EAC REGIONAL STATISTICS

2024

EAC REGIONAL STATISTICS

The East African Community (EAC) is celebrating the 25 years of remarkable progress since its revival under the overarching theme, **"EAC@25: Promoting Trade, Sustainable Development and Peace and Security for Improved Livelihoods."** The theme underscores the EAC's achievements and its commitment to fostering regional integration, enhancing socio-economic development, and ensuring peace and security in the region. The 25th Anniversary provides a perfect opportunity to reflect on the EAC's achievements, highlight challenges and chart the way forward for the integration process in East Africa.

The East African Monetary Union (EAMU) Protocol, one of the four pillars of EAC which was signed on 30th November 2013; lays groundwork for the EAC Partner States to progressively converge their currencies into a single currency in the Community.

Article 5 of the EAMU Protocol requires Partner States to attain the following three (3) indicative macroeconomic convergence criteria namely:

5%

A ceiling on core inflation

25%

A tax to Gross Domestic Product (GDP) ratio

6%

A ceiling of fiscal deficit, excluding grants of Gross Domestic Product (GDP)

41b8ca

In addition, EAMU requires Partner States to attain and maintain macroeconomic convergence for at least three consecutive years that shall be assessed on the following four (4) performance criteria:

8%

on Headline inflation

3%

of fiscal deficit, including grants (GDP)

50%

Gross public debt (GDP) in net present value terms

4.5 Months

Reserve cover of imports.

The successful adoption and implementation of the East African Monetary Union (EAMU) Protocol places a high premium on close and effective monitoring of macroeconomic performance. The process requires quality, reliable, timely and comparable statistics. To this end, the harmonisation of methodologies and classifications of macroeconomic aggregates across the region becomes paramount. For this to be realised, the EAC secretariat is working towards harmonisation of statistics in a number of statistical areas.

The EAC data portal contains aggregated and comparable statistics from Social Statistics, Macroeconomic Statistics and Production Statistics across the 8 Partner States. These statistics can all be accessed at https://eac.opendataforafrica.org/ .

01 EXTERNAL SECTOR STATISTICS

External sector statistics plays a crucial role in an economy. It provides insights into a country's economic relationships with the rest of the world. These set of statistics cover transactions between residents and non-residents and help policymakers, businesses, and analysts assess a nation's financial health, trade performance, and exposure to global markets.

A. MERCHANDISE TRADE

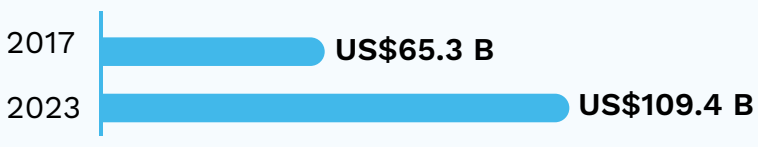
The available regional merchandise trade data underscores the growing economic significance of the EAC in international trade and highlights key trends in the region's global and regional trade activities. EAC trade has expanded, boosting economic growth, job creation, and regional integration.

This increase reflects improved competitiveness, diversification of trade partnerships, and alignment with continental initiatives like the African Continental Free Trade Area (AfCFTA).

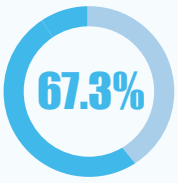
Key Observations

1. Substantial Growth in EAC Trade:

The EAC's merchandise trade with the rest of the world grew



Total increase



This indicates a strong expansion in the region's trade activities and its growing role in the global market.

2. Increasing Trade with Africa

19.4 billion
US$ in 2017

24.4 billion
US$ in 2023

This is consistent with efforts to promote African economic integration through initiatives like the **African Continental Free Trade Area (AfCFTA).**

3. Intra-EAC Trade

6.2 billion
US$ in 2017

13.8 billion
US$ in 2017

Increase of total trade

The growth in intra-EAC trade is also a result of continued efforts to eliminate tariff and **non-tariff barriers** (NTBs),

4. Trade with Other Regional Blocs

7.5 billion
US$ in 2017

11.5 billion
US$ in 2023

14 billion
US$ yearly average

This indicates that the EAC maintains important trading relationships within the broader Eastern and **Southern African** regions

5. Global Trading Partners

The EAC's primary global trading partners in 2023

US$ 26.5 bn **US$ 12.9 bn** **US$ 8.8 bn**

China

United Arab Emirates

India

These figures highlight the importance of **Asian economies**, particularly China, as key destinations for EAC exports and sources of imports.

B. RESERVE TO IMPORTS COVER

1. Context

EAMU Protocol:

Under Article 6, the East African Monetary Union (EAMU) Protocol outlines convergence criteria for Partner States to achieve macroeconomic convergence. Paragraph 2(d) specifically sets the target of 4.5-month import cover, meaning that each country's reserves should be sufficient to cover at least 4.5 months of imports.

Tracking Performance:

This benchmark helps assess the resilience of each Partner State's economy and their ability to respond to external shocks, such as balance of payments deficits or exchange rate pressures.

2. Key Concepts and Definitions

Reserve Assets:

According to the guidelines, reserve assets include external assets that the monetary authorities can quickly access for: Financing balance of payments needs, Intervention in foreign exchange markets, and Maintaining currency and economic stability.

Components of Reserves: Reserves include monetary gold, Special Drawing Rights (SDRs), the reserve position in the IMF, and other readily accessible foreign assets.

Import:

Imports encompass goods and services acquired from non-residents over a specific period, reflecting the total demand for foreign currency for consumption, investment, and production within the economy.

Methodologies for Calculating Reserves to Import Cover

To standardize measurement across Partner States, the EAC recommends two methodologies:

- **Prospective (Forward-Looking) 12-Month Average Imports:**
  Calculates the reserve to import cover using the expected imports of goods and services over the next 12 months.
- **Retrospective 12-Month Average Imports:**
  Uses the average imports over the last 12 months to compute the reserve cover ratio.

These approaches offer complementary perspectives

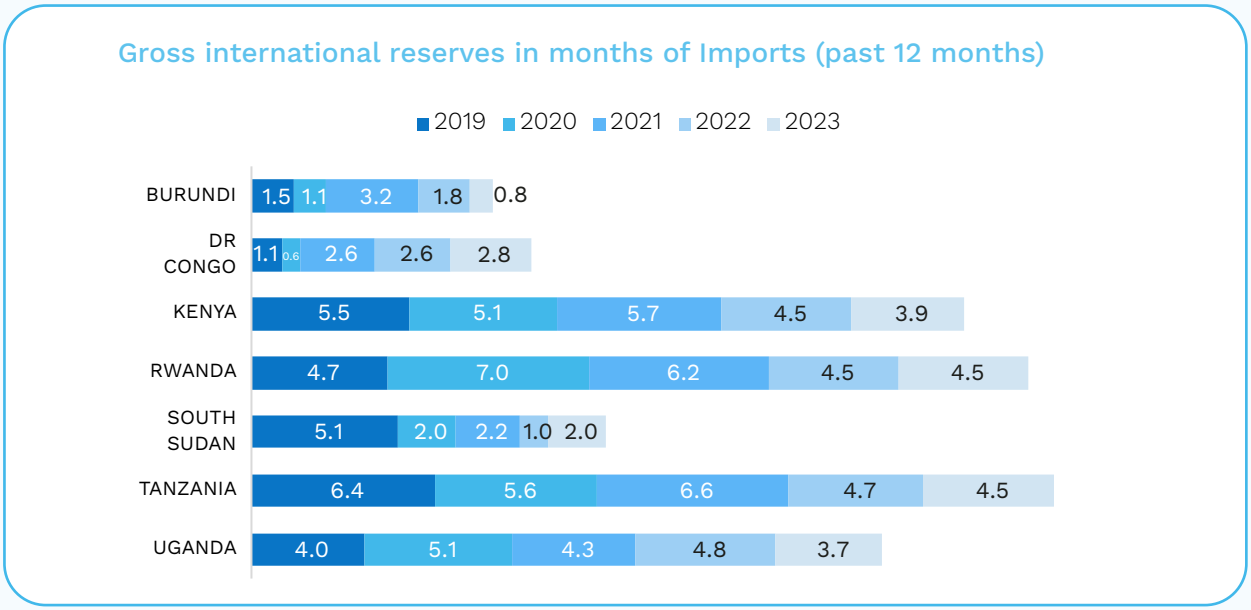
The forward-looking approach anticipates future needs and supports proactive economic planning.

The retrospective approach reflects recent economic performance and provides a measure based on actual historical data.

Performance Tracking

Visual Representation:

The chart below compares how each country has maintained or fluctuated around the required reserve-to-import cover ratio, providing a visual overview of their progress toward macroeconomic convergence.



In summary, the Reserves to Import Cover ratio is a key performance indicator under the EAC's convergence criteria, enabling each Partner State to maintain sufficient reserves to handle economic volatility.

This ratio promotes stable economic integration within the region, aligning the Partner States on a path toward shared financial resilience and growth.

02 MONETARY FINANCE STATISTICS/ FINANCIAL SOUNDNESS INDICATORS

Financial soundness indicators (FSIs) are indicators of the current financial health and soundness of the financial institutions in a country, and of their corporate and household counterparts. They include both aggregated individual institution data and indicators that are representative of the markets in which the financial institutions operate.

Monetary statistics and financial statistics (MFS) cover the stock and flows of assets and liabilities between all sectors of the economy and between the sectors of the economy and non-residents. It comprises a set of stock and flow data that are organized in two hierarchical frameworks, namely sectoral balance sheets and analytical surveys.

These statistics help central banks control/set interest rates, control inflation, manage currency stability, and monitor the financial health of banks and corporations. They provide policymakers, investors, and analysts with a quantitative basis for assessing economic trends, formulating economic policy, and predicting future economic conditions.

In collaboration with Partner States, the EAC Secretariat has developed the EAC FSI and MFS guidelines which were adopted for implementation by Partner States. The guidelines are meant to enhance the harmonisation of compilation practices throughout the EAC partner states, and is one of the sector's major accomplishments.

Key Observations

1. The total loans advanced by the EAC banking sector

60 billion
EAC banking sector
US$ in June 2023

66.6 billion
EAC banking sector
US$ in June 2024 (10% growth)

Growth in lending to the private sector

The 11% growth in **lending to the private sector** from 2023 to 2024 has been a key driver of growth in the EAC banking sector.

Private sector lending is essential because it provides the capital necessary for businesses to expand, innovate, and create jobs, all of which lead to broader economic benefits.

2. EAC Claims on Central Government

37 billion
Claims on Central Government
US $ in June 2023

40.8 billion
Claims on Central Government
US $ in June 2024

Increase in the growth of claims on central government

Government Securities serve as collateral in interbank transactions or in dealings with the central bank. However, banks holding of government securities could also lead to crowding out of the Private sector.

3. The EAC money supply

$74 billion
EAC money supply
US $ in June 2023

$81.7 billion
EAC money supply
US $ in June 2024

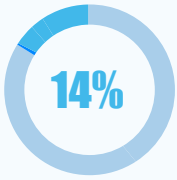
Increase in the growth of claims on central government

Growth in the money supply indicates more money is available in the EAC economy for transactions, lending, and investment.
While it can stimulate economic growth, excessive growth without corresponding increases in the production of goods and services can lead to inflation

4. The EAC Net Foreign Assets

$13.9 billion
Net Foreign Assets
US $ in June 2023

$15.9 billion
Net Foreign Assets
US $ in June 2023



Net Foreign Assets growth from June 2023 to June 2024

The increased accumulation of more foreign assets by domestic banks than they owe to foreign creditors can reflect stronger financial standing, greater foreign investment, and a positive balance of payments.

However, if these foreign assets are not managed properly, they can also expose the banking system to risks from external shocks or currency fluctuations.

03 HARMONISED CONSUMER PRICE INDICES

Consumer Price Index (CPI) measures change over time in the prices paid by consumers for a representative basket of goods and services. The Harmonised Consumer Price Index (HCPI) is the CPI being compiled by the EAC Partner States based on the same concepts and methodologies. The HCPI is an important provider of data on progress towards the realization of the inflation indicator under the Monetary Union indicative macroeconomic convergence criteria.

The EAC-HCPI is the aggregated HCPI from the HCPIs submitted by the six (6) out of the eight EAC Partner States namely Republics of Burundi, Kenya, Rwanda, Uganda, South Sudan and the United Republic of Tanzania. The regional EAC-HCPI is computed as a weighted average of the HCPIs submitted by the six Partner States. National CPIs for the Democratic Republic of Congo (DRC) and the Federal Republic of Somalia are not included as those two countries were not yet members of the EAC during the setting up of the system for the EAC-HCPI compilation. However, plans are underway for their inclusion.

The HCPI submitted by the Partner States are classified using the recent international standards of classification of goods and services for household final consumption referred to as Classification of Individual Consumption According to Purpose (COICOP- 2018). In addition, classification is also done for specific product categories based on the EAC regional specific needs.
The developed templates are currently used to compute the monthly HCPI. Based on the objective of the EAMU protocol, there are two major economic indicators being computed and disseminated are Headline Inflation and Core Inflation.

Headline inflation is a price change derived from HCPI which includes all goods and services of the National CPI Baskets of the EAC Partner States.

The Core (underlying) Inflation is a price change derived from the HCPI by excluding products whose price movements are transient or volatile. Products whose prices are excluded during the computation of core inflation are food crops; fresh milk sold loose; tobacco leaves; Energy (solid fuels and gas); Fuel (Petrol, diesel, lubricants etc.); and Utilities (electricity and water).

Key Observations

1. Headline Inflation

a) The Annual Headline (Year-on-year) Inflation

A year earlier (July 2023), the rate was 5.2%

b) The month-on-month Headline Inflation

c) The EAC Regional Annual Average Headline Inflation

Table below shows the Annual Average Headline Inflation for the EAC Region and for each of the six (6) participating Partner State for the Fiscal years 2017/18 to 2023/24.

Geographical Areas	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
EAC	**6.7**	**6.2**	**8.1**	**6.0**	**4.2**	**7.2**	**6.6**
Kenya	4.6	5.0	5.6	5.5	6.1	8.7	6.4
Tanzania	4.3	3.2	3.5	3.3	4.0	4.6	3.1
Uganda	3.9	2.6	2.3	2.5	3.4	8.8	3.2
South Sudan	125.8	63.7	62.4	22.8	-2.6	-1.1	18.2
Burundi	6.3	-3.3	4.7	6.7	12.4	24.5	19.8
Rwanda	3.3	1.5	5.8	3.4	4.8	16.0	8.3

2. Core (Underlying) Inflation

a) The Annual core (Underlying) Inflation - measured by EAC HCPI

15.0% in June 2024

15.6% in July 2024

A year earlier, in July 2023, the rate was 4.7%.

b) The month-on-month Core Inflation

3.3%
June 2024

0.7 %
June 2024

The month-on-month Core Inflation was 0.0 % in July 2023

c) The EAC Regional Annual Average Core (Underlying) Inflation

6.7% July 2022 to June 2023

6.4% July 2023 to June 2024

This is an indication that on the average, underlying inflation kept on rising but at a decreasing rate during the 2023/24 fiscal year.

Table below shows the Annual Average Core (Underlying) Inflation for the EAC Region and for each of the six (6) participating Partner State for the Fiscal years 2017/18 to 2023/24.

Geographical Areas	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
EAC	**6.1**	**5.6**	**4.6**	**6.0**	**3.4**	**6.7**	**6.4**
Kenya	3.7	3.9	3.5	4.2	4.7	7.3	4.7
Tanzania	3.3	2.1	2.6	3.0	3.8	2.5	2.6
Uganda	3.6	3.0	2.2	3.5	3.2	7.3	3.0
South Sudan	148.7	65.5	27.8	33.4	-4.0	8.7	28.0
Burundi	6.8	-2.8	3.9	5.0	11.5	19.4	16.4
Rwanda	2.9	2.0	4.0	3.4	4.6	13.3	7.5

04 MIGRATION STATISTICS

Migration within the EAC is a dynamic and evolving phenomenon shaped by factors like economic opportunities, political stability, conflict, and climate change. The region has made significant strides in promoting regional integration through the Common Market Protocol, facilitating labour mobility and reducing overall barriers to movement. EAC citizens benefit from free movement and other rights, with growing intra-regional migration driven by economic opportunities, education, and labour migration, particularly in Kenya, Uganda, and Tanzania.

Migration statistics compiled by the EAC primarily cover flows (movements) of persons; stocks of international migrants; persons of concern — including refugees and asylum seekers; and data on remittances.

Key Observations

1. Significant Refugee population

3 million
Living primarily in Uganda and Kenya

1%
Refugees made up about 1% of the total EAC population (2022)

41b8ea

2. Movements for educational purposes

6,250
student passes
Issued by Rwanda and Kenya between July 2023 and July 2024

3,454
Issued by Rwanda

2,796
Issued by Kenya

3. Increasing numbers of international migrants

5 million
international migrants within the Community (2019).

70%
were of working age (15+ Years)

This highlights the crucial economic contributions of international migrants and reflects the growing integration of migration into the region's economic and social fabric.

4. Remittances

9.3 bn US$
received within the EAC in 2022

2.8%
remittances represents the region's GDP for that year

These funds are essential for supporting households, enhancing living standards, and contributing to local development, particularly in rural areas where families often rely on remittances for basic needs, education, and healthcare

Despite the above progress, challenges persist in fully implementing regional protocols. The EAC continues to focus on enhancing cooperation, harmonising policies, and improving data collection to better manage migration and support the region's integration goals.

The availability of timely, harmonised data on international migrant stocks and flows remains a challenge in the EAC region. To address these gaps, the EAC is developing Guidelines for Harmonising the compilation of Migration Statistics. The guidelines are expected to help standardise data collection and improve the accuracy and consistency of migration statistics.