POLICY BRIEF

Policy Brief Series | **Issue 02**

Strengthening Implementation of the EAC Industrialisation Policy for Inclusive Growth

Key Messages

1 **The East African Community (EAC) Industrialisation Policy** provides a strong regional framework for structural transformation, yet implementation remains uneven across Partner States.

2 While **progress in agro-industrialisation is evident**, financing gaps, infrastructure deficits, weak coordination, and limited institutional capacity **continue to constrain impact**.

3 Misalignment between national and regional strategies, alongside **regulatory inconsistencies**, limits cross-border industrial integration and investment.

4 Small- and medium-sized enterprises (SMEs), particularly those led by women and youth, face **persistent barriers to accessing finance, skills, and industrial opportunities.**

5 **Strengthening policy alignment,** targeted investment, regulatory harmonisation, and accountability mechanisms is essential to advancing inclusive and coordinated industrial growth in the EAC.

Context

The EAC Industrialisation Policy (2012–2032) provides a strategic framework to transform the region into a competitive, diversified, and agro-industrialised economy. While Partner States have made progress in advancing national industrial initiatives, implementation remains uneven. This policy brief highlights persistent barriers to the implementation of the Industrialisation Policy, identifies strategic opportunities to address them, and proposes practical recommendations to strengthen coordination, accountability, and inclusive industrial development across the EAC.

Introduction

The EAC Industrialisation Policy provides a regional framework to transition the EAC from a predominantly raw-material-exporting region into a competitive and diversified industrial economy. Central to this vision is agro-industrialisation, which promotes value addition, agro-processing, innovation, and stronger integration into regional and global value chains. The Policy aims to drive structural transformation, expand intra-EAC trade, enhance productivity and competitiveness, and create employment in priority sectors where the region holds comparative advantage, including agri-food processing, textiles, leather, and pharmaceuticals. Through support to private sector investment, SME development, and rural industrialisation, agriculture serves as a key entry point for industrial growth.

The EAC Industrialisation Policy is closely aligned with key continental and regional frameworks advancing industrial transformation and regional integration. It supports the objectives of the African Continental Free Trade Area (AfCFTA) through its emphasis on regional value chains, trade facilitation, and industrial competitiveness, while reinforcing the agribusiness and value-addition priorities of the Comprehensive Africa Agriculture Development Programme (CAADP). Its focus on enterprise development and employment creation complements the African Agribusiness and Youth Strategy (AAYS), and it mirrors the principles of the Africa Industrialisation Strategy (AIS) and the Accelerated Industrial Development of Africa (AIDA) in promoting inclusive, diversified, and regionally integrated industrial growth.

The Policy also can indirectly support elements of the Africa Fertilizer and Soil Health Action Plan (AFSH-AP) by stimulating demand for improved agricultural inputs through agro-industrial growth and processing clusters. Further, the Policy fits within the broader vision of the African Union's Agenda 2063, particularly Aspiration 1 (A prosperous Africa based on inclusive growth and sustainable development) and Aspiration 2 (An integrated continent, politically united and based on the ideals of Pan-Africanism). As such, the EAC Industrialisation Policy can be viewed as a regional vehicle for advancing Africa's wider structural transformation and inclusive growth agenda. However, the absence of a binding regional implementation protocol and performance monitoring framework continues to weaken accountability and coordinated delivery across Partner States.

Current Status, Key Implementation Challenges and Opportunities

Status of Domestication and Implementation

The EAC Industrialisation Policy, adopted by the EAC Council of Ministers in 2012, has guided national industrialisation strategies across Partner States, although domestication has progressed unevenly. Countries such as Kenya and Tanzania have advanced implementation through Special Economic Zones (SEZs), Export Processing Zones (EPZs), and agro-industrial parks that promote value addition and cluster-based development. Rwanda has prioritised targeted value chain investment (horticulture and dairy) through agribusiness-focused industrial parks. Despite these initiatives, regional implementation remains fragmented. Alignment between national strategies and the regional policy is constrained by inconsistent resource allocation, limited technical capacity, weak legal enforcement mechanisms, and the absence of a binding protocol or monitoring framework to ensure accountability and coordinated action.

Persistent Implementation Challenges and Potential Opportunities

Table 1 outlines the principal barriers affecting implementation of the EAC Industrialisation Policy across Partner States, together with strategic opportunities to strengthen harmonisation, coordination, and impact. While the Policy provides a strong regional framework for industrial transformation, its effectiveness has been constrained by financing gaps, infrastructure deficits, regulatory inconsistencies, and institutional capacity limitations. Identifying these challenges alongside actionable opportunities highlights priority areas for advancing inclusive, competitive, and regionally integrated industrial development.

Table 1. Implementation Barriers and Opportunities for the EAC Industrialisation Policy

Barrier	Description	Implication	Opportunity
Limited access to affordable and targeted financing	Industrial start-ups and SMEs, particularly youth- and women-led enterprises, face difficulty accessing finance due to lack of collateral, credit history, and tailored funding instruments.	Constrained enterprise growth, limited industrial start-up formation, and exclusion of youth and women from industrial transformation.	Establish targeted financial instruments and strengthen public-private partnerships (PPPs) to unlock finance for SMEs, youth, and women entrepreneurs.
Infrastructure deficits	Erratic energy supply, poor road and rail connectivity, and weak information and communications technology (ICT) infrastructure across Partner States.	High cost of doing business, reduced competitiveness, and slowed agro-processing and cross-border industrial integration.	Invest in energy, transport, and ICT infrastructure and develop regional agro-industrial corridors anchored in key value chains.
Weak inter-ministerial coordination	Fragmented coordination between agriculture, trade, and industry ministries leading to duplicative efforts and policy fragmentation.	Reduced policy coherence and weakened strategic focus of industrial development agendas.	Improve policy coherence through harmonised planning and institutionalise regional platforms for peer learning and coordination.
Misalignment between national and regional strategies	National industrialisation strategies not fully aligned with the EAC regional framework.	Policy disjunctures that undermine a unified regional industrial vision.	Strengthen harmonisation and align national strategies with regional priorities to reinforce a cohesive industrial agenda.
Regulatory inconsistencies across countries	Differing tax regimes, licensing requirements, investment codes, and quality standards across Partner States.	Investor uncertainty, discouraged cross-border investment, and impeded development of integrated industrial zones or corridors.	Harmonise regulatory frameworks and align with AfCFTA protocols, including mutual recognition of standards and trade facilitation measures.
Limited institutional capacity	Weak capacity at national and sub-national levels to manage, coordinate, and monitor industrial programmes; inadequate human and technical resources.	Poor execution, low accountability, and missed opportunities to scale successful initiatives.	Build institutional capacity for industrial policy planning, implementation, monitoring, and performance benchmarking.

Beyond these structural and institutional constraints, limited youth integration remains a cross-cutting challenge (Box 1).

Box 1. Youth Inclusion in the EAC Industrialisation Policy

Although the EAC Industrialisation Policy is not explicitly youth-focused, it offers indirect entry points for youth empowerment through its support for entrepreneurship development, technical and vocational education and training (TVET), and SME growth. Youth engaged in agribusiness and manufacturing could benefit from value chain upgrading, industrial innovation, and enterprise development initiatives. However, the absence of targeted mechanisms such as youth-specific financing instruments, innovation incubators, or formal participation frameworks limits transformative engagement. Low awareness of industrialisation opportunities and weak integration of youth priorities in national implementation plans further constrain inclusiveness, underscoring the need for deliberate and resourced youth integration within the industrial agenda.

Recommendations

To translate regional commitments on industrialisation into tangible outcomes, the following priority recommendations are proposed:

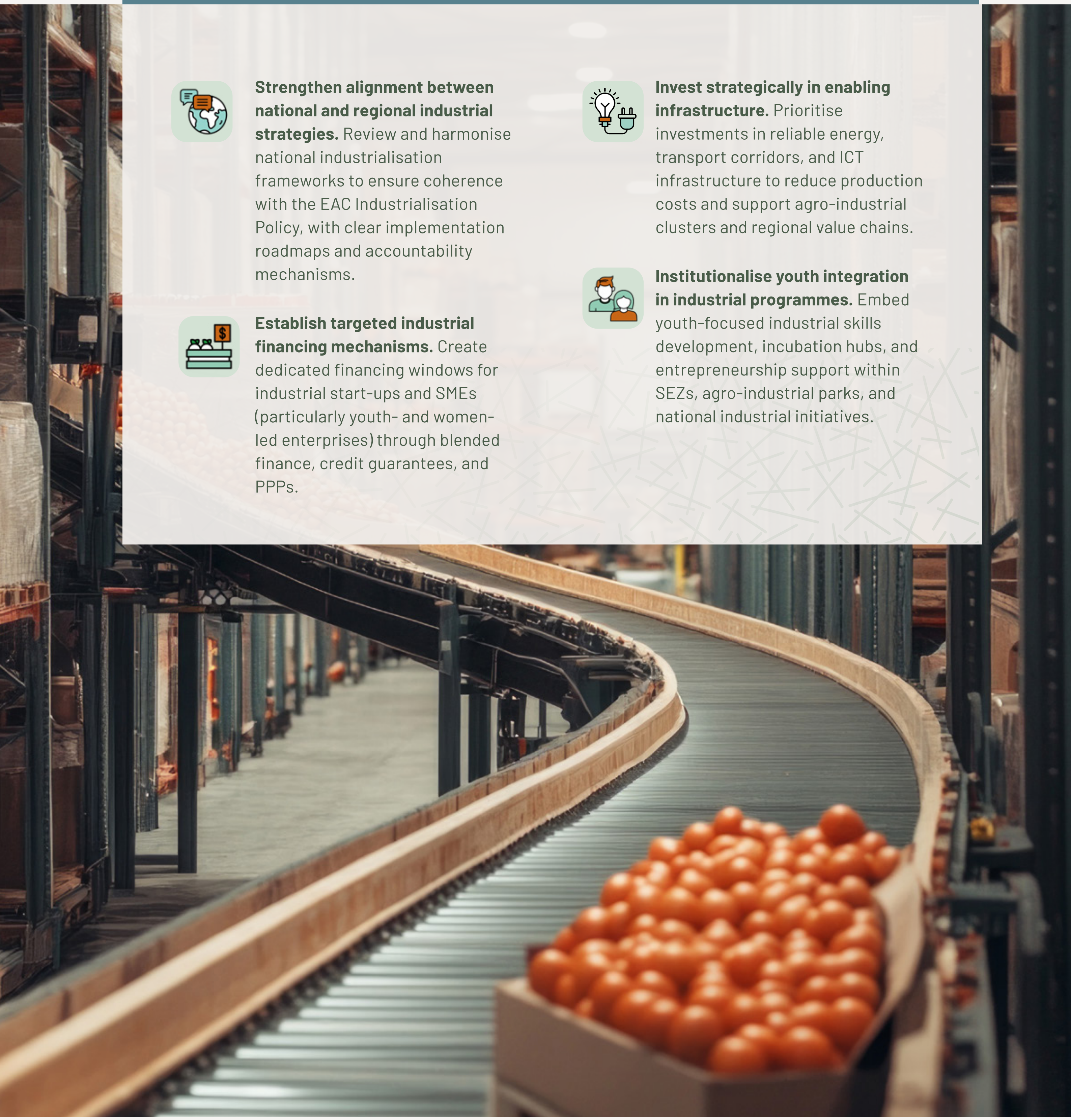
Recommendations for EAC Partner States

Strengthen alignment between national and regional industrial strategies. Review and harmonise national industrialisation frameworks to ensure coherence with the EAC Industrialisation Policy, with clear implementation roadmaps and accountability mechanisms.

Establish targeted industrial financing mechanisms. Create dedicated financing windows for industrial start-ups and SMEs (particularly youth- and women-led enterprises) through blended finance, credit guarantees, and PPPs.

Invest strategically in enabling infrastructure. Prioritise investments in reliable energy, transport corridors, and ICT infrastructure to reduce production costs and support agro-industrial clusters and regional value chains.

Institutionalise youth integration in industrial programmes. Embed youth-focused industrial skills development, incubation hubs, and entrepreneurship support within SEZs, agro-industrial parks, and national industrial initiatives.



Recommendations for the EAC Secretariat

Develop a regional monitoring and accountability framework. Establish a structured monitoring, evaluation, and reporting mechanism (e.g. a biennial EAC Industrialisation Scorecard) to track implementation progress and strengthen regional accountability.

Accelerate regulatory harmonisation across Partner States. Facilitate alignment of tax regimes, licensing procedures, investment codes, and quality standards to reduce investor uncertainty and promote cross-border industrial integration.

Establish targeted industrial financing mechanisms, **with dedicated windows for youth- and women-led enterprises.**

Promote regional agro-industrial corridors and value chain integration. Support the development of regionally coordinated agro-industrial corridors anchored in key value chains to enhance competitiveness and intra-EAC trade.

Institutionalise a regional peer learning and benchmarking platform. Create a platform for performance benchmarking, knowledge exchange, and policy coordination to foster shared learning and improve implementation outcomes across Partner States.

Conclusion

The EAC Industrialisation Policy provides a strategic framework for transforming the region from a raw-material-exporting economy into a competitive and diversified industrial hub anchored in agro-industrialisation. While important progress has been made in select Partner States, uneven domestication, financing gaps, infrastructure constraints, regulatory inconsistencies, and limited institutional capacity continue to impede the full realisation of its objectives. Accelerating implementation will require stronger policy alignment, coordinated regional action, targeted investment in infrastructure and enterprise development, and deliberate integration of youth into industrial value chains. With strengthened accountability and harmonisation across Partner States, the Policy can serve as a powerful vehicle for inclusive agricultural transformation, regional integration, and sustainable economic growth in the EAC.

Without accelerated harmonisation, targeted financing for youth and SMEs, and enforceable regional accountability mechanisms, the EAC risks entrenching fragmented industrialisation trajectories that undermine the very integration goals the policy seeks to achieve.

References

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ABOUT THE POLICY BRIEF SERIES

This policy brief forms part of a series developed to support evidence-based dialogue on the domestication and implementation of key regional and continental agricultural policy frameworks in the East African Community (EAC) Region. Drawing on findings from the *Assessment of the Domestication and Implementation of Regional and Continental Agricultural Policies in East African Community*, the series examines progress, challenges and opportunities across priority thematic areas that are central to agricultural transformation, food security, resilience and inclusive growth. Together, the briefs aim to highlight gaps between regional commitments and national implementation, identify good practices across EAC Partner States, and propose practical policy actions to strengthen coordination, accountability and impact at both national and regional levels.

AGRA

AGRA is a proudly African-led institution focused on scaling agricultural innovations that help smallholder farmers towards increased incomes, better livelihoods, and improved food security. Since 2006, AGRA has worked with partners, governments, non-governmental organisations, private sector businesses, and more; to deliver a set of proven solutions to smallholder farmers and indigenous African agricultural enterprises. AGRA puts smallholder farmers first on the agenda, recognising that no country has moved from low income to middle income without agricultural transformation. For more information visit https://agra.org/

FANRPAN

The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) is an au-tonomous regional stakeholder-driven policy research, analysis and implementation network that was formally established by Ministers of Agriculture from Eastern and Southern Africa in 1997. FANRPAN was borne out of the need for comprehensive policies and strategies required to resuscitate agriculture. FANRPAN is mandated to work in all African countries and currently has activities in 17 countries namely Angola, Benin, Botswana, Democratic Republic of Congo, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Eswatini, Tanzania, Uganda, Zambia and Zimbabwe.

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