IMPACT OF LACK OF COMMON LAND POLICY ON FOREIGN DIRECT INVESTIMENTS IN EAST AFRICAN COMMUNITY: EVIDENCES FROM KENYA AND TANZANIA

By

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A Dissertation Submitted in Partial Fulfilment for the Requirements for the Master's Degree of Business Administration in Corporate Management of the Mzumbe University

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CERTIFICATION

This is to certify that the study entitled “Impact of lack of common land policy on Foreign direct investments in East African community: evidences from Kenya and Tanzania” submitted to the School of Business at the Mzumbe University in partial fulfilment of the requirement for award of the degree of Master of Business Administration in corporate management of Mzumbe University.

Signature

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Major Supervisor

Signature

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Internal Examiner

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DECLARATION

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I, Hamis K.M. Waryoba, declare that this study, impact of lack of common land policy on foreign direct investments in east African community: evidences from Kenya and Tanzania are my own work. I have carried out the present study independently and this study has not been submitted forward for a degree in this or any other institution. It is in partial fulfilment to the requirements of the Master Degree in Business Administration in Cooperate Management of Mzumbe University.

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Date …………………………….

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DEDICATION

I would like to dedicate this piece of work to my parents, who initiated and encouraged the whole journey of my education till this level.

LIST OF ACRONYMS

AGOA	-	Africa growth and Opportunities Acts
BOP	-	Balance of payment
CET	-	Common External Tariff
COMESA	-	Common market for Eastern and Southern Africa
EAC	-	East African Community
EPZs	-	Export Processing Zones
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Production
IMF	-	Internal Monetary funds
SADC	-	Southern Africa Development Community
SPSS	-	Statistical Package for the Social Science
US	-	United States
USD	-	United States Dollar
WTO	–	World Trade Organisation

ABSTRACT

The general objective of this study was to examine the impact of lack of common land policy on foreign direct investments in east African community: evidences from Kenya and Tanzania. The research also aimed to meet three specific objectives that is: to examine similarities and differences in the land policies in Kenya and Tanzania as member states of East African Community, to examine how the policies influence the foreign direct investments practices in Kenya and Tanzania and to examine how lack of common land policy influences the East African integration process.

The population under the study is the entire East African community population but due to cost and time limitations purposive sampling procedure was adopted where a sample of 200 respondents were drawn from this population and intensively studied. Data were collected using questionnaires. Among the respondents are investors, economists, land officials and students of which all of them have adequate skills and knowledge to give information which is trustful and can bring credible results. The areas studied ranges from Arusha districts in Tanzania up to Kaijado and Narok districts in Kenya.

In this study data were analysed and presented using SPSS software where descriptive tables and histograms were used to present the information. In the data presented in the tables and bar chart non – parametric chi – square distribution tests were taken to measure associations in the distributions of the data taken from Kenya and Tanzania.

The study found and concluded that there exist impacts on foreign direct investments in the African Community region due to policy difference among community member states.

The study recommends that it is the high time for the East African Community States to harmonise their land policies and urgently set in a common land protocol to promote their integration and social economic development

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CHAPTER ONE

PROBLEM SETTING

1.1 Introduction

This study aimed to investigate the potential impact of lack of common land policy on foreign direct investments in east African community, drawing evidences from Kenya and Tanzania.

This chapter consists of the introduction, background information of the study, the research problem, objectives of the study, research questions, significance of the study, limitations and delimitation of the study.

1.2 Background Information of the study

One of the challenges that face the East African Community in affecting its integrative objectives is lacking of the common land policy. Land policy is a factor, which greatly affects the flow of foreign direct investment in any country. FDI occurs where an enterprise from one country (home) engages in economic activities in the economy of another country (host)(Kenwood and Lougheed, 1990). Where land policy is transparent and security of tenure is guaranteed, foreign direct investments flows are at a higher rate. The opposite seems to hold true for countries where land policy is clouded and where there is uncertainty about the security of tenure (Crocombe, 1987).
Land acquisitions by foreign private investors have taken place on a small scale for many years.

However, a changed economic and political environment seems to have accelerated this process in the recent past. The current dramatic increase in sales and leasing of land in developing nations makes clear that land is an increasingly scarce resource in competition between various land use interests. Continuing population growth, climate change and associated problems such as on-going soil sealing, erosion, desertification and urbanization are putting pressure on land and other natural resources. At the same time, there is growing competition for a limited amount of agricultural land, due to rising demand for food as well as biomass for industrial and energy use in national and global markets.(FAO,2012)

Against this background, state actors and private investors from industrialised and emerging nations are using long-term leases or purchase agreements to secure large areas of agricultural land in developing countries in order to grow food or energy plants for export - a process described in international news headlines as “land grab”. In the current financial crisis, land is also increasingly becoming a speculative asset for investors. The recent upsurge in foreign direct investments in land raises the hope to bridge the gap of decades of underinvestment in developing countries’ agricultural sector, but it may also threaten host countries’ food security and increase the vulnerability of the rural population.

However, keeping FAO’s estimation in mind, that at least an additional 30 billion US$ are annually required in the agricultural sector so as to half the world’s hungry until 2015, private sector investment is indispensable. Effects of foreign direct investments in land strongly depend on specific institutional setting. This emphasises the need for action of Development Cooperation to respond to the political demands and come up with sound ideas on how foreign direct investments in land should be adequately shaped, what the policies should look like, which can trigger investments and which lead to sustainable and accessible supply of food in the years to come. A coherent policy for improved land management and secure land rights in developing countries can limit the possible risks and also contribute towards a better utilisation of the possible opportunities of foreign direct investments in land.

1.2.1 Overview of East African Community (EAC)

The **East African Community** (**EAC**) is an intergovernmental organisation comprising five countries in the African Great Lakes region in eastern Africa: Burundi, Kenya, Rwanda, Tanzania and Uganda. Jakaya Kikwete, the President of the United Republic of Tanzania, is the East African Community’s current chairman. The organisation was originally founded in 1967, collapsed in 1977, and was officially revived on 7 July 2000(Reuters, 2010). In 2008, after negotiations with the

Southern Africa Development Community and the Common Market for Eastern and Southern Africa the East African community agreed to an expanded free trade area to include the member states of all three organizations. The East African community is an integral part of the African Economic Community.

The EAC is a potential precursor to the establishment of the East African Federation, a proposed federation of its five members into a single state. In 2010, the East African community launched its own common market for goods, labour and capital within the region, with the goal of creating a common currency and eventually a full political federation (Reuter, 2010). In 2013 a protocol was signed outlining their plans for launching a monetary union within 10 years (Reuters, 2013).The geographical region encompassed by the East African community covers an area of 1,820,664 square kilometres (702,962 sq mi), with a combined population of about 149,959,317 (World Fact book, 2015).

1.2.2 The history of East African Community (EAC) and the philosophy of African Unity

It is a common responsibility of all Africans to realize the importance of the urgent African cooperation in all spheres of life. The idea of Pan-Africanism has a long history but the idea to unite Africa was famous in 1960s where the two famous African scholars Dr. Julius Nyerere and Dr. Nkwame Nkrumah propounded their powerful thoughts on how to achieve African Unity.

Discussing on the idea of African unity in the conference held in Addis Ababa on May, 1963 African leaders in the gathering were divided into two blocks, that is, the block with the powerful idea of united states of Africa by Dr. Nkwame Nkrumah and the block with the idea of gradual unification of African states, through regional cooperation by Dr. Julius Nyerere. However, the idea of Dr, Julius Nyerere was adopted defeating the Nkrumah’s perception on African unity. Nkrumah had advocated immediate establishment of the continent unity by establishing United States of Africa, with continental government, common foreign policy and common citizenship. In Nyerere’s perception African unity should start with regional integration. From this philosophical concept, Nyerere approach is mostly implemented by many countries in the world. In adopting this idea, the treaty for establishing the East African Community was finally made and ratified in 1999 and later took effect in 2000. The partners states to the community being five states. Kenya, Tanzania and Uganda have had a long history of co-operation dating back to the early 20th century. The customs union between Kenya and Uganda in 1917, which then Tanganyika joined in 1927, was followed by the East African High Commission from 1948 to 1961, the East African Common Services Organization from 1961 to 1967, and then the 1967 to 1977 East African Community(EAC, 2010). Burundi and Rwanda joined the EAC on 6 July 2009 (EAC, 2010).

Inter-territorial co-operation between Kenya Colony, Uganda Protectorate and Tanganyika Territory was first formalised in 1948 by the East African High Commission. This provided a customs union, a common external tariff, currency and postage; and also dealt with common services in transport and communications, research and education. Following independence, these integrated activities were reconstituted and the High Commission was replaced by the East African Common Services Organisation, which many observers thought would lead to a political federation between the three territories. The new organisation ran into difficulties because of the lack of joint planning and fiscal policy, separate political policies and Kenya's dominant economic position. In 1967 the East African Common Services Organisation was superseded by the East African Community. This body aimed to strengthen the ties between the members through a common market, a common customs tariff and a range of public services so as to achieve balanced economic growth within the region (EAC, 2010).

In 1977, the EAC collapsed after ten years. Causes for the collapse included demands by Kenya for more seats than Uganda and Tanzania in decision-making organs, disagreements with Ugandan dictator Idi Amin who demanded that Tanzania as a member State of the EAC should not harbour forces fighting to topple a government of another member State, and the disparate economic systems of socialism in Tanzania and capitalism in Kenya(Amos, 2011). The three member states lost over sixty years of co-operation and the benefits of economies of scale, though some Kenyan government officials celebrated the collapse with champagne (Mazimpaka, 2011). Each of the former member states had to embark, at great expense and at lower efficiency, upon the establishment of services and industries that had previously been provided at the Community level (Ihucha, 2011).

Later, Presidents Moi of Kenya, Mwinyi of Tanzania, and Museveni of Uganda signed the Treaty for East African Co-operation in Arusha, Tanzania, on 30 November 1993, and established a Tri-partite Commission for Co-operation. A process of re-integration was embarked on involving tripartite programmes of co-operation in political, economic, social and cultural fields, research and technology, defence, security, legal and judicial affairs.

The East African Community was finally revived on 30 November 1999, when the Treaty for its re-establishment was signed. It came into force on 7 July 2000, twenty-three years after the total collapse of the defunct erstwhile Community and its organs. A customs union was signed in March 2004 which commenced on 1 January 2005; Kenya, the region's largest exporter, continued to pay duties on goods entering the other four countries on a declining scale until 2010. A common system of tariffs applied to goods imported from third-party countries.

1.3 Statement of the research problem

Under the provisions of Articles 2 and 5 of the Treaty, Partner States undertook to establish a Customs Union as an entry point of the Community. Its objectives included *inter alia* liberalisation of intra-regional trade in goods on the basis of mutual benefits on trade arrangements among Partner States; Promotion of efficiency in production within the community; enhancement of domestic, cross border and foreign investments; Promotion of economic development and diversification in industrialisation.

Also, the East African Community Partner States have ratified the World Trade Organisation (WTO) rules; which are global rules of the trading system which prevent governments from pursing strong economic protection policies.

However, one of the challenges that affect the East African Community under Article 2 and 5 of the Treaty for enhancement of the foreign investment is the presence of differences in the land policies among the member states. Tanzania land policy stipulating that land is the public wealth and should be owned by the public, vested to the president of the republic of Tanzania, where Uganda and Kenya exercising communal and privately ownership.

Land as the key factor of production, have an importance on investment. Land is a key factor that a foreign investment should consider. The differences of ownership, management and control of land policies pose the differences in land acquiring and value or cost of land.

From the policy challenge point of view there is a need to conduct a comprehensive study on how this land policy differences influence the flow or success of the foreign direct investment in East African Community. Furthermore, to examine its consequences in fostering the progression of EAC integration process.

1.4 Objective of the research

1.4.1 General objective

The general objective of the study is to examine the impact of lack of common land policy on foreign direct investments in East African community evidences drawn from Kenya and Tanzania as partner states of the Community.

1.4.2 Specific Objectives

1. To examine similarities and differences of the land policy in Tanzania and Kenya as the EAC partner states.
2. To examine how differences of the land policy influence the Foreign Direct Investment practices in Tanzania and Kenya as the EAC partners states.
3. To examine how the differences of land policy among the partner's states influences the EAC integration process

1.5 Research questions

1. What are similar and different features of the land polices in Tanzania and Kenya as the EAC partner states.
2. How the differences of land policy influence the Foreign Direct Investment practices in Tanzania and Kenya as the member state of the EAC..
3. How the differences of land policy among the EAC partner's states influence the EAC integration process

1.6 Significance of the research

The research aimed to be a helping weapon for EAC stakeholders in fostering the integration process and acquiring the mutual and equal economic benefits among the members' states. The study laid down the key policy differences that are of good advantage to decision makers or strategic leaders of the EAC and other practitioners of the EAC. Furthermore, it will be highlighting the protocol areas that should be reinforced in order to forester the integration as early as possible.

1.7 Limitations and delimitations of the study

The study expected to have limitations in time and costs, due to the big population and area covered by the study.

To overcome the above limitations, the researcher adopted various approaches including use of questionnaires, a representative sample and purposive sampling procedure. Also mails, telephone and online survey or websites were used to save time and cost.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is made up with a review of literature from different studies in order to formulate a theoretical framework which guides the study. ‘Literature reviews are in great demand in most scientific fields. Their need stems from the ever –increasing output of scientific publications. For example ,compared to 1991, in 2008 three, eight and forty times more papers were indexed in web of science on malaria, obesity, and biodiversity respectively” (Philip.E.Bourne,2013)

The main purpose of the literature review is to situate the current study within the body of literature (what is already known about the issue being researched) and normally this part is based on theoretical literature review, empirical literature review and finalizes with the conceptual framework. This study is guided by both empirical and theoretical literature reviews.

2.2 Empirical literature Review

The study done by Mwega and Ndugu (2004) in Kenya on foreign investment in agriculture and the policy management in land confirmed that proper and good policy in a country motivates the agricultural investment is a country. The study supported by Hallam (2009) and Cushman (1985).Gerstter*at.el*. (2009) assessing the effects on land ownership and the investment found that the ownership of the land have a significantly positive influences in the flows of the foreign investment.

Obrien and Ryan (2002) noted that Kenya was for many years an attractive location for foreign investment. However, Bradshaw (1988) observes that although that was the case, there were already concerns by both scholars and government planners that, because of Kenya's liberal repatriation policies, more FDI income left Kenya in the form of profit remittances than flows into the country. As a result the government instituted measures to encourage reinvestment of their profits in the country. From 1974, firms with high repatriation rate had their local borrowing rights restricted by the Central Bank. The government also attempted to cut down on the level of management remittances and technical fees by setting a 14% withholding tax. These efforts discouraged foreign investors

FDI in Kenya has not only been volatile but also low right from the 1970s. This led to the stagnation of the manufacturing sector which was largely been dominated by the foreign firms. This decline was blamed on the inward oriented strategy as well as the collapse of the East Africa Community in 1977. Ensuing economic distortions resulted in severe structural constraints and macro-economic imbalances and firms failed to develop competitive capabilities to penetrate the foreign markets. The inward looking policies pursued at the time under import substitution made it difficult to effectively participate and compete in the export markets. As a result the manufacturing industry failed to play a more dynamic enough to function as an engine of country's growth and did not contribute significantly to foreign exchange (URK, 1994).

Further, the economic stagnation in the mid-1980s and 1990s affected Kenya’s industrialization with effects on labour productivity (Gachino and Rasiah, 2005). Political instability in neighbouring countries particularly Uganda drew away markets and investments in Kenya.

Macro-economic constraints arising from a collapse in the IMF’s Structural Adjustment Program (SAPs) in 1986 (Mwega and Ndungu, 2002), massive destruction of infrastructure due to El Nino rains and weak institutions all contributed to economic stagnation (Phillip and Obwana, 2000; Todaro, 2000; Rasiah and Gachino, 2005). Hence, although Kenya introduced a number of instruments to promote FDI and export oriented industrialization during this period, the efforts did not yield much.

After the disappointing period of the 1990s, Kenya resumed the path to rapid economic growth in 2002 through the implementation of the Economic Recovery Strategy which was replaced by vision 2030 after it expired in 2007. During that period the government embarked on establishment of free trade zones, improvement of business climate, infrastructure, and development of incentives among initiatives.

Those efforts are aimed at building a momentum that can sustain economic growth and promote development. At the centre of those efforts is a commitment to attract foreign direct investment which was hoped would assist in the industrialization process. Foreign firms in Kenya since the 1970s have invested in a great range of sectors.

The study done by Rweyemamu (1987) and Gachino (2006) in East Africa after land resettlement between 1962 and 1964, the Kenyan government restrains foreign firms from purchasing more land and as a result foreign ownership in agriculture was greatly reduced. In commerce and industry by contrast, virtually all the expansion which took place, that is a 50% increase in output between 1964 and 1970 and 100 percent increase in the annual level of investment, was foreign owned. At first much of it involved capital transfer out of agriculture, especially next to the introduction of exchange controls in 1965. But two years later after the initial period of uncertainty as to the government development strategy, a substantial inflow of foreign direct investment and its diversification to other happened occurred. In addition the government established institutions which would assist in the development of the manufacturing sector. During that period Kenya had pursued import substitution from as early as 1950s. That industrial policy advocated for a large role of the public sector participation and protection of the infant manufacturing industries.

Cushman (1985) and Itagaki (1981) observed that the real exchange rate increase stimulated FDI made by US dollars, while a foreign currency appreciation has reduced American FDI. Cushman observed that the dollar appreciation reduced US FDI by 25%.It is argued that key drivers for Kenya, Tanzania and Uganda are that Kenya wishes to export surplus capital, Uganda seeks an outlet for its surplus labour and Tanzania wants to realise a Pan-African vision (Booth, Cammack, Kibua and Kwek, 2007). However, it is observed that the commonalities go far deeper. Many of the national elites old enough to remember the former Community often share memories and a sharp sense of loss at its eventual dissolution (Booth, Cammack, Kibua and Kwek, 2007). More cynically, others argue this historical ambition provides the potential for politicians to present themselves as statesmen of a higher order, as representatives of a greater regional interest (Booth, Cammack, Kibua and Kwek, 2007).Furthermore, EAC institutions bring significant new powers to dispose and depose to those who serve in them (Booth, Cammack, Kibua and Kwek, 2007).

Some question the extent to which the visions of a political union are shared outside the elite and the relatively elderly, further saying that the youthful mass of the population is not well informed about the process in any of the countries, while others point to an enhanced sense of East African identity developing from modern communications (Booth, Cammack, Kibua and Kwek, 2007). Commitment to the formal East African Community idea is relatively narrow, in both social and generational terms, and thus many question the timetable drawn up for the project. Fast-tracking political union was first discussed in 2004 and enjoyed a consensus on the subject among the three presidents of Kenya, Tanzania and Uganda (Booth, Cammack, Kibua and Kwek, 2007). Thus, a high-level committee headed by Amos Wako of Kenya was commissioned to investigate the possibility of speeding up the process of integration so as to achieve political federation sooner than previously visualised (Booth, Cammack, Kibua and Kwek, 2007). Yet there are concerns rapid changes would allow popular reactionary politics against the project (Booth, Cammack, Kibua and Kwek, 2007). There is an argument however, that there are high costs that would be required at the beginning and that fast-tracking the project would allow the benefits to be seen earlier (Booth, Cammack, Kibua and Kwek, 2007).

There remain significant political differences between the states. Museveni's success in obtaining his third-term amendment raised doubts in the other countries (Booth, Cammack, Kibua and Kwek, 2007).The single-party dominance in the Tanzanian and Ugandan parliaments is unattractive to Kenyans, while Kenya's ethnic-politics is not apparent in Tanzania (Booth, Cammack, Kibua and Kwek, 2007). Rwanda has a distinctive political culture with a political elite committed to building a developmental state, partly to safeguard the Tutsi group against a return to ethnic violence (Mazimpaka, 2011).

Other problems involve states being reluctant to relinquish involvement in other regional groups, e.g. Tanzania's withdrawal from COMESA but staying within the SADC bloc for the Economic Partnership Agreement negotiations with the European Union (DAWN, 2011). Many Tanzanians are also concerned, because creating a common market means removing obstacles to the free movement of both labour and capital (Amos, 2011). Free movement of labour may be perceived as highly desirable in Uganda and Kenya, and have important developmental benefits in Tanzania, however in Tanzania there is widespread resistance to the idea of ceding land rights to foreigners, including citizens of Kenya and Uganda (Mazimpaka, 2011).

While generally the member nations are largely in favour of the East African Federation, informal polls indicate that most Tanzanians (80% of its population) have an unfavourable view (Amos, 2011). Tanzania has more land than all the other EAC nations combined, and some Tanzanians fear land grabs by the current residents of the other EAC member nations (Mazimpaka, 2011).

The empirical studies indicate that disparities in Land Polices is among the challenges in the East African Community integration process

2.3 The theoretical literature review of the study

This part is mainly made up of theories and descriptive models, the review of foreign direct investment issues in the East African Community, the Conceptual frame work of the study and definitions of key terms in the study.

The theories included in this study are foreign direct investments theories and land utilization theories. The foreign direct investments theories included are: the product life cycle theory, the internalization theory, the eclectic paradigm theory and the theory of exchange rates on imperfect capital Markets. The land theory included is the land use theory.

2.3.1 The theories of foreign direct investments

(a) The product life cycle theory

This is one of the theories which explain about FDI. In 1966, Raymond Vernon published his model which described internationalisation FDI trend of organisation. Vernon looked upon how U.S Companies how they have developed into multinational corporations and dominated the world trade and her per capita income was the highest of all the developed nations.

In his theory of product life cycle, Vernon described an internalisation process where a local manufacturing firm in a country begin selling a new, technologically advanced product to high income consumers at home market. At first the production capabilities are built locally to minimize risks and uncertainty. As demand from them consumer in other markets grows, production of the product increasingly shifts to abroad enabling the business to maximize economies of scale and to bypass trade barriers.

As the product matures, the number of competitors increases. At the end the innovator become challenged in her own home market making her country an importer of the product. This product must have been produced either by the competitors or if the innovator has developed into a multinational manufacturing by her foreign based production facilities

The product life cycle is a widely acceptable theory in explaining the way industries migrate across borders over time.

b) The eclectic paradigm theory

As it was stated (Hagen, Antje 1997), the idea behind the eclectic paradigm is to merge different isolated theories of international economics into one approach.

In this theory, in production process three categories of advantages are identified; the ownership advantage, location advantage, and the internalization advantage. The precondition for international activity of a firm is the availability of net ownership advantages that is an advantage that a company has in foreign and unknown markets.

Ownership advantage include trademark, production technique, entrepreneurial skills, and return to scale. Ownership advantage refer to the competitive advantages of the business firm seeking to engage in FDI the greater the advantage the more a company is likely to engage in FDI production. Location advantage includes existence of raw materials, low wages and special taxes or tariffs. Internalisation advantages include advantage by owning production rather than producing through a partnership arrangement such as licensing or a joint venture.(Hagen, Antje, 1997)

In the line of this theory FDI happens for two reasons. First it is the course of seeking or establishing access to basic materials like raw materials or other input factors. The other situation is where FDI happens when a foreign firm enter into a new market seeking for markets.

Likely this theory explains why there are FDI among nations.

c) The Internalization theory.

(Rugman, 1986), in his article known as the New Theories of the multinational enterprise published in the Bulletin of Economic research, Rugman explains that, in the internalization theory two main kind of products are identified in the production process that is: **knowledge flows linking research**, and **the ability to develop the product.**

In his publication it was explain that larger multinational enterprises emerge due to the monopoly of **the above products**. That is to say, development of a new technology is concentrated within the firm and their knowledge cannot be transferred elsewhere but rather instead of licensing, they go abroad for business purposes of the same product.

d) The theory of exchange rates on imperfect markets

This is another theory which explains about FDI. In 2010 Vintila Denisia of Bucharest Academy of economic studies published in the European Journal of interdisciplinary studies issues on the theory of exchange rates on imperfect markets where he explains that, the sometimes FDI emerge due uncertainty of the international trade. He gave an example of an empirical study done by Cushman (1985) and Itagaki (1981) where it was observed that the real exchange rate increase stimulated FDI made by US dollars, while a foreign currency appreciation has reduced American FDI. Cushman observed that the dollar appreciation reduced US FDI by 25%.

Therefore the exchange rate on imperfect markets may cause business firms to immigrate across national boarders

All governments prohibit or restrict foreign direct investments into certain ways, although the prohibition varies from one country to another. For example foreign direct investment can be required to have local participation in the ownership or management for local operations or can be required to insure local purchase of its components as raw material.

In this study on the basis of differences in land policy among the East African Partner States, the study aimed to examine the impact of lack of common land policy on foreign direct investment in East African Community focusing on Kenya and Tanzania.

e) The land use theory

This is the theory which explains various issues about land use. The theory was propounded by Thunen in his **mono centric model** in 1826. In his theory it is explained that land has many uses. The uses include use in agriculture, industrial and other economic activities. Also said that in the process of using land planning is needed.

In their book known as land use planning use methods, strategies and tools by published by Deutsche Gesellschaftfur Technische Zusammenarbelt in Eschborn Germany in 1999 B.Amler and others defined land planning that it is "an iterative process based on the dialogue amongst all stakeholders aiming the negotiation and decision for a sustainable form of land use in rural areas as well as initiating and monitoring its implementation".

It is said in their book that, wherever people use land and its resources, there should be planning for sustainable utilisation of the resources. The planning should be upon the land use in productive activities and the use in other activities such as the use of reserve areas like wild life areas, land recreation, road building and waste disposal sites.

In this study it was observed that land closest to the city is more valuable and land rent decreases with the distance from the centre of the city. Also the study was observed that more expensive products are more costly when transported closer to the city and they have effect on agricultural production. This theory is useful in guiding land planning and allocation in any society.

The theory should be used by states including EAC for proper utilization of the land resources

This study also focused on both land policy and management aspects in the East African Community.

2.3.2 EAC regional Cooperation in FDI investments:

Foreign direct investments play major roles in economic development in many host countries, their advantages include bringing of capital knowledge and technology resources which helps economy of host countries to grow. The factors for attracting FDI includes: high economic growth rate, existence of rule of law, political and economic stability, natural and human resource availabilities, large markets, open economy and low administrative procedures.

FDI inflows are expected to contribute to the realization of the economic potential in the EAC partner states. FDI attraction and retention is therefore one of priority areas identified for development by the EAC. The overall inflow of FDI to EAC increased from a total of US $ 1,323 million in 2006 to US $ 1,714 million in 2009. In terms of stocks, the region accumulated FDI from ranged from US $ 9,330 in 2006 to US $ 14,866 million in 2009 with each partner state recording increases, except for Kenya where both FDI and stocks have been maintained. (EAC, 2011)

One of the objectives of the EAC in article 5 (c) of the EAC Treaty 1999 is collaboration among partner states in the maintenance of sustainable utilization of natural resources and protection of the environment. The forest cover among some EAC partner states has declined greatly below the United Nations benchmark of at least 10% or more forest cover in each country. Tanzania, Rwanda and Uganda are the countries in East Africa with over 10% of forest cover. Kenya and Burundi have the lowest forest cover remaining to be in the range of 5-6% between 2006 and 2008. The region therefore has a duty to cooperate in the restoration of forest cover. (EAC, 2011)

In his article "Regional mechanism for attracting FDI and long term private investment" Ravid Ratnayake, the Director of trade and investments (UNESCAP) in 2010; explains that to achieve regional investment cooperation, regional communities should achieve the following: should have joint investment promotion, joint research and technology development strategies and there should exist regional and insurance schemes.

Basing on the existing challenges and opportunities existing in the EAC partner states, EAC need joint effort so as to remain competitive in the world affairs and the great challenge facing EAC or a way which is not yet known is the way EAC partner states can cooperate in the land policy and effectively attract FDI in the region. The study aims at studying the impact of lack of common land policy on foreign direct investments in the whole of EAC drawing evidences from Kenya and Tanzania.

2.3.3 The law and policy on foreign land acquisition in Kenya and Tanzania

Between the two countries there is a difference with regards to who is a foreigner or non foreigner. For example in Kenya in under section 22 of the 2011 a citizenship and immigration Act, a citizen is a Kenyan by birth or registration having rights including a right to own land. This is different to Tanzania being not a dual state in international affairs.

In Tanzania the land Act cap 13 R.E 2002 provides that no – citizen shall not be allocated land unless it is for investment purpose as it is provided under Tanzania

Investment Act cap 38 R.E 2002. This Act further provide that a corporate body in which shareholders or owners are non – citizen shall be deemed non – citizen or foreign cooperation.

Not only is that but also in Tanzania there a conflict between the companies Act (Act No 12 of 2002)which provides that any company incorporated under the companies Act shall have the same power to hold land in Tanzania. This is contradiction to the land Act cap 13 R.E 2002 which disallows land ownership by a company with a majority foreign ownership.

In Kenya the foreign citizenship status of a body corporate is determined by provision of a variety of laws including investment promotion Act Cap 485 B, the companies Act cap 486 of the laws of Kenya and the Kenya constitution of 2010.

However, East African Community partner state has different law and policies regarding to foreign direct investment (Dr. Kibangi, Robert and another, 2012)

2.3.4 Foreign Direct Investments in Kenya

Kenya is a relatively big country with a total land area of 580.4km square. Its location is strategic within East Africa and has a population of approximately 40 million people. The country is well endowed with a wide range of natural resources, flora and fauna and arable land. A Kenya highland consists of the most successful agricultural production regions in East Africa. Foreign investment has been of considerable significance in financing development in Kenya not only in the manufacturing in additional to the primary and tertiary sectors.

Rweyemamu (1987) before independence in 1963, bulk of it went to primary production and plantations. The few manufacturing firms established up to World War II were mainly for basic processing of agricultural exports and the processing of food for the local market. After the war British manufacturing enterprises begun to invest directly in the manufacturing, in part, because of the competition from non-British trading firms, which threatened Britain's share in the Kenyan market.

The government used both tariffs and quotas to supplemented foreign allocation measures including overvaluing exchange rates to maintain import costs low, favourable credit and interest rate policies intended to subsidize the manufacturing consumer goods.

During that period FDI levels were reasonably high in comparison to other East African countries. That was partly attributed to the fact that Kenya had maintained a favourable investment climate**.**

Mostly they played a major role in floriculture and horticulture, with close to 90 per cent of flowers being controlled by foreign affiliates. In the Manufacturing sector FDI concentrated on the consumer goods sector, such as food and beverage industries. That has changed in the recent years with the growth of the garment sector because of African Growth and Opportunities Act (AGOA). Among 34 companies involved in AGOA 28 are foreign most of them concentrated in the Export Processing Zones (EPZs). FDI is also distributed to other sectors including services and telecommunication. 55% of the foreign firms are concentrated in Nairobi while Mombasa accounts for about 23% thus Nairobi and Mombasa account for over 78 per cent of FDI in Kenya. The main form of foreign direct investments establishment has been through the form of green fields establishments and Kenya has in total more than 200 multinational corporations. The main traditional sources of FDI are Britain, US and Germany, South Africa, Netherlands, Switzerland and of late China and India (UNCTAD)

Figure2.1 Economic Activities in Kenya

Forests

Health Services

Chemical Industry

Hoe farming

Education services

Wilde life

Banking services

Railway transport

Source: from the **Source:** from the Kenya's social economic sectors images.

2.3.5 Foreign Direct Investments in Tanzania

Tanzania is the top destination for Foreign Direct Investment (FDI) in the East Africa region, according to the United Nations Conference on Trade and Development (UNCTAD).

Recent data from UNCTAD indicate that in 2013 Tanzania had USD 12.7 billion in FDI stock, eclipsing both Kenya and Uganda which stood at a low USD 3.4 billion and USD 8.8 billion respectively.

UNCTAD statistics also shows that in 2013, Tanzania attracted USD 1.9 billion in FDI inflows far outstripping Kenya which only received USD 514 million of inflows in the same period. In the comments, the Executive Director of Tanzania Investment Centre (YIC) Juliet Kairuki welcomed the revelations.

The latest value for FDI, net (BOP, current US$) in Tanzania was ($1,095,401,000.00) as of 2011. Over the past six years, the value for this indicator has fluctuated between ($403,039,000.00) in 2006 and ($1,383,260,000.00) in 2008 (BOT, 2014).

The survey by Government of Tanzania (2012) findings indicate that the stock of FDI rose at an annual average rate of 10.3 percent to USD 10,393.2 million in 2011 from the amount recorded in 2008.foreign direct investments continued to dominate foreign private investment accounting for 89.3 percent of total stock in 2011, followed by other investments that accounted for 10.6 percent of the total. The stock of the investments continued to be small.

Foreign direct investments inflows bounced back in 2010 from a sharp decrease recorded in 2009(URT, 2012). The decline in 2009 was due to fall in the global flows as the impact of global financial crisis deepened. Moreover, the inflows declined by almost 31.1% in 2011 following high repayment of short and long term loans. The inflows averaged USD 1,344.6 million per annum during the review period and accounted for 94% of the total foreign investment inflows (URT, 2012).

The survey results indicated that FDI was mainly financed by retained earnings since 2009, which contrasts with the previous years when loans were the major source of financing. In 2011, for instance, almost 100% of the inflows were in the form of retained earnings. That significant shift is consistent with high levels of profits realised. It also gives an indication of increase in investors' confidence and expansion of investment opportunities in the country (URT, 2012).Agriculture, which accounts for the largest share of National Income continued to record low levels of FDI. Despite the increase in the inflows to this activity by nearly 50% between 2008 and 2011, the annual inflows to this activity were lower than that of traditional recipients namely: mining and quarrying, manufacturing, finance and insurance; and information and communication.

Article 5 (2) of the Treaty Establishing the East African Community stipulates that: "Partner States undertake to establish among themselves and in accordance with the provisions of the Treaty, a Customs Union, a Common Market, subsequently a Monetary Union and ultimately a Political Federation". All these various stages are mutually reinforcing.

Under the provisions of Articles 2 and 5 of the Treaty, Partner States undertook to establish a Customs Union as an entry point of the Community. Its objectives included *inter alia* liberalisation of intra-regional trade in goods on the basis of mutually beneficial trade arrangements among Partner States; Promotion of efficiency in production within the community; enhancement of domestic, cross border and foreign investment; Promotion of economic development and diversification in industrialisation.

The main tenets of the Customs Union include a Common External Tariff (CET); a Customs law of the Community; removal of non- tariff barriers to trade among Partner States; elimination of Customs duties and other charges of equivalent effect on goods originating and traded among Partner States. The East African Community Customs Union Protocol was concluded in 2004, with the consequent launching of the East African Customs Union effective from 1st January 2005, putting the EAC ahead of many other similar economic blocks in Africa. To date, EAC continues to consolidate the implementation of the Customs Union.

Creation of the East African Community Common Market is envisaged to deepen the integration, accelerate economic growth and promote development. It is aimed at strengthening, coordinating and regulating the economic and trade relations among partner states in order to promote their 6 accelerated harmonious and balanced developments. It is hoped that the Common Market will sustain expansion and integration of economic activities, whose benefit shall be equitably distributed.

In accordance with the provisions of Articles 76 and 104 of the Treaty, the Protocol on East African Community Common Market have been provided for: Free movement of goods; Free movement of persons; Free movement of labour; Right of establishment; Right of residence; Free movement of services; and Free movement of capital. It is hoped that the Common Market Protocol have been signed in November 2009.

The third stage is the Monetary Union. This occurs when two or more states agree on a single currency for their daily transactions within the Common Market. Substantial ground has already been covered in harmonising custom and fiscal policies within East African Community Meetings of Governors of Central Banks have already taken place. Other activities include holding of pre-budget meetings, reading of the East African Community budgets on the same day and harmonisation of capital market development. Studies establishment of the East African Community Monetary Union are on-going and preliminary reports are already in place. It is envisaged that the Monetary Union will be in place by 2012.

The ultimate stage is the Political Federation, which occurs when two or more states come together to form a Super State under a single Political Authority. This involves ceding sovereignty and some powers by the federating States to the Super State. The Treaty is not explicit on the time frame on this, but Article 123 (6) provides that “the Summit shall initiate the process towards establishment of the Political Federation of the Partner States by directing the Council of Ministers to undertake the process”.

Following a report of a Committee set up in 2004 to explore modalities of fast-tracking the East African Community Political Federation, Summit directed that National Consultations be held in all the Partner States. The results indicated an overwhelming support for the East African Community to federate.

Chapter 23 of the Treaty for the Establishment of the EAC elaborates measures that Partner States are obliged to undertake in the areas of Defence, Foreign Policy Coordination, Political Affairs and Inter State Security to create the right environment for stability and development. The Chapter equally recognizes the need for cross sectorial coordination among the identified sectors.

For purposes of guiding Partner States, Article 6 of the Treaty provides for the Fundamental Principles to guide the integration. Article 6(d) clearly elaborates on the principle of good governance including *adherence to the principles of democracy, the rule of law, accountability, transparency, social justice, equal opportunities, gender equality, as well as the recognition, promotion and protection of human and people's rights in accordance with the provisions of the African Charter on Human and Peoples' Rights.*

In the EAC Treaty it is said that, in order to promote the achievement of the objectives of the Community as set out in Article 5 of this Treaty, the Partner States shall take such steps in the field of industrial development that will: promote self-sustaining and balanced industrial growth, improve the competitiveness of the industrial sector so as to enhance the expansion of trade in industrial goods within the Community and the export of industrial goods from the Partner States in order to achieve the structural transformation of the economy that would foster the overall socio-economic development in the Partner States; and encourage the development of indigenous entrepreneurs.

Together with above provision of the treaty, there must be close observation and compliancy with land policy realities regardless investment is local or foreign.

Figure 2.2 Economic Activities in Tanzania

Health services

Mechanization in Agriculture

Animal keeping

Sugar plantation

Chemical industry

Poultry keeping

Cattle farming

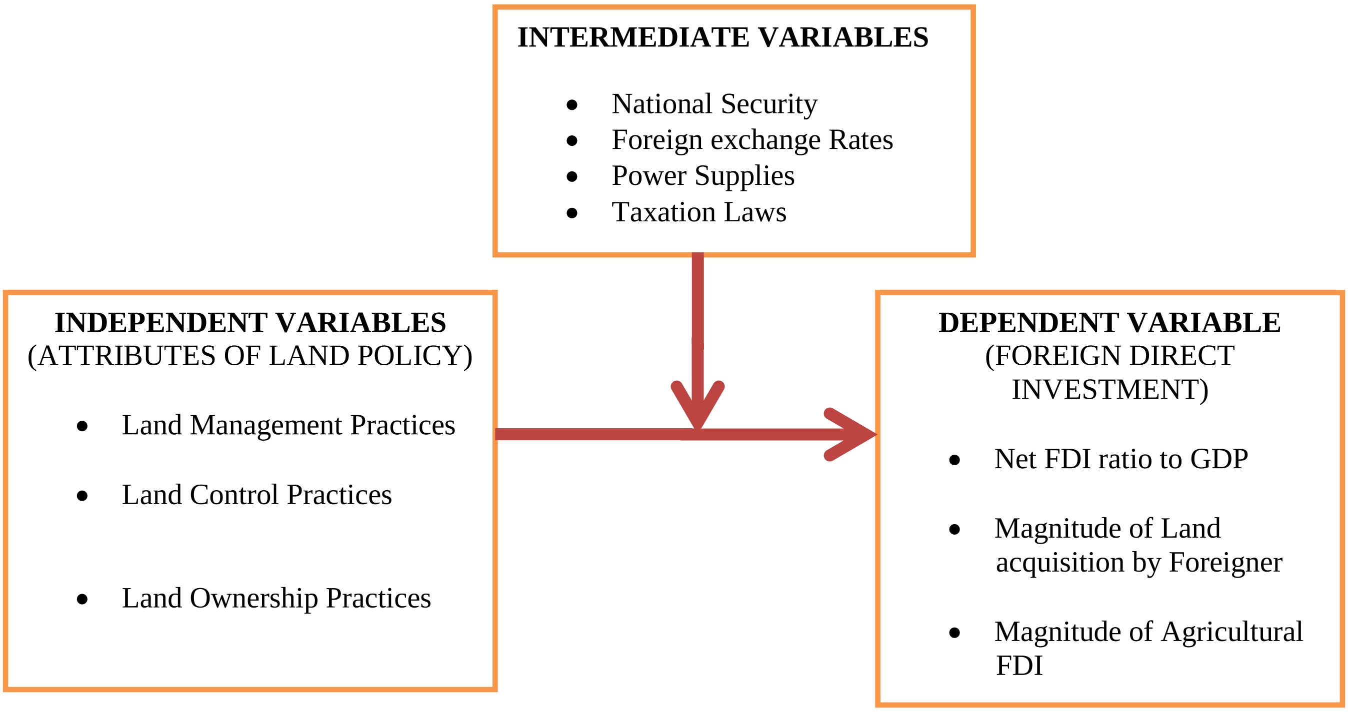
Small scale mining

Cassava farming

Source: from the Tanzania' social economic sectors images.

2.4 Research conceptual framework

Figure 2.3: Conceptual framework (2015).



Conceptual frame work is the system of concepts, assumptions, expectations, beliefs and theories that support and inform about the study in questions. It is a written or visual presentation that: "explain either graphically or in a narrative form, the main things to be studied; the key factors, concepts or variables and the presumed relationship among them". (Huberman, 1994, P.18).It is an integral part for understanding and analysing the research problem.

However, conceptual frame work provides the structure / content for the whole study based on the following sources: technical knowledge, research background, personal experience and literature review (traditionally on prior related theories and prior related researches). (Roger Vaughan, 2008)

In this study, the conceptual framework explains the theoretical idea of the independent and dependent variables. The independent variables are the attributes of the land policies in Kenya and Tanzania, in the aspects of management, control and ownership practices. The key question is how the land management, land controls and land ownership practices in Kenya and Tanzania influences the flow of FDI in both Kenya and Tanzania.

2.4.1 Operation Definitions of key concepts, variables and related terms used in the study and its respective conceptual frame work.

Foreign Direct Investment: Refers to a business enterprise in one country which its ownership is based in another country.

Land policy: is the tool employed to outline a set of goals and measures for meeting objectives related to land: tenure, use, management, property rights and administration, and administrative structures.

Variable: refers to a situation, quantity or number which is often capable of being changing.

Land tenure: is the relationship, whether legally or customarily defined, among people as individuals or groups with respect to land. They are the rules which define how property rights to land are allocated within societies. They define how access is granted to rights to use control, and transfer land as well as associated responsibilities and restraints.

Secured land tenure – Means land tenure protected under the laws.

Equitable land tenure – Refers to the land tenure which is just and fair in terms of owners interests on land

Absolute land tenure – Denotes the tenure which is true and acceptable before the eyes of the society and the law.

Land tenure security: Refers to the rights of individuals or firms to effective protection by the government against forcible eviction**.** It also means protection from illegal expropriation of the land owned by either an individual or a business firm. Land tenure security may either be secured, equitable or absolute.

Land control: Means land acquisition, land ownership, and land uses for value while also including existence of the land control board/organ in the legal instruments governing land in a country.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Chapter overview

The chapter is about the methodology of the study. The chapter describes various strategies and techniques of conducting the study. It is organized in the logical framework of research philosophy, research design, area of study, study population, sample size, sampling procedures, data sources, data collection instruments, measurement of variables, test of validity and data processing.

3.2 Research Philosophy

The choice of techniques also depends on researcher's willingness to accept the assumptions (philosophy) underlying each set of tools. Researchers who use quantitative tools, techniques that emphasize measuring and counting, are called positivists and those who prefer the qualitative tools of observation, questioning, and description are called naturalists(Hughes and Sharrock, 1997). The philosophy of this research (assumptions) is both naturalists and Positivists. The aim of choosing this assumptions or philosophy is due to fact that the research used opinions that was a qualitative tool collected the data from the sampled population and quantitative approaches were employed in data analysis where non parametric measures were computed to guide the accuracy of the results of research process.

3.3 Research Design

The research design is a logical sequence that connects the empirical data to a study's initial research questions and ultimately to its conclusions (Yin, 1994). The study was based on descriptive approach (qualitative) that led to a description of the factors as found from practice in the existing situation. A description of practices allowed an analysis to be performed based on the practical reality so as to arrive at conclusions that address that reality. A description of practices is also critical for gaining insight into practices, provides a sound basis for judging variables relationships – a central issue in this research, and forms a reliable basis for providing recommendations for further improvements.

3.4 Area of study

The study focused on the Tanzania and Kenya as the EAC partners states. The areas were selected purposely for the reason of data convenience and availability. Furthermore, the study offer the generalization of the findings since it fully represents the rest partner states. The area where the study was conducted ranges from Arusha district in Tanzania and Kaijado and Narok in Kenya.

3.5 Study Population

A population is a group of individuals' persons, objects or items from which samples are taken for measurement. In this study the population studied was the entirely East African Community. East African community currently has a population of about 149,959,317 and an area of 1,820,664 square kilometres. Due to various limitations including time and funds the research used a representative sample from the EAC population for intensive study.

3. 6 Sample Size

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole, Webster (1985). In this study 200 respondents were chosen of which 108 are from Tanzania and 92 are from Kenya

3.7 Sampling procedures

In this study the sampling procedure adopted was purposive sampling. According to Brian (2000) this technique is more preferable in research because of the following reason:-

(i) It enables the researcher to take the sample he or she thinks can deliver the best information in order to satisfy the research objectives in question
(ii) It helps in taking care of the contrasts of time and resources because it enables the use of a small sample as long as it is timely and representative

(iii) This procedure is deal with case study as it allows for variation and enables choice to be made relative to research situations

In purposive sampling, sample elements were chosen because they satisfy certain criteria. In this study the criteria considered for obtaining the sample size were experience, knowledge and skills on the field on study. A few elements are taken for intensive studies because they are considered either typical or outstanding examples of the variables with valid and reliable knowledge on this study.

In this study two hundred respondents were chosen 108 from Tanzania of which 66 male and 42 female; among them are investors, economists, land officials and students. Likely in the side of Kenya 92 respondents were chosen, of which 66 are male and 26 female also among them are investors, economists, land officials and students. Most of the student consulted were graduates students with credible and reliable knowledge on the subject matter of the study and the professionals were people with enough practical experiences on issue under the study.

Appendix B attached to this report shows the number of students and professionals consulted in this study.

3.8 Data Sources

The research used both Primary Data and secondary data. The primary data will be collected from the selected sample-respondents. The Secondary data sources was obtained from audit reports, organizational reports and manuals, and accounting documents, Local Government Reports and Ministerial Reports.

3.9 Data Collection Instruments

A structured and closed ended questionnaire was designed according to the objective of the study. These were administered to the respondents. In gathering primary data, both open and closed ended questionnaires were used and filled by the lower and the upper cadres respondents respectively. The questionnaires were a established to motivates the respondents to perform well. The mails, telephone and website or online surveys were used to collect data. These strategies save time and cost.

3.10 Measurement of Variables

Foreign direct investment and land policy variables were measured using a standardized questionnaire in 5- Likert scale which collected respondent's responses.

3.11 Test of Validity

The validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). The pre-test of the questionnaires was done for ten respondents to test the validity of the questionnaires.

3.12 Data Processing and Analysis

The Data collected was sorted, edited, coded and analysed using SPSS software. Descriptive statistics was used to present frequency distribution of the variables. Cross-tabulation was used to test association between variable. In the analysis non parametric tests are drawn from the data analysed to guide the research result

CHAPTER FOUR

FINDING PRESENTATION AND DISCUSSION

4.1 Introduction

In this study the demographic and social economic information of the respondents shows that, the sample studied had a number of respondents capable and enough for the researcher to make analysis. Also show that both male and female where included in the study. The issue under the study include the study of similarities and differences and land policy of Kenya and Tanzania and the study of the land policy influence of FDI and the EAC integration process. Data were collected from a total of 200 respondents from Kenya and Tanzania where 108 were from Tanzania and 92 from Kenya and their discussion are shown below in the following sections

4.2 Respondent Demographic information

The respondents' demographic information includes: gender, level of education, work experience ages and discussion on demographic information is shown in each respective section.

4.2.1 The Gender of Respondents in the Study.

The study took opinions of both male and female in Kenya and Tanzania as members of the EAC partner states.

Table 4.1: The gender Cross tabulation Distribution of the respondents.

			Gender of Respondents		Total
			Male	Female	
Country	Tanzania		66	42	108
		% of Total	33.0%	21.0%	54.0%
	Kenya		66	26	92
		% of Total	33.0%	13.0%	46.0%
Total			132	68	200
		% of Total	66.0%	34.0%	100.0%

Source: Field data (2015)

The table 4.1 shows the gender distribution in Tanzania and Kenya. The gender profile of the sample units are male 33.0 per cent and 21. 0 per cent responds on Tanzania and Male 33.0 per cent and 13.0 per cent in Kenya. The gender issue was not issue of consideration so the numbers occurs by chance, due to fact that the gender does not have effect of this finding.

4.2.2 Education level distribution of respondents in the study

In order to increase the trust and credibility of the study education levels of respondents were highly considered. The study included students of secondary education and university education together with professionals. Education level distribution of the respondents in this study is shown in table 4.2 and Fig 4.2

Table 4.2: The Education level Cross tabulation Distribution of the respondents

			Education of Respondents				Total
			Form 4	Form 6	U'graduate	Graduate	
Country	Tanzania		18	27	32	31	108
		% of Total	9.0%	13.5%	16.0%	15.5%	54.0%
	Kenya		7	12	29	44	92
		% of Total	3.5%	6.0%	14.5%	22.0%	46.0%
Total			25	39	61	75	200
		% of Total	12.5%	19.5%	30.5%	37.5%	100.0%

Source: Field Data (2015)

The sampling procedure adopted was purposive sampling. The professionals included in this study were investors, economics and land officials both from Kenya and Tanzania as indicated in Appendix Figure 3.1.

The table shows that the more sampled respondent from Kenya were graduates composing 22% out of 92 respondents whereas in Tanzanian graduates were 15.5%. In Tanzania undergraduates were 16% at the same time undergraduate in Kenya were 14.5%.

Table 4.3: The experience cross tabulation Distribution of the respondents

			Experience of Respondents				
			< 1 year	1-2 years	3-5 years	> 5 years	Total
Country	Tanzania		1	18	61	28	108
		% of Total	.5%	9.0%	30.5%	14.0%	54.0%
	Kenya		15	17	32	28	92
		% of Total	7.5%	8.5%	16.0%	14.0%	46.0%
Total			16	35	93	56	200
		% of Total	8.0%	17.5%	46.5%	28.0%	100.0%

Source: Data field (2015)

4.2.3 Experience distribution of respondents in the study.

The experience of the respondents on their works or assignment was another issue addressed by the study, to explore more the validity and strongest of the opinions. It is expected that the more experiences offer sound opinion and expected in education that the more educated respondents have a higher chance of being of positive contribution in the survey. The experience distribution is explained in the figure 4.3 below.

The table 4.3 shows the cross tabulation of the work experience of the respondents and the respondents of the Tanzania and Kenya in the aspects of the land policies.

The table shows that most the respondent in both countries were experienced at the average of 3 to 5 years in Kenya and in Tanzania. It is evidence that in Tanzania more than 30 per cent out of 108 are of experience of3 to 5 years, and in Kenya is about 16.0 per cent out of 92 are of the 3 to 5 experience. The study expects that the more experienced unit or respondent have a relevant contribution of giving their opinions.

4.2.4 Age distribution of respondents in the study.

The table 4.4 and figure 4.4 show that the study took the opinions of both adults and young people.

Table 4.4: The Age and country Cross tabulation Distribution of the respondents

			Age				Total
			<21 Year	21-30 Year	31-40 Year	>41Year	
Country	Tanzania		4	19	42	43	108
		% of Total	2.0%	9.5%	21.0%	21.5%	54.0%
	Kenya		11	24	29	28	92
		% of Total	5.5%	12.0%	14.5%	14.0%	46.0%
Total			15	43	71	71	200
		% of Total	7.5%	21.5%	35.5%	35.5%	100.0%

Source: Field Data (2015)

The study collected opinion and view of people with different ages. The age ranged between the ages of 21 up to the age above 41. The examining of the age of the respondents is of crucial since the age is the one of the capacity factor or decisional factors that measures the eligibility and capability of the individual to make decision. The age of the respondents was found to be middle averaged in 31-40 years (Table 4.4).

The table 4.4 shows the distribution of the age in the relation of the respondent responses in both country Kenya and Tanzania. The tables confirm that the ages of the respondents are of sound and capable to explain the facts of the problems. The average number of the respondents is of more than 41 years. This is good attribution in research since it offer the trust of the fact to the audiences of the report.

4.3 Similarities and differences of the land policy in Tanzania and Kenya

One of the objectives of the study was to identify the similarities and differences of the land policy in Tanzania and Kenya as practiced by their member state of the East Africa. The study found that in practices the land policy in Tanzania and Kenya differs, but there are little difference of the policies between the countries. The study aimed to examine three areas of land policy, that are land control, land management and land tenure security.

4.3.1 Land tenure security in Kenya and Tanzania

Table 4.5: The land tenure security cross tabulation distribution of the respondents responses in the study

			Land Tenure Security: Respondents responses				
			Secured	Long-lasting	Equitable	Absolute	Total
Country	Tanzania Land Policy		24	39	21	24	108
		% of Total	12.0%	19.5%	10.5%	12.0%	54.0%
	Kenya Land Policy		19	34	26	13	92
		% of Total	9.5%	17.0%	13.0%	6.5%	46.0%
Total			43	73	47	37	200
		% of Total	21.5%	36.5%	23.5%	18.5%	100.0%

Source: Field data (2015)

Land tenure security refers to protection from illegal expropriation of the land owned by either an individual or a business firm. The study, empirically found that both countries have polices that address the land tenure security but in practice or in the way administration done is different from one country to another and laws govern this aspect is also different

The study confirms that both countries have the policies that address land tenure security, but in practices or in the way policies administration are done, are quite different. (Table 4.5)

The table 4.5 shows the cross tabulation of the respondents on the land tenure security in Kenya and Tanzania. The table shows that the land tenure in Tanzania is more secured and absolute (less restricted) than in Kenya, the study shows that the land policy in Tanzania and Kenya both offers long time of ownership and equitable, that is not gender based. In general, the land policy in Tanzania and Kenya have the similar tenure security, there is little differences on the freedom of use (absolute) and security.

The chi-square is run to test the association of the responses on Kenya Land policy and Tanzania Land Policy. The chi-square is tested at 5 per cent of significant level.

Table 4.6: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.468[a]	3	.325
Likelihood Ratio	3.497	3	.321
Linear-by-Linear Association	.160	1	.689
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.02.

Source: Field Data (2015).

The table shows that there is no association of the responses on Tanzania and Kenya since the value of P-*Value 0325* is greater than 0.05 level of significant.

4.3.2 Land management in Kenya and Tanzania

Table 4.7: The Land management Cross tabulation Distribution of the respondents responses

			Land management activities: Respondents responses				Total
			Reforestation	Water resourcing	Land fertility Recovering	Ecosystem Restoring	
Country	Tanzania Land Policy		30	19	32	27	108
		% of Total	15.0%	9.5%	16.0%	13.5%	54.0%
	Kenya Land Policy		26	29	18	19	92
		% of Total	13.0%	14.5%	9.0%	9.5%	46.0%
Total			56	48	50	46	200
		% of Total	28.0%	24.0%	25.0%	23.0%	100.0%

Source: Field Data (2015)

The examination of the land policy in Kenya and Tanzania was done and finds that the management in both countries are not similar. There is little difference reveal in the research, and this is due to the empirical evidences. The table 4.6 show the percentage in cross tabulation between country response sand factors of the land management's examined in the study.

The table 4.7 shows the cross tabulation of the land management factor and the country respondents in Kenya and Tanzania. The table shows that the reforestation in Tanzania is supported by 53.6 per cent; in Kenya is 46.4 per cent, this mean that the reforestation in Tanzania is done effectively than in Kenya. The water resourcing in Tanzania confirmed to be done by 39.6 per cent and 60.4 per cent in Kenya. This means that the Kenya has well water resourcing than in Tanzania. The Tanzania respondent confirms that the Tanzania land policy and practices facilitates land fertility recovering, this evidenced by 64.0 per cent of the sampled Tanzanians and in 36.0 per cent in Kenya. The ecosystem in Tanzania is exercised more in Tanzania than in Kenya. It is evidenced by 58.7 per cent of the respondent in Tanzania supports and 36.0 per cent confirms in Kenya.

Table 4.8: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.442[a]	3	.092
Likelihood Ratio	6.475	3	.091
Linear-by-Linear Association	1.447	1	.229
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 21.16.

Source: Field data (2015)

Table 4.8 shows the chi-square tests distribution of the land management factors and the responses on the land policy in Kenya and Tanzania. The table shows the association of the land management factors in Kenya and Tanzania. The *p-value* is

0.092 is greater than the level of significant 0.05; therefore, there is no significant association of the responses on the two countries on factors of land management.

4.3.3 Land control in Kenya and Tanzania

Table 4.9: The Land Control Cross tabulation Distribution of the respondents responses in the study.

			Land Control aspects: Respondents responses					
			Control Boards	Private Ownership	Public Ownership	Restricted Acquisition	Used for Value	Total
Country	Tanzania Land Policy		29	19	27	6	27	108
		% of Total	14.5%	9.5%	13.5%	3.0%	13.5%	54.0%
	Kenya Land Policy		33	19	3	2	35	92
		% of Total	16.5%	9.5%	1.5%	1.0%	17.5%	46.0%
Total			62	38	30	8	62	200
		% of Total	31.0%	19.0%	15.0%	4.0%	31.0%	100.0%

Source: Field Data (2015)

The land control in policy and practices in Tanzania and Kenya were examined by the study. The factors considered were private ownership, public ownership, restricted acquisition and use of the land for value. The factors were examined closely and found that they are and empirical differences in both countries.

The table 4.9 shows the distribution of the respondent's responses in Kenya and Tanzania. The tables evidences the cross tabulation of the responses in the two countries.

The study confirms that the land control in was measured in examinable factors, that are existing of the board control laws and regulations, private land ownership, public land ownership, restricted land acquisition and land used for value. The study finds that in Kenya the about 53.2 per cent of the respondents confirm that the land policy and practices in Kenya involve the control boards stipulated by Kenya Land control Act. The about 46.8 percent of the respondents in Tanzania confirms that there an either board or organ than control land in Tanzania. The ownership of the land also examined by the study, the study finds that the private ownership in Tanzania and Kenya are exercised the same. That is, the policy and practices on land control offer the same opportunity of owning land in Kenya and Tanzania. It is evidenced by 50.0 per cent of the respondent in Kenya and Tanzania.

The study confirms that the land in Tanzania are mostly owned by public rather than in Kenya, this evidenced by 90.0 per cent of the respondent in Tanzania. The land restriction is higher in Tanzania than in Kenya, confirms by 75.0 per cent of the respondent, but the land is used for value better in Kenya than in Tanzania as evidenced by 56.5 per cent of the respondents.

However land ownership is more protected in Kenya than in Tanzania.

The chi-square test is done to examine the association of the variables of land control between the countries. The chi-square test results are displayed in the below (Table4.10)

Table 4.10: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.347[a]	4	.000
Likelihood Ratio	24.189	4	.000
Linear-by-Linear Association	.005	1	.945
N of Valid Cases	200		

2 cells (20.0%) have expected count less than 5. The minimum expected count is 3.68.
Source: Field data (2015)

The table 4.10 shows the Chi-Square tests distribution of the respondents in Kenya and Tanzania. The table shows there is a significant association of the responses in Kenya and Tanzania at 95 per cent level of confident, since *P-Value* 0.000 is less than the level of significant (0.05).

4.4. The land policy influence on Foreign Direct Investment practices in Tanzania and Kenya

The secondary objective of the study was to examine how the land policy influences Foreign Direct Investment in Tanzania and Kenya. The study found that there is land policy influence on the FDI in both countries. The study use the FDI change indicator (positive) such as increase of FDI Net, increase in Agricultural FDI, increase of Land acquisition by foreigners, increases of land value and increase of the FDI flows.

4.4.1 Land policy and the increase of Net FDI in Kenya and Tanzania

Table 4.11: Cross tabulation Distribution of the respondents responses on Land policy and FDI

			Increase Net FDI: Respondents responses					
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Country	Tanzania Land Policy		8	79	14	7	0	108
		% of Total	4.0%	39.5%	7.0%	3.5%	.0%	54.0%
	Kenya Land Policy		11	44	19	8	10	92
		% of Total	5.5%	22.0%	9.5%	4.0%	5.0%	46.0%
Total			19	123	33	15	10	200
		% of Total	9.5%	61.5%	16.5%	7.5%	5.0%	100.0%

Source: Field data(2015)

The study finds that the practice of land management, and controlling and securing increases the Net FDI in Kenya and Tanzania. The empirical evidence provided by the table 4.11 shows the responses on the percentage.

The study found that the proper management of land policy and practices, controlled private and public land ownership and land security are the factors that increase the Net FDI in Kenya and Tanzania. The respondents either strongly or agree that the proper land management and control increase the Net FDI. The fact supported by 42.1 percent in Tanzania and 57.9 percent in Kenya. About 64.2 per cent in Tanzania and 35.8 per cent in Kenya confirms that proper management and control of the land policies and practices increase FDI.

The table 11 shows the cross tabulation of the respondents in Kenya and Tanzania in relation with land policies and practices. The tables confirms that there is a strong evidence to conclude that the good and proper management of the land in country favours the FDI an evidenced by respondent from Tanzania and Kenya.

Table 4.12: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.106[a]	4	.000
Likelihood Ratio	23.983	4	.000
Linear-by-Linear Association	9.139	1	.003
N of Valid Cases	200		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 4.60.

Source: Field Data (2015)

The table 4.11 shows the Chi-Square test results of the cross tabulation of responses on policy management and control in Kenya and Tanzania. The Chi-Square test was run to test the association of the responses in Kenya and Tanzania. The study confirms that there is an association of the responses in Kenya and Tanzania. This is evidenced by statistical fact that *p-value* of 0.000 is less that the critical value of 0.05.

4.4.2 Land policy and the increase of Agricultural FDI in Kenya and Tanzania

Table 4.13: Cross tabulation Distribution of the respondents responses on Land policy and Agricultural FDI

			Increase Agricultural FDI: Respondents responses					
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Country	Tanzania Land Policy		34	43	3	21	7	108
		% of Total	17.0%	21.5%	1.5%	10.5%	3.5%	54.0%
	Kenya Land Policy		24	12	29	9	18	92
		% of Total	12.0%	6.0%	14.5%	4.5%	9.0%	46.0%
Total			58	55	32	30	25	200
		% of Total	29.0%	27.5%	16.0%	15.0%	12.5%	100.0%

Source: Field Data (2015)

The examination on how Land policy increase the agricultural FDI in Kenya and Tanzania was done, and the study finds that there is a positive relations of good and proper land management and control policy and practices in both countries. It is evidenced that the proper land management and control motivate the agricultural FDI in Kenya and Tanzania. This fact evidenced by empirical survey done by study in Kenya and Tanzania (Table 13)

The table 4.13 shows the cross tabulation of the respondents in Kenya and Tanzania in relation with their land policy and practices. The survey done in Kenya and Tanzania confirms that about 58.6 per cent of the respondent in Tanzania strongly agree and 78.2 per cent agree that the good and proper management of the land policy and practices in Tanzania encourages the agricultural FDI, and about 41.4 percent and 21.8 percent of the respondents strongly agree and agree respectively that good land policy management and control positively influences the agricultural FDI in Kenya.

The Chi- Square test was run to investigate the association of the responses in Kenya and Tanzania (Table 14).

Table 4.14: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.995[a]	4	.000
Likelihood Ratio	53.388	4	.000
Linear-by-Linear Association	7.694	1	.006
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.50.

Source: Field data(2015)

The table 4.14 shows the Chi-Square test results of the responses in Kenya and Tanzania. The table confirms that there is a significant association of the responses in Kenya and Tanzania on the policy management and practices. This is evidenced by the *p-value of 0.000* is less than the level of significant 0.05.

4.4.3 Land policy and the increase of Land acquisition by foreigner in Kenya and Tanzania

Table 4.15: Cross tabulation Distribution of the respondents on Land policy and Land acquisition by Foreigners

			Land acquisition by Foreigners: respondents responses					
			Strongly Agree	Agree	neutral	Disagree	Strongly Disagree	Total
Country	Tanzania Land Policy		34	44	23	0	7	108
		% of Total	17.0%	22.0%	11.5%	.0%	3.5%	54.0%
	Kenya Land Policy		22	36	9	13	12	92
		% of Total	11.0%	18.0%	4.5%	6.5%	6.0%	46.0%
Total			56	80	32	13	19	200
		% of Total	28.0%	40.0%	16.0%	6.5%	9.5%	100.0%

Source: Field data (2015)

The examination was on how the land policy influences the land acquisition by foreigner in Kenya and Tanzania. The study finds that there is evidence that proper land policy management and practices promotes the land acquisition by foreigner in Kenya and Tanzania (Table 15).

Table 15 shows the cross tabulation of the responses on the land management policy and practices in Kenya and Tanzania. The table confirms that the land acquiring by the foreigners are motivated by the proper land management and practices in Kenya and Tanzania.

The study found that about 60.7 per cent strongly agree and 55.0 per cent agree that the proper managed and controlled Tanzania land policy motives or encourage the acquisition of the land by foreigners, and 39.3 per cent strongly agree and 45.0 percent agree that the proper managed Kenya land policy increase the land acquisition by foreigners in Kenya.

The Chi-Square distribution is established in order to test the associations of the responses in Kenya and Tanzania (Table16).

Table 4.16: Chi-Square Tests Distribution

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.677[a]	4	.000
Likelihood Ratio	27.802	4	.000
Linear-by-Linear Association	6.520	1	.011
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.98.

Source: Field data (2015)

Table 16 shows the Chi-square distribution of the respondents in Kenya and Tanzania in relation to their land policies. The table profiles that there is an association of the responses in two countries, Kenya and Tanzania. The statistical evidence shows that p-value is 0.000 is less than level of significant of 0.05.

4.4.4 Land policy and the increase of FDI in flow in Kenya and Tanzania

Table 4.17: Cross tabulation Distribution of the respondents responses on Land policy and FDI Inflows

			FDI in flow: Respondents responses					
			Strongly Agree	Agree	Neutral	Disagree	strongly Disagree	Total
Country	Tanzania Land Policy		35	34	21	9	9	108
		% of Total	17.5%	17.0%	10.5%	4.5%	4.5%	54.0%
	Kenya Land Policy		25	21	19	10	17	92
		% of Total	12.5%	10.5%	9.5%	5.0%	8.5%	46.0%
Total			60	55	40	19	26	200
		% of Total	30.0%	27.5%	20.0%	9.5%	13.0%	100.0%

Source: Field data (2015)

The study examines the influences of the land policy and FDI inflow in Kenya and Tanzania. The study found that the good and proper land policy management and control in Kenya and Tanzania contribute to increase of the FDI flow. That is proper private and public ownership of the land encourages more the flow of FDI in Kenya and Tanzania (Table 17).

The table 17 shows the cross tabulation of the responses in Kenya and Tanzania in the relation of the land policies. The table shows that about 4.5 per cent strongly agree and 17 percent agree that the land policy in Tanzania influences the flow of FDI in Tanzania, and 8.5 per cent strongly agree and 10.5 per cent agree that the land policy influences the flow FDI in Kenya.

The Chi-Square distribution is provided for the purpose of the examining the association of the responses in two countries in relation to their land policies (Table18). The Chi-square is significantly at 5 per cent.

Table 4.18: Chi-Square Tests Distribution

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.113[a]	4	.191
Likelihood Ratio	6.150	4	.188
Linear-by-Linear Association	4.780	1	.029
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.74.

Source: Field data (2015)

Table 18 shows the chi-square distribution results, the table profiles that there is no association of the responses on two countries, Kenya and Tanzania. This is evidenced by the statistical facts that, the p-value of 0.191 is greater than 0.05 level of significant.

4.5 The influence of land policy on EAC integration Process

Table 4.19: Cross tabulation Distribution of the respondents responses on Land policy and FDI Inflows

			EAC Integration Respondents responses					
			Highly motivate integration process	moderately motivate integration process	No effect at all	Not motivate integration process	highly not motivate integration process	Total
Country	Tanzania Land Policy		29	18	15	18	28	108
		% of Total	14.5%	9.0%	7.5%	9.0%	14%	54.0%
	Kenya	land policy	25	22	24	0	21	92
		% of Total	12.5%	11.0%	12.0%	.0%	10.5%	46.0%
Total			53	40	39	18	50	200
		% of Total	26.5%	20.0%	19.5%	9.0%	25.0%	100.0%

Source: Field data (2015)

The third objective of the study was s to examine the influences of the land policy disparity in EAC members' states on their integration process. The study comes with empirical evidence that, there land policy practices hinder the progression of the EAC integration. The land factors which contribute to this situation include the land control mechanism and land tenure security disparity in the Kenya land policy, Tanzania land policy and likely the policies of other partner states in the community.

The study confirms that more than 14.5 per cent respondents strongly confirm that the Land policy in Tanzania highly motivates the integration process and about 9per cent moderately agree while 14 percent strongly disagree. In Kenya, about 12.5 per cent of the respondents strongly agree that land policy in Kenya highly motivates the EAC integration process, and about 11per cent also confirm the same while 10.5 percent strongly disagreeing on the same fact. (Table 4.19).

Table4.19 shows the cross tabulation of the EAC integration responses and the countries land policies. **The table profiles that there is strong evidence that land policy disparity of management and control hinders the EAC integration process.**

The study confirms that the disparity of the land policy management and control discourage the EAC members states to promote their integration process. The land tenure security and the equality in the value of the land are the main causes which hinder the EAC members' state to stage up to the apex level of integration.

The T-Distribution is constructed to reveal the mean deviation of the response between the two countries, Kenya and Tanzania (Table 20).

Table 4.20: The independent samples Test (T-Test)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Proper management	Equal variances assumed	.744	.390	-.674	198	.501	-.12399	.18404	-.48691	.23893
	Equal variances not assumed			-.680	197.689	.497	-.12399	.18225	-.48341	.23542
Private ownership	Equal variances assumed	2.392	.124	-1.885	198	.061	-.35064	.18598	-.71741	.01612
	Equal variances not assumed			-1.874	187.776	.062	-.35064	.18707	-.71968	.01839
Public ownership	Equal variances assumed	2.238	.136	1.593	198	.113	.34461	.21629	-.08193	.77114
	Equal variances not assumed			1.602	196.267	.111	.34461	.21513	-.07965	.76886
Proper Control	Equal variances assumed	3.198	.075	3.459	198	.001	.64493	.18645	.27725	1.01261
	Equal variances not assumed			3.414	179.580	.001	.64493	.18889	.27220	1.01765

Source: Field data (2015)

The table 20 shows the t-distribution of the respondents on EAC integration process and land policy management and control in Kenya and Tanzania. The table profile that proper land management confirmed empirical to support the EAC integration process with p-value of 0.390 greater than 0.05, T-value of -0.674, the ownership policies of the land also have an impact on the integration process. The study confirm the private ownership in Kenya and public ownership in Tanzania hinder the process in EAC integration, this evidenced statistically in, private ownership with *t-value* of

-1.874 I Kenya and public ownership in Tanzania with positive value of *T-Value 1.593*. This indicates the disparity effect on the EAC integration process.

4.6 Findings and discussion

The study comes out with results that the land policies in Kenya and Tanzania have some disparities. The differences lie in the enforcement mechanisms of the laws or policies laid by the states. It was found that the Land policy in Kenya is more controlled and managed in the area of the land tenure security, water resourcing, and land use for value. This study confirms together with the study done by Amos (2011) that found the same facts. This also is evidenced and confirmed by Mwega and Ndugu (2002) who likely observed that land ownership causes major difference in policy practices among the EAC partner states.

In Kenya land tenure security is long lasting, secured, equitable and absolute compared to Tanzania.

However, the study found that the land in Tanzania and Kenya are both legally secured, equitable and absolutely for their demanders. The study confirm with study done by Philip and Obwana (2000), and Todaro (2000) which found that, the land legal equality and security among the partner states in the land tenure security is well established in East African Countries, due to cultural practices among the states.

In Kenya the law allow people to own land under various categories of lease and the owners have bargaining power at the time of compensation when their land is taken by the state on compulsory reasons .A good example of this fact can be seen when Kenyan government took her citizen's land for establishment of the one EAC Stop Centre at Namanga boarder in Kenya.

The land in Tanzania is mostly owned by public rather than in Kenya, and the law in Tanzania allows individuals to use land by giving them rights of occupancy but land is public property its ownership is vested to the president as a trustee. That is to say there is no absolute ownership of land in Tanzania.

Although the law in Tanzania allows individuals to use land the truth remains to that citizen are only land users whereby, at any time the state can revoke their right to use land.

The study among other things also found that there is policy influence on the FDI inflow in the region, where the policy slightly restrict foreigners from owning land, also that there is differences in land management among partner states and that lack of common land policy in the community prohibits its integration process.

The fact that the land policy disparity in management and control in EAC member's states positively influences the integration process of the EAC was also confirmed in the study made by Booth, Cammack, Kibua and Kwek (2007) investigating the ways to speed up the EAC integration process comes with the conclusion the land disparity and political ideological difference in EAC members state hinders the integration process. This finding also is supported by Gachino and Rasiah (2003) who confirm that the political disparity among the partners state staging the progression of the EAC integration.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study aimed at examining the impact of lack of common land policy on foreign direct investments in east African community, drawing evidences from Kenya and Tanzania. The study also aimed to examine the similarities and differences in policy issues in the land policies in Tanzania and Kenya as member states of the East African Community. Furthermore, the study investigates how the differences of land policy influence the EAC integration process.

The study has met its objectives by giving answers to the research questions and filling gaps in literature linking land and foreign direct investments issues in EAC.

5.2 Conclusion

The study found that both Tanzania and Kenya land policies are similar in land tenure security issues allowing secured, long lasting, equitable and absolute deeds. At the same time the policies restrict foreigners from owning land in their countries. The difference appears on the management land control policies and the land laws governing land issues in these countries. In Kenya the land control is stipulated under the Kenya the land control Act 2004 and related laws where as in Tanzania land issues are addressed by the Land Act No R.E 2002, village land Act No 5 R.E 2002 and other related laws.

In the above laws, it has been shown that land is publicly owned in Tanzania and privately owned in Kenya and there are many legal provisions which differ in Kenyan law with that of Tanzania. Also lawful land valuation approaches in these countries are different. For example in Tanzania the law allows the land user to be compensated by the government when her or his land is taken by the state for compulsory purposes and in the compensation the victim only has to be paid the already prescribed money rates to her or his land properties such houses crops trees and fixtures. The law does not allow bargaining in the compensation process. The good examples the implementation of this law incidence which faced the Tanzanian people in Namanga area where their land plots have been taken in the process of establishing the East African Community One Stop Centre at their area where their counterparts in Kenyan side were compensated differently in the same incidence.

In Kenya land valuation process is different, Land as a factor of production its sale is determined by forces of the free market that is demand and supply. Its price is determined by these forces and the land owner has a chance of bargain when his or her land is taken by the government for compulsory purposes

However, the above provisions indicates that the value of land in Kenya and Tanzania are different indicating that land value in Tanzania is low compared to Kenya where its people enjoys more from land resources than in Tanzania.

The study has also discovered that land management is different between Kenya and Tanzania. Land Management include activities in reforestation, soil erosion conservation, water resourcing, land fertility recovery and restoring of ecosystem. For example water resourcing is highly administered in Kenya than in Tanzania.

The land fertility recovery is well done in Kenya than in Tanzania and the ecosystem recovery is well done in Serengeti, Mikumi in National Parks and game controlled area in Tanzania where the government organ such as the Ngorongoro Conservation Authority are doing the very recommendable conservation service which enable the government to earn much income from tourism compared to Kenya

Furthermore, in this study it has been discovered that proper land management policy and practices, land ownership private or public and other land security issues have influence on fostering the FDI in both Kenya and Tanzania. It is found that these policy factors increase the net FDI inflows and increase the value of land in each country. The country that maintains the good land policy and better practices on land administration and control attracts more FDI.

In general, the land policy EAC partner states have marginal legal differences and significantly differ in operation and administration. The land policy has a positive impact on FDI inflow in a country.

On how the differences in land policy of East African community partner states influence the community integration process, this study has discovered that land policy integration in East African community region is among the economic strategies to attain the regional and continental economic integration and its success will help to reduce or harmonise land acquisition costs.

If well planned the Common EAC Land policy will attract foreign direct investments and the indigenous people will benefit in various ways such as creation of employment, increase of nation income also will facilitate easy, transfer learning, absorption and assimilation of science (in production, marketing, human resource management, quality control and other techniques) and technology which is highly needed to support their economies and will make macro – economic coordination easier.

Also, East African Community partner states by pulling together their land resources will enable them to exploit their comparative advantages, specialization and use land resources more efficiently in order to achieve better outcomes.

5.3 Recommendations

From the study it has been shown that the EAC partner states suffer from various disparities such as economic and political ideological disparities. Among the major challenges addressed by this research is the land policy disparity. The study recommends that in order to foster the integration process, the partner states should reform their legal restraints to offer the sustainable use of land for FDI. Land policies of the partner states should be harmonised to affect the quick process of the integration process

Also it is recommended that all forms of investments should be encouraged: The study has found that the land investments, particularly agricultural FDI increase if land management, control policies and practices are improved. It is here by recommended that the East African member states should improve water resourcing and reforestation in order to attract and encourage foreign and local investors for more investments. Likely, there should be increase in reforestation to support water resourcing and increase the value of land.

Furthermore it is recommended that, before the integration process in the land policy should start by introducing the common strategy, to guide the process and each member states should ensure that all EAC citizens in their respective member states should be given their national identity cards and EAC passports should be issued to all EAC citizens. Also the land of each partner states should be wholly surveyed, classified and title deeds issued before the integration, to facilitate harmonization and unification process.

Land should be well planned to support its uses in social economic activities such as the use in agriculture, industrial activities and others. Also land may be set aside only for renting to enable people to earn income.EAC relatively has abundant land suitable for leasing, long or short term purchase useful in poverty reduction and this situation is an attraction to FDI. At the same time, EAC has a population of about 149,959,317 which is favourable market for both industrial and agricultural products while having an area of 1,820,664 square kilometres, of which there are a number of plains as idle land which can be utilized to sustain the population.

Moreover, land can also be newly classified into both public and private while giving priorities to the indigenous people to own land. At the same time chances must be given for the land to support their growing populations while giving room for sustainable acquisition and use of land for their coming future generations.

The land protocol of the East African community to be successful should take into account historical, present and future land realities in the partner states such as Uganda, Rwanda, Burundi, Kenya and Tanzania and the realities should be studied, considered and accommodated in the in the land protocol.

EAC partner states should join their efforts and resources so as to remain competitive, survive under the global economy, and exploit available opportunities and to overcome the existing threats in the region.

Again, it is observed that EAC integration process lacks political will both the citizens and the political leaders. To be successful this study also recommends that there should be the political will to speed up the process.

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APPENDICES

APPENDIX A: QUESTIONAIRE

TOPIC: IMPACT ON FDI IN EAST AFRICAN COMMUNITY FOR LACKING OF COMMON LAND POLICY: EVIDENCES FROM KENYA AND TANZANIA

Dear Sir/ Madam,

Kindly, I request you to fill the questionnaires, intended for the academic purpose at the University of Mzumbe. I am ensuring all the respondents that all the ethical issues will be adhered to in the research process. The responses will be used for the research purpose only.

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SECTION A: DEMOGRAPHIC AND SOCI-ECONOMIC INFORMATIONS

Tick or write answers in full where applicable.

1. Gender

a) Male ☐ b) Female ☐

2. Age

a) Below 21 ☐ b) 21-30 ☐ c) 31-40 ☐ d) 41 and above ☐

3. Highest level of education attained

a) Form Four ☐ (b) Form six or equivalent ☐ (c) Undergraduate ☐ (d) Graduate ☐

4. Work experience

a) Less than1 year ☐ b) 1-2 years ☐ c) 3-5 years ☐ d) Above 5years. ☐

SECTION B: OBJECTIVELY INFORMATION OF THE STUDY

1. To examine similarities and differences of the land polices in Tanzania and Kenya as the EAC partner states.

2. To examine how the land policy influences the Foreign Direct Investment practices in Tanzania and Kenya as the EAC partners states.

3. To examine how the differences of land policy among the partner's states influence the EAC integration process

1. **To examine similarities and differences of the land polices in Tanzania and Kenya as the EAC partner states**

Please indicate by mark (√) in appropriate column and row in the table below.

(a) Land Tenure Security

Explanation	Secured	Long-lasting	Equitable	Absolute
Tanzania Land Policy				
Kenya Land Policy				

(b) Land control

Explanation	Control board/organ	Private ownership	Public ownership	Restricted acquisition	Used for value
Tanzania Land policy					
Kenya Land Policy					

(c) Land management

Explanation	reforestation	Water resourcing	Land Fertility recovering	Ecosystem restoring
Tanzania Land policy				
Kenya Land Policy				

2. To examine how land policy influence the Foreign Direct Investment Practices in Tanzania and Kenya as the EAC partners states

(Please tick the appropriate column for the appropriate answer in the table below)

Explanation	Increase Net FDI					Increase Agricultural FDI					Increase Land acquisition by foreigner					Increases land Value					Increase FDI inflow				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Proper Management of Land Policy and practices																									
PrivateLand ownership policy and practices																									
Public land ownership policy and practices																									
Proper controlled land policy and practices																									
Land security																									
Key: 1= Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree, 5 = strongly disagree																									

3. To examine how the land policy among the partner's states influences the EAC Integration process.

(Please tick the appropriate column for the appropriate answer in the table below)

Explanation	Highly Motivate integration process	Moderate motivate integration process	No effect at all	Not motivate integration process	Highlynot motivate integration process
Proper Management of Land Policy and practices					
Private Land ownership policy and practices					
Public land ownership policy and practices					
Proper controlled land policy and practices					
Land Tenure security					

4.0.What are the challenges facing foreign direct investments under the existing land policy of each EAC Partner States, Kenya and Tanzania in particular?

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5. Why do you think it is necessary for East African Community to set in land protocol in order to promote the integration process?

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Thanks for your responses.

APPENDIX B

LIST OF RESPONDENTS CONSULTED IN THE STUDY

(Sample Frame)

Table 3.1 Respondents from Tanzania

S/N	Profession	Number of respondents
1.	Investors	4
2.	Economists	19
3.	Land officials	15
4.	students	70
	TOTAL	108

Table 3.2 Respondents from Kenya

S/N	Profession	Number of respondents
1.	Investors	2
2.	Economists	16
3.	Land officials	11
4.	students	63
	TOTAL	92