

The

# Eastern Africa

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### THEME:

**Eastern Africa's Emerging Pathways in Technology, Nature Finance, Maritime Resilience, and Regional Security Cooperation**

Eastern Africa is advancing across four transformative frontiers. Frontier technologies are enabling productivity-led growth, with expanding applications in agriculture, manufacturing, and trade despite remaining gaps in infrastructure, skills, and investment. Biodiversity credits are opening new opportunities for conservation finance, linking ecosystem protection with community livelihoods and global markets. In maritime space, heightened geopolitical tensions are reinforcing the importance of secure trade routes and accelerating regional cooperation to safeguard the Red Sea and Indian Ocean corridors. Meanwhile, regional responses to Cabo Delgado are strengthening collective security coordination. Together, these shifts underscore growing regional capability and resilience.

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## Frontier Technologies Key to Unlocking Growth in Eastern Africa

In today's global digital economy, the ability to harness frontier technologies will determine which regions advance rapidly and which fall behind. For Eastern Africa, digital innovation-driven growth is no longer optional; it is central to sustaining competitiveness in a rapidly changing world. Much of Africa's historical economic expansion has relied more on labor and capital than on productivity improvements. While this approach supported growth in earlier decades, it is now reaching its limits as global markets increasingly favor knowledge-intensive, technology-driven industries. Eastern Africa must therefore pivot toward innovation to accelerate structural social and economic transformation.

Frontier technologies such as artificial intelligence, big data analytics, robotics, and digital platforms offer the region an opportunity to produce more output with fewer resources while creating new industries and value chains. In agriculture, the backbone of

many Eastern African economies, innovations like satellite-based climate monitoring, mobile advisory services, and precision farming tools can boost yields and reduce vulnerability to climate shocks. Smallholder farmers produce up to 80 percent of the region's food, yet post-harvest losses can exceed 30 percent due to weak logistics and inadequate technology. Leveraging frontier technologies can therefore directly improve productivity, enhance food security, and support sustainable rural livelihoods.

Manufacturing and industrial sectors can also gain from digital technologies. Automation, data-driven design tools, and digital production systems improve efficiency, reduce costs, and help emerging hubs in Kenya, Ethiopia, and Tanzania meet international quality standards. Digital platforms enable small and medium-sized enterprises to access regional and global supply chains that were previously out of reach due to scale and information constraints. By integrating these

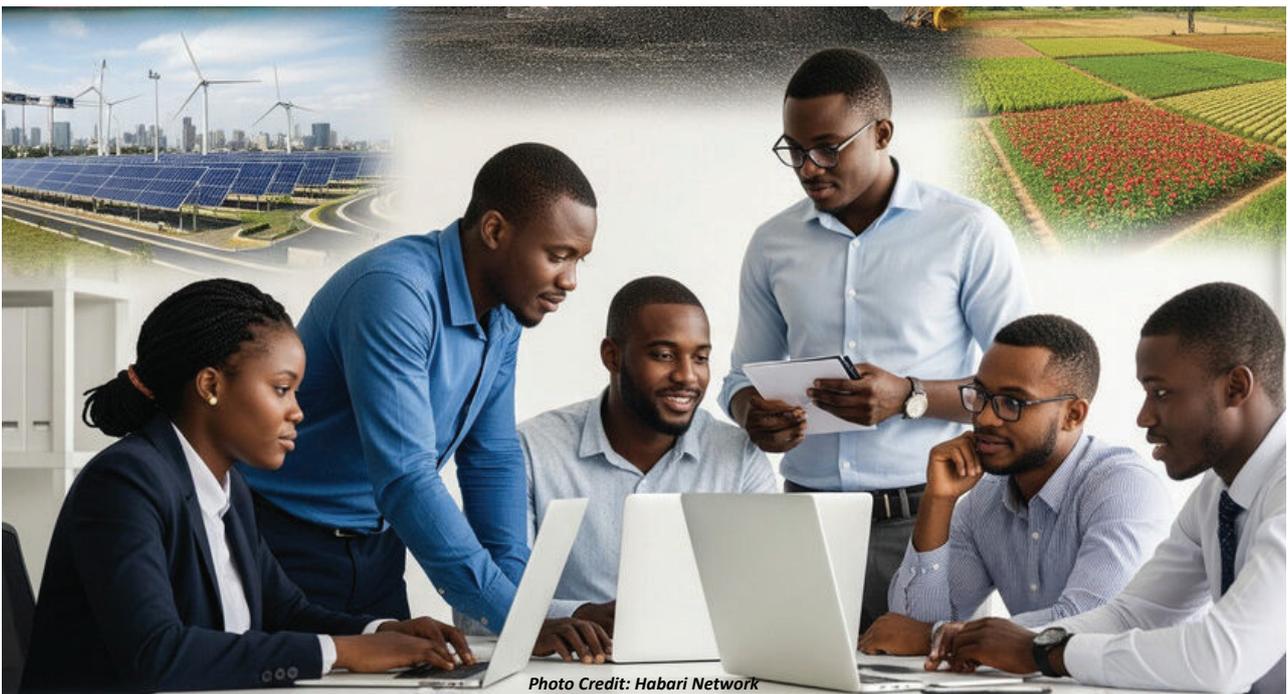


Photo Credit: Habari Network

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technologies, Eastern African manufacturers can increase competitiveness, create higher-value jobs, and strengthen industrial productivity across the region.

Trade and logistics present additional opportunities for transformation. Digital trade facilitation platforms, blockchain-enabled customs systems, and smart logistics networks reduce delays, increase transparency, and lower cross-border commerce costs. These tools are critical as Eastern African countries expand trade under the African Continental Free Trade Area, which seeks to create Africa's largest integrated market. Intra-African trade currently accounts for only about 20 percent of the region's total trade, compared to 60 to 70 percent on other continents, indicating substantial potential for digital integration and regional scale.

Realizing these benefits requires deliberate investment in digital infrastructure and human capital. Only about 40 percent of Eastern Africans have reliable internet access, and data center capacity remains far below global averages. Without strong foundational infrastructure, innovation risks remaining concentrated in urban centers. At the same time, skills in data science, software development, artificial intelligence, and cybersecurity are essential. Universities, technical institutions, and private sector

partnerships must align training programs with emerging technology demands. Currently, Eastern Africa captures less than one percent of global AI investment, underscoring the urgent need to build local innovation capacity and frameworks to guide frontier technology adoption.

Regional integration is critical for scaling technology adoption. Harmonizing digital regulations, enabling cross-border data flows, and developing interoperable digital payment systems can create an environment where innovation flourishes across national boundaries. Together, Eastern African economies form a large, dynamic bloc capable of supporting cross-border innovation and technology-driven industrial growth.

Frontier technologies offer Eastern Africa a pathway to redefine its development trajectory. By investing in digital infrastructure, building technological capabilities, and leveraging regional collaboration, the region can transform innovation into productivity, industrial upgrading, and lasting economic resilience. Data and technology will shape global competitiveness as profoundly as natural resources once did. For Eastern Africa, the question is no longer whether to adopt frontier technologies but how quickly and effectively it can develop the capabilities to lead.

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## Maritime Security and Geopolitical Risk: Protecting Trade and Growth in Eastern Africa

The escalation of conflict in the Middle East involving the United States, Israel, and Iran is intensifying maritime risk in Eastern Africa, transforming critical sea lanes into zones of heightened uncertainty. The region is stru-

cturally exposed through its dependence on the Red Sea, the Bab el-Mandeb Strait, and the Western Indian Ocean, corridors that sustain trade, energy imports, and economic connectivity. As tensions rise, war-risk

insurance premiums, freight costs, and precautionary rerouting of vessels have increased, raising the cost of imports and undermining trade efficiency across economies such as Kenya, Tanzania, Ethiopia, Somalia, Rwanda, and Uganda. These disruptions are already feeding inflationary pressures and straining supply chains.

The current crisis has heightened insecurity along critical maritime chokepoints, particularly the Bab el-Mandeb Strait, where past attacks by Yemen's Houthi rebels have already demonstrated the vulnerability of commercial shipping. The risk of renewed or expanded disruption whether through direct attacks, miscalculation, or spillover from broader hostilities has altered global shipping behavior. Heightened threat perceptions have triggered rerouting decisions, longer transit times, and increased fuel consumption, all of which carry direct economic consequences for Eastern African states reliant on timely and cost-efficient maritime trade.

Maritime insecurity is further compounded by the indirect effects of the conflict on naval deployment patterns and maritime governance. As global powers concentrate military assets in the Gulf and surrounding theatres, routine surveillance and deterrence capacity in the Western Indian Ocean risk becoming less consistent. This creates operational gaps that can be exploited by non-state actors, including piracy networks, traffickers, and illegal fishing operations. The convergence of these risks increases the overall fragility of Eastern Africa's maritime domain.

The economic implications are substantial. Eastern Africa relies heavily on imported fuel, fertilizer, and industrial inputs that transit through high-risk corridors such as the Strait of Hormuz and the Red Sea. Disruptions in these routes elevate costs across agriculture, manufacturing, and transport sectors, with cascading effects on food security, productivity, and consumer prices. Export sectors, including horticulture, tea,



Photo Credit: Center for International Maritime Security

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and coffee, face delays and reduced competitiveness, while uncertainty in shipping schedules and pricing risks dampening investor confidence.

Port systems are also under pressure, as diverted cargo and irregular shipping patterns test infrastructure capacity, cargo security, customs coordination, and contingency planning, raising concerns about the region's ability to manage sudden logistical disruptions. This was evident in the recent diversion of thousands of vehicles through Lamu Port, where cargo originally destined for the Middle East was redirected. This demonstrates that while existing port infrastructure is functional and increasingly capable, there is still a need for enhancing port resilience including improved cargo tracking, customs coordination, and contingency planning for diverted shipments.

Protecting trade in this environment requires a shift toward proactive, regionally coordinated responses. Eastern African states must therefore strengthen maritime domain awareness through integrated surveillance systems, joint patrols, and real-time intelligence sharing. Reducing overreliance on external security providers will be essential as global powers rebalance their strategic priorities. In parallel, governments should pursue diversification of energy sources and trade routes, alongside regional mechanisms to manage rising insurance and transport costs. By aligning maritime security with economic policy and governance reforms, Eastern Africa can mitigate immediate risks while building long-term resilience. In doing so, the Indian Ocean can transition from a zone of vulnerability into a strategic asset supporting stable commerce, regional integration, and sustainable growth in an increasingly volatile global environment.

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## Biodiversity Credits for Catalyzing Conservation Finance in Eastern Africa

Eastern Africa hosts globally significant ecosystems ranging from the savannahs of Maasai Mara to the forests of the Eastern Arc Mountains, but habitat loss, climate disruption, and unsustainable land use are driving unprecedented species decline. The financing gap is immense because the United Nations Environment Programme estimates that Africa requires approximately \$950 billion to halt biodiversity loss. Traditional donor funding and tourism revenues remain unpredictable and vulnerable to economic shocks. It is against this backdrop that biodiversity credits are emerging as a transformative mechanism that assigns measurable value to ecosystem restoration while enabling private capital to flow directly

into verified conservation outcomes.

Biodiversity credits function as tradable units representing verifiable ecological improvements, and global demand for voluntary biodiversity credits is projected to reach \$2 billion by 2030. Eastern Africa is therefore well positioned to attract significant investment through its diverse forests, wetlands, savannahs, and marine environments where pilot projects are already demonstrating proof of concept. In Kenya, the Kitengela wildlife corridor compensates landowners for preserving vital wildlife movement pathways, while in Tanzania restoring the slopes of Kilimanjaro aims to regenerate degraded lands for

creating tradable credits.

The validity of any biodiversity credit market rests on its treatment of local communities. This is imperative in Eastern Africa where communal land tenure systems prevail and customary custodians oversee expansive landscapes. Nature-based employment supports the livelihood of approximately 40% of the Sub-Saharan African workforce, so there is genuine anxiety about repeating carbon market failures such as green grabbing and opaque benefit transfers. Community perspectives must therefore be entrenched from inception because free, prior and informed consent cannot be negotiable. Benefit-sharing mechanisms should guarantee that 50-80% of credit revenues flows directly to primary land stewards through transparent digital systems.

Biodiversity is inherently place-specific thus creating the technical challenge of establishing metrics robust enough to guarantee credibility while flexible enough to accommodate ecological variation. Advanced technologies including satellite imaging, bio-acoustic sensors, and environmental DNA analysis can minimize verification expenses while enhancing precision. Equally, permanence must also be addressed since conser-

vation gains need to endure for decades through mechanisms that cushion against drought, fire, or political volatility. The Kunming-Montreal Global Biodiversity Framework provides overarching architecture by tasking nations and development partners to mobilize \$200 billion annually by 2030.

Biodiversity credits could therefore transform Eastern African conservation by linking ecological values with economic benefits while balancing investor demands against equitable community revenue sharing. Governments should establish national frameworks that define credits as legal assets, clarify communal tenure rights, and mandate independent verification. There is need to institutionalize benefit sharing so that a minimum of 50% of revenues reaches community stewards through transparent consent mechanisms. States must invest in national monitoring infrastructure through research partnerships and create a regional trading platform that bundles cross-border projects for investment potency. Finally, there is need to integrate credits into sovereign financing strategies by leveraging verified conservation gains for debt-for-nature swaps. This would enhance credit ratings and demonstrate long-term ecological resilience to international creditors.



Photo Credit: United Nations Economic Commission for Africa

## Cabo Delgado Insurgency: Funding Challenges and Eastern Africa's Security Response

Rwanda's signal that the continued deployment of the Rwanda Defence Forces (RDF) in Cabo Delgado depends on predictable and sustainable financing exposes a structural weakness in Eastern Africa's security architecture. While the RDF has been instrumental in stabilizing insurgent-affected zones in Mozambique since its deployment in 2021, uncertainty around funding introduces a new layer of fragility that could undermine hard-won security gains. This moment should not be viewed solely as a risk, but as a strategic inflection point for Eastern African states to rethink and recalibrate their collective security approach.

The Cabo Delgado insurgency, driven by a local affiliate of Islamic State, has demonstrated both resilience and adaptability, exploiting governance gaps, socio-economic marginalization, and porous borders. The RDF's effectiveness has largely stemmed from its operational cohesion, rapid deployment capabilities, and clear

command structure, qualities that have often been absent in broader regional responses. However, its potential withdrawal due to funding constraints would expose a vacuum that insurgent groups could quickly exploit. Such a scenario would not only reverse stabilization gains but also threaten critical energy infrastructure, particularly liquefied natural gas projects, and heighten insecurity along the Tanzania Mozambique corridor, with broader spillover risks for Eastern Africa.

More fundamentally, this situation underscores the limitations of externally dependent security models. Reliance on bilateral funding arrangements and external partners has constrained the predictability and sustainability of regional interventions. It has also limited strategic autonomy, leaving security priorities vulnerable to shifting geopolitical interests. If RDF redeployment becomes contingent on uncertain financial flows, it sets a precedent that even the most



Photo Credit: Africa Arguments

effective African-led missions remain structurally precarious without institutionalized funding mechanisms.

Yet within this challenge lies a clear policy window. Eastern African states, working through regional platforms such as the East African Community (EAC) and in coordination with the Southern African Development Community (SADC), have an opportunity to transition from reactive crisis management to proactive security governance. This would require the establishment of a joint regional security financing framework potentially through pooled contributions, security levies, or dedicated stabilization funds to reduce dependence on external donors and ensure continuity of operations.

Additionally, there is a need to strengthen unified command and control structures across deployed forces. Fragmentation between national contingents and overla-

pping mandates has historically weakened regional interventions. Institutionalizing a coordinated command architecture would enhance operational efficiency, intelligence sharing, and rapid response capabilities. This should be complemented by long-term investments in border management, counter-radicalization, and local governance reforms to address the root drivers of the insurgency.

Importantly, this moment also presents an opportunity to reinforce the principle of African-led solutions to African security challenges but with African resources. By stepping in to sustain and potentially expand stabilization efforts, Eastern African states can enhance their credibility as security providers and reduce external dependency. This would not only strengthen regional resilience but also signal a shift toward greater strategic agency in managing complex security threats.

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## Eastern Africa's Aviation Opportunity in Africa's Fastest Growing Air Travel Market

In 2025, the African Union (AU) launched the Continental Aviation Modernization Plan, a landmark US\$30 billion initiative designed to transform Africa's aviation infrastructure and fully implement the Single African Air Transport Market (SAATM). This bold strategy aims to modernize airports, upgrade air traffic management systems, and harmonize regulatory frameworks while creating millions of jobs and contributing billions to gross domestic product (GDP). By addressing structural inefficiencies and improving connectivity within Africa, the AU seeks to position the continent as a globally competitive aviation hub and stimulate regional socio-economic development.

Aviation is increasingly recognized as a cornerstone of economic integration, trade growth, and tourism expansion. For Eastern Africa, strengthening aviation systems is not just a transport priority but a strategic lever for competitiveness. Efficient air connectivity accelerates the movement of goods, services, and people across borders, supports regional value chains, and attracts investment. As global travel rebounds and long-term passenger demand rises, Eastern Africa must act decisively to capitalize on the continent's fastest-growing aviation market. Africa's aviation sector is projected to grow faster than any other region in the coming decades. The International Air Transport

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Association (IATA) forecasts that global passenger traffic could be more than double by 2050, with Africa outpacing mature markets. Although the continent currently accounts for just over two percent of global passenger traffic, rising incomes, urbanization, and tourism recovery are steadily increasing demand for air travel. According to the African Travel and Tourism Association (ATTA) 2026 white paper Africa in the Air: Aviation and Tourism Outlook 2026, Eastern Africa's seat capacity increased by 24.3% in 2026, making it the fastest-growing sub-region in Africa. IATA reports further show that African airlines led global international traffic growth in early 2026, with passenger volumes rising by up to 11.7%, demonstrating strong recovery and significant opportunity.

Key airports in Nairobi, Addis Ababa, and Kigali are emerging as gateways for international travel, trade logistics, and regional connectivity. Expanding airport capacity, modernizing infrastructure, and improving operational safety are essential to accommodate rising passenger volumes. Investments in regional airline networks and advanced air traffic management systems can enhance connectivity to secondary cities, enabling broader economic participation beyond major urban centers.

Tourism benefits immediately from improved aviation. Reduced travel times and lower costs make destinations more accessible

to international and regional travelers, stimulating growth in hospitality, ecological tourism, and cultural exchange. Aviation is pivotal in sustaining tourism recovery, which remains a critical source of foreign exchange and employment across Eastern Africa.

Trade and logistics also gain from aviation expansion. Air cargo enables the rapid movement of high-value, time-sensitive goods such as fresh produce, pharmaceuticals, and manufactured products. Combined with streamlined customs processes and integration with road and rail transport networks, Eastern Africa can strengthen supply chains, reduce costs, and increase competitiveness. The AU's modernization plan, alongside the International Air Transport Association (IATA) Focus Africa 2026 Conference emphasizes harmonized safety, operational efficiency, and intra-African connectivity, while 2025 research findings by Rajput, Zuidgeest, Fröhlich, and Hess demonstrates that structural and regulatory barriers continue to constrain intra-African air travel despite liberalization efforts.

Strategic investment in infrastructure, connectivity, and regulatory alignment can position Eastern Africa as a key aviation corridor linking Africa to global markets. In a world where mobility and logistics efficiency shape competitiveness, robust aviation systems are central to expanding trade, attracting investment, and sustaining long-term growth.





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