

EAC: A warning shot to non-compliant members

The East African Community (EAC) Heads of State convened on March 7 and delivered major reforms to the Community's financing and governance architecture. They revised the hybrid financing formula from 65 percent equal contributions and 35 percent assessed contributions (based, e.g. on GDP), to 50/50. They also waived half of accumulated arrears by defaulting states with a two-year clearance timeline for the balance, introduced compliance requirements for nominations to senior positions and replaced quorum requirements from all members to two-thirds.

These are significant steps towards restoring EAC's institutional integrity. But the key question is whether the Summit's decisions address the fundamental reasons that brought the Community to the brink of a collapse. The Community's crisis was never about the financing formula's design or the size of the contribution. It was about political will to comply and to enforce compliance. It was about the absence of consequences for non-compliance.

Kenya, Uganda, Tanzania, and Rwanda remained up to date on contributions, while the rest have accumulated significant arrears. The new 50/50 formula addresses equitable burden concerns. Smaller economies will pay less, larger ones more. But marginal reductions change nothing about compliance calculus. Not for past arrears nor for future obligations.

Nevertheless, the pragmatic one-off 50 percent debt amnesty demonstrates political goodwill by compliant states to move forward together as eight. The two-year arrears clearance timeline is very generous, well beyond the Treaty's 18-month standard.

But their reforms are only as strong as their implementation.



Mugendi Nyaga
East African Community

The Summit also reformed decision-making by deciding that the quorum of all EAC organs and institutions is two-thirds instead of all partner states. Previously, absenteeism of any member meant that decisions could not be made, paralysing the Community. This new quorum rule prevents boycotts from freezing decision-making.

The presidents then introduced the first enforcement mechanisms by tying compliance directly to institutional influence. States that fail to domesticate the Treaty, ratify all EAC legal instruments and meet financial obligations punctually, can no longer nominate candidates to the Community's five senior positions. The message to non-compliant members was clear: failure to meet obligations may make them permanent institutional outsiders.

The signal was reinforced through appointments of a Secretary General from Tanzania. Uganda, another faithful contributor, became Summit Chair, with Rwanda appointed Rapporteur (meaning it chairs the next Summit). This is critical since chronic non-payment has not been about

lack of capacity but rather a deliberate political choice by partner states.

These reforms also show that leaders are quietly managing the expansion and consolidating the Community - stabilising the organisation and restoring its functionality - rather than deepening integration immediately.

Once again, the presidents directed the finalisation of the sanctions against non-compliant members, a directive long delayed by vetoes from the very states subject to those sanctions. The Treaty provides clear tools. Article 143 empowers sanctions for non-compliance. Article 146 permits suspension for failure to meet financial obligations within 18 months, while Article 147 allows expulsion for gross and persistent Treaty violation. Multi-year non-payment is by any reasonable reading both gross and persistent. Together, the Summit's directive and the Treaty's provisions make sanctions all but inevitable.

The drafters anticipated that consensus rules would give a state subject to sanctions a veto over proceedings against itself. Article 148 explicitly removes this veto. Defaulting states cannot block enforcement while compliant states helplessly watch the Community collapse.

Heads of State have now fired a warning shot, making it clear they will not allow what has been steadily built over three decades to be disintegrated by financial delinquency. But a warning shot only works if those being warned believe enforcement will follow. A community that cannot enforce its most basic membership obligations risks becoming an increasingly expensive diplomatic club.

The Summit decisions show that the Heads of State are acutely aware of this. But their reforms are only as strong as their implementation.

Mugendi Nyaga is an actuary and a public policy analyst. nyagacm@icloud.com

... building is a

to avoid. Bad debt, especially debt acquired for appearances or social status, is a silent trap. Debt should be intentional, structured, and used to acquire or grow productive assets not liabilities that depreciate the mo-