**The African Review Vol. 46, No.1, June 2019: 134-158**

# Why are African Countries interested in Chinese Development Finance? Evidence from contemporary Kenya

**Oscar M. Otele**
Lecturer, University of Nairobi
Email: otele@uonbi.ac.ke

&

**Oita Etyang**
PhD candidate, University of Johannesburg
Email: reinnyetyang@gmail.com

**Abstract**
*In response to China's renewed engagement in Africa, the existing literature on "China-Africa relations" conflates African interests in Chinese development finance with other drivers of engagement like trade and investments. As such the literature points out solidarity; diversification of economic partners, regime stability, strategic partnership and exemplar for development experience as some of the motivations behind African interests in Chinese development finance. However, these themes tend to generalize all African states as a monolithic entity despite the diversity on the continent reflected in the geo-politics of individual states, thus obfuscating specific reasons some countries are interested in Chinese development finance. To ameliorate this deficit in the literature, this article seeks to understand why successive governments in Kenya since 2003 preferred Chinese development finance. It was established that "non-interference", "no-strings attached'', Kenya's quest to diversify her external sources of foreign aid, the mutual conception of developmental aspiration and "few" bureaucratic procedures are some of the reasons why Kenya is interested in Chinese development finance.*

**Keywords:** Africa, China, Kenya, development, finance

## Introduction

African countries as recipients of Chinese development finance is not a new phenomenon. What is making headlines though is the magnitude and modalities of financing these countries. From mid-1950s to 2006 China disbursed an estimated US$6 billion to Africa (Brautigam, 2009:165), and this amount tripled by 2015. For example, during the Sixth Forum on China-Africa Cooperation (FOCAC), China committed to disburse US$ 60 billion respectively (Sun, 2015).The financial relationship also varies in the modalities of disbursements. The grants, interest-free loans and concessional loans have been in recent years supplemented by preferential buyers' credits and resource-backed loans especially in resource-rich countries. Several terminologies (for example, Chinese aid, Chinese development assistance and Chinese foreign capital) have been deployed to characterize Chinese finance abroad, for consistency we maintain the term Chinese development finance throughout this article.

The increased Chinese development finance in Africa has consequently attracted scholarly interests. Generally, any reference to African interests in Chinese development finance is often conflated within the broader discussion of drivers of China-Africa relations that bundle Chinese finances, trade and investments on the continent. Rarely does the literature on "China-Africa relations" explain why specific African states are interested in Chinese development finance. Instead, the following five recurring themes on drivers of China-Africa engagement seem to suggest why African states have increasingly preferred Chinese finances: solidarity, diversification of economic partners, regime stability, strategic partnership and exemplar for development experience.

First, proponents of China-Africa relations see African interests as driven by the imperatives of historical solidarity rooted in the Bandung Conference of 1955 (Zeleza, 2008). At the conference mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in domestic affairs of others, equality and mutual benefits were outlined as the Principles of Peaceful Co-existence. Since then, these principles especially on non-interference and mutual benefits have continued to dominate Chinese rhetoric around financial support. Secondly, some scholars (cf. Alden, 2005; Dreher, Fuchs, Holder, Park, Raschky and Tierney, 2014) have advanced the argument that some authoritarian African regimes are attracted toward Chinese development finance because it comes without any conditionality that have hitherto been tied to liberal democratic principles such as holding periodic elections and observing and promoting human rights values among others. According to this line of argument, China acts as a safety valve in the event that Western countries and their international financial institutions withhold their economic investments and development assistance, then regime continuity would not be adversely affected (Alden, 2005).Third, it has also been observed that Chinese development finance is viewed as a way of diversifying economic partners. In the context of globalization and the declining foreign direct investment from the West, the increasing financial appetite from Africa countries and the eagerness of Chinese firms to invest in Africa terrain otherwise perceived as too risky, has to a large extent contributed to diversification of finances, trade and investment opportunities, consequently leading to economic growth (Alden, 2005; Chege, 2008; Zeleza, 2008). For Zeleza (2008) the “China Card”, gives Africa a break from western investors as China emerges as one of the leading economic superpowers. Fourth, Chinese development finance is viewed as an instrument through which African states forge strategic partnership with China (Alden, 2005; Muekalia, 2004). At the height of the debate on whether Africa deserves a seat at the UN Security Council, Alden (2005) suggested that Nigeria and South Africa counted their hope on China’s vote. Similar thinking has been advanced for Africa dalliance with China during trade negotiations at the WTO. Through FOCAC, Muekalia (2004) observes that China and African countries have strategically come together to advance for a just world order that would protect their interests. Finally, in lieu of China’s impressive economic growth, some observers (cf. Alden, 2005; Chidaushe, 2007; Mihanfo, 2012; Moyo, 2009; Zeleka, 2008) think that African leaders perceive China as exemplar model of development experience. And that being a model student, African countries can go ahead and obtain development finance from China.

Whereas the debate is insightful and sheds light in understanding China’s recent renewed interests on the continent, the above themes tend to generalize all African states as a monolithic entity despite the inherent diversity on the continent. As Moyo (2016), and Sanghi and Johnson (2016) observe, African continent is often viewed in broad terms yet the continent has “a variegated history…[and]…China has a diverse historical relationship…[with]… various Africa countries, and has been more visible in some countries than others" (Moyo, 2016:58).According to this observation, it would be fallacious to assume that these general themes apply to all African states. This is why this article seeks to understand why successive governments in Kenya since 2003 preferred Chinese development finance in order to reinforce our understanding on how Kenya navigates her engagement with China.

In terms of methodology, the study relied on both secondary and primary data. With regard to secondary data, relevant academic journals, key text books on China-Africa relations, discussion and working papers published by research institutes working on projects related to China-Africa relations provided comparative data. On documentary evidence, the study consulted *Kenya's foreign policy* (2014), *Kenya's 2003 Economic Recovery Paper, Kenya's Vision 2030*, and policy briefs on Chinese aid in Kenya, archived speeches made by senior Chinese and Kenyan political elites and several Kenyan Parliamentary Hansards, Chinese and Kenyan media sources within the same period. In terms of in-depth interviews, political elites purposively sampled were interviewed using interview schedules. Reasons provided by political elites were viewed as possessing "casual impact on [them and their] behaviour and hence [were] theorized to exist as ontologically real" (Kurki, 2007:366). These reasons were then analyzed by synthesizing and harmonizing them with those obtained from secondary data sources and documentary evidence. The rest of this article flows as follows: The next section looks at Chinese development finance in contemporary Kenya, followed by a discussion of theoretical framework then a presentation of findings and discussions and finally the conclusion.

**Chinese development finance in contemporary Kenya**

Undoubtedly, China has extended financial assistance to Kenya since independence. Between April and May 1964, Kenya's Vice President Oginga Odinga led a powerful delegation to Soviet Union and China where several economic agreements were signed. In return, in July 1964, Chinese Ambassador in Kenya met the Minister for Finance James Gichuru to negotiate for technical and economic cooperation where it was agreed that relevant departments would identify project proposals and forward to the Treasury for financial consideration (Chege, 2008:20). This financial relationship was interrupted in mid-1960s following diplomatic row between China and Kenya.

While on a tour in Africa in 1963/1964, Chinese Prime Minister Zhou Enlai had announced that Africa was ripe for a revolution. This remark was not taken lightly by the KANU government, as President Jomo Kenyatta cautioned that such expectation was not applicable to independent Kenya. With the growing internal ideological rivalry within the ruling party, China became more identified with the socialist inclined faction led by Odinga. This comradeship attracted attacks from the conservatives in parliament with Kenyatta allies warning of potential imperialism from the Eastern bloc. In response, China protested at the attacks and later staged demonstration outside Kenyan embassy in Beijing. The counter-demonstration outside Chinese embassy in Nairobi was followed by the expulsion of charge' d'affaires in both countries (Chege, 2008).

It was not until 1978 that warm relations between the two countries was restored. The ties were later cemented by high level visits by both President Daniel Arap Moi and Prime Minister Zhao Ziyang in early 1980s. The visits resulted in the signing of two economic, technical cooperation and trade agreements which encompassed several projects. Following the restoration of bilateral ties, financial assistance then grew gradually in various sectors of the economy and heightened as China expanded its engagement on the continent at the turn of the twenty-first century. Since 2003, one of the sectors of the economy that China has increased its visibility is infrastructural funding. When the National Rainbow Coalition (NARC) took over power from Kenya African National Union (KANU) in 2003, it prioritized infrastructure development in its first development blueprint- *Economic Recovery Strategy [ERS])Paper*. China was approachable by Kenya given that it had already developed strong interests in the infrastructure sector in other African countries. This approach was gradual though. Under the auspices of *Going Out Policy*, China supported state-owned enterprises (SOEs) to implement infrastructure projects supported by other funders, before beginning to channel development finance through China's Export-Import (Exim) Bank. Under the NARC government, official records at the National Treasury indicate that China's financial support in the infrastructure sector began in 2006 under the Kenya Rural Telecommunications Development Project

(KRTDP). It shifted to energy sector before heading to transport infrastructure (roads, ports and railway). The strategic shift of China's interest in other sectors of the economy not only reflected its growing influence, but also the strong bilateral ties between the two countries. Infrastructure also topped the development agenda of The Grand Coalition Government (GCG) (2008-2012) and the Jubilee government (2013-2017) seeing the latter prioritizes the construction of the Standard Gauge Railway (SGR) as a core flagship project.

The launch of China's Belt and Road Initiative (BRI) in 2013 saw Kenya earmarked as one of the transit points on the Maritime Silk Road linking China to Africa and other destinations in the Europe, thus cementing China-Kenya development and infrastructure relations so much that by 2015 Kenya had become one of the largest recipients of Chinese development finance (Daily Nation, 24.03.2016), and this engagement is exemplified by the number of development projects completed, on-going projects and priority projects the Kenyan government had submitted to the Chinese government for financial consideration as at July 2014 as shown in Tables 1-3 in the appendix. It is important to note that the portfolio of Chinese development finance in Kenya has increased since 2014 and these tables serve to demonstrate the extent of involvement. The question remains why is Kenya interested in Chinese development finance?

**Theoretical Framework**

In order to understand why Kenya is interested in Chinese development finance we situate our discussion within the two broader theoretical perspectives on China-Africa relations. The first theoretical perspective labelled as "(re)colonization" (Moyo, 2016) seeks to understand why China is interested in Africa. Utilized by liberal western scholars like Robert Rotberg (2008) to understand China's quest for resources, opportunities and influences in Africa, this perspective is rooted in theories of underdevelopment like dependency and world systems theory.

According to dependency theory, underdevelopment in poor countries can be explained by their continued exploitation by developed countries through foreign aid, debt and unfair trade deals (Andersen and Taylor, 2007). Historically, developed countries have extracted huge resources from poor countries to develop their economies. China-Africa relations can also be viewed from a dependency perspective (Mlambo, 2019:4) in the sense that, on-going economic engagement between China and Africa is likely to reproduce North-South dependency in a way that economic direction of African countries would be a reflection of growth and development in China. As African countries continue to cooperate with China, their economies are gradually interconnecting making it easy for China to continue extracting resources and this may be harmful to the continent's development in the long run. According to the world systems theory the world economic system is structured into three layers of countries: the core, semi-periphery, and the periphery. Countries in the core are rich, industrialized and with advanced technology; those in the semi-periphery have some features of those in the core, but also they are characterized by areas of limited technology, poor infrastructure and rural poverty; countries in the periphery are agrarian, have low levels of literacy and weak internet connectivity. China is among the countries in the semi-periphery and following exploitative tendencies of countries in the core, it exploits African countries in the periphery through unbalanced trade relations and Chinese multinational corporations (Mlambo, 2019: 4).

Taken together, this perspective holds that as the emerging force in the globalized economy, China is exploiting Africa similar to the classical colonialism that involved extraction of natural resources from Africa to the west. These resources are later used to expand Chinese industries and promote economic growth. Like in the old colonial relationship, China has put in place fewer socio-economic structures to support African development. This perspective assumes that there is power imbalance between China and Africa as a result of dominance of Chinese capital on the continent. Although (re)colonization theory is useful in understanding Chinese agency in China-African engagement, it has the following weaknesses. First, realities on the ground indicate that when China is compared with former colonial masters and their allies, it is far from being dominant. Second, African countries have been independent for more than 50 years and some of them have established institutional frameworks- their weaknesses notwithstanding- that allow for different forms of resource control and dominance compared to the old colonial relationship. Third, the perspective is based on narrow view of China's assumed control of African political economy. Fourth, since 1960s, it has been observed that the colonial division of economic interests in Africa has been changing thus lowering the drive to capture African resources as compared to the classical colonial drive. While the old colonial relationship was broad based, the current China-Africa relationship is narrow based and focuses on specific sectors like energy, construction and oil (Moyo, 2016: 59-60).

The second perspective labelled "globalization" (Moyo, 2016:60) views China's presence in Africa as an outcome of globalization process that is gradually rewarding African countries to the extent that diversification of markets and new sources of foreign assistance courtesy of China provide opportunity for African countries to manoeuvre in the international system. This perspective has resurrected the concept of African agency that was traditionally used to understand how weak African states survive in the international system (Clapham, 1996). According to Samir Amin (2006), China's investments have expanded African policy space in long-term development. Access to Chinese development finance has created space for negotiating the lending terms of the international financial institutions. This perspective has been utilized by scholars like Moyo (2009), Brautigam (2009) and Corkin (2011; 2013) and African leaders who welcome Chinese finances in several sectors. It has been observed that traditionally western donors financed infrastructure sectors; however, they abandoned them with the onset of structural adjustment programs in 1980s leading to severe infrastructural deficit in Africa. China having developed through infrastructural expansion, by showing interests in African infrastructure sector, African leaders believe that China presents alternative mode of development that could be emulated by Africa (cf. Fourie 2014; 2015). Kenya's preference for Chinese development finance could therefore be viewed through this policy emulation that seeks to expand policy space.

**Results and Discussion**

A number of reasons were cited as drivers of Kenya's interest in Chinese development finance. These reasons were further condensed into five major themes as discussed below. First, a number of political elites displayed awareness of the principles guiding the administration of Chinese development finance in Africa especially "non-interference" and "no-strings attached" as exemplified below:

> China does not interfere with domestic politics in the country. China does not care who is the Cabinet Secretary of Finance and will not influence whoever heads the National Treasury (Interview, 15.07.2015).
>
> Because there were no conditionalities [attached]. The conditions were just terms of contract. It was as simple as that (Interview, 4.07.2015).
>
> Western countries had a lot of other issues to be fulfilled before disbursing aid. There was supposed to be economic and political reforms, which had nothing to do with terms of contract, but Chinese aid only targeted terms of the contract (Interview, 4.07.2015).

To place the two principles into perspective, "non-interference" is by no mean a new phenomenon in Chinese foreign policy lexicons. Although the principle of "non-interference" has remained consistent in Chinese rhetoric in Africa, it has faced dilemma in its application as China shifts her policy orientation. Between 1950s and 1970s, China's Africa policy was framed through Marxist ideology that supported socialist revolution while at the same time opposing anti-imperialism and Soviet hegemony in Africa (Heiss and Aidoo, 2010). Although China respected African states as sovereign entities having the right to rule over their own defined territories, it undermined the capacity of some of the states to exert control within their territories as manifested in the support it offered to a number of liberation movements in Southern Africa and comradeship with opposition luminaries in other establishments. It was in this context that Beijing cut its diplomatic ties with Nairobi as eluded earlier.

In the post-Maoist era, occupied with finding its place in the international economic system, accessing natural resources and markets needed to fuel domestic economy, China resuscitated the principle of "non-interference" in advancing the course for African states to determine their own policy direction. The seriousness in which China advanced "non-interference" would be expressed in attaching no conditions to development finance extended to African countries. However, as African states continue to democratize, the practice of "non-interference" has come under serious attack as the opposition parties and civil society organizations perceive China's dalliance with ruling elites as interfering in domestic politics. For example, during the electioneering period in 2006 in Zambia, the opposition luminary- Michael Sata- campaigned on anti-Chinese platform accusing the incumbent of colluding with Chinese, hence threatening to expel all Chinese if elected. This prompted Chinese Ambassador Li Baodong to officially declare that China will pull out all her investments in Zambia should Sata win the election (Heiss and Aidoo, 2010).These illustrations serve to demonstrate the fluidity of the principle of "non-interference" as they clearly show that it would be violated where the interests of China are threatened (cf. Okolo, 2015; Verhoeven, 2014). Although Kenyan elites would want us to believe than indeed China does not interfere in the domestic affairs, as China expands its engagement in Kenya this principle is likely to be violated especially where its interests are at stake.

The principle of "non-strings attached" is similar to how Alden (2005) characterize authoritarian African regimes as preferring Chinese development finance because it comes without any conditionalities. According to Alden, when these regimes financially engage China they don't have to worry so much about western neoliberal prescriptions. However, in practice China attach conditions to her development finance as argued by McCormick (2008). "One China" policy, according to McCormick, is the only output condition that the potential recipient must adhere to. Historically, this is the condition China has used to dislodge Taiwan diplomatically, thus eroding its influence in Africa and beyond. If anything, such diplomatic recognition of Taipei would have created leverage for African states to play Beijing off against Taipei in search for more external resources as it was the case in the newly independent South Africa. Indeed, for almost two years the African National Congress (ANC) government pursued "dual recognition", a move that saw China and Taiwan counter each other in pledges to support different development projects in the country (Alden, 2007:33). Beyond "One China" policy, is the input condition requiring that a Chinese contractor must undertake a project funded by Chinese development finance. In resource-rich countries, there is what is popularly known as 'Infrastructure for Resources' (Alves, 2013; Zafar, 2007) whereby China offers development finance and construction of infrastructure projects in return for access to resource supplies. Having been accustomed to governance conditionalities from western donors, it appears that Kenyan political elites do not see it as a big deal the requirement that infrastructure project funded by Chinese government must be implemented by a Chinese contractor.

There is no doubt that any development finance extended to a recipient country may directly or indirectly interfere with the internal affairs. Whereas western development aid interferes directly through the neoliberal prescriptions aimed at stabilizing macroeconomic structures in the recipient country, Chinese development finance may indirectly interfere through the intended purposes as exemplified by the objectives of the concessional loans administered by China Exim Bank "[to]...boost economic development and improve living standard in developing countries…and boost economic cooperation between developing countries and China".[1] This purpose may in the long run have indirect effect through changes in socio, cultural and economic development in Kenya.

Second, similar to the existing literature (Alden, 2005; Chege, 2007; Zeleza, 2008), some political elites cited desire to diversify Kenya's sources of foreign assistance as one of the reasons for preferring Chinese development finance. When the NARC regime took over in 2003, the portfolio of Kenya's foreign assistance was very small. According to Prizzon and Hart (2016) it was roughly US$ 750 million and comprised mainly traditional western donors. Therefore, the NARC regime faced the challenge of mobilizing development resources needed for rapid growth. Given that *ERS paper* encouraged external mobilization, the former Head of Civil Service observed that when the NARC regime came to power, it aimed at expanding the scope of its development partner "China had started becoming an important partner in the development. They had started showing strong support for African development [sic]. That really opened a new window [sic] and so we started leveraging on that" (Interview, 4.07.2015). Another respondent corroborated this viewpoint noting that "luckily new investors [sic] came around the same time" (Interview, 29. 07.2015).

The quest to reach out to China could not have come at opportune moment as recalled by a retired Kenyan diplomat (Interview, 25. 07.2015). At the top governmental level usually presidential visits are the hallmark of good diplomatic relationship between two countries. These visits have spill-over effects on the kind of cooperation in various sectors. Indeed, the last visit by a Chinese president (Jiang Zemin) in Kenya was in 1996 and so far Kenya had not reciprocated. “Kibaki found invitation letter and visited China during the second year [2005] of his presidency” (Interview, 25.07.2015). However, the journey to China was not smooth as it appeared China was suspicious of the incoming regime. Instructively, NARC had trounced authoritarian KANU regime under the banner of *Democracy and Empowerment,* and perhaps China was worried of Kenya’s foreign policy with regard to human rights. A perceived adversarial human rights stance could probably have jeopardized Kenya’s position in quest to reach out to China. That the NARC regime aspired to acquire financial support from China is typified by senior government officials’ frequent citation of the country’s commitment to “One China” policy in their speeches between 2003 and 2006. For instance, while seeing off the former Chinese ambassador to Kenya, Du Qinen, at the State House in September 2003, President Kibaki affirmed Kenya’s position on the unification of China (Xinhua News Agency, 2003). This affirmation continued during numerous visits by Chinese dignitaries in Nairobi and Kenyan dignitaries in Beijing leading to the establishment of a Joint Cooperation Commission (JCC) as part of confidence building mechanism. Indeed, as Heap (2008) and Li (2007) observe, major meetings between Chinese and African leaders since 1960s have been used as platforms for establishing direct communication at governmental level and set the political tone for bilateral policies. This way, the meetings have not only created mutual trust between Chinese and African leaders, but also presented opportunities for initiating and cementing foreign aid projects (Xue, 2014).

Immediately Kenya signed a joint communiqué in August 2005, signed concessional loans. Kenya then made concerted efforts to improve her bilateral relations with China as noted by then Minister for Foreign Affairs in early 2006.

> Traditionally, our relationship has been mainly with the western countries…but we realized that the future is China…[it is] a phenomenal country not only in her great size but also the way it is developing so fast…the policy of looking eastwards including towards China is the cornerstone of [Kenya’s] foreign relations agenda and it is a mistake of the past in this country [Kenya] that

> we concentrated for too long in our relations with Europe at the expense of our relationship with Eastern countries (Xinhua News Agency, 2003).

The minister's sentiment demonstrates Kenya's desire to add more partners in its foreign capital basket. As Kenya (and Africa in general) sought to improve her relations with China in early 2000s, this alignment came to catch the imagination of the press, with such buzzwords like 'Look East Policy' becoming the new normal to characterize Kenya's foreign policy. To illustrate Kenya's determination to diversify foreign assistance in Asian countries, a director at the Ministry of Foreign Affairs noted that:

> I can only say that in 2003 when the NARC government came in power under former President Mwai Kibaki, there was a re-energized relationship between Kenya and China. It was a rebirth. Yes, we have had relationship with China since 1963, even during the [sic] Cold War, but 2003 came with the idea of Look East Policy. That [meant] focusing on new horizons in the East. The East of course you are referring to Asia…in addition to the traditional development partners in the West. This was given a new impetus when President Kibaki visited China, and from that time there was no stopping between our relationships with China. And from 2003 to now we have had very strong visits by both sides (Interview, 7.08.2015).

Beyond the visits, the strong ties have also been cemented by several bilateral cooperation agreements covering a range of activities. In 2011 for example, the two governments in the spirit of mutual agreement signed a total of ten agreements that included a concessional loan to finance the construction of Kenyatta University's Teaching and Referral Hospital, generation of solar energy in various locations, construction and upgrading of hydropower stations among other agreements (Interview, 15.07.2015), and more agreements were signed when Chinese Premier Li Keqiang visited Kenya in May 2014.

However, critics may question the veracity of the diversification strategy when viewed in light of the temporal succession of activities leading to ascendancy of "One China" policy in August 2005. The ascendancy happened in the wake of the revelation of the Anglo Leasing scandal- a shoddy procurement deals in which the Kenyan government paid a total of Ksh 56 billion (approximately US$ 750 million) sums of money to non-existing companies (Gainer, 2015). The temporal succession of "One China" policy with Anglo Leasing Scandal may be interpreted by some as an attempt by the government to shield itself from corruption allegations from the traditional development partners. However, China was not the only source beyond the Western donors because around the same period the government also approached Arabian donors like Arab Bank for Economic Development in Africa (BADEA); Organization of Petroleum Producing Countries (OPEC), Saudi Development Fund and Kuwait Fund for Arab Economic Development. Gore (2013) points out that these Arabian donors do not subscribe to the norms of the western donors. And so the claim that the government was running away from the repercussions of traditional donors could be far-fetched. A similar strategy of acquiring foreign capital has been followed by Ethiopia. Ethiopia implemented its development blueprints by selecting successful models from East Asia countries like China, Vietnam, South Korea, Singapore and Japan and meshing them with western "soft neoliberalism", while obtaining funds from the World Bank, the African Development Bank (AfDB), the European Union, and the Middle Eastern source (Cheru, 2016).

Third, some political elites cited mutual conception of developmental visions as one of the motives behind preferring Chinese development finance. When views from Kenyan political elites are compared with Chinese officials, it emerged that Kenya prefers Chinese development finance because of a shared vision of development path. In other words, Chinese officials understand Kenya's development vision in the same way Kenyan policy makers understand Chinese development aspirations. It was established that both sides understand development as "rapid economic growth". On Kenyan side, as noted by former Minister for Foreign Affairs, China's impressive economic record over the last three decades offers opportunity for Kenya to draw some useful lessons.

> I think we have to learn from China because of the very quick transformation that is happening [there]…that is something which Africa should learn so that we can also leapfrog as opposed to going

> through the slow process that western countries went through (Xinhua News Agency, 2003).

On Chinese side, as noted by Chinese diplomat, Kenya is "one of the African countries with great development potentials" (Interview, 31.08.2015). Another Chinese diplomat observed that China-Kenya infrastructure and development relations is likely to improve Kenya's economic development.[2]

It appears that Kenyan elites understand that by acquiring Chinese credit lines they support the growth and expansion of Chinese economy. The former Head of Civil Service observed:

> Africa [Kenya] had a very serious deficit of infrastructural development, and China was willing to support infrastructural development. First of all, for China their interests lie in the manner in which they finance a project, but still *a lot of that money goes back to China*. Because *they bring the equipment*, you also *pay for Chinese consultancy* in the project and *the materials also come from China*. So we are *indirectly supporting Chinese economy*. They spend money on project here to support Chinese economy, *but we benefit!* (Emphasis added). We get the infrastructure, [sic] so infrastructural development here directly supports Chinese economy. But also supports African economy because we need infrastructure (Interview, 4.07.2015).

On Chinese side, the purchase of manufactured goods from China during the construction of infrastructure projects was understood as "a win-win situation" (Interview, 31.08.2015), while on Kenyan side it was understood as "mutual benefit" (Interview, 7.08.2015).

In addition, to demonstrate that China and Kenya share the same development aspirations, the two countries have development plans that advocate for improvement of socio-economic welfare of citizens. Thus, the *Vision 2030* seeks to make Kenya "globally competitive and prosperous, where every person will enjoy a high quality of life" (Republic of Kenya, 2008), the *Chinese Dream* is "about prosperity of the country, rejuvenation of the nation, and happiness of the people".[3]

In Angola, Power (2012) uses the concept of rear-view mirror to demonstrate how the understanding of development as modernization unites Chinese and Angola elites. Yet, the same mutual conception of development has not contributed to the expected economic development in Angola. Instead, the poor have been robbed off their pieces of land resulting to “reversals and regression” (Power, 2012:995). It is such awareness of what is happening in Angola that concerns over sustainability has been raised in what appears as success in Kenya’s infrastructure sector. Whereas Chinese leaders have utilized rhetorical devices to allay any fear concerning sustainability, some Kenyans are sceptical. One activist observed:

> So in terms of sustainability, do we have long term plans? Take for example the Thika-Superhighway. If we have such models like seven across the country, are we likely to maintain them without calling back Chinese? Our governments have failed to think long term. Chinese would come and build [the road], but we don’t expect Chinese to be around here for 50 years to come and maintain the road. And in the event we have 10-15 such roads are we able to maintain them? In the case of Standard Gauge Railway (SGR), has Kenya or East Africa Region embarked on the training of maintenance people to check on the trains, wagons, couches and lines for long, so that we don’t look for Chinese 20 years to come and maintain the infrastructure (Interview, 5.08.2015).

One academic noted:

> China is doing what we call long time investment. The projects it is investing in be it roads, railways, have specific Chinese tailored technology. This they do hope when they get involved like in Standard Gauge Railway (SGR) they would continue supplying spare parts to these projects for many years [sic]. By the time we need to repair our roads [and railways] they would have modified the technology and would demand huge costs for maintenance. This is what they are permanently doing. So they are putting a strong foothold in the country by picking projects that would make us consistently look for them to service this technology that they are

> giving us. What China is doing in essence if you are conversant with dependency and underdevelopment theorists like Gunder Frank, Samir Amin and so on, they are creating a modern dependency syndrome which if we don't watch out would make us permanently tied to them the way we are tied to British and the Americans (Interview, 28.07.2015).

The last reason cited by political elites was "few" bureaucratic procedures in acquiring Chinese development finance. The idea of "few" bureaucratic procedures was conceptualized in three ways. One, elites involved in the financial negotiations conceptualized "few" as implying reduced time frame from the date of application to the date of approval of funds by Chinese banks. One officer at the National Treasury reported that:

> The maturity of the loan from the time when it is signed to the time when payments are done is very short…you can sign the loan agreement in the month of July, by next month or say September it is already approved. This way the project can start very fast (Interview, 22.07.2015).

Second, elites involved in policy formulation conceptualized "few" bureaucratic procedures in the manner in which infrastructure projects are delivered. A senior policy advisor reported that the NARC government inclination towards China was informed by the fact that her mode of delivery is quick and efficient (Interview, 25.07.2015) resulting to quicker absorption of development finances.

Third, like their counterparts in policy formulation, elites involved in policy implementation praised "few" bureaucratic procedures in the manner in which Chinese mode of delivery combines project implementation steps leading to fast completion of the projects, as exemplified below:

> Chinese have a totally different approach to project implementation…You approach them with what you want, they come and see where you want the project implemented, they quickly provide funds and the following day they are on the site. If it were the World Bank you would still be embroiled in the feasibility tests, then lengthy tendering procedures (which

> sometimes collapse midway over “flimsy” integrity issues) (Interview, 14. 07.2015).
>
> [M]oreover the World Bank…would take time and sometimes cumbersome processes for loan approval (going through design, expression of interest, and request for proposal) …Comparable, road projects that took almost 10 years through the World Bank funding are now taking almost 3 years to complete (Interview, 6.08.2015).

Despite the revelations of the “few” bureaucratic procedures in the acquisition of Chinese development finance, it appears the concept of “few” in some infrastructure projects is a shorthand for behind the scene under dealings between Kenyan and Chinese elites. In the SGR project (Phase One)- the largest infrastructure project in the country- such under dealings were exposed by the two parliamentary investigatory committees (Public Investment Committee and Transport Committee). This is further corroborated by a report published in the *Daily Nation* detailing the interaction between Mr. Jimi Wanjigi- a wealthy businessman with strong ties in Kenyan political circle- and Chinese investors. According to the report, it was alleged that Mr. Wanjigi acted as a local agent for the Chinese investor interested in the SGR. As such, he allegedly conceived the infrastructure project, passed it over to the Chinese investor who in turn forwarded it to the government officials for ownership. Finally, he linked up with the Chinese company which assisted in securing funding from Exim Bank. As the local agent, Mr. Wanjigi was entitled to 15 per cent of the contract value (Daily Nation, 26.06.2017). Because of these under dealings, debate has emerged on the exact cost of the railway project with critics accusing the Kenyan government for inflating the cost. It remains to be seen how the projects will benefit citizens given this intricate web of interaction that produces infrastructure projects with questionable costs.

## Conclusion

This article has examined why African countries are interested in Chinese development finance using a case study of Kenya. It has discussed “non-interference”, “no-strings attached”, Kenya’s quest to diversify her external sources of foreign aid; the mutual conception of developmental aspiration and “few” bureaucratic procedures as some of the reasons why

Kenya is interested in Chinese development finance. Having interacted with coercive neoliberal prescriptions of western donors a majority of political elites cited “non-interference” as a key reason for interest in Chinese development. The article argued that “non-interference” is a changing concept as far as China’s Africa policy is concerned and where the interests of China in Kenya may be stake it would be violated. Relatedly, although “no-string attached” has also been popularized, in practice, Chinese development finance comes with pre-attached conditions like adherence to “One China” policy and the requirement that a Chinese contractor must execute the funded project. With regard to diversification of external sources, the article observed that Chinese development finance being one of the sources could have allowed Kenyan government to implement development project just in the event other donors pulled off. Although mutual conception of development aspirations has pulled together Kenyan elites and Chinese officials, concerns over sustainability has been raised. Whereas “few” bureaucratic procedures have been praised by Kenyan elites, it remains to be seen how the infrastructure projects will be beneficial to citizens.

**Notes**

1. www.ChinaEximBank.gov.cn, accessed, 13.05.2016
2. www.China.Embassy.org. accessed. 15.07.2016
3. www.China.Embassy.org. accessed. 15.07.2016

**References**


Alden, C. 2005. ‘’China in Africa’’, *Survival*, 47(3).

Alden, C. 2007. *China in Africa: African Arguments*, London: Zed Books.

Alves, A. 2013. “China’s ‘Win-Win’ cooperation: Unpacking the impact of infrastructure for resources deals in Africa”, *South African Journal of International Affairs,* 20 (2).

Amin, S. 2006. “What Maoism has contributed?” An essay prepared for the conference “The Fortieth Anniversary: Rethinking the Genealogy and Legacy of the Cultural Revolution.” Hong Kong, 9-10 June. http:// monthlyreview.org/commentary/what-maoism-has contributed/.Accessed. 16.07.2018.

Andersen, M. and Taylor, H. 2007. Sociology: Understanding a Diverse Society. Boston: Cengage Learning.

Brautigam, D. 2009. *The Dragon's Gift: The Real Story of China in Africa*, New York: Oxford University Press.

Chege, M. 2008. "Economic Relations between Kenya and China, 1963–2007", in J. Cook .ed. *US and Chinese engagement in Africa: Prospects for improving US-China cooperation*, Washington: Centre for Strategic International Studies.

Cheru, F. 2016. "Emerging southern powers and new forms of South-South cooperation: Ethiopia's strategic engagement with China and India", *Third World Quarterly,* 37(4).

Chidaushe, M. 2007. "China's grand re-entrance into Africa-mirage or oasis?'', in Firoze, M and Stephen, M. eds. *African perspectives on China in Africa*, Nairobi: Fahamu.

Clapham, C. 1996. *Africa and the International System: The Politics of State Survival*, Cambridge New York: University Press.

Corkin, L. 2013. *Uncovering Africa Agency: Angola's Management of China's Credit Lines,* Ashgate: Farmham.

Corkin, L. 2011. *Uncovering Agency: Angola's Management of Relations with China*. PhD Thesis, School of Oriental and African Studies.

Daily Nation (26.6.2017). "Jimi Wanjigi: Kenya's most feared oligarch", https://www.nation.co.ke/news/State-capture--Kenya-s-most-feared-oligarch/1056-3987356-dek8hy/index.html

Dreher, A., A. Fuchs, R. Hodler, C. Parks, A.P. Raschky and J. M. Tierney, 2014. "Aid on demand: African leaders and the geography of China's foreign assistance", *Working, No. 3.*

Fourie, E. 2015. "China's example for Meles' Ethiopia: When development 'Models' land", The of Modern African Studies, 53(3):289-316.

Fourie, E. 2014. "Students: Policy emulation, modernization and Kenya's vision 2030", *African Affairs*, 113/453, 540–562.

Gainer, M. 2015. "Planning transformation in a divided nation: creating Kenya Vision 2030, 2005-2009", *Innovations for Successful Societies,* Princeton University.

Gore, C. 2013. "The new development cooperation landscape: Actors, approaches and architectures", *Journal of International Development,* 25(6).

Heap, C. 2008.*Globalization and Summit Reform: An Experiment in International Governance,* New York: Springer.

Heiss, S and R. Aidoo. 2010. "Beyond the rhetoric: Non-interference in China's African policy", *African and Asian Studies,* 9:356-383.

Horta, L. 2009. "China and Africa", *Asia Sentinel*, (20 November), available at:http://www.asiasentinel.com/index.php?option1/4com_content &task1/4view&id1/42154&2154&itemid1/4422, accessed: 3.12.2018.

Kurki, M. 2007. "Critical realism and causal analysis in International Relations", Millennium*: Journal of International Studies*, 35(2).

Li, A. 2007. "China and Africa: Policy and challenges", *China Security,* 3 (3).

McCormick, D. 2008. "China and India as Africa's new donors: The impact of aid on development", *Review of African Political Economy",* 35(115).

Mihanfo, E. P. 2012. "Understanding China's neo-colonialism in Africa: A historical study of China-Africa economic relations", in J. Shikwati. ed. *China-Africa partnership: The quest for a win-win relationship*. Nairobi: IREN.

Mlambo, V. 2019. "Exploitation dressed in a suit, shining shoes, and carrying a suitcase full of dollars: What does China want in Africa?",*Journal of Public Affairs*, 19. 1892.

Moyo, D. 2009. *Dead Aid: Why Aid is not working and how there is a better way for Africa*, London: Allen Lane.

Moyo, S. 2016. "Perspectives on South-South relations: China's presence in Africa", *Inter-Asia Cultural Studies,* 17(1).

Muekalia, D. 2004. "Africa and China's strategic partnership", *African Security Review,* 13(1).

Okolo, A. 2015. "China's Foreign Policy Shift in Africa: From Non-Interference to Preponderance", *International Journal of African Renaissance Studies, Multi-, Inter-and Transdisciplinarity,* 10(2):32-47.

Power, M. 2012. "Angola 2025. The future of the 'world's richest poor country' as seen through a Chinese rear- view mirror", *Antipode*, 44(3).

Prizzon, A and T. Hart. 2016. Age of Choice: Kenya in the new development finance landscape, London: Overseas Development Institute.

Republic of Kenya. 2008. *Kenya Vision 2030: the popular version,* Nairobi: Vision 2030 Secretariat.

Rotberg, R. 2008. "China's quest for resources, opportunities, and influence in Africa", in R. Rotberg. ed. China into Africa: Trade, aid and influence. Washington, D.C: Brookings Institution Press.

Sun, Y. 2015. "Africa in focus 'Xi and the 6th Forum on China-Africa Cooperation: major commitments, but with questions" <https://www.brookings.edu/blog/africa-in-focus/2015/12/07/xi-and-the-6th-forum-on-china-africa-cooperation-major-commitments-but-with-questions/, accessed: 1.02.2019.

The National Treasury, 2014. Nairobi. The Treasury

Verhoeven, H. 2014. "Is Beijing's non-Interference Policy History? How Africa is changing China", The Washington Quarterly, 37:2, 55-70.

Xinhua News Agency 2003. "Unknown" http://www.xinhuanet.com/english/africa/china.htm

Zafar, A. 2007. "The growing relationship between China and Sub-Saharan Africa: macroeconomic and Sub-Saharan Africa: macroeconomic, trade, investment, and aid links", *The World Bank Research Observer* 22(1).

Zeleza, T.P. 2008. "Dancing with dragon: Africa's courtship with China", *The Global South,* 2(2).

**Interviews**

Interview with Anonymous, 15.07.2015, Nairobi, Kenya.

Interview with Anonymous, 22.07.2015, Nairobi, Kenya.

Interview with Anonymous, 22.07. 2015, Nairobi, Kenya.

Interview with Anonymous, 29.07. 2015, Nairobi, Kenya.

Interview with Chinese Diplomat, 31.08.2015, Nairobi, Kenya.

Interview with Director, Asia and Australasia, Ministry of Foreign Affairs, 7.08.2015, Nairobi, Kenya.

Interview with Dr. Edward Kisiang'ani, Department of History, Archeology and Political Studies, Kenyatta University, 28.07. 2015, Nairobi, Kenya.

Interview with former Kenyan Ambassador to Kenya, 25.07.2015, Nairobi, Kenya.

Interview with Mr. Francis Muthaura, former Head of Civil Service, 4.07.2015. Nairobi, Kenya.

Interview with Mr. Gerishon Ikiara, former Permanent Secretary, Ministry of Transport, 6.08.2015.

Interview with Mr. Sylvester Kasuku, Director-General, LAPSSET corridor.

Interview with Prof. Michael Chege, Nairobi, Kenya.

Interview with retired diplomat cum civil society activist, 5.08.2015, Nairobi, Kenya.

## Appendix: Chinese Funded Infrastructure Projects in Kenya

### Table 1: Completed Chinese Funded Infrastructure Projects

| Project | Amounts (Assume 1US$= Ksh.80) |
|---|---|
| Upgrading of Moi Teaching and Referral Hospital | US$4.1 Million |
| Nairobi-Thika Highway Improvement Project (Lot 3) | US$1,325 Million |
| Construction of Nairobi Eastern and Northern Bypasses | US$118.75 Million |
| Construction of Kipsigak-Shamakhokho Road | US$25 Million |
| Rehabilitation and Widening of the Jomo Kenyatta International Airport (JKIA)- Uhuru Highway-UNEP Road | US$18.75 Million |
| Construction of Maize Flour Processing Factory in Bomet | US$1.25 Million |
| Kenya Power distribution System Modernization Strengthening Project | US$1.725 Million |
| Kenya Rural Telecommunications Development Project | US$21.75 Million |
| Construction of Mama Lucy Hospital in Nairobi Eastlands | Grant |
| Procurement of Equipment for NYS project-Phase II | US$78.125 Million |
| Technical and Vocational Education and Training (TIVET) Project | US$30.87 Million |
| Enterprises Messaging and Collaboration Project | US$48.5 Million |

**Source:** The National Treasury, July2014

**Table 2: On-going Projects (Concessional Loans/Preferential Buyer's Credit**

| | |
|---|---|
| Olkaria IV Geothermal Field Production Wells Drilling and Supply of Drilling Materials Projects | US$394.625 Million |
| Kenyatta University Teaching, Research and Referral Hospital Project | US$123.125 Million |
| The Nairobi Southern Bypass Project | US$238.75 Million |
| Kenya NOFBI and E-Government Expansion Project | US$81.25 Million |
| Nairobi City Centre E.H.V and 66 KV Network Upgrade and Reinforcement Project-Phase I and II | US$262 Million |
| Construction of Mombasa to Nairobi Standard Gauge Railway Project | US$4.0875 Billion |
| Supply of Medical Resonance Equipment (MRI) | US$ 27. 120 million |

**Source:** The National Treasury, July 2014

**Table 3: Priority Projects Officially Submitted to the Chinese Government for Funding under the Vision 2030 Development Agenda**

| | |
|---|---|
| **Energy Sub-Sector** | |
| Construction of 284km and 220kv Single Circuit Line and associated sub-stations from Nyahururu to Mararal | US$ 100 million |
| Construction of 400kv Transmission Lines (Lamu-Kitui-Nairobi) | Cost was to be determined |
| **Health Sub-sector** | |
| Construction of Moi Teaching and Referral Hospital | US$ 291.5 million |
| Nyeri Provincial General Hospital Rehabilitation | US$ 50.5 million |
| **Water Sub-Sector** | |
| High Grand Falls Multi Purpose Dam Project | US$ 1.755 million |
| Arror Multi Purpose Project | Cost was to be determined |
| High Grand Falls Multi-purpose project | US $ 1.755 million |
| **Road Sub-Sector** | |
| Kibwezi- Kitui-Mwingi-Usueni-Tseikuru Road | US $ 200 million |
| **Education Sub-Sector** | |
| Establishment of Technical, and Vocational Education Training Colleges in Counties (TIVET II) | US$ 270 million |
| **Agriculture Sub-Sector** | |
| Galana-Kulalu Irrigation Infrastructure for Food Security | Cost was to be determined |
| **Regional Projects** | |
| Nairobi-Malaba-Kampala-Kigali Standard Gauge Railway (SGR) | Cost was to be determined |

**Source:** The National Treasury, July 2014