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The Role of Kenya's Diplomatic Missions in Economic Development: Case of Uganda

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**A Research Project Submitted in Partial Fulfillment of the Requirement for Award of
Degree of Master of Diplomacy to the Institute of Diplomacy and International Studies,
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DECLARATION

This project is my original work and has not been presented for a degree in any other Institution.

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This project is submitted for examination with my approval as the university supervisor.

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ABSTRACT

The role of diplomatic missions in the economic integration and development in Kenya has not been studied in research. There exist significant accounts of the economic element of diplomatic missions but based on the perspective of other countries other than Kenya. The research intends to establish the explicit role of the missions to the economic development in Kenya. A descriptive survey will be the primary methodology, which will utilize questionnaires and interview schedules as the instruments for data collection. Thematic analysis will be used for data analysis to establish economic integration and development themes from the responses of diplomats and conveniently selected ministry officials. The study seeks to establish if Kenya's diplomatic mission to Uganda has promoted International Trade, Foreign Direct Investment and Industrialization. The Economic Diplomacy theory guides the study and ensures that the understanding of the role of diplomatic missions on economic integration is outside the narrow state centric political agendas. It is evident in the findings that the Kenya's diplomatic mission to Uganda has played a crucial role in promoting International Trade, Foreign Direct Investment and Industrialization. Recommendation for better policies in relation to foreign issues on trade matters is important. Also, further studies should be conducted in order to fill the literature gaps that are there on the role of diplomatic missions in promoting economic development.

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LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asia
AU	African Union
GDP	Gross Domestic Product
EU	European Union
FDI	Foreign Direct Investment
FP	Foreign Policy
GVC	Crystal Vintage Growth (Stock symbol)
IMF	International Monetary Fund
KCB	Kenya Commercial Bank
MNE	Multi-National Enterprises
OFDI	Office of Foreign Direct Investment
SADC	Southern African Development Community
UN	United Nations
USA	United States of America

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Introduction and Background to the Study

Kenya has assumed the strategic economic role in East Africa and has maintained good relations with Uganda, Burundi, Tanzania, Rwanda, and Burundi through diplomatic missions in these countries. The diplomatic missions are not exclusive to East Africa but are spread across the continent and the world. Kenya has tried to forge relations with other countries since independence, subsequently establishing diplomatic missions in those countries in order to promote national interests.

For instance, Japan established its diplomatic mission in Nairobi in 1964.¹ However belated, Kenya also established its diplomatic mission in Japan in 1979. As a result, Foreign Direct Investment and international trade between the two countries and Industrialization in Kenya. For instance, over 104 Japanese companies were operating in Kenya under Foreign Direct Investment as of December 2018.² On the same note, Kenya's industrialization has been promoted by Kenya's Development Cooperation with Japan which is currently under the fifth Tokyo International Conference on Africa Development.³

Kenya has also established relations with other African countries, and more so East African countries. For instance, Kenya is partners with Uganda in many areas like education, trade, security, and agriculture among others. The Kenya diplomatic mission in Kampala was established

¹ "History of Diplomatic Relations." History of Diplomatic Relations. Accessed June 12, 2019. http://www.kenyarep-jp.com/relations/history_e.html.

² Ibid.

³ "History of Diplomatic Relations." History of Diplomatic Relations. Accessed June 12, 2019. http://www.kenyarep-jp.com/relations/history_e.html.

in 1981 to strengthen the relations between the countries as a military liaison office.⁴ The main mandate was to enforce and implement Kenya's FP. By so doing Kenya increased trade with Uganda, Foreign Direct Investment from Uganda, and Industrialization in Kenya. For instance, relations between Uganda and Kenya oversaw the creation of the Standard Gauge Railway.

The core functions of the Kenya diplomatic mission in Uganda is to protect and represent Kenya's interests and FP in the country. Also, the embassy ensures cordial Kenya-Uganda relations in order to promote trade, FDI and other interests. The diplomatic missions also engage with the business community in the country, the host government and industry leaders for the benefit of the mother country. Finally, the mission promotes East African Cooperation and Integration.⁵

1.2 Statement of the Problem

The Kenyan embassy in Uganda was established in 1981 and is located in the country's capital city, Kampala. Although Kenya and Uganda relations have been turbulent, the two countries have found a way to mend their differences and maintain their diplomatic missions. Theoretically, diplomatic missions safeguard and promote a nation's interests like international trade, Foreign Direct Investment and industrialization in foreign countries. However, there is not enough documentation on the role of these diplomatic missions in promoting these interests.

Therefore, the aim of this study is to evaluate the role the Kenyan diplomatic mission has played in promoting economic integration and development. The study will bridge the information gap on how the Kenyan Diplomatic Mission in Uganda has influenced international trade between the countries, Foreign Direct Investment from Uganda, and industrialization in Kenya under Uhuru's

⁴ "Kenya High Commission Kampala." The Mission. Accessed June 12, 2019.
http://www.kenyamissionkampala.ug/index.php?option=com_content&view=article&id=59&Itemid=199.

⁵ Ibid.

regime. Therefore, the study will focus on diplomatic strategies employed by Kenya between the years 2013 and 2018.

1.3 Research Questions

- i. Has Kenyan diplomatic mission to Uganda led to an increase in international trade between the countries?
- ii. What is the role of Kenyan diplomatic mission in Uganda in facilitating increased FDI from Uganda?
- iii. What is the role of Kenyan diplomatic mission in Uganda in facilitating increased industrialization?

1.4 Research Objectives

1.4.1 Main Objective

To determine the role of Kenyan diplomatic mission in Uganda on economic integration and development

1.4.2 Specific Objectives

The research will pursue the following specific objectives to examine the research problem explicitly

- i. To establish if Kenyan diplomatic mission in Uganda has led to an increase in international trade between Kenya and Uganda.
- ii. To determine the role of Kenyan diplomatic mission in Uganda in facilitating FDI from Uganda.
- iii. To investigate how Kenyan diplomatic mission in Uganda contributes to increased industrialization.

1.5 Literature Review

1.5.1 Theoretical Literature Review

1.5.1.1 Theory of Diplomatic Missions in Pursuit of National Interests

Diplomatic missions date back to prehistoric times and were terminated in the Renaissance period of the 15th century. These types of diplomatic missions involved non-permanent embassies. Envoys were sent by Princes on these diplomatic missions to safeguard their interests in the foreign countries. Modern diplomatic missions involve the establishment of permanent embassies. Therefore, diplomatic missions are always in pursuit of national interests through enhancement of FP execution.

Childs (1948) defines FP as a product of foreign relations and diplomacy has the implementation of FP.⁶ The nation's interests are incorporated in the country's FP whose execution is facilitated by diplomatic missions, at least in theory. The policy is developed by different agencies and persons touching on major national interests and then the diplomatic missions provide the personnel and instruments through which the policy can be executed.

Nicolson (1994) wrote that is crucial to understand the link between diplomacy and FP.⁷ He continues to emphasize that both the FP and the diplomatic missions are promote national interests to international interests. Foreign policy, therefore, is a representation of the National Interests, while Diplomatic missions are means; not purposes but methods. As a result, diplomatic missions act as agencies through which nations pursues their interests through conciliation rather than war.⁸

⁶ Childs, J. R. *American Foreign Service*. (1948) New York: Holt.

⁷ Nicolson Harold. *The Congress of Vienna: A study in Allied Unity*: 1812-1822. (1946) New York: Harcourt, Brace.

⁸ Ibid.

1.5.1.2 Theory of Diplomatic Missions in Execution of Foreign Policy

Foreign policy is crucial to understanding a nation's purpose, interests, and goals according to Howell (1997).⁹ On the other hand, Watson (1982) defines diplomacy as a negotiation of political entities which acknowledges the facts that the entities are independent of each other. Hill and Wallace (1996) define global politics as the relationship between multinational corporations, cities, nation-states, intergovernmental organizations, and nongovernmental organizations. Global politics emphasizes economic relations, war and peace, and power among others and thus influences the execution of FP.

Mellissan (2012) emphasizes that globalization has increased the importance of diplomatic missions in modern FP for diplomacy is an instrument of FP. Social media diplomacy has revolutionized diplomatic ideologies and enhance global interconnectivity. China has severe media censorship, however, The Democracy Movements spread its messages via fax machines in 1989 changing the way China interacted with the rest of the world.¹⁰ This diplomacy thus redefined power in world politics thus influencing the execution of foreign countries in these countries.¹¹ Nye also argues that the use of the internet and other interactive technologies in diplomacy creates a civil society and pressure groups that serve as new actors in making and formulation of FP.¹²

Diplomatic missions, therefore, have been used by countries like the US to formulate and implement their FP. The results of diplomacy are binding agreements among countries like treaties continue to be the center of FP according to Sampson.¹³ However, Vladimir argues that military

⁹ Howell, D: *Britannia's Business Prospect January*. (1997)

¹⁰ Joseph Nye,; The Changing Nature of World Power. *Political Science Quarterly*. (1990) Vol.105, NO. 2

¹¹ Nye, J, Owens,W. (1996): *Redefining Cultural Diplomacy: Cultural Security and ForeignPolicy*. Blackwell Publishers

¹² Ibid.

¹³ David, Sampson: *United State Diplomatic Relations*. (1994) DUO, SCM Press

force is a key diplomatic tool that is still used in the execution of countries foreign policies.¹⁴ The US Cold War brought new challenges to the use of military force as a diplomatic tool in the execution of FP. Thus, the use of the military as a FP tool is mostly limited to diplomatic peacekeeping activities and nation's building all under diplomatic missions. Therefore, modern diplomacy enhances state relations which in turn provide an essential framework for the conduct of FP.

1.5.1.3 Theory of Diplomatic Missions in Regional Integration

The role of politics on international trade became popular in recent years. Researchers argue that international relations between nations take the forms of opening trade missions, state visits, embassies, and consulates, for example Yakop and van Bergeijk, 2011; Nitch, 2007; Moons and van Bergeijk, 2016; Rose 2007. On the other hand, poor political relationships put a toll on trade flow between these countries.

Maurel and Afman emphasizes economic integration through trade is a key objective in foreign diplomatic missions. Therefore, facilitating exports becomes a justification for the establishment of embassies in foreign countries. Embassies, therefore, are essential to both developing and developed countries for they enhance regional and global integration. However, according to Yakop et al diplomatic missions are crucial to developing countries for these countries agree to work closely and co-operate to achieve wealth, peace and stability.¹⁵

¹⁴ Petrovsky, Vladimir. *Modern Diplomacy*. 1998

¹⁵ Bergeijk A, Yakop M and Groot H. "The economic effectiveness of diplomatic representation: An analysis of its contribution to bilateral trade". *The Hague Journal of Diplomacy*, (2011) 101-120.

Moons and Bergeijk found that diplomacy is subject to the nation's development levels.¹⁶ The theory is plausible, at least in theory, because the danger of failures emanating from information asymmetry is severe in developing economies. However, this theory of regional integration has not been put into empirical test especially in Africa. According to Moon et al. (2016), there exists vast information asymmetry in developing countries, thus ED is justified in these countries.¹⁷ Also, diplomatic missions are a form of foreign investment whose result is the reduction of barriers to investment and trade as proposed by Yakop and Van Bergeijk.¹⁸

Africa is characterized by spiraling regional integration, that is, increased multi-membership in regional organizations. This type of regional integration can have both positive and negative effects on state-to-state ties. Theoretically, nations that are in the same trade bloc are likely to develop stronger bilateral ties. The negative impact may be where the regional bloc crowds out state-to-state diplomatic missions between members. Therefore, among the theoretical interests for this paper include determining the impacts of diplomatic missions on regional integration. Do these instruments interact positively?

1.5.2 Empirical Literature Review

1.5.2.1 Background

Diplomatic missions involve groups, state, or international, interstate organization presence in another state.¹⁹ The intention of the missions is to represent the source state or organization of the receiving nation. The definition denotes a form of residency, which might be permanent or non-

¹⁶ Moons, J. S., and Bergeijk, A. *Does Economic Diplomacy Work? A Meta-analysis of Its Impact on Trade and Investment*. (2016) The World Economy.

¹⁷ Ibid.

¹⁸ Bergeijk et al, "The economic effectiveness" 101-120.

¹⁹ Constantinou M. Costas, "Between Statecraft and Humanism: Diplomacy and Its Forms of Knowledge", *International Studies Review*. (2013): 141.

permanent and services to popularize the interests of the source nation to the receiving state. The mission is a form of relationship between statecraft and humanism in the process of solving complex global problems.²⁰ The reviewed showed the extent states use active humans to pursue a restricted technical goal with the aim of facilitating policy implementation through diplomacy.

Diplomatic missions are a facet of diplomacy intended to create a platform for knowledge production, government representation, and bureaucracy.²¹ The study analyzed insights from the observation of Western embassies following the revolt against President Hosni Mubarak of Egypt in 2011. The review showed that diplomatic missions are not limited to the social agendas but extend to the political and knowledge production, which should enable countries to support each other. However, the success of diplomatic agendas depends on the engagement of non-state actors, but they must have the analytic competence to prevent a crisis.²² Nevertheless, the study failed to mention the essential relationship between the missions and economic integration and development before or during the reign.

1.5.2.2 The Role of Diplomatic Missions in promoting International Trade

International trade is a product of countries having an absolute advantage in the production of particular goods according to Adam Smith.²³ In this model, a country can be able to produce goods and services at a lower production cost relative to another country. Therefore, the second country prefers thus to purchase the products from the first country creating an avenue for international trade. However, Adam Smith's theory had its limitations because it did not recognize the

²⁰ Constantinou M. Costas, "Between Statecraft and Humanism: Diplomacy and Its Forms of Knowledge", *International Studies Review*. (2013): 141.

²¹ Cornut Jérémie, "To Be A Diplomat Abroad: Diplomatic Practice At Embassies", *Cooperation and Conflict* 50, (2015): 385.

²² *Ibid.*, 401.

²³ Charles, Marrewijk. "Absolute advantage". Department of Economics, Erasmus University Rotterdam: world economy. (January 18, 2007) Princeton University Press.

importance of international relations in trade. It is possible for a country to neglect transactions with a potential trading partner, according to Adam Smith's model, because of turbulent relations between the two.²⁴

Modern international trade recognizes the importance of international relations despite having an absolute advantage over the trading partner. As a result, every country tries to establish diplomatic missions with other countries to promote trade with such countries. Therefore, Adam Smith's model has been refuted by modern international trade even though his model bears some level of truth. Adam Smith gives an example that it is possible to grow grapes in Scotland and produce wine but the investment would cost thirty times more than the cost of purchasing an equal amount from a foreign country.²⁵

African countries have faced lop-side international trade with the outside world despite their efforts at ED. Some countries have argued that meddling by the IMF and the WB in African affairs is the main cause of the economic decline in Africa. Another major cause of the decline in Africa is political stability, for instance, countries like Libya, Somalia, Sudan, and the DRC among others. Most countries, therefore, avoid diplomatic missions in these war strife countries despite their absolute advantage in various products.²⁶ For instance, few countries trade with Sudan or Libya despite their oil fields. It is thus worth noting the role of diplomatic missions in promoting international trade.

Africa has the largest number of regional trading blocs, all of which try to promote international trade in the region and with the rest of the world. However, over 14 trading blocs, according to the

²⁴ Adam Smith, T. Cadell and W. Strahan. *An Inquiry into the Nature and Causes of the Wealth of Nations*. 1776.

²⁵ Ibid.

²⁶ Ibid.

United Nations Department of Public Information, have failed to improve intra-African trading. Therefore, bilateral relations through the establishment of diplomatic missions between the two countries is the only hope for international trade between African states. For instance, Kenya and Uganda have forged trade deals through their diplomatic missions in an effort to promote economic integration by promoting trade between the two countries. As a result, Uganda has remained to be Kenya's largest export market mainly because Uganda is a landlocked country with better relation with Kenya compared to its neighboring countries. According to the Central Bank of Kenya, there was an increase in exports in 2017.²⁷ However, diplomatic missions are established in many countries in order to maximize international trade even on a global scale.

For example, Kenya established diplomatic missions in Pakistan following their relations dating back to 1960s. through these diplomatic missions, Kenya has increased trade with Pakistan. For example, Pakistan imported goods worth 256 billion Kenya shillings from Kenya becoming the second-largest trading partner in Asia after the United Arab Emirates as of 2012. The Kenyan high commission in Pakistan is in Islamabad. Deteriorating relations between Kenya and Uganda saw Pakistan take the led position as the top export market between the years 2012 and 2017.²⁸ Kenya has seen an increase in international trade especially in countries where Kenya has deployed diplomatic missions.

1.5.2.3 The Role of Diplomatic Missions in Promoting FDI

A study conducted concerning China's relations and the countries where it has diplomatic missions showed improved trade and outward investment from this country. It was observed that China has

²⁷ Mutua, John, Bonface Otieno, and Bonface Otieno. "Uganda Regains Kenya's Top Export Market Position." Business Daily. March 04, 2019. Accessed June 13, 2019. <https://www.businessdailyafrica.com/economy/3946234-5007996-yydsw2/index.html>.

²⁸ Ibid

over 131 diplomatic missions in various developing countries and a few developed countries.²⁹ China improved the quality and amount of FDI in the countries where favorable relations exist in addition to regular diplomatic missions in those countries.³⁰ Using China as an example, establishing diplomatic missions in a country is not enough to secure relations with the country. The embassy must try to always improve relations between the two countries and continually negotiate better trading deals. Therefore, Chinese diplomatic missions create a bridge for its companies and firms in the host country promoting FDI. On the same note, a neutral environment is created for foreign investors in both countries thus promoting knowledge and technological exchange between the countries.

A research conducted in Burma concerning diplomatic missions in Burma clearly highlighted the role of embassies in promoting FDI.³¹ The findings established that the relations between Burma and other countries played a major role in motivating firms to establish business operations in the country. The firms responded to political freedom created by good relations between Burma and the firm's home countries.³²

Kenyan companies have set up operations in Uganda, for example, Equity Bank, Kenya Commercial Bank, and Nakumatt. The diplomatic missions, thus, have encouraged Foreign Direct Investment of Kenyan companies to Uganda. Uganda had 629 foreign investment projects, as of the year 2000 according to UNCTAD.³³ 117 projects are from Kenya coming second behind

²⁹Jianhong Zhang, Jiang Jiangang and Zhou Chaohong. Diplomacy And Investment – The Case Of China, *International Journal Of Emerging Markets* 9, no. 2 (2014): 216.

³⁰ Ibid.

³¹ Sarah S., Laszlo T, and Anand S. *The Diffusion of Foreign Divestment from Burma; Strategic Management Journal* 35, no. 7 (2013): 1032.

³² Ibid.

³³ UNCTAD. "Foreign Direct Investment in Uganda." Uganda United Nations Conference on Trade and Development (UNCTAD) Investment Policy Reviews, 2000, 3-20. doi:10.18356/47a26a75-en. 5.

Britain with 165 foreign-owned projects in the country. The healing of Uganda started with President Yoweri Museveni with the welcome of the exiled Ugandan Asian community during Id Amin' rule in 1972.³⁴ Before the expulsion by the Ugandan dictator, about 70,000 individuals from the exiled community were in various forms of business. Some of these exiles have established businesses in Kenya in addition to various Ugandan companies based in Kenya following the economic integration promoted by diplomatic missions in the two countries.

1.5.2.4 The Role of Diplomatic Missions in Promoting Industrialization

A nation cannot prosper without international trade which in some cases involves the exchange of knowledge and technology. Knowledge and technology are the foundations of industrialization in any country. Therefore, diplomatic missions create a platform for these exchanges thus promoting manufacturing processes. According to the United Nations, the biggest problem facing Africa is the fact that it produces products it cannot consume and consumes products it cannot produce, hence the need for industrialization in Africa and other developing countries.³⁵ This is also the primary reason for the failure of regional integration in Africa. Since neighboring African countries can barely help each other in promoting industrialization without donor funding.

However, industrialization is loosely related to FDI in the country because some FDIs can be in the form of manufacturing firms. For example, Coca-Cola is among the largest companies in Kenya and it was established through FDI. Other foreign manufacturing companies established in Kenya through FDI include Heineken, KenGen, Toyota, and Mitsubishi among others.³⁶ All these

³⁴ UNCTAD. "Foreign Direct Investment in Uganda." Uganda United Nations Conference on Trade and Development (UNCTAD) Investment Policy Reviews, 2000, 3-20. doi:10.18356/47a26a75-en. 5.

³⁵ UNDPI. "Trade in Africa: Unfinished Business." *AfricaRenewal*28, no. 2 (August 2014). Accessed June 13, 2019. United Nations Depart of Public Information

³⁶ Kwach, Julie. "List of 15 Best International Companies in Kenya in 2019." Tuko.co.ke - Kenya News. April 05, 2019. Accessed June 13, 2019.

companies were established due to good relations between Kenya and their home countries which were established by diplomatic missions to the countries.

Industrialization can also be promoted through direct diplomatic negotiations. For instance, China through its diplomatic missions in Africa has established various companies and industries in these countries.³⁷ For instance, most of the engineering work in Kenya are constructed by Chinese companies like the Standard Railway Gauge and major roads in Kenya.

In some cases, developing countries can negotiate deals that will improve industrialization in their countries. For instance, negotiations between Kenya, Uganda, and Rwanda oversaw the development of the Standard Gauge Railway project which would create an avenue for industrialization in all countries by solving the poor transport problem.³⁸ Kenya and Uganda have had problems concerning the project which threatened the relations between the two countries. Uganda requires Kenya to complete the SGR project up to Malaba before it can start its phase A of the project.³⁹

1.6 Justification for the Study

Academic Justification

The study will complement existing literature on the role of diplomatic missions in economic development.

³⁷ Garnaut Ross. "China's Role in Global Climate Change Mitigation" *China & World Economy* 22, (2014):3.

³⁸ "Region's Joint Mega Railway Project at the Crossroads." *The East African*. January 28, 2019.

³⁹ *Ibid.*

Policy Justification

The study is significant as it will assist policymakers to come up with adequate and meaningful policies that are going to promote economic development by increasing trade inflows and outflows, more FDI, more employment opportunities, therefore, boosting the country's economy.

General Public Justification

The study is important as it will create public awareness on the importance of diplomatic missions and the role they play in the economic development.

1.7 Summary of Gaps

The study shows the extent diplomatic missions might play a crucial role in the economic prominence of the hosting countries. The studies have documented diverse countries from both developed and developing nations but with minimal focus on Kenya. Despite Kenya having a vast diplomatic mission's presence, studies are yet to affirm the specific role they play in the economy. Furthermore, few studies have provided an account of embassies or consulates in the hosting nations despite them being the primary source of relevant information needed to understand the diplomacy-economy relationship. Further studies will suffice so that the role of the missions can be understood clearly.

1.8 Hypotheses

The study will try to accept or reject the hypotheses listed below, which were developed as per the gaps in the existing studies:

1. Kenyan diplomatic mission to Uganda has promoted increase in international trade between Kenya and Uganda.

2. Kenyan diplomatic mission to Uganda has led to increased Foreign Direct Investment from Uganda
3. Kenyan diplomatic missions to Uganda has led to increased industrialization in Kenya.

1.9 Theoretical Framework

According to Lee and Hudson (2004), diplomacy has been approached by economists using neorealist and realist frameworks. However, these approaches result in state-centric analyses of diplomacy and its role in safeguarding a nation's interests. Therefore, this study is guided by ED theory thus ensuring that the understanding of the role of diplomatic missions on economic integration is outside the narrow state-centric political agendas. The theory is especially useful in understanding economic relations since they can be quantified, measured and represented statistically.

The ED theory is founded on the economic theory which was proposed by Adam Smith, an economist.⁴⁰ Therefore, the strategies employed by the Kenyan diplomatic mission in Uganda can be statistically measured and analyzed to establish its role in economic integration and development. Diplomatic missions are controlled by the Ministry of Foreign Affairs and International Trade, thus fulfilling the proposition by John Maynard. Maynard proposed increased government participation and control in foreign affairs relating to economics.

Recently, there shifts in the study of diplomacy have been significant both conceptually and ontologically.⁴¹ Among the main proponents of this theory is Dubravko DUBY ZIROVIC in his paper "Theoretical Principles of Economic Diplomacy"⁴² and Brian Hocking et al "Economic Theory".

⁴⁰ Region's Joint Mega Railway Project at the Crossroads." *The East African*. January 28, 2019.

⁴¹ Donna, Lee and Hocking Brian. 'Economic Diplomacy' in Robert A. Denemark (ed.) *The International Studies Encyclopedia*, Vol. II, pp 1216-1227. (2010) Wiley Blackwell.

⁴² DUBY, ZIRO, *Theoretical Principles of Economic Diplomacy* (January 4, 2016).

Both articles emphasized the importance of ED. The ED theory has been, therefore, studied and advanced by scholars further than the security nexus. Therefore, the theory is adopted in this case because it highlights the importance of various economic actors to diplomacy.

1.10 Research Methodology

The study utilized both Primary and Secondary data.

1.10.1 Research Design

The study used a mixed-methods approach to complement traditional quantitative and qualitative research methods. Therefore, the researcher mixed the techniques, approaches, concepts, and languages of both qualitative and quantitative research. It thus acted as a third research movement that offered a logical and practical alternative. The main processes involved in this research design was the use of induction, deduction, and abduction. Basically, the researcher identified patterns in the collected data, and test the formulated hypotheses.⁴³

Triangulation was used in data collection where more than one data collection method was used on the same topic assuring the validity of the research. In this study, different data collection methods like the use of questionnaires and interviews were used. The data collection tools were applied to different types of samples in an effort to capture different dimensions of the same phenomenon as required in Data Triangulation.

Therefore, in-depth interviews were conducted where key stakeholders in the Ministry of Foreign Affairs and International Trade, the Ministry of Industrialization and Enterprise Development, and the Ministry of Tourism was considered. The interviews provided insight into the role of Kenyan diplomatic mission to Uganda from different perspectives. In addition, questionnaires were

⁴³ Waal, C. *On Peirce*. Belmont, CA: Wadsworth. (2001)

administered to different sample groups to complement interviews and provide a different perspective of the research questions.⁴⁴ The study established the role of the diplomatic mission on economic integration or development with utmost accuracy.

1.10.2 Research Site

The study was based in Nairobi where the Ugandan diplomatic mission, Ministry of Industrialization and Enterprise Development, Ministry of Foreign Affairs and International Trade, and the Ministry of Tourism are located. The Ministry of Foreign Affairs and International Trade made diplomatic inroads with the sole aim of improving the economic status of Kenya since 2013. The 2016-2018 diplomatic strategy contains the economy as one of the key pillars of diplomacy. For this study, the researcher only focused on the Kenyan Diplomatic mission to Uganda and how the embassy has influenced economic integration and development.

The Ministry of Industrialization and Enterprise Development pursues implementation of programs intended to improve the Gross Domestic Product (GDP) of Kenya beyond 10% in accordance with Vision 2030. Economic diplomacy is an integral element of the industrialization and enterprise improvement blueprint. Conversely, Ministry of Tourism safeguards Kenya's tourism interests considering it has been one of the principal pillars of Kenya's economy. Additionally, Kenya has at least 85 diplomatic missions.

1.10.3 Target Population

The study targeted the three principal secretaries from the Ministry of Industrialization and Enterprise Development, Ministry of Foreign Affairs and International Trade, and the Ministry of Tourism. In addition, the study consulted the Ugandan Embassy located in Nairobi. Key heads

⁴⁴ Lisa A. Guion, Debra McDonald, and David C. Diehl. "Triangulation: Establishing the Validity of Qualitative Studies"

from the diplomacy departments provided the proper perspective of how the past diplomatic missions have translated into a better economic status for Kenya.

Moreover, the research targeted large businesses pursuing or undertaking local as well as international business operations specifically in Uganda. Also, Ugandan businesses conducting their operations in Kenya were considered for this study. For this study, the researcher focused on KCB Bank and Equity Bank.

1.10.4 Sample Size

According to Michener and Miaoulis, determination of the correct sample size is crucial for it depicts the variability in the attributes, the level of precision of the attributes, and the level of confidence for the hypothesis testing.⁴⁵ Therefore, these factors influence the sample size selection criteria. On the other hand, several factors affect the sample size required for a particular research study, for instance, the size of the population, the objective of the study, and the risks involved with sampling size error.

The study used a simplified formula for calculating the sample size that was proposed by Yamane Taro.⁴⁶ The formula is used to calculate the sample size for proportions from different agencies and ministries. The formula used is shown below.

$$n = \frac{N}{1 + Ne^2}$$

Where n is the sample size, e is the level of precision required by the study, and N is the population size. Assuming a population of 100 senior officials in the ministry of Foreign Affairs and

⁴⁵ Miaoulis, R. D. Michener, and George. An Introduction to Sampling. Dubuque, Iowa: Kendall/Hunt Publishing Company. 1976

⁴⁶ Yamane, Taro. Statistics, An Introductory Analysis, 2nd Ed., New York: Harper and Row. 1967

International Trade, and a precision level of 0.05 also called the confidence level in hypothesis testing. The sample size is given as shown below.

$$n = \frac{100}{1 + (100 \times 0.05^2)} = 80$$

However, the researcher considered an adjustment in the sample size to accommodate for unforeseen circumstances and comparative analysis of subgroups.

1.10.5 Research Tools

The research used questionnaires and interviews to collect data from the Ministry of Industrialization and Enterprise Development, the diplomatic missions, Ministry of Foreign Affairs and International Trade, Ministry of Tourism, and Ministry of East African and Commerce Affairs. Interviews with the high commissioners, principal secretaries, and key departmental heads provided insightful opinions about the phenomenon under scrutiny and promoted a high response rate for the study. The interviews ensured an in-depth examination of the research problem from the key ministries expediting the ED agenda. The researcher made appointments with each ministry to notify them about the intention and purpose of participating in the study.

Questionnaires were sent out to small and large business persons with investments in Uganda. Questionnaires are easy to analyze and have significant familiarity with the respondents including executives of businesses across Nairobi. The data collection tool allowed for the collection of large amounts of information within a short period and most cost-effective way. Additionally, the study objectives facilitated the development of questionnaires and interview schedules.

The study also utilized secondary data so that the findings would be founded on facts. The researcher focused on collecting data on the overall GDP trend, trade-in and outflows, employment, industrialization and the key economic partnership made in 2013-2017 following the implementation of diplomatic mission frame.

1.10.6 Data Analysis

Thematic analysis from Qualitative data analysis were the principal data analysis approach. The interviews necessitate a thematic analysis as the main data analysis technique.⁴⁷ The Questionnaire utilized Quantitative data analysis to effectively facilitate the computing of information by forms of bar graphs, pie charts, and percentages. Following the data collection, the principal investigator identified the themes arising from the responses. However, the themes were followed up by subsequent interviews for clarification purposes. The process involved reading through the interviews to identify the general themes.

The procedure further involved micro-analyzing the results sentence by sentence to identify the major ideas or concepts as recommended.⁴⁸ The aim was to establish precise, complete, and general concepts within the realm of diplomatic missions focused on economic betterment of Kenya. Thematic analysis promoted research flexibility,⁴⁹ which enabled the study to find convincing findings to answer the research questions. The flexibility ensured rich, detailed, and complex description of the results gathered from the respondents through the questionnaires and interviews as well as secondary data.

⁴⁷Guest Greg, Namey Emily and MacQueen Kathleen, *Applied Thematic Analysis* (Los Angeles: Sage Publications, 2012).

⁴⁸Ibid., 23.

⁴⁹ Sieber, *The Ethics of Social Research*, 57.

The thematic analysis approach was inductive considering the research established codes and themes from the content of the data gathered from the interviews, questionnaires and selected secondary sources. The inductive process involved familiarization with the data, coding, searching for themes, and reviewing, defining, and naming themes.⁵⁰ The process was time and cost-efficient.

1.10.7 Instrument's Reliability and Validity

Conducting a pilot study helped in building the validity of questionnaires and interview schedules, quantitative approaches such as descriptive surveys elicit content validity.⁵¹ The response of the participants in the pilot informed a study that has varying questions in response to the different profile of the survey sample. Additionally, the study ensured that questionnaires and interviews gather the intended data as per the objective of the research to achieve reliability.

The researcher ensured that the information analyzed from the different ministries showed consistency. The consistency of the information prevented the study from presenting diverging or general statements about the role of diplomatic missions on the economic development in Kenya. Additionally, the study drew conclusions in the most accurate and complete way but in line with the results of the study. The approach promoted the validity of the research. The research collected adequate information to prevent errors that led to poor reliability and validity.

1.10.8 Ethical Considerations in the Survey

The researcher sought research approval from the University of Nairobi and the National Council of Science, Technology and Innovation as necessitated by research on human beings. The study made sure it did not violate the rights of the human subjects upon approval by the University of

⁵⁰ Guest et al, *Applied Thematic Analysis*, 89.

⁵¹ *Ibid.*, 189.

Nairobi's review board. Having said that, both the university and the researcher were legally protected from implications arising from unethical behavior.

On the other hand, respondent participation was at their own will, but the study sought consent from the respondents. A letter of consent outlined the purpose, survey procedure, risks, benefits, and alternatives to participation. Moreover, the data from the questionnaires and interviews were kept confidential, anonymous, and private. The study ensured that the information did not provide use, modification, loss, unauthorized access, or disclosure. The process sustained the trustworthy relationship between the participants and the researcher.⁵²

1.10.9 Possible Limitations in the Study

The researcher anticipated difficulty by bureaucratic red tape in accessing the targeted government ministries. However, the researcher was optimistic that a letter from the University clearly stating that the information required is for academic purposes only possibly overcame the challenge. Also, accessing the High Commissions presented entry challenges despite making early appointments with the respondents. However, the researcher was not discouraged by their busy schedule and soldiered on until a successful meeting with the high commissions.

1.10.10 Delimitations in the Study

The researcher excluded top officials in various ministries from the research in spite of the fact that they are within the target population. The decision was based on the difficulty of getting an appointment with these officials. Some of the members of staff excluded from this study were Cabinet Secretaries and various directors in these ministries. In addition, the researcher veered from the scope of the research and interview some businessmen in the country and other experts

⁵² Sieber, *The Ethics Of Social Research*, 90.

in the field in order to obtain a divergent view of the subject matter from both the ministries and the citizens as well.

1.11 Scope of the Study and the Rationale

The aim of the study was to evaluate the role of Kenyan diplomatic mission in Uganda in promoting economic integration and development. More specifically, the study evaluated the role of the Kenyan embassy in Uganda in promoting trade between the two countries between the years 2013 and 2018. Therefore, the effectiveness of the Kenyan FP that was implemented was tested. Also, the study evaluated how the Kenyan diplomatic mission in Uganda has influenced Foreign Direct Investment from Uganda between 2013 and 2018. Finally, the study tested the role of the Kenyan diplomatic mission in Uganda in promoting industrialization in Kenya.

1.12 Chapter Summary

This study highlights the various Kenyan diplomatic missions and relations in the introduction section of this chapter. Based on the topic of the study, the problem statement motivating the research is highlighted thus informing the objectives of the study and the research questions. The theoretical literature review section covers three theories on diplomatic missions based on the objectives of the research while the empirical literature review relates the objectives of the study with case studies based on Africa and the rest of the world.

The research methodology uses a mixed-method approach to test the hypotheses formulated based on the research questions. The research is based in Nairobi where the target population resides, that is, the Ministry of Foreign Affairs and other ministries. The data triangulation is used to collect data using interviews and questionnaires as the primary research tools. The chapter also highlights

the instruments' reliability as well as the limitations, delimitations and the scope and the rationale of the study.

Chapter two tackles the role of Kenya's diplomatic mission to Uganda in promoting international trade where its main focus is on the history of Kenya and Uganda trade. Uganda being one of Kenya's biggest exporter. Chapter three analyses the role of Kenya's diplomatic mission to Uganda in promoting FDI and industrialization. Chapter four analyses and presents the data collected by the researcher. Finally, chapter five will present the conclusions drawn from the study and recommendations for the study.

CHAPTER 2

THE ROLE OF KENYAN DIPLOMATIC MISSIONS TO UGANDA IN PROMOTING INTERNATIONAL TRADE

2.0 Background

Apart from the bilateral relations between Kenya and Uganda, the nation's share several regional blocs which have also promoted international trade in the region. The bloc established the EAC customs union in 2005 that eliminated tariffs and established a three-band common external tariff (p1). The customs have since promoted regional integration between the three countries. The East African Community was established in 1999 after the treaty was signed in Arusha on 30 November 1999.⁵³

Uganda is among Kenya's major trading partners in Africa. As of the year 1992, Uganda was the number one trading partner in Africa and only number three in the rest of the world. However, Uganda was surpassed by Tanzania as the largest export destination of Kenya's products in 2013. Although relations between Kenya and Uganda have been turbulent, international trade between Kenya and Uganda has continued unabatedly since Uganda is a landlocked country that relies on the Kenyan ports from imports and exports.

Kenya developed its first FP in 2013 with an aim of promoting peace and prosperity in Kenya. Diplomatic missions promote countries FP abroad, for example, ED, peace diplomacy, and diaspora aspect among others. Therefore, Kenya's diplomatic mission in Uganda tries to promote the five pillars of FP in Uganda. This improves international trade between the two countries by negotiating favorable trade tariffs and the removal of trade barriers between the two countries.

⁵³ "History of the EAC." EAC History. Accessed July 02, 2019. <https://www.eac.int/eac-history>.

Kenya and Uganda are partners in trade formally and informally. Unfortunately, the informal trade between the nations is not well documented and is referred to as the Informal Cross-Border Trade. This type of trade is all the unrecorded business transactions that occur across the border between Kenya and Uganda. Due to its informal nature, the traders usually do not submit tax returns which results in the trade not being captured in the national accounts.⁵⁴

However, this form trade also relies on countries relations and by extension diplomatic missions between the two countries. The main participants of this form of trade individual traders small and medium-sized enterprises. The traders involve the migrants, locals, and refugees particularly from Somalia, Sudan, and Ethiopia living near the border.

Since Uganda is the largest trading partner the amount of informal trade is also substantial for agricultural, industrial products, and forest products. According to Ackello-Ogutu 1997, the estimated annual value of informal trade between Uganda and Kenya was 146 million us dollars while the annual value of informal trade was 96 million in us dollars between 1994 and 1995.⁵⁵

Therefore, the value of trade between Kenya and Uganda is underestimated informal documents. The main items of the trade include maize, beans, sorghum, rice, fish, cassava, and yam among other products. Other imports include re-exports of textiles, charcoal, and bicycle and car parts. Foodstuffs that are commonly traded between Kenya and Uganda include maize flour, milk, bread, sugar, and salt among others.⁵⁶

⁵⁴ Ackello-Ogutu, C., and P.N. Echessah. Unrecorded Cross-Border Trade between Kenya and Uganda: Implications for Food Security. (1997)

⁵⁵ Ibid.

⁵⁶ Ibid.

2.2 History of Kenya and Uganda Trade

The formal trade between Kenya and Uganda has been constrained by a myriad of factors like trade barriers, tariffs, and poor diplomatic relations between the two countries which have given way for the development of informal trade. Diplomatic missions thus try to pave way for formal trade between Kenya and Uganda. By so doing, Kenyan diplomatic missions to Uganda tries to reduce high sales taxes while reducing the bureaucratic red tape in imports and exports to the country.

As of September 21, 2015, according to Trade Mark East Africa, Kenya's exports to Uganda have increased to more than double.⁵⁷ The data released by the Kenya National Bureau of Statistics showed that Uganda's imports from Kenya were worth over 90 million US dollars in July of 2015 and over 44 million in June. The increase from June to July is more than double all thanks to good trade relations between the two countries.⁵⁸ Kenya's diplomatic mission to Uganda has never recorded an amount that high in a single month clearly showing success in promoting economic integration. Kenya outshines the landlocked neighbor in almost all aspects ranging from economy, population, to agricultural and industrial production.

Trade Mark East Africa stated that the average worth of Kenya's exports to Uganda ranges between 40 to 45 million US dollars per month since the beginning of 2015. In the past years, the total average per month has been around 30 million US dollars per month. Therefore, 2015 was a record-breaking year in terms of international trade between Kenya and Uganda. For the first half of the year, Kenya recorded a warping 253 million US dollars which were a huge increase compared to

⁵⁷ "Kenya Exports to Uganda in July Have Now More than Doubled." TradeMark East Africa. September 21, 2015. Accessed July 02, 2019.

⁵⁸ Ibid.

238 million US dollars recorded in the first half of the year 2014.⁵⁹ This is a clear indicator of the importance of good relations between Kenya and Uganda through their diplomatic missions which set the avenue for international trade. Uganda is thus depended on Kenya for goods shipped from other countries through the sea and Kenyan produced goods as well. On the other hand, Kenya mainly imports agricultural products from Uganda and sometimes energy for the western part of the country.

Therefore, the trade balance between Kenya and Uganda dips on the Kenyan side which causes slight turbulence in the Kenya Uganda relations. Since Uganda is a very crucial trading partner to Kenya, President Uhuru Kenyatta visited Uganda as part of a high-profile diplomatic state visit in order to try and correct the imbalance with the aid of the Kenyan diplomatic mission to Uganda. The president traveled to the country on June 2015 in the execution of one of the pillars of the newly created FP called the ED pillar.⁶⁰

During the trade negotiations, the two countries agreed on a deal for Kenya to import sugar from Uganda since the country produces a surplus of about 26,000 tons of sugar.⁶¹ The deal would try to rectify the trade imbalance between the trading partners in efforts of maintaining the existing trade relations between the countries. however, Kenya has been keen on increasing the total exports to Uganda which are mainly composed of tea, horticulture, coffee, and tourism among others.

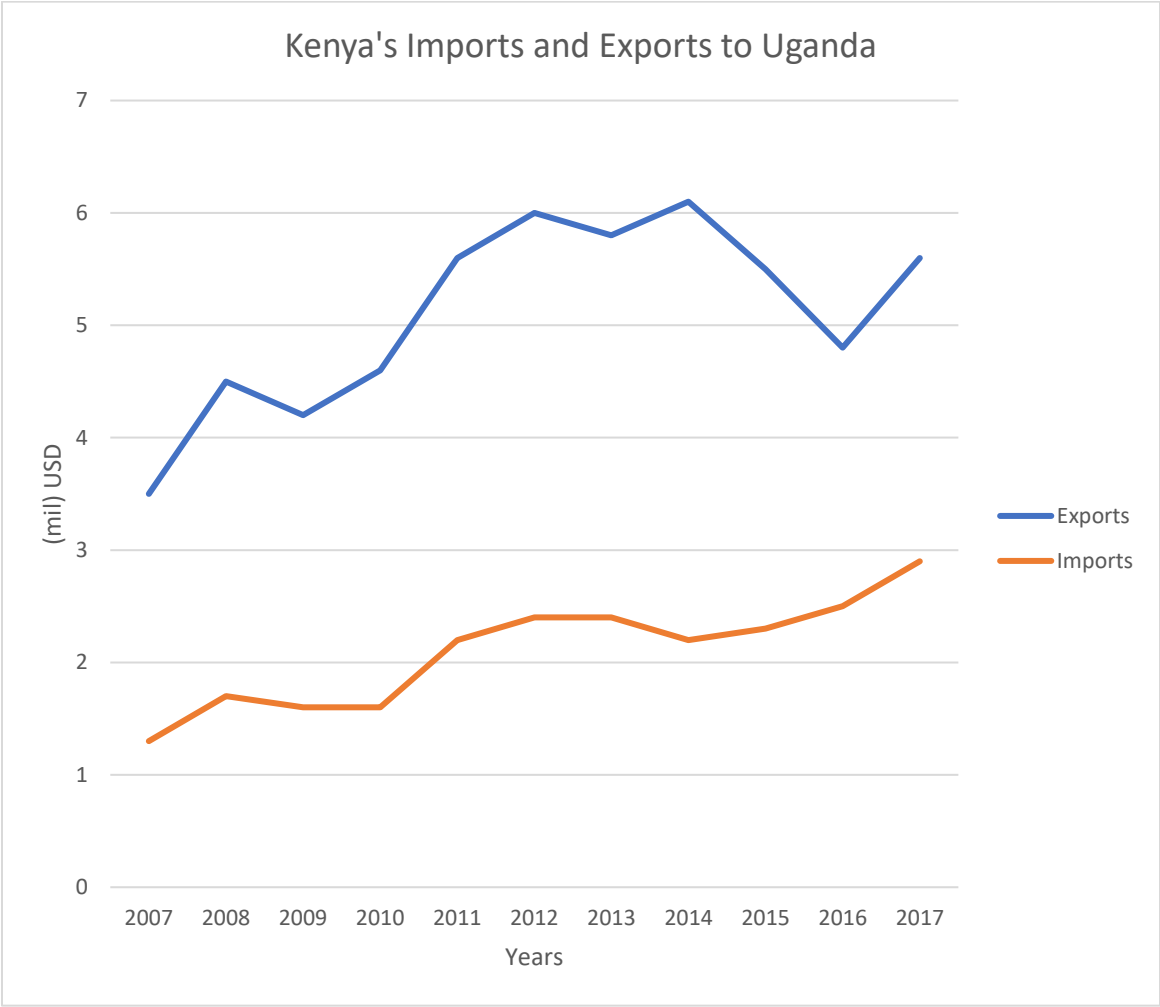
⁵⁹ Kenya Exports to Uganda in July Have Now More than Doubled." TradeMark East Africa. September 21, 2015. Accessed July 02, 2019.

⁶⁰ Ibid.

⁶¹ Ibid.

The following table contains data obtained from the world bank group for the Kenya exports and imports to and from Uganda. The data contained ranges from the year 2007 and culminates in the year 2017 thus showing a 10-year fluctuation in the imports and exports between the two countries.

Figure 2.1: Kenya's Imports and Exports to Uganda⁶²



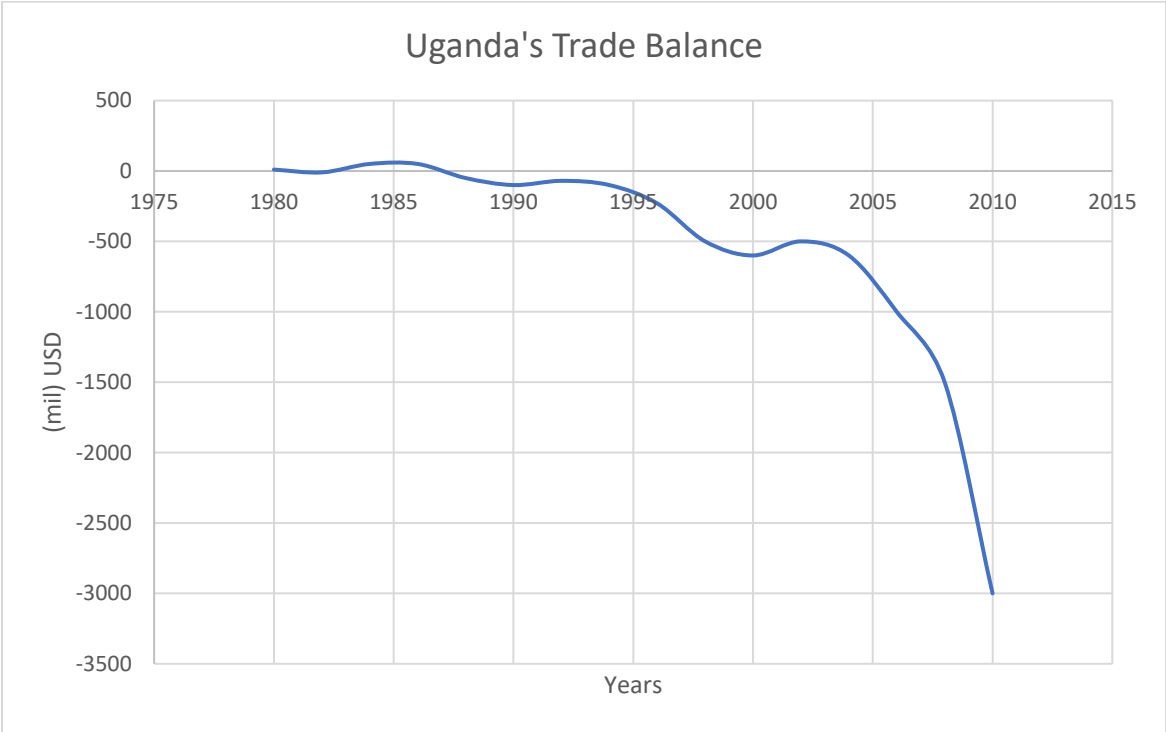
The table above clearly shows the trading imbalance that exists between Uganda and Kenya. The export plotline never crosses the import plotline, meaning that the exports from Kenya to Uganda never equals the import from Uganda to Kenya. The dip in both imports and exports in 2007 can

⁶² "Uganda Trade Summary." WITS. Accessed July 02, 2019. <https://wits.worldbank.org/CountryProfile/en/Country/UGA/Year/2012/Summarytext>.

be attributed to the global financial crisis which caused a significant decline in international trade around the globe.

The trade imbalance between Kenya and Uganda is illustrated by the table below according to the UNCTAD 2012.⁶³ The imbalance comes from the fact that most African countries produce similar products which means it is hard to get market within Africa. For that matter, the main market for Ugandan products is Europe where 40% of the goods exported from Uganda are shipped to European markets (Khorana 2009).⁶⁴

Figure 2.2: Uganda Trade Balance, Million USD⁶⁵



⁶³ "Uganda Trade Summary." WITS. Accessed July 02, 2019. <https://wits.worldbank.org/CountryProfile/en/Country/UGA/Year/2012/Summarytext>.

⁶⁴ Ibid.

⁶⁵ United Nations Conference on Trade and Development (2012)

2.3 Kenya and Uganda Trade Relations

The relations between Kenya and Uganda have been deteriorating due to the breach of the contract that was formulated during the standard railway gauge agreement. The agreement was between Kenya, Rwanda and Uganda stipulating that the three countries and railway lines in the country in order to link the 1500 km line.⁶⁶ Uganda went back on the word Anthropologie to complete a full section of the SGR project before they start phase 1 of the project despite the fact that Kenya has completed its railway from Mombasa to Nairobi.

The actual cost of the project could cost Kenya about 750 billion shillings to construct Railway line from Mombasa to Malaba most of that money comes from money given by the China government. Uganda has been reluctant to construct an end because of the high debts the project was with. The project is beneficial to the Ugandan farmers on the Kenyan farmers because it opens new markets within East Africa and the rest of the world.⁶⁷

Based on these turbulent relations between the countries combined with the trade imbalance that does not favor Uganda. Uganda started to impose high tariffs as a measure to reduce Kenyan exports to Uganda. For example, the country imposed a 12 percent excise duty on meat, juices and pharmaceutical products from Kenya reducing the volume and value of exports to Uganda according to the Ministry of Foreign Affairs and International Trade.⁶⁸

The Kenyan meat has been blocked from the Ugandan market for nearly 17 years following the mad cow epidemic in Kenya.⁶⁹ This has devastated Kenyan livestock farmers who have been

⁶⁶ United Nations Conference on Trade and Development (2012)

⁶⁷ Ibid

⁶⁸ Mutambo, Aggrey. "Questions Surround Kenya-Uganda Talks." Bad Deal? Questions on Kenya-Uganda Import Talks. March 31, 2019. Accessed July 03, 2019. <https://mobile.nation.co.ke/news/Questions-on-Kenya-Uganda-import-talks/1950946-5049362-item-1-gyhpm1z/index.html>.

⁶⁹ Ibid.

pleading with the Kenyan diplomatic mission to Uganda to try an open a market for them since Uganda is the largest trading partner of Kenya. The livestock farmers and producers of other heavily taxed products like fruits, juices, and pharmaceuticals can finally sigh with relief after the Ugandan government opened these markets to Kenya.⁷⁰ The moved was motivated by the Kenyan government's offer of land in Naivasha where Uganda can construct their inland port. The Kenyan diplomats argued that this a big step in cementing a long-term commercial tie with Kenya's most important trading partner.⁷¹

The decision sets the ground for regional economic integration where at some point the two countries would open their boundaries to each other for the sake of trade. The inland port would be linked with the SGR project, that is, products from the port of Mombasa can be shipped through the railway line through the Ugandan port to Uganda. The decision has been faced with criticism but Mr. Namwamba assured the public that the decision is in line with Kenya's FP mission to project, protect and promote the image of Kenya through building a peaceful and prosperous Kenya.⁷² The terminal would also provide employment for both Kenyan youth and Ugandan youth because the terminal would increase the cargo haul of the Railway project.⁷³

The Ugandan President confirmed that the Kenyan government, represented by President Uhuru Kenyatta, gave Uganda land in Naivasha for the construction of an inland port. Based on the show

⁷⁰ United Nations Conference on Trade and Development (2012)

⁷¹ Ibid.

⁷² Mutambo, Aggrey. "Questions Surround Kenya-Uganda Talks." Bad Deal? Questions on Kenya-Uganda Import Talks. March 31, 2019. Accessed July 03, 2019. <https://mobile.nation.co.ke/news/Questions-on-Kenya-Uganda-import-talks/1950946-5049362-item-1-gyhpm1z/index.html>

⁷³ Ibid.

of goodwill in March 2019 as part of the role of the Kenyan diplomatic mission to Uganda, president Museveni indicated that Uganda was going to engage its trade partnerships with Kenya.⁷⁴

This has renewed the Standard railway Gauge project partnership which Uganda was reluctant to participate despite their previous agreements. The Ugandan government has shown interest in renewing their old meter-gauge railway connecting the country to South Sudan instead of the SGR link from Kampala to Malaba in Kenya. They had claimed that the railway link is too expensive and does not have the real promise of value. However, the Kenyan gift to their largest trading partner has shown some light on the possible advantages of the SGR project to the landlocked country. Therefore, that single diplomatic move by Kenya will improve trade between Kenya and Uganda in the short-term through renewed relations and the long-run as Uganda opens other markets for Kenya like the Democratic Republic of Congo, Central Africa, and Rwanda among others.⁷⁵

During the same sitting, the two presidents agreed on the importance of extending the SGR to Kampala via Malaba. The countries also agreed to put the Migingo issue to rest diplomatically based on their renewed relations and realization that the two countries benefit grossly through cooperation compared to hostility according to President Uhuru Kenyatta.⁷⁶ Has part of the diplomacy strategy, president Museveni was given an opportunity to travel to Nairobi using the SGR.

Moving backward to the year 2018, the Kenya Uganda relations hit a huge blow as Uganda backstabbed Kenya in regional trade. Kenya, on the other hand, decided to remain ignorant and

⁷⁴ Ukaya, Brian. "Uhuru Gifts Museveni Naivasha Land to Build Port." The Standard. Accessed July 03, 2019. <https://www.standardmedia.co.ke/article/2001318533/uhuru-gifts-museveni-naivasha-land-to-build-port>.

⁷⁵ Ibid.

⁷⁶ Ibid.

valiant despite Uganda's move to flood Kenyan market with illegal imports from Uganda.⁷⁷ These products were purchased from China and other regional markets by the Ugandan government in efforts of failing the Kenyan local market through cheap products. In some cases, these imports were flown directly from China to Uganda without passing through Mombasa port where goods are inspected and prizes regulated to protect local markets.

Although this was an act of war from Uganda, the Kenyan government through its diplomatic missions to the country did not respond.⁷⁸ This diplomatic strategy by the Ministry of Foreign Affairs and International Trade was aimed at protecting the bigger picture where Kenya recognizes that Uganda is the largest export destination for Kenyan products. In hindsight, the strategy was a clever move in protecting international trade between the two countries although it was heavily criticized.⁷⁹

This is because a few months later, the diplomatic mission to Uganda transformed the import-export curve restoring Kenya as the largest export destination. As of June 2019, Kenya and Uganda's trade as increased as well as their relations improved, a goal that could have been hard to achieve had Kenya ruined their relations with Uganda over failed tricks.⁸⁰ Although indirectly, the diplomatic missions' decision to abstain from minor conflicts for the sake of the bigger picture has put Kenya international trade with Uganda and other central African countries into perspective.

⁷⁷ Ukaya, Brian. "Uhuru Gifts Museveni Naivasha Land to Build Port." The Standard. Accessed July 03, 2019. <https://www.standardmedia.co.ke/article/2001318533/uhuru-gifts-museveni-naivasha-land-to-build-port>.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Mutai, Edwin, John Mutua, James Kariuki, and Ng. "Uganda Imports Beat Exports for First Time." Business Daily. July 26, 2018. Accessed July 03, 2019. <https://www.businessdailyafrica.com/economy/Uganda-imports-beat-exports-for-first-time/3946234-4682000-smrvq5z/index.html>.

The strategy was also criticized by citizens and other states as well due to the fact that Uganda attained import-export balance with Kenya for the first time in the beginning five months of 2018.⁸¹ At this point, the Kenyan economy was at the verge of falling based on the number of illegal imports to Kenya that were terrorizing the Kenyan local market. Both countries are members of the East African Community that uses a Common External Tariff rates (CET) for all the goods imported into the regional bloc unless in special cases where both countries use the same tariff. However, such measures were not followed by Uganda explaining the continued increase in cheaply acquired products by Uganda and flooded in the Kenyan market to destroy her economy. Due to the decision by the ministry of foreign affairs, not to respond, Kenya imported more goods from Uganda than it exported to the country. The increase was also caused by the increase in maize imports from Uganda caused by poor weather conditions in Kenya at the time.⁸² According to the data provided by the Central Bank of Kenya, the total imports from Uganda from January to May 2018 were valued at 30.21 billion Kenya shillings compared to the exports valued at 26.08 billion shillings.⁸³ This was the first time ever for Kenyan imports and exports balance to favor Uganda where Uganda surpassed South Africa as the leading seller of goods to Kenya in Africa.

The decline in exports to Uganda, on the other hand, can be attributed to trade barriers imposed by the Ugandan government. Kenyan manufacturers claimed that their products were charged with multiple fees and levies. Even diaspora manufacturers complained about these levies and fees. Other factors affecting the productivity of Kenyan manufacturers, and the Kenyan exports in extension, included power charges, and inefficiencies at the factories leading to high production

⁸¹ Mutai, Edwin, John Mutua, James Kariuki, and Ng. "Uganda Imports Beat Exports for First Time." *Business Daily*. July 26, 2018. Accessed July 03, 2019. <https://www.businessdailyafrica.com/economy/Uganda-imports-beat-exports-for-first-time/3946234-4682000-smrvq5z/index.html>.

⁸² Ibid.

⁸³ Ibid.

costs making locally produced products more expensive in the regional markets.⁸⁴ As a result, these products could not compete in the Ugandan market especially with the illegally imported products from China.

This is a perfect juncture for the intervention of Kenyan diplomatic mission to Uganda in regional integration in order to reduce fees and levies charged on the imports in the two countries. In addition, the Kenyan embassy can negotiate for the exchange of technology and knowledge in order to improve energy consumption during the production of these products and consequently reducing the production costs. Finally, knowledge and technological exchanges between these countries can improve the inefficiencies in the factories thus reducing the production costs. By so doing, the cost of products lowers considerably making them competitive in the regional market and more the external market.⁸⁵

However, the diplomatic missions deal with very delicate situations that can ruin entire relations between nations. Therefore, it is important to understand the risks associated with the intervention of embassies in common trade foul play. It is commendable how the Kenyan diplomatic mission to Uganda handled the situation and focused on long term goals of promoting international trade between the two countries. Patience on the side of Kenya, so they secure a deal that would increase trade between Kenya and Uganda by increasing the border points between Kenya and Uganda. Increasing these border points would greatly boost the trade ties between the two countries since

⁸⁴ Mutai, Edwin, John Mutua, James Kariuki, and Ng. "Uganda Imports Beat Exports for First Time." *Business Daily*. July 26, 2018. Accessed July 03, 2019. <https://www.businessdailyafrica.com/economy/Uganda-imports-beat-exports-for-first-time/3946234-4682000-smrvq5z/index.html>.

⁸⁵ Ibid.

people and cargo can move freely between the countries thus reducing the chances of smuggling contrabands that tend to ruin the local markets.⁸⁶

Although the first few months of 2018 were rocky in terms of trade relations between Kenya and Uganda. The diplomatic missions in these countries were able to recognize their interdependence in terms of trade and tried their best to patch their differences.⁸⁷ According to Uganda's minister for Tourism, Wildlife, and Antiquities, Professor Ephraim Kamuntu, trade between Kenya and Uganda increased tremendously over the last two months of 2018 amounting to 1.1 billion US dollars in value.⁸⁸

The minister insisted on the benefits of the two countries having a good relationship with each other, citing that the increase in trade volume and value was clear evidence of the assertion. Although Kenya is much more developed compared to Uganda, the two countries are still in the third world-class which means it is more prudent for the nations to focus on external competition rather than the regional competition which drags nations backward due to jealousy.⁸⁹

Much of the improvements in trade volume during the start of the year mainly benefited Uganda, it is still an improvement in international trade between Kenya and Uganda. The Ugandan Revenue Authority reported an increase in their exports to Kenya from 1627.21 billion UGX to 2417.08 billion UGX in the period between 2017 and 2018.⁹⁰ The total revenue of the 2017-2018 financial is equal to 1.1 billion US dollars meaning that the last two months of 2018 produced a year's worth

⁸⁶ Mutai, Edwin, John Mutua, James Kariuki, and Ng. "Uganda Imports Beat Exports for First Time." *Business Daily*. July 26, 2018. Accessed July 03, 2019. <https://www.businessdailyafrica.com/economy/Uganda-imports-beat-exports-for-first-time/3946234-4682000-smrvq5z/index.html>.

⁸⁷ Ibid.

⁸⁸ Kaksarthur. "Did Kenya and Uganda Record a Year's worth of Trade over 2 Months?" *Medium*. January 29, 2019. Accessed July 03, 2019. <https://pesacheck.org/has-trade-between-kenya-and-uganda-in-the-last-two-months-to-december-2018-totaled-to-usd-1-1-93f33944d537>.

⁸⁹ Ibid.

⁹⁰ Ibid.

of trade between the two value an increase that is attributed to the renewed relations between the two countries. However, professor Ephraim's claims have been contested by scholars who claimed that his value was overstated and thus false.⁹¹ 2019 has also been a good year for international trade between the two countries with each country's diplomatic mission putting efforts in cementing the renewed relations by constructing a Ugandan dry port in Kenya and completing the Standard Gauge Railway up to Kampala as initially agreed.

Diplomatic missions can also come together to combat a common threat to their ongoing trade agreements and protect their local markets. In 2014, the three main EAC members, that is, Kenya, Tanzania, and Uganda come together in their fight against illegal Timber trade that was paralyzing the local markets in East Africa.⁹² High-level representatives from the three countries met during the first United Nations Environment Assembly that was held on June 26, 2014, where they agreed to work with UN agencies and the INTERPOL to combat illegal timber trade that was destroying the East African environment due to uncontrolled harvesting. The uncontrolled harvesting and illegal timber trade were also ruining the timber market for the East African countries especially to the rest of the world.

The meeting resulted in the formation of the East Africa Initiative on Illegal Timber that was mainly focused on curbing illegal logging that degrades forests, destroys the timber market both locally and internationally. According to the United Nations Development Programme, the illegal

⁹¹ Kaksarthur. "Did Kenya and Uganda Record a Year's worth of Trade over 2 Months?" Medium. January 29, 2019. Accessed July 03, 2019. <https://pesacheck.org/has-trade-between-kenya-and-uganda-in-the-last-two-months-to-december-2018-totaled-to-usd-1-1-93f33944d537>.

⁹² "Tanzania, Kenya and Uganda Unite Efforts to Combat Illegal Timber Trade in East Africa." UNDP. Accessed July 03, 2019. <https://www.undp.org/content/undp/en/home/news-centre/news/2014/06/26/tanzania-kenya-and-uganda-unite-efforts-to-combat-illegal-timber-trade-in-east-africa-.html>.

timber trade loses the economy from 30 to 100 billion US dollars every year.⁹³ This amount of money is enough to cause a significant impact on the country's economy.

Tanzania, Kenya, and Uganda are also used to transit timber that is illegally logged from the Democratic Republic of Congo. Some of the timber is used locally by these countries while the rest is shipped to western countries, Europe and Asia for tropical hardwood timber are very valuable. The three countries also have forests with tropical hardwood trees whose market is destroyed by the illegally logged timber from the Democratic Republic of Congo.

Kenya, Uganda, and Tanzania ambassadors showed that their countries were interested in combating illegal logging and trade of timber according to the Minister of Climate and Environment in Norway, Tine Sundtoft. Using the bigger picture, major East African products are raw materials and specifically, agricultural products which means protecting the forests in the region fights climate change. Fighting climate change assures international trade for these countries at least in the agricultural sector.

Well managed forests are trillion-dollar investments for they provide rain for agriculture, clean water from water catchment areas, reliable water flow in the rivers for irrigation on the dryer areas of the countries, sustainable and good quality timber products, soil stabilization, and nutrients recycling.⁹⁴ All these aspects of well-managed forests are prerequisites for a nation's wealth through international trade and self-sustenance of the nation.

⁹³ "Tanzania, Kenya and Uganda Unite Efforts to Combat Illegal Timber Trade in East Africa." UNDP. Accessed July 03, 2019. <https://www.undp.org/content/undp/en/home/news-centre/news/2014/06/26/tanzania-kenya-and-uganda-unite-efforts-to-combat-illegal-timber-trade-in-east-africa-.html>.

⁹⁴ Ibid.

This falls in line with environmental diplomacy pillar of the newly created Kenya's FP that advocates for environmental conservation whilst pursuing the nation's interests of building a peaceful and a prosperous Kenya. Kenya's involvement in the fight against illegal timber trade promotes the international trade between Uganda and Kenya as well as the other countries.

The diplomatic missions can also work out a compromise to avoid complete deterioration of trade relations. For instance, the Kenyan government allowed Ugandan sugar back into the Kenyan market following a three-day state visit to Uganda by President Uhuru Kenyatta. The deal which shocked many Kenyans was a compromise to end the long-running dispute over the trading of commodities between Kenya and Uganda.⁹⁵

The Kenyan government recognized the importance of Uganda as a trading partner considering that it was the largest destination for Kenyan exports. Therefore, a compromise had to be made instead of losing a large trading partner. The conflict between Kenya and Uganda was aggravated following the Ugandan sugar ban from Kenyan markets in the year 2012.⁹⁶ Ugandan sugar was banned in Kenya due to claims that alleged foul play on the Ugandan side. The claims asserted that Uganda was illegally purchasing cheap sugar from the Common Market for Eastern and Southern Africa (COMESA) and then flooding the Kenyan market with this sugar consequently destroying the local markets.⁹⁷

As mentioned earlier, Kenya and Uganda trade relations have been rocky over the past decades and more so in 2018. Uganda and Tanzania imposed taxes on confectioneries like biscuits, sweets, and ice-cream that are produced in Kenya. The trade barriers were imposed on the claim that

⁹⁵ Deutsche Welle. "Many Kenyans Shocked by Sugar Deal with Uganda: DW: 12.08.2015." DW.COM. Accessed July 03, 2019. <https://www.dw.com/en/many-kenyans-shocked-by-sugar-deal-with-uganda/a-18644884>.

⁹⁶ Ibid.

⁹⁷ Ibid.

Kenyan confectionery companies were using cheap imported sugar to produce these cheap products which have an unfair competitive advantage in Uganda and other markets. The Ugandan market imposed an import duty of 25 percent on these products with the aim of reducing exports to the country or giving their local market a fighting chance against cheaply produced Kenyan products.⁹⁸

This was hugely a game of accusations between Uganda and Kenya. For instance, Uganda claimed that Kenya used industrial sugar that was imported under a 10% duty as opposed to the scheme used in the region. They also claimed that Kenya does not produce industrial sugar and thus had to import from other countries in order to give her manufacturers an unfair advantage. On the other hand, the Kenyan manufacturers claimed adherence to the set standards and in turn accused Uganda of using customs taxes to restrict trade for no apparent reason.⁹⁹ This caused a decline in trade between the two countries.

In a situation like this, diplomatic missions come in handy to negotiate an appropriate solution without completely ruining the existing relations between the two countries. The Kenyan diplomatic mission to Uganda tried to represent home country interests in Uganda, arguing that there should not be restrictions because the competitors in the other countries also use imported industrial sugar that is imported under the same remission scheme. The diplomatic missions also try to negotiate the acceptance of certificates of origin which assures that Kenyan goods can be sold in a foreign country in this case Uganda.¹⁰⁰

⁹⁸ "Another Trade War in East Africa as Tanzania, Uganda Restrict Kenya's Ice Cream, Sweets." Face2Face Africa. September 15, 2018. Accessed July 03, 2019. <https://face2faceafrica.com/article/another-trade-war-in-east-africa-as-tanzania-uganda-restrict-kenyas-ice-cream-sweets>.

⁹⁹ Ibid

¹⁰⁰ Ibid.

Diplomatic missions can also be used to negotiate ethical trading practices that do not cripple the local market especially if the malpractice is not done by the host state but by her citizens. For example, illegal fish from Uganda which has undermined fish trade in Busia at the start of 2018.¹⁰¹ The smuggling was not backed by the Ugandan government but it is the role of the Kenyan diplomatic mission to Uganda to protect traders at home and the diaspora traders.

The smuggling of fish from Uganda to Kenya was done through the porous border separating the two countries and uninspected passenger buses from Uganda to Kenya. The cheap and untaxed fish from across the border devastated Kenyan fishermen in Busia for they could not compete with these fish both locally and internationally. Lenah Oduori, a fish trader in Busia said that fishermen from Uganda are smuggling fish to Kenya shaking their market.”¹⁰²

The traders pleaded with the government to enforce inspections of fish coming from Uganda by the fishery department in Kenya before being supplied to Kenyan suppliers. Such a request is passed to the Kenyan diplomatic mission to Uganda in order to persuade Uganda to control their own citizen and agree on a punishment if Ugandan fishermen are caught smuggling fish into Kenya. The ordeal can only be solved through international cooperation through various embassies in the said countries. Such cooperation promotes integrity in cross-border trade between individuals, small and large entities, and governments. This has an effect of improving international relations between the countries and as well as improving international trade between the two countries.

¹⁰¹ "Fish Smuggling From Uganda Threatens Fish Trade in Busia." Talk Africa. April 21, 2018. Accessed July 03, 2019. <http://www.talkafrica.co.ke/fish-smuggling-from-uganda-threatens-fish-trade-in-busia/>.

¹⁰² Ibid.

2.4 Conclusion

Diplomatic missions play a great role in economic integration and development by forging relationships with target countries that pave the way for international trade, FDI, and industrialization. As seen in the case of Kenya and Uganda, although situations may call for the intervention by the diplomatic missions, it is not always prudent to respond to every situation for the sake of long-term economic goals. For example, when Uganda played foul in regional trade during the start of 2018, the Kenyan embassy did respond accordingly which turned out to be the best decision long-term.

Diplomatic missions, on the other hand, can be used to negotiate trade agreements that protect both nations hence promoting free and fair international trade. For instance, when Uganda was imposing multiple fees and levies to Kenya imports, the Kenyan diplomatic mission intervened to negotiate better trade barriers and tariffs. Finally, diplomatic missions can be used to open new markets or closed markets for their home products. For instance, the Kenyan diplomatic mission through ED was able to reopen the closed Ugandan market for Kenyan meat, fruits, juices, and pharmaceutical products.

CHAPTER 3

THE ROLE OF KENYA DIPLOMATIC MISSION TO UGANDA IN PROMOTING FOREIGN DIRECT INVESTMENT AND INDUSTRIALIZATION

3.1 Introduction

Diplomatic missions pursue national interests by implementing the country's FP abroad. For instance, the Kenya FP aims to promote Kenya as a favorable destination for investment and tourism among others thus promoting Foreign Direct Investment.¹⁰³ Similarly, the Kenyan FP advocates for regional development and economic integration which provides for industrialization.¹⁰⁴ It is the responsibility of the Kenyan diplomatic mission to Uganda to implement the objectives of the FP and by extension promote Foreign Direct Investment and Industrialization.

According to Haar, consulates and embassies are important to the nations of origin for they provide crucial information about the foreign markets identifying potential markets for multinational countries¹⁰⁵. in the case of Netherlands, the Dutch Ministry of Foreign Affairs is responsible for promoting the interests of Dutch companies which are interested in foreign investment promoting outward Foreign Direct Investment.¹⁰⁶ Therefore, it is the responsibility of the diplomatic missions to facilitate international investments by providing specific information concerning the foreign market.

¹⁰³ The Republic of Kenya. "The Kenyan Foreign Policy". Kenya Gazette, November 2014.

¹⁰⁴ Ibid.

¹⁰⁵ Haar de M. "The relationship between the diplomatic network and the outward foreign direct investments: an application to the Netherlands" August 2013.

¹⁰⁶ Ibid.

3.2 Diplomatic Missions and Foreign Direct Investment

FDIs are forms of investments where domestic corporations venture to acquire or establish firms abroad, or merge with foreign-controlled corporations, or establish new production locations. Upon acquiring control of said firms, the domestic firms become Multinational Enterprises according to Bowen, Hollander, and Viaene.¹⁰⁷ The question arises why is FDI important or would domestic firms invest in affiliates abroad. Dunning in the so-called 'OLI' a framework which stands for Ownership, Location, and Internationalization. He states that the domestic firms enjoy some advantages which accrue from the ownership, location, and internationalization of said firms.¹⁰⁸

Advantages arising from ownership of the foreign affiliate firms result from the company's specific knowledge and assets which give them a competitive advantage to the local companies in the foreign market.¹⁰⁹ However, trade barriers and countries foreign relations dictate the level of the competitive advantage. On the other hand, locational advantages accrue where the profit margin is larger when produced in the foreign company compared to the home country. Finally, internationalization advantages are advantages which the domestic company enjoys as a result of location for it can be able to produce its products internally as opposed to outsourcing the production of knowledge to another company located in the desired country of investment.¹¹⁰

Having established the advantages of FDI to the investing corporations and by extension the investing country. It is important to also establish the advantages of FDI in the hosting company for FDI can negatively impact the local market which is undesirable for the hosting country.

¹⁰⁷ Hollander, A., Viaene, J.-M., & Bowen, H. P. *Applied International Trade*. (2012) Basingstoke: Palgrave Macmillan.

¹⁰⁸ Dunning, J. *International Production and the Multinational Enterprise*. (1981) London: Allen & Unwin.

¹⁰⁹ Haar de. "The relationship between the diplomatic network"

¹¹⁰ Ibid.

Therefore, for the company to be able to compromise the survival of some local companies, there must be significant contributions to the country's national objectives. For instance, depending on the size of the multinational enterprises, the hosting country may enjoy increased employment and thus boost economic growth¹¹¹ Especially in developing countries like Kenya and Uganda, unemployment among the youth is among their major issues for they lead to stunted economic growth, increase in drug and substance abuse, and violence among other issues. Having said that, these countries enjoy the job opportunities provided by FDI, as it supplements efforts by these governments to create more job opportunities.¹¹²

Another crucial advantage is human resource development as the local employees interact with new or more advanced technologies and knowledge base. Although, this is a less obvious advantage it is especially important for developing countries whose majority of the human resource is not as advanced as their developed counterparts.¹¹³ Mostly because the human capital, as a factor of production, is mobile meaning it can then train human resources in other countries. this creates a chain of information and skill sharing that eventually results in competent human resources in the hosting country a key ingredient of economic growth.

Other advantages of FDI include an increase in exports in the hosting country for goods produced by foreign corporations can still be exported by the hosting country as their own. In addition, improved relations between the investing country and the hosting country leads to increased trade hence exports. In addition, FDI provides finance, in terms of capital to the hosting country, and revenue in terms of taxation. Finally, FDI leads to exchanging rate stability, stimulation of

¹¹¹ "9 Foreign Direct Investment (FDI) Advantages in India – Invest India Blog." 9 Foreign Direct Investment (FDI) Advantages in India – Invest India Blog, n.d. <https://www.investindia.gov.in/team-india-blogs/advantages-foreign-direct-investment>.

¹¹² Ibid.

¹¹³ Ibid.

economic growth, improved capital flows, and creation of a competitive market in the local market to mention just but a few advantages.

Narrowing down on Kenya and Uganda, the rate of Foreign Direct Investment has been declining as is the case with almost all the east African countries.¹¹⁴ The survey conducted by Ngugi and Nyangoro implied that low economic growth and the small market size is the major factors influencing low Foreign Direct Investment in the region.¹¹⁵ The decline in the FDI is also attributed to the security level in the region especially due to increased terrorist attacks in Kenya and other East African countries.

However, the east African countries have formulated policies providing for economic integration within the region in the form of trade, FDI, and industrialization for the benefit of all the member countries.¹¹⁶ Having established the advantages of FDI to the investing corporations as well as the investing country and the hosting country, FDI is a crucial subject in economic integration making it crucial to the ministry of foreign affairs and international trade. It worth investigating the role of the Kenyan diplomatic mission to Uganda in promoting FDI for the benefit of both countries and as a step towards economic integration.

Diplomatic missions can act as Investment Promotion Agencies (IPAs) or facilitate the work of IPAs in promoting investment into the country or out of the country as FDI.¹¹⁷ Therefore, the diplomatic network that promotes inward or outward FDI is composed of Governmental Investment Promotion Agencies, consulates, and diplomatic missions. There are several examples

¹¹⁴ Nyangoro, O., & Ngugi W.R. Institutional Factors and Foreign Direct Investments Flows: Implications for Kenya. (2005) Discussion Paper Series DP/48/2005, Published by the Kenya Institute for Public Policy Research and Analysis

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Haar de. "The relationship between the diplomatic network" 6

of IPAs across the globe, for example, the Japanese Investment Promotion agency, the Japan External Trade Organization (JETRO), and the Netherlands Foreign Investment Agency (NFIA) among others.¹¹⁸ All these forms the diplomatic network which is facilitated by or part of the nations' diplomatic missions.

3.3 Diplomatic Missions and Industrialization

Diplomatic missions in this study refer to all the strategies and tactics conducted by a country's embassies or consulates in attempts of promoting the country's interests abroad. All the developing countries desire to reach the economic levels of developed countries like the United States of America, the United Kingdom, and Germany among others. Even developed countries aspire to increase the level of the economy for they are always competing with each other. For all those cases, industrialization is among the most significant contributors to economic growth despite the level of industrialization or economic growth.

Having said that, industrialization refers to the sum total of processes undertaken by society in an effort to move from an agricultural reliant to an industry reliant society.¹¹⁹ The transformation involves an extensive restructuring of the country's economy to favor manufacturing as opposed to agriculture because the former is more profitable to a nation and its economy compared to agriculture especially in terms of exports.¹²⁰

¹¹⁸ Haar de. "The relationship between the diplomatic network" 6

¹¹⁹ Kenya Engineer. "Challenges to Industrialization and Manufacturing in Kenya." Kenya Engineer, August 2, 2019. <https://www.kenyaengineer.co.ke/challenges-to-industrialization-and-manufacturing-in-kenya/>.

¹²⁰ Arthur, O'Sullivan, Steven M., Sheffrin. *Economics: Principles in Action*. (2003) Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 472.

The move from an agrarian society to an industrial society results in the rise of the incomes for the industrial workers, and the expansion of all kinds of markets stimulating further industrial investment and consequently faster economic growth.¹²¹ Therefore, industrialization is an important key to economic integration which in turn would lead to economic growth in the countries. Diplomatic missions come in handy to negotiate better trade deals that increase the GDP of the home country, promote FDI which can be a form of industrialization, and advocate for and maintain peace in the region for peace is crucial to economic integration and growth in the region.

3.4 Diplomatic Missions and FDI

As we established in section 3.2 of this study, FDI is crucial to both the hosting country and the investing country and thus is a part and parcel of the economic integration between Kenya, Uganda and other countries. As a result, diplomatic missions, in FDI, aimed at improving their home country's image as a favorable investment destination to lure the companies in the foreign country, to invest in their home countries. Also, the diplomatic missions research their foreign market and provide critical information to their home corporations which help them make an investment decision. Finally, diplomatic missions through ED can be used to negotiate the reduction of levies, and investment barriers to allow for outward FDI and as well attract inward FDI to their home countries.

There are several ways of acquiring information and technology in Kenya which includes international trade, import of high-technology products, and through Foreign Direct Investment.¹²²

However, only through FDI, can the country really benefit since they do use national revenue to

¹²¹ Arthur, O'Sullivan, Steven M., Sheffrin. Economics: Principles in Action. (2003) Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 472.

¹²² Osano M. Hezron and Koine W. Pauline. "Role of foreign direct investment on technology transfer and economic growth in Kenya: a case of the energy sector" *Journal of Innovation and Entrepreneurship*. **volume 5**, Article number: 31 (2016)

acquire the knowledge and the skills. Therefore, FDI is the most desirable form of technology, capital, and information for any country including Kenya and Uganda. According to Hezron et al, Kenyan foreign investment has been found to create several externalities to the country's economy through transfer of cultures, general knowledge, industrial upgrades, work experience, and specific technologies to mention just but a few.¹²³

In order to understand the role of Kenyan diplomatic missions to Uganda in promoting inward and outward FDI hence economic integration, we must first understand the role of FDI in promoting economic growth for Kenya. By so doing we will then be able to understand the involvement of the Kenyan diplomatic mission to Uganda in the matters of FDI. Diplomatic missions as described earlier in this chapter involve embassies and consulates whose sole purpose is to promote the mother country's interests abroad.

For instance, in the case of Kenya, the mission of the newly created Kenyan FP is to promote a peaceful and prosperous Kenya through ED, peace diplomacy and environmental diplomacy among other pillars of the FP.¹²⁴ Among the guiding principle of the FP include regional integration, peaceful coexistence with the neighbors, and respect for international norms, laws, and customs among others.¹²⁵ The FP is executed by the diplomatic missions to various countries to promote the objectives of the FP while overlooking Kenya's interests abroad.

¹²³ Arthur, O'Sullivan, Steven M., Sheffrin. Economics: Principles in Action. (2003) Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 472.

¹²⁴ The Republic of Kenya. "The Kenyan Foreign Policy".

¹²⁵ Ibid.

3.5 The Role of Kenyan Diplomatic Mission to Uganda in Promoting FDI

On the side of Industrialization, diplomatic missions also strive to present a favorable image, for the parent country, in order to attract foreign investment. Also, some forms of FDI can increase industrialization in the country, for instance, where the foreign company is a manufacturing or processing company among other forms of industries.¹²⁶ Just like in the case of FDI, diplomatic missions promote industrialization and hence economic integration by promoting the home country as a favorable destination for investment and tourism.¹²⁷

Through investment foreign countries or corporations can be able to invest in Kenya's industries, thus improving Kenya's industries and the overall industrialization. Tourism is among the most important sources of revenue for Kenya, especially foreign tourists, which can be used to increase the industrialization in Kenya to cope with the changing technology and in attempts of economic growth.¹²⁸ Other ways the Kenyan diplomatic missions promote industrialization is through advocating for peace within the region including mending broken ties with the neighboring countries, the formation of regional blocs which help the country negotiate better trading deals between the countries, and bilateral or multilateral trade negotiations whose result may improve the overall industrialization level in the entire region.¹²⁹

All the above-mentioned strategies of promoting industrialization and economic integration in the East Africa region try to reduce the barriers and challenges facing industrialization in Kenya. In definition, industrialization is the process through which Kenya transforms itself as a society from an agriculturally based economy to an economy that is more reliant on the industry.¹³⁰ This is

¹²⁶ Kenya Engineer. "Challenges to Industrialization and Manufacturing in Kenya."

¹²⁷ Ibid.

¹²⁸ Ibid.

¹²⁹ Ibid.

¹³⁰ Ibid.

especially important because agriculture is unreliable at time especially with the current climatic changes leading to a poor country that cannot feed its own citizens. Industrialization contributes to about 10% of Kenya's Gross Domestic Product providing employment to many Kenyans.¹³¹

Therefore, industrialization is a very critical subject when it comes to a country's economy and thus can be termed as the real engine behind Kenya's economic growth. This is because industrialization increases the country's GDP for through industrialization Kenya can export manufactured, processed, or refined products which have higher returns as opposed to exporting raw materials.¹³² Raw materials, especially from the agricultural sector, have lower returns compared to exporting processed agricultural products.

According to Knoema, agricultural raw materials for Kenya are very high ranking at 13.8% of the total exports in 2017.¹³³ Agricultural raw materials all the products listed in the Standard International Trade Classification (SITC) revision 3, excluding fuels, metalliferous ores and scrap, crude fertilizers, precious stones, and coal among others. However, despite efforts from the government aimed at industrialization or the shift from agricultural dependent country to industry-dependent country have not borne fruits hence the need for another approach for example international help. For example, the percentage of the exports of agricultural raw materials has fluctuated over the years, showing a generally positive trend between the year 2001 and 2017 as shown in Table 3.1 and illustrated in Figure 3.1 below.

¹³¹ Kenya Engineer. "Challenges to Industrialization and Manufacturing in Kenya."

¹³² Ibid.

¹³³ Knoema "Kenya Agricultural Raw Materials Exports, 1960-2018."

Table 3.1: A Table Showing the Trend of Kenyan Export of Agricultural Raw Materials¹³⁴

Year	Percentage	% Change
2017	13.8	13.41%
2013	12.2	11.47%
2010	10.9	-17.04%
2009	13.2	-5.24%
2008	13.9	15.10%
2007	12.1	0.62%
2006	12	19.89%
2005	10	-36.94%
2004	15.9	46.33%
2003	10.9	0.92%
2002	10.8	-17.16%
2001	13	

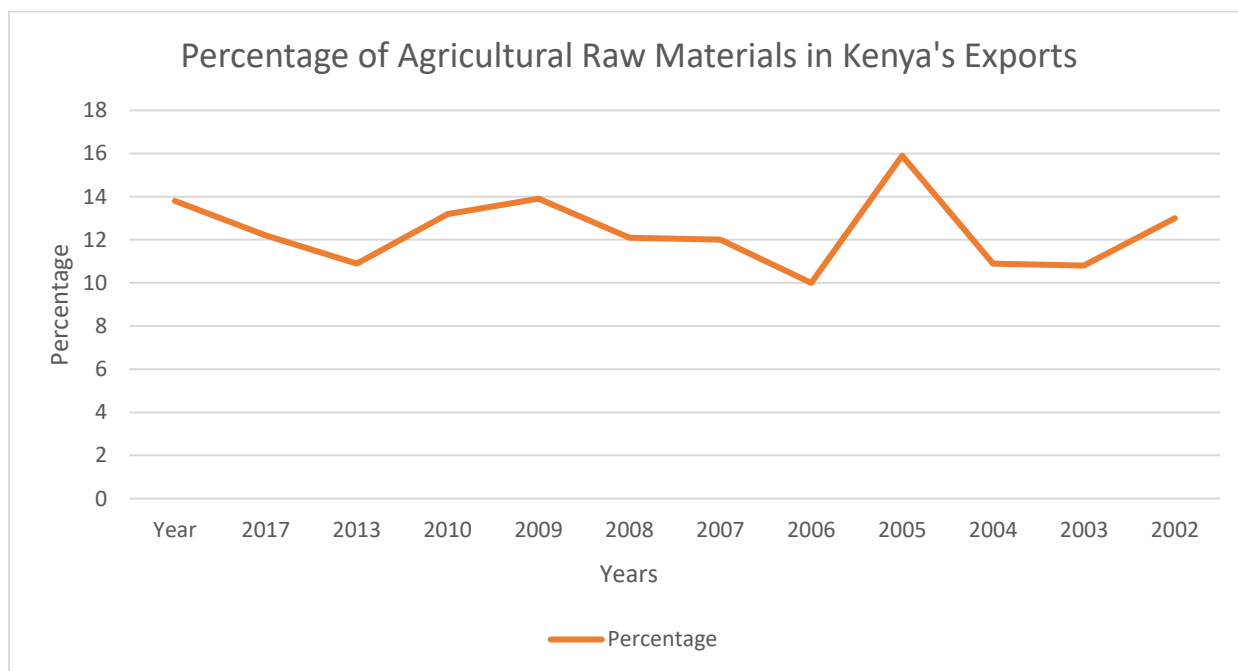


Figure 3.1: Percentage of Kenya's Export of Agricultural Raw Materials¹³⁵

¹³⁴ Kenya Engineer. "Challenges to Industrialization and Manufacturing in Kenya

¹³⁵ Ibid.

The above data presented by Knoema Corporation, which provides detailed regional and international statistical data in an open data platform, suggests that Kenya's efforts at industrialization have stalled and a new approach is required¹³⁶. The main problem with the export of agricultural raw materials is that the country exports quality agricultural produce at very cheap prices to more industrialized countries for processing and then import the same processed products at very high prices reducing the country's GDP greatly. Therefore, industrialization in Kenya can mean a great leap towards becoming a developed economy.

Similarly, in the case of other raw materials like minerals mined in Kenya, exporting the mined ore has low returns compared to exporting the manufactured products arising from said minerals.¹³⁷ This transformation can only be achieved through industrialization where industries are established to manufacture and process the raw materials for export. Since Kenya is a developing country with minimal surplus income to undertake major industrialization projects, external help is required. This clearly illustrates the role of diplomatic missions in promoting industrialization in Kenya, for it promotes Kenya as a favorable destination for investment, negotiates better international trade deals to increase Kenya's revenue, and acquire loans from other countries or financial entities for the development or advancement of Kenyan industries.¹³⁸

¹³⁶ Kenya Engineer. "Challenges to Industrialization and Manufacturing in Kenya."

¹³⁷ Ibid.

¹³⁸ Ibid.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The collected data is presented and analyzed in this chapter. As mentioned earlier, the primary data used in this study was collected using interviews and questionnaires that was administered to the sampled population. The researcher managed to issue a total of 100 questionnaires.

The questionnaires and the interviews were administered to civil servants from the following ministries: the ministry of industrialization and enterprise development, the ministry of foreign affairs and international trade, and the ministry of tourism. Also, some data was collected from the Ugandan embassy that is located in Nairobi, and from the Kenyan business owners. The business owners surveyed included local business owners and multinational business owners, especially who have ventured in international trade and FDI.

4.2 Data Collection

4.2.1 Introduction

In accordance with the objectives stipulated by the researcher, the questionnaires were administered to the sampled population as shown in Figure 4.1 below. The actual values of the data collection are shown in Table 4.1 where the data is distributed according to the professional affiliations of the respondents.

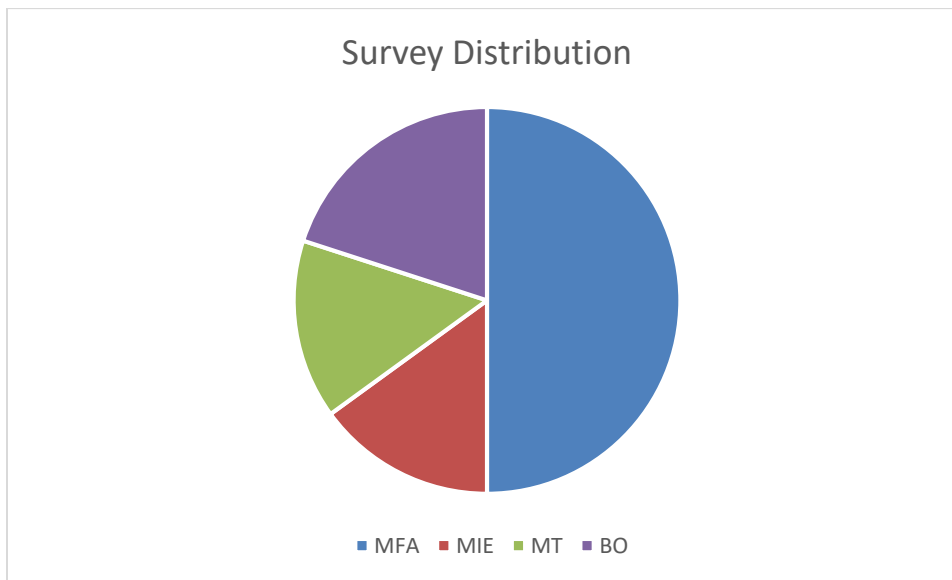
Table 4.1: Distribution of the Survey Questionnaires

Categories	Number
Ministry of Foreign Affairs and International Trade	50
Ministry of Industrialization and Enterprise Development	15
Ministry of Tourism	15
Business Owners	20

Source: Field Data

The data can be well visualized in the figure below.

Figure 4.1: Distribution of the Survey Questionnaires



Source: Field Data

The ministry of foreign affairs and international trade was prioritized by the researcher they were uniquely qualified to tackle two of the three objectives of the study. That is, they could provide the required information concerning the role of diplomatic missions in promoting international trade and FDI. The business owners could provide useful information concerning the role of

diplomatic missions in promoting FDI, and the impacts of Foreign Direct Investment in the Kenyan market and economy.

4.2.2 The Response Rate

Out of the 100 questionnaires administered, 94 were filled out and returned to the researcher making a 94% response rate in the three weeks that the survey was conducted. However, not all respondents were cooperative since the researcher had to make personal calls and visits to various government offices only to be delayed by bureaucratic red tape. However, all three sets of questionnaires were filled satisfactorily for all the 94 respondents.

4.2.3 Gender Profile

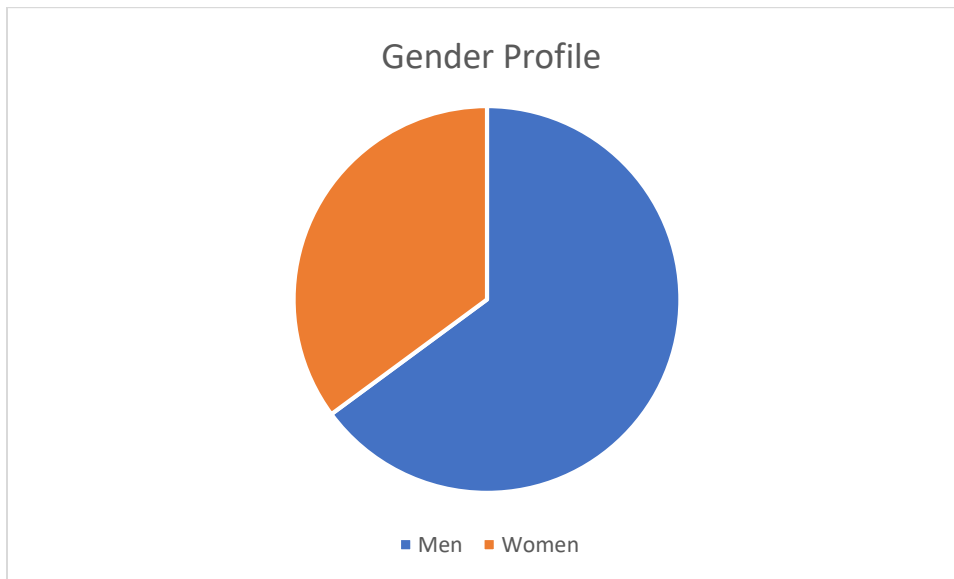
Due to the nature of the study, gender equality could be achieved for many ministries have a higher percentage of men compared to women. The respondents were composed of 61 men and 33 women as shown in Table 4.2 and Figure 4.2.

Table 4.2: Gender Profile

Gender	Number
Men	61
Women	33

Source: Field Data

Figure 4.2: Gender Profile



Source: Field Data

4.3 Results and Analysis of Data

The data were collected in three phases, in accordance with the objectives of the study, that is, to establish the role of Kenyan diplomatic missions in Uganda in promoting international trade between the countries; to determine the role of Kenyan diplomatic mission in Uganda in promoting FDI; and to investigate the role of Kenyan diplomatic mission in Uganda in promoting industrialization between the two countries. By so doing the researcher will be able to determine the role of Kenyan diplomatic mission in Uganda in promoting economic integration between Kenya and Uganda. As well the analysis and results were categorized in accordance with the objectives as follows.

4.3.1 International Trade

International trade is among the most important aspects of economic integration as well as economic growth for the two countries. For this section, the data was mainly collected from investors and the ministry of foreign affairs and international trade due to their unique qualifications in the subject. For instance, the ministry of foreign affairs and international trade formulates all the strategies to promote or limit international trade thus understand the subject better. Also, the investors or business owners are uniquely qualified for they experience the merits and demerits of international trade almost all the time. For example, an increase in international trade between Kenya and Uganda can be advantageous to the investors who export their products to the country and vice versa.

Having said that, the first question of the questionnaire asked the respondents to state their opinion on the role of Kenyan diplomatic mission in Uganda in promoting international trade between the two countries. Owing to the openness of the question, the researcher identified the themes in the responses provided by the respondents simplifying the data for a more meaningful quantitative analysis. The main themes identified in this case include: maintaining peace, improving international relations, and negotiating trade treaties. The responses which had little correlation with the subject matter and did not lie within the acceptable themes were categorized under others. The results are shown in Table 4.3.

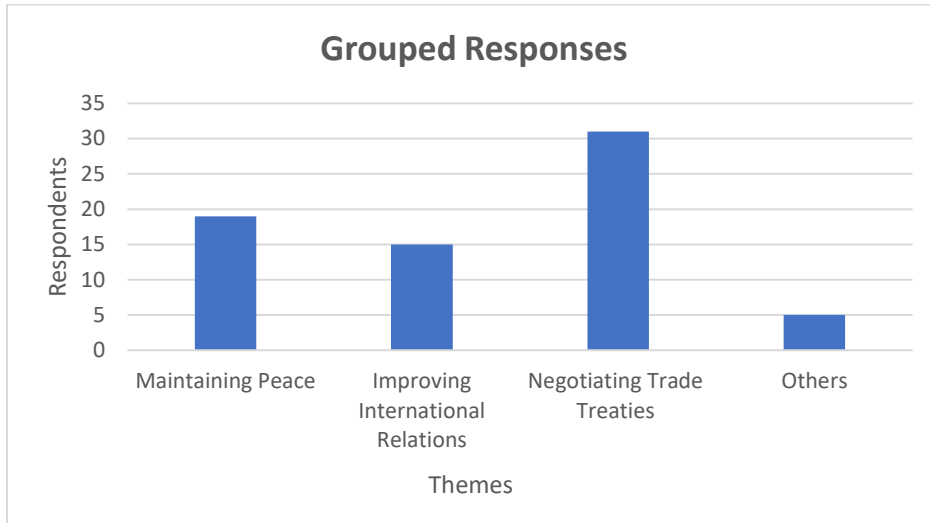
Table 4.3: The Role of the Diplomatic Mission in facilitating International Trade

Theme	No of Responses
Maintaining Peace	19
Improving International Relations	15
Negotiating Trade Treaties	31
Others	5

Source: Field Data

The responses can be visualized in Figure 4.3 below.

Figure 4.3: Grouped Responses



Source: Field Data

Based on the information obtained from secondary sources, which also informed the formulation of the themes, maintaining peace, improving international relations and negotiating bilateral trade deals and treaties fall within the functions of the Kenyan diplomatic mission in Uganda as a way of promoting bilateral international trade between Kenya and Uganda. Therefore, the researcher combined the three themes in order to get a clearer view of the respondents' opinion on whether the Kenyan embassy in Uganda influences international trade between the two countries as shown in Table 4.4.

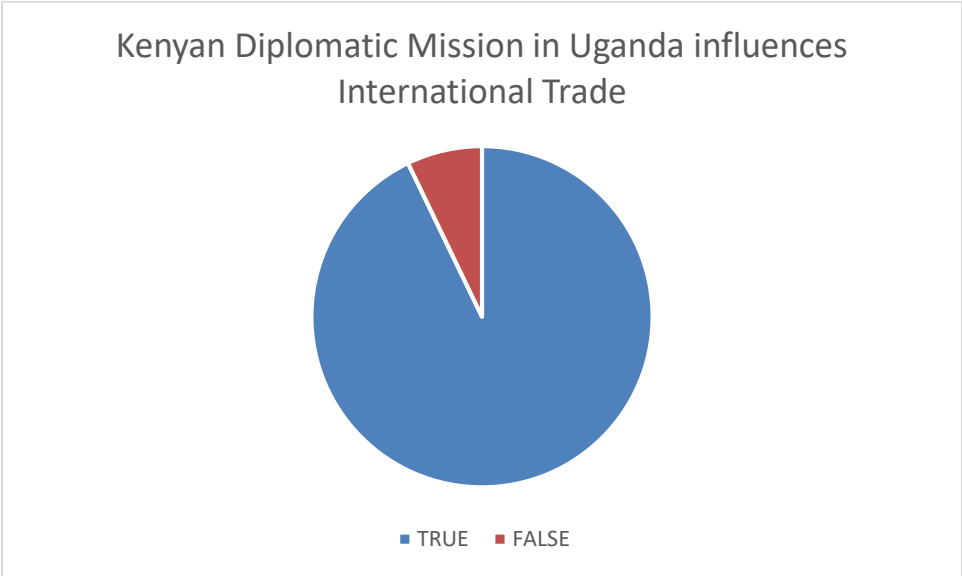
Table 4.4: Kenyan Diplomatic Mission in Uganda influences International Trade

Response	Frequency	Percentage	Cumulative Percentage
TRUE	65	93%	93%
FALSE	5	7%	100%

Source: Field Data

The results can be visualized better using a Pie Chart in Figure 4.4 where 93% of the respondents agreed that the Kenyan diplomatic mission has a considerable effect on the bilateral trade between Kenya and Uganda.

Figure 4.4: Kenyan Diplomatic Mission in Uganda influences International Trade



Source: Field Data

The second and third questions of this questionnaire were poorly attempted with several respondents leaving them blank or writing 'N/A' to indicate they are not aware of the efforts that had been put in place by Kenya's diplomatic mission in Uganda to facilitate international trade. Out of the 70 questionnaires issued, only 55 respondents answered the second and third question. Once again, the researcher identified the main themes in the responses provided to come up with the data shown in Table 4.5.

Table 4.5: Efforts by the Kenyan Diplomatic Mission in Uganda and Their Effectiveness

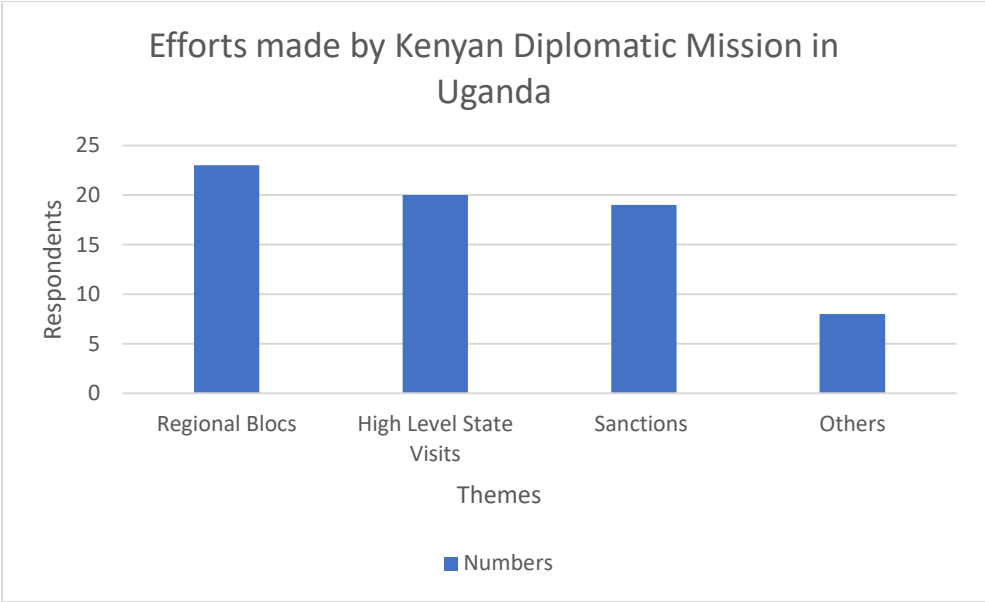
Theme	No of Responses	Effectiveness
Regional Blocs	23	50%
High-Level State Visits	20	60%
Sanctions	19	67%
Others	8	35%

Source: Field Data

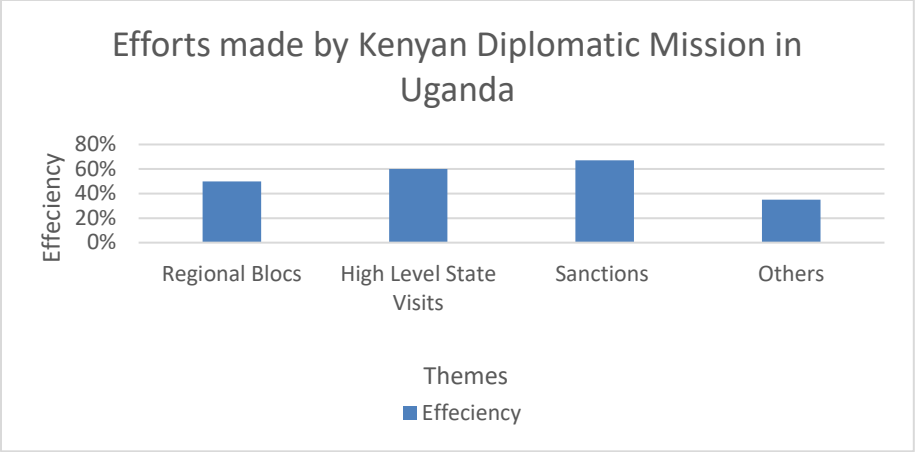
In this case, the effectiveness represented in Table 4.5 does not reflect a comparison between the identified themes but an average of the rating given by each respondent for their identified effort(s).

The results can be visualized in Figure 4.5

Figure 4.5: Efforts Made by Kenyan Diplomatic Mission in Uganda and Their Efficiencies



Source: Field Data



Source: Field Data

4.3.2 Foreign Direct Investment

Once again, the questionnaires were administered to a total of 70 respondents from the ministry of foreign affairs and international trade and various local investors. The questionnaires were comprised of three questions aimed at establishing the role of the Kenyan diplomatic mission in Uganda in promoting FDI as an important aspect of economic integration between the two countries.

Therefore, the first question prompted the researcher to categorize the responses into themes like the previous section. The themes included foreign market research, lobbying for home firms, maintaining peace, and trade treaties among others. The results can be visualized in Table 4.6

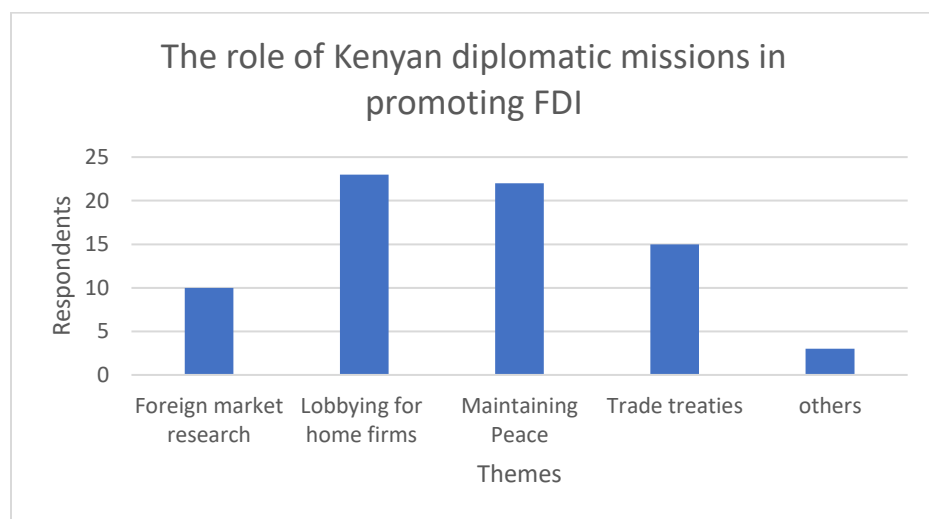
Table 4.6: The Role of Kenyan Diplomatic Mission in Uganda in Promoting FDI

Theme	No of Responses
Foreign market research	10
Lobbying for home firms	23
Maintaining Peace	22
Trade treaties	15
Others	3

Source: Field Data

The ‘others’ category is comprised of responses which did not bear any correlation with diplomatic missions or FDI including blank responses. Figure 4.6 clearly illustrates the respondents’ opinions on the role of Kenyan diplomatic missions in promoting FDI in Kenya.

Figure 4.6: The Role of Kenyan Diplomatic Missions in Promoting FDI



Source: Field Data

The second question in the questionnaire sought to determine if Uganda plays a major role in promoting FDI to Kenya. The reliability of the responses given for this question is questionable due to the nature of the question. Not a lot of people have the actual statistics on the number of Ugandan owned firms in Kenya thus the responses might be based on pure opinion although it is a factual question. However, the question had a 100% response rate as shown in Table 4.7

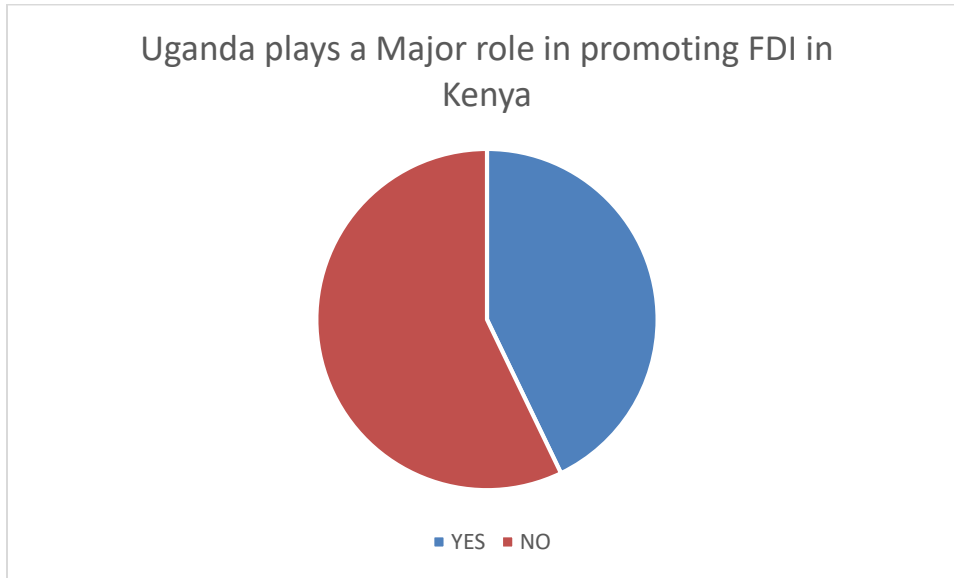
Table 4.7: Does Uganda Play a Major Role in Promoting FDI in Kenya

Response	Frequency	Percentage	Cumulative Percentage
YES	30	43%	43%
NO	40	57%	100%

Source: Field Data

The results can be best visualized using the Pie Chart in Figure 4.7

Figure 4.7: Uganda plays a Major Role in promoting FDI in Kenya



Source: Field Data

The final question in this questionnaire sought to determine the impacts of Foreign Direct Investment in Kenya since FDI has both merits and demerits almost in equal proportions. Where FDI is well regulated by the central government it can be hugely advantageous to the economy and the Kenyan citizens. On the other hand, unregulated Foreign Direct Investment can have detrimental effects on the local market hence the economy and the citizens. The results of this question were categorized into positive and negative impacts. The responses were then categorized into themes thus simplifying the data for quantitative analysis shown in Table 4.8. The positive themes identified in this section include employment, technological exchanges, capital influx, and human resource development among others. On the other hand, negative themes included: unfair competition in the local market, product standards, and flooding the market with cheap products among others.

Since the respondents could list more than one impact, the frequency was based on the number of times the impact was listed by various respondents. The positive impacts of Foreign Direct Investment in Kenya of the analysis are shown in Table 4.8.

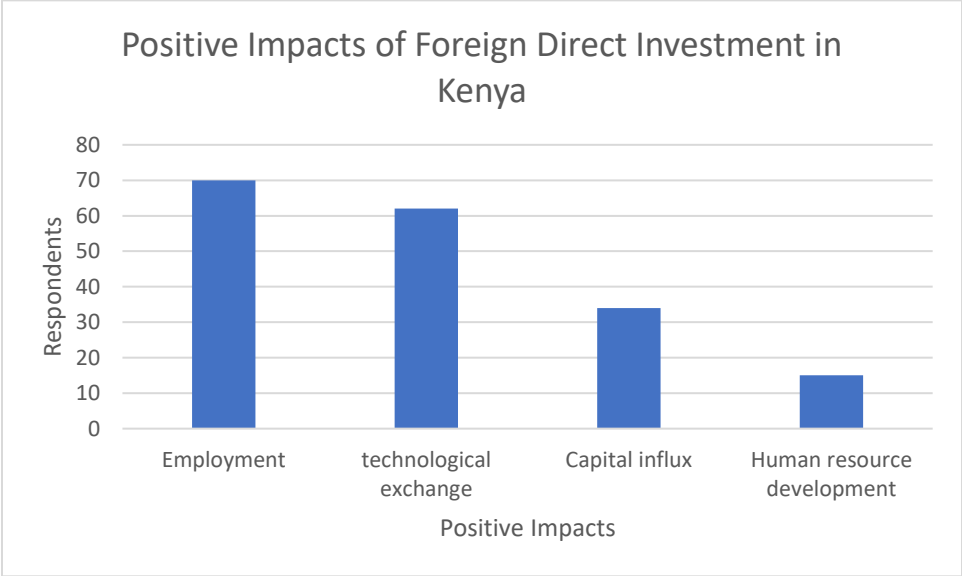
Table 4.8: Positive Impacts of Foreign Direct Investment in Kenya

Theme	No of Responses
Employment	70
technological exchange	62
Capital influx	34
Human resource development	15

Source: Field Data

The results of the can be visualized using a bar graph as shown in Figure 4.9

Figure 4.8: Positive Impacts of Foreign Direct Investment in Kenya



Source: Field Data

On the other hand, the respondents also cited some of the negative impacts of FDI in the Kenyan market and the economy. However, the total tally of the negative impacts is lower compared to the positive impacts of FDI. The negative impacts are shown in Table 4.9.

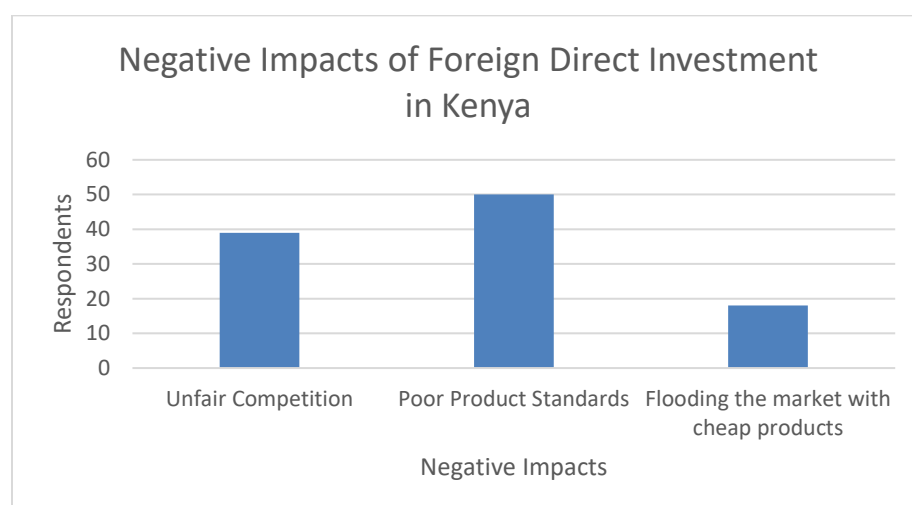
Table 4.9: Negative Impacts of Foreign Direct Investment in Kenya

Theme	No of Responses
Unfair Competition	39
Poor Product Standards	50
Flooding the market with cheap products	18

Source: Field Data

The above data can be well visualized using a bar graph as shown in Figure 4.9

Figure 4.9: Negative Impacts of Foreign Direct Investment in Kenya



Source: Field Data

Finally, the researcher combined the total tally of negative impacts and compared them against the total positive impacts to get the general attitude of the respondents towards FDI in Kenya. the results are shown in Table 4.10.

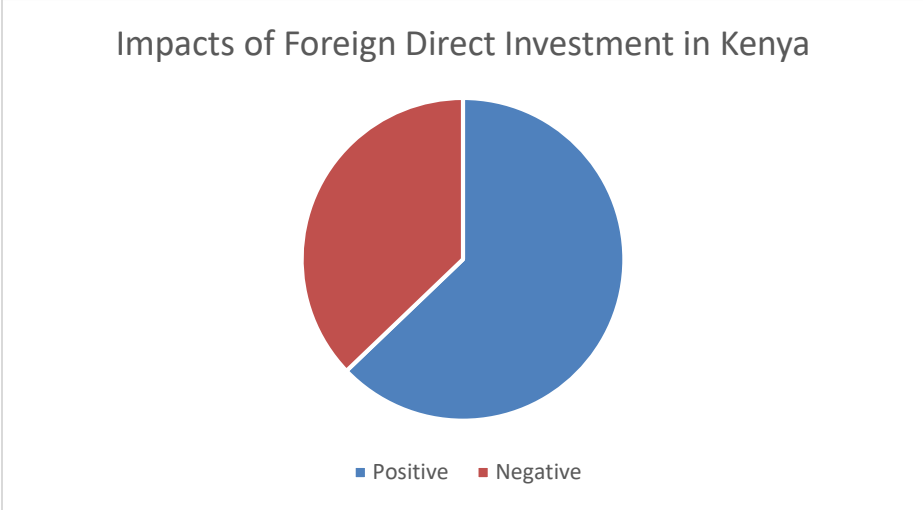
Table 4.10: Impacts of Foreign Direct Investment in Kenya

Response	Frequency	Percentage
Positive	181	63%
Negative	107	37%

Source: Field Data

The data contained in the table above illustrates that the positive impacts of the FDI in Kenya outweigh the negative impacts by a large margin. The results can be visualized in Figure 4.10

Figure 4.10: Impacts of Foreign Direct Investment in Kenya



Source: Field Data

Therefore, the respondents acknowledge the dynamics of FDI to the host nation. For instance, a considerable number of respondents understand the possible negative impacts of FDI on the host nation. On the other hand, majority of the respondents understand the main advantages of FDI to the host nation as shown above. However, the respondents appreciate the importance of FDI despite its demerits.

4.3.3 Industrialization

The survey for this section was mainly focused on the ministry of Industrialization and Enterprise Development. The survey also included respondents from the ministry of Tourism and respondents sampled from various business owners and investors for they are uniquely qualified in the industrialization sector. For industrialization, trends can have significant effects on Tourism and major investments in the country.

Having said that the last questionnaire was composed of a total of three questions and sought to determine the role of the Kenyan diplomatic mission in Uganda in promoting industrialization in Kenya as a key aspect of economic integration between Kenya and Uganda. The first question was easy for it enquired if there were any contributions made by Kenya's diplomatic mission in Uganda to increase industrialization in Kenya.

The results were very promising with 82% of the respondents agreed that Kenya's diplomatic mission in Uganda has made some contributions towards increased industrialization in Kenya. The results are shown in Table 4.11

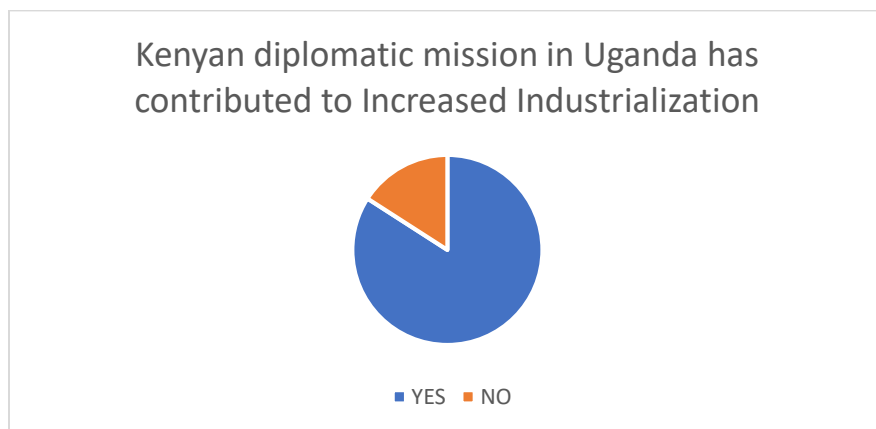
Table 4.11: Kenyan Diplomatic Mission in Uganda has Contributed to Increased Industrialization

Response	Frequency	Percentage
YES	37	83%
NO	7	17%

Source: Field Data

The data shown in the table above shows that the respondents believe that the Kenyan diplomatic mission to play a role in promoting industrialization in Kenya. The pie chart in Figure 4.11 illustrates the difference much clearer.

Figure 4.11: Kenyan Diplomatic Mission in Uganda has Contributed to Increased Industrialization



Source: Field Data

The second question required the respondents, who believe Kenya's diplomatic mission in Uganda has made any contributions towards the increase in industrialization, to state the contributions made by the embassy. A minority did not have an example although they believe the embassy has made some contributions. On the other hand, the researcher was able to identify themes from the responses given, categorizing them into two major projects that will contribute to industrialization, that is, the Standard Gauge Railway running from Mombasa through Kampala to Kigali, and the joint pipeline project between Kenya and Uganda among other countries. The results are shown in Table 4.12.

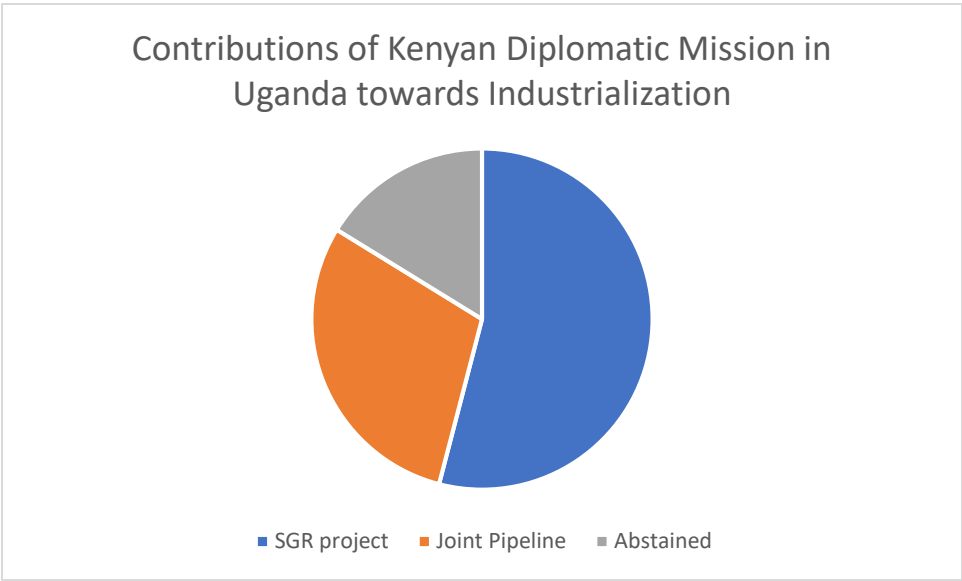
Table 4.12: Contributions of Kenyan Diplomatic Mission in Uganda towards Industrialization

Response	Frequency	Percentage
SGR project	20	54%
Joint Pipeline	11	30%
Abstained	6	16%

Source: Field Data

The results can be visualized using a Pie Chart in Figure 4.12 where 16% of the total respondents for this question abstained from answering the question based on lack of examples of how the Kenyan embassy in Uganda has contributed to increased industrialization. Also, the Standard Gauge Railway ranked the highest in terms of popularity as a cross-border infrastructure that brings the countries closer to industrialization.

Figure 4.12: Contributions of Kenyan Diplomatic Mission in Uganda towards Industrialization



Source: Field Data

The third and final question of the questionnaire sought to establish the effort that has been put in place Kenya's diplomatic mission in Uganda to steer industrialization. The results for this question was almost similar to the second question of the study as shown in Table 4.13

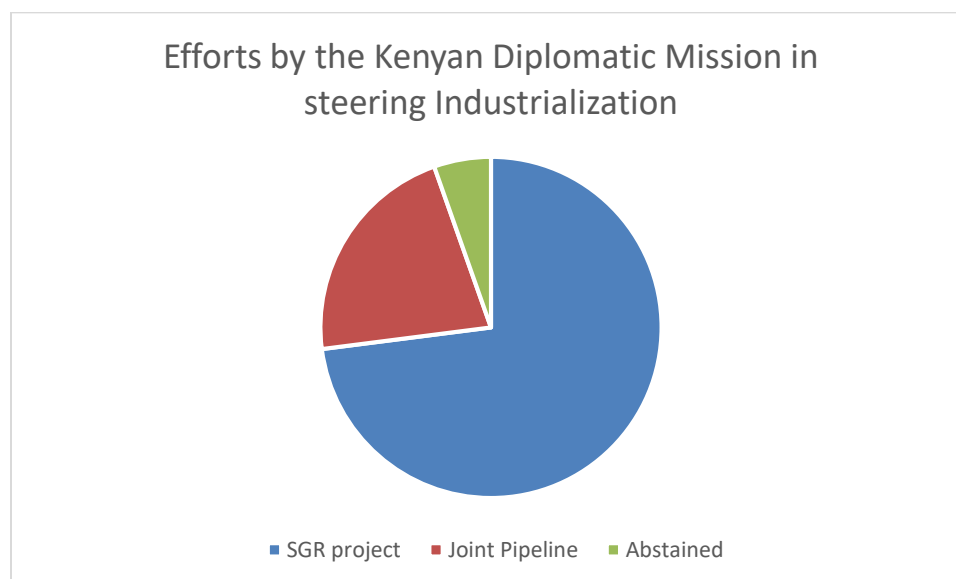
Table 4.13: Efforts by Kenya's diplomatic mission in Uganda in Steering Industrialization

Response	Frequency	Percentage
SGR project	27	73%
Joint Pipeline	8	22%
Abstained	2	5%

Source: Field Data

The data can be visualized in Figure 4.13.

Figure 4.13: Efforts by Kenya's Diplomatic Mission in Uganda in Steering Industrialization



Source: Field Data

Therefore, the Kenyan diplomatic mission in Uganda has played a major role in promoting industrialization in Kenya by negotiating the construction of major cross-border infrastructures like the Standard Gauge Railway and the joint pipeline which are necessary precursors to the migration from an agrarian society to an industrial society.

4.4 Conclusion

Considering the results presented by the researcher following a 3 weeks data collection exercise on the role of the Kenyan diplomatic mission in Uganda in promoting economic integration between the countries. The main components of economic integration considered by the researcher involved international trade, FDI, and industrialization.

After analyzing the said components of economic integration, the results of the research were not statistically significant to reject the null hypothesis. Therefore, the researcher failed to reject the null hypotheses indicating that the Kenyan diplomatic mission to Uganda plays a crucial role in promoting economic integration between Kenya and Uganda.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Diplomatic missions refer to embassies or consulates deployed by a nation to another nation to represent the interests of former abroad. Therefore, diplomatic missions strive to implement the home country's FP thus aids in achieving the nation's set objectives. Kenya formulated its first FP in November 2014 whose main goal is to build and peaceful and prosperous Kenya. It is thus the responsibility of the Kenyan diplomatic missions to implement the FP abroad thus representing the interests of the country which include economic integration, especially within the East African region.

Among the main aspects of economic integration include increased international trade, FDI, and industrialization between the countries. Therefore, Kenya's diplomatic mission in Uganda is thus mandated with the task to promote international trade, FDI, and industrialization for the benefit of the mother country. The embassy accomplishes this by maintaining peace between Kenya and Uganda, improving international relations, negotiating bilateral trade deals and treaties, and providing information to the mother country about the foreign market situation. By so doing Kenya's diplomatic mission in Uganda promotes FDI, international trade, and industrialization hence promoting economic integration between Kenya and Uganda.

5.2 Recommendations

5.2.1 Recommendations for Policies

The ministry of foreign affairs and international trade should conduct such studies especially targeting the business owners and investors in order to establish their opinions on matters like a FDI. Also, such information can reveal the non-obvious impacts of FDI and by extension economic

integration in order to formulate strategies to protect the citizens from unfair foreign competition, poor quality products, and flooding of the local market with cheap products.

5.3 Suggestions for Further Studies

The scope of this study was a bit wide meaning that independent studies should be conducted on the role of Kenya's diplomatic mission in Uganda in promoting International Trade, Foreign Direct Investment, and Industrialization. In addition, the researcher should formulate easier questions or break the questions into parts to avoid cases where the respondents abstain from answering due to the complexity of the question.

Also, the study can be more comprehensive if the researcher focuses on the role of Kenyan diplomatic missions in promoting economic integration within a specified time frame for instance during Uhuru Kenyatta's rule or between 2015 and 2019.

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APPENDICES

Appendix A: Questionnaire 1

Key Informant Interview Guide on the determination of Kenya’s Diplomatic Mission in Uganda in facilitating Increased Foreign direct investment

INTRODUCTION

This study seeks information that will lead to the determination of Kenya’s diplomatic mission in Uganda in facilitating increased Foreign Direct Investment.

You are requested to kindly take **10 minutes** of your time to ask you a few queries related to the study. If you allow me, I would like to ask the following queries

- 1. What is the role of Kenya’s diplomatic mission in Uganda in facilitating FDIs?
- 2. Does Uganda play a major role in increased FDIs to Kenya?
- 3. What are some of the impacts that FDI has brought about in Kenya?

a. Positive

.....
.....
.....

b. Negative

.....
.....
.....

Thanks for your Time and Cooperation.

Appendix B: Questionnaire 2

Key Informant Interview Guide on the determination of Kenya's Diplomatic Mission in Uganda in facilitating Increased International Trade

INTRODUCTION

This study seeks information that will lead to the determination of Kenya's diplomatic mission in Uganda in facilitating Increased International Trade.

You are requested kindly to take **10 minutes** of your time to ask you a few queries related to the study. If you allow me, I would like to ask the following queries

1. What is the role of Kenyan diplomatic mission in Uganda in facilitating increased International Trade?
2. What are the efforts that have been put in place by Kenya's diplomatic mission in Uganda to facilitate the above?
3. Are they effective?

Thanks for your Time and Cooperation.

Appendix C: Questionnaire 3

Key Informant Interview Guide on the Contribution of Kenya's Diplomatic Mission in Uganda to Increased Industrialization in Kenya

Introduction

This study seeks information that will lead to the contribution of Kenya's diplomatic mission in Uganda to Increased Industrialization in Kenya.

You are requested to kindly take **10 minutes** of your time to ask you a few queries related to the study. If you allow me, I would like to ask the following queries

1. Are there any contributions made by Kenya's diplomatic mission in Uganda to increased Industrialization in Kenya?
2. If YES above, which ones?
3. What is the effort that have been put in place by the Kenya's Diplomatic Mission in Uganda to steer Industrialization?

Thanks for your Time and Cooperation.

Appendix D: The Questionnaire

Introduction

Dear Respondent,

This questionnaire seeks the information that will result to the determination of the role of Kenya's diplomatic mission (Uganda) on economic development.

Your views are considered important to this study.

The information provided will be treated with utmost confidentiality and will be used only for the purpose of the study and will be highly appreciated.

Please note that you are not required to write your name on the questionnaire.

Instructions

1. Answer all the Questions.
2. Put a tick or (X) in the space provided in each Question.
3. Kindly answer all the provided Questions with the best of your knowledge.

SECTION A: Personal Attributes of the Respondent

1. Kindly Indicate our Gender

Male []

Female []

2. Age of The Respondent

18-24 []

25-30 []

31-35 []

Over 35 years []

3. Nationality

Kenyan []

Ugandan []

Others (Specify) []

4. How long have you been working in this institution/business?

1-5 years []

6-10years []

More than 10years []

SECTION B: Kenya's Diplomatic Mission (Uganda) and an Increase in International Trade

5. Has the presence of a Kenyan diplomatic mission in Uganda led to an increase in International trade between the two countries?

Yes []

No []

6. What factors can be attributed to the above?(Multiple answers allowed)

Favorable influence of trade and tariff barriers..... []

Geographical Location of the two countries..... []

Political and government policies..... []

Level of economic Development..... []

Favorable Foreign Exchange Rates..... []

Others (Specify)

.....
.....
.....

7. Are there challenges that have affected International trade between the two countries?

.....
.....
.....

SECTION C: Kenya’s Diplomatic Mission in Uganda and Foreign Direct Investment

8. Is there any role that the diplomatic mission in Uganda has played in facilitating Foreign investments

Yes []

No []

9. Does FDI help in accelerating the rate of economic growth?

Yes []

No []

10. FDI has provided capital, removal of Balance of payments constrain, facilitated technology management and marketing skills, led to increased employment and has generated a competitive environment in the host country.

Strongly Agree []

Agree []

Neutral []

Disagree []

Strongly Disagree []

SECTION D: Kenya's Diplomatic Mission in Uganda and Industrialization

11. Highlight some of the contributions made by Kenya's diplomatic mission in Uganda that has led to Industrialization?

.....

.....

.....

12. Have these contributions been significant?

Yes []

No []

13. What are the efforts that have been put in place by the Kenyan Diplomatic mission to steer Industrialization?

.....
.....
.....

14. Have these efforts been effective?

Yes []

No []


Thank you for your cooperation.

Appendix E: Research Permit

REPUBLIC OF KENYA
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 138688

RESEARCH LICENSE




This is to Certify that Miss. Julia Waweru of University of Nairobi, has been licensed to conduct research in Nairobi on the topic: **The Role of Kenyas Diplomatic Missions in Economic Development, Case Of Uganda, for the period ending : 09/September/2020.**

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