of the key objectives of the Treaty, which is to ensure sustainable agricultural development and foster economic growth in the Community.

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2.2 Comparative Advantages within the Partner States

Comparative advantages in the agricultural sector exist in a number of areas among the Partner States. This provides a good ground for promoting production and trade in agriculture and ultimately enhancing food security in the region.

2.3 Potential Resources

The region is endowed with a wide range of resources offering considerable socio-economic potentials. These include:

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i. Land: Over 69.7 million ha of land (Kenya - 10 million ha, Tanzania - 43 million ha, Uganda-16.7 million ha) have been identified as suitable for agricultural production. However, only 21 million ha which is 30.1% [Kenya 4.8 million ha, (48%) Tanzania - 11 million ha, (25.6%), Uganda- 5.2 million ha (31.1%)] are currently under cultivation.

ii. Water resources: These consist of rivers, dams, swamps, lakes, ocean and underground water distributed over the region. Despite the above, the region is still dependent on rain-fed agriculture, which is subject to vagaries of weather. Partner States could use these water resources for irrigation and fisheries development,

iii. Irrigation potential: The region has a potential of 30.35 million ha of land suitable for irrigation categorized into high, medium and low potential areas and distributed as follows:

- Kenya - 540,000 ha,
- Uganda - 410,000 ha
- Tanzania - 29,400,000 ha

Out of this, only 377,000 ha (1.2%) are currently under irrigation (Kenya 65,000 ha, Tanzania - 262,000 ha, Uganda- 50,000 ha) leaving a lot of potential untapped,

iv. Animal Resources: There exists a wealth of animal resources including livestock, fisheries, bees, silkworms and wild animals,

v. Crop Resources: There is an abundance and diversity of crop resources,

vi. Favourable Climate: The region has good climatic conditions suitable for both tropical and temperate agricultural development,

vii. Labour: Labour is generally available. Approximately 80% of the population lives in the rural areas and are engaged in agriculture,

viii. Market: The EAC population is estimated at 97 million people (2006), and is a potential market for the Partner States' agricultural and industrial products. Furthermore, the regional and international markets provide additional outlets for the EAC's products and

ix. Peace and Political Stability: The region has maintained peace and political stability, which provides a conducive environment for investment and economic development.

2.4 Global Perspectives

The three Partner States are members of various international organizations and are signatories to international agreements and conventions, which provide among others for sustainable agricultural development and global trade.

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2.5 Development Approaches.

Partner States have developed and are implementing similar national development strategies such as Visions (2000 and 2025), Poverty Reduction Strategies (PRSP), Plans and Programs, Medium Term Expenditure Frameworks (MTEF), Public Expenditure Reviews (PER) and Rural Development Strategies (RDS) for the development of their economies. These strategies and plans require substantial financial investment. However, there has been a decline in the proportion of public budget allocated to agriculture.

2.6 Common Policy

The three Partner States are already cooperating on a number of areas in agriculture and rural development such as food security, control of trans-boundary animal diseases, environmental management, and sanitary and phytosanitary issues. This policy aims at strengthening this co-operation.

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3.0 GOALS AND OBJECTIVES

3.1 Goals

The goal of co-operation in agriculture as stipulated in the Treaty for the Establishment of the East African Community is the improvement of the overall well being of the people whose principal occupation and way of life is based on agriculture and its derivatives.

The general purpose of the EAC is to implement policies and programmes that will widen and deepen co-operation among the Partner States, in order to achieve accelerated, harmonious and balanced development, and sustainable expansion of economic activities for mutual benefits, guided by the fundamental principles of the EAC as stipulated under Article 6 of the Treaty.

3.2 Objectives

The overall objectives of cooperation in agriculture and rural development are the achievement of food security and rational agricultural production. This would pave the way for the implementation of other measures aimed at improving the welfare of the people in the region. The Partner States have therefore undertaken to adopt a scheme for the rationalization, improvement and commercialization of agricultural production and rural development with a view to promoting complementarity and sustainability of rural life. The specific objectives are to:

- i. Achieve food security in the EAC, and improve the standards of nutrition by increasing output, quality and availability of food;
- ii. Encourage rational agricultural production with a view to promoting complementarity and specialization;
- iii. Improve standards of living in the rural areas through increased income generation from agricultural production, processing and marketing;
- iv. Increase foreign exchange earnings by encouraging production and export of agricultural and fisheries products;
- v. Support industrialization;
- vi. Encourage the development of new and appropriate technologies that improve the productivity of land and labour; and



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- vii. Promote sustainable use and management of natural resources (soil, water, fisheries and forest) in order to conserve the environment.

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4.0 POLICY STATEMENTS

4.1 Food Security

4.1.1 Issues and Challenges

The majority of the people in the EAC region are food insecure due to seasonal food shortages and bottlenecks in supply and this is evidenced by widespread malnutrition. Food insecurity is common in some parts of the region as a result of unreliable weather, poor road infrastructure, poverty, poor food storage, high post-harvest losses and use of inappropriate methods and technologies that lead to decreased food availability, accessibility and affordability. Nonetheless, the region has a potential for attaining food security.

4.1.2 Objective

The overall objective is to attain food security through increased agricultural production, processing, storage and marketing.

4.1.3 Policy Statements

Individual Partner States are taking various efforts to promote food security and the EAC Treaty gives emphasis to this undertaking.

The EAC will:

- i. Develop a regional food security policy by harmonizing Partner States food security policies and legislation;
 - ii. Promote development and sustainable utilization of marine and inland aquatic resources;
 - iii. Promote research and development of traditional food crops and food processing;
 - iv. Improve trans-boundary infrastructure, rural roads and storage facilities;
 - v. Develop regional referral laboratories for food quality assurance and certification;
 - vi. Promote technologies that reduce post harvest losses;
 - vii. Promote appropriate use of agricultural inputs;
 - viii. Promote use of agricultural machinery and other labour saving technologies;
- and
- ix. Promote appropriate methods



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4.2 Crop Production

4.2.1 Issues and Challenges

Crop Production systems vary within the region from smallholder subsistence/traditional to highly mechanized systems producing mainly food and cash crops for processing and export. The intensity and system of production varies within the region. The main constraints facing crop production include low adoption of improved technologies, high costs of inputs, inputs availability, frequent droughts, pests and diseases, and market instabilities. The main challenge facing the region is therefore that of expanding crop production in the face of increasing land subdivision due to population increase.

4.2.2 Objective

The main objective is to improve and intensify crop production in the region to meet local and export requirements for food and raw materials.

4.2.3 Policy Statements:

The EAC will:

- i. Support development of joint research programs and foster cooperation with regional organizations to facilitate transfer of research developments from other regions;
- ii. Develop common policies, joint Early Warning Systems and operations for disease and pest control, sanitary and phytosanitary services and establishment of regional referral laboratories for certification;
- iii. Promote the development of a private sector-led production, input supply, trade, processing and value addition,
- iv. Develop mechanism to manage food aid and purchase of emergency food;
- v. Develop and adopt regulatory procedures for management of crop pests;
- vi. Develop common resource mobilization strategies for financing agricultural sector;
- vii. Promote capacity building to support development of programmes for agricultural mechanization; and.
- viii. Promote appropriate irrigation technologies

4.3 Animal Production

4.3.1 Issues and Challenges



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The region has enormous animal resources that provide livelihood for livestock keepers including pastoralists who form a major proportion of the regional population. Livestock, to a great extent, utilizes marginal rangelands that are unsuitable for crop production. However, there is a small but well developed intensive livestock production system for dairy, beef, poultry, wool sheep and pigs. There exists a potential in the region for adequate supply of animal and animal products for local consumption and export. The genetic base is vast with a variety of indigenous animal species that are resistant to diseases and easily adaptable to the environment.

The main constraints facing animal production in the region include the low productivity of indigenous animals, high incidence of major trans-boundary diseases and pests, poor processing and marketing infrastructure. The main challenge facing the region is that of increasing livestock production in the face of rapid land degradation, subdivision and increase in human population.

4.3.2 Objective

The overall objective of animal production is to produce enough quality animals and animal products to match both the requirement of the rapidly increasing human population in the region and for the export market.

4.3.3 Policy Statements:

The EAC will:

- i. Develop a common regulatory institutional framework to monitor livestock production, trade in livestock, livestock products and inputs, and animal diseases and pests control;
- ii. Promote research technologies that will enhance animal production, drugs and vaccines production;
- iii. Encourage the development of specialized products including live animal species and wildlife for specific markets;
- iv. Develop alternatives to mobilize resources to support the declining Partner States' livestock production and veterinary services and promote establishment of a regional livestock development fund;
- v. Support capacity building in the region with a focus on the private sector participation in livestock multiplication and distribution, service delivery, products processing and marketing;
- vi. Promote water development for livestock and rangeland development; and
- vii. Promote value addition on livestock products.



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4.4 Fisheries

4.4.1 Issues and Challenges

The region has a rich fisheries resource in rivers, swamps, dams, lakes and the ocean. These have been the base of a fisheries industry providing fish and fishery products for domestic and export markets. Utilization is mainly by artisanal fishers using various fishing gears and methods although some trawlers frequent the Indian Ocean waters. The main products are fresh fish, salted/dried/smoked and frozen whole or fish fillets.

Fisheries production still faces some constraints. These include cultivation into the fringing wetlands and destruction of vegetation causing erosion, siltation and pollutants into water bodies, growth and spread of undesirable aquatic weeds such as water hyacinth, increased illegal fishing practices, and increased fish post-harvest losses. Others include inadequate fisheries extension services; inadequate resources for control, monitoring and surveillance; low involvement of fishing communities in fisheries planning and management; inadequate fish processing techniques, data and information necessary for sustainable management of fisheries resources.

4.4.2 Objective

The main objective in fisheries is to promote conservation, development and sustainable management, increased production and utilization of fisheries resources for the benefit of the communities of the Partner States and the Riparian States.

4.4.3 Policy Statements:

The EAC will:

- i. Harmonize fisheries policies and legislation, develop joint programs for shared water bodies, utilization of Exclusive Economic Zones (EEZ), research and restocking;
- ii. Promote small scale semi-intensive and intensive aquaculture systems with simple technologies and low capital investment;
- iii. Promote fisheries products utilization and marketing, development of landing infrastructure in order to improve fish quality;
- iv. Promote the involvement of the fishing communities in the planning, development and management of fisheries resources;
- v. Promote and integrate conservation and sustainable utilization of fishery resources into the socio-economic programmes of the fishing communities;



- vi. Promote protection of the biological diversity of the coastal and inshore ecosystems;
- vii. Develop and harmonize policies, legislation and standards on fish quality control and safety assurance;
- viii. Promote the establishment of a regional referral laboratory for fish and fishery products;
- ix. Support joint efforts to establish a regional database;
- x. Promote production, accessibility and exchange of fisheries information;
- xi. Promote value addition on fisheries products; and
- xii. Eradicate water hyacinth and invasive aquatic weeds.

4.5 Forestry

4.5.1 Issues and Challenges

The region is endowed with rich forest resources. However, the area under forest cover has over time declined due to increasing demand for forest products and land for settlement. The uncontrolled exploitation of forest resources has led to changes in climatic conditions and loss of biodiversity. The main constraints include weak enforcement of legislation; poor replanting and planting of new forests, inadequate research, extension and training; low involvement of local communities in management of forest resources; and inadequate resources allocation for development and conservation. The main challenge is to maintain existing forests and increase forest cover in the face of increasing demand for forestry products, land for settlement and agricultural use.

4.5.2 Objectives

The main objective in forestry is to promote sustainable management, development and utilization of forest resources for environmental and socio-economic benefits.

4.5.3 Policy Statements

The EAC will:

- i. Harmonize forestry policies and legislation;
- ii. Promote participation of local communities and the private sector in development, Management and conservation of biodiversity;
- iii. Promote joint efforts in research, extension and training;
- iv. Promote agro forestry.
- v. Promote proper management of existing forests, and
- vi. Promote development and sustainable utilization of new forests

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4.6 Research, Extension and Training;

4.6.1 Issues and Challenges

The region has adequate research and training capacities. However they are under-utilized, poorly staffed and funded and their training and research programmes are poorly coordinated. The research-extension-farmers linkages are weak resulting in poor delivery of services. The main challenge is the continued decline in public funding and the slow participation of the private sector in funding the development and delivery of these technologies and services. Participatory approaches are weak especially on the methodologies used.

4.6.2 Objective

The overall objective in research, training and extension is to enhance agricultural production and productivity through effective research – extension – training- farmer linkages.

4.6.3 Policy Statements

The EAC will:

- i. Promote joint initiatives, mobilization of resources, co-ordination and dissemination of research information;
- ii. Promote capacity building and sharing of training facilities;
- iii. Promote information sharing, networking and staff exchange programmes; and
- iv. Promote participatory extension, research and training.

4.7 Plant and Animal Pests and Diseases

4.7.1 Issues and Challenges

The problem of trans-boundary diseases and pests such as Rinderpest, Contagious Bovine Pleuro-pneumonia (CBPP), Contagious Caprine Pleuro-Pneumonia (CCPP), Foot and Mouth Disease (FMD), Rift Valley Fever (RVF) for animals; Quelea birds, armyworm, Larger Grain Borer (LGB), Locusts, and Bacterial, Fungal and Viral diseases for crops are becoming critical in all the Partner States. Joint efforts are needed to control and eradicate them. The main challenges include increased production and trade given the high prevalence of pests and diseases and their trans-boundary distribution.

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4.7.2 Objective

The overall objective is to reduce the impact of pests and diseases for plants and animals in order to promote sustainable production and trade.

4.7.3 Policy Statements

The EAC will:

- i. Develop and harmonize policies, legislation and standards on plants animals and their respective products quality control and safety assurance.
- ii. Establish and co-ordinate mechanisms for monitoring and surveillance for trans-boundary pests and diseases of plants and animals; and
- iii. Promote research and development in pests and diseases management programmes.

4.8 Irrigation and Water Management

4.8.1 Issues and Challenges

The region has abundant fresh water in rivers, streams, dams, lakes and underground water sources but there is limited utilization of the same for agriculture due to limited appropriate technological development and inadequate resources (financial and human) to manage and develop utilization of water resources. The main challenge is the high cost of the technology and poor commitment by the people and governments to invest in irrigation.

4.8.2 Objective

The overall objective is to increase agricultural production and productivity and to stimulate crop diversification (for high value and high quality products for domestic and export markets) and production of forages.

4.8.3 Policy Statements

The EAC will:

- i. Mobilize resources for efficient utilization of irrigation potential in the region;
- ii. Promote private sector and community participation in the development of irrigation, water management and maintenance of irrigation infrastructures;
- iii. Promote research and development in irrigation and water management technologies;

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- iv. Promote regional co-operation and exchange of technology and information;
- v. Promote the establishment of comprehensive database for irrigation;
- vi. Harmonize irrigation policies of the Partner States; and
- vii. Promote utilization of simple irrigation technologies and systems

4.9 Natural Disasters

4.9.1 Issues and Challenges

Parts of the region receive low rainfall while others are vulnerable to natural disasters including floods, droughts, landslides, fires. The low rainfall ranges from 200 – 350 mm annually while the high rainfall ranges from 1000- 1200 mm annually. Recent land degradation (deforestation and overgrazing) has contributed to flooding and desertification. Slowing down the deterioration process and cost of mitigation and reversing it pose a great challenge.

4.9.2 Objective

The overall objectives are to increase agricultural production and productivity in disaster prone areas, mitigate the effect of natural disasters, and combat the threat of desertification.

4.9.3. Policy Statements

The EAC will:

- i. Develop regional mechanism for disaster management, information exchange and training;
- ii. Develop and promote appropriate production technologies for disaster prone areas;
- iii. Establish a comprehensive database and early warning system;
- iv. Develop appropriate response systems including food reserves to handle disasters and.
- v. Develop technologies that promote the slowing down of desertification

4.10 Processing and Marketing

4.10.1 Issues and Challenges

Agricultural marketing in the region is substantially liberalized. Most agricultural products are sold in raw form with minimum transformation (processing). In addition, agricultural marketing is constrained by poor rural marketing infrastructure,



institutional arrangements and power supply; poor communication and market information services; unfavorable world market prices; and stringent WTO regulations that limit entry into world market. The challenge is to increase rural industrialization and access to the world market given the above constraints.

4.10.2 Objective

The overall objective is to improve access of agricultural products to domestic and international markets.

4.10.3 Policy Statements

The EAC will:

- i. Facilitate trade liberalization for agricultural commodities;
- ii. Develop transboundary market infrastructure, flow of market information/research and supply of power to facilitate agro- processing and rural industrialization and participation of the private sector;
- iii. Eliminate applicable tariffs on agricultural produce in accordance with EAC Customs Union Protocol;
- iv. Harmonize sanitary and phytosanitary requirements;
- v. Establish joint marketing efforts and negotiation strategies for the export of agricultural commodities; and
- vi. Promote development of agro-processing/value adding capacity in the region.

4.11 Financing Agriculture and Agro-processing

4.11.1 Issues and Challenges

Agriculture and agro-processing in the region is constrained by inappropriate funding mechanisms and inadequate financing. Public sector investment in agriculture does not reflect the sector's contribution to GDP. Public expenditure to the agricultural sector stands at less than 4.5% of the total budget, which is way below the NEPAD target of 10%. Access to financial services is limited. Most credit is available on short-term basis. Interest rates are high and vary from 10% in Kenya (Agricultural Finance Corporation) to 20% - 30% in Tanzania and Uganda from commercial banks. Uganda and Tanzania have no agricultural development banks or institutions. Moreover, agricultural exports which earn foreign exchange are often affected by fluctuating exchange rates. The challenge is to avail public finance and term affordable credit to the agricultural sector that will pump-prime economic growth and development.

4.11.2 Objective

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The overall objective is to secure financial resources that will be invested or lent to the sector to ensure competitive agricultural production and development.

4.11.3 Policy Statement

The EAC will:

- i. Mobilize affordable and term finance for the region;
- ii. Encourage Partner States to persuade commercial banks to move towards competitive interest rates that will stimulate the agricultural sector considering financial fundamentals;
- iii. Encourage Partner States to manage the macro-economic frameworks and financial sectors such that exchange rate fluctuations are minimized;
- iv. Encourage Partner States to establish Agriculture and Agro-processing Development Banks and Institutions to address the financial needs of the sector;
- v. Secure competitive lines of credit under the East African Development Bank (EADB) and other sources to finance the sector;
- vi. Establish a Common Agriculture and Rural Development Fund (CARDF); and
- vii. Encourage Partner States to increase budgetary allocations to at least 10% of budgetary resources to stimulate agricultural production and productivity.

4.12 HIV and AIDS

4.12.1 Issues and Challenges

The population in the region is adversely affected by the spread of HIV and AIDS with a negative impact on agricultural and economic development. The main challenge is to contain the spread of the disease and reduce the socio-economic cost of combating it.

4.12.2 Objective

The overall objective is to mainstream prevention and control measures to minimize the spread and negative impact of HIV and AIDS on agriculture and rural development.

4.12.3 Policy Statement

The EAC will:

- i. Harmonize policies and accelerate research and control measures with a view to eradicate the disease;



- ii. Develop prevention and control packages for HIV and AIDS;
- iii. Promote production and use of nutritionally enhanced food products; and
- iv. Put in place social welfare and safety nets for the infected, affected, and vulnerable.

4.13 Gender

4.13.1 Issues and Challenges

Gender based inequalities constrain agricultural growth and poverty reduction by affecting supply response, resource allocation and labour productivity in terms of access and control of productive resources; agricultural support services and distribution of benefits. The EAC recognizes the need for ensuring gender considerations in agricultural and rural development due to the contribution of men and women to the development of this sector. The challenge is to overcome undesirable practices that perpetuate gender inequalities.

4.13.2 Objective:

The main objective is to ensure gender mainstreaming and equity.

4.13.3 Policy Statement

The EAC will:

- i. Harmonize gender policies and legislations to promote gender equity;
- ii. Promote gender sensitive and mainstreaming access to productive resources and markets.
- iii. Promote gender equity in agricultural financing.

4.14 Land and Environment

4.14.1 Issues and Challenges

Land is a basic resource for agricultural development hence the need to encourage its optimal use. A large proportion of land is under communal ownership that allows for mismanagement; however there is need to develop appropriate land tenure systems to promote proper utilization and protection of the land. Rapid increase in overgrazing, destruction of forest cover, and uncontrolled disposal of domestic and industrial wastes has resulted in erosion, silting, and pollution of the environment and destruction of aquatic and terrestrial ecosystems. Slowing down the deterioration process and cost of mitigation and reversal pose a great challenge.



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4.14.2 Objective

The overall objective is to promote sustainable management, development, utilization, improvement and protection of the environment and natural resources.

4.14.3 Policy Statements

The EAC will:

- i. Harmonize land use, tenure and environmental policies and legislation;
- ii. Develop Geographical Information System (GIS) capacity within the region;
- iii. Develop land use management systems; and
- iv. Promote sustainable agricultural practices that are environment friendly.

4.15 Legal and Regulatory Framework

4.15.1. Issues and challenges

The legal framework is key to the development of all sectors through provision of operating framework. The enforcement of established standards, rules and regulation is dependent on the laws and regulations. In the agricultural sector there are several laws and by-laws applicable in the Partner States. Some of these laws are outdated and sometimes overlap, resulting in costly institutional and management arrangements. This causes conflict and confusion which have a negative impact on the development of agriculture in the Partner States.

4.15.2. Objective.

To create an enabling legal and regulatory framework for agricultural and rural development.

4.15.3. Policy Statement

The EAC will:

- i. Harmonize and enforce existing agricultural legislation in the Partner States,
- ii. Enact further legislation and regulations on sanitary and phytosanitary issues, standards and technical regulations on trade and agriculture.



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5.0 INSTITUTIONAL AND FINANCIAL ARRANGEMENTS

5.1 Implementation

The implementation of the EAC Agriculture and Rural Development Policy (EAC ARDP) will be the responsibility of the EAC and Partner States. All regional programs and priorities will be harmonized and supported. The EAC will mobilize resources and guide the implementation in an integrated manner.

In the wake of increasing private sector participation under the Partner States' new economic policy environment, social and economic agencies and organizations will play a major role to ensure that the economic programs in the sector are implemented.

5.2 Role of Stakeholders

5.2.1 Public Sector

The Partner States' governments will accelerate the reform process and continue maintaining favourable macro-economic policy environment conducive for private sector participation in economic growth and development. They will also provide support services required for increasing and sustaining agricultural productivity, growth of real farm incomes and food security. Government development efforts will therefore be limited to the provision of core public services such as extension/information, research, training, public infrastructure, efficient administration and justice, formulating policies and regulatory framework, protection of the environment, securing financing, establishing term financing institutions, mainstreaming gender, and maintenance of law and order.

5.2.2 Private Sector

The private sector comprises of various entrepreneurs, traders, farmers, fisher-folk, livestock keepers and organizations that are motivated by profit to undertake investment in the sector including provision of rural financial services to farmers. The private sector will be responsible for undertaking commercial activities such as production, processing and marketing. Effective private sector participation requires a conducive environment and its performance will depend on how it responds to it. The sector is expected to take up some of the public services such as extension, research, training, and provision opportunities for employment.

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5.2.3 Farmers' Organizations

The Partner States recognize the vital role of farmers and farmer organizations. These are grass-root organizations that are important for development and change in the rural areas. They provide several services such as credit, extension, input supplies and market channels for agricultural produce. They will be promoted and encouraged to support increased production and productivity, processing, marketing and credit mobilization. The involvement of communities and their organizations is essential to ensure success in the implementation of the policy.

5.2.4 Professional Bodies, Non-Governmental Organizations and Community Based Organizations.

These are essential partners in fostering development as they play an important role in the provision of knowledge and mobilization of resources at the grass-root level. Partner States' governments will provide an enabling environment for Non-Governmental Organizations and Community Based Organizations. (NGOs/CBOs) interventions. A strong partnership with related professional bodies, NGOs and CBOs in fostering rural development in the EAC will be encouraged.

5.3 Financial Arrangements

The financing of primary production through loans is at extremely low levels and one of the key constraints to agricultural development in the EAC. However, rural saving and credit societies are gaining importance and to some extent funds through these channels are invested in the agricultural and rural sectors e.g. through group lending schemes.

Also local NGOs, CBOs and Civil Societies will play a big role in financing since many of them have strong relationship with the farmers in the rural communities.

Financial institutions including commercial banks, co-operative banks, and development finance institutions will be encouraged to provide investment and operating capital to farmers, traders, artisans and agro-processors. Micro financial services are very crucial for the development of agriculture and the rural sector. Partner States will foster the flourishing of formal and informal micro finance institutions by removing barriers and bottlenecks thereof, and putting in place conducive policies and regulatory framework for the micro finance sector to competitively provide finance to the sector.

Support and strong collaboration from international development partners will be sought for the implementation of this policy.

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The EAC shall initiate establishment of a Common Agricultural and Rural Development Fund (CARDF) from where various joint programmes will be funded. However, respective Partner States will also support the funding of their local components.

5.4 Co-ordination

EAC will establish an institutional framework and sufficient capacity that will coordinate the sector programs which have clear linkages to Partner States.

5.5 Monitoring and Evaluation

EAC will establish monitoring and evaluation capacity for assessing progress and evaluating impact of the policy implementation as reflected in, inter alia, the poverty trends, food security, and quality of environment, contribution of agriculture to GDP and growth of GDP per capita.

Done at Arusha, Tanzania on the 28th day of November, in the year Two Thousand and Six

A handwritten signature in black ink, appearing to read 'Isabirige Sebunya Israel'.

Hon Kibirige Sebunya Israel (Ph D), MP
Minister of State for Agriculture Ministry of
Agriculture, Animal Industry and Fisheries
Republic of Uganda

A handwritten signature in black ink, appearing to read 'Joseph Munyao'.

Hon Joseph Munyao, MP
Minister for Livestock and Fisheries
Republic of Kenya

A handwritten signature in black ink, appearing to read 'Stephen Masato Wasira'.

Hon Stephen Masato Wasira, MP
Minister of Agriculture, Food
Security and Co-operatives
United Republic of Tanzania

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