

# EAST AFRICAN REFORMS AND THE FUTURE STAKE OF MUSLIMS

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## **Abstract**

*Reforms are normally not well accepted in many corners simply because humans are not flexible to changes. Human are not dynamic, they prefer to retain the status core. Any initiative to reforms is faced with bitter resentments. However, humans are naturally borne to under changes and reforms (block of blood, flesh, human, spirit and life); again more changes - baby, youths, adolescence, middle age, aged and finally death. It is a none-stop reform process. There is no sustainability without 'reforms'. In politics and social life, changes are a continuous process. In economic developments as well changes and reforms must take place. If a Muslim lives the same way, and continues to do the same thing day in day out, he is fit to besix feet under the earth! No life!*

*Politicians decide on our future, we decide who should make those 'decisions for us'. We then adapt to reforms – however painful. The reforms in EAC are painful, but it is a challenge that must not be left to remain a challenge; they should not be left to remain a challenge. There should be strategies to overcome the challenges and turn them into opportunities. Take advantage of reforms!*

**Keywords:** East African Community, Reforms. Future Stake, Muslims.

## **1. The Approach**

Writing this paper has not been easy. It required thorough reading and consultations. It might have useful to visit the EAC Library in Arusha and interview selected MPs. However, resources were not an easy reach. A search was applied by using internet sources, investment and trade offices adding individual consultations.

The Paper does not have solutions to the East African Reforms and the Future Stake of Mulims. Rather it traces the events in the Community since the time of colonial powers. It will be noted that the Partner States had differing development status created by those powers. The legacy remains; in between Muslims got a minimum stake in education, social and political status. The trends remain, in such a situation a solution could be found through mutual efforts. Possible this august gathering will come up with workable plans through discussions.

### **1.1. Limitations**

Two challenges, however, are ahead of us: (a) limited time for presentations and deliberation; and (b) Inefficiency of the Presenter to come up with workable programmes. May be the organisers will assist in getting out of this cobweb.

## 2. Understanding the East African Community Partner States

During the Colonial era the British Government ruled all four East African states namely Tanganyika, Kenya, Uganda and Zanzibar. After the revolution in Zanzibar on January 1964 and the formation of the United Republic of Tanganyika and Zanzibar (later on to be called the United Republic of Tanzania), Zanzibar lost its legitimate membership and was replaced by the New United Republic. Tanganyika abandoned its name and became Tanzania thus taking all rights of Zanzibar as sovereign member in Cooperation. The East African Cooperation had common currency (under the East African Currency Board), common market and customs (East African Customs and Excise, common post and telecommunication services, the famous East African Airways, the East African Railways, East African Marine Institute, and the University of East Africa to name a few. Headquarters of almost of these establishments were in Kenya while the Marine Institute was in Zanzibar; currently it is part of University of Dar es Salaam. Around 1976 the East African Cooperation was dismantled due to various political and economic reasons. There followed a distribution of assets including those belonging to the East African Currency Board, which of course included Zanzibar's share. The move led to the establishment of Bank of Tanzania, which benefitted very much from those assets. Zanzibar with a population of about 98% Muslims at that time was not allowed to access its share – why? - This side of the story shall not form part of this Paper but is being brought for a better understanding of the participants on the structure of East African Community the future of Muslims.

This brief historical background shows how much the former EAC marginalized some member states; albeit with Muslims. In this way employment to these establishments was skewed favoring a single country which was the headquarters of the relevant Cooperation. It must be remembered that two among the NGOs in the Cooperation were Islamic for the welfare of Muslims, these were: Mombasa Institute of Muslim Education (MIOME) based in Kenya and the East African Muslim Welfare Society with established offices in Dar es Salaam.

## 3. Education as an Instrument for Change and a Road map for the Future

Since 'Education' is considered the back bone of all developments, a reflection on what occurred in the past within EAC will indicate the stake of Muslims in those days and in the future, if the status quo does not change. History records that in 1921 the British Colonial Government established colleges of higher education in Kampala and Nairobi; nothing for Tanganyika and Zanzibar. Between 1923 and 1950 Makerere was so advanced that it was named 'the Nucleus of Higher Education in East Africa'. In 1961, a committee chaired by Sir John Lockwood recommended the following:

1. Transformation of Royal Technical College into Royal College in Nairobi which later became the University of Nairobi.
2. Establishment of University College Dar es Salaam.
3. Creation of Provisional Council of University of East Africa.

Nothing for the fourth member state, that is Zanzibar with a majority Muslim population. Attempts to establish university education in Zanzibar began on December 1963 where a large piece of land in the outskirts of Zanzibar Town, at Kwamtipura was bought by private individuals and donated to the Government of Zanzibar for the purpose of building a University College for the Muslims of East and Central Africa. During the same period there a Muslim University Project in Tanganyika. Both projects earmarked for Muslims University Education collapsed. Another attempt was made by the First President of the Peoples' Republic of Zanzibar, Sheikh Abeid Amani Karume who decided to revive Zanzibar's aspiration for a university. In 1972 he shifted the Muslim College from the Old Stone Town (The Muslim Academy at *Nyumba ya Watoto* – House for Orphans, Forodhani) to Mazizini in 1972 where a large piece of land was available and would have been adequate for a university. He inaugurated the new site on 1st April 1972 stating his ambitions to move into a university. However, six days later (on 7<sup>th</sup> April 1972) Sheikh Abeid Amani Karume was assassinated and the project came to a dead end. The third attempt for a Muslim University in East Africa collapsed.

The Second President of Zanzibar Al Hajj Aboud Jumbe Mwinyi revived the desire to have Muslim University in Zanzibar. Sometimes in 1983 he inaugurated the site plan for the construction of Muslim University at Mazizini. In less than one year he 'resigned' and the project collapsed. The fourth attempt collapsed.

Reference is made to Protocol on the Establishment of the East African Community Common Market and East African Community Common Market Protocol for Movement of Labor.

#### **4. The Coming Back of East African Community**

Towards the end of 1980s there were several attempts to bring consultations that will re-establish the East African Community or Cooperation. It is not until 30th November, 1993 that the three Heads of State signed an Agreement on the establishment of the Permanent Tripartite Commission for East African Cooperation. A fully fledged Cooperation took off after launching of the Secretariat in Arusha on 14<sup>th</sup> March, 1996.

##### **4.1. The Partner States of the East African Community and the Treaty for the Establishment of the East African Community (EAC)**

“Treaty” means this Treaty establishing the East African Community and any annexes and protocols thereto. In this Treaty, a reference to a law or protocol shall be construed as a reference to the law or protocol as from time to time amended, added to or repealed. It was signed on 30th November 1999 and entered into force on 7th July 2000 (Amended on 14th December, 2006 and on 20th August, 2007). Article 2, paragraph 1 of the Treaty states: ‘By this Treaty the Contracting Parties establish among themselves an East African Community hereinafter referred to as the ‘Community’. Article 2, paragraph 2 of the Treaty states: ‘In furtherance of the provisions of Paragraph 1 of this Article and in accordance with the Protocols to be concluded in this regard, the Contracting Parties shall establish an East African Customs Union and a Common Market as transitional stages to the integral parts of the Community’.

Regarding Membership, Article 3, Paragraph 1 states: ‘The members of Community in this Treaty referred to as ‘the Partner States’, shall be the Republic of Uganda, the Republic of Kenya and the United Republic of Tanzania and any other country granted membership to the Community under this Article’. Rwanda and Burundi joined the Customs Union in 2008 and started applying its instruments in July 2009 in order: ‘To further liberalise intra-regional trade in goods on the basis of mutually beneficial trade arrangements among Partner States; to enhance domestic, cross boarder and foreign investments in the Community’.

The custom union is the first Regional Integration milestone and critical foundation of the East African Community (EAC), which has been in force since 2005, and is defined under Article 75 of the Treaty’. By the way, Article 75 has no definition of ‘Customs Union’; however, there is mentioned in the ‘Contents’ of The East African Customs Union Protocol. Article 1 of the Treaty, however, defines ‘Common Market’ as ‘the Partner States’ market integrated into a single market in which there is free movement of capital, labor, goods and services’.

## **4.2. The East African Community Protocols**

There are several Protocols for different themes, some of them are briefly explained below.

### **4.2.1. Protocol on the Establishment of East African Community Common Market**

The East African Community Common Market became operational on July 2010. It is established as a requirement of the Treaty for the Establishment of the EAC (art.76). The EAC Common Market focuses mainly on four freedoms, namely free movement of goods, free movement of labor, free movement of services, and free movement of capital (Gastorn and Masinde 2017, 289). Though the CMP was meant to spur-intra EAC trade, but it has failed to address harmonisation of domestic taxes. As such, a more efficient allocation of resources within EAC is yet to be harmonised.

### **4.2.2. East African Community Customs Union Protocol**

According to Article 13 of the Treaty that established the EAC states that ‘each of the Partner States agrees to remove, with immediate effect, all the existing NTBs to the importation into their respective territories of goods originating in the other Partner States and, thereafter, not to impose any new non-tariff barriers’ (Leyaro 2021, 2). Enforcing the article, the East Africa Community Treaty signed in 1999 provided the establishment of East Africa Customs Union as an integral part of the Community (Chimilila, Sabuni and Benjamin 2014, 2). Customs Union are administered through the East Africa Customs Management Act – EAC CMA (2004), established by Article 39 of the Protocol for Establishment of the East African Customs Union of 2004 (Chimilila, Sabuni and Benjamin 2014, 2). Trade within the EAC is now free from import duties, and Partner States have adopted a three-band Common External Tariff (CET). In addition, most Partner States have reduced their dependence on trade taxes as a source of revenue by introducing valued added taxation, and export restrictions have been phased out for most products since late 1990s (Leyaro 2021, Karingi et al. 2016, Mayer and Thoening 2016).

#### **4.2.3. The East African Community Common Market Protocol for Movement of Labour**

Article 10 of the Common Market Protocol require the Partner States to guarantee the free movement of workers, who are citizens of the Partner States, within their territories (Gastorn and Masinde 2017, 346). The provisions of Article 10 of the Common Market Protocol (Free Movement of Workers) are implemented by the EAC Common Market (Free Movement of Workers) Regulations in Annex II. The Regulations cover issues such as work permits; employment of spouses and children of workers; expulsion and deportation of the worker; equal treatment in employment; and categories of workers (Gastorn and Masinde 2017, 347).

Importantly are articles 76 and 104 of the Common Market Protocol which guarantees the free movement of workers without any exception. However, the free movement of workers is a privilege of only the highly skilled and professional workers yet the majority of workers in East Africa are semi or unskilled. The protocol is therefore advised to be reviewed (Onduko 2013, 92).

Substantive issues in the implementation of the free movement of labor includes diversity of immigration and social security laws, mutual recognition of academic and professional qualifications, right of residence for workers, relatives and non-economically active persons, labour laws and portability of social benefits and labour market information systems (Makoko 2019, 145; Gastorn and Masinde 2017, 347-353).

#### **4.2.4. The East African Monetary Union (EAMU) Protocol**

In 2013, the EAC member states entered into a protocol for a single currency area in the economic community. Since the formation of a monetary union implies surrender of national sovereignty in the field of monetary policy and as the power to manage the exchange rate will be lost, there is a need for strong political support and an extensive institutional framework that handles both current political and technical issues (Durevall 2011, 16-17). As of 2022, a taskforce has proposed to delay the implementation of the East African Monetary Union until 2031 from initial date of 2024. According to the EAMU roadmap, four broad prerequisites need to be achieved ahead of the establishment of the Monetary Union and the first one includes the full implementation of the Customs Union and Common Market protocols. However, both the Customs Union and Common Market Protocols are currently under implementation. Although much progress has been made, the protocols are not yet fully implemented.

## 5. The East African Reforms

This is a collaborative approach between IMF and EAC on Public Finance Management (PFM) where IMF Fiscal Affairs Department (FAD) and The East African Regional Technical Assistance Center (East AFRITAC) work together on the following fronts:

1. **Furthering PFM reforms amongst the partner states.** The East African Monetary Union (EAMU) Protocol signed in November 2013 requires the partner states to harmonize their PFM laws and practices. It also requires the development of a regional surveillance framework to oversee macro-fiscal convergence ahead of the proposed monetary union in 2024. The EAC Secretariat plays a coordinating role to ensure that the key PFM directives are implemented and the monetary and financial cooperation requirements in the protocol are complied with.
2. **Fiscal Surveillance Action Plan.** The EAC Secretariat has been collaborating with the IMF's Fiscal Affairs Department (FAD) and the East African Regional Technical Assistance Center (East AFRITAC) to implement fiscal surveillance action plan. Each Partner State has to undergo a Fiscal Transparency Evaluation (FTE). FTEs have been carried out for Kenya (2014), Tanzania (2015), Uganda (2017), Rwanda (2019); no information with respect to Burundi.

In addition, since 2013, the EAC Secretariat FAD and East AFRITAC have organized the following activities as a furtherance step towards implementing The Reforms:

- (a) **Annual PFM workshops for Ministries of Finance and Statistics.** These workshops take stock of progress in PFM harmonization, update partner states' PFM reform action plans, and support the EAC Secretariat in improving the framework for regional fiscal surveillance.
- (b) **Annual Reporting.** The partners report annually on their progress on macro-fiscal convergence through Medium-term Convergence Programmes (MTCP) that are submitted to the EAC Secretariat and presented at the Sectoral Council on Finance and Economic Affairs (composed of the 'Partner States' Finance Ministers).

**Consensus on The EAMU Protocol.** There is a growing consensus amongst key stakeholders on the content and urgency of reforms, notably the harmonization of fiscal reporting and budgetary frameworks. Through these activities there are significant advances in the following areas:

1. **PFM legal frameworks.** Kenya, Tanzania, Rwanda, and Uganda have adopted new PFM laws that raise the bar in terms of budgeting and reporting requirements, including on fiscal risks. These laws specify the budget calendar and have enhanced the timeliness of the presentation of the budget to parliament. They also have strengthened provisions on reporting of fiscal objectives and expanded the information in budget documents, including on multi-year commitments, and increasing the transparency of budget contingency funds and the supplementary budget process.

2. **Reporting on Government Finance Statistics (GFS).** The fiscal convergence criteria require countries to report fiscal data for the general government sector. Kenya, Rwanda, Tanzania and Uganda are already complying with this requirement.
3. **Annual financial statements.** Partner States are progressively extending the coverage of their financial statements to include extra-budgetary units and subnational governments. This is being made possible by the extension of the countries' Financial Management Information Systems (FMIS). The audited financial statements are submitted to the parliament between six to nine months after the end of the fiscal year and are regularly published along with the audit opinion.
4. **Increased coordination amongst the partner states' Accountants General.** This is a move related to the adoption and implementation of IPSAS to further improve the quality and comparability of the financial statements.
5. **Treasury Single Accounts (TSA).** Most Partner States, to varying degrees, have centralized the government's cash balances through a core TSA established at the central bank, and are in the process of extending the TSA's coverage to incorporate (as far as possible) all government cash balances. You will note that both, the United Republic of Tanzania Treasury and the Government of Zanzibar Treasury are almost there. There is a centralized revenue and expenditure framework.
6. **Reporting on fiscal risks.** The regional surveillance framework requires annual production of a Fiscal Risk Statement (FRS). A unified format for the FRS has been agreed by the Partner States where Kenya and Uganda have already complied. (Submitted to the Parliament as part of the budget documentation).

It is noted by some writers (Fazeel Rahim, Amitabh Tripathi and Paul Seeds, 2019) that even with these achievements, further work is required towards meeting the goal of regional harmonization. Areas that need to be addressed include: (i) improving the credibility of medium-term budget frameworks, (ii) strengthening commitment control and cash management to prevent the incurrence of expenditure arrears, and (iii) timely and comprehensive in-year reporting on budget execution. Along these reforms, Partner States have also been updating their public investment plans (PIPs) and improving other aspects of public investment management.

The current arrangements would benefit from stronger coordination between the EAC Secretariat and ministries of finance in monitoring progress on harmonization and supporting follow-up activities. For example, formal submission of updated PFM action plans could be required as part of the MTCP. Action plans are being integrated with the medium-term PFM reform strategies adopted by the Partner States.

## 5.1. Predicted Reform Results

Ministers responsible for East African Community Affairs approved an institutional reform plan that will see the six-member bloc save up to \$2.5 million, annually in staff salaries. The reforms were approved during an extraordinary meeting at the end of a week-long 30th Meeting of the Sectorial Council of Ministers responsible for EAC Affairs and Planning (SCMEACP), held at the EAC Headquarters in Arusha, Tanzania during October, 2019.

‘Staff Salaries’ is the headline, focal point and the strategic area to save money. In the actual implementation process, to cut staff salaries means: institutional restructuring, reduction or merging institutions, cut down on staff numbers and hence reduce administrative budget throughout an organization.

Some writers view these Reforms as ‘a product of world powers competition’.

## 6. East African Heads of States on Directives for Free Market

East African Community Head of States directed the enhancement of Free Market in the Region. To achieve this goal, their strategic move is to improve infrastructure, boost production, and harmonize policies so as to alleviate trade barriers. This position was declared at the 22<sup>nd</sup> Meeting, 11 years after the declaration of (a) Protocol on the Establishment of East African Community Common Market; and (b) East African Community Customs Union Protocol. The Common Market aims at bringing ‘market integration’ into a single market in where there is free movement of capital, labor, goods and services within the Partner States. That is Policies, Legal Framework and Regulations must be harmonized by Partner States for the function of ‘Common Market’.

The Chairperson of EAC at that particular time was President of Kenya H.E. Uhuru Kenyatta who stated that for the Free Market to operate, there must be investment in infrastructure to stimulate transportation of goods between Partner States. Without which, he stressed, EAC Block shall continue to be a market place for foreign products by using local produced raw materials. He further stressed that the foreign manufacturing companies do not wish a change of status and hence decry all efforts for establishment of economic infrastructure as ‘unnecessary expenses’. On natural resources, he decried the ongoing exploitation by foreign farms with no reciprocal gains for Partner States.

On the other hand, H.E. The President of URT, Madame Samia Suluhu Hassan, made it clear that since EAC has high land potential, improving land use plan could double production in agriculture. If these measures are taken, it will be possible for EAC Block to be a fulcrum of agricultural products. These efforts should be supported by appropriate investments particularly infrastructure, and an efficient delivery mechanism for agricultural in puts. Value addition of agricultural produces is another area that will ensure increased revenue. Marketing and branding of domestic produces is essential in the face of competition.

EAC Block must make it a priority to exploit available regional opportunities, strengthen integration and attain self-sufficiency in food. This point was stressed by Ugandan President Yoweri Museveni. He stressed the need for integration as opposed to economic or trade barriers, hence establishment of policy guidelines is essential. Uganda is making efforts to produce power generation trucks in order to relax power supply challenges in the face of increased fuel prices.

The President of Burundi, Evarist Ndayishimiye, said that free movement of persons within EAC is yet another achievement by Partner States and a gesture for strengthening the Block. The President emphasized the point that EAC should consider themselves as a 'single family'. Likewise, removal of air travel restrictions among EAC Partner States allows a smooth trade and a systematic movement towards common market.

Unfortunately, the Prime Minister of the Democratic Republic of Congo, Jean-Michael Sama, was overtaken by current security issues for his country. What does this imply to EAC Block, if there is free movement of persons, common market and removal of air transport barriers? Are Muslims competent to face the stiff job competition? Are Muslim entrepreneurs well placed to face this competition?

Lastly, the Prime Minister of Southern Sudan, Abdalla Hamdok, said his nation has introduced Kiswahili courses, a family language in EAC – moving towards integration, free movement of persons and common market. In addition, about 2000 women from Southern Sudan have undergone training in trade and entrepreneur in Uganda. Southern Sudan women are being prepared to take advantage of economic reforms in EAC.

## **7. Where are the Muslims in EAC? Any strategies to benefit from the fruits of integration and reforms?**

Yes, indeed there are strategies. Sometimes early 2000, a few Muslims from Kenya, Uganda and Tanzania met in Dar es Salaam to deliberate on ways to bring Muslims in this region together. Serious topics were deliberated. In consensus, it was resolved to establish an Union of East African Muslims (Umoja wa Waislamu Afrika Mashariki – UWAM). A Constitution was drafted and each Partner State was directed to register this Council in their respective countries. Objective (a) states: 'To bring together all East African Muslims and cement unity among themselves regardless of their madhahabs and secretarian differences within and outside East Africa'. Objective (g) reads: 'To own and run educational, health, mass media and communication institutions for the benefit of Muslims and the umma in general'. And Objective (i) reads: 'To establish and maintain investment projects for the purpose of helping UWAM to get income for the implementation of its objectives'.

Follow up meetings were held in Lamu – Kenya on 5/4/2012 where deliberations centered on sighting the Moon for Ramadhan and Celebrating Eid together. None of such aims have been accomplished to date. There was another follow up meeting in Kampala – Uganda focusing on similar issues. Nothing on education and investments was discussed. Towards mid 2000, the late Sheikh Al Maawi visited Tanzania as follow up on the status of registration and implementation of UWAM (the Council) Objectives. To date there is nothing tangible to indicate progress in

any of the ambitious targets of the Council. This means East African Muslims do not have a formal forum to spearhead their agenda of inclusiveness in enjoying the benefits of EAC.

In Zanzibar such efforts have been hampered by several obstacles including loss of focus and directing pressure to issues of Maulid, Ramadhan, Eid, Khitma, Moon siting and so forth. So, how is it possible to realise a rewarding future for Muslims in the EAC Reforms? Let us not lose hope; TAMPRO may take the lead.

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