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Erik Roswall

Andreas Larsson

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MSc Authors:

Andreas Carl Larsson (S103438)
&
Nils Erik Gustaf Roswall (S6356)

Supervisor:
Michael Hedegaard

Abstract:

In recent years, China has emerged as an active investor in the Kenyan infrastructure sector. Above all, this has become apparent by the Chinese construction of the Standard Gauge railway (SGR), Kenya's most expensive infrastructure project, and the largest inward FDI to date. The contract was signed between the Kenyan government and a Chinese state-owned company, China Road and Bridge Corporation (CRBC). The FDI has been a source of both appraisal and concern amongst the Kenyan community, as well as foreign observers. The apparent controversy of the SGR construction follows a skepticism against Chinese foreign investments, which is considered to be part of a broader state agenda. Other areas of concerns can be related to the large costs involved, which has been borrowed by Kenya from the Exim Bank of China, as well as the environmental footprints, potential human rights violations and corruption. By identifying the different viewpoints, the paper aims to assess the validity of both the appraisal as well as the criticism of the Chinese investment. This is done by an exploratory case-study research that asks how the SGR construction has affected Kenya's sustainable development, based on Peter Dickens framework on the impacts of Multinational Enterprises. The research was conducted by interviewing ten experts active in different academic and professional disciplines. The results indicate that there have been both positive and negative impacts even though it became evident the negative ones outweighed the positive ones. The theoretical framework of Modernization and Dependency theory is deemed outdated as it fails to explain the multi-faceted aspects of Chinese investments in Kenya. Which is why the paper suggests that the theories could be improved by contemplating a new reality where outward FDIs no longer derives solely from Western countries, but equally from emerging economies such as China, which not seldom includes both state control and ownership. Those are aspects not originally considered by the theories, but highly relevant in terms of local impacts, something that is demonstrated by the SGR construction.

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1.0 Introduction

Chinese outward Foreign Direct Investments (FDIs) to Kenya has increased significantly in recent years. China's growing presence in the country is changing the domestic business scenery, from a unipolar western presence, to a bipolar reality. This has been visible not least by investments in its infrastructure sector, through the construction of ports, roads and railways. Thanks to access to cheap credit and state support, Chinese MNEs:

“[...] has been able to do what the West can no longer seem to do anymore. And that's to really help with development”. (Appendix, Benjamin)

The engagement of Chinese MNEs in Africa is increasingly viewed as a threat to Western business interests in the region. It is also the source of a much larger ongoing debate, where some scholars, civil society and firms question Chinese incentives in Kenya. The concerns are often directed to the state-owned nature of many Chinese MNEs, which makes their activities appear as part of a broader state interest. This is also related to the way in which the Chinese state invests abroad, the *Beijing Consensus*, which follows a strict non-interference policy in the domestic politics of the host country. Something that stands in clear contrast to the *Washington Consensus*, a model used by Western financial institutions that comes with policy recommendations on political and economic reforms. Also, within Kenya, the new investment model has been a source of both optimism and concern amongst local citizens.

As China constructs the Standard Gauge Railway (SGR), Kenya's most expensive infrastructure project to date, the different viewpoints have been clearly expressed. Those in favor of the Chinese model argue that;

“China's business model answered a very direct need in Africa, which was quick, cheap, and relatively efficient goods, services and infrastructure. And yeah, it's a model which appeals” (Appendix, Benjamin).

However, the criticism against China emphasizes that;

“China don't give a shit about democracy [...] they will accept whatever form of government is available as long as they can do deals [...] as long as they can reach the right leaders to pay him loss, do the deals, they just go ahead and do it” (Appendix, Arielle).

The SGR project is a clear illustration of the tightening relationship between Kenya and China, which is the most evident change in the country's domestic market in modern times. No matter if we like it or not, everything points to that China will remain a dominant actor in the Kenyan infrastructure sector.

The SGR construction constitutes China's largest investment in Kenya and Kenya's largest infrastructure project since independence, omitting to \$3.8 billion in total costs (Moore, 2014). The high cost and subsequent Chinese loan add up to Kenya's already mounting debt to the country, which now constitutes 21 % of its foreign debt and 72 % of its bilateral debt (Dahir, 2018). The responsible company contracted for constructing the railroad was the Chinese state-owned company China Road and Bridge Corporation, and the bank conditioning the loan of 90 % of the total project costs was the Export-Import Bank of China which is subordinated to the state council and responsible for promoting the export of Chinese products and services (Wang, 2007).

Owing to the concerns of the Chinese way of investing and criticism against human rights violations in Chinese infrastructure construction, it is deemed necessary to perform an unbiased exploratory assessment on whether the Chinese SGR activities in Kenya has had a, if any, positive or negative impact in relation to sustainable development. As treated in Peter Dickens framework (2003) of impacts of multinational enterprises, sustainable development is described the impacts as environmental, economic, community and governance.

The exploratory research design of the paper aims to provide a nuanced view based on the answers from interviews conducted with experts from different fields and nationalities with relevance for the research.

1.2 Research Question

The research will be conducted based on the following research question:

How has the Chinese FDI and construction of the Standard Gauge Railway project affected Kenya's sustainable development based on Peter Dickens framework on the impacts of multinational enterprises?

To provide the reader with a more comprehensive perception of China's interest and involvement in Kenya, the following sub-questions will be utilized in order to enhance the overall research objective:

1. *Has the SGR FDI positively or negatively affected Kenya's economic development?*
2. *What have been the environmental implications for the SGR?*
3. *How has the SGR construction affected the wellbeing of Kenyan communities?*
4. *Did the Chinese SGR FDI in any way impact Kenyan governance?*

1.3 Thesis outline

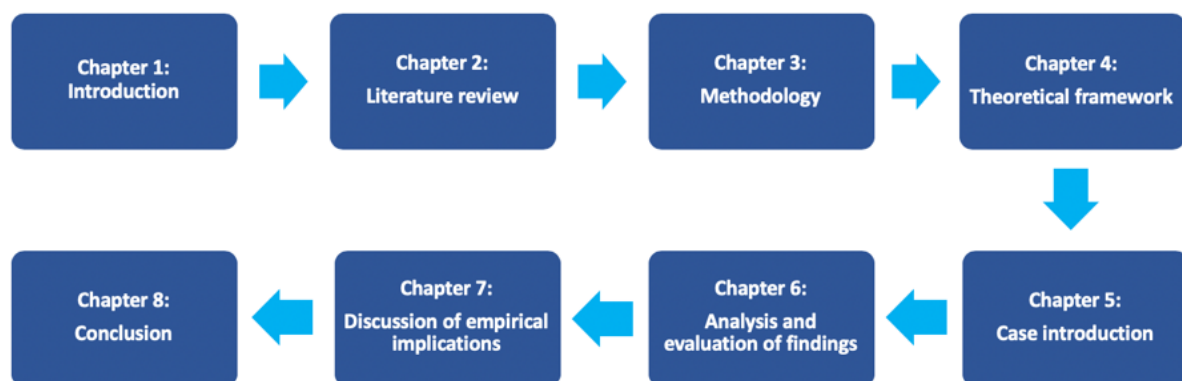


Figure 1: Author's creation (2020)

The thesis outline above was created in order to answer the research objective. The first chapter has provided the background and purpose in relation to the research objective and potential research gap which hence is the research's starting point.

Chapter 2 reviews and discuss preceding literature related to our research topic and it includes both conventional and newly developed literature on the topic of FDIs, especially Chinese FDIs in developing countries with a focus on Africa, which will provide the foundation for the paper's theoretical framework and the starting point for the exploratory research.

Chapter 3 outlines the research design suitable for comprehending and identifying the potential effects the SGR project have had on Kenya's sustainable development, by presenting the scientific approach and qualitative methods utilized. The section will also deliberate up on the research's validity, reliability and limitations.

Chapter 4 will present the theoretical foundation of the paper which later will be used during the interpretation and analysis of the gathered data. In this section, the key theories will be presented to deepen the understanding of the SGR context in relation to Kenya's sustainable development, and the interview guide also stems from this framework.

Chapter 5 will serve as an introduction to the case at hand, the SGR project, and provides a comprehensive description of the context of the project and its surrounding circumstances.

Chapter 6 outlines the data findings derived from the semi-structured interviews conducted, which also includes an ongoing analysis and summary of the central findings.

Chapter 7 discusses the findings and empirical implications in relation to the theoretical framework, literature review including relevant theories, models and concepts as well as the research question with the sub-questions as a basis. Potential limitations of the theoretical models used will be elaborated upon to identify feasible improvement suggestions than can facilitate a better explanation of the multipolarity of FDIs in general, and Chinese FDIs in developing countries in particular.

Chapter 8 will provide the reader with a summary of the research through a synopsis of the project and its findings, followed by future research suggestions.

2.0 Literature review

2.1 Purpose of the literature review

The following section will discover both research models and theories as well as putting forward an overview of the pertinent literature related to the paper's research topic. Such an overview will enable the reader to get an enhanced comprehension of the research objective. In order to appropriately place the research in the right context of the prevailing literature, various perspectives on both FDIs and sustainable development will be summarized which eventually

will converge with the selected case in Kenya. Additionally, it is worth mentioning that no systematic assortment procedure was conducted to acquire the literature, but rather an investigative and academical evaluation of journals and other types of literature relevant for this research.

In order to completely grasp the research objective that is being explored, it is essential that the existing literature is placed in the setting of its contributions. By doing so, it will allow the thesis to characterize significant factors and theoretical approaches that are acknowledged within both a commercial and academic environment. In addition, the literature review will facilitate the research to critically evaluate the assembled information, pinpoint potential absence in the preceding literature, as well as putting forward proposals for future studies.

2.2 General literature on FDIs

Conventional international business theories like the resource-based view with authors like J Barney (RBV) argues that firms invest abroad to take advantage of internal resources that gives them a strategic opportunity, owing to a competitive advantage against other firms in the external environment of the host-country (Hooley, 1998). Theories on the firm-specific advantage (FSA) have identified firm-specific advantages related to specific assets, especially intangible assets, and capabilities which contributes to a dominant competitive position to the inherent firm. The resources can be derived from proprietary products, product or process technologies, specialized know-how about production, and management or marketing capabilities, of which possession of one or more of these assets puts the firm in a competitive advantage and therefore to the success in the market it operates in (Kimura & Pugel, 1995) .

2.2.1 Internationalization of MNEs

Theories within the country-specific-advantage (CSA) model explains that there are certain advantages in the host country, such as resource endowments, labor resources and cultural factors available to firms who invest in the country (Rugman & Verbeke, 2001). There are also research that emphasizes CSA available to firms in the home-country, which benefits and provides incentives for domestic enterprises to participate in overseas investments (ibid). Existing literature within the CSA framework argues that CSA is an important determinant behind China's investments in Africa (Pei & Peng, 2007). Theory on the latecomer-advantage contributes to this argument by stating that because some countries like many in the African region lags behind in industrialization, and this backwardness in areas such as technological innovation

and soft and hard infrastructure causes a need for industrial upgrading and an advantage that can be used to attract foreign investments into the country (Lin, 2016).

Another strand of literature is the “market and hierarchies” framework, which have similar explanations to why firms invest abroad. They can be summarized as *the internalization theory* with authors such as Williamson (1975) and Hymer (1976) who explain FDIs as occurring because of market imperfections (transaction-cost theory). Because of market imperfections, firms can increase value by internalizing market channels for certain assets across national borders, rather than organizing through external market operations (Buckley & Carson, 1976). The similarities between the hierarchy and FSA theories is the focus on internal factors within the organization as many reasons for firms internalization, rather than characteristics from the home- or host country.

John Dunning’s eclectic paradigm combines external and internal factors by the central arguments from the CSA, FSA and hierarchy-framework in his OLI-model (ownership advantage, location advantage and internalization advantage) (Twomey, 2000). Ownership advantage refer to competitive advantages held by the firm seeking to engage in FDI. Location advantage is the attractiveness in value adding opportunities in the region and country where the investment will take place. Preferably the location will reinforce already existing ownership advantages held by the firm. Internalization advantages refers to those advantages gained by organizing production and activities internally rather than through external licenses or contracts with suppliers on the market (Dunning, 1979).

2.2.2 The Process of Internationalization

Other theories have focused on the process of internationalization of multinational enterprises. Early researchers on the topic, such as the Uppsala model argue that internationalization is a process of accumulating knowledge through experience of the host country and the market. International commitments start with small steps where the firm gradually increase its international involvement, usually by exporting to a nearby market with similar cultural characteristics as the home country (Johanson & Vahlne, 1977). The reasoning of the theory is that because of lack of knowledge about foreign markets, firms hesitate to develop international operations, but that such knowledge can be acquired mainly through operations abroad. Firms therefore start by exporting to a country, which is followed by a subsidiary, and later firms may start production in the host country. For the same reasons, choices of market location also follow a

characteristic pattern. The time order of establishment is correlated to the physic distance between the home and host/country of export. Where distance refers to the differences in language, education, business practices, culture and industrial development. These combined factors are argued to obstruct the communication from the company to the foreign market and from the market to the company (ibid). The physic distance between the home and host country is what is called liability of foreignness, as described by Hymer. He argues that foreign firms are disadvantaged compared to local firms in the host country, owing to foreign exchange risks and unfamiliarity with the foreign market (Hymer, 1976). Literature on knowledge gaps on foreign entries argues that it can be divided between two dimensions. The first one being knowledge-gap about the host country, and the second type of knowledge gap concerns business knowledge (Ericsson et al. 1997, 2000). Knowledge about the host country refers to a firm's understanding of the context in the host country in areas like laws, regulations and practices. Whereas business knowledge constitutes a firm's knowledge on the business level in terms of local consumers, suppliers and competitors (ibid).

2.2.3 Host-Country Impacts of FDIs

Besides motivations and ways for firms to engage in outward FDIs, research have considered the consequences and impacts of FDIs on the host country. Most of the literature on this topic holds a positive viewpoint to the phenomenon. The notion can broadly be summarized as the neoclassical model. This perspective emphasizes above all the benefits FDIs brings to the host country in the forms of technological innovations, capital and knowledge, which increases the productivity of the economy. Efficiency is further strengthened through growth of wages and competition that is brought by FDI (Moran, 1990). These positive effects are used by the same scholars to justify the need for developing economies to attract FDIs and MNEs as important and necessary steps in their economic development. The presence and establishment of the MNE and its activities through FDIs will gradually expand the host country's productive capabilities. As this happens, the less developed country will expand its learning curve, which strengthens their bargaining power and ability to develop their own industries over time. With improved bargaining power, the host country is able to make requirements upon the MNE to increase domestic value-added production and expand local linkages to the domestic economy (ibid).

In short, the model assumes a that there exists a positive relationship between the activities of the MNE, and the development of local industry, leading to an increase in economic growth,

which is mutually beneficial to both the MNE and the host country (Adames, 2000). The model shares many assumptions and viewpoints to the modernization theory which is part of the theoretical framework of this paper. This comes in the form of a positive perspective on the participation of developing and less developed economies in the world market as a way to reach higher economic development (Wolfgang, 2003). with economic development comes societal changes that we recognize with modernization, such as democracy, workers' rights and improved education systems (ibid).

The consequences and impacts of FDI to the host country can also be discussed from a broader perspective than merely economic ones. Peter Dickens framework on the impact of Multinational Corporations considers the impacts of MNC activities on the development on the host country across three dimensions, economic, community well-being and environmental. This is the model used by this paper to assess whether the SGR project contributes to Kenya's sustainable development. We also follow the decision by Wang and Zadek (2016) to include the quality of governance in this framework as it is an important factor to the functioning and development of less developed countries (ibid). The same reasoning is followed by Maqsudi (1998) who argues that a country's development should be studied as a trend across four dimensions (economic, politic, social and cultural). Improvements in all factors carries a reduction of poverty, unemployment and inequality, as well as extend industrialization and improve communication, equitable social systems and increase citizens participation in political affairs (ibid).

2.3 Chinese Outward FDIs

The last decades have experienced a rapid increase of Chinese investments across the globe. The increase of China's activities worldwide in both the political and economic landscape has grown in line with its own GDP and emergence as the world's second largest economy. The evident presence of Chinese MNCs all over the world is rewriting the traditional order in international business and politics as it has previously been known (Yueh, 2019). The dominant position of western firms and enterprises are now being challenged, both in foreign markets as well as in their home markets, as products and services from Chinese enterprises has arrived as viable alternatives. The previous association between made in China and low-quality, cheap products has lost its accuracy, as Chinese technology in sectors like electronics, ICT and renewable energy are offered in the same quality as products from western firms (Brunekreeft et al., 2015; Yueh, 2019). The trend can be seen on the number of Chinese enterprises on the Forbes Global 2000 list has risen from 43 in 2003 to 309 in 2019, whilst the number of US

firms has decreased from 776 to 575 in the same time-period, indicating a China on the rise and US on decline (Murphy et al. 2019).

2.3.1 The Internationalization of Chinese MNEs

As China is still classified as an emerging economy, traditional FDI theories would expect it to import capital rather than exporting it through outward FDIs. A process that takes several years as the poor country received enough inward FDIs to acquire enough knowledge and capital to develop their own MNEs (Dunning & Narula, 1997), which goes opposite to the way China has acted. The emergence of Chinese MNEs on the global stage is also argued to contradict those theories who state that firms requires ownership advantages to expand and compete abroad, as emerging market MNEs at first seem to lack the technology, brand, or management advantages that MNEs from developed economies are equipped with (Madhok & Keyhani, 2012, p.28). New research however has appeared as FDI flows have shifted and a larger share of outward FDIs now originates from emerging markets and especially China. Chinese ownership advantages they argue, are different from the ones we have considered in traditional MNEs (Ramamurti, 2009, p.402–410). Advantages attributed to emerging market MNEs are a deeper understanding of customer needs in emerging markets, a better capability to function in difficult business environments such as Africa and Kenya and experience and knowledge in producing goods and services at exceptionally low costs (Ramamurti, 2012). Moreover, the ownership structure of large Chinese enterprises looks different from the ownership of most western companies. Many of the largest firms and banks in China are state owned. Chinese state-owned firms like the China Road and Bridge Corporation benefit from cheap access to capital, which is available to finance internationalization, and most of them are also encouraged to do so (Buckley *et al.*, 2007). Whether or not these are ownership advantages in the traditional sense can be discussed, but it seems to be as valuable to those firms as the other ownership advantages have been to MNEs from developed economies (Ramamurti, 2012).

2.3.2 Chinese MNEs and Local Markets

When it comes to global strategies for MNEs, there are three ways in which they can approach local markets. They can either increase their relevance by adapting to local circumstances, they can aggregate product and service offerings through standardization or they can have an arbitrage strategy that aims to exploit differences between national markets, such as call-center in India, production in Bangladesh and retail-stores in Western Europe. Most global strategies, to various extents draws on all three categories, even though not all three can be emphasized at

the same time (Ghemawat, 2007). The strategy can be summarized as the AAA-triangle. If an MNE emphasizes adaption, country-centered organization makes sense. An aggregation strategy calls for cross-border groupings of business-units, product divisions and regional structures. An arbitrage strategy is best pursued by a vertical organization that balances supply and demand within and across organizational boundaries (ibid). Which strategy is most fruitful depends partly on specific characteristics of the enterprise such as firm-specific advantage, organizational resources and capabilities, but also on host-country factors in the form of country-specific advantage, but also the institutional and political environment, risk factors, culture and consumer preferences (Alon et al., 2018). Similar research has been conducted on the market strategies in the internationalization of Chinese enterprises (Zakic & Radisic, 2017). Their strategies differ from the ones adopted by western companies, as a dominant approach amongst Chinese enterprises have been responsive in adapting to local market circumstances and have to a lesser extent pursued the aggregation/global integration strategy (Madhok & Keyhani, 2012). This is argued to stem from the location origin of Chinese MNEs, which causes a liability of origins when they operate in foreign markets, where liability is defined as those additional disadvantages that arises owing to the fact that these companies originates from emerging economies (ibid). Liabilities facing Chinese enterprises is found to be weak and underdeveloped institutional intermediaries in China, that is causing an unfavorable brand recognition and subsequent discrimination against their local branches by host-country stakeholders (Wei & Nguyen, 2019).

2.4 Inward FDIs to Africa and Kenya

The negative aspects of western activities in Africa is an argument often put forward by China as its intentions in the region are questioned (Sautman & Yan, 2007). From this perspective, the concern shown by western firms regarding African independence is as much their own worry over losing influence in the region. That China is becoming more prevalent in Africa can be seen on statistics from the UNCTAD, which shows that Chinese investments in the region has risen from \$26 billion in 2013, to \$43 billion in 2017, which places the country on the fifth place after France, Netherlands, the US and UK. Both France, Netherlands and UK still have commercial activities with many of their previous colonies, which explains their high amount of investments (UNCTAD, 2019). On the top five list for 2017, only China and the Netherlands have increased their amount of investments. France has the same level and the other countries have decreased their investments (ibid).

2.4.1 Theories of FDIs to Africa

Sector wise in Africa, the RHC (Real Estate, Hospitality and Construction), Automotive, Chemicals, Industrial Products, Power and Utilities all received growth of inward FDIs ranging between 40 % 133 % between 2013 and 2017. Whereas Consumer Products, Financial Services, Transport and Logistics, Business Services and Telecommunications had a decrease ranging from -14 % to -33 % in the same time-period. The authors of the report argue that there is a visible trend of investment flows shifting away from the traditionally growing consumption-oriented markets towards industrially heavy sectors like infrastructure, manufacturing and power generation. They believe this trend will continue to grow in the coming years to become the next-generation sectors as they are necessary to stimulate Africa's structural transformation (Barnard, 2018).

The latecomer-advantage theory offers an explanation to the growth of infrastructure investments in Africa. From this perspective, scholars argue that the modern economy grows from the accumulation of technological innovation, industrial upgrading and advancements in soft and hard infrastructure. Developing countries like many of the countries in the African region has received a high inflow of FDIs in other sectors like those described above. But as the economy grow, there is a limit to how much sectors like consumption, business and financial services and transportation can grow without a surrounding supporting physical infrastructure for the transportation of goods inside and out of the country, soft infrastructure for internet, construction of hotels, apartments, offices, stores etc. owing to urbanization and increasing commercial activities. Proponents of the latecomer-advantage, such as Alexander Gerschenkron argues that owing to a history of backwardness, African countries can benefit from the deficiency in infrastructure as a way to attract inward FDIs, but that it requires developing countries to follow this comparative advantage as determined by their factor endowments the industrial upgrading and technological innovation. The author argue that African countries should not ignore this potential by jumping to develop advanced industries only because it is prestigious, when the actual potential of economic growth lies in upgrading basic infrastructure and industries (Barnard, 2018).

2.4.2 Theories of FDIs to Kenya

This strategy has been followed by Kenya, which received 34 % of all FDI inflows to East Africa in 2017, more than any other country in the region. The East African region also received the highest amount of FDIs across all regions in Africa during that year, an 82 % increase

compared to 2017 and a total of 27 % of all investments to Africa. In the entire African region 2017, Kenya was ranked third place, by receiving 9 % of total FDI inflows, an increase by 68 % since the year before and only overcome by Morocco and South Africa who both received 13 % (ibid). Barnard conclude the text by stating that for Africa to reach a higher level of economic development, the region needs to prioritize amongst other things; infrastructure development and regional integration, both of which are targeted by the Standard Gauge Railway.

Overall, Kenya confirms the latecomer-advantage theory and has risen to become the most attractive destination in East Africa for foreign capital, representing 34 % of total FDIs in the region (Barnard, 2018). In 2017, The main source of FDI inflows still originated from western economies, where Great Britain and the Netherlands increase in FDI to Kenya originated from China and the largest sectors targeted included ITC and infrastructure, where China has become a well-positioned investor by funding projects like the Standard Gauge Railway which is covered by this thesis, but also the second phase of the standard gauge railway which connects the Nairobi-Naivasha segment, the JKIA-James Gichuru expressway project and Thika Highway to mention some projects that have been subject to media attention and scholarly research and subsequent debate about consequences and impacts of the growing Chinese activities in Kenya's infrastructure development (Plummer 2019; Oqubay & Yifu Lin 2019; Kimuyu 2019).

Even though overall investments to Kenya has been rising, FDI inflows to the country is still low compared to GDP and level of development, owing to factors like insufficient infrastructure, skills shortages in several sectors, political instability, social and ethnic divisions within the country, ineffective rule of law and corruption (Fingar, 2019). The standard Gauge Railway has the potential to positively contribute to infrastructure development, as well as skill shortages at least related to technology and infrastructure knowledge if Kenyan workers have been allowed to work in knowledge-intensive roles. The skill-shortages in Kenya mentioned by Fingar (2019) is also identified by Hewitt and Albu (1998), who writes that a lack of technical know-how and finances is the main reasons behind the inadequate industrialization in the country (ibid). There is a probability that the railroad project could have positive spillover effects on technical know-how if Kenyan workers receive necessary education and are allowed to hold senior and knowledge-intensive positions where knowledge and skills gained could be transferred to other sectors where it is needed.

2.4.2.1 The local context in Kenya

One area of focus for international business studies have been that local context has a direct impact on the strategy and performance of MNEs. Although domestic firms face the same regulatory, normative and cultural institutions, MNEs are more exposed to these effects as they span across multiple contexts and national boundaries simultaneously (Regnér & Edman, 2014). Most institutional studies consider institutions as constraints upon the MNEs which increases operating costs (Eden & Miller, 2004). Subsequently, a majority of studies in this area have looked at strategies adopted by firms to reduce transaction costs that arises in relation to institutional uncertainties, such as which markets they choose, ownership strategies of firms, how they enter new markets and also how MNEs proactively engage with and strategize around their institutional environment.

Transaction costs can be reduced in four different ways; by either performing an innovation strategy where the firm change and create local institutions based on the MNEs multinational and social position. A strategy can also be based on arbitrage that takes advantage of home and host country differences, circumvention strategies. A third strategy works through circumvention, where the MNE leverages ambiguities and their own outsider social position in host country institutions. Fourthly, an MNE can adapt by submitting to local institutions, which is believed to be a more favorable strategy when the firm has a low embeddedness due to foreignness. Which strategy the firm adopts is believed to have consequences for the host market as they both shape and transpose industry-specific institutions (Regnér & Edman, 2014). In their theoretical model, obstacles faced by foreign enterprises, such as liability of foreignness as described by Hymer, and physic distance between the home and host market in the Uppsala model is not necessarily a constraint, but can be turned to a part of the strategy as the firm enter and operates in the foreign market. If managed correctly, foreignness does not imply an automatic constraint, but an opportunity for creating a competitive advantage (ibid). The assumption that MNEs rather than adopting defensive strategies can have success in proactive engagement with domestic institutions will also likely make us assume that the strategy adopted by the China Road and Bridge Corporation will affect the development of Kenyan society.

2.4.2.2 The political context in Kenya

Another context that needs attention is the political environment. A possible explanation as to why y many western MNEs hesitate to invest in the region is argued to be the political risks

that is prevalent in many African countries, including Kenya. Chinese and other emerging market MNEs have the ability to operate in difficult institutional environments, which also gives emerging-market MNEs a relative advantage when entering other less developed market economies (Cuervo-Cazurra & Genc, 2008). Many Chinese firms operating in Africa have accepted political instability as part of doing business in the region. Which can be seen on the findings by Holslag (2011) who studied China's reaction to five political coups in Africa between 2003 and 2010.

He found that China was mainly driven by economic interests and pursued an active strategy of separating business and politics, by not interfering with the host countries internal affairs. Chinese political leadership adjusted to new circumstances following sometimes very violent political coups in Africa by offering debt reductions, new investments and partnerships (ibid). In Guinea for example. China had been actively building economic relations by building roads, hydro-power projects and iron mines. In 2008 a military coup took place in Guinea which was condemned by AU and the ECOWAS, China responded by assuring that the coupe made no difference to China's policy to the country and it did not make any official condemnation or sanctions to any of the five countries where coups took place. Even though China's involvement was used by the new illegitimate regimes as claims for international legitimacy, China did not attempt to deny that (ibid).

Actions like these not only undermined and complicated the functions of African organizations like EU and ECOWAS, but also contradicted China's own promise to support the role of these bodies, by signing for example the Addis Ababa Action Plan that stressed "the need to support the African Union and other sub-regional African organizations in preventing, mediating, and resolving conflict" (Forum on China-Africa Cooperation-Addis Ababa Action Plan, 2004-2006). Despite China's official claims to separate business from politics as it engages in foreign investments, these cases show that these two dimensions cannot be separated. Based on the five cases in Holslag's studies, he argues that China's economic relations with Africa is pursued by mercantilist interests. Owing to these types of actions from China, the researcher argues that one has reasons to doubt whether the country is truly concerned with the long-term sustainable development of Africa or more interested in seeking access to raw materials, markets and political influence (Holslag, 2011).

2.4.2.3 The cultural context in Kenya

China faces other types of challenges when operating in foreign markets. For example, one challenge that arises for MNEs when operating in countries and markets with distant cultures are differences in leadership styles and organizational hierarchies (McCarthy et al., 2008). Having the right leadership is important, as there have been accumulated findings emphasizing that leadership styles affects employees' attitudes, behavior and ultimately well-being. Evidence suggests that what is found to be acceptable leadership behavior is greatly influenced by a society's cultural norms. Moreover, what is embraced by a society as cultural values is affected by its members preferences and behavior, as well as their reaction to different types of leadership (Jung et al., 2010). According to the literature, Chinese management have a tendency to substitute and overrule national management (Busch et al., 2013). This may be because Chinese culture has a higher respect for hierarchy and acceptance of power inequalities across hierarchical levels (Jung et al., 2010).

Another aspect that is crucial to the success of global MNEs is diversity management. An organization operating across multiple jurisdictions inevitably is faced with dealing with people from different backgrounds, ethnicities and cultures. How the organization manages the diversity of people is crucial for the success of a global strategy (Thomas & Ely, 1996). If managed correctly, the sum of the combined knowledge and experiences that is brought by the diversity is greater than the individual parts. Although hiring on the basis of non-discrimination is good, to benefit from diversity requires a corporate culture that acknowledges these possibilities. Successful diversity, the researchers argue, should recognize "*the varied perspectives and approaches to work that members of different identity groups bring*" (ibid, p.2).

On top of the above-mentioned aspects in outward FDI, new institutional economics argue that MNEs should also pay attention to the role of domestic institutions in the host country. This is because host country institutional frameworks greatly influence the costs and uncertainties MNEs are exposed to as they engage in local operations, as well as their access to local resources. If the host-country has strong and stable institutions, transaction costs and the political uncertainty will be lower, and they are argued to contribute to efficient markets for local resources (Meyer et al., 2009). Therefore, the quality of the institutional framework has a great impact on the performance of local FDI (Treviño & Mixon, 2004).

2.5 Chinese infrastructure investments in Africa and Kenya

2.5.1 Benefits from infrastructure improvements

The quality of a country's infrastructure in the form of transportation possibilities, access to energy and clean water and telecommunications is incremental to economic and social development (Meyer et al., 2009). There is strong evidence suggesting that there is a relationship between a country's infrastructure and its economic growth, productivity and output. Straub (2008) studied all literature between 1989 and 2007 and found that 63 % confirmed the link between infrastructure and the target economic outcome (ibid). The contribution to economic performance was even stronger for developing countries (Meyer et al., 2009). In Latin America, researchers found that one third of the output gap in 1989-1990 between the region and Asia could be attributed to poor performance in infrastructure (Easterly & Servén, 2003). Moreover, similar conclusions have been found by analyzing Africa's economic performance in the 1990s. Here, only 25 % of the continent's decline in world export could be explained by weak price competitiveness. The remaining 75 % was a consequence of non-price factors including infrastructure services (Oshikoya et al., 1999). On the same line of argument, Limao and Venables (1999) have demonstrated that the volume of trade is a function that closely follows transport costs, and a 10 % reduction of transport costs expanded trade by 25 % (ibid).

Moreover, there are estimates that a one day decrease in inland transit time in the region of Sub-Saharan Africa resulted in the raise of exports of new products by 7 %. In economic terms, it is equivalent to approximately a 1.5 % reduction of import tariffs by all its partner countries (Freund & Rocha, 2010). Owing to these findings, we would assume, ignoring other consequences that the Chinese investments and construction of the Standard Gauge Railway will have a positive contribution to Kenya's economic development through increasing transportation of goods and people within the country, as well as increasing exports to neighbor countries and the rest of the world. Moreover, Albert Hirschman's theory of unbalanced development argues that investments in infrastructure expansion has spillover effects that promotes and supports the development of other sectors (Hirschman, 1958). Hirschman claims the least developed economies (LDCs) lacks sufficient resources to satisfy existing needs for simultaneous investments in all sectors of the economy. By attracting FDIs to strategically selected sectors such as infrastructure, it will have a positive effect on new investment opportunities and therefore contribute to further economic development, on top of the already positive effects from

FDIs such as employment generation to the local economy (Hirschman & Goodman, 1959; Jhingan, 2003).

2.5.2 The Chinese state ownership in overseas investments

Besides being a support in navigating in complex market, the Chinese state ownership also benefits MNEs bidding for infrastructure projects in developing countries like Africa, as credit subsidies from the government offers cheap credit to both the company and the buying company who are unable to provide payment for total costs owing to its developing status (Florence & Defraigne, 2011). It is well-recognized that infrastructure projects usually involves very high costs, the Standard Gauge railway for example had a total price of \$3.8 billion of where 90 % was borrowed from the Exim Bank of China (Plummer, 2019), a price that would have been impossible for Kenya to pay without access to these loans. However, the high costs involved in infrastructure construction has a potential negative effect, as some researchers argue that carries a potential to fuel corruption, especially in politically unstable countries like Kenya and most other African countries (Moran 2011; Holslag, 2011).

Evidence from research shows that public policy preoccupations linked to foreign investments in infrastructure share similar characteristics to those in the extraction sector. This comes in the form of a limited contract stability. Moreover, Foreign investors in infrastructure are ranked in the top in terms of cases involving bribes and corruption, together with the defense and construction industries, making it a highly sensitive sector with potential implications for the political development of weak states (Kenny & Soriede 2008, Estache, 200). In previous investments in developing countries, China has used unconventional methods such as special partnerships with influential families, business associates and friends of developing-country leaders to secure infrastructure-projects (Moran, 2011). Literature on International Business studies have recognized that MNEs are also political actors and they exert more political power than many developing country governments, and where their influence rises with the amount of money invested in the home-country (Gebbert & Dörrenbächer, 2013).

Owing to the close link between politics and business interests that is inherent in FDIs in infrastructure, in combination with the limited political development and political instability in Kenya, together with what has been described previously in the literature review, that China has a deviant approach to foreign affairs compared to for example western countries, where political outcomes such as impacts on democracy of investments are seen equally important as

profits and other ambitions (Holslag, 2011), it seems uncertain whether China's scepticism to democratic reforms in Africa and declination to participate in the political process even when it is threatened by coups, may contribute to fueling corruption and other negative aspects on Kenyan politics. The literature suggests that a high presence of host-country corruption discourage inward FDIs to all sectors, as it creates uncertainty about the actual costs of operating in the country (Cuervo-Cazurra, 2006). A rising level of corruption in Kenya owing to Chinese infrastructure investments could therefore deter investments into the country from other nations and as a consequence negatively affect Kenya's economic development.

2.5.3 Debt from the SGR construction

Another aspect of the high costs and subsequent borrowings by the Kenyan government is financing and repayment of these loans. Previous studies on Chinese investments in Kenyan infrastructure argues that owing to the high amount of debt undertaken by Kenya, it has become more dependent upon its oil reserves as means of payment (Kelley, 2012). Concerns are therefore being raised that this is negatively contributing to the already growing resource curse the country has experienced since the large oil findings in 2013 (Johannes et al., 2014). A resource curse has several negative implications for a country's economy. One risk for a developing state like Kenya is exploitative commercial relations that may follow from oil as payment for external debts, economic underperformance, a weakening of state institutions as well as state corruption (Le Billon, 2012, p. 13). Moreover, if Kenya becomes too dependent on the revenues from exploitation of its oil reserves to finance the construction of Chinese infrastructure projects it risks hurting other economic sectors and local communities, especially if parts of the profits are disappearing in private hands and the exploitation are not carefully planned to include local needs. However, if managed carefully the investments have the potential to contribute to national, regional, and local economic benefits and socioeconomic development (Johannes et al., 2014).

Moreover, with a high amount of Chinese money from infrastructure investments in Kenya, the literature indicates that there is a risk that it may erode governmental checks and balances and thus leaving the electoral competition unconstrained, which has severe implications for a developing country especially when combined with patronage and ethnic divisions of which both are present in Kenya at the moment, as it can be used by parties to buy votes, rig elections or even force opposition parties out of power (Ranta, 2017; Kelley 2012). If this is the case, Kenya will likely misuse the resource and fail to invest the income in a productive way that

contributes to economic modernization and diversification (Kelley, 2012). There are for example studies that point to how \$23 million disappeared from a Chinese infrastructure investment of \$9 billion intended to build roads in Congo. The lack of transparency in Chinese financed programs makes the researcher suspicious that the number of unrecorded similar cases are high and therefore we would expect Chinese investments in Kenya to have the same inherent characteristics (Becker, 2010; Kelley, 2012). Moreover, the literature discusses another risk related to loan-financed growth is when one country becomes too dependent on financing from the same country. The growth of Kenyan loans to china happens at the expense of investments from western firms, as China's share of total investments has grown. This makes Kenya sensitive to fluctuations in the Chinese economy. An economic recession in China might negatively affect its ability to invest in Kenya, which in that case are left without money, with negative consequences for jobs and economic growth (ibid).

2.6 The Washington vs. Beijing consensus

2.6.1 Background

To understand the current controversy of both Western and Chinese presence in Africa, it's valuable to consider the impact that has been made through the loans and investments from Western institutions to Africa, but also how it differs from the Chinese approach to investments and why in recent years it has been welcomed by many African leaders. The differing approaches between Western states and China on the optimal way to reach economic development has given names to two almost opposite models of policy recommendations to developing countries (Moak, 2017). The Washington consensus is the term given by the economics Oliver Williamson in 1989 to describe the standard-package of free-market economic policy requirements that was conditioned by Western financial institutions such as the International Monetary Fund, the World Bank, and the U.S. Treasury (McKinnon, 2010). It has been described by Peter Hall as a “transnational policy paradigm” (ibid) and was the dominant believe, shaped and acclaimed by both scholarly and political forces (Babb, 2012). It can be summarized as a model of neoliberal and market-oriented doctrines that were intended to assist developing countries that faced economic difficulties (ibid). The main purpose was to recommend structural economic reforms to increase the role of the market forces within the domestic economy, to foster macroeconomic stabilization such as free-floating exchange rates, economic opening in the form of removal of trade-barriers and tariffs to facilitate free-trade and investments. In return, developing nations that adopted these policies would receive financial help (Moak, 2017). By

doing so, Washington Agencies believed that the financial aid could contribute to raising per capita incomes and welfare in the recipient countries.

2.6.1.1 Policy recommendations

More specifically, the prescriptions included ten broad sets of relatively specific policy recommendations (Williamson, 1989);

1. Disciplined fiscal policy without fiscal deficits relative to GDP
2. Replace state-subsidies with investments in education, healthcare and infrastructure
3. Reformation of the tax system, broadening the tax base and adopt moderate marginal tax rates
4. Setting interest rates that are positive and decided by the market
5. Competitive exchange-rates
6. Trade liberalization policies, with emphasis on liberalizing imports by removing quantitative restrictions and other trade protection and to provide low and uniform tariffs on imports
7. Liberalizing inward Foreign Direct Investments
8. The privatization of state-enterprises
9. De-regulate by reducing state regulations in especially in the economic sphere, specifically by abolishing regulations that impede market entry for enterprises, or restrict market competition (with the exception for regulations that exists for reasons of safety, environment and consumer protection), as well as a prudential oversight of financial institutions
10. To guarantee legal securities for private-property rights

2.6.1.2 The negative consequences of Washington consensus

The Washington Consensus shaped the reality of many developing countries, who in the 1990s failed to take off economically, despite efforts to perform given policy recommendations targeting the political and external environments and continued to be heavily dependent on foreign aid (Kahn, 2005). The liberal shift resulted in famine in some African countries as because of exports, there was not enough food left to feed the population, a situation made worse by shifting climate and unreliable harvests (Sender, 1999). The Washington Consensus era, with structural adjustment recommendations, ranging approximately over the last two decades of the twentieth century, has been described by economists and scholars as a failure for African eco-

economic development. In fact, between the years 1980 to 2000, Africa was the only major developing country region that experienced negative per capita growth (McCord et al., 2005). The reasoning behind the Washington Consensus was that with the right economic policy measures, developing countries could expand economic output and thus mimic the economic development of many western economies, but a big failure it is argued was not to take into account local conditions of developing countries, and the mismatched prescriptions in some cases had devastating consequences for recipient countries. Moreover, there was also a tendency amongst western politicians and financial institutions to deny these negative effects from the structural adjustment programs, and instead attribute that the failure to reach economic growth in these countries to corruption or more broadly “bad governance” (ibid).

As a result of the global financial crisis of 2007/2008, there was a shift to the belief in the importance of taking into account social dimensions and local development, rather than the previously dominant approach of the one-size fits all de-regulation model. This new perspective came in a time where, because of the financial crisis western financial institutions like the IMF had a hard time to finance its own activities. The new reality triggered many developing countries to look for alternative models to the market-oriented policies. An alternative model was found by the Chinese way of economic development, which argued for that nations needed to find their own paths to development and reform, a policy that was far from the conditionalities inherent in the Washington Consensus. In 2004, the Chinese model was given the name the Beijing Consensus for the first time, by Joshua Ramo (2004). In his book, Ramo resonated that it was understandably appealing for those developing states that had not benefited from the prevailing worldwide dominant structure (ibid).

2.6.2 The Beijing consensus

The Beijing Consensus builds on China as an alternative model for development. A model that was quickly gaining appraisal within the developing world, especially in areas such as South Asia, Africa and the Middle East. Even though China is used as a successful example, there is no strict requirements or conditions in Chinese investments that receiving countries must introduce the same reforms as China has, but rather see its progress as an inspiration to development. It recognizes the importance of a unique approach that takes every nation individual challenge into consideration, which separates the model from the Washington consensus (Tu-

rin, 2010). Even though there are no uniform prescriptions for development in the Beijing consensus in the same way as the Washington consensus, there are still three overarching ideals emphasized by China. These are;

1. Innovation

There are always friction losses from reforms. The government should therefore actively keep innovating in order to address those challenges presented by the changing economic and social environment (Ramo, 2004, p.12). This is also discussed by another scholar, who refers to the idea as a commitment to “constant tinkering and constant change, and a recognition that different strategies are appropriate for different situations” (Leonard, 2006).

2. Pursuit of dynamic goals/ rejection of per capita GDP

The second theme in Chinese development prioritize is the rejection of per capita GDP growth as an end-goal in itself of its development policies (Leonard, 2006). This is seen in sharp contrast to the Washington consensus, where economic growth is frequently emphasized. Instead, the Beijing model emphasizes multiple goals that are not always directly related to economic growth. Such as the five-balances perspective; balancing urban and rural development, balancing development among regions, balancing economic and social development, balancing development between man and nature, and balancing domestic development with opening wider to the outside world” (Yusuf & Nabeshima, 2006, p.5).

3. Self-determination

In terms of policies, it is mainly this third idea of the Beijing Consensus that has made the development model controversial from a western perspective. It points to the importance for developing nations to actively look for independence from outside pressure, which by China is considered to be imposed by hegemonic powers such as the USA (Ramo, 2004, p.12). In a broader perspective, this is argued to relate to China’s insistence on pursuing its own priorities and refuse to submit to outside pressure (Turin, 2010). It is also in Africa, where the western influence perhaps has been most visible and debated today, where China’s rhetoric of self-determination and independence have been welcomed the most. This is proved by the growing presence of China’s role in the region (ibid). Lyman (2005) expands the reasoning by arguing that China’s investments as alternative to the west is attractive for the reason that they have no conditionalities attached in relation to governance, fiscal probity or any other concern that comes with western donors (ibid). It can therefore be argued that China does not aim to impose

its own ideas on its partnering countries, whether it's good or bad is another discussion. No matter what the USA and Western countries think about self-determination, it's the most emphasized component of the Beijing Consensus, which is also what makes it attractive for developing countries as alternative to the Washington consensus (ibid).

2.6.2.1 Negative consequences from the Beijing consensus

The negative consequences many African countries experienced by the structural adjustment programs in the Washington Consensus is still blamed for much of the current economic issues in these countries (Lopes, 2012). Loans and investments from Western institutions such as IMF and World Bank is to a large extent still associated with those types of conditionalities that came with the loans and investments. As an alternative, the Beijing consensus therefore appears as more attractive to African leaders that aspire to shape their own path to development, without the influence from foreign institutions (Babb, 2012). However, critics argue that the Beijing Consensus should not be considered as an ultimate solution to an existing problem, but rather the less of two evils, at best. There are for example concerns that the Beijing consensus is being used as part of a broader nationalist agenda, because of its non-interference policy (Turin, 2010). This development is especially attributed to the third point of the Beijing Consensus, which emphasizes the need for developing countries to seek independence from outside pressure, as it is argued to be forced upon by hegemonic powers like the USA (Ramo, 2004, p.12). From the critics' perspective, it is argued that far from being free from outside pressure, the Beijing Consensus is the foreign policy actively pursued by the Chinese government to extend its influence amongst developing countries (Lyfman, 2005).

The debt-trap diplomacy for example is a common phenomenon often used to argue against Chinese involvement in Africa. This is visible not least in Kenya, where 22 % of its external debt and 70 % of its bilateral debt is owed to China, which is more than twice the combined bilateral debt from other countries, including Japan, the US, the UK, Germany as well as France. (Onjala, 2017; Africa Check, 2020). As China is financing much of the infrastructure development in Africa such as ports, roads and railways, it has the ability to seize control over these assets if the government is not able to pay back the loans (Green, 2015). Moreover, through its separation of business and politics and willingness to do business with all types of authoritarian regimes, critics argue that the Beijing Consensus is contributing to giving legitimacy to illegitimate rulers in Africa and corrupt practices (Holslag, 2011). On top of these concerns, critics also argues that without any conditionalities, the non-interference policy of

the Beijing consensus is escalating mis-governance in receiving countries, as they are given money without any plans on how they should be paid back (Green, 2015). Owing to the opposing views on the Washington and Beijing consensus, the presence of both Chinese and Western investments in Africa is a controversial topic.

2.6.3 The Washington consensus today

It should also be mentioned that despite the negative outlook attributed to the Washington consensus, it has been one of the most influential theories in terms of impact on global affairs. Many scholars today agree on the significance of Western-created institutions like the IMF, WTO and the World bank, as it has facilitated international trade and economic growth across the world, not least in developing countries. Moreover, one of the main advantages of the Washington consensus as an alternative to the Beijing consensus is the high level of transparency of its operations, as well as the democratic rule and processes in the operations of these organizations (Herdegen, 2013). It also remains a commonly used model by the Bretton Woods, through which developed countries continue to channel aid money to less developed countries to this day (Jakupec & Kelley, 2019).

The democratic perspective in the governance of the Bretton Woods institutions today should also be mentioned. During the last decade, emerging economies have to a larger extent been included in governing these institutions by the attribution of more voting power (Birdsall & Fukayama, 2011). Thus, developing countries have more influence in international financial institutions like the IMF and World Bank and therefore are able to shape the policy recommendations and therefore also their own loan terms (ibid). That developing countries have been at the center in the reformation of the Washington Consensus since the financial crisis can also be seen as the aforementioned 10 principles are not emphasized as much today. They are now complemented by *Poverty Reduction Strategies* which has become prominent in international development. Instead of structural reforms, these 'Social Inclusion' policy frames serve the purpose of promoting opportunity, empowerment and security, for those people and places located in the peripheries of global economies and societies. There is also a commitment from Bretton Woods institutions to include these countries in global economic integration and openness, together with good and fair governance and local and social partnerships (Porter & Craig, 2010). The new emphasis on social inclusion, poverty reduction and good governance offers an effective strategy to achieve economic growth. From this perspective, the economic failures in some developing countries that has been derived to the policy recommendations is rather a

consequence of the ineffective manners in which these recommendations have been implemented by local governments (Serra et al., 2008). The Beijing consensus should therefore be seen as even more problematic as it gives high loans to developing countries without any transparency or monitoring on how this money is being spent.

2.7 Modernization theory vs. Dependency theory

In the same way as there have been an ongoing debate about the proper path to development in Africa, there is controversy on whether Western or Chinese activities at all has contributed to the regions long-term sustainable development. The scholarly views can shortly be described as modernization theory on the one side, and dependency theory on the other.

2.7.1 Modernization theory

Modernization theory is used to explain the process of modernization within societies. The modernization process is believed to be a transition from a pre-modern to an advanced society. It has its origins from the Harvard scholar Talcott Parsons who in the 1950s started to write about societies and development based on the thoughts of the sociologist Max Weber (Knöbl, 2003). Parsons held a critical view towards the traditional values of less developed countries. By referring to western progress and development, scholars within this tradition argued that the only way for underdeveloped countries to reach economic growth was to be more receptive to Western values, which would give them an ‘entrepreneurial spirit’ (ibid). By equating development to economic growth, industrialization became the process of catching up with the Wes. The impact of the theory in the 19th century could be seen not only in western countries, but all over the world. Its influence reached well beyond the economic realm into all areas of society including education, economics and social aspects. It took the form of infrastructure changes like dams and highways, social changes like the disposition of old traditional beliefs and practices and a new education system that prioritized rationality and science, and political changes by establishing an efficient bureaucracy and state apparatus (Sanghi & Johnson, 2016). Just as the Washington consensus, modernization theory, through the work of influential sociologists and economic thinkers had a significant influence on the paths taken by many developing countries during the 20th century (Knöbl, 2003).

2.7.1.1 Modernization theory and China

Later models of the theory have come to broaden its perspectives beyond the Western model of development. Other civilizations such as China have proven to reach highly advanced society without following the Western model of development. The similarities between Modernization theory and the Chinese development model are visible on several perspectives. First of all is the belief in science and constant development through trial and error. Secondly is the emphasis on infrastructure construction as a way to foster industrialization and economic growth. On a societal level, both models emphasize that institutions are only effective if they are transformed to provide the right incentives, which aligns human economic interests and social agents with the overall societal interests. Innovation is considered to be the engine of economic and social transformation and is only fostered in an environment where institutions provides the right incentives to progress. Moreover, there is also an emphasis in both perspectives on the importance of other aspects than economic growth. The Chinese model emphasizes human development as a more fruitful measurement of progress. It is therefore relatively high ranked by UNDP (2007) in areas like human literacy (56 of 182 countries) and life expectancy (72), whereas it scores lower (102) on per capita GDP (Yao, 2011; Turin, 2010). These types of values are also emphasized by the modernization theory, where education, scientific discoveries and human life quality are considered to be features of advanced societies (Carol, 2011).

Owing to the similarities between the modernization theory and China's own transformation, China is increasingly emphasized as a good example for many developing countries, also by modernization theory which otherwise have had a dominantly western perspective (Diana, 2007). Especially in the early part of China's modernization, Chinese policies were aimed at attracting inward FDIs, together with promoting global trade by aiming to benefit from the positive spillovers it creates in the form of technology and know-how that are especially crucial in the phases of economic development that a nation catches up with other more developed economies (Yueh, 2019). This is a process where less advanced nations learns by imitating and re-inventing the processes from technology frontiers. From a modernization theory perspective, the examples from China shows that keeping an open economy has been decisive in China's transformation to an advanced economic society (ibid).

2.7.1.2 Modernization theory and infrastructure

There are several factors attributed to how FDIs are able to boost economic growth. Gylfason (1999) finds technology transfers to be one of the main contributors. As foreign firms enter the

host country, it also brings new technology. By Infrastructure FDI technology transfers occurs as both domestic workers and firms work alongside foreign investors. Transport infrastructure such as railways also positively benefits to technology transfers by increasing the host country's access to international trade, where the country earns an opportunity to gain spillovers from learning-by-exporting or imitating technologies inherent in the imported intermediate products. In the case of China, being exposed to the global economy has contributed to healthy competition for domestic companies as foreign enterprises has entered the market, which has raised productivity. Taken together, Modernization theory emphasizes that FDI and international trade has contributed as significant driving forces to enhance China's growth during the 1980-1990s (Liu et al., 2002; Shan, 2002). The transfers importance of China's economic growth has been confirmed in studies by Dees (1998) and Sun and Parikh (2001) who found that inward FDI has affected China's economic growth mainly through factors beyond capital formation. The classical assumption of modernization theory is the assumption that catch-up mechanisms foster economic growth, which takes place as capital flows from developed to less developed countries together with technology and know-how. During the last decades, China has through its open-door policy starting in the 1990s been the recipient of large amounts of FDI and has thus been able to follow the process of modernization.

2.7.1.3 Modernization theory and the SGR construction

Modernization theory recognizes that the emergence of China in the global economy has had a profound impact on the rest of the world (Rodrik, 2010). In the last decades, China's overseas investments has generated incremental growth in several countries in Sub-Saharan Africa, which have had a positive impact on the welfare in those countries. Not least in the infrastructure sector (Fan, 2018; Huang, 2016), which is very appreciated from modernization theory perspective. OECD estimates that Africa only receives a small amount of the investment capital it needs to grow the economy (Callaghan & Hubbard, 2016; Luft, 2016). Not least in Kenya where despite being the most developed nation in East Africa, its per capita GDP only amounts to US\$1,500. Kenya therefore has a hard time to industrialize, as it lacks access to investment and capital.

Modernization theory sees China as a valuable contributor to the region, not only by providing capital, but also as a source of knowledge and technology. Through its entire social and economic transformation from a marginalized nation to one of the most advanced countries in the

world, China has a lot to learn other developing countries and its long-term presence and interest in the region shows that it is willing to do so. The Standard Gauge Railway Project is therefore a great example of how a developing country can benefit from FDIs. Kenya lacks both the capital and know-how to construct this type of infrastructure by itself. But by learning from a more developed country, the same way China did to modernize, Kenya not only earns the benefits from FDIs as discussed above, it also benefits from a railway that connects its port to inland Kenya and other neighboring countries and thus significantly enhances its position in the global economy, something that provides opportunity for further modernization (Yueh, 2019).

2.7.2 Dependency theory

Dependency theory emerged in the 1950s as a critical theory to western activities in developing countries. In 1949, the two scholars Hans Singer and Raul Prebisch published literature in which they demonstrated that terms of trade for underdeveloped countries in relation to developed countries had continued to deteriorate over time, as underdeveloped countries could purchase less and less manufactured products from developed countries in exchange for a given quantity of raw material exports, which was their main exporting good at the time. This made scholars from this strand argue for the need of protectionist measures for developing countries as the only way to reach a self-sustaining development path.

2.7.2.1 Background of Dependency theory

An Industrialization process by import-substitutions was recommended over one that included trade-and-export orientation to be the optimal strategy for less developed countries. This advice follows the skepticism inherent in dependency theory against trade between more advanced and less developed countries, which was seen as a way for stronger nations to abuse the weaker ones for raw materials, as well as market for their MNEs which easily could outcompete domestic companies (Dosman, 2001). The West and especially the USA was blamed for being the reason behind the lack of growth and development in Latin America. It was a direct response to the assumption of modernization theory that all nations progress through similar stages of development, and that the task of more advanced societies was to assist them along this common path through activities like investments, technology transfers and closer integration into the world market. The theory rejects this view, by arguing that underdeveloped countries cannot be equated to primitive versions of developed countries, instead each nation itself

hold unique characteristics, and by their developing status also are weaker members in the world market economy.

The chronic underdevelopment of resource-rich developing countries made dependency theory scholars argue for the consequences of Western industrialization and modernization. The strong demand it created for resources like oil and minerals created a structural uneven relationship constituted of a flow with resources from a periphery of underdeveloped countries that was used as inputs in the industrialization and production of advanced finished goods in western countries. By being stuck exporting primary goods, peripheral countries had limited opportunities to restructure their economies and take advantage of this trade (Brunnschweiler & Bulte, 2008). Following this trend, dependency theorists established relationship between how rich a country was in resources, the more it suffered from economic underperformance, thus western nations engaged in trade with underdeveloped countries not to help with their economic development, but to enrich themselves (ibid). Moreover, the economic underperformance was found to cause political conflicts and environmental destruction. This made dependency theorists argue that underdeveloped countries are not poor despite trading with the west, they are poor because of that. Underdevelopment they argue, is not a condition, it should rather be seen as an ongoing process of impoverishment linked to development. The development of some parts of the world is what has caused underdevelopment in others. These two conditions are not separate processes, but instead two aspects of the same process (Sachs & Warner, 2001). The debt crisis and economic stagnation experienced by Africa and Latin America from the years around 1980 to 2000 raised concerns about the desirability and feasibility of what they referred to as dependent development (Vernango & Fields, 2016).

2.7.2.2 Dependency theory today

Since the mid-end of the 20th century, the structures of the world economy have changed. Western countries are no longer alone in their African engagements. Especially from the east, China has extended its presence in the region, which also has become evident in economic statistics. In 2008, China stepped up to become Africa's largest trading partner, outperforming both the European Union (EU) as well as the United States (US). This trend extends not only in trade, but it also includes foreign direct investments (FDI) and on top of that, China's development aid to the African region is on a steep rise (Dijk, 2009). The clearest sign of China's activities in Africa is perhaps the many infrastructure projects in the form of railways, dams, ports and roads taking place all across the region in countries like, Nigeria, Sudan, Kenya and

Mozambique. Most of these projects are part of the Belt and Road Initiative, launched in 2013 with the ambition to build a trade and infrastructure network that connects Asia with Europe and Africa, going through the ancient trade routes of the silk road (Xia, 2018). Dependency theorists are skeptical to this new development, arguing that China's track record of doing business in underdeveloped countries is equally bad as the one of Western countries (Chan-Fishel & Lawson, 2007). Because of China's size and economic superiority, they see the same structural inequalities repeating in China's Africa endeavor. China's industrialization and economic growth requires access to high amount of raw materials, which to a large extent are imported from Africa, while it exports manufactured goods in return, giving rise to the same type of unequal exchange. These natural resources are to a large extent located in remote areas of Africa, that lacks sufficient infrastructure for transportation.

Dependency theorists considers Chinese infrastructure investments in Africa not as an intent to enhance those countries development, but as a way for China to sustain its economic growth (Kagan, 2006; Tull, 2006). Dependency theorists are negative to China's track-record in Africa. They observe for example that China has shown a willingness to engage in affairs with all types of political leaders, also illegitimate leaders that have seized power by military coups or that are oppressing political opposition, which is argued not only to cause domestic conflicts, but also to impede its political development and path to democracy. Kagan (2006) for example argues that China purposely strives to develop and support a network of autocracies and like-minded dictators in the region (ibid). These types of scholars refers to the Beijing and Washington Consensus, arguing that the support given to the Beijing Consensus by the African elite is a sign that it is a strategy benefiting those in power at the expense of ordinary citizens. The Beijing consensus in their view, is just a bad excuse for doing business with all types of dictators and ignoring the consequences of it. Besides politics, the high amount of manufactured goods entering Africa from China is argued to have devastating consequences for Africa's own industry such as the textile sector which is outcompeted by the access to cheaper Chinese clothes (Brautigam, 2003). Rather than improving the terms of trade for African countries, the construction of transport infrastructure has proven to have had a negative effect on the terms of trade, as it has made it easier and cheaper to transport goods to and in the region (Maswana, 2015).

Now when the paper has outlined both modernization theory and dependency theory, it becomes evident that both perspectives have diverging view on Chinese infrastructure investments in Africa. While modernization theory considers it a learning and development perspective for African countries as well as for China, dependency theory holds the view that China invests in African infrastructure in its own self-interest which also carries negative consequences for those countries. In the context of the Chinese construction of the SGR railway in Kenya, there are many inherent characteristics that draws upon the differing viewpoints of these two theories. These will be further discussed in the theoretical part of the paper, in relation to the SGR and how they consider it impacts on Kenya's sustainable development.

3.0 Methodology

The following section will introduce the methodology and the chosen research design. To start with, the scientific approach and research design will be presented which will include both epistemological and ontological deliberations. Successively, within this perspective the selected case study approach will be elaborated upon, which in turn will be followed by the writers' procedural contemplations regarding expert interviews and reflections concerning the study's research quality.

3.1 Scientific Approach

3.1.1 Ontological concerns

Both epistemological and ontological characteristics deals with the construction of how the scholar in question perceive the reality and how knowledge is assembled (Collins & Stockton, 2018). All theoretical principles concerning knowledge have to be related to a peripheral reality (ontology) in order to be able to attain knowledge (epistemology) (Patomäki & Wight, 2000). Consequently, this research design will apply a social constructivist point of departure as it disputes that the overall strive of social entities are formed by interactions and concessions between social players. Thus, realities are interconnected with both ideology and values (Engholm, 2014). As knowledge is a dynamic and creative act, it cannot be comprehended unconventionally by the viewer (Engholm, 2014; Collins & Stockton, 2018). By using social constructivism as the comprehension of reality, science is not seen to be free from values; limitations between the viewer and the perceived is distorted (Collins & Stockton, 2018). Hence, reality is formed by understandings of occurrences and it is important to note that they are not

individual but instead assigned and established in collective and confined settings (Berger & Luckmann, 1996).

3.1.2 Epistemological concerns

This research's choice to apply a social constructivist design enables the espousal of explanatory epistemology which propose that all knowledge which is considered to be a reality is a social construction (Engholm, 2014). The implied reality is thus both manifold and comparative as it is presumed to be affected by the specific situation in a certain occasion. Thus, all social settings are a vital apprehension. One could also explain it as all the knowledge that is obtained through a social constructivist setting is, naturally, socially assembled and not objectively formed (Hudson & Ozanne, 1988; Carson et al., 2001). In other words, the paper's primary data gathered is not considered the impartial reality but is rather perceived as the contextualized confined truth uttered by the separate interview objectives. Their view of the examined reality is hence an enunciation of the interviewees socially composed understanding of the truth. Taking these factors into account, the aim of this research design is to both comprehend and investigate the structure of a social phenomenon rather than acquiring an objective reality. The overall aim of this paper lies in understanding different prevailing logics and contexts that might impact a specific local setting in relation to various factors of sustainable development. By applying an interpretivist and exploratory scheme, the paper is able to investigate purposes, senses and additional subjective observations. By doing so, it is further reasoned that it will facilitate the study to come up with results which might not be black or white, but rather an exploration of how a potential phenomenon is shaped in an explicit setting (Hudson & Ozanne, 1988; Neumann, 2000).

3.2 Research Approach: Induction, Deduction and Abduction

3.2.1 Induction & Deduction

No matter the research design, the consideration of how the role and application of a theoretical framework should be shaped is present. The main discussion can be derived from the choice of either forming the research from data (induction), or through various assumptions which in turn forms a hypothesis (deduction), and which of these that enables the best possible knowledge creation (Collins & Stockton, 2018). Since this research aspires to explore the potential effects

CRBC's SGR FDI have had on Kenya in regard to sustainable development, it is proposed that the paper applies an inductive course of action as this specific exploration, up until today, have not been looked at (Bryman & Bell, 2007). In order to complete this exploratory aim, this research have made use of qualitative interviews which also surpasses the procedure of challenging a hypothesis and its accompanied variables (Bryman, 2012). One should bear in mind that an inductive approach demands the researchers to implement a blank mind in the process of gathering primary data as already known theories could be a distraction and influence the impartiality (Bryman, 1988). One could however argue for contradiction as this paper recognized a theoretical basis in beforehand of the data gathering; the interview guide was subsequently formed with a certain framework in mind. On the other hand, the chosen framework is an important element in trying to understand and confine the suggested impacts CRBC's SGR FDI have had on sustainable development on a local level in Kenya. An investigation of this kind merely cannot be performed with the absence of previous knowledge as the theoretical point of departure is necessary to put forward prior to the collection of primary data. Nevertheless, as already declared, the research's goal will not be to confirm or reject an assumption but to seek for new theoretical inferences which, potentially, could subsidize alternative contexts to both present and forthcoming research. In its entirety, this is classified as induction which enables this study to implement abductive reasoning.

3.2.2 Abduction

As discussed above, it is argued that an unadulterated inductive approach could be somewhat complicated to realize in practice. This observation was treated by Merriam (2009) and she established that all forms of research consists of either an implicit or explicit theoretical structure, not least in an inductive setting. Subsequently, as this study, arguably, could be characterized as a hybrid of induction with some deductive influences that exceeds the conventional binary, a seemlier foundation is to exert abduction. An abductive approach is hence distanced from the binary of both induction and deduction and is instead a merger of them both (Engholm, 2014). It is possible to identify similarities with induction as it makes us of confronts with reality to facilitate the development of the existing theories. Yet, it lacks some sort of linear rational progression between explicit to universal which should be present in a fully inductive approach. Instead, an abductive approach forms expectation to which the exposure to the world offers rise, founded on preceding understandings of the reality (Engholm, 2014). Moreover, in

2012 Timmermans and Tavory proposed that an abductive approach to a large extent should be reliant on the scholar's refined position and acquaintance with wider theoretical grounds. Subsequently, an abductive investigation rests for a great share of the extent and complexity in regard to the theoretical context the scholar in question embrace in its research.

To give the reader a more nuanced picture of this research's endeavor, one could explain it as it will foster novel knowledge concerning the given environment and occurrences (induction) while at the same time make use of a prevailing theoretical framework in order to facilitate a more holistic comprehension of the occurrences (deduction).

Subsequently, an abductive approach raises new knowledge regarding both environment and occurrences in line with induction while at the same time applying an already presented theoretical framework. This will accordingly enable a greater comprehension of the certain occurrence which is equivalent to a deductive output. Thus, the choice of proceeding with an abductive reasoning will allow this research to generate a theoretical structure suitable for a qualitative interview guide. Thereafter, the potential observed discoveries will be examined and deliberated through the lenses of the chosen theoretical structures. Practically, has a pervasive investigation taken place which included the evaluation of academic literature within the field of FDI's in general, Chinese FDI's, FDI's in Africa and Chinese FDI's in both Africa and Kenya. In addition, the research also evaluated further prevailing literature related to the research question and its accompanied sub-questions in order to put forward an applicable framework. Eventually, assisting the paper and consequently its readers with a more nuanced comprehension of the evaluated social occurrences.

3.3 Research Design

In order to answer the conducted research question in an as variegated picture as possible, the subsequent research outline was conducted:

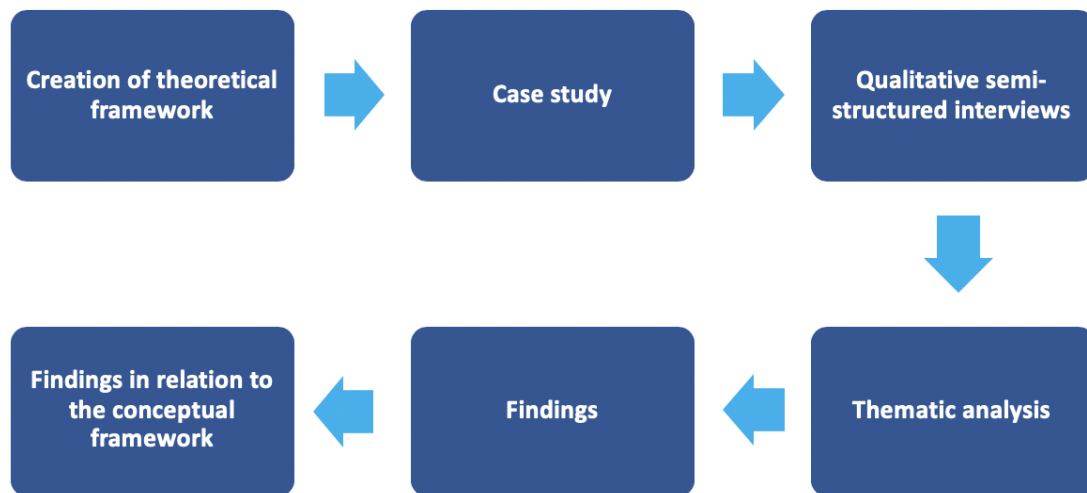


Figure 2: Author's creation (2020)

3.4 Theoretical Framework

As clarified above, this paper's research outline's point of departure starts with a theoretical framework. The methods scholar Maxwell (2013) is describing a theoretical framework as a way to preliminary theorize and understand a certain occurrence through/by "the system of concepts, assumptions, expectations, beliefs and theories that support and informs your research" (p.39). Fundamentally, a theoretical framework merges and incorporates various relevant notions to create a more extensive comprehension of the research's problem formulation which not seldom is signified by an appearance or model revealing the intangible impression (Imenda, 2014). Within the academic field of theoretical framework research, the argument in favor of a framework's relevance in social science is not uncommon. Many scholars' advocates that no theory is all-encompassing enough to possess the ability to embrace and explain all parts of a research issue as a whole since it requires a diversified assemblance of both relevant notions and doctrines. Yet, one should note that academic research studies often exploits one wide framework as a directional influence (Collins & Stockton, 2018). Consequently, a theoretical structure or an academic model have the capability of guiding a study in its assembly and understanding of information and data deprived of endangering that a solitary theoretical perception gets too much influence (Imenda, 2014).

Imenda (2014) also states that the exploitation of notions instead of a hypothesis is more appropriate when applying qualitative methods as various synergies are more present and easily identified. This argument is based on the claim that notions may be more unsolidified and adaptable in relation to the interviewees in comparison to a study that would concentrate on one or a few unambiguous variables. Yet, various notions could also constraint and endanger the research's capability to recognize novel denotations and ideas (Bryman, 2012). Consequently, as suggested by Bulmer (1979), this research will aim to use sensitized notions that can stipulate "a general sense of reference and guidance in approaching empirical instances" (p.7). To adhere to this suggestion, concepts are utilized so that they can facilitate a universal guidance in the quest to find a suitable unit of analysis. This through revealing a variability of procedures that the specific occurrence can presume (Bryman, 2012). Finally, with the suggestion above in remembrance, this research will exploit its theoretical structure to cautiously lead its data gathering and in turn affiliate its discoveries with noteworthy academic notions.

3.5 Case Study Approach

The paper's research intent, philosophy of science and theoretical structure together shapes the selection of methods which, in this case, culminated in a case study approach. If to make use of Yin's (2003) view on a case study approach, it is defined as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points and as one result, relies on multiple sources of evidence, with data needing to converge in a triangular fashion and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis" (p.17). In general, a case study approach is predominantly appropriate when investigating corporations and management effects as researches like these is "understanding dynamics present within single settings" (Eisenhardt, 1989, p.533).

The choice to proceed with a case study is fundamentally rooted in two main objectives. First, such an approach is ideal when the research want to answer a "why" or "how" question, hence when the researchers have less preconceptions over the investigated occurrence. Second, a case

study is also suitable when the analysis is directed towards a current phenomenon in an actual and realistic setting (Yin, 2003). If to address the overall research objective and the accompanied research question - *How has the Chinese FDI and construction of the Standard Gauge Railway project affected Kenya's sustainable development based on Peter Dickens framework on the impacts of multinational enterprises?* – it is fair to argue that a case study is appropriate for this paper as it seeks to answer a “how” question at issue. Also, this research’s target is not limited to an investigation solely from a theoretic and narrative perspective as the objective refers to investigating a potential occurrence in a real-life environment. A case approach is in many ways related to a historical study in terms of utilized methods but widens the scope by adding a foundation of evidence which not always is incorporated in the repertory of a historian. This foundation is mainly based on interviews with individuals who are involved or have knowledge about the certain occurrence in history. The benefits of a case study are hence derived from its capability of processing empirical indications over and above what could be obtainable in an orthodox historical research (Yin, 2003). With this in mind, one could definitely argue for the importance of well-conducted interviews in order for the research to assure a high level of applicability.

When a scholar chooses to proceed with case study research, he or she also have to select amongst various forms of case studies (Yin, 2003) which naturally is decided by the general research purpose. Since this research paper seeks to comprehend an occurrence in a real-life setting, it will subsequently embrace an exploratory case approach. An exploratory approach is characteristically used in order to acquire a comprehension of how social procedures or corporate dynamics function (Massis & Kotlar, 2014). Exploratory research hence mean that the writing process is guided by the response and insights acquired from data gathering, in this case interviews, and the direction of the research may therefore take unexpected turns (Stebbins, 2001). Further, this approach goes hand in hand with this papers’ research aim to investigate and apprehend the potential effects CRBC’s SGR FDI has had on the Kenyan society in relation to Peter Dickens sustainable development framework. If one would make use of a quantitative approach, the key emphasis would be on assenting objectives and quantitatively measurements. Instead, an exploratory approach enables a wider assessment and comprehension of unanticipated variables (ibid).

Moreover, as the overall objective of this research is to comprehend the potential effects CRBC's SGR FDI has had on the Kenyan society in relation to sustainable development, it entails the ostensible attraction towards an intrinsic case study approach. This since the objective is to attain knowledge about the specific case and to recognize the accompanied assemblies within it (Stake, 1995). Yet, as the aim is to understand these potential effects across the whole spectrum, the case will be outlined by describing the case occurrence in relation to the chosen theoretical framework. This forms an instrumental case study which might, to a certain degree, transfer potential outcomes to further comparable contexts. Hence, it has been observed that classification is not mutually exclusive which opens up for the acclimatization of both an instrumental and intrinsic method (Stake, 1995). Finally, as for this research's time frame, a cross-sectional revision will be embraced as it will allow the paper to account for a certain point in time of how the reality and social occurrence are viewed upon in that particular moment (Saunders et al., 2016). Consequently, this research paper makes use of a cross-sectional exploratory case approach which relies on interpretivism and social constructivism, that could be regarded as both an instrumental and intrinsic case study.

3.5.1 Unit of Analysis and Case Selection

A research's unit of analysis can be described as "a phenomenon of some sort, occurring in a bounded context" (Miles & Huberman, 1994, p.25), and the conducted research question should indirectly suggest the sampled components of the study (Bryman, 2012). Consequently, observing this study's research question - *How has the Chinese FDI and construction of the Standard Gauge Railway project affected Kenya's sustainable development based on Peter Dickens framework on the impacts of multinational enterprises?* – the limits of the unit of analysis extends to experts on different aspects in relation to China's infrastructure involvement in Africa in general and the SGR project in Kenya in particular, all with various perspectives impartial to one another. Not rarely are case studies explicitly chosen as they are exceptionally appropriate for enlightening an occurrence and declaring interactions and logic between the examined variables (Eisenhardt, 1989; Graebner & Eisenhardt, 2004). Correspondingly, the SGR project is considered a suitable case because of its magnitude and the probable impacts it had locally in Kenya in relation to sustainable development. The motives behind exploiting a single-case study can be vindicated by the SGR project as it is more or less typical for a Chinese infrastructure investment in East Africa. It is hence presumed to apprehend the settings as well as situations of a daily and ordinary situation which naturally is pertinent for the general research objective (Yin, 2003). Explicitly, the SGR project possesses distinctive

characteristics for a Chinese FDI which can be derived from both the financing structure and the way to operate locally in Kenya.

Moreover, this research adapts a purposive sampling approach as it aims to sample partakers pertinent in relation to the conducted problem formulation (Bryman, 2012). In obedience to the unit of analysis and accompanied research questions, the standards for qualifying as an interview objective derived from: People who came across the SGR project in their professional life, either locally in Kenya or as a researcher at a distance with occasional field studies on sight, and who can, in various ways, account for its effects. By incorporating the research with a dynamic and extensive range of actors permits the study to explore the potential occurrences from both local and external viewpoints. Yet, it is fair to also mention critical aspects of purposive sampling, and one common concern from critics is its incapability to generalize final results to a broader setting (ibid). Still, this exploratory research does not strive to signify a sample or the universe at large, but to enlarge and contribute to investigative theoretical suggestions (Yin, 2003).

3.6 Collection of data and information

3.6.1 Primary data

With the theoretical framework and philosophical viewpoint in mind, this paper claims that a social occurrence can only be comprehended in full when viewed in context. Accordingly, it is apparent that the research approaches need to facilitate a wide-ranging setting. Taking this fact in consideration, it shapes the research to make use of an interview scheme as they, in many aspects, permits understanding through contextualization (Brinkmann & Kvale, 2005; Bryman & Bell, 2007). According to Birkman & Kvale (2015, p.15) the method of using interviews enables “situated aspects of human thinking, learning, knowing, acting and way of understanding ourselves as persons” which also aligns with the paper’s research purposes. Interviews can hence enable for more profound and extensive knowledge regarding the behavior, dynamics and arguments of the research objective by asking questions about the behaviors and following effects in relation to China’s involvement in Kenya through the SGR project. Thus, interviews deliver a profound understanding of how social actors both reason and act, which is presumed to contribute to the exploration of the SGR projects impact on Kenya’s sustainable development.

Since interviews are deliberately managed to comprehend the reality of the respondents, a semi-structured interview method is utilized to facilitate the interpretation of the meaning of the societal occurrence (Brinkmann & Kvale, 2015). Semi-structured interviews are argued to be suitable for this research approach as it enable both preparation of a set guide and continuous adjustments throughout the interviews which can be derived from the unit of analysis and theoretical framework. In turn, this worked as some sort of controlling tool during the interview dialogues but did not limit the interviewees to express their sincere opinions regarding subjects not covered in the guide. It is hence important to allow for modifications regarding themes and formulation of questions throughout the interview process to enhance the explanation of the semi-structured setting. Subsequently, by conducting the interviews with ingeniousness in regard to topics and question formulations, the paper could benefit from a more extensive understanding amongst the researchers and interviewees (ibid).

3.6.2 Secondary data

Besides primary data, the paper also draws upon secondary sources to gain access to relevant information. This has been in the form of reports, journals, newspapers, websites, blogs and dissertations. The paper recognizes the potential disadvantages inherent in that type of information, but since it is easily accessible and provides necessary data needed to answer the research question. All the journals have for example passed peer-review, which validates its findings. Although, as a researcher one should always consider potential personal biases of the writes, if the information is realistic and when it has been published (Bryman, 2012, p.123). By following these steps, the paper believes that including these sources in the thesis will improve its overall quality.

3.6.3 Interview Guide and Sampling

As mentioned above, the interview process was carried out in company of a predefined interview guide and the fundamental principle of semi-structuration within this interview method permits certain adjustments and sidetracks as the interview progress. By aligning the conducting of interviews with the setting of abductive reasoning allowed the research to derive the interview guide from the theoretical framework which in turn is processed by the studies of the subject examined. Yet, all questions were not fixed as the semi-structured approach enabled alterations during certain interviews and some of the questions in the original structure were

hence neglected or configured. This flexible way of conducting interviews allowed the researchers to intercept various hints which in turn facilitated for a much deeper understanding of settings and expressions (Brinkmann & Kvale, 2015). As various adjustments were made depending on the interview, they naturally had different time spans and ranged from 19 to 91 minutes. Every interview was performed in English and all interviewees use English on a daily basis in their professional life, both in verbal and written communication, which was an inevitable prerequisite. Interviewing all participants in one language could be argued to be beneficial as the intended meaning through quotations and expressions would not be misinterpreted through translation. Additionally, all interviews were conducted over Skype or Zoom, taped through the computer and then transcribed by the AI-transcribing software Otter.

Furthermore, the case sample together with the unit of analysis did, to a large extent, resolve the standards potential interview objectives needed to possess in order to qualify for the interview sampling; People who came across the SGR project in their professional life, either locally in Kenya or as a researcher at a distance with occasional field studies on sight, and who can, in various ways, account for its effects. It should also be emphasized that factors such as fields of study, ethnicity and background of the interview objects all are believed to have affected their perception of the SGR project and therefore also their responses to our interview questions. To account for this reality, the paper strived to include an as wide interview group as possible in relation to fields of study, occupation and ethnicity. The paper argues that owing to the relatively high number of participants, and their broad backgrounds related to the factors described above, this research aim should be considered fulfilled. This is also believed to strengthen the reliability of the paper's findings.

Additionally, since the case and unit of analysis was derived from the theoretical framework, the requirements for interview respondents was also categorized and defined by the conceptual environment depicting FDI effects in developing countries. Moreover, the interview respondents are displayed in the table underneath, outlining the professional position, research area and the demographic conditions of each interviewee.

3.6.3.1 Sample Outline

	Name	Workplace	Position / Field of research (if applicable)	Nationality	Interview type	Duration	Date
1.	Dr Benjamin Robert Barton	University of Nottingham	Assistant professor, Chinas expanding footprint in Africa	British	Skype	1,5 hrs	April 18, 2020
2.	Aggrey Mutambo	Daily Nation	Journalist, Kenyan Politics	Kenyan	Skype	44 min	April 20, 2020
3.	Dr Elisa Gambino	University of Edinburgh	Researcher, Chinese engagement in East African Infrastructure	Italian	Skype	1,5 hrs	April 22, 2020
4.	Dr Arielle S Emmett	Strathmore University	Scholar, China in Africa: Labor, Culture, and Legal Disputes in a Baptism of Fire	American	Skype	1,5 hrs	April 23, 2020
5.	Yuan Wang	University of Oxford	DPhil, China's economic and political engagement in Africa	Chinese	Skype	57 min	April 24, 2020
6.	Hannah Elliott	Copenhagen Business School	POSTDOC anthropologist, Political and economic anthropology in Africa	British	Skype	1hr	April 27, 2020
7.	Jacob Albinsson	Business Sweden Chicago (previously Nairobi)	Associate, Local market analysis	Swedish	Skype	30 min	April 27, 2020
8.	Zhengli Huang	University of Sheffield	Research associate, China's impact on Urban Development in Africa	Chinese	Skype	1,5 hrs	April 28, 2020
9.	Dr Gediminas Lesutis	University of Cambridge	Research associate, African studies	Lithuanian	Skype	1hr	April 30, 2020
10.	Aaron Feng	Yale University	Phd, China meets East Africa	Chinese	Zoom	57 min	May 4, 2020

Table 1: Author's creation (2020)

3.7 Data Analysis

The second phase of the post data gathering after the transcription through Otter is the coding process. Before the data could be analyzed and evaluated it was manipulated through a thematic analysis process which includes the application of codes, categories and themes (Bryman, 2012; Saldana, 2013). In beforehand of a qualitative data analysis it is hence imperative to apply a coding process where the data is sorted through as this allows the research to pinpoint the most significant themes in relation to the research question as well as simplifying the subsequent analytical process (Saldana, 2009). The coding process in this study was executed in two following cycles, first to highlight different parts of the transcriptions that appeared overall relevant with various codes, which in turn was categorized into different themes. The initial coding cycle was an iterative procedure which enabled the classification of these central themes through frequent subjects and sayings. The first coding step also included some sort of general rule of welcoming everything that appeared interesting but not inevitably cherished for answering the specific research question. Subsequently, a second cycle of so-called re-coding was

performed which had a harsher attitude to what codes was considered relevant and to be included within each theme. This second cycle also interpreted the data in relation to the research objective and categorized the different parts of each theme into three opinions; neutral, positive and negative. Additionally, as this research employs an exploratory approach it is vital to mention that the researcher's did not only include data that was expected in beforehand, but also the themes and categories that arose during the interviews because of the semi-structured and explorative method (Bryman & Bell, 2007; Bryman, 2012). A thematic analysis was reasoned to be applicable as it permits the evaluation of the psychological world of reality as well as social behaviors and settings (Saldana, 2013), which corresponds with the paper's objective of comprehending social agents' attitudes and actions and their accompanied implications.

The initial cycle of coding was performed with assistance from the software coding program NVivo 12, since it facilitated the paper with a structured coding practice which enabled the sorting of a large data set. Yet, to evade a too quantified coding procedure with attention to quantity and regularities, which software like NVivo might contribute to (Massis & Kotlar, 2014), the second coding cycle was performed manually. A transition to manual coding makes it possible for the researchers to become more familiar with the data and it could also enhance the considerations between the investigators when identifying the central themes. All themes were selected with an interpretivist notion including recurrent ideas, topics, comparisons, similarities and dissimilarities of expressions, as well as theoretic and real-world matters included in the transcriptions (Ryan & Bernard, 2003). As a whole, the themes function as units which provides the analysis with senses and distinctiveness to patterned knowledges, apprehending the foundation of the knowledges to an expressive entirety (DeSantis & Ugarriza, 2000).

Aligned with the research question and philosophical perspective, the goal of examining the collected interview data is to spring from theory and uncover theoretic insinuations. This might assist the research objective and possibly act as a starting point for forthcoming scholars as well as contributing to the prevailing literature (Yin, 2003). Below, a figure of the output the thematic coding resulted in is shown:

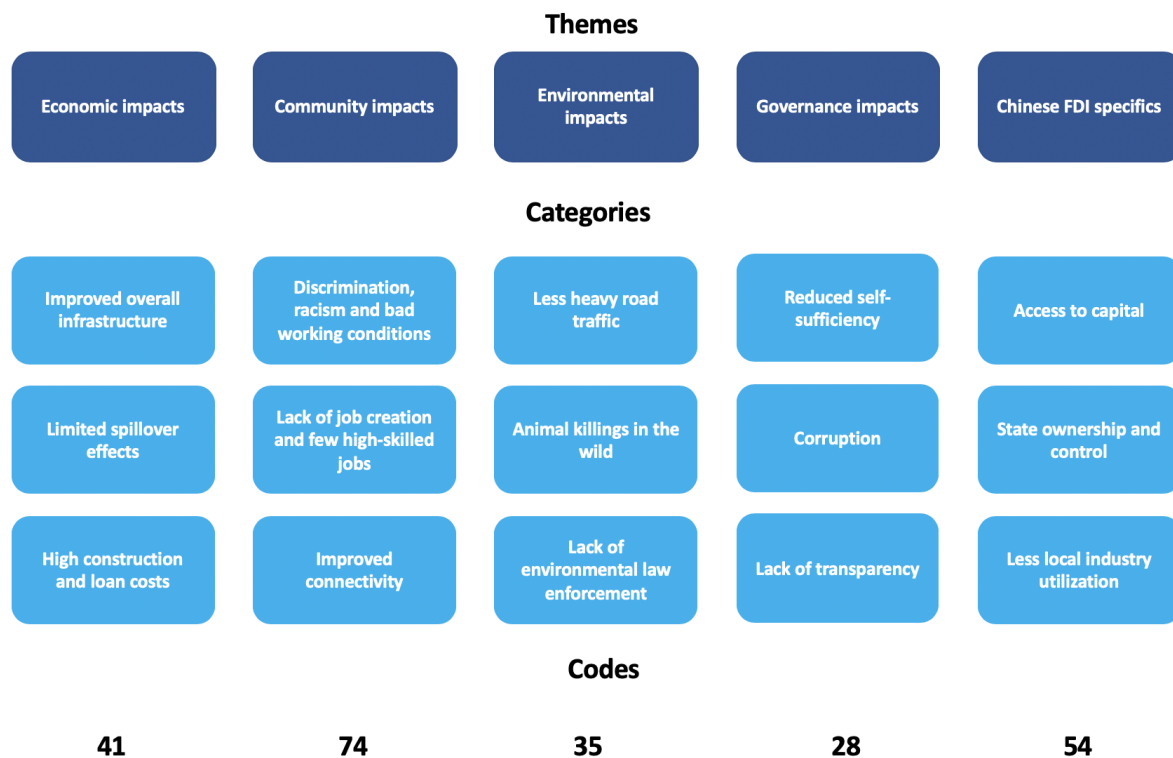


Figure 3: Author's creation based on Bryman (2012) Thematic Analysis

3.8 Quality Considerations

3.8.1 Validity and Reliability

As mentioned earlier, this methodological section employs an explorative approach and utilizes abductive reasoning. This, in order to make use of theoretical framework and enable a profounder comprehension of the themes in play that potentially arose locally in Kenya during and after CRBC's SGR FDI. The philosophical stance in the shape of interpretivism and social constructivism functioned as a support for the in-depth semi-structured interviews which were conducted. In turn, this permits the research to direct its attention towards social constructs and interactions to validate underlying incentives, attitudes and actions in relation to the SGR FDI. Moreover, the interviewees chosen to partake in this research all fulfills the sample requirements and an additional consideration of both reliability and validity will be addressed below in order to identify the range of possible inaccuracies in the research strategy (Schmidt & Hollensen, 2010).

Even though one could argue for the benefits of a case study approach, its attended validity and reliability could be proven to be doubtful. Frequently, the case approach is criticized to be too

subjective as the researcher in question not seldom have an adjacent and peculiar interaction with the actors involved in the examination (Massis & Kotler, 2014). Consequently, this paper endeavor to abstain from taking a subjective form by ticking off Yin's (2003) four boxes for safeguarded eminence which he categorizes as: construct validity, internal validity, external validity and reliability. Yet, Yin's concept of internal validity is most commonly used for quantitative explorations which is why Kvale's (1996) measures of validation will be employed as a complement.

3.8.2 Construct Validity

Construct validity relies on the eminence of conceptualization in relation to the relevant concept in question (Denzin & Lincoln, 1994). The case study approach has received mixed criticism over the years which most often relates to its propensity concerning subjective arbitrations in front of exploiting a thoughtful collection of measurements. Consequently, this research design has made use of notions suggested by Yin (2003) in order to improve construct validity through triangulation of data, chain of evidence and evaluation of the case study.

If to begin with triangulation, it involves several or at least more than one data gathering source when investigating the social occurrence in question (Bryman, 2012). By including more than one data source, it improves the research's opportunity to declare a more comprehensive picture of the complexity that accompanies social behavior (Cohen & Manion, 2000). This research is exploiting the concept of triangulation by applying numerous theoretical perceptions as well as sources, which was made possible due to the design of the theoretical framework. Through a fundamental theory that permeates the entire study in combination with complementary theories in the coming theoretical, discussion and analysis sections, the research infiltrates all phases in regard to the general objective, choice of case, interview guide and not least the finalized fallouts and theoretical insinuations. Consequently, the social occurrence investigated will be presented from a wide range of both perspectives and theoretical viewpoints since the theoretical framework accompanied the research procedure throughout. The diverse views included in the study also facilitates the aim of conducting a fully unbiased exploratory research which at the same time increase the importance of an objective interpretation of the data gathered (Yin, 2003). The produced results are consequently outlined in a distinct and rational way through; the construction of a theoretical framework, assembled transcription of semi-structured interviews, presentation of data evaluation method and lastly a presentation of obtained results with the theoretical framework in mind. With respect to the research designs impartiality

and to pursue with an as transparent research as possible, all gathered data can be located in the Appendix.

3.8.3 Internal Validity

Almost 30 years ago, Kvale (1996) outlined a model incorporating seven phases of authenticating craftsmanship of a qualitative researcher, and three of these stages will be assessed: interviewing, analyzing and validating.

In his work in relation to academic conducted interviews, Kvale highlights the importance of internal validity as “pertains to the trustworthiness of the subject’s report and to the quality of the interviewing itself” (Kvale, 1996, p.237). Consequently, his view puts weight on the significance that the researcher’s in question prudently question the meaning of what is expressed in the interviews by unceasingly examining the collected data. In order to get an as nuanced answer from the respondents as possible, it is not uncommon for the researchers to ask questions in relation to motivations and meanings behind certain declarations, which in turn, hopefully, will cover the interviewees perceptions to a much greater extent. To proceed with an as unbiased research as possible and comply with Kvale’s interview parameter, a semi-structured interview guide was conducted, which allowed us as interviewers to follow a framework of predetermined deemed important for the research, but at the same time flexibility for the interviewees to freely express and elaborate their responses when deemed necessary. The researchers have also emphasized an impartial standpoint by, among other things, avoiding leading questions. The prepared interview document was rehearsed in beforehand of all the interviews to provide as explorative and truthful answers as possible. Also, the number of questions in the guide was limited to create a reasonable interview length and to ensure that the interview objectives could maintain observant and involved throughout the whole interview.

Moreover, when the researchers ask questions which can be attributed to social desirability partiality, particularly those questions with negative character in relation to the objective being researched, the scholars must comprehend in beforehand what specific questions that could be apprehended as unconventional or extra delicate. In order to secure that the interviewees opinions were preserved and construed in an open-minded manner, the evaluation of the responses hence need to be prudently completed (Kvale, 1996). Yet, one should bear in mind that, even

though the conducted guide was semi-structured and to a large extent presented equally to all respondents, some of the participants did not have the in-depth required knowledge to answer all the questions, owing to the broad research topic of the paper. Lastly, Kvale (1996) propose that researchers could validate results by presenting the final interpretations and findings to the participated respondents. Nevertheless, because the prevailing circumstances in the world during the research process and limited amount of time, this was not prioritized. Yet, the respondents' answers were examined in accordance with several reference points and their perceptions underwent an evaluation of meaning. In general, the final results of the conducted interviews are treated with the attitude that the act of understating is more preferable than overstating.

3.8.4 External Validity

As for external validity, Yin (2003, p.37) expressed it as a tool that can be used when you want to “know whether a study’s findings are generalizable beyond the immediate case study”. In the case of this research, generalizability would imply that repetition of the investigation is ought to be performed within the same setting throughout and it should also be conducted with the identical research scheme. This would enable the paper to replicate the results of the social occurrence and in turn empowering external validity. If to reflect on this research’s philosophical standpoint, the aim is to comprehend the social structures of the social occurrence (Engholm, 2014) and accordingly not the impartial reality. With this in mind, the extent of the study is not able to entail generalization equivalent to positivism as the results cannot be generalized over the general population (Yin, 2003). The pillars of both interpretivism and social constructivism embraces a separation between the interviewer and interviewees. Hence, results are construed and reassembled by the researcher as knowledge is reliant on the prevailing setting, which naturally makes one consider replication as a challenging undertaking (Engholm, 2014). The scholar Eisenhardt (1989) suggested that a case study approach is a sound point of departure when seeking to test theories since it facilitates novel considerations and explanations of the social occurrence in question. This is described as the utilization of a bottom-up method where empirical proof is accompanied by a generalization of theory. Yet, it is not seldom argued that, at least in single-case revisions, the researchers should employ various theoretical lenses to secure a certain degree of generalization of the developed theory (Massis & Kotler,

2014). Consequently, the paper's theoretical framework which enables a presentation of the results in relation to the theories could improve the degree of external validity.

3.8.5 Reliability

Yin (2003) also touches upon reliability which explains to what degree following scholars will arrive at similar outcomes if they carry out the same research with an undistinguishable framework. The notion of reliability takes the issue of diminishing mistakes and partialities into account and is referred to the dependability of the results presented (Kvale, 1996). Yet, one should also mention that in a case study research, reliability not seldom boils down to a solely adequate demonstration of the final results, which in turn provides the reader with enough contextual knowledge to either approve or oppose the research (Marsis & Kotler, 2014). Additionally, a semi-structured interview approach enabled opportunity for continual alterations during the interviews. Yet, the majority of the questions in the guide were constant and created on the basis of the theoretical framework, which strengthened the degree of reliability. To further comply with the concept of reliability the sample of interview objectives were fairly diverse to ensure an as objective and unbiased final assessment as possible. Also, the extensive demonstration of quotations in the Appendix reinforces the reliability as it secures the risks of personal biased interpretations.

3.9 General Limitations

Naturally, as in any research, there are some limitations that needs to be addressed so that the reader can be provided with an as nuanced picture of the study as possible. In terms of the interviews and the unit of analysis, one should mention the interviewees diverse knowledge about the SGR project. Thus, some have seen or studied the effects locally over a long period of time while others have only looked at it during a short field study, which is why some of the respondents might express more or less knowledge in relation to certain specific questions. Correspondingly, the interviews lasted differently, and they hence provided the research with various amount of information. Yet, the data analysis will not take the length of the interviews into account and for instance more frequently make use of data from the longer interviews as it is an exploratory and unbiased research design where the overall perspective is the main unit of analysis. Another limitation in relation to the conducted interviews stems from the research's choice to, because of the limited amount of time as well as amount and length of the interviews,

make use of the AI transcribing software Otter.ai, which transcribed the interviews in a long monologue and it might occur errors and breaks in the text and quotations. Yet, the researchers are aware of this potential drawback on the overall evaluation, but it was deemed necessary and it was considered during the whole thematic analysis and general data evaluation to not confuse any holistic interpretations.

Additionally, this qualitative research design could have benefited from more interviews as well as a quantitative approach. Combining the gathered viewpoints with actual numbers could have supplemented the research with a more convenient nuanced view and further validity. Moreover, the theoretical framework is limited to only including a few theories related to FDIs. Other theories are only briefly covered in the literature review, even though some of them might have added explanatory value to the analysis. On top of this, the paper is limited to only using Peter Dickens framework for sustainable development including governance and the sub-categories within them, it hence excludes other definitions of sustainable development, and potential lines of research that it would have included.

4.0 Theoretical framework

This part of the paper aims to outline the theoretical foundations used to analyze and interpret the collected data. The section starts by discussing sustainable development and then relates it to Peter Dickens framework on the impact of Multinational Corporations, and how the framework can be used as a tool to analyze how FDIs from foreign enterprises affects the host country. Following that, a description of the main theories of the paper, in the form of modernization theory and dependency theory will be given. The two theories in many ways holds opposite views on the impacts from Chinese FDIs to developing countries. By combining the two theories to each other, the paper aims to use it as a broad framework to explain and analyze the findings from Peter Dickens framework, as a way to assess the impacts of the SGR project on Kenya's sustainable development.

4.1 Peter Dickens framework on the impact of multinational enterprises

It is well recognized that the effects of foreign direct investments to the receiving country extends beyond purely economic ones. Enterprises that invests abroad also brings culture, values and perceptions from the home country, which sometimes are quite different from the ones in the host country. On top of that, economic investments also carry implications for the local

communities. There are also environmental consequences of FDIs (Dickens, 1992), as well as on governance traditions and methods. The theoretical section will discuss each of the four aspects of sustainable development, but before such a discussion can be carried out, a definition of how the paper considers sustainability and development will be offered.

4.1.1 The concept of sustainability

The most commonly used definition of sustainability is derived from the Brundtland report on Environment and Development: Our Common Future;

“Meeting the needs of the present without compromising the ability of future generations to meet their needs.” (Brundtland, 1987; p.3;27).

The same report also states that sustainability is;

“Defined as the process of people maintaining change in a homeostasis balanced environment, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations” (ibid, p.46).

By these definitions, we understand that sustainability is a system incorporating both social, economic and environmental aspects. These are the three pillars of sustainability, also referred to as profits planet and people (Kanu et al., 2018).

Besides environmental effects, there have also been visible economic effects as modern capitalism is argued to have caused rising wealth inequality, both within and between nations (Anheier & Juergensmeyer, 2012). Recent data suggests that the absolute gap between the average incomes of people living in high- and low-income countries has doubled since 1960 (ibid). The within-country inequality has also been rising, especially in less developed regions such as Latin America and Africa (Morelli et al., 2015). FDIs in the extractive sector is believed to be a high contributing cause to this development, which can be seen as the most resource-dependent countries in Africa are also those that experience highest inequality growths (ibid).

The integrity and well-being of local communities and citizens in especially developing countries has also been jeopardized from the expansion of capitalism and multinational enterprises.

Partly because of the environmental consequences described above, but also because of the way MNEs behave in their foreign activities. There have been accusations against MNEs for taking advantage of the low wages and labor standards that exist in many less developed countries, as a way to enhance competitiveness through lower prices in the home market (Hijzen, 2008). As governments in these countries sometimes fail to enforce labor and human rights laws, these have been violated by those enterprises (ibid).

As sustainability also requires “*The process of people maintaining change in a homeostasis balanced environment, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations*” (United Nations, 1987, p.46). Achieving sustainability requires the governance and politics that works to guarantee that money flows to where it is most needed in terms of innovation, poverty, environmental needs, so that people’s ability to live a dignified life is not compromised (ibid). In terms of political capabilities, this requires a state function that has the capabilities and interests in doing so. Based on what has been discussed so far, sustainability is a complex concept, that goes beyond climate-related issues as it incorporates economic, social and governance related aspects (Mutisya & Yarime, 2013).

However, despite negative implications of some foreign investments, there is a great need for the services and economic contributions that is brought by FDI around the world, as governments and municipalities in many less developed countries today struggle to provide basic services and welfare to their communities in areas like slum upgrading, access to clean water and sanitation and proper waste management services (Rok & Kuhn, 2012). These are issues where foreign capital and knowledge from more developed economies are able to strengthen and benefit these communities. The paper agrees with these examples but is also concerned about that despite the consensus on existing urgent need for sustainable measures, there currently exists an evident gap between policy measures and reality (United Nations, 2019). Especially in developing and less developed countries where legislative and enforcing capabilities have proven not to be sufficient to protect the local environment and ecosystems, as well as workers rights and preservation of local communities (ibid). The realisation that political measures have not been sufficient, has raised awareness of consumers on the importance of demanding enterprises, not only to do business but to do good at the same time.

4.1.2 The concept of development

The academic and political debate understands the concept of development to encompass a process of socio-economic change in societies, where development worldwide can be described, compared and managed. From this perspective, the way of thinking of development is naturally aligned to the concept of a nation state. The nation state is viewed as unit of analysis in which development occurs, postulating a view the world as a system of national societies competitively developing in parallel with each other to reach a more advanced society (Michael & Shenton, 1996). Owing to these inherent characteristics, development is a concept that is more value-laden compared to sustainability, as development implies progress, and that the current state of something is not sufficient. The idea of development has tended to be biased towards western values and cultures. As such, it suffers from a binary way of thinking, as it equates development to a white progressive modern and civilized western identity and at the same time juxtaposes this to a black/indigenous society that is traditional and barbarian and therefore underdeveloped by the same standards (Quijano, 2000).

The term development divides states into developed, developing and less developed based on GDP per capita (Smith, 2014). Developed economies refers to most European and western countries including the US, Canada, New Zealand and Australia, that is countries with liberal markets, values and perspectives. Developing countries are those considered sufficiently progressing towards western standards with a GDP growth every year, whereas less developed countries is a terminology invented to categorize those countries that are both less developed than developed countries, but also not growing their economies like developing countries are. To a large extent, these countries consists of countries located south of Sahara (Gyimah-Boadi, 2003, p.263). These are the countries considered to be most far away from a modernized world as it is considered from a Western perspective. In this sense, Western view on development tends to suffer from a perspective of *Eurocentrism* as defined by Samir Amin (Amin et al., 2009). The same bias can be seen in relation to aid development cooperation, where foreign aid relief has become interrelated with an institutionalized worldwide system dominated by industrialized countries, that constitutes a central part of the institutionalized relations between the industrialized and non-industrialized world (James, 2007). This has allowed western actors to intervene in vulnerable states by referring to liberal democracy and development, by offering assistance to a transition to what is considered as universalized role models of development, namely northern and western states (Quijano & Wallerstein, 1992).

On a general level, national development has been described by Moradpour (2016) as a multidimensional trend, incorporating political, environmental, social, cultural and economic aspects. This definition considers development as “*A decrease of poverty, unemployment and inequality, and increase in industrialization, better communication, formation of social system based on justice and increase of people’s participation in daily political affairs during its progressive movement* (ibid). The paper builds up on this definition when arguing that national development entails an economic growth that contributes to improving citizens lives through better standards of life. This requires a redistributive political system, and that neither peoples social and cultural values, or the environmental quality is compromised in reaching economic growth, as it would reduce overall quality of life and therefore cannot be considered to enhancing economic development.

4.1.3 The concept of sustainable development

By considering the concept of sustainability and development, as it has been described in the paper, they appear to be closely interrelated. Sustainability considers the capacity and need of the earth’s and human resources, both current and future needs. Whereas development refers to how these resources can grow in a way that benefits everyone without excluding or compromising the needs of any group. The process of national sustainable development then is a multidimensional process based on economic, environmental, social/community and governance improvements where economic growth results in proportional improvements in environmental standards, improved well-being of local communities and improved improved governance standards, where governance standards in this sense is defined as democratic principles and transparency, through the interpretation of Moradpour (2016) who defines political improvements as a “*social system based on justice and increase of people’s participation in daily political affairs during its progressive movement.*”

The role and contribution of the private sector and corporations in general in contributing to national sustainable development can be seen on the growing interest from corporations to engage in CSR activities, which is referred to by Falck and Heblich (2007) as “doing good while doing business.” The growing trend of CSR-related activities from private enterprises can be attributed to a rising awareness and subsequent pressure from societal stakeholders such as consumers, civil society and shareholders on the possibility of enterprises to improving society

and the environment through voluntary measures that goes beyond current legislations. In activities like philanthropy and donations, but also improving work-standards, public-private partnerships women-empowerment, know-how, infrastructure development and other initiatives that enhances local communities (Malecki, 2018). Behind the notion of CSR lies the idea that corporate success and social welfare are interdependent. A business performs best when it has access to an educated workforce, sustainable resources and a well-functioning government in the country it operates in. In the other end, society thrives with profitable and competitive businesses that are developed and supported, which is a necessity to create income, wealth, tax revenues and philanthropy (Porter & Kramer, 2006). To aid businesses in doing good, there have been initiated a number of intergovernmental guidelines for voluntary measures directed towards MNEs, such as the OECD guidelines on multinational enterprises, which provides non-binding principles and standards for responsible business conduct in a global context (ibid).

In achieving sustainable development, the paper recognizes that the solution should take a global perspective. It is impossible for any society to achieve sustainable development by itself. Rather, by being part of a global value chain, every nation can play a role in developing products and services according to its competitive advantage. In this way, trade can be used as an effective tool for inclusive and sustainable development. The importance of trade and investments should be handled through policies of national governments. Therefore, politicians have a function of mentors, guides and promoters of sustainable development. the other important players are the citizens and private sectors in each country, which can be promoted by a government that ensures inclusiveness and sustainability (United Nations, 2008).

4.1.4 Impact of Multinational Enterprises

The growing presence of FDIs to developing and less developed economies has contributed to increasing expectations on its potential to enhance their development. Not least in economic turns where FDIs are argued to bring benefits economic benefits such as high-quality jobs and modern production practises. Many developing countries, including Kenya has therefore pursued an economic strategy of attracting inward FDIs. This can be seen as developing countries today represents close to one third of global inward FDIs, compared to around one fifth in 1990 (Fagan & Munck, 2018, p.362). The increased global activities have raised MNEs to become one of the essential drivers in in the world economy, which continues to grow as the world becomes more global (ibid).

This trend, and potential implications has been recognized not least by Peter Dicken, who developed a framework that considers the impact of Multinational Enterprises on their host-countries. In evaluating what impact the Standard Gauge Railway construction has had on Kenya's sustainable development, the paper draws upon his framework on the impact of Multinational Enterprises. It was originally published in his book "*Global Shift: Mapping the Changing Contours of the World Economy*", where he explains how the world economy works and the role of multinational enterprises in shaping sustainable development through their effects on people, places and the economy (Dickens, 2003). The framework has been used by for example Wang and Zadek (2016) in their report on the sustainability impacts of Chinese Outward Investments. Based on the paper's definition of sustainable development, and Dicken's framework, the paper has identified four aspects as particularly important when assessing the impact of the China Road and Bridge Corporation's construction of the SGR project on Kenya's sustainable development. These are economic, environmental, community well-being and governance, which are the same as used by Wang and Zadek. The four broader categories are then divided into 12 sub-categories that constitutes essential elements of each category in relation to sustainable development:

Economic Impact	<ul style="list-style-type: none"> • Infrastructure development for host country • Economic development (macroeconomic development, debt sustainability) • Local industry linkages • Market competition • Technology, knowledge and skill transfer • Resource curse
Community Impact	<ul style="list-style-type: none"> • Employment creation (income inequality, income generation) • Local residents welfare (food security, dislocation) • Employment conditions (labour relations)
Environmental Impact	<ul style="list-style-type: none"> • Environmental pollution and ecosystem destruction • Renewable energy
Impact on Governance	<ul style="list-style-type: none"> • Governance, corruption and transparency

Figure 4.1: Peter Dickens framework on the impact of multinational enterprises, based on the paper's definition of sustainable development. As used in Wang and Zadek (2016, p.9).

The paper will now turn to discuss each category and its containing subcategories.

4.1.4.1 Economic Impact

1. *Infrastructure development for host country*

The insufficient standards of Kenyan infrastructure have been argued to be one of the main reasons as to why Kenya receives relatively fewer inward FDIs compared to countries with

similar level of GDP and development (Fingar, 2019). Briceno-Garmendia and Shkaratan (2011) identified that between 2000 and 2010, infrastructure construction added 0,5 percentage points to Kenya's annual GDP per capita growth. If Kenya prioritizes to develop its infrastructure by spending the same amount as Africa's middle-income countries do, the same GDP per capita growth would be 3 percentage points (ibid). Not to mention the indirect effects of improved infrastructure, such as exports, travels etc.

2. Economic development

FDIs has the potential to boost the economic development of the host country. The high amount of \$3.8 billion invested in the SGR constitutes 4,1 % of total Kenya's total GDP 2018 (Gakweli, 2019) and therefore has the potential to be a great economic boost. However, as the investment is financed by a loan from the Exim bank of China, as it also significantly adds to Kenya's already mounting debt level, which constituted 60 % of GDP in 2019 (ibid), something that has caused the World Bank to warn Kenya about the unsustainable levels, which has a potential to cause debt distress (Muchira, 2019).

3. Local industry linkages

It is well recognized that inward FDIs brings benefits to the host country in the form of spillover effects such as increased productivity, know-how and innovation. However, these are all dependent on the local linkages of the investing firm. Recent research suggest that the nationality of the foreign enterprise has an impact on the expected productivity from spillover effects (Buckley et al., 2007). Research have found that Chinese operations have resulted in limited spillover effects, which is confirmed by OECD data that suggests that Chinese companies have fewer local linkages compared to OECD counterparts (Wang & Zadek, 2016).

4. Market Competition

Concerns have been raised from both host countries and local businesses that Chinese FDIs causes increased competition to local firms from Chinese goods.

5. Technology, Knowledge and Skill transfer

Literature suggests that there are positive effects from knowledge and technology transfers from inward FDIs, yet there are mixed findings on to what extent there are skill transfers from the foreign operations of Chinese enterprises (Corkin et al., 2008; Shen, 2013).

6. Resource curse

Chinese involvement in Africa, especially in the resource-rich and poor nations, has raised concerns about its contribution to the resource-curse of those economies. Even though the SGR project is not directly related to the resource-sector, there are fears that the high costs involved and the rising Kenyan debt will force Kenya to use its oil and mineral reserves to repay the debt, with a potential to cause a over-reliance on those resource and therefore reduce incentives to restructure the economy (Kelley, 2012).

4.1.4.2 Community Impact

7. Employment creation

FDIs in general are argued to benefit the host country through creating new jobs. Infrastructure projects in general requires plenty of manual labor in both the construction itself, but also all the construction material that needs to be produced. The China Road and Bridge Corporation committed that 70 % of total construction workforce would be Kenyan, and that the company would source 40 % of building material locally. As such, the SGR was estimated to create a total of 30 000 jobs for Kenyan citizens (Kairu, 2014). However, studies of the project reveal that Chinese workers have been hired for many of the jobs ment for Kenyan workers, and that the number therefore are inflated (Kusimba et al., 2019).

8. Employment conditions

When a foreign MNE invests in a developing country, there are evidence that this benefit both the host country and workers, as salaries are higher than those offered in domestic jobs, and foreign enterprises tends to offer more training than local jobs do (Javorcik, 2015). But there is skepticism to whether the same benefit is derived from Chinese overseas investments. In relation to the SGR project, there are reports indicating that Kenyan workers are paid less compared to Chinese workers performing the same job, and that Chinese superiors are reluctant to educate Kenyan workers more than necessary (Kusimba et al., 2019).

9. Welfare of local residents

The high amount of money involved in the SGR construction is believed to contribute to income generation and poverty reduction of local communities. But there are research indicating that the lack of CSR policies from Chinese companies leads to income inequality amongst local communities (Wang & Zadek, 2016) and there have also been reports on discrimination and racism against Kenyan citizens (Kusimba et al., 2019).

4.1.4.3 Environmental Impact

10. Environmental pollution and ecosystem destruction

Public transportation such as railways are argued to have environmental benefits such as reducing CO₂ emissions. Moreover, transferring the heavy truck traffic from the roads could also reduce road damages and traffic, with further environmental benefits. However, the railway bisects the 23,000 km² Tsavo National Parks which comprises Tsavo East and Tsavo West National Parks, which are homes to Kenya's largest single elephant population, together with other mammalian species, with potential implications for their local environment and ecosystem (Okita-Ouma et al., 2016).

11. Renewable energy

The SGR is constructed to carry only diesel trains, and therefore do not currently have the opportunity to allow any train to run on electricity. However, the railway has been constructed with the opportunity to be upgraded to electric status. This electrifying project would have the potential to provide a local renewable energy boom where the construction of about 14 new power substations could offer clean energy, not only to the trains, but also to other facilities along the Mombasa-Nairobi economic belt which includes train stations, factories and also business that are located close to the railway (Njoroge, 2018).

4.1.4.4 Governance Impact

12. Governance, corruption and transparency

There is a significant difference between how foreign direct investments are made by Western vs. Chinese enterprises when it comes to political concerns for the host-country. This relates to the Washington and Beijing consensus. China traditionally is known for a no-strings-attached policy with a strict non-interference policy on the internal politics of the host country (Yang, 2011). This is contrary to the Western approach, where loans from for example the World Bank and IMF comes with strict demands on political reform, transparency and democracy initiatives (ibid). The Western approach, with open market policies, have been accused of imposing harsh conditions on developing countries. The non-interference policy offered by China therefore comes as a welcomed alternative. But there is criticism to this approach to, as lending large sums of money to unstable governments like the one in Kenya is argued to cause escalating corruption and misgovernance (Kelley, 2012).

4.2 Modernization theory

This part of the theoretical section aims to introduce the main theories of the paper, which consists of modernization theory and dependency theory. Below, a background will be given that describes the development of the theory, and its main perspectives on the four aspects of sustainable development considered by the paper.

4.2.1 Background

Modernization theory holds the perspective that the process of industrialization is the main contributor to economic growth and economic development. Modernization constitutes the study of social, political and cultural consequences of economic growth, together with those conditions that are significant for industrialization and economic growth to take place (Levy, 1968; Hountondji, 1983). The theory holds a positive perspective to national development. It considers a country's internal factors, by assuming that with the right type of assistance, traditional countries will be able to achieve the same development as more advanced countries have done. The early version of modernization theory dates back to the 18th century enlightenment. The main arguments were evolutionary in nature, with the idea that progress through technological and economic advancements causes social development (Knöbl, 2003). By putting people in the center, theorists argued that they are able to develop and change their society. Technological advancements are needed as the world is constantly changing, and it can also enhance people to control their environment, which eventually will result in social progress.

4.2.2 Economic impact

For a modernization scholar, economic growth is the center of national development. Without economic growth, there is no means or incentives to invest in new technologies, and therefore no innovation takes place and society stagnates (Chulu, 2016). From this perspective, China serves as a good example on how maintaining an open economy, participating in world trade and being open to inward and outward FDIs has contributed to economic growth as well as new technologies, which in turn have allowed for profound societal changes in the form of a transformation from an agrarian to industrial society, which makes it similar to many Western nations in terms of life expectancy quality of life (Hamm & King, 2010). Modernization theory argues that through investment and economic progress, the same journey is also possible for African countries, a continent where most countries still struggles to achieve sustainable development and societal transformation. China's investments in Kenya, specifically related to infrastructure investments such as the construction of roads, railways and ports is therefore

argued to have had many positive contributions in the form of economic growth, enhanced participation in world trade through exports and imports and an overall more modern society, technological development as well as an improved life quality for many Kenyan citizens (Chulu, 2016). From a modernization theory perspective, we should therefore expect the same positive outcomes in Kenya from the construction of the Standard Gauge Railway. By connecting Nairobi to the harbor city Mombasa, transportation of goods within Kenya, as well as to its neighboring countries and to the rest of the world will be improved, something that is expected to increase its participation in world trade, thus benefiting both importers and exporters (Sangi & Johnson, 2016). Moreover, infrastructure construction also requires the use of construction materials such as cement, steel and other related products which offers a fruitful opportunity for Kenyan firms to supply the Chinese Road and Bridge Corporation with products for the construction (Yueh, 2019). Owing to China's rapid development, it now holds advanced knowledge and skills, which can be seen in its ability to construct advanced infrastructure. Modernization theory argues that by the interaction between an advanced society like China and a developing country like Kenya, it offers the opportunity for Kenyan workers to learn through technology, knowledge and skill-transfers (ibid).

4.2.3 Environmental impact

More recent theorists in the field believe that the environment can also benefit from national modernization, as more advanced technology allows companies to invest in more efficient production that reduces CO₂ emissions, the government will earn more tax money that can be invested in renewable energy and restoration and protection of natural animal habitats (Adloff & Neckel, 2019). A modernization theorist would argue that the more the economy grows, the more opportunity we have to research and learn about our environment, which also improves our ability to protect and restore it. Through modernization for example, the EU have climbed to become the world's most ambitious climate-change combater, which can be seen on its ambitious environmental policies and how it assists poorer nations with know-how and financial aid to implement environmental friendly policies (Sezgin, 2013). Moreover, there are evident signs that Chinese industrial outputs have become significantly cleaner over time, which shows that modernization can have positive environmental impacts. Therefore, through the Chinese construction of the SGR, Kenyan industry has the opportunity to become greener and more environmentally friendly (Dean & Lovely, 2008).

4.2.4 Community impact

From modernization theory perspective, FDIs from more advanced nations positively contribute to the development of poorer countries. Partly owing to that the money invested has a positive effect on economic growth, but also as MNEs hold advanced technology and know-how, which will have a positive psychological effect as workers and communities become more innovative (McCelland, 1967). To understand why some nations have been able to reach advanced level of societies, modernization theory attempts to identify those social variables that have contributed to social progress and development. The theory has maintained the belief that traditional societies develop as they adopt more modern practices. Those speaking in favor of the theory argue that as modern states are wealthier, their citizens are able to enjoy a higher standard of living. New aspects of our lives, such as data technology and our need for transportation, communication and production makes it necessary, or at least desirable to constantly modernize (Gilman, 2003). The SGR has brought concrete benefits to Kenyan communities, as the construction is estimated to have created 30,000 local jobs for Kenyans, even though the exact numbers differ (Okoth, 2019). Not only is the job creation expected to reduce poverty in the region, but the skills and experience gained through the construction work is likely to enhance their chances to find more advanced jobs when the construction is finished. Moreover, there is also opportunity for some Kenyans to be employed in more advanced positions like engineers or train operators, which further benefits Kenyan modernization (Sanghi & Johnson, 2016). Moreover, modernization theory also emphasizes the enhanced life quality for local communities which is brought by improved transportation infrastructure. Through the new railway, Kenyan citizens are able to travel more quickly, more comfortably and reliably between Kenya and Mombasa (Kingutua, 2018).

4.2.5 Governance impact

According to global rankings, in 2018, Kenya ranked 124 out of 194 countries in terms of democracy and political freedom as defined by the extent to which the citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. (TheGlobalEconomy, 2020). The level of corruption in Kenya is also high on a global level, where it scores 151 out of 193 countries in control of corruption rankings the same year (ibid). Even though it scores relatively high in relation to other countries in the region, there is still more opportunity to further improve Kenya's performance in these regards. Through further foreign investments, the theory would argue that as Kenya continues to experience economic development from FDIs, the economic growth will raise people from poverty

and more citizens will reach the middle-income class. As this happens, citizens will be more educated and interested in political affairs and participation, and thus holding their government accountable (Lipset, 1959).

Modernization theorists withholds that economic performance positively affects the development of democracy in developing countries. This is mainly attributed to three factors. The first one is that economic growth is more significant to democracy than socio economic development. Moreover, socio economic development results in social changes that facilitates democratization. On top of that economic development also facilitates other changes, such as an organization of the middle class, who in turn will require democratic development (Arafat, 1988). The democracy-perspective is elaborated by Inglehart and Welzel (2009) who argues that necessary social and cultural conditions for a democratic foundation are evolved from significant modernization and economic development, which fosters political mass-participation (ibid). In accordance with the Beijing consensus, China respects the need for Kenyan political development to take place without the involvement or conditions from foreign actors, but emphasises that it is aiming to establish a long-term positive relationship with the Kenyan government. By lending money to the Kenyan government for infrastructure and other important investments, Chinese investments in the SGR is believed to have a positive impact on Kenyan governance (Yueh, 2019)

4.3 Dependency theory

On the opposite side of modernization theory stand the dependency theory. It argues that contrary to being beneficial, modernization have been forced upon to developing countries where it has made more harm than good. As this is an exploratory research, it is also important to consider both the positive and negative perspectives on foreign involvement in Kenya. Dependency theory argues that western nations involvement in Africa have only been to benefit themselves and their interests. The continent has been used as a periphery where resources in the form of cheap labor and natural resources have been extracted and exploited to enrich the core of predominantly European states (Agbebi & Virtanen, 2017). They argue that the national underdevelopment and poverty in many of those countries still experienced today can be directly attributed to a systematic and imperial neo-colonialism.

It also opposes the view that foreign investments in Africa have benefited the region. Dependency theorists are skeptical to the modernization perspective, which implies that all nations

uniformly experience the same stages of development, and that today's underdeveloped societies are in the same position as the advanced nations were at some time in the past, and therefore the task of rich economies is to assist underdeveloped areas away from poverty through the same common path of development. This path would imply certain kinds of investments, technology transfers and closer integration into the world market, something that is rejected from dependency literature. They argue that underdeveloped countries are far from uncivilized versions of developed countries, and that they all have distinct and unique features that distinguish them from advanced economies today. As these countries are in a weaker position in the world economy, which makes it difficult for them to benefit from inward FDIs, as they can easily be abused (James, 1997).

The approach of dependency theory makes it skeptical to whether sustainable development as defined by this paper can be achieved by FDIs to poor countries, as there are already from beginning inherent structural inequalities. These inequalities could easily obscure internal structures, as local workers could be forced to work in horrible labor conditions in foreign MNEs, environmental damages have also been reported especially related to mining and infrastructure investments, as has ethnic conflicts and corruption (Kelley, 2012). These are all aspects that harms sustainable development rather than enhances it. Dependency theorists therefore argues that the only durable way for the structurally poor nations to achieve sustainable development is if their vulnerability is respected and that they are allowed to participate in world trade, not on market terms but on conditions that is both feasible and allows them to utilize their comparative advantage (James, 1997). The same goes for inward foreign investments, where foreign MNEs have outcompeted many local businesses through for example low prices owing to economies of scale and large headquarter resources (ibid). Common recommendations from dependency theorists are therefore centered around protectionism and relates to subsidizing of national companies, protection of infant-industries, import-substitution and active industrial policies from the government, everything to protect domestic industries from foreign competition (Michelle, 2014).

Chinese technology is in many ways as advanced as European and American, and China therefore outcompete local industries by competing unfairly. The rising trade imbalances between Kenya and China is an example on China in the first hand serves its own national interests and is not mindful on Kenya's own sustainable development (Kusimba et al., 2019). Rather, China

is argued to benefit the same way as western companies and countries have on Africa's structural underdevelopment, which causes suspicion against Chinese activities in the region (Bossard, 2008). As modernization theory have failed to explain why China has industrialized and reached social transformation with millions of people lifted out of poverty into the middle-income category, without turning to a democratic country as defined by western liberal standards, dependency theory questions the assumption that any one theory is able to predict a nations development pathway, and whether it would even be desirable for all nations to develop the same way given everyone's unique cultural and historical differences (Ghosh, 2019).

4.3.1 Economic impact

Even though a new railway will contribute with infrastructure development, the question is whether the same money (\$3.8 billion), could be more well spent on alternative projects such as improving road quality for rural communities so that farmers are able to sell their products in nearby cities. Another aspect is what the railway will be used to. There are already now indications that trade imbalances between Kenya and China has continued to increase since the start of the SGR construction. Dependency theorists would argue that opposite to benefiting Kenya, the railway through the port of Mombasa has made it more open to world trade and mass-produced foreign goods will continue to enter the Kenyan market, which outcompetes local products, drives local business out of business and widens the trade imbalances with China and to the rest of the world as Kenya is an underdeveloped market with limited possibilities to compete with Chinese goods that are artificially low owing to abundance of capital, labor and poor working conditions for Chinese laborers' (Mohan & Power, 2008). In relation to the Kenyan loan to the Exim Bank of China inherent in the SGR project, dependency theory argues that the high amount of \$3.8 billion adds up to an already high number owed to China of \$9.8 billion which had been borrowed between 2006-2017 (Hairsine, 2019), something that should be put in relation to the fact that 72 % of Kenya's bilateral debt, and 22 % of external debt is owed to China (Dhar, 2019).

There is a high risk owing that amount of debt to one nation, especially China which dependency scholars argue are using debt-diplomacy on not only Kenya, but several African nations as a way to grow influence and power in the region (ibid). Moreover, dependency scholars consider Chinese activities in Africa as the next natural step, since its domestic economic expansion and growth creates a need for resources such as oil and minerals, which can be found in Africa. Chinese infrastructure construction such as the SGR and Lamu port comes in a time

when these types of resources have been found in Kenya and China has shown an interest in extracting and importing them from Kenya. From a dependency theory perspective, the infrastructure construction in Kenya and China's demand for energy resources to maintain its economic development, together with its international expansion for new markets and resources is a large concern and that African leaders should be more skeptical to Chinese investments in the resource and infrastructure sector (Bosshard, 2008). Dependency theorists' points to the fact that crude oil continues to be the main good China imports from Africa, together with other commodities such as iron ore and copper (Kelley, 2012).

Kenya has so far remained relatively unnoticed in relation to resource extraction from both the West and China, as it does not hold any major oil or mineral assets (ibid). However, the West's absence in Kenya have left the field open to China, who as a latecomer to the established oil-fields are disadvantaged towards Western countries in the region and therefore actively seeks for assets in areas overlooked by Western companies, such as Kenya (ibid). There is a growing fear amongst dependency theorists that the Chinese interest and extraction of Kenyan oil fields will eventually result in a resource-curse similar to that experienced by many African nations, a situation that will be further increased by the SGR and other Chinese infrastructure investments which are inherent with significant amounts of debts and trade imbalances, that risks being financed by Kenya relying on oil-extraction (Johannes, 2011). This in turn could obstruct Kenya's possibilities to diversify its economy and therefore its long-run sustainable economic development (ibid).

On top of these concerns, dependency theorists' points to the growing number of Chinese migrants in Africa. Once infrastructure projects are finished, some of the Chinese workers stay to either open their own businesses or seek employment elsewhere in the country. This can be seen as they have been bribing lower-level officials to get illegal residence and work-permits to set up business after their visas expire (Kusimba, 2019). The competitive advantages held by these migrants, to a large extent their ties to other economies and markets are overwhelming for many African business that become bankrupt (Sanghi & Johnson, 2016). This, together with reports that Chinese firms establish few local linkages when operating in Africa and therefore amounts in limited spillover-effects, creates doubts to whether Chinese FDIs to the SGR construction actually benefits its economic development (ibid).

4.3.2 Environmental impact

From an environmental perspective, dependency theorists' points to the fact that China's investments in Kenya predominantly aims to serve its own economic interests (Bosshard, 2008). They emphasize china's domestic policies, which have stated economic growth to be more important than environmental protection, often with devastating results. To strengthen their argument, dependency theorists draws on the environmental protection guidelines and standards that has been established to guide large-scale projects in sensitive regions to minimize negative environmental impacts, standards that has not yet been adopted by Chinese state-owned enterprises, which in their perspective indicates that Chinese companies purposively utilizes lower environmental standards as a strategy to gain shares in infrastructure projects like the SGR (ibid). There have been several examples of Chinese activities in Africa with negative environmental implications, that is used by dependency theorists in their reasoning. These include the Loango National Park in Gabon, where the Chinese company Sinopec explored for oil in 2006, despite the objections from conservation groups who pointed to the existence of threatened rare plants and animals in the area of exploration. On top of this, the exploration took place without an approved environmental impact study from the the Environment Ministry. (Burke et al., 2008). The proposed Kongou Dam building in Gabon is another example of infrastructure construction in sensitive areas through Chinese investments. Chinese firms in a consortium headed by CMEC provided funding of 3.5 billion dollar with China being the sole client of the project (Bosshard, 2008). The contract was approved and signed without any environmental impact assessment being made, despite the fact that the dam would have been located in Ivindo National Park, which includes parts of the Central African Rainforest, inhabited by endangered species such as the forest elephant. This fact did not stop China from paving a 42 km road to the Kongua falls which would be the location of the dam, a project which included poaching, wildlife trafficking and the logging of an ancient rainforest (Manji & Ekine, 2012). The project was eventually cancelled following stark protests from the opposition and civil society (Cabestan, 2014).

Dependency theorists' points to the fact that the Kongou Dam case shares many characteristics with the SGR construction in Kenya, such as the environmentally sensitive areas where the construction is located, and the large sums invested by China, money that poor African governments are not able to finance by themselves. A fact that also points to the vulnerable position of many national African governments. In the need for capital and economic development,

there is a danger that they sacrifice environment for economic growth and good relations with Chinese companies. As Kenya is the weaker part in the Kenya-Chinese relation, they argue that there is a risk that the Kenyan environment risks being sacrificed in the need for Kenyan infrastructure and investments, and Chinese profit. Infrastructure construction carries high environmental risks and a serious threat to local ecosystems and biodiversity. Kenyan environment holds a rich and sensitive wildlife, such as elephants, rhinos, lions and other mammals, which are inhabitants at two of Kenya's national parks where the SGR intersects (AWEMAC, 2012). These parks exist in ecologically fragile regions that has so far been protected because of their status as national parks (Bosshard, 2008). Owing to this reason, NGOs and environmental groups pointed to the severe damages that would be imposed on both the wildlife and environment from the SGR construction (Kushner, 2016). An environmental impact assessment was made, which warned that the planned route intersected the conservation areas of two national parks, Tsavo East and Tsavo West National Parks, home to the largest single elephant population in Kenya as well as other mammalian species. Owing to these risks with the original route, three alternative routes was considered whereof one was recommended. However, none of three alternatives including the recommended route was considered by the contractors, which makes dependency theorists worried that the Kenyan government has lowered its environmental standards to make the investment more attractive to China, who is argued not to be considerate on environmental protection (Zhao, 2014).

4.3.3 Community impact

China's involvement in the construction of Kenyan infrastructure is made possible through significant debt-financed investments. From the perspective of dependency theorists, this engagement has caused conflicts between diverse actors from China and local Kenyan communities, who in this situation has to tolerate and find ways to handle the ambiguities of China's role in Africa and the implications from this in areas like the Kenyan labor market (Plummer, 2019). Dependency theorists argue that there has been a negative impact on local communities. They are skeptical to the employment generation from the SGR construction. They argue that even though the construction of the SGR did generate some jobs Kenyan communities, they were of poor quality as all the advanced positions requiring education or managerial positions was made by Chinese workers, leaving only simple manufacturing jobs for Kenyans. Reports and witnesses also revealed that these jobs were of poor quality, usually on a weekly basis involving no employment contract or other types of job securities. Ticketing operators and coach attendants were employed for 6-month probation October 2016 had by July 2017 not

received employment contracts (Kisumba, 2019). Moreover, during the SGR construction, Kenyan workers were victims of discrimination in terms of hiring practices, job allocation and salaries (ibid). Kenyan train drivers have been paid sh30,000, whereas Chinese cleaners have been paid 2-3 times more and Kenyan workers have at the same time received a salary of sh15,000 to 17,000. Dependency theorists also emphasize other aspects of Chinese large-scale infrastructure projects in Africa. Following the SGR construction, Chinese workers have stayed in Kenya doing various types of work to earn a living, including street side hawking, tour guides and shop owners. It is estimated that up to 40 % of Chinese workers stay in Kenya to find these types of occupations (ibid). Dependency theorists argue that this is common for Chinese operations in Africa. From this perspective, African governments are not able to negotiate fair labor contracts in large-scale projects but are forced to accept Chinese terms which gives workers from China an unfair advantage in the local labor market.

4.3.4 Governance impact

Dependency is a condition that evolves over time, in which a relationship--generally between two states--develops to the advantage of a dominant state at the expense of another (Prebisch, 1950). At a state-level, dependency theorists emphasize amongst other things, the unequal exchange between Kenya and China. This unbalanced exchange between a less developed and economically stronger nation, creates a state of dependency, which can be equated to the definition by Sunkel (1969); *dependency can be defined as an explanation of the economic development of a state in terms of the external influences-- political, economic, and cultural--on national development policies*” (ibid,1969, p.23). Which leads dependency theorists to paint a picture where Kenyan national development policies are determined by the external force of China in the form of political, economic and cultural influence (Plummer, 2019). From this perspective, what is termed as ‘mutual development’ is in fact limited development for the African nation (Cowaloosur, 2015). Through Chinese investments and infrastructure project, Kenya as receiver promotes the development of the Chinese metropolis, and as a consequence Kenya maintains its own peripherality (Cheru & Obi, 2010). Dependency theorists are concerned that if the unequal exchange between China and Kenya continues, it may limit its opportunities to industrialize as it will be trapped in a periphery-position (ibid).

Moreover, despite its non-interference policy, dependency theorists argue that by investing in any nation in Africa, no matter how illegitimate or destabilizing the regime, is automatically

giving these domestic leaders a sign of legitimacy and therefore indirectly strengthen their position. This has been done in Sudan amongst other countries, where in 2009 China and Sudan celebrated 50 years of diplomatic relations, a month before Sudan's President Omar Hassan al-Bashir were charged in the International Criminal Court for five counts of crimes against humanity and two counts of war crimes (Large, 2009). The Chinese way of diplomacy in Africa even made Robert Kagan (2006) to argue that China is buttressing authoritarian ruling and establishing an "informal league of dictators" in the African continent (ibid). Dependency theorists also criticize China's diplomatic strategy, that involves an exclusive reliance upon relations with the central state (ibid). This strategy involves controlling the central government, which limits public participation in decision-making and depend internal decision-making in the host-country (Bosshard, 2008). This has caused civil society and academic observers to express concerns about China's economic expansion on Africa's governance and democracy (ibid). The negative effects on African governance from Chinese investments also causes dependency theorists to worry about the implications from the SGR construction. They argue that despite potential economic growth from the railway, it will not contribute to sustainable development as the lack of transparency together with debt burden and bribing of state officials is escalating misgovernance and corruption in the country (Bosshard 2008; Kelley, 2012; Kusimba et al., 2019; Plummer, 2019; Cheng, 2019).

The corruption aspect is something that worries dependency theorists when it comes to the SGR construction. Just as many other developing countries, Kenya suffers from corruption at both the civil service, as well as senior level state officials (Kusimba, Zhu & Kiura, 2019). The Chinese financed loan of \$3.8 billion has been issued without requirements on the implementation of any kind of anti-corruption measures, and with no monitoring on if the money from the loan is appropriately spent, nor has China been interested in assuring that no money has found the way to corrupt politicians (ibid). From this line of thoughts, this follows a typical Chinese investments pattern (Bosshard, 2008).

5.0 Introducing the case study – Standard Gauge Railway

This chapter will focus on the unit of analysis, hence an introduction to the specific case study, namely the Standard Gauge Railway project. It endeavors to provide the reader with a solid context of the project itself and all its surrounding circumstances.

5.1 The SGR Project

In 2014, the Kenyan government signed the SGR contract with CRBC which was the first railway project in over a century. The project was one of many steps in China's endeavor to create a new global belt and road initiative (BRI), also referred to as The New Silk Road, which is based on five major priorities; policy coordination, **infrastructure connectivity**, unimpeded trade, financial integration and connecting people. The specific SGR project aim to connect Chinese trade and investments with both East and Central Africa through a new more modern railway between the coastal town of Mombasa and the capital Nairobi. China's BRI has taken on a vast number of projects on the African continent and many western analysts see the project as a worrying extension of China's rising supremacy. The SGR project have been seen as some kind of flagship project for the BRI as a whole, and even though many aspects of the project contributed to development opportunities on a local level, such as job and skill creation, did it also include many controversial actions like corruption, financial viability, doubtful contracting measures and labor and community issues to name a few. While Kenya co-financed 10 % of the US \$3.8 billion contract, the rest 90 % came from the Export-Import Bank of China with the one condition that the project would be executed by the CRBC (Wissenbach & Wang, 2016; European Bank, 2019).

The now finished 472 km long railway is operated by the Africa Star Railway Company which CRBC has majority ownership over and other shareholders remains unknown as their names are not listed in the company registry. On an operational note, the project is struggling to reach its costs and the before almost interest and repayment free loan from the Export Import Bank of China introduced, according to agreement, loan repayments during the second half of 2019. There are some arguing that, in the case of this project, Kenya is now struggling to manage the accompanying debt and that the railway deal with CRBC will be an expensive deal for the Kenyan taxpayers (Kiruga, 2019). With this in mind it is clear that the SGR project have affected the local setting in Kenya and some actors argues for positive effects while others point out only negative ones.

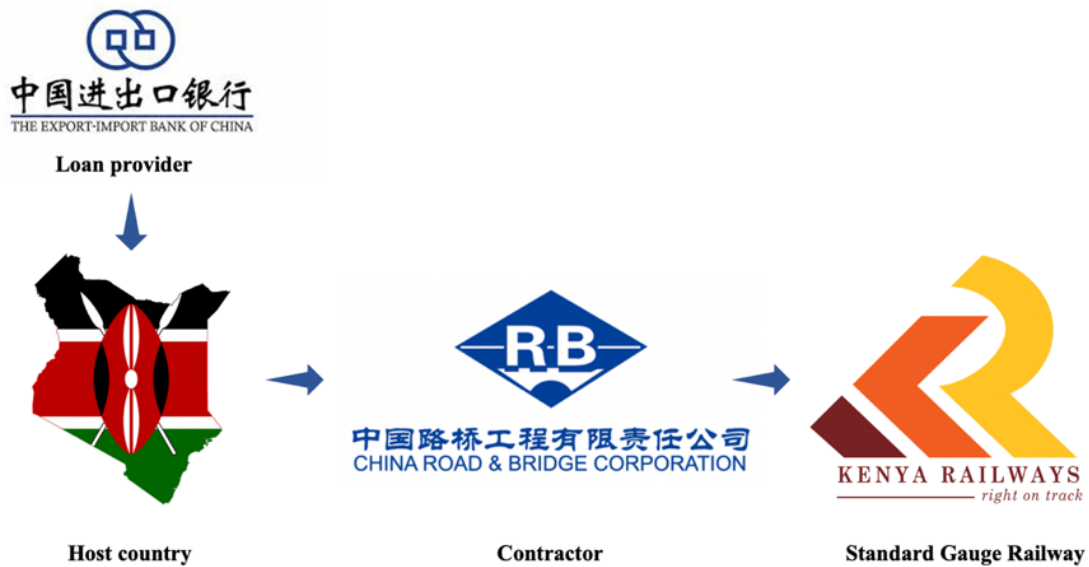
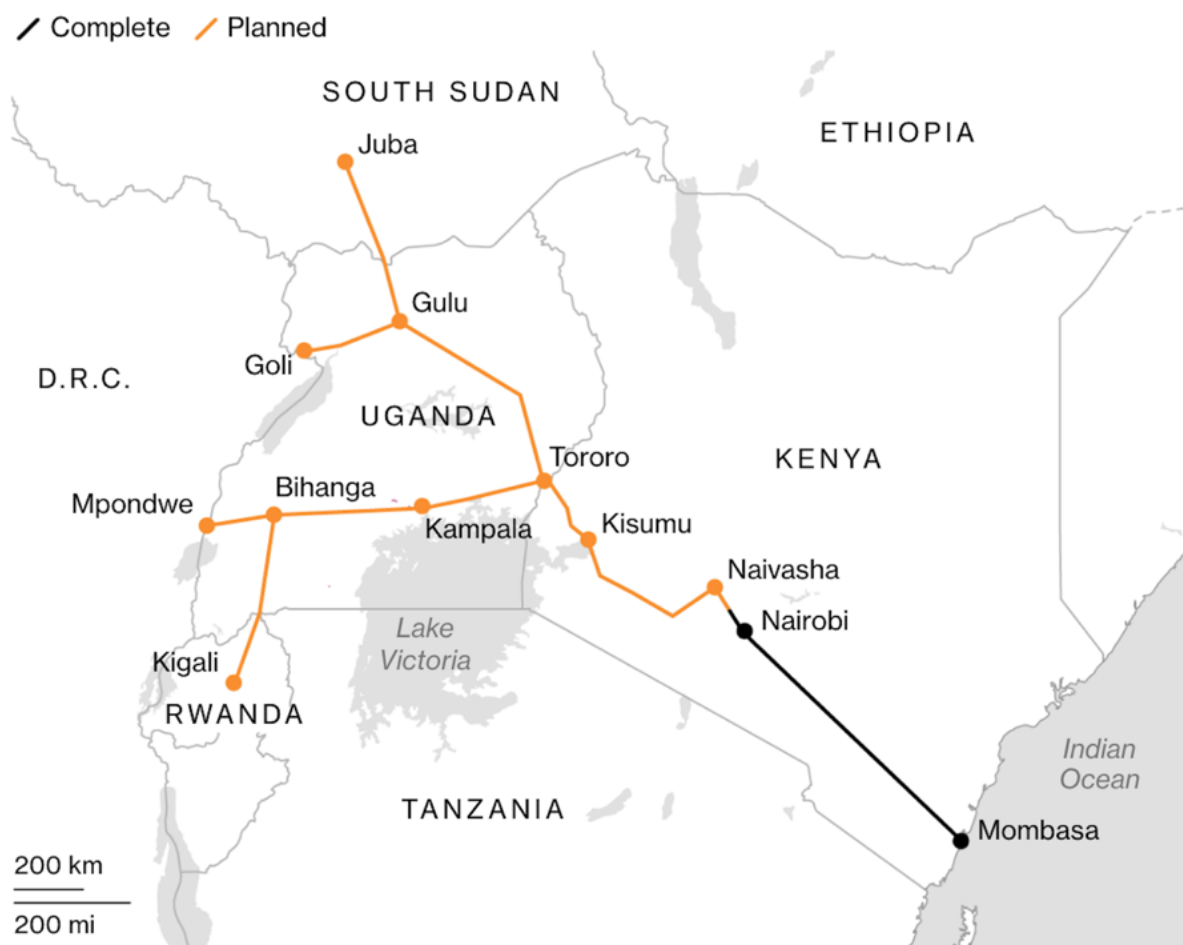


Figure 4: Author's creation (2020)

5.2 Construction

The CRBC construction of the SGR between Nairobi and Mombasa started late 2014 and was completed mid 2017, ahead of schedule, and included both Chinese and Kenyan labor. The single-track SGR have a route length of 472 kilometers and a total distance of 609 kilometers. In addition of being a flagship project for the Chinese BRI, it serves the same purpose for the Kenyan government and the Kenya Vision 2030 development agenda with the intention to simplify transport operations, decrease travel time and expenditures as well as being beneficial for Kenya's and its neighboring countries overall economies. In comparison to the old railway, the new SGR have shortened the passenger travel time with over ten hours to around four hours and cargo trains are able to finish the route in less than eight. It is estimated that the construction created 60 jobs per kilometer of built track or around 30,000 in total, and it runs through the counties Mombasa, Kilifi, Kwale, Taita-Taveta, Makueni, Kajiado, Machakos and Nairobi. Which also means it goes through two national parks (Railway Technology, 2019). According to a Kenyan private development company the SGR even succeeded to create 46 000 local jobs in total, cutting transportation costs by 40 % and increased Kenya's GDP with 1,5 % (Emmett, 2018). The image below shows the completed route as well as the future planned extension:



Source: van Staden (2019)

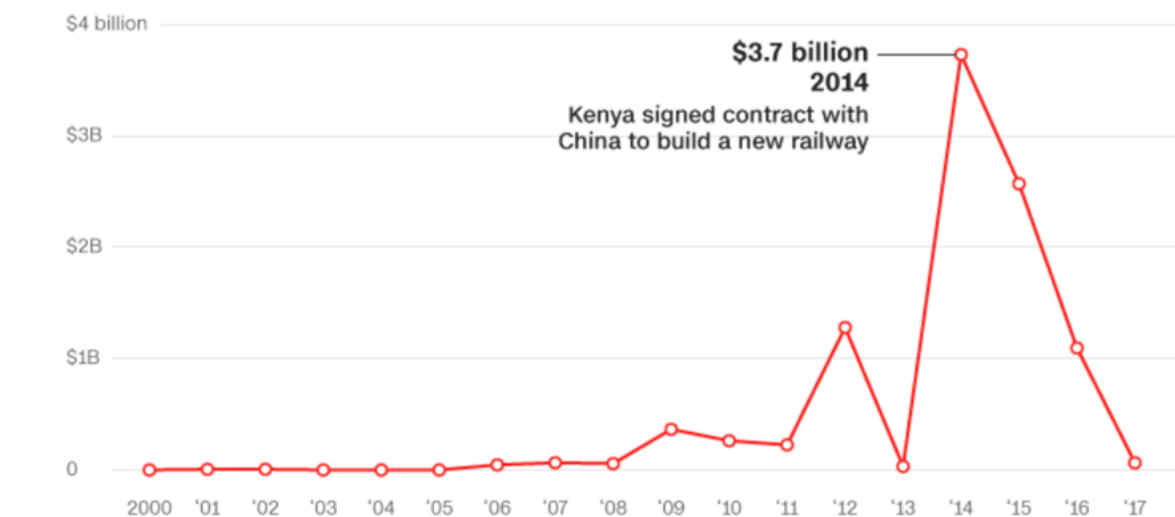
Yet, the construction of the SGR has not come without controversy. Issues in terms of labor and salary disputes, especially towards Kenyan workers, has been attracted by media. Also, in a report from BBC it was reported that the SGR track alone cost \$5.6m per kilometer which is three times more expensive than the international standard and the quadrupled price in relation to the original approximation (Kacungria, 2017).

5.3 Financing and Operation

As earlier mentioned, the US \$3.8 billion SGR project was financed to 90 % by a loan from the Export-Import Bank of China and the remaining 10 % by the Kenyan government. The issued loan came, not quiet uncommonly for a Chinese FDI, with the requirement that the construction contract would be assigned to CRBC. It also came with a five-year grace period with

repayments starting late 2019. It is worth mentioning that China is now owing 70 % of Kenya's debt (Kannegiesser-Bailey, 2018), and to provide the reader with a nuanced perception of the magnitude of this loan in comparison to earlier Kenyan financial involvement with China, a graph of Chinese loans to Kenya over the current century is presented below:

Chinese loans to Kenya



Source: Marsh (2019)

When the SGR was finished in 2017, another loan requirement came into effect as the entire operation of the railway was given to the CRBC owned Africa Star Railway Company. The fact that a Chinese company also was mysteriously given the rights to handle the operations the first ten years received a lot of local criticism, especially since the company was given US \$33 million interest free capital from the Kenyan government and that most of the workforce were Chinese. Yet, after ten years the operation will be handed over to Kenya Railways and currently the company has managed to localize the operations to around 80 %. Hence four fifths of the operational staff are now Kenyan which comprises around 1000 workers throughout the organization (Mukere, 2019; Koech, 2020; Kiruga, 2019).

5.4 Aftermath

The SGR is now up and running and while many are positive towards its completion, a long-standing concern of a potential debt-trap have received more and more attention given the loan repayments that started in 2019. The railway was struggling to meet its cost already before the loan repayments, and the content of it all probably means that it is the Kenyan taxpayers that will have to bear the burden. By extension, this debt-trap concern means that Kenya is putting its sovereignty at risk since they could see their strategic assets being seized by China if there is a default in repaying the SGR loan (The East African, 2019; Kiruga, 2019).

Moreover, derived from the case description above there seems to be at least two contradicting narratives towards the SGR project which provides this paper with an opportunity to look at the effects from a previous, at least from the writers understanding, uncharted viewpoint. By exploring the effects from CRBC's SGR execution through an unbiased exploratory lens and investigating if there has been any potential impact that corresponds with Peter Dickens framework of sustainable development enables the thesis to enter an as yet unexplored territory. Consequently, the following analysis and discussion will work as a tool in between these narratives in order to, in an as unbiased way as possible, explore what effects, if any, the SGR FDI has had on Kenya's domestic sustainable development. In addition to Peter Dickens framework, the research will look at the findings through the lenses of Dependency and Modernization theory, which together provides a broad framework on which the research question could be explored.

6.0 Evaluation of Findings

Given the theoretical framework, research approach and the case outline of the SGR project, an analysis of the results of the semi-structured interviews will follow below. Since the research's aim is to comprehend - *How has the Chinese FDI and construction of the Standard Gauge Railway project affected Kenya's sustainable development based on Peter Dickens framework on the impacts of multinational enterprises?* – it is vital to understand the reasoning and attitude towards the potential impacts of the project. Assumedly, the semi-structured interviews might illustrate how CRBC's SGR construction have affected Kenya locally in relation to the framework of sustainable development.

As outlined earlier in the paper, the collected data have undergone a thematic analysis which resulted in six main themes including subcategories and codes which in turn will be presented below. The output of the analysis will hence contribute when investigating if the SGR project have had a positive, negative or unchanged effect on Kenya's sustainable development. Extensive quotations will appear in order to follow reliability standards' which will enable the reader to fully grasp the research's interpretation of the interview response.

Sustainable development is by Peter Dickens framework separated into four main categories that are considered to be vital for a country's sustainable development. These are the aspects of Economic, Environmental, Community and Governance development. As Peter Dickens argue, each inward FDI by an MNE will have an impact on these four areas of the host country, which can both be positive and negative from a sustainable development perspective. What is evident from the literature review is that most scholars agree that FDI activities have had an apparent effect on the development of host-countries, especially in developing countries. This is evident not least in the perspective of Washington vs. Beijing consensus, that continues to divide scholars today. This is evident also in the theoretical framework of this paper. The divide between modernization and dependency scholars on the impact of western activities in Africa has become remunerated in a new perspective, as Chinese loans and investments in the region now to some extent overtakes the previous western dominance (Campbell, 2008). Whether Chinese FDIs in anyway differs from Western ones, and whether this has a positive or negative impact on the host country is at the center of this controversy. Considering the exploratory objective, the theoretical framework has been constructed in a way that incorporates both of these perspectives. To fully incorporate all the relevant aspects of the Chinese SGR construction in Kenya, the thematic coding has categorized the interviews responses in the four aspects of sustainable development, but also aims to clearly visualize the differences between Western and Chinese FDIs in the region, as well as general perceptions towards the SGR construction.

6.1 Specifics of Chinese FDIs

The first aspect aims to establish whether the collected data confirms the differences between Western and Chinese FDIs that has been discussed in the paper, and whether these are significant enough to affect Kenya's sustainable development differently.

6.1.1 Finding 1: Financing and Capabilities

Derived from the interview responses, it becomes evident that there are some differences between Western and Chinese ways of conducting FDIs. The first notable difference is related to their preferred business environment. Seemingly, China prefers to build relationships directly with the domestic government, without involving local companies or organizations, which separates it from most Western FDIs that usually invests together with local enterprises or independent organizations. This is summarized by the words of Aggrey Mutambu;

Aggrey: *The basic difference is that they prefer government dealings, as opposed to other countries which may channel their funds through independent private corporate bodies or organizations.*

This could be related to be related to the ownership structure of Chinese and Western enterprises, where most Chinese MNEs are to various extents controlled by the state, whereas Western enterprises usually operates independently or with very little involvement of the home country government.

Arielle: *I mean, the government, even so-called private companies are basically shell companies and state companies, you know, they're all controlled, there's a whole ecosystem of state control.*

Aggrey: *CRBC is a state-owned company that cuts deals and then decides how the project runs the contractor to a point. So, it is a very much Chinese way of controlling the project itself. So, this is a very significant difference between the Chinese and the other participants in Africa. And the general bridge is just the identity of the Chinese government itself. So, that is how they operate.*

The differing ownership structures of Western and Chinese enterprises can be derived to the logic of the Washington and Beijing consensus, where the Washington consensus is skeptical to state ownership of private enterprises and instead argues for a reduced role of the state and even recommends privatization of state-owned enterprises (Lopes, 2012). Beijing consensus on the other hand is founded on the believe of a strong state that steers investments and is directly involved in the development of domestic enterprises through ownership and control (Turin, 2010).

The involvement of the Chinese state, both as lender through the Exim Bank, and as a contractor through the SGR means that it is involved in both lending money to and constructing the

railway. This is argued by several interviewees to offer an advantage for financing and constructing the railway, which is not available for Western enterprises.

Zhengli: *I wouldn't say generally speaking, they are still economically driven. Because they're here for profit. It's not a political entity. After all, they're an economic entity, they're here for profit and an economic gain. But let's say the biggest difference that distinguishes them from the rest of the companies from other countries in Africa is their capacity of leveraging loans from Exim Bank. So the relation between the SOEs and the policy banks in China is the main difference not because they're owned by the state, simply it's because their relation with the policy makers that makes them very different from the others because they are promoted as a contractor.*

The feasibility aspect is seen as a major impediment to Western FDIs in Kenya. When Chinese SOEs conduct an FDI, they have political support from the government, as well as financing from the state-owned Exim Bank and access to a high amount of Chinese labour capacity. When Western financial institutions are asked to finance an infrastructure project, they lack the same coherence in the form of contracting capabilities.

Benjamin: *The Western model doesn't offer the same financing. The companies who can undertake these projects and the labor, the labor force, that China can offer all three wrapped into one on top of political support if need be, right. So when the World Bank puts up an offer for, you know, helping to finance, let's say, a highway in parts of West Africa, it can offer all the things which the Chinese counterparts can offer. Because China can use its policy banks to, to, to put forward interesting grants or competitive loans. It can use its state-owned enterprises, which has now developed considerable expertise in building all kinds of infrastructure. And they could do that quickly. And it can bring in it can import Chinese labor, who, whose rights we don't know if they're always respected. Some rumors are that they use prisoners from China often to do to do to work in terrible conditions. They work 24 hours a day. Yeah, so they've got a model which is very attractive, which also engenders a number of risks, which are covered usually by the kind of the Bretton Woods organizations who take a slightly more, you know, kind of political risk averse approach to financing projects.*

This does not mean to say that Western companies and lenders are not active in Africa, but they still operate under the constraints identified above, which also is summarized by Zhengli below.

Zhengli: *There are a couple of very powerful contractors from the US and Italy. But none of them has the capital capacity of you know, such as the one by CRBC, the China road and bridge and their capacity of leveraging loan from the Exim Bank. You know, none of them could be so powerful in that sense. However, it's also a double edged sword because after all, CRBC itself is a company, it's not a bank. So, their capacity, their capital capacity will rely on their relationship with the Exim Bank. Well, the Exim Bank is basically gambling on the*

capacity of CRBC of making things down, you know, constructing a beautiful standard gauge railway and operating them in order to profit. So this relation between the the SOE and the policy bank is the determinant factor that drives the difference between Chinese and other FDIs.

To summarize the first finding it is hence evident that Chinese FDIs differs from those from other countries, specifically in relation to their extensive state control and its accompanied access to capital earmarked for financing, which is explained by the different models of Washington and Beijing Consensus.

6.1.2 Finding 2: Conditions

In addition to China's and in this case CRBC's peculiar access to capital, they also seem to differ significantly in relation to their loan requirements. The responses from the interviewees seems to confirm the differentiation discussed in the paper between the Washington and Beijing consensus. Most replies seem to highlight that loans from Bretton Woods institutions comes with conditions on issues like structural reform programs, whereas China has not shown any interest to get involved in national political matters.

Elisa: *In terms of differences between Chinese investments and other investments from abroad, I would say one of the main ones would be the obvious one that Chinese ones do not have any political requirements or economic economic policies requirements differently from the IMF, the Bretton Woods institutions or even USA, UK and so on, or do European Union.*

On top of direct economic conditions, western financers have also pointed to the need for transparency, human rights and democracy.

Aggrey: *The African countries may prefer China because probably they have little conditions as far as local political situation is concerned. So, you know, they, they all they want is you signing up saying I'll be paying in this rent, and then the project goes. And the Western governments, of course, bringing conditionalities like demanding human rights, respect to human rights, they demand democratic principles and they demand accountability and everything that is concerned with an open society. So that's the difference between the Chinese and Western European*

Aaron: *Yeah. So I think a biggest saying about the difference between World Bank loans versus a Chinese loan is like Chinese loan doesn't come with a positive condition of West law. Mostly you have to do certain things on the government side, transparency, check and balance. So I think definitely this is the main difference.*

In terms of Chinese requirements, the one major conditionality that has been forwarded is the need for Kenya to contract a Chinese company for the SGR construction.

Gediminas: *Well, as far as I know, the implication is that the way the Exim Development Bank of China issues loans for these projects, one of the conditionalities, written into the project into the financial agreement is that the project will be implemented by the Chinese contractor.*

To summarize the different viewpoints from Western and Chinese FDIs, Zhengli's description provides what seems to be a general agreement from the interviewees, which highlights how Western financial institutions acts with an appeared broader responsibility also for matters that do not directly relate to the concerned FDI, whereas China leaves questions that do not concern the FDI to the domestic governments. This is also evident in the third logic of Beijing Consensus, which argues for the self-determination of the host-country (2010).

Zhengli: *So it's not that the Chinese loan has put the Kenyan into the fringe of development that the force their spending into a certain area. It's not true if the Kenyan government who decides what kind of investment they need, and what types of expenditure they have to use. I know that there are certain complaint about the structural deficiency of the Kenyan government in terms of how they leverage their expenditure.*

6.2 Economic Impacts

Owing to the cost of the SGR project it is fair to, in beforehand, assume that it would have some economic implications locally in Kenya. Yet, if these implications have been mainly positive or negative seems to vary among the interview respondents even though it is possible to identify a trend leaning towards mostly negative aspects. Also, it is important to remember that the world is not black or white and that negative implications for the economy do not exclude positive ones and their affects differs greatly. Subsequently, the following section will outline the economic implications that can be derived from the SGR project.

One of the common responses in relation to Kenya's economic development, from both positive and negative-minded responders, was the need to upgrade what they referred to as Kenya's currently deficient transportation infrastructure. On the long-term, there seems to be an agreement that the previous railway connecting Nairobi and Mombasa at some point would have needed to be replaced as it would not have been economically viable to upgrade it.

Aggrey: *So because the tax to of our country is very small, and yet the needs for infrastructure are very huge. It partly explains why this FBI has been very significant in expanding these networks for intellectual infrastructure.*

Jacob: *it was a much needed project, it was something that can be as infrastructure sorely needed, given that the old train station railway from Captain led over to second BBC Boston ports was inadequate to say the least.*

The main advantages from the SGR was considered to be amongst all; its contribution to GDP growth.

Benjamin: *Look at Kenyan economic growth or GDP growth over the past 10 years. I don't have the exact figures in mind, but it's pretty robust. I mean, Kenya is an export led economy. And coming back to my point made earlier about the African continent. It also gravely needs investment in its kind of creaking infrastructure.*

But also, the opportunities in terms of enhanced access to regional and world trade.

Benjamin: *Most developing countries in the world, most low income countries need infrastructure. Either they need new infrastructure or they need regeneration of infrastructure. Why? Because without that the prospects for economic growth are, you know, non existent. And it's well known that the African continent lacks one key element. And that's good infrastructure linking different markets across the African continent.*

Aaron: *The economic effects of the SGR project is pretty positive because of the trade enablement. I think a big company a lot of African country have was how do we improve the capacity of especially transportation logistics, I think having a railway definitely back next Boss support I think that really substantially improve the capacity*

But not all trade aspects have been considered to have had a positive impact. Respondents have highlighted that amongst other things, trade deficits between Kenya and China has risen as a consequence of the SGR.

Aggrey: *The latest figures we have shows that in fact, these other countries are selling more to Kenya than before and can use to sell more to them. So Kenya is on the losing hand.*

Aggrey: *At the moment. Kenya, the trade between Kenya and China is about 3.3 point \$2.9 billion, something like that. And yet Kenya only sells 100 million dollars to China. So that tells you that much of the manufacturing, we do here is not as competitive as what the Chinese do. And that has a possibility to killing mass and industries here. Because if someone can make a t-shirt at a 10th of the price in Kenya, so why would an industry be set up to manufacture t-shirts when people can import cheaply from from China for example? That's the question that has emerged over the years. And it was there even during the SGR negotiations, because the Chinese have really become the basic places where we import our goods.*

Moreover, there have also been comments that the new railway has not been planned in a way that compensates the costs in terms of the amount of transported cargo.

Arielle: *There is not enough freight coming from Mombasa. Right now, it's mostly import for it, it's not export. That's the imbalance. They're just not having enough trains, enough tonnage,*

they have eight tons, eight, 8 million tons coming in. And they need 22 million to make it work. And so there's an imbalance there and the government just basically ignored all the studies and saying this was not the right way to go and So we've got this mess. So it's got a financial mess.

Besides direct economic gains, there was also an emphasis on the long-term positive effect of things like knowledge and skill-transfers brought by the SGR-construction.

Elisa: *SGR brought positive spillover-effects within Kenya. Something that cannot be done from night and day. This is something that takes a lot of work. It takes training and and you know, it takes creating new permissions. It's a training the personnel but also listening to the personnel. And it is a process, but it is definitely happening.*

But there were also negative concerns in relation to spillover effects from the SGR construction.

Aggrey: *But if you compare to FDI from other countries like Japan, or the US or the UK, they tend to use local spots. And these are significant local technology transfer, which means that after the project, there is a lot of benefits that the people can see. But the Chinese Don't, don't seem to have that kind of cooperation.*

Moreover, besides comments related to local industry and spillovers, the thematic analysis also identified some negative economic sentiments in relation to the huge cost that the SGR project entailed:

Arielle: *They have a huge amount of interest and other things to pay back. So it's even bigger than then the original estimates it's way more expensive. I think it's three times more expensive than the international standard.*

Hannah: *SGR covers about 5% of Kenya's GDP or something crazy, like it's a huge, huge expense. And there's a lot of concern that it's not going to make back the money that it cost. And there's one particular Kenyan economist who is very, very vocal on this issue, a guy called David D. Yeah, he made a lot of kind of calculations that suggest that this project isn't even going to break even.*

The debt-trap issue hence seems to be a legitimate concern and even though the government is aspiring to dampen the negative effects with various policies, it has adversely affected the economy in other ways as described below:

Aggrey: *The next key question is whether the project will actually help the local economy because in the past two years, it has operated, it has made losses, huge losses, even though the revenues have been rising. And that's because the cargo being transported on the railway line is not as much as needed to make the is worthwhile. And at one point, the government has made*

controversial decisions to push all cargo transporters to use the rail line whether they like it or not. And that has also led to job losses for truck drivers, for example, who usually transport this cargo from the ports to the capital region. So that's kind of the conclusion that the project has created.

Arielle: *I think that the Kenyan government and its policies have hurt the economy and the well-being of the Kenyans more than a particular project. I think it's just symbolic of a much larger problem in Kenya. Certain people who are directly involved and get salaries by working in the SGR, their livelihoods have been bruised. And for those who have nothing to do with it, it doesn't do anything.*

In sum, even though there have been positive remarks on the economic impact of the SGR construction, especially related to the improved infrastructure to Kenya, which is argued to have a positive effect on GDP growth, trade capacity and knowledge and skills spillover. These are all positive effects predicted by the Modernization theory, which argues for infrastructure construction as important aspects for the development of less developed economies (Kipnis, 2012). However, the negative concerns seem to outweigh the positive effects in terms of economic development. These relates to the limited spillover effects attributed to Chinese FDIs in comparison to Western ones, but also the significant cost of the SGR which is not compensated by trade and cargo transportation gains. Rather, the high cost and subsequent lending from the Exim bank of China has further added Kenya's already existing high debt to China, which raises concerns about Kenya's ability to repay the loan as well as the sustainability of owing such a large part of bilateral debt to one country.

6.3 Community impacts

Through conducting the interviews and proceeding with the following thematic analysis it became very clear that the SGR project have had visible implications in relation to the local communities in Kenya. As in the second finding above, it is obvious, when evaluating the various responses, that the project has enabled impacts of both positive and negative character while some remain indeterminate in relation to the entirety of the project.

In relation to employment generation, some comments points to the high amounts of jobs that was generated by the SGR construction.

Arielle: *Well, I could give you the name of one of the train director who's very high on SGR, and he's talking about 45,000 jobs that were created for Kenyans.*

Elisa: *They will need Kenyan people to run it. They will need Kenyan people to work in there, they will need Kenyan companies to supply water and eventually around this infrastructure, there will be as an economic activities that we can, you know, have benefit from.*

On the other hand, some comments indicate that China has hired relatively few numbers of Kenyan workers compared to what they could have done, and that most of the advanced jobs have been given to Chinese workers.

Aggrey: *Chinese FDI seems to create very little local employment. If you look at the SGR, other than the engineer seconded by the government, which is, of course, part of the financing of the project, to a tune of 10% I mean 10 billion, Kenya shillings, which is about 100 million USD. There aren't other engineers or senior management positions. With the Chinese have willingly let the Kenyans to take out. So when they come in to take a project, they usually give the job to their own people.*

Gediminas: *They the contractor, they hire local cheap labor for manual work labor, which anybody can do with a little bit of training. But all the high skilled quality labor comes from China. And there's almost there's no training and capacity building for Kenyan counts.*

The lack of skill-training and the short-term hiring of Kenyan workers also makes it a highly uncertain and temporary income, which limits the positive impacts of employment generation, at least for the individual.

Gediminas: *When these people get employed as manual day laborers for the contractor. Yes, it creates income in that period of time, because it gets stable financial income on by weekly basis. Yes, it ameliorates. The lights in the short term, but when the contract is over, they go back to the same hobbit before.*

Besides employment generation, the labor conditions of Kenyan workers have been discussed. Here, concerns have been raised that Kenyan workers have not always been paid, that their wages are lower compared to Chinese workers and that some workers have been victims of physical violence. There were very few comments indicating positive labor conditions.

Arielle: *It sucks for Kenyan workers at the most part. You know, they're, some of them are glad to have the job. But it's been a you know, I call it a travesty in bargain. I mean, it's, it is another kind of neocolonialism. I don't think they respect human rights among casual unskilled or semi skilled workers.*

Gediminas: *So to talk specifically about my own field work, yes, I have come across many instances when people were saying that they were being physically abused by managers from China, so they're being beaten up at the construction site or not doing work properly. And that*

happens because of the communication issues because most Chinese managers don't do not speak English, or local languages or Kiswahili. So the point is frustration and that's how they communicate which is of course ineffective and it is a human rights violation.

Aggrey: *Then there was another controversial issue of segregating local workers from Chinese workers. So people were asking if people have to work for the same organization, why would you not build build Strong teamwork by having them mix and mingle. So that that's that's not something they have fully addressed. But it just shows you that despite them being part of the infrastructure project, there are questions about human rights violations. Some people have complained, they don't have contracts, they don't have insurance for their jobs, they don't even get annual leave. So these are the basics, as far as the international labor laws are concerned that have been floating by the teams.*

Some responders relate the negative working conditions to the lack of transparency in Chinese FDIs, that also is apparent in the SGR construction, which has made it less scrutinized.

Jacob: *Okay. And local impact also could be there are many facets to this. There are many, obviously many layers to what this means. But you also see, one thing is like treatment of workers, I think would be very different. If it comes from a more responsible, responsible, more scrutinized western country, and their investments and their kind of projects and their constructions or infrastructure projects, while China I think is less concerned with being scrutinized and less concerned with the question and less concerned with potential consequences that are not really not their main concern now when constructing something.*

However, some interviewees deny that there would be any differences in labor conditions between Chinese and FDIs from Western countries.

Zhengli: *Well, to be honest, I never understood the Human Rights nonsense, from at least, at least, you know, in the Kenyan story. I mean, of course, can you human right is very, very important. And I would say that almost all companies abiding to basic standards of human rights and it's not distinguished, I mean, Chinese practice is not distinguished in that level. I'm not seeing above or higher, you know, a range against human rights by Chinese companies or lower ones. I think it's just gonna They're here abiding local regulations and doing what they can in order to earn money. And yeah, I don't I don't see why human rights play play a role here in terms of Chinese economic activities in Kenya*

Another very evident positive community impact that was raised amongst almost all of the interviewees stem from the training of Kenyan SGR workers conducted by the Chinese. According to the interview answers, they trained workers in various positions even though it seemed to be somewhat restricted:

Zhengli: *China has several programs in in Kenya and other African countries to train locals. They're collaborating with high school, high tech schools and technical schools in Kenya for*

example. They have some scholarship going on, to send African students to China to get trained and they also send Chinese trainers to tech schools in Kenya and other African countries to train the local students. And they also sponsor equipments from China to send them to the rural areas of Kenya in order to train the students over there. So I would say it's a traditional way of financing and training in order to sponsor the technical like you said skills.

Arielle: *I know that certain workers, the engineers and stuff have gotten some training from the Chinese and I know China has a lot of interactions with with engineers trying to get both training and also trying to preserve the good ones.*

Benjamin: *Because of course, they want to, you know, maintain their business model and competitiveness, which also means making sure that Chinese companies get contracts in other African countries as well.*

Arguably, the Chinese training took place to an extent that would be appreciated by the local communities without endangering the Chinese dominant position within the infrastructure sector in the long run. However, the Kenyan government was also accused of hampering the degree of training by not pushing their labor regulations further:

Gediminas: *The problem is Kenyan government that does not enforce these rules that would require to have a certain amount of local engineers who would be trained either in China or somewhere else. Because of course, from the operational point of view for the for the Chinese contractors, it's much easier to bring their own personnel, it saves them time and effort, and they just trying to make to meet the project deadlines and make the project viable financially. So I would say that this is a you know the the shortcoming that is coming from the Kenyan government itself, that they don't push limits or these labor regulations. They don't have the labor regulations for the manual work that that should go out, including the high skilled labor.*

However, it became evident that local construction sector benefited through the SGR construction by gaining new knowledge during the construction process:

Zhengli: *The skill transfer happened you know, unconsciously or consciously alongside the project as well. So along the whole Nairobi Mombasa Railway, there are several towns that I mentioned that there are stops where the you know, the terminals in certain areas they used to be very small towns where you have a number of inhabitants that doesn't exceed maybe 10,000 or so. But if you go to those places now, there are a lot of economic activities going on. And if you ask people, there are a lot of people who said that they actually got subcontracts during the construction of the SGR and in the meantime, they gave capacity to access to capital. They learned a lot of new skills in the construction sector. They earned a lot of money. So they managed to build up their own small businesses even though it's not the same scale as the CRBC of course. But the local economy has definitely benefited from developing this SGR. And this is just in the construction sector.*

Yet, the extent of the training of local workers seems to be a bit limited if you consider the size of the project in terms of costs and amount of jobs created:

Zhengli: *Well, I think 300 or something, people were brought to China to get trained as operators and service providers on the along the train. So definitely, there are people directly or indirectly benefiting from from the whole development and also the newly built terminals.*

It also became evident that China seems to control most of the high-skill knowledge such as management and engineering:

Gediminas: *All the high skilled quality labor comes from China. And there's almost no training and capacity building for Kenyan counts. For example, when you go I've been to let's say 12 construction sites on along the SGR and all the the managers and engineers supervising the project are Chinese nationals. So the spillover effect in terms of technology transfer through training, I would say from what I've seen based on my research is non existent. And if you look into national media, they a lot of people make the same critique that the local labor employed is low skilled labor while the high skilled labor comes from China.*

On a local-community level, there have been responses which indicates that the Chinese company CRBC and Chinese workers have tended not to show respect for the identity of local communities in the form of religion, beliefs, ethnicity and traditions.

Aggrey: *There's always that kind of perception in Kenya that the Chinese a sort of racist sort of looking in once and sort of in terms of dealing with their Kenyan or African counterparts.*

Aaron: *I don't think China is really good at showing respect for identity, culture and trust life of community and culture.. I'm like, because as I said earlier, the first topper is efficiency. I get it off. So Lot of those culture in the deist communities and tourists are sacrificed unfortunately.*

On the other hand, several comments have related to the positive contribution from the new railway in relation to more comfortable, enjoyable and reduced travel time, which is seen as a great benefit to passengers and local communities.

Aggrey: *As far as the transportation of passengers is concerned, it has met navigation between Mombasa and Nairobi much more easier because now people have a way, the option of been applying or going by road or going by some sort of is mixed situation at the moment.*

Benjamin: *I know this firsthand from a student of mine who was Kenyan was, of course the benefits to Kenyan citizens, they get transportation which is more effective, more efficient,*

quicker, cleaner, more reliable, and you know, which is new. And let's face it, I mean, who doesn't like to ride in a brand sparkling new train?

In concluding the impacts on community-well-being, it should be argued that the SGR has had both positive and negative effects. It appears that some of the negative comments, such as what has been conceived as discrimination and racism against Kenyans could be attributed to the ethical and cultural differences that exists between China and Kenya, which of course does not make it less traumatic for those that are victims of it. Modernization theory would argue for the benefits for Kenyan communities from as opportunities for learning and development (Bernstein, 2001). There also seems to have been some training involved of Kenyan workers, at least for a selected few who have been selected for engineering/train operation positions. However, for most Kenyan workers there have been no training involved and the negative working conditions, the short-term hiring or even lack of contracts together with absence of wages for some workers to a large extent have offset any positive effects. Also, local communities seem to have been victims of racism and discrimination from Chinese people, which has made many Kenyans skeptical towards Chinese presence overall. This seem to closer align with dependency theory, which argues that because of the structural inequalities between Kenya and China, Chinese workers will always consider themselves to be more worthy than Kenyan ones, and therefore the exchange will always be negative for Kenyan communities (Kusimba et al. 2019). Another positive note was that almost all interviewees seemed to agree about the benefits from the new railway to passengers. To what extent that offsets the negative experience by Kenyan communities is hard to appreciate, but it is evident that is distinctively more negative than positive remarks in relation to the SGRs effect on Kenyan communities.

6.4 Environmental impacts

As mentioned earlier, the thematic analysis was conducted with the theoretical framework in mind which also enabled the interview guide to include questions about the SGR project's environmental impact.

All the identified positive interviewee observations stem from the same perception, namely that the new railway would decrease pollution as transports with other means of transports would decrease:

Zhengli: *If you think of the fossil fuel consumption and the efficiency, let's say the efficiency of the fossil fuel consumption in terms of the SGR comparing it to other means of transportation*

is definitely much more effective. And that could be counted as a positive environmental outcome. If you compare the fossil fuel consumption and its efficiency, you know, let's say how many tons of goods it can convey per tons of oil or gas. It's definitely much more environmentally friendly to use rail instead of trucks.

Moreover, before presenting the more negative findings in relation to the environment it should be mentioned that the environmental adaptation when pursuing with an FDI seems to be a learning process between the Kenyan government and CRBC, and while many have blamed CRBC for constructing a railway through two national parks, it don't seem like they had much of a choice:

Zhengli: *Chinese companies are facing any infrastructure projects is a disruption for environment, you know, for the environment, any project in name if it is a road or bridge, really anything you build will be disrupting the existing environment. But that doesn't mean that we, we can't build new roads or new railways. It depends on how you cultivate the environment that you have destroyed or interrupted. And how how do you read habitat, you know, the animals and so on. So I think now the biggest challenge facing the Chinese contractors is their involvement in rehabilitating the environment after the interruption and I think they're learning. They're in the process of learning because this was not such a big challenge in China, because the the environmental rehabilitation is done by designated parties and companies in certain areas. So the contractors do not have to worry. When they start construction as long as they abide by certain laws, they don't have to worry about rehabilitation of the environment. But when they operate in foreign soil, it is their reputation that is under pressure, you know, when it comes to environmental issues. So I think CRBC, for example, is under huge pressure now, because of the SGR running through two national parks. So I will say that they it's not because they don't care. It's because that they were not used to this method that is applied here. So they're also learning how to negotiate and how to work together with the government in order to rehabilitate the environment. But they're also learning how to do the PR, because I think a lot of the claims are not not true. Yes, it runs through two national parks, but it's not their decision to make.*

On the other hand, a large infrastructure project like the SGR is likely to have impacts on the local environment.

Aaron: *I don't I don't think I don't think there's a positive environment. Any large human built infrastructure, infrastructure project, unfortunately carried negative implications for the environment.*

Aggrey: *So it contributes to environmental damage. There are those who have been accused of causing soil erosion in parts of Kenya and the construct in western Kenya, for example, is accountable the TC where the local administration stopped a Chinese operetta because they were digging through people's farms without permission to construct a road. So it tells you that to them, so long as the project works, environmental issues tech second seat.*

In this respect, concerns have been raised about the chosen route of the railway, which is believed to have negative implications on the animal wildlife.

Aggrey: *The railway passes through two national parks in Kenya. And so the question was, how will the animals be protected, for example, then it turned out that some of those workers had been killing those animals ethically.*

Arielle: *So, and then, of course, there's the whole issue of the poor animals. They built the they built the trestles so that the theory of the animals could just go through but they're so spooked by the noise and by the obstructions that it's changing. There also fewer and fewer animals. So this thing is going through Tsavo National Park.*

On the other hand, some respondents emphasized the inherent difficulties in constructing a railway in Kenya, and no matter the nationality of the constructing company it would be hard not to leave any environmental damages.

Jacob: *There's just an inherent problem between connecting Nairobi and Mombasa, also because of the layout of Kenya because there is a lot of these national parks that go or in between of these cities between the plateau that is not already and the poor town that is not mobile. So there's, I would have a hard time seeing that you wouldn't have to go through any protected areas.*

Besides the infrastructure construction, there have been comments pointing to the activities of Chinese workers as having negative implications on animals and wildlife

Arielle: *Oh, well, there's that there's a whole other poaching thing going on and they still arresting Chinese and Southeast Asians who are poaching at night and grabbing rock, rhino horns with you know other things in rhino horns. tusks of elephants, I agree is still a problem.*

Another issue with environmental protection has been attributed to the lack of enforcement capacity of Kenyan authorities.

Arielle: *Now it's exactly what gobbledygook there is in the Kenyan law regarding environmental protection, it's supposedly pretty good. But, you know, they don't follow their own stuff. They don't. They don't have the enforcement. They have pretty loose laws that are very British and then they don't enforce them.*

Zhengli: *I would say in terms of regulation or law or more in law provision. In Kenya, it's quite strict. However, law enforcement is another thing. So the Kenya is famous for its incapacity, in lowering face enforcement in a lot of areas, including land regulations and environmental protection.*

As well as lack of proper environmental assessment of the SGR construction

Gediminas: *No, they happen because the the strategic What is it called social and environmental impact assessment was not done properly. And that's a fact in the in the context of Kenya, for example, when they decided when the government decided that railway will go through the National Park in Nairobi. The decision was made before the environmental impact assessment was made.*

Elisa: *So, you know, they're often rough and very cheap environmental assessment, not just the Chinese once, but they can be done very quickly, and something can be left out.*

To summarize environmental impacts, it is hard to neglect that most responses had a negative attitude towards the environmental impact in Kenya even though some positive as well as neutral aspect were raised. The positive comments related to the substitution of the old railway with a new more efficient one, as well as the reduction of heavy road traffic. However, the SGR runs on diesel with close to no possibility to electrify it owing to the high costs involved, which also limits its positive environmental contribution. The negative comments related mostly to the animals and Kenyan wildlife, which is believed to have been affected both by the route of the railway, but also on animal killings by Chinese people. The negative impacts were mostly related to the performance of Kenyan authorities, which was argued to lack of enforcement capacity and did not conduct a proper environmental impact assessment of the SGR construction. The combination of lack of environmental concerns of the Chinese CRBC and limited capacity of the Kenyan environmental authorities is therefore believed to have further contributed to environmental damages, which seems clearly to have offset any positive environmental contributions. Environmental impacts from infrastructure construction is not to any clear extent considered by either Modernization or dependency theory, which makes it difficult to discuss the environmental findings from a theoretical perspective.

6.5 Governance impacts

The findings in relation to the governance impacts of the SGR project can be equated with the environmental findings since it is clearly evident that it prevails a more negative than positive sentiment among the respondents. As a matter of fact, the thematic analysis did not identify any visible positive impact but some of the interviewees at least had a more neutral than negative view.

The media surveillance of the SGR project has focused its criticism towards the escalation of corruption which is demented by our findings:

Zhengli: *Corruption in Kenya. Corruption is already there, you know, it's not because of the project that the corruption is enhanced. It's not like that.*

As for the accusations towards China claiming that they are consciously putting Kenya in a debt-trap, Zhengli, Aggrey and Gediminas instead mean that they take advantage of development opportunities and that Kenya need assistance with that type exploitation:

Zhengli: *Far as I can see, the Chinese has the Chinese agenda has been very clear, mutual benefit. The way they issue loans. It's not that they want to put Kenya into trouble is because that they see there's space for development and they want to benefit from it. And that's the reason that they issue so much loan.*

Aggrey: *Chinese will tell you that they are not interested in what happens in Kenya politically as they are only interested in whether the relationship between Kenya and China can be sustained and improved and made to be more strong.*

Gediminas: *The Chinese contractor said, what they say when you interview them, that they follow the national regulations implemented by the by national governments. So they are essentially the contracting party that does not look into the bigger political context that they're just doing what the government tells them in the context of well, national context*

Yet, one should also take into account that these perceptions seem to come from the Chinese perspective and the negative sentiments presented below comes from a wider crowd. The thematic analysis found that the negative comments related to cases of corruption, especially within the government and amongst state officials.

Aggrey: *No one has been jailed because of corruption. I can tell you that the initial officials and the Minister of Transport were fired because of the media and all this.*

Arielle: *I mean, the Kenyan government has been there so corrupt. There's been so much stealing going on that, that they ran to China, when the World Bank and some of the other the IMF impose too many restrictions. And they, you know, China's attitude is we don't care what your politics are, we don't care. We're up to our will will will finance this and then you'll only owe us a ton of money and That's what happened with SGR.*

Arielle: *The interesting thing about Xi Jinping is that even though he he's a very repressive leader within his own country that apparently the Chinese don't really give a shit about the*

political. The political climate of the countries they're going as long as they can reach the right leaders pay him loss, do the deals, they just go ahead and do it.

Benjamin: *But in the in the case of this standard, huge fail It's possible that there were, you know, there was corruption, that there were kind of double dealings which led to the project being so inflated in the first place. I think that the project doesn't the cost, the total cost of the project doesn't necessarily reflect the real cost of the project.*

Moreover, the debt aspect was also raised, where interviewees were concerned that owing such a large portion of the bilateral debt to one country, especially China, would limit Kenya's ability to self-govern and make the country more dependent on China in the future.

Arielle: *There's been a huge change I'd say in the last more than a decade now and of course Kenya during boys administration even though he was as corrupt as can be, apparently did not have external debt. Now China owns 72%, at least of Kenya's bilateral debt. And some large percentage of external debt.*

On top of these concerns, there is also fear related to the lack of transparency in the SGR construction.

Benjamin: *African journalists have been sent to China for trainings, you know, and they get paid first class tickets and they're put in fancy hotels and they're given a kind of luxury treatment so that, you know, they so that when the time comes, when it comes to, you know, stories about China, they don't forget, there have been, there has been pushback from some journalists on the African continent.*

In conclusion, there have been close no positive comments put forward on the impact on Kenyan governance. The less-negative comments have highlighted that China is doing business in Kenya with an interest in maintaining good relations with all political actors, and with the ambition to make the investment profitable to both parties, and by not interfering in Kenyan political affairs, they respect the integrity of the Kenyan government, which is argued to favor its long-term development the opportunities that comes with the Chinese investment. The Beijing consensus emphasizes that China is open for business with all political leaders independently of their legitimacy (Turin, 2010), which is believed to have both positive and negative implications. From the negative side, some respondents argue that the non-interfering policy is just an excuse to bribe political leaders without taking responsibility for political consequences. Also, the lack of transparency of the SGR construction is argued to be negative for Kenyan governance. Dependency theory would argue that China is using the vulnerable Kenyan state-system as a way to put forward its own state-interest and the lack of transparency and bribe-

giving are examples of that (Bosshard, 2008). Taken together, it seems like the SGR construction have had a more negative than positive effect on Kenyan governance.

6.6 Overall perception towards the SGR

When analyzing the overall findings from the thematic analysis it is clear that there have been both negative and positive attitudes towards the SGR project in relation to impacts of the different aspects of sustainable development. It is however worth mentioning that an overall attitude towards positive local impacts was mainly expressed by Chinese nationals, while it is possible to identify a more negative stance amongst the participants originating from Kenya and western nations. There are no clear explanatory models offered by the theoretical framework, which highlights the limitations of the theories to consider foreign investments from the perspective of the host-developing country.

The Chinese overall view of the SGR projects was to a large extent summarized by Zehngli:

Zhengli: *This is a Kenyan railway. It's not even though it is financed by Chinese loan. It's a Kenyan project. It's only financed by a Chinese bank and constructed by a Chinese company, but eventually, it comes to the hands of the government of Kenya to run and and make profit. Profiting I don't mean economical return in a very fast sense. I mean, none of the railways in the world have made money with his passenger carriages within even within 10 years, it's impossible. So you have to look at the project, the bigger scope in the backdrop of the Kenyans own development agenda. And I would say it's much needed for the country, even though it's not making economic return in the short term. It's a backbone project for the country enhances the connectivity among different regions, and between the coast and the inland cities. And it passes through a lot of small cities, where connectivity accessibility is enhanced for originally marginalized populations. So it's a very important project for the country.*

While the more skeptical negative approach towards the SGR could be summarized by Arielle:

Arielle: *All I can tell you is that I think you should know, one big thing about SGRs is they wanted a fancy infrastructure project. They're building what I call them big cigar projects. In other words, the top guys, you know, congratulate themselves including Kenyatta. I do not think it was positive. It was not a positive step for Kenya economically, in terms of community development or governance.*

On the other hand, the more negative sentiment does not close the door for positive impacts in the long-run, even though it seems that the Kenyan government will have to change their involvement within and around the SGR project:

Gediminas: *I mean, that's the thing is that it's not black and white. Like I would say from middle classes, it was a positive investment, because it facilitates them ability. From Mombasa to Nairobi and vice versa, to some extent to some medium businesses as well. But for more precarious, vulnerable urban and rural populations, it has presented more challenges and opportunities, as Kenya as a country in itself has created the big and unsustainable public debt and structural dependency on the financial sector sector in China. So, I would say that it has presented more challenges than opportunities up until now, because it's the initial stage of this investment. The way it plays out the future, there's a possibility for improvement if the Kenyan government works on creating integrated infrastructures that links the SGR with existing social and economic landscapes of Kenya, but that is to be determined by what happens in the future.*

7.0 Discussion of empirical implications

The aim of this study has been to explore the impacts of the CRBC's construction of the SGR on Kenya's sustainable development. To guide this discussion and provide an answer to the overall research question, the conducted sub-questions will be structured to align the themes discovered in the thematic analysis, which in turn will enable the research to provide the reader with a wide-ranging discussion with the endeavor to fulfill the research objective.

7.1 Has the SGR FDI positively or negatively affected Kenya's economic development?

Much of the literature related foreign FDIs suggests that the host-country benefits from positive spillover-effects. This perspective emphasizes above all the benefits FDIs brings to the host country in the forms of technological innovations, capital and knowledge, which increases the productivity of the economy, broadly summarized as the neoclassical model. This has been found by for example Moran (1990), who argues that efficiency is further strengthened through growth of wages and competition that is brought by FDI (ibid). This perspective is apparent for example in the modernization theory. Especially considering that Kenya is a developing country, modernization theory argues that China, which has itself reached a highly advanced society through an open economy, will be able to positively affect Kenya's economic development in the same way. The positive spillover effects have been confirmed by some respondents, who highlights that some Kenyan workers have been employed to work as engineers or train operators. These are however a tiny fraction of the total Kenya workforce and is not believed to have any real positive contribution to Kenyan economic development, which feeds more into the dependency theory perspective, which emphasizes that the structural inequalities between Kenya and China will force Kenya to accept a strict division of labor where low-level manual jobs are given to Kenyan workers and the advanced jobs are occupied by China. This type of labor also contributes to little technology and skill-transfers (Kusimba et al. 2019).

The positive contribution of the SGR to Kenyan infrastructure development seemed to be agreed upon by almost all respondents and also aligns with modernization theory, which sees infrastructure as an important part of economic development towards an advanced society. Fingar (2019) for example argues that infrastructure shortages in Kenya is a major impediment to the country's economic development. Both in turn off limiting the domestic business climate, but also as it makes it difficult to attract foreign capital and investments. It is hard to find any direct negative argument against infrastructure development per se.

The utilization by the foreign enterprise of the local industry is another argument in favor of inward FDIs. This has been found in studies by Moran (1990) who argues that foreign direct investments, by sourcing goods and materials from the local industry, positively contributes to expanding its productive capabilities (ibid). However, in the responses, there have been very little optimism regarding the CRBC's utilization of the local industry. The main reasons to this have been considered to be the low quality of Kenyan manufactured goods, which is not argued to fulfill the requirements of transportation construction (Plummer, 2019). Moran's study should therefore perhaps be expanded to also consider specific industry characteristics and the capacity of the domestic industry. Another reason then, which also has been forwarded in the responses is that China is mainly interested in supporting its own domestic industry, and only when required hires local labor or source local products, which can also be explained theoretically, as China's foreign activities mostly relates to its ambition to promote its own domestic industry and GDP growth (Bosshard, 2008). These findings seem to be closer to dependency theory in arguing that China has a track record of not considering host-country industry development.

Modernization theory emphasizes that investments in infrastructure construction carries positive implications for the country's ability to participate in world trade, which offers a further boost to economic growth. This is confirmed by studies from Limao and Venables (1999) who have demonstrated that the volume of trade is a function that closely follows transport costs, and a 10 % reduction of transport costs expanded trade by 25 % (Ibid). Moreover, there are estimates that a one day decrease in inland transit time in the region of Sub-Saharan Africa resulted in the raise of exports of new products by 7 %. Although most of the comments from the interviews related to trade participation argues that the impact has been negative and above all extended the already existing trade deficit Kenya has with China. These findings were a bit

unexpected and perhaps therefore emphasizes the importance of considering the composition of the domestic economy in terms of imports and exports.

Modernization theory further argues that FDIs have a direct positive effect to economic development of the host-country through capital accumulation that creates GDP growth, which also matches the argument from Washington consensus that by maintaining an openness to inward FDIs, the host country will develop faster through higher GDP growth. In this sense, accumulating debt is a natural part of a country's economic development. However, the paper has found that more scholars are concerned with the sustainability of the debt owed to China, which makes it hard for Kenya to repay the loan, as well as limits the ability to invest in other important sectors. This aligns closer with the dependency theory argument that China, when it can, will take advantage of Kenya to favor its own economic development. In this sense, Kenya becomes a market that boost Chinese GDP growth.

To answer the first sub-question, one should emphasize that the SGR construction has had both positive and negative effects on Kenyan economic development. From a theoretical perspective, we should have seen a predominantly positive impact on the Kenyan economy in the form of infrastructure development, enhanced trade, local industry development, spillover-effects and GDP growth. However, it is hard to ignore the majority of negative comments that we have received in the interviews. A majority of the negative comments have emphasized that most of the negative effects have been a consequence of Chinese ways of doing FDIs, which suggests that economic FDI-models should be complemented to include aspects that consider both the host-country aspects as well as the characteristics of the investing firm and its home-country, specifically in relation to Chinese investments as they seems to differ from investments by other countries, both in relation to how they are performed and subsequently its implications for the host-country.

7.2 What have been the environmental implications of the SGR?

Previous literature and research can be seen as somewhat limited in terms of explaining and involving what environmental impacts an FDI could have on the host country. Also, the few scholars that raises this observation have had a very general attitude towards potential impacts as it does not seem that they have investigated if the impacts in question have been for the benefit or disadvantage of the host country. Most often are the impacts also not distinctive

explained in terms of the environment and instead involved in FDIs overall general implications. Yet, the thematic analysis showed that the SGR project have contributed to certain implications for the local environment in Kenya and it was clear that the majority of theses was characterized as unfavorable environmentally.

During the performed interviews, it was however highlighted that the construction of the completion of the SGR had decreased the road traffic between Mombasa and Nairobi which in turn was argued to have a positive impact on the pollution levels as trains are much more friendly in terms of fossil fuel consumption. Yet, none of the responses founded this on some kind of numbers or an actual study. Hence, whether the completion of the railway has actually decreased the road traffic and in turn the pollution through trucks could still be questioned.

However, it was congruently vocalized in several interviews that the SGR project have had more measurable and distinctive implications in Kenya, which in majority stems from negative environmental effects. It was also expressed that infrastructure projects seldom contribute to any positive environmental impacts. Consequently, with the responses in mind it could be argued that one should measure projects like the SGR's positive impacts by looking at to what extent it is possible to restore the environment to its former condition.

As for the more measurable implications, it was clear from the interviews that animals actually had been killed during the construction of the railway that went through two of Kenya's national parks. Consequently, this of course qualifies as a negative impact not only in relation animal rights and biodiversity, but it can also be stretched as a negative economic impact since Kenya is very dependent on tourism which includes safaris. Yet, the motives behind the killings were not raised and several interviews also expressed that the railway probably would have crossed the two national parks regardless of whether the SGR was implemented by a Chinese company or not.

Apart from the implications mentioned above the findings from the thematic analysis also showed that the basis of the environmental problem might not derive from the implemented FDI in question but rather the local law enforcements. Foreign investors, in this case CRBC, often adapt to the local climate which was highlighted in the interviews and it was also mentioned that Kenya is famous for its incapacity in enforcing environmental laws. This does, of course, not justify China's actions and the accompanied consequences but rather proofs that it

is a learning process for both countries and that there are room for improvement in terms of environmental protection in connection to infrastructure project like the SGR.

Another reason to why the SGR project lacks extensive environmental observations could stem from the poor executed environmental assessments mentioned in the interviews which might have contributed to the somewhat shallow findings. It is hence fair to argue that the findings could have been more developed in terms of the environmental impacts if there had been a proper environmental assessment before, during and after the project that in turn could have caught the interests of both previous researches as well as the interviewees involved in this study.

Even though one should emphasize that infrastructure constructions, especially in the form of transportation infrastructure such as railways are challenging to conduct without some kind of negative environmental effects, they seem to have been further escalated by the Chinese focus on profit before environment and their deliberate killings of wild animals. It therefore seems like the combination of a limited capacity of the Kenyan environmental authorities, together with the Chinese lack of environmental concerns have been a toxic cocktail for the local environment, which can be seen above all in the absence of any positive comments from our interview objects. This could be considered as highlighting a weakness in modernization theory, which argues that inward FDIs positively affects the host country's environmental capacity in the long-run, and there are nothing in our findings that indicates that the environment in Kenya would benefit from the SGR construction or any other FDI going forward.

7.3 How has the SGR construction affected the wellbeing of Kenyan communities?

It can be understood that most FDIs will have some sort of community impact locally in the host country which also was assumed in the case of CRBC's SGR construction in Kenya. Yet, to what extent the SGR project have affected Kenyan communities remained unknown up until the interviews had been conducted even though some findings were more anticipated than others. When the interviews had undergone the thematic analysis, the findings clearly showed that this was a topic that engaged all participants, not least when considering the amount of codes generated within this theme in comparison to the others. Hence, there were a lot of observations which can be derived from impacts in the local Kenyan communities, both those of beneficial as well as disadvantageous character.

Some literature emphasizes that FDIs benefit local citizens as it contributes to employment generation, especially infrastructure construction which is a manufacture-intense process (Jhingan, 2003). These findings also to some extent corresponds to the responses from the conducted interviews, such as the creation of 45000 local Kenyan jobs in construction, as well as in the surrounding jobs, such as train operations and other types of supporting functions. These findings are however contradicted by other respondents, who argue that the Chinese construction have added very few local jobs for Kenyans in relation to both high and low-skilled work. In terms of employment creation, it is difficult to assess which side is right, but there has undoubtedly been some employment as a consequence of the SGR, which confirms our theoretical models.

Also, a question that comes to mind when evaluating the job creation aspects of the SGR project in relation to sustainable development, is consequently how sustainable the jobs actually are? It is very evident that the findings fail in explaining this as none of the responses declared what happened with these jobs after the railway was completed. Hence, one can only imagine how many of the 45000 jobs that were just temporary and how many of the workers that actually filled an operational purpose and hence kept their job after the completion.

If neglecting the time horizon of the jobs that was created because of the SGR, and instead looking at what types of jobs the CRBC provided for the local population it is evident that China pursued with a somewhat restricted approach. Basically, all the respondents confirm that the SGR led to lots of new jobs but the variation of jobs assigned to Kenyan workers was at the same time very limited. By evaluating the interviews, it is also clear that China protected its dominant position within the infrastructure industry by making sure that all managers and engineers that supervised the project were Chinese nationals. One could easily argue that even though the SGR created many jobs, did it not prepare Kenya as a sole actor for future infrastructure projects. It is hence fair to say that the Chinese job assignment was positive in a short-term, but it is at the same time questionable if it was beneficial for the Kenyan community going forward. Yet, this might not be a specific characteristic that stems from the Chinese way of doing business as virtually every company that conducts FDIs are driven by economic incentives. The findings also explain this to some extent through Benjamins quote concerning why China is restrictive against assigning Kenyan workers senior positions:

“of course, they want to, you know, maintain their business model and competitiveness, which also means making sure that Chinese companies get contracts in other African countries as well.” (Appendix, Benjamin)

Even though the SGR construction has brought employment opportunities to Kenyan citizens, the concern has been the labor conditions of those jobs. Both modernization theory and other neoclassical economic models argues that foreign FDIs are beneficial to developing countries as they enhance employment conditions over time, as the host-country gradually develops it will benefit from more technological advancement and economic growth which both will attribute more advanced jobs with better employment conditions, but also enhance its bargaining power against the foreign investor, which gives further advantages to local workers (Chew & Lauderdale, 2010). The conducted interviews have not been able to find any proof for these lines of arguments, rather there seems to have been a broad alignment that Kenyan workers have been utilized as cheap and disposable labor with close to no employment security or other types of benefits besides short-term pay at best. The labor conditions have been further worsened by the cultural differences that exists between Kenya and China, in relation to language, culture and workstyles which have further added to racist sentiment between the workers from both countries. Based on these findings, it appears that current models on FDIs are too optimistic about foreign investments to developing countries. They should be complemented with new research on whether developing countries are actually able to advance their industries from inward FDIs. Moreover, current FDI theories should also to a larger extent take account for cultural differences that exists between the investing country and home country, not only as an explanatory factor like the Uppsala model, but how it affects the employment conditions of local workers. These findings seem to closer align to arguments from dependency theory which argues that Chinese FDIs are more concerned about benefiting the home country rather than the welfare of local workers (Kisumba, 2019)

When it comes to welfare of local residents, most responded have agreed on the positive effects from the new railway in relation to reduced traveling time and transportation costs and improved travel comfort, as well as new economic hubs that emerges along the stops of the railway, which is believed to benefit those local communities. The negative impacts mainly related to the same cultural differences that also had a negative impact on working conditions for Kenyan workers, but also that China would be less considerate on the welfare of local population, as they mainly see SGR construction as a profit-generating opportunity and they are not very

interested in engaging with Kenyan citizens. This limits the argument from modernization theory which is that as the interaction between Chinese and Kenyan people would foster innovation and entrepreneurship amongst Kenyan communities by learning, sharing and interacting between the nations (Batukova et al. 2019).

In sum, the paper can conclude that it seems to have been an overall negative impact on community well-being from Chinese activities related to the construction of the SGR. A number of different factors have been identified as explanatory variables. The most positive effect from the SGR to local communities have been the overall improvement in transportation between Nairobi and Mombasa. The increased passenger traffic has also benefited those communities close to railway stations, where economic hubs have started to emerge. It is difficult to directly weight these benefits against experiences. But when doing so, the most significant that appears are the poor working conditions of Kenyan laborers, the lack of opportunity for further development and learning and overall insecure employment conditions, as well as the overall hostility between Kenyan communities and Chinese citizens. This suggests that modern neoclassical models such as the modernization theory should to a larger extent take account for how the activities of foreign enterprises are perceived among local communities, especially in long-term commitments such as Chinese infrastructure activities in Kenya. The negative sentiment, racism, segregation and tensions between Kenyan and Chinese citizens is most likely to have a negative effect on community-well-being and its long-term development. Perhaps the most telling summary of this reality is offered by a quote from Benjamin;

“of course, they want to, you know, maintain their business model and competitiveness, which also means making sure that Chinese companies get contracts in other African countries as well.” (Appendix, Benjamin) together with Aaron; *“For China, the first topper is efficiency ... Lot of those culture in the deist communities and tourists are sacrificed unfortunately.”* (Appendix, Aaron). Which also describes why dependency theory comes closest to explain why Chinese activities in Kenya will never be on equal terms between the two countries. The paper therefore argue that the SGR construction have had a negative impact on the well-being of Kenyan communities.

7.4 Did the Chinese SGR FDI in any way impact Kenyan governance?

The host-country governance aspect has tended to be a bit neglected in literature concerning FDIs, at least in terms of neoclassical models that tends to emphasize the functioning of the

market and minimize the role of the government, to instead highlight that inward FDIs creates GDP growth and improved education and well-being of local citizens, which will foster democratic participation and long-term political development (Knöbl, 2003). These arguments have been hard to identify and does not seem to relate to the Chinese FDI and construction of the SGR. In fact, governance is the only category where none of the respondents believes China have had a positive impact on Kenyan development.

The least negative comments have highlighted that China always engages in a country with the ambition to maintain a positive relation with the domestic government, and that China engages in a country with a long-term perspective by striving to make their business activities a good deal for both countries. However, because of the Beijing consensus and Chinese non-interference policy, the respondents have not been able to identify any direct impact that would have improved Kenyan governance. Another aspect that was highlighted was the significant Kenyan loan for the SGR construction, borrowed by the Exim bank of China, which further adds to the already mounting state debt Kenya owes China. Some respondents argued that accumulating high debts is a natural and unavoidable process of national development. Other comments emphasized a concern that the foreign and bilateral debt (22% and 70%) is owed to China, which could have a negative impact on Kenya's self-governance and ability to function independently in the future. The debt aspect often inherent in Chinese ways of performing FDIs is not considered by the Washington consensus, who rather argues for moderate state-expenditures and balanced budgets in the developing process (Williamson, 2000). It therefore seems counterintuitive from this perspective to be optimistic about Chinese FDIs. Dependency theory highlights the unequal exchange between Kenya and China, which the debt is a sign off. The dependency theory also goes further by arguing that Kenyan national development policies is determined by the external force of China in the form of political, economic and cultural influence (Plummer, 2019), something that also discredits the modernization theory argument that Chinese activities in Kenya is a sign of mutual development (Cowaloosur. 2015).

The corruption aspect has been mentioned by almost all interviewees, and the sentiment is that corruption has been involved in the SGR construction. The responses indicate that corruption have been ongoing amongst both state-officials in the form of bribe-taking. But also, that the cost of the SGR and subsequent Kenyan loan was purposely inflated, and an extensive sum attributed to the railway construction has disappeared. Other comments have even highlighted that China has engaged to fund the re-election campaigns to those politicians speaking in favor

of the project. This indicates that Chinese activities in Kenya has enhanced corruption rather than reducing it, which shows that the Beijing consensus, arguing that China does not have any political influence in the host country is actually wrong, as the SGR construction is an example on how corruption has escalated as a consequence of Chinese involvement in politics.

Transparency was not a widely covered topic in the interview responses, but some comments pointed to how Kenyan journalists have been paid tickets and luxury visits to China, as a guarantee that they would write positively about the SGR project. Moreover, transparency have also been highlighted as a concern regarding lack of access to information about the SGR construction in relation to amongst other things; costs and environmental impacts. Taken together, the SGR construction has not had any positive impacts on transparency in Kenya. The lack of willingness to share information and the bribing of Kenyan journalists most likely have a negative impact on transparency in Kenya.

In conclusion, the negative comments have also in this aspect been in majority. The less negative comments have related to the Chinese ambition to make the SGR construction a good deal for the Kenyan government. Although the paper has not been able to identify any concrete examples on how this would be the case. Maybe it has been a good deal for those state officials and government politicians that have received bribes from China, but this is not something likely to benefit the ordinary Kenyan citizen. Rather, the mounting state debt, subsequent loose of self-dependency, darkening of costs, expenditures and environmental consequences of the SGR, as well as bribing of independent journalists all is believed to have a negative impact on Kenyan governance. Again, highlighting the limitation of modernization theory to predict governmental consequences from inward FDIs, which is instead found in dependency theory's emphasis on the structural inequalities between Kenya and China.

8.0 Conclusion

This research has aimed to explore and identify the potential impacts the Chinese CRBC performed Standard Gauge Railway FDI have had on Kenya's sustainable development through the research question: *How has the Chinese FDI and construction of the Standard Gauge Railway project affected Kenya's sustainable development based on Peter Dickens framework on the impacts of multinational enterprises?* It takes its point of departure in a prudently con-

structured theoretical framework of which theories of Foreign Direct Investments and its accompanied effects on the host country were employed. In turn, the paper outlines the chosen case study – The Standard Gauge Railway – which provides the reader with a comprehension of the project's events and character.

In its definition of sustainable development, the paper has considered four aspects deemed important for Kenya's sustainable development, namely; Economic, Environmental, Community and Governance. Hence, the construction of the SGR has been assessed based on its impact within these four areas. The thematic analysis of the interviews, utilized to examine the theoretical framework, revealed that the SGR project have had both positive and negative impacts in relation to Kenya's sustainable development even though there is a clear indication that project has brought more negative than positive ones. This was apparent not least in relation to governance impacts, where none of the ten interviewees could identify any positive implication from the SGR on Kenyan governance, where reduced self-sufficiency and lack of transparency towards CRBC's operations were the main concerns. The environmental perspective was close to being equally negative, even though one positive implication was derived from several respondents who highlighted that the SGR construction has led to less heavy road traffic and therefore also reduced levels of pollution. The negative concerns were mainly derived from the killing of wild animals as well as the Kenyan government's lack of environmental law enforcement in relation to the SGR project.

The economic aspect was more of a watershed, as both positive and negative effects were highlighted. But also, here, the negative sentiment prevailed. Even though there was a general belief that the project has improved Kenya's overall infrastructure, concerns were raised towards limited spillover effects and high project costs in terms of both construction and loan arrangement.

Lastly, in relation to community well-being, the thematic analysis also demonstrates that the interview responses consider it to have been an overall negative impact within the Kenyan local communities. Yet, there were positive claims towards improved connectivity beneficial for the local population. On the negative side, concerns were raised that there have been both racism

and discrimination against Kenyan workers, as well as bad working conditions during the railway construction. On top of that, the SGR construction was believed to have resulted in relatively few employment opportunities for Kenyan workers, and a majority have been low-skilled with few opportunities for advancement towards leading positions. Thus, by having answered each of the four sub-questions, it becomes evident that the SGR project have had an overall negative impact on Kenya's sustainable development.

Ultimately, the data evaluation resulted in findings which contradicted the theories applied regarding certain points, which led to a suggestion of taking additional aspects such as home country setting into account when investigating both Chinese and other more state controlled FDIs. Consequently, the contribution of this paper has specified understandings in relation to how the Chinese SGR FDI affected Kenya locally, and in turn indicated if the various implications originated from the more state controlled Chinese way of doing business or if they were a natural outcome of any profit seeking FDI no matter its home country structure. Such insights might contribute to the contemporary FDI literature in which FDI as an occurrence and its following effects which does not seem to take the investing country's specifics into account, at least not those including state ownership and control, which opens up for theoretical suggestions and improvements.

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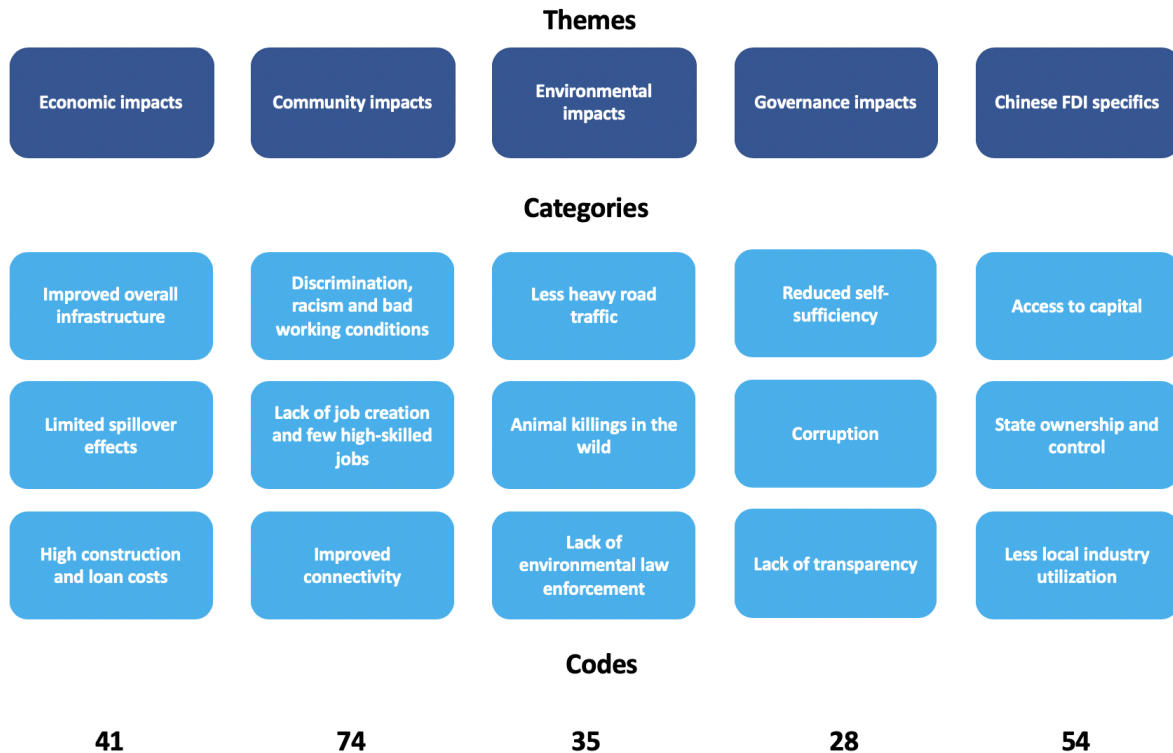
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Appendix

Appendix 1: Thematic Coding

Name	Files	References
▼ Governance impacts	8	28
Positive governance impact	2	2
Neutral governance impact	5	9
Negative governance impact	7	17
▼ General attitude to SGR	8	14
Overall positive towards SGR	3	5
Overall neutral towards SGR	4	4
Overall negative towards SGR	3	5
▼ Environmental impacts	9	35
Positive environmental impact	2	3
Neutral environmental impact	5	10
Negative environmental impact	6	22
▼ Economic impacts	10	41
▼ Trade impact	6	9
No trade imbalance	1	1
Positive economic impact	3	7
Neutral economic impact	5	5
Negative economic impact	7	15
Kenyan economic development	3	5
▼ Community impacts	10	74
Positive community impact	8	22
Neutral community impact	9	18
Negative community impact	10	34
▼ Chinese FDIs	10	54
Local industry utilization	6	12
FDI conditions	3	6
Economic incentive	2	4

First coding cycle in NVivo 12.



Second coding cycle performed manually.

Appendix 2: Interview Guide

Personal questions

1. Can you please introduce yourself and describe your professional position and field of study if you work within academic research?
2. How have you come across the Standard Gauge Railway project in your professional life?

General questions

1. Have you noticed any differences between Chinese FDIs and FDIs from other countries in relation to investments in Kenya or Africa in general?
2. Does the fact that the Chinese Road and Bridge Corporation is owned by the Chinese government have any implications for the SGR project?
3. In your opinion, how have Foreign Direct Investments (no matter the industry) affected Kenya over the last decades?
4. Are there any noticeable differences between Chinese FDIs and for instance FDIs from western countries in terms of impact locally in Kenya?
5. How does the investments in the SGR project fit with China's overall industrial policy?
6. Has the fact that countries in the West to some extent compete against China for many of the market opportunities in Africa contributed to a negative sentiment amongst western literature related to China's activities in Africa?

Economic impact

1. Has the high costs of the SGR project limited the Kenyan governments potential to invest in healthcare, education, food security or other important sectors?
2. Much of the literature related to outward FDIs suggests that the host-country benefits from spill-over effects such as technology-transfers, knowledge-spillovers, increased competition that foster innovation etc. Are there any evidence suggesting that the SGR project have resulted in any spillovers that benefits Kenyan economic development?
3. Has the SGR project positively or negatively affected Kenya's economy? If so and how?
4. Has the SGR project, through better connectedness within Kenya contributed to raising trade within the country, to neighboring countries and to the rest of the world? If so, has there been any negative or positive consequences?
5. Chinese exports to East Africa amounted to \$3.78 billion in 2018, while it imported \$167 million the same year. Is it possible that the SGR project has increased trade imbalances between Kenya and China?
6. To what extent did the Chinese Road and Bridge corporation utilize the local Kenyan industry when constructing the SGR?

Community impact

1. Has the Kenyan government and the Chinese Road and Bridge Corporation respected and accounted for the identity, culture, interests and lives of indigenous communities in the construction of the SGR project?
2. There is literature that indicates that China are less considerate on human rights issues compared to western companies that invests in Kenya. How do you consider that and what implications would it have on Kenyan workers?
3. Kenya suffers from skill-shortages in several sectors. Has China contributed to educating Kenyan workers in ways that can benefit them in future infrastructure projects?
4. How have Kenya and China dealt with the cultural differences that exists between them? For example, related to leadership and work styles, religion and expressions?
5. Has the SGR project contributed to a decrease or increase of poverty in Kenya? If yes, how?

Environmental impact

1. Have you noticed any indication that Chinese infrastructure investments in Africa have had more or less environmental damages compared to infrastructure investments from Western companies?
2. Has Kenyan environmental regulations provided adequate protection for sensitive ecosystem and biodiversity? And has the Kenyan government and the Chinese Road and Bridge Corporation in the construction of the SGR followed and respected Kenyan environmental laws and obligations?
3. Are there any evidence that the Kenyan government have lowered its environmental protection to make the investment more attractive for China?
4. Has there been any positive environmental effects from the SGR construction?

Governance impact

1. Did the large sums invested in the SGR railway from China escalate corruption in Kenya? If yes, how?
2. How has the Chinese investments in the SGR affected the relationship between the Kenyan and Chinese governments?
3. There is literature that indicate that China is skeptical towards democracy in developing countries and aims to separate business from politics. Is this true, and in that case how has it affected Kenyan governance?
4. Approximately 90 % of the \$3.6 billion cost to construct the SGR was financed by loans from the Exim bank of China. Is there a risk that Kenya is becoming dependent upon loans from China to finance its infrastructure, and what implications could these loans have on Kenyan self-governance?
5. Has the Chinese investments in the SGR project impaired the relationship between Western economies and Kenya? If yes, what effects will it have on Kenya's access to loans and investments from the West?

Additional questions

1. Are there any factors concerning our research that you believe is missing or should be covered?
2. If you take a helicopter perspective, in your own opinion, do you believe that the Chinese SGR FDI has contributed to a positive or negative overall value to Kenya locally in regard to economic, environmental, community-well-being and governance?

Appendix 3: Interviews

Benjamin Robert Barton

00:00

At least compared to Sweden where we are from.

00:03

Oh, right. Okay. Um, yeah, I heard that in Sweden. It's a lot more liberal approach in Malaysia when semi locked down, so it's not too bad. But it's just a bit awaring it'd be nice when it's finished. You know, I agree.

00:21

We're having made it Easter in America now or was it was big before it's been going on for about one month now.

00:36

Amen. Sorry, was also kind of in the same restrictions or the ether restrictions. We know, they know that the restrictions are not, I mean, like, you know, one person can go out to the supermarket and you know, you can drive within like a 10 kilometer radius, but that's about it. Okay.

00:59

Well, how long have you been And coping with the teaching of stuff.

01:04

Yeah, online teaching, which I gotta say I don't really like doing. But it's, well, the thing is we designed all these courses for teaching in the classroom. Right. So you can't just replace the classroom with an online platform. But, yeah, we moved to that quite quickly, actually. So, but actually, the rumor has it that we'll be teaching next semester online as well. So we'll see.

01:32

Yeah, we got an email from our university as well, stating that they probably do the same. Yeah, I know that the worst and hope for the best. Yeah, absolutely. And then the students are at an angle right or do you have any accents yet?

01:52

They say no. Good. So we, we must

01:55

have assignment. So exams we only have only a few modules have exams. exam period is coming up around about a couple of weeks time. That's when semester finishes. So students are cooking some, okay, some not so good, because learning from home is not the same as learning on campus.

02:15

But you can have this

02:19

or not no friends that have asked me the same way. I mean, there's social. So it smells kind of. Yeah. And I noticed as well, kind of, it's not as strict anymore. I mean, we have rules. So we have to take a look at our interview questions for ya.

02:41

Yeah, I did. Yeah, you got a lot of questions. I mean, very good questions. I would just say as a preamble, I'm not sure I can answer all of them because some I have no information. But I'll try my best and, you know,

02:55

hopefully EOB have added value to your research perfectly. Be sure so we if there are any questions that are there, we can just skip them because surely a lot but we were afraid to kind of let something out we thought more than less kind of

03:12

now that is great. I mean it's a it shows you've done a lot of background checks and then a lot of due diligence on on on the matter at hand. You know, which I think is fantastic. I mean, that's what a research project is all about. So you should you should be collecting a lot of data.

03:35

So we have to first Ephesus to start with just to kind of get some basic information about your link to to our research.

03:48

Yeah, sure. So, yeah, and as well as your background, and where who you are or just a quick one, what would like your recent field research

03:53

Yeah, sure I graduated with a PhD in 2016. So not that long ago. My kind of original field of research is actually looking at the relations between the European Union and China, mostly on security matters concerning Africa. So since I took up the position here in Malaysia, I've been here for about two years now. And not again, as quite a lot of interest in the Belt and Road initiative. So I have been focusing more on like the Maritime Silk Road, the security components of the Maritime Silk Road, looking at policy implications for the United Kingdom, after Brexit and with my colleagues, we have a campus in China as well, in the UK. We've been doing some some kind of preparatory work research on on agency of local actors along the Belt and Road initiative. So focusing more on the so called recipient states, in Central Asia, South Asia and in Southeast Asia. So looking at how what role they play to they play a role in shaping the narrative, the Belt and Road initiative, these kind of things. So I guess Lastly, been writing a paper of EU China cooperation in the context of the BRI. So I'm also I mean, I'm interested in your research because I, myself is I still feel like I'm still learning about it. So I'm always happy to learn more basically. And I actually often find that master students do some fascinating research about the BRI. So, so that's why I'm also curious.

05:47

It's a good opportunity to learn more. Absolutely. Okay, well think that introduction. Our second question is your relation to the Standard Gauge project came across in your research or Yeah, yeah. So of course, because I, you know, I have an interest in in Africa. So as part of my teach thing, I teach a module on Chinese foreign policy at the university and that module, I have a, as part of that module, I have a section on African. And in that section, I basically talk about the BRI and the economic implications of countries who engage in BRI projects, or Chinese backed loans. Because I think there's some great examples on the African continent. If you take Sierra Leone or the Ivory Coast of late, they've made some decisions which which you would expect small and poor countries to not be able Stand up to the Chinese government. But actually, surprisingly, sometimes these are the countries which are able to do things which we wouldn't expect them. So of course, the standard gauge railway is probably the first or second most talked about probiotic project in Africa with the railway connecting Addis Djibouti. So yeah, that's that's I presented as a case study to my students because of the the risk, the different kinds of risks which, which go along with this project, mostly in terms of debt sustainability in Kenya.

07:39

Huh? Yeah, that's actually very interesting because now we are also launching a second phase of that right road. I mean to to neighboring countries now, right? Yeah, correct. I was going to I Uganda. I believe so.

08:02

Yeah. And this is going to be financed in the same way or how they spoke about that. I mean with the ExIm, Bank of China.

08:10

I don't know about the specific details with regards to that project.

08:16

Okay. This is also when you say that will accomplish conference to be rescinded against Chinese. You have an example.

08:24

Yeah. So the example I like to give is there was a project to build an international airport in Sierra Leone. There's already an airport in Sierra Leone, which is international, but it's just that it needs regeneration. And the President Julius Mata Bo, when he was elected, I think in 2018, he said cancel the project. He said Sierra Leone as a full country, it doesn't need to be lumbered with debt for projects like this, which he doesn't need. And he was true in saying that. The other example I mentioned was Ivory Coast. I because I think I can't remember which year it was, but they implemented legislation whereby any Chinese investment in infrastructure projects would need to recruit 80% of local staff for their projects. So only 20% could be Chinese. And and, you know, that's quite novel for Chinese investments on the African continent, which which do tend to use African labels, but there's no there's never like a fixed requirement in terms of the percentage that was also quite a quite new and now these aren't connected to the BRI per se, but you can say that, essentially that will shake any BRI projects, which are rolled out in West Africa.

09:50

So do you think the countries can learn from each other than automate and how they interact with the Chinese influence. They can learn that, and is there a learning process which goes on here?

10:08

I think African countries developing countries actually watch to watch what happens inside their countries quite closely. It's maybe not an African example. But I can tell you that when Martin, Dr. Martin became president, again in Malaysia in 2018. He took on a whole old this East Coast rail away line, which is a BRI project, running from the east coast of the Western peninsula to the weather measure. That surprised a lot of countries in the region. Because Malaysia is a middle income country, 30 million people it's not a great power by any stretch of the imagination. And that I know that the Vietnamese, for example, who have a very much more, or interdependence in canonic relationship with China. was very curious to see how other nations were getting to, to manage this. So I would expect on the African continent it's the same, the the leaders who stand up to Chinese state owned companies and their practices and the Chinese government. I think that they that that Garner's a certain amount of attention.

11:20

Pacific revealed anywhere and kind of these 80% are also in some senior positions for this year in the office, or was it mostly like manufacturing for the army in China?

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Yeah, I think I think I have to double check, but I think 80% is more for manual labor, not executives. Okay.

11:48

And you're you used to talk before about the debt sustainability that you have, as I'm interested. How do you see

11:57

I mean, wow, what are the consequences?

12:02

These kind of pylons about the African economy is trying to gauge people from that or maybe.

12:12

I mean, influence, as I mean a conversion of loans into political influence. I think it's debatable, because in Kenya there's a lot of it's I think, Kenyan society and politics has been quite polarized by by this project because on the one hand, there were people arguing that it was long a much needed project for a long time. It's just that the the costs involved in construction, were usually so high that it put off most kind of traditional investments. At the same time, there are others in you know, in the Kenyan political establishment, those who are critical of the President. For example, here We say this is a complete waste of money. And so I'm, I'm a bit skeptical about whether it necessarily translates into Chinese kind of growing influence. I mean, yes, obviously, the Chinese companies and essentially the Chinese state, they see this also as like a profit making endeavor. I think where, where China seeks to gain influence by the BRI is for those projects, which they know in advance are financially not pliable. So for example, I think one one case, which is often cited in the literature is that of the port of Hambantota in Sri Lanka

13:48

which was purely a political project. It's been a money losing venture ever since it was started. And ultimately The Lankan government had to engage the debt for equity swap with the China merchant ports, holding the screws because it was not financially viable. I think in those instances, that's China using the BRI for political purposes. But that's not always the case. I think it in the case of this standard gauge, it was a commercially driven project. Why because the Kenyans took a loan, which was something like four times above the market rates, and equivalent to about 6% of the entire Kenyan economy, which is crazy. You think about it. So in this sentence, I think it's more that the Chinese companies Sora a way of making some easy money and they took advantage of it in the same way that they've done with a lot of bri projects and I can this East Coast railway line in Malaysia, the Malaysian government, it was able to negotiate the terms of the contract which had been completely overinflated. So yeah.

15:03

So these, I think the some of the SGR was about \$3.6 billion. Right. So So is this an extremely high sum in a particular place? I mean, is there any Western Electric companies that construct differently about the same time in Africa, our nation or

15:26

from what I read in the literature, it said that the cost of this project was, like I said, about three or four times late to the market rates, the normal market rate, so I think that probably well, it's hard. I don't know the financial specifics, but I think one would imagine that had there been a German or French company building this project, they would have been less competitive than the Chinese contract, right? But in the in the case of this standard, huge fail It's possible that there were, you know, there was corruption, that there were kind of double dealings which led to the project being so inflated in the first place. I think that the project doesn't the cost, the total cost of the project doesn't necessarily reflect the real cost of the project.

16:17

Okay, so it's not as soon as you said that, well, first of all, some commercial interest involved. I mean, you can't say that every single project of the bribe is a more long term. It's also that they see it as a way to earn money and not only Yeah, in the future.

16:35

Sure. Oh, yeah. Oh, yeah, absolutely. I think most bribe projects are about short term. You know, financial gain, and, but there are some projects, which definitely are not.

16:46

And that's when all the questions come up about political influence. And I think those questions are accurate.

16:54

As St. estimation is on how much China will earn from this Got a project for me?

17:03

That's a question I wouldn't be able to answer. But, uh, yeah, all I can say is that the cost incurred for the Kenyans, the Kenyan economy is, is really substantial. And so one could imagine that in this instance, the Chinese companies, the Chinese company involved is gonna make a sizable profit out of out of this project.

17:31

So how is other African countries mechanics project? Are they impressed with the same one or something similarly, or they seem to be scared of it? Wow, how they think about it? Um,

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well, I think there's no single standard answer because the problem is that most developing countries in the world, most low income countries need infrastructure or they regeneration of infrastructure. Why? Because without that the prospects for economic growth are, you know, non existent. And it's well known that the African continent lacks one key element. And that's good infrastructure linking different markets across the African continent. So you've got sporadic markets, like, you know, let's say Western West Africa. You know, Nigeria is a is an important financial hub, the link to Central Africa to Southern, you know, South Southwestern Africa is not there. Because the infrastructure is poor. So whether it's real roads, highways, airports, and the like, it's not good enough. So I think the other countries are, they are concerned about the debt ratio. So for example, Djibouti is probably the worst example of a country which has racked up about eight 2% of its external debts is owed to China because the VRI projects, but at the same time, without this railway line linking Ethiopia to Djibouti, Ethiopians who have one of the most, you know, the better performing economies in the world and is now becoming a bit of a manufacturing base itself cannot you know, it doesn't have any natural ports. So Djibouti is like, by default its port. So it needs that railway line to be able to, you know, further to accelerate the production lines and exports. And on top of that Djibouti needs activity in its container for the Durrell, a container port is another BRT project. And they've, you know, they've engaged in that they've assigned the terms of a contract with their Chinese counterparts. So they need money to make the project you know, financially viable. So you know, although it's a poor country with living resources, infrastructure investments are a way out of that. And in fact, that's the Chinese economic model, essentially, China was able to become the economic powerhouse as it is today, because it developed a state led infrastructure projects along the east coast of China, which allowed it to, to basically become the, you know, supply chain endpoint for most businesses, essentially. So, yeah, I mean, there is some

apprehension and and I think there is pushback now, in some parts of the African continent, because of the fear of owing too much debt to one single country or one single actor. And at the same time countries, if they don't go to China, who else would they go to for infrastructure investments, and to be honest, the alternatives are not really that attracted, whether it's a World Bank, you know, the European Commission, the IMF, I mean, they don't really do infrastructure investment and when they do the condition to Reality is just and the time it takes to secure loans. It's not attractive.

21:05

Oh, but but to say that it's kind of necessary requirements. I mean, the IMF and the World Bank, for example, like to kind of back to the economy that it would benefit those in the whole country as well.

21:18

Correct. So, the reason you're absolutely right, the reason why it's not attractive for countries who need you know, like, like to make a quick buck or to get some GDP growth in you know, kind of quickly is because the standards required by European Commission WorldCom, you know, a much higher, they require proper impact assessments, environmental assessments, social impact assessments. They need these to be rigorous and standards to be respected. They need to be proper public procurement, in the case of the VRI these things are supposed to take place, but one can never be really sure if they do it. is a properly respected?

22:01

Hmm. But can I mean, it was so understandable for the best institutions that they won't have guarantees and security with the law to me, especially when it comes to kind of high manifold

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kind of cheating in a way. But that is doesn't do to do that.

22:20

Yeah, I think China has this compact Well, the other thing is, of course, the Western model doesn't offer at the same time financing. The companies who can undertake these projects and the labor force that China can offer all three wrapped into one on top of political support if need be, right. So when the World Bank puts up an offer for, you know, helping to finance, let's say, a highway in parts of West Africa, it can offer all the things which the Chinese counterparts can offer. Because China can use its policy banks to put forward interesting grants or competitive loans. It can use its state owned enterprises, which has now developed considerable expertise in building all kinds of infrastructure. And they could do that quickly. And it can bring in it can import Chinese labor, who, whose rights we don't know if they're always respected. Some rumors are that they use prisoners from China often to do work in terrible conditions. They work 24 hours a day. Yeah, so they've got a model which is very attractive, which also engender a number of risks, which are covered usually by the kind of the Bretton Woods organizations who take a slightly more, you know, kind of political risk averse approach to financing projects.

23:56

And also, I mean, kind of one of the benefits of using good to I think they, they also offer policy advice and support. I mean, they couldn't do it enough. They also to improve governance. Whereas I went a bit too short saying that kind of China way of separating physical politics kind of put it into increasing management of government institutions, so on.

24:21

Yeah, absolutely. So China, because China, supposedly abides by a non interference policy, which is one of the core principles of its foreign policy, I always say, and this is also part of the attractiveness of dealing with China, that it doesn't involve itself in the political affairs of the countries where as business right, which is only partly true, because of course, China, like every country in the world, doesn't hesitate to get its hands dirty, you know, overseas. But indeed, governance is never really a conditionality. Because, you know, China still is also a developing country. I mean, let's not forget that. So You know, of course, the the emphasis for China is on growth, not on, you know, not so much on political reform. And of course, we know that China is not a politically open country. It's an all territories it. So therefore, it has no interest in kind of propagating Western political values, that's for sure.

25:21

So that's what we call the the Beijing consensus kind of, rather than the Washington Consensus or

25:26

Yeah, right. Absolutely.

25:29

Okay, cool. So so we are kind of gone. A little bit off topic outside our questions. We have touched upon some of them, but maybe we should get back to the structure. Yeah, sure. So our first question is kind of a general before we go into the, our full framework.

25:49

I think you kind of already answered this question, but I noticed that in differences between Chinese FDI and FDI from other countries in relation to investments in Kenya, other developing countries in general?

26:03

Well, I think as we just mentioned, the the Beijing consensus kind of framework is what I think really characterizes China's investments. I mean, it would be erroneous to say that Chinese companies don't learn as well, because there have been cases of for example, you know, pull, respect for labor laws and in Zambia. I mean, China does a lot of investment in mining in Tampere, but they've been really bad accidents over the years, which have led to the death of a number of minor. And that's been heavily politicized in Zambia. And it says one thing that China really disliked it's other developing countries criticizing China for being you know, for showing a lack of sensitivity. And I think that the Chinese take this quite seriously The Chinese embassies and consulates, they do their best to try and promote understanding of local legislation to Chinese companies and entrepreneurs who invest abroad. So I think there is hope for, for reform. Also in terms of debt sustainability. I mean, I think the Chinese central bank has, you know, started to look into guidelines on how policy banks should provide loans to countries who've got a kind of debt overhang. But on the whole, I mean, you know, this is these are kind of only piecemeal, gradual changes.

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So, on the whole, it's still pretty much characterized by what you see under the Beijing consensus.

27:46

So how there actually is that China was sensitive to developing countries and there been some criticism against China from from this evening the

27:55

Yeah, I mean, like never been on the African continent numbers, quite a number of cases or examples of either leaders criticizing Chinese investments. So in Zambia in 2011, I think it was the former president, Michael SATA. He was elected on a anti Chinese ticket saying that, you know, Chinese investments were, were were bad. And you know, they were a source of problems for Zambia. And one of the reasons why the country was still so bad quintessentially, if you look in 2000, as early as 2008, way before the BRI, you had protests in Algeria, because of the criticism that's amongst out during society that Chinese companies never hired locals, and they only hire Chinese laborers, and they think these laborers tend to respect the local customs.

28:55

So in Congo Brazzaville, there's They were right seconds targeting Chinese. This time, like shopkeepers, so not like major investments but seen as a threat to the likelihood of like entrepreneurs. So, I mean, it's a, there has been pushback, and how does China you know, react to these opinions? And do they agree sometimes or do the denial or aggressive or Chinese official discourse? Will you usually say something along the lines of, you know, that China has experienced the same traumas that most African countries have experienced?

29:37

The China and Africa are brothers.

29:41

Usually kind of fancy discos to appease any tension. I think the I think China's it's not it's kind of got used to criticism over the years, but has tended to like take measures to quell the criticism for example, by building strong relationships with elites in Africa. Part of the forecheck so the China Africa forum plans you see a lot of investment made by the Chinese on targeting like young African politicians, civil service, military and media outlets, actually Chinese companies, Chinese media companies have been buying up sizable shares in in African media outlets across the continent. And one of the reasons for that is to basically dumb dumb down any criticism on China. So I think you don't see China making kind of bombastic criticism comes back after their African counterparts. Do you see China more surreptitiously?

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looking for ways to to mitigate the criticism?

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Oh, is that actually working or has there been any pushback?

30:59

I think they have Worked actually inside, I think, because you know, African media outlets also require investment. And you know that the Chinese are able sometimes to put forward very attractive deals to buy the shares. African journalists have been sent to China for trainings, you know, and they get paid first class tickets and they're put in fancy hotels and they're given a kind of luxury treatment so that, you know, they so that when the time comes, when it comes to, you know, stories about China, they don't forget, there have been, there has been pushback

from some journalists on the African continent. saying that you know, that they've been coming under pressure from China or sometimes they're just barred from, for example, press releases or statements made by politicians and the like.

31:50

No, I also heard that some some African students are getting grants to study in China for example, that is a great way to to kind of push for Chinese culture and influence, I suppose.

32:03

Yeah, I mean, I think I think that's overrated. I mean, it's a it's an novel, it's something new. So therefore, it gets a lot of attention. But I think, probably if you look at the stats, you'll see the most African students who study abroad go to the UK, Germany, France, the US, maybe I'd even bet they're probably a classmate who study in Russia or in China. So but yeah, it's It is true that China has is seeking to gain influence in that way, but that's going to take a long time

32:33

to build up. Okay. All right. So it's kind of both the opposition and the ruling parties aligned here. The benefits of Chinese investments or I mean, is it splitting the political environment? Kind of?

32:51

Yeah, I would say I would say it's, it's splitting because what you have is the Chinese Communist Party. He also spends a lot of expense a lot of energy and resources and building up relationships with African parties. And I think that that pays that pays dividends. But I think if you look at African civil society, of course, some countries are more open than others, some have more mature civil society than others. That's where you find a lot of pushback. And that's reflected in pushback against bri projects as well. So in Kenya, you've got a lot of civil society groups who, who are simply outright against the standard standard gauge railway because they're against Kenya being too dependent on

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Chinese slots.

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And about China is now talking about alignment and so on. It's still kind of in China also unacceptance for how they act in Africa or east of the Communist Party or in different kind of firms. Are they also agreeing and how they do this or different characters, perhaps

34:02

Now, again, the literature will tell you that state owned companies are supposed to follow guidelines set by the party and the party since Xi Jinping became president has garnered more and more power, at least in terms of sip decision making, because the party traditionally was only there for like ideological purposes, right. But since she became president, he's he's told a lot more power into the hands of the party. So of course, you know, usually, the party sit on the boards of the states and companies, right, and the states and companies have to report back to the state. But the literature will tell you that, in fact, states and companies when they're overseas, and they're not in China, they actually tend to disregard what the government says. So that's also another interesting factor that you know, that some of these bri projects have been put under the umbrella of the BRI The state as in the Chinese central government, sometimes has had very little control over what kind of projects have been decided upon. Why because

the state through the policy banks offers the financing, right. So you've got this big pot of money. But actually, it's up to the state and companies and provincial governments who has, so to speak, to get projects overseas. So some of them was proactive actors in the BRI. It's not so much the Chinese Communist Party as it is, you know, the the provincial government of you know, profits of Jiangsu province and which other or for example, there was a case recently in the UK of Shanxi Province, which is in central China and the the steel. I can't remember the name now, but it's the kind of chancy steel construction company or something. law which was given the go ahead to purchase British steel, which is basically run out of money and is not not financially viable anymore. I mean, the deal eventually collapsed, but this is difficult to be alright with it of what I mean.

36:21

Maybe not have an infrastructure project, but I have a kind of merger and acquisition attempt, which is characteristic of Chinese overseas investments these days. So, yeah, sorry, no.

36:36

So it's a it's the provincial governments and the states and companies often who build up the networks overseas. In the case of Sri Lanka, I mentioned earlier about Hambantota if you go back to about 2006 seven so towards the final years of the Civil War in Sri Lanka, a

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Chinese state owned companies had built roads for free in Sri Lanka, after the war in they did it for free as a way of like showing the business card saying, you know, this is long term investment. And it was rewarded Because ultimately, when when Rajapaksa was Prime Minister in Sri Lanka in 2007 onwards, he contracted all these Chinese companies to build the port of Hambantota the International Airport and and everything else. So, that is a bri project not compounded by Beijing, but undertaken under the impetus of this training of the Chinese state and company in question.

37:43

So when you kind of read about Chinese investments in also in Italian ports now basically any European general that does not necessarily mean that China has an overall policy to increase influence injure but it is just me cry too. To make profit there as kind of the VR.

38:03

Yeah, I mean, I think that VR is portrayed as this kind of monolithic, state driven enterprise. And it's only partly true. Of course, Xi Jinping is endeavor, but I mean, he was just literally repackaging something which was already going on for about 15 years already, you know, all these investments in Africa before the BRI. I mean, when I heard when I first heard of the psvr, I was like, there's nothing new to that. China's been doing that for about 15 years, but it's just he was smart in the sense of he, he really kind of kept encapsulated all of this into one big initiative. But actually, yeah, the reason why you've got these different types of projects because you've got different types of actors pushing for these projects, and for them to land on to the era heading Now, coming to your question about Europe. Now, I think in Europe because you know, Europe. I mean, yes, it's the end of the road of the of the, of the land based road. But I think Europe wasn't the number one target for the BRI actually, you know, the BRI was meant for ASEAN member states, first and foremost. And then it was expanded and now it just keeps expanding and expanding. I think in Europe, if you look at the projects, which are being financed, it seems that there is a political dimension because China is targeting countries who were very euroskeptic at the time of the investment. So for example, Greece, the the m&a by

Costco in the port of Piraeus happened under the cheaper US government and that you press covered wasn't exactly the most pro European government, although Costco has made the port of Piraeus very profitable. But that was before COVID-19 of course.

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There's a This link between Belgrade and put their passion for Budapest causes home to the most authoritarian government in Europe. And Italy, when these ports were announced, it was when you had this coalition between the Liga naughty and five stars, which are both extremes on both ends of the political spectrum. So I think that there was a political dimension in this case. But you know, you could say that, if you look at Paris, it's a very profitable commercial enterprise. Yeah.

40:36

Okay, so So, time is right, maybe I should just ask a second question now. Given the fact that Chinese road and bridge corporation is owned by the Chinese government and implications for the SGR project

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Ah, well, I mean, yes, because it's it's still a story. To a company. So, you know, there's obviously a political affiliation as someone. But then again, you could say that because it's a state owned company that's maybe less risk in terms of background bankruptcy. And, I mean, if the Chinese company defaults, then they just turned to the Chinese government and they, you know, they'll come to some kind of solution, whereas if it was a private company, you might worry about their solvability. Of course, there's always concerns about whether they will respect local labor laws, environmental laws, social laws, and whether they weren't engaged in any form of corruption. That's, I think the risks inherent to these kind of projects.

41:45

So So is there any actually large size enterprise and m&e operates abroad that does not have any relation whatsoever to the Chinese government? Very

41:56

well. I mean, yes, sir. Also Chinese Private Chinese companies which are involved in bri project. I mean, this is the tempo, which is building office blocks and some fancy looking apartments. And that's, I think it's in CCC and that's private Chinese construction company. But to say that they have no affiliation with the Chinese state would be probably an exaggeration because I'm guessing that they also have to report to the Chinese Communist Party. I mean, you see, you know, even jack jack ma from Alibaba is now a member of the Chinese Communist Party. Right? So that's how it works.

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So this kind of go global Chinese strategy that is part of this or it's something that we have to apply to somehow autonomy in promoting Chinese culture and all that experience to benefit China in what do you mean the the private companies Yeah.

43:00

Well, no, I think they work mostly for their own profit making purposes. They don't. They're not part of the government agenda. They are part of the VRI. But they're doing that solely to make money. But it's just that they do have a connection somehow to the Chinese state. It's not completely disassociated from from it.

43:24

So, in your opinion, how foreign direct investment, no matter the industry affected Kenya over the last decades.

43:37

Look at Kenyan economic growth or GDP growth over the past 10 years. I don't have the exact figures in mind, but it's pretty robust. I mean, Kenya is an export led economy. And coming back to my point made earlier about the African continent. It also gravely needs investment in its kind of creaking infrastructure. So I think that's one of your benefit. And the other benefit of the standard gauge railway. And I know this firsthand from a student of mine who was Kenyan was, of course the benefits to Kenyan citizens, they get transportation which is more effective, more efficient, quicker, cleaner, more reliable, and you know, which is new. And let's face it, I mean, who doesn't like to ride in a brand spanking new train? You know, when I'm back home in Europe, and I'm taking the this old train back to my parents place, you know, I'm thinking what I've been to China, I've seen the the train stations they build nowadays and the railway lines they use and they're immaculate, you know, so there is also a social component to it, which, you know, it's hard to refute for countries essentially.

44:56

Don't think there will be any way of looking at you have the same of infrastructure now on only relying on loans are independent of China me.

45:05

Yeah, I would agree with that. I mean, I think that the real reason why China's

45:13

China has basically become such an important actor. And the reason why the BRI has kind of, in a way scared a lot of Western conservative Western political thinking, is because China's has been able to do what the West can no longer seem to do anymore. And that's to really help with development. I mean, the western development model, the Washington, Washington Consensus, I think, hasn't really been a success. And you could even argue that actually, it's probably caused a lot of social backwardness, you know, by like forcing the privatization of education, health care in some of the poorest countries in the world. China's business model answered a very direct need in Africa, which was quick, cheap, and relatively efficient goods, services and infrastructure. And yeah, it's a model which appeals

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What do you think about it? Is it actually because of the representative wrong? Or is it because it was implemented in the wrong way because of lack of knowledge or expertise, for example, in in local governments in Africa?

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I think the the Washington Consensus made made sense when it was when it first when it was first set up because Western donors were became sick and tired, basically throwing money down a black hole, which was also partly their fault. I mean, you know, they there was a lot of corruption there too. And let's not forget that was during the Cold War, where there was also a political incentive to providing aid right?

47:00

Now, I think that the Washington Consensus gradually became irrelevant, because not only did funds start to dry up for a lot of African states, but suddenly China could fill a massive void. And they could do that, like I said to you earlier, because they can offer more than just money. They can also they know how the manpower and everything else. And I think that so it's, it's more of that, you know, you you don't, I mean, Western companies don't really deal in like, there are a few companies which deal in, in that kind of infrastructure. Why? Because it's considered to be of little financial interest. It's low profit making it's high risk. And very few Westerners want to be expatriated to the African continent. But in China's case, sometimes the Chinese companies were just happy to make whatever profit they could, because they were breaking into the market. You know, they were not established players. So they were happy. To sometimes even, you know, make losses making profits, knowing that in the mid in the midterm, they might turn that into a into a profit making endeavor. Right? And then Chinese laborers, well, either they were told that

48:15

they went to Africa, they would make a lot of money, which some of them did. And there was some kind of Eldorado for them. Whereas where they were based in China, maybe they were just not finding jobs or very low paid jobs, where they were not getting anywhere, or like you said, the rumors are that sometimes it's just prisoners being sent from China to Africa to work on construction sites for nothing. So you know, that also helps to make competitive projects essentially. Although although was ethically wrong.

48:49

So I would say that there are any noticeable difference between Tony's empty eyes and for East SF guys from Western countries in terms of insight local in key Yeah, or developing countries in general?

49:03

Um, well, I think that Taiwan China offers is more visible to the ordinary citizen in Africa. Now, whether that translates into any kind of power I, I'm a bit skeptical, but I think that when they build football stadiums or when they build high rise buildings, or roads, in places where there was no tarmac before, you know, and fancy Parliament's and things like that. It's difficult to notice these things. But Western aid is more about, you know, like helping to build competitive markets. And these are usually things which are very visible, although probably, you know, more sensible in the long term, more respectful of, you know, like, social environmental component. So, yeah, I think there is obvious differences there. Between between the two. I mean, that's why it's it's also, you know, analysts have jumped on this because there's such a stark contrast between what China does what the, what Western countries and institutions have been doing in Africa is for the past 1015 years.

50:20

So, so now kind of China becomes more dominant in this area, it was kind of kind of stepped back a little bit on this kind of loosening influence, or may now have been the kind of a shift there in general, was the question, cancer do not accept, become less present there on the expense of China? Are they kind of worried about it?

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Well, if you look at the statements which are coming out of the Trump administration, it seems that when Mike Pompeo was still Secretary of State and he went to Africa he was very critical.

China, I mean, but whether whether he was critical of China because he feared for Western influence in Africa? I don't think so.

51:08

I think he was more critical just to take shots at China. Right. I would say that there is concern. Yeah. I mean, at the level, the European Union of certain Member States, France, for example, I think is very concerned about losing ground, both commercially and politically to China. I think the states has always felt that because it's a kind of global economic power, it would still be able to kind of wane influence in Africa by its standing but I think in two is also starting to recognize, you know, this, it may well be losing ground. Yeah, for sure.

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I'm confronted also i colo colo power and in Africa, so I suppose for them it must be very viable.

51:57

Yeah, I think in France, it's a I think is one of the countries which is very, I mean, open to doing business with China, but very skeptical of China and Chinese interests around the world. And you know, and indeed, as you say, for France, Africa matters a lot still. So I think they monitor this quite very closely. I wouldn't be surprised.

52:21

So how would you say that? Chinese investment in the SGR project, it was an overall industrial policy as opposed to having one

52:33

yeah, so of course, China has a has a, an industrial policy, which is mostly turned towards promoting bulk to making China graduated from being a middle income power to being a fully blown industrial industrialization. West when the SGR fits in is amazing. I'm a bit doubtful as to whether the SMBs jail would not be considered like kind of benchmark of in Chinese industrial policy because Chinese industrial policy is more about making China so I don't know if you've heard of this made in China 2025 policy. So that's, it's never gonna meet its targets. But the aim is to make China self sufficient in those technologies in the know how, but also in the resources necessary to make China self sufficient in the leading resources of the future like artificial intelligence, robotics, Battery, Battery powered cars, aviation, medical devices, these kind of things. So I don't really see how the SGR fits into that.

53:46

So to speak, but having said that, China does have an industrial policy towards Africa. And one of the aims or to the aims are, one is to help build connectivity. Between marketplaces. And the second one is to help build know how and knowledge across the African continent as well, which is very ambitious. But nonetheless, China does have that as part of its industrial policy towards the continent.

54:14

Hmm, yeah, they also heard Oh, there is kind of some theories about it, that this kind of American block against Huawei and China to use American technologies for mobile phones and so on kind of has contributed to them becoming more self sufficient, because they kind of intensify this research and so on. Yeah, sure.

54:42

So, okay, so the next step here, then, this is our last question, and then we get into the economic impact of the project. So has the fact that countries in the West some extent compete against China for many of the market opportunities in Africa, potential negative sentiment among Western literature related to China's acute in Africa?

55:39

Yes, for sure. I mean, a lot of the early literature which came out about China's reemergence on the African continent was very critical of China, whether it was coming from the United States or from Europe, and so China's a threat. It's so Chinese values and kind of business practices is undermine Western practices and influence. There has been some attempted of being a bit more nuanced. But yeah, I would say that at least the early literature was very, was kind of fascinated on the one hand because it was something new to see China reemerge or Chinese companies, we emerge on the African continent and do and manage to do things which the West seem to have completely kind of overlooked.

56:29

But at the same time, disagreeing with a lot of the practices undertaken by these by these Western by the Chinese companies.

56:41

So much of the literature related to outward FDI suggests that the host country benefits from spillover effects such as economic transfers and knowledge, spillovers, and increased competitions, innovation and so on. Other evidence suggesting that the SGR prototype resulted in a universe of benefits in an development?

57:01

Yeah, obviously in terms of facilitating exports of goods, which I mentioned, helps to create market opportunities for subsidiaries or for, you know, those who are indirectly involved in the exports of goods to Kenya. As for technology transfer, I would say that that's probably taking a stretch too far. Because I mentioned that the Chinese don't essentially want to sell all the you know, I think they probably talk a good game when it comes to technology transfer, but I doubt that they actually do that. Because of course, they want to, you know, maintain their business model and competitiveness, which also means making sure that Chinese companies get contracts in other African countries as well. So yeah, I'm most most skeptical in that regard.

58:00

So Chinese exports to East Africa amounted to 3.78 billion in 2018. Quality imported only 167 million for the same year in dollars. Is it possible that as your product has increased trade imbalances between Kenya and China?

58:17

You mean in favor of in China?

58:21

Yeah, exactly. Yes.

58:22

Yeah, sure. Oh, yeah. Well, I mean, that's a phenomenon phenomenon, which is happened all around the world. I mean, actually, Africa tended to have a pretty balanced as a continent, a

pretty advanced trade, terms of trade with China because of the port, a lot of natural resources, but particularly since the price of petrol dropped from about 2014. And now it's essentially collapse.

58:49

Trying to export thing, manufactured goods. So either most the cheap, low end manufactured goods, but also now targeting you coconuts, the washing machines fridges for more higher value types of goods and and countries want those and so of course the terms of trade tend to balloon in China's favor. And I think these bri projects are not necessarily helping to to amend for that. One wouldn't even think they actually making matters worse.

59:29

So, to what extent the Chinese program which Corporation utilize the local Kenyan industry when it comes back, invest your

59:37

I don't know. Okay.

59:40

So we'll go on to community. Has the Kenyan government and the attorney wrote in which cooperation respected and accounted for the identity culture, interests and lives of indigenous indigenous communities in the construction of the SGR project, or, I mean, you could also take the difference in general in Africa. You don't remember a specific project?

60:03

Ah, well, I would say on the whole, I guess the only project projects in particular tended to not show much sensitivity to local religious, cultural or ethnic dimensions. But I think now, they try to make a big fanfare out of all of this. And they try to pander to local identity needs, if you like. So it's possible that the SGR did take that into consideration. I mean, they really tried to promote it as a candidate, you know, promote in Africa and China Africa relations. But I think the example I gave you earlier about in 2008, the, the protests in Algiers, that's quite symbolic of Chinese projects in Africa, which has tended to overlook the cultural and religious dimension in the same way that you know, that's Canada would be open to China. Let's face it. And so that has caused problems. Yeah. That has caused problems. And I think the Chinese do learns. So I think they're, they're more cautious now. And they, like I said, consultants do a lot of work with companies, Chinese companies and entrepreneurs to make them more aware of this of this aspect as well. Okay.

61:26

So there is literature that indicates that China are less considerate on human rights issues compared to Western companies that invest in Kenya, or do you consider that and what implications will have on Kenyan workers?

61:39

Oh, yeah, well, of course, I mean, human rights is not a concern for China, the Chinese government and I guess most Chinese to stick to companies. And I don't know about the SGR policy, but like I said, I mean, there have been many instances of Chinese businesses reporting. I mean, poorly that's, you know, they are responsible for flaunting these labor laws. But it's also because in the African countries in question, the implementation of laws and the jurisdiction of the oversight is poor as well. So I mean, Chinese companies can do that, because

essentially, they know they can get away with it. So I'd say in most cases, yeah, there are human rights abuses, there are labor or abuses. I would say that, sadly, probably most African labor is tolerated because they need a paycheck at the end of the day.

62:27

And you know, they will, they will come back for more. That's the sad reality of doing business on the African continent.

62:35

Yeah, I read one article, actually, were they were bikina workers that was called man is the superiors in several locations. And he was actually expelled from he never I suppose that was years away from getting out to show that they're also considered on these matters,

62:50

I suppose. Yeah. I mean, there are racial tensions between when China Africa relations so that is no doubt about it. In the same way that have been understood, this was Africa's relations with Western countries and the US. It's uh, you know, you hear what comes out to the Trump administration about Africa. It's scandalous. But in China's approach to that is also, you know, it's not perfect by any stretch of the imagination.

63:23

So Kenya suffers from skill shortage, yes, in several sectors, has China contributed to educate and Kenyan workers in ways that can benefit them in future imperfective project? Kenya?

63:36

Again, I wouldn't be able to give you specifics about that, because I'm not that familiar with the SGR project. But I would imagine that this is part of the of China's, at least officially, this is part of China's aims as part of its industrial policy towards Africa, which is knowledge transfer, building up skills, and also, you know, respect Seeing the recruitment of a sizeable proportion of local labor's neighbors. So yes, I do imagine that that must have featured as part of the STL.

64:10

Okay.

64:13

Those are old that the SGR current budget actually decrease or increase in poverty in Kenya?

64:21

Um, yeah, well, that's right now probably difficult to answer because it's, we won't really see the effects. But it could work both ways. On the one hand, it could help alleviate poverty by creating jobs by facilitating exports by reducing transport costs for citizens and I know that those are practical realities, but at the same time, it's lumbering the Kenyan state with excessive amounts of debt. That means that equates into more money, more taxpayers money being spent in servicing that so not being used for socially beneficial initiatives like you know, education or health care or whatever. It means that the Kenyan taxpayer is essentially likely to pay more taxes and therefore will be less well off.

65:14

So it's it depends on what perspective you're taking. In the long term, you could argue that it will probably be beneficial to Kenya, but right now, it's still debatable as to whether it really is or not.

65:30

So would you say that Kenya governmental regulations has provided adequate protection for sensitive ecosystems and biodiversity and has Kenyan government and attorney Stonebridge cooperation in the construction of the SGR follow their respective Kenyan environmental laws and obligations?

65:49

That one I cannot answer. Okay.

65:53

Have you noticed that any indication that Chinese infrastructure investments in Africa have had more or less environmental damages from I think the sector investments from Western companies.

66:04

Well, if we look at this today, of course, yes. But I mean, you know, Western companies, I would imagine that being responsible for their fair share of environmental damage on the African continent as well.

66:20

You know, I would say that yes, there's a I think that there's a rather laxest approach to environmental standards in Chinese investments in Africa in the same way that there are China. And yes, there's probably a lot more environmental sensitivity in western funded projects, projects and programs. If we're looking at that purely as of 2020, for sure, yeah.

66:53

So, I haven't noticed other evidence that the Kenyan government has already lower My top section to make investments work for China that I can answer. Okay, so overall, has there been any positive environmental effects on the SGR construction?

67:14

The old heavily polluted railway were replaced by a new and more efficient one. But and then I think also it will have a will help in terms of reducing the road traffic between Nairobi and Mombasa which I think it will also obviously contribute to lower levels of pollution in Kenya.

67:54

you think that the large sums invested in this era away from China has escalated corruption in Kenya, over

68:05

Yes, I would say that I can't imagine that these projects don't go hand in hand with some form of corruption.

68:15

I mean, whether it's aggravated in terms of being worse than it was before, I can't say because obviously that kind of data is very difficult to retrieve. But I have sincerely doubt that the SGR

in the within the SGR, at some point, it wasn't some form of corruption. Because it didn't it looks like such a on in some regards. It's not such a bad deal. I really have my doubts, there was no form of corruption involved.

68:46

So how would you say anything management in this you're affecting the relationship with the Kenyan and Chinese government?

68:55

Well, of course, I think the Kenyatta government was fully supported. Yes. So, for them, it was a success. And the fact that it's not running is also a success. And it's great publicity for them. But I think that the Kenyan government is having to deal with a lot of stick from civil society, from journalists from the opposition parties who have been who are now starting to realize that maybe it wasn't such a sweet deal in the first place. And I think that's putting pressure on Kenya in terms of dealing with the two with the Chinese counterparts, and as of right now, there's a kind of sway of anti Chinese sentiment on the African continent because of things related to COVID-19. But also because of the debt trap diplomacy kind of starting to gather momentum. So it's possible that that's also impacting Kenya China relations. In that regard, yes.

69:49

So we kind of touched on this before. I mean, China's kept kind of skeptical was democracy in developing countries. But do you think this had any effect on Kenyan governance overall, I mean, we look forward in the way they did.

70:13

In the short term, I don't see any difference. To be perfectly honest. It will be status quo business as usual. I don't see the SGR being a kind of breakthrough in terms of performing companies.

70:23

Okay, so we just say that the Chinese investment in the SGR project Empire the relationship between Western economies and Kenya, if you asked what it would have on Kenya's investments on the west

70:38

Well, I don't think it's necessarily been detrimental to China to Kenya's ability to leverage Western investment. I think actually, I would, I would argue, probably the country VRI projects suddenly make countries economically attracted to all kinds of investors. And I mean, China has not shut the door to, you know, through the Asian Infrastructure Investment Bank, for example, to you know, not on Chinese Actors getting involved as well. I think the commercial Western actors, banks and construction companies and finances will be looking at this with interest. I mean, you know, once the world kind of goes back to some form of normality.

71:17

I think that this helps to make Kenya look more attractive to other investors, including Western investors. Yeah, for sure. And other Asian investors to Japanese half Korean.

71:27

Taiwanese, you name it.

71:30

So So approximately 90% of this SGR cost was planned for the ExIm Bank of China. Is there a risk of genius coming to penetrable loans from China to finance infrastructure now and open to future modifications on the console governance?

71:48

Well, I think Kenya is not in it's not in a critical situation yet. I think this is all parts of the current debates in Kenya about about this project and about the future projects. I think that it's not Going to be so easy for China to just, and Chinese companies and Chinese policy banks to sell these kind of projects as they have in the past, because of the criticism and because people are paying close attention to the smell, which they made, you know, we're not doing five or six years ago when it should have been paying attention. So I think that it's gonna be in the interest of the Kenyan government, and also other developing countries to diversify the loans that they get. And I think that they also seeing that other countries and development banks are becoming more competitive and offering alternatives. I know that the Japanese to the Asian Development Bank is looking to really ramp up the competition. So you know, it's also beneficial for these developing countries to have Alton different types of funding opportunities.

72:47

This isn't I mean, the Development Bank of Africa, is it also financing these kind of projects are

72:53

America's also.

72:57

Yes, it is, but it's just also more cumbersome and And it doesn't necessarily have the financial power, which Chinese policy backs out and effectiveness.

73:09

So we only have two presidents left now. If it's okay, Charlie.

73:17

So they are just additional questions. So we wonder whether or not we had a lot of questions, or anything that you think that we missed that should be covering in line with this topic or because

73:33

I think you've done a really good job at covering all bases. I think your your study expected, like, looks like it will be very comprehensive. So I mean, there's nothing I can think of off the top of my head, which you seem to have forgotten. I guess it would be interesting, I guess, I'm not sure who you're hoping to interview for whether you could interview local officials in Kenya, they would probably be able to provide you with a lot of you know, interesting data information about that perspective. I mean, that might be I don't know if this was part of the plan, but it can certainly, I mean, it's you can find them, they can certainly be of great use. And usually, you know, you might think your students and, you know, have little interest in these people will remember that. They're human beings, and they love to talk. So as you can tell, if you can get a hold of them, they can probably provide you with the best input because they're there on the ground. And they have kind of a, you know, great overview. The trick is to find them. That's that's often the hardest part.

74:35

Yeah, we do actually have similar questions to the director of the data nation. It's a large Kenya newspaper. Yeah.

74:44

Oh, that's, that's a great idea. Yeah, sure. That's, that's one of the sources I would recommend because they're the ones who always publish these. You know, these critical pieces. Yeah, for sure.

74:54

That's very good idea. Okay. Then we'll push them a little bit more.

75:00

embassy in, in, in Nairobi, because the embassy there might be able to give you general context to be on the ground. That also might be a way of doing things. Yeah.

75:15

This is so

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lastly, I mean, if we take

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a helicopter perspective and look from above,

75:24

and consider all indications and so on, that we talked about now, would you, as far as you know, think that there has been an overall positive or overall negative impact locally and Kenya from these SGR projects regarding economic environment, community well being and governance.

75:47

Ah, the million dollar question. I mean,

75:51

I would say that, if you really had to push me for an answer, I'd still say that it's positive because

75:59

I mean, Of course, there are going to be negative externalities, they might be environmental, they might be social, some people might lose their jobs. Some people might have been mistreated in the cost of the construction. Money might have been spent in ways which are suboptimal. But overall, you know, if countries like Kenya are going to live up to their aspirations to enrich themselves and their populations, which I think is a only a fair, human endeavor and ambition at the end of the day, you know, and I think in western countries, we've forgotten Now sometimes how privileged we are, and how normal is for us to live in very kind of cushy, wealthy economies. It's only right for people to want to spend for better. And for that they need things like functioning infrastructure. You know, I mean, tattooing for too long, a lot of these African countries have been relying on poor old fashioned infrastructure which is cranking and doesn't work very well. So I couldn't do this here as a benefit, essentially, for

them to have these kind of projects. Of course, they're not perfect. And of course, they should be scrutinized and lessons should be learned of what went wrong. But on the whole that I think that, you know, the reason why there's so much appeal for Chinese financed projects in Africa is because they need them, they need these projects and in the day, and I think the West has sometimes been very cautious with good reason. But I think sometimes overly cautious as well.

77:38

So would you say that both Europe and the US this isn't to say that the western journal would do both itself and there will be countries like Africa I favor if it lowers its requirement on

77:54

human rights, reform and so on, and also new soft

77:57

power that says because that's kind of what he You says, Yeah, it's gonna be up to them. To do that, I would, I

78:05

would say that they shouldn't know it estimates they should get China to hype up, for instance. That's what I would argue I would say that the Western countries are still got so many advantages and in so much know how, and you know, the companies are still competitive and wealthy. And they too have lots of know how knowledge and expertise essentially, they should be working with the Chinese to get the Chinese to respect to buy the highest international standards. And but for that, they've got to also, you know, slightly adopt an approach which will make the Chinese want to change. That's why I would argue not knowing the standards and getting China to increase their standards.

78:44

But you think China, I mean, the kind of developing process is learned a lot from the west and then imitate a lot of what we do here. But now it's time to sign off and oppose change a little bit narrative. Let me argue that we can learn more about China. way around to train us to consider to learn from how we did, and so on here in the West.

79:06

There is that narrative in China.

79:09

But I'd also say that China is also very cautious about its own image. And it's quite easy to put pressure on China by selling its image. And one way to sell itself is to, you know, say that China doesn't respect standards. And China doesn't care about developing countries and China doesn't care about the prosperity of citizens in developing countries. And I think in that regard, China is concerned about its reputation, and their wills. And it still does seek advice on from you know, Western political and commercial actors on certain things that I think like in the UK, the City of London has done a lot to help Chinese policy banks improve their standards when it comes to international financial dealings. So I think there is there is room for maneuver. But of course, if it's the American Trump style of, you know, Bulldog bulldozing their way in, that's not gonna work. No, that's really not going to work. It has to be a bit more subtle, and it has to be estimate sense for the Chinese government as well. So, you know, by saying to them, you've got to, you know, respect human rights by own costs, that's not going to work. But there

are ways, you know, more subtle ways of getting them to reform and learn about how to improve their own practices.

80:24

But if China is also considered about this bias, kind of the progress been so slow or so in the media that there hasn't been any large change. Yeah.

80:35

I mean, ya

80:36

know, there haven't been any radical changes yet. But like I said, I mean, when you see the Central Bank of China issuing a guidelines, which aim to meet the highest international financial standards, that's already something but these are you know, I agree with you. It's not enough. It's not enough, but it's something and I think Western countries diplomatic and commercial needs actors. to, you know, really look to how they can make a difference in getting Chinese actors to increase their standards.

81:07

So we should expect now that I will continue to take the the future then. So

81:11

if I could

81:13

expect it slowly, don't expect miracles, but expect it slowly and it will come up again. And China will be embarrassed again by some project, which has gone wrong. And that might lead to change as well.

81:27

So that it won't be radical and it won't happen overnight. So will this will take place when when she is president? Oh, how is our certain any in any way or is it going from brutal to sharing as a leader are?

81:45

Well, I mean, that's, if we can, if we can, if we get into this topic, I will never get offline. So

81:53

I would say that

81:56

on the sheet.

81:59

You see different

82:01

As to whether he will remain in power for the short midterm or long term. That's, yeah, that's a different conversation.

82:10

I asked her I couldn't resist. It's a really interesting conversation. So I just had so many questions like no, no and fair

82:16

enough. I mean, I'm more than happy to answer your questions that I'm fascinated by this too. I mean, I think that

82:23

it's hard to see where what whether political change in China will

82:27

happen

82:28

in our in our generation or not, I you know, many factors are at play. But yeah, I mean

82:37

phenomenal don't see any change.

82:40

Now when Morgan invest there at the digital Commissioner in the EU is saying that she's worried over Chinese tick or EU firms often this kind of stock market turbulence of the Coronavirus. Yeah, as you can look, yes, the European needs to buy national stocks To stop this, yeah.

83:04

China has taken advantage of the eurozone crisis to do the same thing. It was buying up, you know, the electricity grid in Portugal, these kind of things. And I think there was a realization that in Europe, this was a strategic risk. So now they have this kind of investment screening mechanism set up on European Commission, which technically alerts countries when there's up to higher level of Chinese investment in critical sectors. So I mean,

83:33

you know, I get the European approach of being a bit defensive about China. And that makes sense and smart.

83:38

But at the same time, Europe

83:39

is going to have another wave of financial crisis and economic crisis, because the eurozone is still not finite in its construction. And, you know, Europe should

83:50

also welcome Chinese investments. If they're done properly.

83:53

I don't see the problem with Chinese investments, so long as they're done in a sensible way. You know, because China has Billions of dollars in reserves. So why shouldn't you tap into

that? I mean, after all Europe invested heavily in China. So why shouldn't Chinese money come back into Europe? I mean, it's it's part of the capitalist cycle. So I don't see where the problems for as long as the investments are done in a way which don't harm the critical infrastructures of European countries.

84:19

Does this kind of Huawei fear that they are spying on Europe? That's the overreaction or would you say that they're one of Look, my friend is feeling alone?

84:33

Yeah, I mean, I think that's over exaggerated threat is effect but then again, Facebook and Google do the same thing. And no one seems to complain about that.

84:44

You know, pulsar is a threat via Huawei, but I mean, like in the UK, they said the network you make sense, we will allow Huawei you know, we want to benefit from that technology because Huawei is one of the most innovative actors in on the market. They make great smartphones, you know that There's no denying that and great laptops and they have all this know how and a competitive but when it comes to the sensitive components of which society they will not be allowed it and that's, that's how it should be done. I mean, I, I don't see this American, all this kind of fear mongering about Huawei doesn't make any sense to me so because it's obviously politicized by the Trump administration. And you know, it's also part of American protectionism to promote American multinational corporations. You know, if Trump says don't buy from Huawei, he's gonna say buy from an American company. So

85:36

anyway, I'm really sorry guys. I'm gonna have to cut short because it's been an hour and a half. Now it's time to head back. So

85:46

thank you a lot for your contribution and participation. It was really great for our research. Welcome.

85:55

Wish you I'm not sure what the time is in Malaysia, but we had a good night. Yeah,

86:00

yeah, good night. It's 930 already.

86:04

But I mean, I you know, I'd be curious to see the end product to your research whenever your your thesis is completed and submitted, if you don't mind. Sure.

86:14

Yeah, that'd be great. I'd be very curious to see what you've you've done that would be that'd be great. wouldn't mind sending me a copy of that

86:23

we're happy to do that and we have our deadline of may about four weeks so we would have you have to send a copy after that and maybe that could be a second call then just to check if you have time.

86:37

Yeah, sure. Yeah, we can we can think about as long as we're not I mean, for me that's going to be marking season so it's it might be a bit hectic, but afterwards if things cool down, you know, take the time to read it and be happy to chat with you guys again. So in the meantime, I wish you all the best in completing your thesis and your your your degree in difficult circuits. So everything goes well.

87:01

Thank you very much.

87:04

Have a good weekend as well.

87:06

Yeah. Thank you.

87:09

Thank you very much.

87:12

Bye bye bye. Thank you. Bye

Aggrey Mutambo

00:00

Are you hearing us?

00:02

Yes. Loud and clear. Perfect. Sorry for the interruptions, you know, we don't have a very reliable supply. Sometimes we don't on and off.

00:16

It's hard for us to understand or imagine because we have kind of a situation here. Another one in Copenhagen. I mean, we take it for granted sometimes that your accuracy

00:28

Yeah, sometimes it is stable here. Sometimes it goes up because because Rain Rain heavy last two days, so let's not have one you know, the fluctuation in power supply.

00:43

Okay. Yeah. So,

00:48

regarding the weather is we heard it with some insect attacks in Kenya now or in Africa.

00:55

Yeah, the Locust invasion happened within February. Much. Now we've been warned to be coming back in the next one month or so. So, on top of COVID-19 we expect food shortages. Yeah.

01:12

Yeah, that's horrible. How do you deal with that? Or the government or is it able to control?

01:21

Yeah, they trying to fight it with chemicals. But the scientists are reporting these resistances from the insects looks like they're adapting to the attacks from chemicals as well. So, we think it is going to be a much more difficult situation going forward.

01:42

It's like Darwinism, speed up and they adapt to the new environment. Yeah.

01:50

So we have some questions here.

01:53

Did you take a look at them or they will send you an email before or have a time for it?

01:58

Yeah, I did. Look at some of Questions or I didn't, I didn't reach an answer. So, this call is, is perfect for me to have the

02:11

respond to the question based on my knowledge,

02:16

you know, as fast as possible.

02:19

Yeah, we have a lack of time to try to be quick. And if there are some questions you don't feel you can answer. It's just, it's just fine to tell us and we skip that one.

02:30

Yep. So we have two personal questions here to start with. Can you please introduce yourself and describe your professional position and field of study in relation to this project?

02:44

Well, my name is Aggrey Mutambo. I'm foreign relations reporter for the Destination in Nairobi. So as part of my work, I interact a lot with foreign organizations. embassies as well as personalities. And I also do a lot of editing for our newspaper in Europe. So I'm sort of Deputy Foreign editor technician. I have postgraduate training in international relations, but I studied journalism as an undergrad.

03:25

Okay, perfect. So have you come across the SGR project in your professional life as a journalist?

03:35

Yes, yes, we have a very historic project, which was recently completed, and I mean, the first and second faces as paid by the Chinese. Yeah, so I haven't come across that kind of project before.

03:53

When it comes to foreign direct investments, like this SGR project, have you noticed that Difference between Chinese investments and investments from other countries. In Kenya.

04:09

Yeah, yeah, there's there's a big difference. First of all, the Chinese are more focused on infrastructure projects that is energy on networks as well as the installation of technology networks like the internet.

04:31

The basic difference is that they prefer government dealings, as opposed to other countries which may channel their funds through independent private corporate bodies or organizations.

04:49

So do you think that the fact that the Chinese Road and Bridge Corporation which is the one responsible for this project that it is a state-owned company, do you think it is relevant for the project?

05:06

CRBC this is a state-owned company that cuts deals and then decides how the project runs the contractor to a point. So, it is a very much Chinese way of controlling the project itself. So, this is a very significant difference between the Chinese and the other participants in Africa. And the general bridge is just the identity of the Chinese government itself. So, that is how they operate.

05:52

In your opinion, how FDIs, no matter which industry affected Kenyan development over the last decades?

06:02

Sorry, I didn't get your question clear. How does what?

06:06

So how has foreign investment affected Kenya during the last decades? So investments from other countries into Kenya, how it is affected? Kenya?

06:19

Well, I can say that much of the economy in Kenya has dependent on the FDI. If you look, even in the banking industry, for example, most of the banks have networks from outside they received funding from the World Bank or these other lenders will have the expanded networks. If you look at the infrastructure, most of the roads have been built by external agencies. The World Bank Chinese Sometimes even the European governments, sometimes even the US. So because the tax of our country is very small, and yet the needs for infrastructure are very huge.

It partly explains why this FBI has been very significant in expanding these networks for intellectual infrastructure.

07:26

So, I would argue that there's any difference between Chinese FDIs and guys from Western countries in terms of impacts locally in Kenya.

07:37

Yes, the basic difference is in who is telling more information to the public, that they want to know for example, if you look at the SGR, and nobody really knows about how all the contract or how the loans to be repaid what we had is in Our own independent investigations is we've landed on that kind of construct, and it shows that there's a lot of attachment. In terms of, if the government fails to repay, then there is a way in which the Chinese have fixed the Kenyan government to provide another kind of asset to stand in case the default. And then the second biggest difference is the Chinese FDI seems to create very little local employment. If you look at the SGR, other than the engineer seconded by the government, which is, of course, part of the financing of the project, to a tune of 10% I mean 10 billion, Kenya shillings, which is about 100 million USD. There aren't other engineers or senior management positions. With the Chinese have willingly let the Kenyans to take out. So when they come in to take a project, they usually give the job to their own people. They importing material from their own country. And so it creates very little local jobs, if you may say. But if you compare to FDI from other countries like Japan, or the US or the UK, they tend to use local spots. And these are significant local technology transfer, which means that after the project, there is a lot of benefits that the people can see. But the Chinese don't seem to have that kind of cooperation. The African countries may prefer China because probably they have little conditions as far as local political situation is concerned. So, you know, all they want is you signing up saying I'll be paying in this rent, and then the project goes. And the Western governments, of course, bringing conditionalities like demanding human rights, respect to human rights, they demand democratic principles and they demand accountability and everything that is concerned with an open society. So that's the difference between the Chinese and Western European.

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So when you think that appropriate as a minister, quite expensive, with around \$4 billion, in total, they will be feasible for a Western company or country to do this kind of loan reinvestment in Kenya.

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Of course, the lesson company or government wanted to fund this project they would the basic difference would be You know, they will demand many things like a feasibility study to be done to show that this project is entirely going to benefit the local economy and the financial is going to do to get their money back. And other thing with the Chinese this project was, first of all, they did the feasibility study themselves, and they pushed through most of the dealings if you if you look around how the project came about, it was first mooted in 2008 2009. During the previous administration, it became actualized in the current administration of President Uhuru Kenyatta, so and, and in a portion pool that was there, there were so many other background guys who were trying to have the deal go through and so the Chinese was simply fronting Southern people to have the impression come through. And then there was also a lot of debate in Parliament, at one time in peace, refused to endorse the project. And then after a few days they turned around and industry. So you will never know what exactly have been in the background for them to change their mind. Despite the many questions that were hanging

over the currency. Why would the government build a new railway when an old one existed which couldn't be repaired at a cheaper cost, and do not require the government to buy new land, for example. So those kinds of questions were brushed aside, and the project went ahead. The next key question is whether the project will actually help the local economy because in the past two years, it has operated, it has made losses, huge losses, even though the revenues have been rising. And that's because the cargo being transported on the railway line is not as much as needed to make it worthwhile. And at one point, the government has made controversial decisions to push all cargo transporters to use the rail line whether they like it or not. And that has also led to job losses for truck drivers, for example, who usually transport this cargo from the ports to the capital region. So that's kind of the conclusion that the project has created.

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So very complex problems actually. Very different directions.

13:35

So

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how do you think, how does the investment in this SGR project fit with China's overall industrial policy? I mean, if they have a certain goal for investments in Africa, or Kenya, for example, or there's just this is just one part of something, something bigger?

13:56

Well, I wouldn't say industrial policy. I was saying maybe Foreign Policy, so to speak, because this SGR project, as planned was initially part of what we call the Belt and Road initiative. I'm sure you've heard about that kind of controversial ambition to have China connected to every part of the globe, using roads, railways, and seaports and what have you. So as it is, Kenya was one of the countries in the eastern Africa region, which will identify to help the Chinese connecting the interior of Africa, which as you may know, has very poor roads and railways and the network is poor. So their initial ambition was to have the railway come through Kenya, Uganda, South Sudan, the Democratic Republic of Congo and into the interior of maybe Central Africa. So unfortunately, after the tails that was seen Kenya some other countries in the region have been reluctant to have the Chinese build up the railway at those exorbitant long rates. So, maybe as it is the Chinese may have to tinker with the Belt and Road initiative which would mean that they don't remain as opaque as they are when it comes to learning and the conditionalities that came to this government probably they may have to change and and how we have these countries negotiate better rates. And then so as it is, only Kenya has built a railway and it's not even beyond the capital. Okay, so it may need to build a roll the railway up to the border of Uganda, for example, to have it have some semblance of economic relevance because there's no point of transit by a railway from Mombasa to Nairobi and then put it on a truck transport by road which is which will not be as efficient as the railway. Oh, so the China's overall industrial policy? Yes, it fits in its foreign policy of the era as well as implementation remain on the original conditions that one we will have to see because already, the Chinese have started talking about changing the kind of arrangements that they had initially put in place to implement the PRI in Africa.

16:36

So, you mentioned before that this has been a very high cost of assess a restaurant project. Do you think this has limited Kenyan government's potential to invest in health care, education, food security or other important sectors?

16:53

I wouldn't say so. But I will say this the prison means for the country. And ever since. I mean, anyone who has been in Kenya for the last two decades or so tell you that education, health and infrastructure have remained in the basic needs, or over the years now, successive governments have tried to improve every each sectors with varying success rates. The previous president used a lot of his economic background to do a lot of negotiations for loans to build roads. And so many of the highways were repaired, renovated or build afresh during his time. And the projects used to be done by different countries Chinese Japanese mean, Israelis what have you. The current government, controversially chose to give most of the projects in Chinese and as jewels This money was diverted from the key health and education projects. That's not true. But like I think every government in Kenya will need the money to invest in the health and education.

18:17

So usually when we talk about foreign direct investments that are going to be spillover effects that the host country benefits from a competition, innovation and so on. Do you think there's been any spillover effects in relation to this railroad that can have benefits from knowledge or innovation or?

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Well, the Chinese have argued that they have been training local engineers about the project. We don't know. I mean, I don't I personally don't know anything was counsels on say yes, I've been trained by the Chinese and this is what I know also in Chinese newly announced scholarships for students who have majored in various science fields so and yet the number is still not as high as the US or UK give Kenyans every year. So Chinese have a lot of culture. They have a lot of work to do in order to win over the public as to whether they are doing much more than just getting their money back back.

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So overall, do you think that there's good days product is positively or negatively affected? Key Yes, economy?

19:44

Well,

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there's no right or wrong answer in that kind of assessment.

19:52

But there is a little criticism as to whether a project was in at all This is because moments after the SGR was completed, the US started negotiating another deal to build a highway between Mombasa and Nairobi. And so questions are being asked as to whether the road being built will be cannibalizing the SGR project, or whether the two are needed after all. The thing is, if you if you look at the SGR project, some people had put forward a lot of tonnage needed to be transported for it to be relevant, economical, that hasn't been reached. So because of it, to me

loss is that we've seen some people are skeptical about whether SGR will be relevant. But as far as the transportation of passengers is concerned, it has met navigation between Mombasa and Nairobi much more easier because now people have a way, the option of been applying or going by road or going by some sort of is mixed situation at the moment.

21:08

So they also feel that trade has increased now between Kenya and the neighboring countries and also abroad because now this interconnectedness railway

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That's hard to say because the latest figures we have shows that in fact, these other countries are selling more to Kenya than before and we can't use it to sell more to them. So Kenya is on the losing hand. And this railway is not directly linked to those figures because like I say, it is only connecting Mombasa road for into for us to weigh whether it's relevant, it has contributed, they will have to build it to the borders between these other countries. So that's when we will know Whether transportation in the past or transportation has helped increase. What I can tell you is that Kenya and these other countries have recently been working on what they call open border policy. Where trucks transporting goods from Kenya Uganda, for example, only clear with the, with the authorities at the port, and then they have to just transport the goods into the Ugandan territory without being stopped. And that means that Ugandan clearance officials have to be stationed at the port of Mombasa, for example, so that one has helped with the ease of business. The problem is because the port is managed by a different kind of corporate body separate from the one managing the SGR, there's always bureaucratic challenges that exist, and that has contributed sometimes to the slow movement of goods

23:00

So so so To what extent did X CRBC utilize a local Kenyan industry when constructing this or in relation to suppliers. And so

23:12

that was a very controversial subject when the project was being put up. And Chinese prefer to import even cement from their country. They prefer to use steel from their country. The most controversial thing is they put up a statue at the railway station, and this statue was imported from Beijing using material from Beijing yet and and even the sculptors from Beijing. So that kind of gives you a scenario, how

23:47

it's very difficult for the Chinese to appreciate their local industries.

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So we speak about the local So would you say However, we discussed that the Chinese road and bridge Corporation has respected and accounted for the identity culture interest lives of communities in constructing the SGR project

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is not identity question. You see, the Chinese have always tried to say that they are as a developing country as any other African nation, what they don't see is that for them. Historically, they have always known themselves as a middle country, which means that they think our countries must adapt for their kind of culture, as opposed to them trying to assimilate with a with a culture as they interact with and so there's always that kind of perception in Kenya

that the Chinese a sort of racist sort of looking in once and sort of in terms of dealing with their Kenyan or African counterparts.

25:02

And it was Chinese investments. There are some who argue that China's less considered on human rights issues affected, for example, Western companies invest in Kenya, how do you consider that? And what implications would it have on Kenyan workers? Yeah,

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That's sort of true, because when they were putting up SGR three things occurred,

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you know, the railway passes through two national parks in Kenya. And so the question was, how will the animals be protected, for example, then it turned out that some of those workers had been killing those animals ethically. Then there was another controversial issue of segregating local workers from Chinese workers. So people were asking if people have to work for the same organization, why would you not build Strong teamwork by having them mix and mingle. So that that's that's not something they have fully addressed. But it just shows you that despite them being part of the infrastructure project, there are questions about human rights violations. Some people have complained, they don't have contracts, they don't have insurance for their jobs, they don't even get annual leave. So these are the basics, as far as the international labor laws are concerned that have been floating by the teams.

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And it hasn't been the same issues when Western firms invest in Kenya or is it a common problem or is it unique for China that says occasionally, you hear the next factory farm working on how long it's going to

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Show complaints by the Chinese, you know, they have built this culture of not explaining their position very well. So it remains a matter of suspicion that this is how they treat people is only after. I mean, a few years ago when they started publishing in a special journal, the kind of Corporate Social Responsibility stuff we do in in the country, and this kind of generally circulated by the Chinese embassy. So, I mean, there's still questions about whether it's authentic or whether it is true, you know, but I admitted it made a one positive step

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towards clarifying these issues, but they are still emerging.

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So how can China dealt with cultural differences that exist between the countries for example, relative to leadership and work styles, religion and expressions

27:58

well,

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In Kenya, at least they try they try to bring in the confusions in institutes. You have tried to expand the bureaus for the global broadcast stations like CC. This this is called CGT. n.

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They have expanded

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their bureaus for the news agency China in Kenya, for example. They provide content for free to media houses. Some of it is very good stories. Others are very open propaganda. So we have to sift through the chaff to get the wheat.

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So So overall, would you say that the SGR project has contributed to decrease or increase poverty in Kenya and how?

28:50

Well, I haven't used any particular tool to measure the poverty rate before and after, but I don't tell you that if people are in getting jobs or lose jobs because of our Chinese infrastructure project truck drivers not being able to do work. That's what contributes to poverty. I mean, one thing leads to another if someone has no job they will not be able to provide for their families will take them to school. So it's it's that kind of complicated scenario that has emerged from this year, for example.

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So I haven't noticed any indication that Chinese infrastructure investments in Africa have had more or less environmental damages compared to infrastructure investments from from Western companies. Well,

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occasionally the Chinese say they respect the environment and respects rights of employees and their clients for example, the actual picture on the ground is different. I just give you an example them killing wild animals which they should have protected.

29:59

o it contributes to environmental damage. There are those who have been accused of causing soil erosion in parts of Kenya and the construct in western Kenya, for example, is accountable the TC where the local administration stopped a Chinese operetta because they were digging through people's farms without permission to construct a road. So it tells you that to them, so long as the project works, environmental issues tech second seat.

30:38

So would you say that the Chinese or English Corporation has followed and respected Kenyan environmental laws and obligation when constructing this project.

30:52

I mean, our environmental regulations are very open for everyone to read through but and usually for Any project to be conducted for example, we have an authority here called the National Environmental Management Authority which which is supposed to, to approve that the project will not be harmful to the environment. But as usual, you know, there is a disconnect between what is approved and what is implemented So, to them whenever they get a loophole, the flout,

31:27

oh, this is indications that the Kenyan government has lowered his or her mental fiction to me that's been more attractive or feasible.

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I wouldn't say they have lowered it. But I would say they are just poor at implementing it. Possibly because, you know, the Chinese now become creditors for us who probably, maybe there's a way in which you deal with your creditor so that you don't annoy them and they demand the money immediately or something like that, but I haven't seen change Officials being being punished for flouting environmental rules even if they operate in areas that Kenyans are complaining. So, it is a it is a catch 22 situation if you ask me

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Have you seen any positive environmental effects come from this rich construction railway

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Yeah, they are they are villages well they have constructed bottles and even paved roads leading to the railway So, we can't I mean we can we can cut them some kind of we can give them some kind of credit where it's due and when this is one area they have quite because know the railway towards Mombasa runs through some areas which don't have water at all. They have poor info so and they come in and they have ducks on board in some villages. So this is something We can open the curtain in Chinese.

33:05

So this large sums that has been invested from China and Kenya, would you say that in any way that it could have escalated corruption in the country?

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Yes, sort of, because I told you the controversy surrounding this gr where you had to get approvals from parliament, approvals from the cabinet approvals from the tender regulator, I mean, the procurement regulator. So because many questions were ignored when this project was coming up, it pointed to a possibility that there was corruption. No one has been jailed because of corruption. I can tell you that the initial officials and the Minister of Transport were fired because of the media and all this. So I don't know how far the case in court has gone on, but they were prosecuted possibly I mean exaggerating the price of land for this year, some sort of thing.

34:09

So So how would you say that the investment in the SGR project has affected the relationship between the Kenyan and Chinese government?

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Well, it hasn't been one person been supporting me today. I mean,

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if you look at the way the Chinese deal with an issue of their national being affected in Kenya is very different from the way Indian Government deals with their nationals living chain in the complaint is not as stringent as what the Chinese Embassy would do. So, it has created some sort of I mean, relationship that is uni directional, if you if you ask me.

34:55

So this investment spent in Kenya from China. And there have been some now when that it could be argued perhaps that the Kenya is allowing China so much money that they're kind of becoming more dependent upon China, for example, and lose some self-dependence perhaps not to take it too far perhaps or?

35:25

At the moment. Kenya, the trade between Canada and China is about 3.3 point \$2.9 billion, something like that. And yet Kenya only sells 100 million dollars to China. So that tells you that much of the manufacturing, we do here is not as competitive as what the Chinese do. And that has a possibility to killing mass and industries here. Because if someone can make a T shirt at a 10th of the price in Kenya, so why would an industry be set up to manufacture t shirts when people can import cheaply from China, for example? That's the question that has emerged over the years. And it was there even during the SGR negotiations, because the Chinese have really become the basic places where we import our goods.

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So there is a T shirt that indicates that China is more skeptical towards democracy in developing countries and Western countries are unable to separate it based on politics. Is it true that it affected the Kenyan governance

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Chinese will tell you that they are not interested in what happens in Kenya political only interested in whether the relationship between Kenya and China can be sustained and improved and made to be more strong.

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So I would just say that the Chinese investment in the SGR project has impaired the relationship between Western economies and Kenya. If yes, what effect will it have on Kenyan access to loans and investments from from the west?

37:47

Well, as we speak, the government has sort of started changing its its policy towards taking loans from time and this is because of critics who have Always lampooned the Nairobi administration for taking loans without planning how to repay. So last year, for example, the President said they're asking the Chinese to try and engage the private sector and try and bring their skills from Nairobi. This is something that wasn't even attached to previous negotiations. It was only whether someone would pay someone loan, the project will go on and sort of thing. So I do think that going forward, the Kenyan government will continue to borrow from all the lenders as regardless of the conditionalities because this is a situation where government has run out of options basically

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to two questions left now. So so they are more additional questions, so to speak. So now we have asked this question, do you think that we have less Miss to ask some question Still could be relevant for this construction.

39:07

I just wanted to know whether you you would publish this report? Will it be available online?

39:19

academic school projects, so mainly, we will send it as a master thesis to our supervisors. I think it might be available in the CBS database, but it won't be published. Published publicly, I think. Okay.

39:34

I want to share their final report.

39:36

Yeah, we can send it to you under email.

39:41

So Hoover Dam is a one overall quick last question out here and it will take a whole helicopter perspective and look from it on a more general level. In your opinion, do you believe that the Chinese SGR FTA construction has contributed to a positive or negative overall value to Kenya locally Indigo Economic environmental,

40:03

well being and governance?

40:05

Well, first of all, the Chinese don't publish their data as much as Western governments do. So if it were the US, for example, you will simply go to the US aid website. And then you find out the exact villages that I've benefited from health funding, for example, well, which clinics which dispensaries, this information is missing on the Chinese side. So they will only tell you that, yeah, we've completed a 500 kilo on every line, and it's transporting this amount of goods, and it was good at this kind of jobs. The problem is, sometimes you cannot corroborate that information on the ground. I mean, it's not available because they don't name the exact places you don't mean you should say excluded jobs and people are losing jobs. It's kind of contradictory. So I would say that they They have been good with building roads, they are so good with building roads, they have built the school they have. There are other projects they are working on in the energy sector in the geophone. The problem is, is it hasn't been very easy to determine the exact impact of this project on the ordinary person. But something the government will say now, we are almost hundred percent reliant on green energy. That's good, but the cost of power has not gone down. So why why is that? So? Is it because of the too many taxes because of the loans used to build this project? It's, it's, it is not easy to to get this information on your teeth, and probably is because of the Chinese culture themselves of looking inward. I don't know. But this information has been missing.

41:57

So it's really hard to assess the actual contract. So sweet. So that's a project.

42:03

I mean, overall, you can see, yeah, the roads exist. But how do you know whether building a road in village X has helped farmers in that village to sell more of their produce? Some of these things are interconnected. And if you have to build a road, you probably have to provide security for them, you probably have to ensure that maybe fuel costs, the cost of petrol is okay, so that they can utilize the roads. I mean, during some previous administrations, government went ahead of building paving roads in villages where people had no cars. So you would find just cows sunbathing on those highways. It wasn't a very good sight. I hope doesn't

this hasn't been happening lately. At least now that we have more cars and more power connectivity problems. The the more people benefiting from these projects.

43:06

Okay. Well, so thank you very much for participating in our interview research.

43:14

Okay, it's all my pleasure.

43:18

So well, we have a deadline, the 15th of may for sending in our thesis. So after that we have a finalized and we will distribute it to you. So you can

43:31

appreciate that. Thanks.

43:32

Thank you very much for your participation.

43:38

I didn't even notice there was another guy and the sound technician recording it.

43:54

Alright. Have a good day. You too. Thank you very much. You too. Bye bye.

Elisa Gambino

00:00

In relation to Kenya and Tanzania or

00:03

Yeah,

00:06

I did my PhD research in Kenya, and I deal with Chinese investment in the infrastructure system in Kenya. Specifically, I look at the purse of llama in northern Kenya. I know the time I'd also worked on that in the past, the brothers corridor initiative, their database in America in Kenya, and my research, no excess power negotiation and how power is negotiated between Chinese and Kenyan actors specifically, and I have a second complimentary case study in Tanzania back on my part, but I've only looked at that remotely. So either from, you know, online sources or from interviews in Hong Kong, but I haven't done any research in Tanzania as the research firm I see is really hard to get It turns out that there's a lot more in in Malmo and in Canada more broadly. So I ended up focusing mainly on that. And I did research from the SGR as well. It kind of happened. It was not supposed to be my focus, but then I got in contact with the senior vice presidents or something of the Chinese company. That is the SGR. So I ended up interviewing and it was really interesting, but my focus was still in Bama is the same company that builds the SGR. So it's kind of a tangent as the SGR but I did invest and research on that, and I hope I can be helpful, of course.

01:47

Yes, thank you.

01:50

We're optimistic. So that's if there is anything that you don't feel confident and in replying that we can just skip that one little no

02:01

This is just an inner mainly and I focus on high level political negotiations, but also on the ideas and the soccer field work in the construction side. So there are quite a few patterns between especially the day to day interactions between Chinese and Kenyans in l'amour and on the SGR. So hopefully, I'm able to draw some parallels as well.

02:28

Interesting.

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So, we started with the first wisdom, some general questions, relationship, Chinese investments and, you know, landscape in general. So, in your research, have you noticed any difference between Chinese FDI and that from other countries in relation to investments in Kenya or Africa in general?

02:51

And so I'd say

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I can speak mainly to infrastructure investment, and I've noticed that there has been has been a shift more recently from financing and constructing infrastructure. And in recent years, there have been more and more Chinese companies participation as constructors alone. So without defining, so what I've noticed is that a particularly big face on enterprises from China has had quite an extreme in Africa, for example, trying to run for each corporation that is the str testing in Kenya since the 1990s. And they started out with various monster projects. So being contractors for sub contracts, there's actually for let's say, a section of a road or a small building parts of a broker comes with the complex of buildings and so on. And then throughout the years and that is they managed to get a project such as the SGR in place, which is a major project. So there has been a very interesting learning process in how this has happened. So first of all, is the what is called the embeddedness and benefits next in the local context. So, they have gotten to now political leaders as well as bureaucrats within the Kenyan system and decision making processes, and they have managed to retain good relations with all of the political parties that have changed throughout time in Kenya. So this is something really, really interesting, that has not happened everywhere. Some cases that you could say would be done, or even in Tanzania, where his government has taken a very economic nationalist approach and has been very wary of Chinese investment but also either foreign investment of by the time as well. Within Kenya, the Chinese companies have managed to retain really good political relations with all the governments, which is really interesting. In terms of differences between Chinese investments and other investments from abroad, I would say one of the main ones would be the obvious one of not having any political requirements or economic policies requirements differently from the IMF, the Bretton Woods institutions or even USA, UK and the European Union. But that, you know, that's, I imagine you're something that you've heard

before and read before. But what's interesting in that is also that although there is no strings attached, finally see, the investments, you have some hidden strings really, whether it is the necessity to hire a Chinese contractor or The contractual obligation of hiring Chinese companies to supply machinery or materials or farm. So there's definitely an approach of Yes, it is advertised and marketed as an offering for investment. So it's just you know, sum of money that you get through grants or concessional loan or whatever. But in the end, there are some strings attached, whether they are on the project itself or on another project in the future. And this is something that makes to what I was discussing earlier, the fact that there are more and more Chinese contractors, entrepreneurs contractors alone, and this is something that one might consider looking into as possible relations between previous investments and future investments, but also in terms of the learning process that Chinese companies have undergone throughout their 30 years. About the race in the country for Kenya.

07:04

Yeah, we actually have some questions related to this building consensus versus Washington Consensus later on. But we also have so we've talked a little bit about it now, the fact that the Tonys drone image corporation is a state owned by the Chinese government. Do you think this has an implication for this car project?

07:27

Yeah. So, in terms of the state of enterprises, when it should be said that there is a very big difference between when the investment is coming from China as well as from China ExIm Bank, such as the SGR or when the investment is coming from somewhere else, for example, on the port, Salama forest is funded by the Kenyan government and by the contractor is still a Chinese faith and enterprise. So when looking into different cases and notice a very big difference in terms of how the relationship of the Chinese government could be considered. So we did lambing, there's pretty much no connection to the Chinese government whatsoever. The decision to participate in the public tender was made in Kenya by China road bridge Corporation in Kenya. They have legal teams they have, you know, they're just a subsidiary abroad, like any other subsidiary in the world. So they have dedicated legal team and experts that can make decisions. If the funding is not coming from the Chinese government, when the funding is coming from the Chinese government, then there are relations to Beijing decision making and policymakers in Beijing, because of the way that the decision for the investment is made. So there's the way that this functions, so let's say CR BC, one To be a Kenyan SGR, right? Officially, due to the Chinese non interference policy in the hospital government has to formally request Chinese investments or Chinese funding our initiate the proposal of whether this is actually a proactive or reactive type of investment. And it's a bit blurred, right? Because foreign money, it's the Kenyan government that has to request. The investment and the cooperation from the Chinese but at the same time, is the companies that are operating in the in the Kenyan environments are ready, they can maybe propose this project. I'm not saying this happened for a car, but the project can be proposed to Kenyan officials that then wouldn't send an official letter to Beijing. So when you look into literature and decision making processes, there's often from Chinese literature, especially the Often software vendors and non interference policy and how every project is invited by the US government. However, this is something that one should take with a pinch of salt. Because informal decision making is actually what matters in projects, especially of this size. And in terms of the SGR, there was definitely a component of policymakers in managing being involved. First, because of the size of the investment sector, and this is what the Chinese caller asked you to us, which means like a big tree catches the wind is a Chinese thing. And this is one of these projects that they refer to as such. So any of the in the middle of a lot of little projects, there's one which is like a big

trees, right, and it's going to attract all the attention. So when such a project is, is underway, and you've been constructed, of course Within the Chinese government, there will be people keeping track on that. So when I was in Beijing, conducted interviews, people within the parent company of China road base Corporation, they hadn't even heard of Lam even though they're being detained. But they definitely had heard of the SGR. They knew what was going on. Not in detail, of course, because, you know, executives in any company of this size, don't know the details of a project. And they know about the project, but they didn't know about law, which is really interesting and tells you as well, how far is in the news reaches, and what level of consideration this project has, depending on the funding. And yeah, so in terms of decision making processes at once I can go through the whole step by step of what happens under my study interests you your house. I'm not sure whether that's good. No puppies are not so let me know

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are not

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perfect. Yeah, it was interesting, actually that perspective. We haven't touched upon it yet, but that could be something irrelevant to include this post. So, in your opinion, how have a foreign direct investments no matter the industry affected keener over the last decades.

12:23

Okay, what

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are the fine

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dice in general however, that affected key never lost the case.

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There's actually been a considerable focus within Kenya on developing infrastructure systems, or VMs in power plants, expanding the national grid. So, one needs to keep in mind that the main funder of infrastructure projects Specifically in remain the African government. So across Africa, most of the funding for infrastructure projects is included in energy. So all of the infrastructure soft and hard structure are still being funded by by African governments mainly. So keeping in mind, one should also consider the way that SPI has shaped but the way that they have API's have been shaped by the policy direction of African governments. Right? So if the Kenyan government is published in the Kenyan vision 2030 with a strong focus on all types of infrastructure, health care, and so on, and one will see an increase in investment in FDI in relation to these sectors, right. So I wouldn't think I wouldn't say if the eyes have been chasing the way that Kenya prioritizes its development agenda, but there has definitely seen a very big contribution on which projects get prioritized. Anyway. So maybe the SGR would have happened 10 years down the line or five years sounds nine. Or maybe not. But definitely that was a need from the Kenyan government to build the SGR. But whether it was if one waited before the election, but after the election, if there wasn't the need to finish, such a political project before relaxing, it could have been considered doing an electrical railway instead of a non electrical one, or one could have been considered building the whole of the railway all the way through ganda at the same time, and so on. So there's definitely a way in which projects are being politicized. But I would say that in terms of China, Kenya relations, a lot of it is

coming from The Kenyan government itself, because all these major projects are very political. And they have been political things, you know, this our time, I guess. So all of these major projects are highly political and political leaders are very fast on the priorities. And they can, they can shift, obviously, and they do. But at the same time, the timeline is to set by dependent government for the SGR as far as the SGR is concerned.

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So now, when we talk about Chinese FDI, is there I mean, there is, of course, it's no strings attached compared to the west. But is there another way that we can see how these FDI is the local impact in Kenya, how that differs from China versus invest in investment.

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So in terms of

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In my opinion, an infrastructure because that is my expertise. I mean, fortunately, I guess, because there's a lot of them, but they impacted I've observed in terms of local impact of local population has been very barriers. So I wouldn't say different from any other construction project in terms of local content requirements and so on. And there's often perception that Chinese companies bring their own workers, they bring their own machinery, they bring them materials, some respects, human rights issues, and so on. And I mean, a lot of these things are true, they've been being brainwashed as nothing is it is allowed within the laws of the countries where they're building. So for the SGR, President Kenyatta one, at some point said two or 3% of the content will be Kenyan. From that moment onwards 40% of the content was Kenyan. For the clerk examining the contract it was said that 75% of construction materials should be Kenyan and it is all the same time. So at the beginning, yes, there might have been more Chinese workers. But as the numbers grew, there are now about 1000, Kenyans and 200. Chinese working in the construction sites. However, none of the Kenyans having them in Nigeria position and that also applies to the SGR. And even now that the operation of the SGR are demain part of the construction is completed right so now there is in their separation. There are still a lot of Chinese workers within the operations in all of the stuff and they had issues with the with the translation system. So some of the computers were the SDI reparation for taking place or not in English for disaster can not suppose both languages at the same time. So it's either a question or of do we teach the Chinese to our parents English or do we keep the Kenyans Chinese? Or can we just have two people do anything bad, and that hasn't been solved yet. But there there have definitely been many issues with local employment in particular. So you might have read about this process in Bali where Chinese workers were attacked, some of them ended up in the hospital so people were protesting about not having jobs, right. So they were saying the locals are not guessing construction job. And when when it is true in boy area, there were not a lot of people working in the construction side there were indigenous people from from boy However, there was a 40% requirement or however perfect was at the time of Kenyan workers, right? Then we're moved from section of the SGR to the next section. The next section and someone in that a people are the Chinese company was saving money because they didn't have to train people again. And they could just manipulate run throughout all the counties of the SGR track. This is an issue that has been happening for a while, even on roads when you be in the road. There was a case of Nairobi

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condemned the second part of it but there wasn't this road that was emailed Robbie, so from Kenya lesser neighborhoods, and was going out of Nairobi, and you've just finished into

another county. So when the Chinese company did was hire people from the county outside of Nairobi, because it's cheaper than hiring people within their ob NC Use the same markers to work across two counties. So people went in Nairobi started complaining because they were not getting the jobs that were promised to them. Because they thought love for workers will obviously me because I live in this neighborhood. But that is not how it happened. And that also happens in projects that are only built within one time. So we didn't parse even though it's only in there see now people from Ghana, so there's a lot of people from the mainland, not almost naughty, but there's one person from the archipelago. And there is then an ethnic new vision between the heli coastal and archipelago population saying, well, we are not getting the job but we are the indigenous population of land. While there's a lot of people come in and be from upcountry, Kenya or other counties of Kenya moving into llama or others nissa T is and has been receptive to reset them and scheme in the 1970s and so on and somehow ended up leaving the lamps that are working, but they they belong to the ethnic group that considers themselves as indigenous to them. So there's a lot of there's a very multifaceted nature to the issue of employment because obviously, from a legal standpoint, the country has been respected. And anyone with a Kenyan passport to a Chinese company use Kenyan, right. Why when I asked London county commissioners, what like who is local, right? And they said anyone who has the right to vote in our constituency, but then when asked him on the on the island, people would say, oh, on this third of the islands, we are the locals. Because the party is in our lap should be out so that there's a lot of Very interesting, multi faceted nature of that comes into input into play. And in terms of the local impact it has on the population is that it increases tension between different groups or possibly different ethnic group. And at the same time, it might have a negative impact on the project itself and therefore escalates politically on you know, news media and so on. And in terms of the human rights issues was I mean, I don't know if you've ever been to a construction site, it's it's pretty much everywhere is like insane everywhere, right. And construction site in 14 degrees. 40 degree weather under the sun is awful. I mean, anywhere. And the specs that are being taken is within Chinese construction sites are no different than those that financed by the World Bank or UK aid, or you say USA. So the fines there again is the legal requirements of the country where the construction is taking place. And something built by Polonius even though it's a French company, is a French company. Yes, it is different companies still going to be the same kind of environment within the construction site as something built by China road bridge Corporation. The only thing that might differ is the length of the ship. So it might be 10 hours instead of 12. But I don't actually have some data that suggests that the actual conditions and the working conditions are pretty much the same. And it is a tough job, but it is a tough job and

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how would you say that investments in the SGR project fits with China's overall industrial policy

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supposed to do?

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Yeah, I say things perfectly fit. China's foreign policy, Master policy development policy. They all have that. I think that the trend since after Tiananmen Square has been to look beyond the West. Right. So finding quiet reactions inside of the wealth that has been so far the main focus of China, right, they were being in closer contact with Japan with the US. And then hanaman where happened and after that you couldn't look at the US and put in look at Japan, the same and the quiet reactions of African nations, together with the size of power that they have given

the People's Republic of I intend to play a very big role in looking beyond the web. And you know, we've been going out on a few things was just escalated. And with a Sunday with the establishment of the forum on China, Africa cooperation with soccer, that also, you know, if you look at it is like going out policy establishment of the office. And then about 13 years later, the Belton road initiative, which is another connectivity for other connectivity is kind of whatever I mean, it's a labor I guess, as well, an umbrella of things. And even Africa was added to the Belt and Road initiative later on, so it was not officially included in the Belt and Road initiative until 2017. It does make sense that the SGR Now together with an Oregon recorders on is now considered with an economy to keep keep he corridor for prospering connectivity or something like that. So, in 2018, the northern corridor and the, the one we're mammals on, they're both wearing surface as strategic connectivity initiative, whatever their cause their independence and resolution difference. So we see not only the expansion, geographical expansion and outside the infrastructure sector, so a sectoral expansion of the Belt and Road initiative, but also an inclusion of African initiatives within the Belt and Road initiative do so we have two corridors that were initiated by African governments then fundamentally become Belton road initiative. Right, but and I'll get The fact that the SGR was financed by a bank and constructed by in the road. Bridge Corporation, obviously is a big indication of these trends. It shows where we've been set and you know, we can build even more. However, under making this thought of including then I've been farther under the Belton road initiative from the Kenyan side was thought as an opportunity to then receive more funding and more interest from Chinese investors and allegedly NASA for another loan and didn't get it so I mean, he says he didn't that's on the news. So they had he had so you know, thank you if you want but these long was not given and amazing did not work out as they thought. And there is a very big

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discourse within Kenya at our level.

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Officer population in a common people to get the basics right anything about are we really getting the infrastructure we want?

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So is this worth it and it is happening, the debate, but definitely I see the investment in SGR fits in perfectly within Chinese

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expert

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Bumbles that is eventually going to burst right so being over capacity going abroad will only create over capacity abroad is less than four days doesn't need much you can be

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so

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fit in perfectly but at the same time once effective, whether it is the right way to keep economic development in Canada.

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So all these things infrastructure investments from China in Africa especially have been that there have been a lot of negative covering from it from Western newspapers, for example. And Victor short general. And could you have noticed that that perhaps, because West, before, West was the dominant region in Africa, with investment and so on, but now and optimistic or to some extent, could this competition between West and China be a source of this negative perspective that has been written in the West?

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I mean, I guess the first

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bits that are seen in science, I guess, would be this idea of the debt trap diplomacy, right. The idea that you will have to give parts of your assets or your assets anyways, the contingency plan would be to give up some of your assets. I think that this year Has might have been a beta out of hand and been in places a lot, obviously want to look at both sides perfectly. from Washington, we mainly hear about the debt trap diplomacy and how you know, it's it's a strategy. That's how it works. So trying to get the money to purposely put in government's in risk of default, waiting for them to default and then eventually it's going to take their national assets I've seen thus far. I don't think it is a content strategy to purposely put government into that. So we still have to remember that the best of African governments to China is actually a person page of what they have their actual depth. So there that was set to the IMF, that has been hasn't been repainted in decades. And the Chinese that is definitely be an issue because it is adding up to all of it that that African nations already had. So yes, we should definitely be careful in looking at that and the success in all conditions, because of the need for infrastructure or, you know, health care facilities or whatnot. But saying that the Chinese government has, you know, strategy of putting people in that and then taking their assets and say that is a bit further away from from what it probably is, and I think the truth lies in the middle. You know, on the Chinese side, when here are warehousing everyone, Chinese aid, and so on, because a lot of these projects, you know, we call them SPI, but at the same time, from China, they're labeled as a. So it's a very different narrative that they're constructing around it. And I think the truth lies probably in the middle. So now I don't think they're purposely true. To get other countries assets. I think when people talk about the Hambantota park in Sri Lanka, as they say in the same mode, Washington passed our super What was it called? how China got Sri Lanka to pop up apart? I think that I don't think that was, you know, the end goal of that investment. It happened, but it is the only time that that happens. So should we consider it an exception or should we consider it? I don't know the rules. I think it happened once and only once. And of course, things are presented in Western media very differently when it is a lambda or a western country. So when three so the part appears to China merchant Spark, which is also a state owned company, listed so they do have a board and so on, but still majority steaks around by attorneys. I see some They bought this part of the railroad. And that was a great move of the of the Greek government to follow their liquidity issues. It was a great investment they did amazing. And then when they land at this awesome time and ended up giving the parking confession is China, which has taken over why the Greek case there are different cases. But at the same time there is the end results are pretty much the same. Apart from the factors, you know, one is 99 year and other one is just brought up. I mean, I guess 99 years is too long for any robots to interfere. But the idea is, why is the Greek government presented as the hero of this situation, having solved their liquidity issues why the Sri Lankan government defaulted, and China's like the evil Thank you longer? And as you know, delight us the way you presented stories is definitely something that the media has been doing, but there is a concrete risk that, especially I think now and you know the current Coronavirus thing, there is a sudden risk that governments will

default. And what happens then? The question on everyone's minds, I guess, obviously, I do not have a concrete answer, my best guess would be that we see some measures of relief in terms of debt relief, so cancellation of some or maybe freezing interest rates,

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and so on. So we'll see some measures, but at the same time, it's impossible to cancel all the debt to China. So I don't think there's also a strand of literature that says that, I would say that's also quite far away from reality. But there will be definitely some measures of that. And then, when we might see some application Yes, but He wouldn't consider it a strategy. That's fine say the best abilities but it's not a rule.

35:06

Would you consider it to be Thomas etc learning differences for Qian defaulting on Chinese versus Western loans from from the World Bank, for example, the consequences be the same, or will China also demand austerity and so, for example,

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and I don't think the China demands in austerity. Now, and I think the idea on paper the non interference principle when Bernanke, so both the nine interference and non us strings attached right, which again, pointed the same thing, so not having any influence whatsoever on the national, political and economic policies, basically situation or economic policies of the country today, I've been thinking they will move away from their approach on pace. But at the same time, there has been a growing trend of securitization of investment. So, you know, how Chinese investors are trying to secure whether it is an infrastructure so either through securitization, in the sense of, you know militarization, I guess, the Copenhagen school securitizations, which he might give me. The next sentence of securitization, you know, both financial, let's say like that financial securitization and actual security. And I think this is a very important trend this afternoon, and I think we will start seeing more of that. I don't think we'll see a sort of a mass of parity clauses from China, but probably an increased security and risk assessment. More broadly talk my talk is on risk assessment.

37:00

Now we're talking about depth. I mean, there's a very high cost of access to our product close to \$4 billion. I think it has the high cost of this project limited Kenyan government's potential to invest in health care, education, food security are our important sectors.

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Well, I really don't have any information on what the plans of the Kenyan government were before they decided to place they are and I think, you know, the high costs of it has been very controversial. So, you know, people have been charged with corruption charges, people have ended up in jail, but there's definitely been a certain amount of money that has been lost somewhere whether through land grabbing or paying off. Sorry, contributions to political careers, let's call it that or you know, Any further contribution has been made. But I say, you know, the loan is also well over 20 years or something. So I think they were hoping to recover that amount throughout the duration from the start of that wouldn't have an actual impact on the balance of the Kenyan government. I think that would be the idea. Right? So you make it your career, is it, you make the money to pay off the loan to operation but then isn't happening? Okay,

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so we kind of touched about this little bit before. A lot of the literature suggests that there are spillovers from FDI in terms of technology that both innovation and knowledge spill over and so on. But that also kind of requires Kenya workers to be in management positions also, I suppose. But have you seen any spillover effects demolition to be safe to or that could benefit Kenya

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Um, so I agree with you I mean, you need you need managers right you need training and retraining usually comes higher manager positions right so you get trying to get better you jump to another position haven't seen much of that I have seen a lot of workers going from tiny projects to try and do projects. So I had been worked for a Chinese project makes it more likely for you to be hired in another Chinese project. And I think the question of both sides of spillover effects is related in so many different aspects right I mean, first of all communication, how can you How can people be trained consistently and effectively if you speak different languages? So, you know, training through doing is particularly in the construction on construction sites and most effective way to train something, you get trained through doing the actual job that you don't have to do. But at the same time, there needs to be some level of communication that you need to interact with people. And me not confident in saying that the Chinese workers at least when I was at a construction site, and I'm the gift servation from Vietnam trophy updates have done they are not interested in most communication. That is the last thing on their mind. Most communication is not a three rst. Learning English is not a free rst. Training license is not a priority. And although there, you know, again, this is a project that is funded by the taxpayer funded by the Kenyan government and the Kenyan government started some initiative to sort of train people around the part for that, then When the parties alteration and they can go and work there, that has helped, at some point stopped before the actual fulfillment of the number of people that were supposed to be trying. And but in the case of SGR also, the, the studies that have been done on the spillover effects were quite, quite weak. And so having decided within special economic zones, studies done in Ethiopia particularly, there was also a extra layer of difficulty because it was really hard to find someone who spoke both languages, so it would happen to a translation in English. So there was another translation and translator, so I mean, how can you teach someone how to fix you know, whatever carried. If you have to go through two layers of translation, it becomes really, really hard instruction manuals were on meaning glow in Chinese. So there's definitely been some questions. And the actual spillover that is happening. And as far as as you know, in my research, it does not the focus of my research but obviously from the observations I've made, I haven't seen much.

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So taking this in mind, I would still say that the SGR protests positively affect the Kenya economy or going negatively.

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And

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well, it would be really hard to say yes or no.

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I think to some extent, there is you know, if one considers the the idea that infrastructure to diseases that infrastructure, processors economic development, which is obviously not a

straight line, but it is definitely you know, be in a structure driven China model or something and it is definitely something has been done in Europe and in the, in the United States as well. So if one considers that to be true and be like, you know, beyond the Bible, it could go by then at that point, you do need infrastructure, but you're doing an investment long term. And that's something that is really important. When taking China into consideration. You said they aren't going anywhere. And so their investments are so long term, not just in terms of day to day operation, but you know, getting the money back and in the meantime been involved in other projects. And there's, there's a say, there's our I think they're on the other side, so the Kenyan side and on the African government side, there are steps being taken, so that this relationship is manageable. The SGR brought positive spillover-effects within Kenya. Something that cannot be done from night and day. This is something that takes a lot of work. It takes training and you know, it takes creating new permissions. It requires training the personnel but also listening to the personnel. And it's a process, but it is definitely happening. So I think, you know, since this is our long term relationship, I imagine that in the future, there will be a lot more that is in the hands of the African government so that they can make sure that the interests of their people and their national economy are actually a precedence and they're not something you know, like a second objective, that is the main objective.

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So would you say that they are proud of the construction of this railway in Kenya and they improved connectedness to both Kenya and the region would increase key net exports and imports. So improving the trade in the US is a benefit for them. In terms of

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I say that, you know, in theory that is what was supposed to happen, so you would transport cargo on the train to Nairobi, and then from Nairobi onwards, the issue that they soon face is that it was too expensive. So, transporting a container from Mombasa to Nairobi was double the price. That road all the way up in you know, in farmer's fields that you had to pay on the road, you know, stops or police, whatever barricade and zone it was seen, more expensive to put it on the SGR. So the SGR wasn't being used and as a result, the Kenyan government decided to make it mandatory for people in persons from Mombasa to put containers on the train unless they were going beyond Nairobi. So let's say if you were from Mombasa to my Basha, then you can send it by truck. But if you're sending it to Nairobi, and that's the final destination, then you have to put it on the train. And the idea was that the train would have about 11 or 12 journeys per day cargo wise, and shouldn't be even less for passengers because that's not where you make the money. And I deny even if you've seen the actual prices of it, I mean, it's about 10 US dollars for each person from Mombasa to Nairobi so it is extremely cheap and ignites itself a five hour journey. So it is very, very cheap, but people are saying In so much, not just because it's cheap, but because they charge and their time between, you know, from 12 hours to five. And at the same time, it's like a safari. You see so many animals. So, you know, the passenger side was an unexpected result of the SGR, there was never thought to be for passengers, but people are loving it. I mean, I love it. It's amazing. It's not anything, but it's so much fun, actually. But because there were days in which they had seven, seven trains instead of 1112. And the highest they've ever had was 14. And see if you've realized that, you know, actually not going as well as they were expecting and forcing shipping companies shipping lines to use this train turned out to being counterproductive. So when cargo was first on the train, and there were some considerations from major shift in lines of maybe fans in somewhere else Dar es Salaam being the most obvious choice because if you're sending something to Ganda, you can get there from either Saloni or from Mombasa. And, you know, it's cheaper sometimes. I mean, especially if you don't use the train, it becomes cheaper through their thumb. And if

you're going to the eastern part of the DRC you can also go both ways Ronda Burundi, you can go both ways. So, that was a move that made it quiet quite, it was quite an antagonistic move, in a sense, it was well, you know, we need the money. So now you have to do it, which was not received well within the maritime shipping industry, the shipping industry and logistics industry. It was not received well at all. Also, because the effectiveness of the train would be if you you're in the park, you put it on the train, you get off in Nairobi and you put it back. But then you have to get it to the destination so and you have to get it on the train because there's not actually in the park itself is on the side. So then she said nine cents to pay for a truck to take it from the farm to the station and then from the station in Nairobi to be deposit. So you know, it just increased even more the size for them. And that wasn't really in it. And from a roadway economics going to be us

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apparently, I mean, I'm not very weak, not economist, but apparently above 500 kilometers is cheaper and road below it's not. And as we know, the SGR is actually not 500 kilometers. It's 400 something so apparently if it was a bit longer, it would make economic sense. But, you know, I don't concern myself with this differences that much. But I think that definitely first in people in business 50 years it was not. Yeah.

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So now it's time to talk about people and community in Kenya. And we'll just say that the Chinese road image Corporation, respected and accounted for the identity, culture, interests and lives of indigenous communities and local citizens in constructing the project.

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When I would say to also return back to what I said before about that. I don't know what you mean exactly by respecting their identity or mean. On one side, they have a very good corporate fortune. The responsibility report that they publish each year from CNBC Kenya. Thank you very detail. They don't advertise it at all, but it does exist. And in it can find all of these super random things like, Oh, we donated to this cool place so far away from where we work, or Oh, we brought Walker here when there was an earthquake, and you see all of these things and you know, it makes me wonder, why are they not advertising it more? Because if you're under fire constantly for the SGR, I mean, it would probably benefit you to be one, zero something on this thing.

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I wonder to what extent

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they care of the public perception, obviously, it helps their business. But at the same time, you know, 5050 is the parent company of CNBC was the banned from participating in World Bank contracts. And if he was still getting hired outside of work for bad contracts. So to what extent you know, does anyone really care about that? Is mine a question that has not answered throughout the PSE eye thing, but I don't see that as a priority at all. So and I think he has to come to terms with a lot. If you look at Chinese national history with different ethnic groups, or you know, different ethnic groups, they call them ethnic minorities, because they are a minority, but they all have these groups. They're 55 different ethnic minorities in China plus the main it's nice to be here. And all of them have been sending me photos for throughout the years and Centuries they both have. They call it an immune nation to exposure. So they've been exposed to the Chinese behind way of living and eventually have had to conform to it. So I

don't think that, you know, protection unless it's from again, on paper or rhetorically protecting diversity and ethnic group way of living is not really at the top of their mind, I would say, but they definitely understand the differences. And that's for sure. I mean, they understand who is a Muslim and who is a Christian, and they understand that they have different requirements in terms of which day they don't work, because, you know, they pray in different days or different times. Or, I mean, I know millions of Have to pray in a specific place, right? Because obviously you can pray anywhere, I guess. But the point is you have to go in a mosque in a Friday, you go to church on a Sunday, some churches actually go some religions on a Saturday. So, you know, they learn about these differences when it is of interest. Because they learn this because they have to manage people and shift bills, and then at the time, it becomes an issue, then they learn about it, they move the things around, and they forget about it anymore. Again, because, you know, the problem has been solved. But I also think, you know, it's not the construction companies job to preserve, you know, traditional lifestyle and protect

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customs.

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And you can say that in the West as well, I mean, it's not the construction company's job to do that. Right, if the government's job Yeah, but I don't think they are particularly interested in that.

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Right. So environmentally, have you noticed any indication that Chinese infrastructure investments in Africa have been more or less environmental damage as compared to infrastructure investments from investing companies, for example?

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Okay, but they're, they're very big differences in the way in which the impact is evaluated, whether the impact is different. I mean, obviously, the SGR in Kenya and the SGR in Tanzania let's say a very different manufacturing was built by a Japanese company and the other one is now so that is a different environmental impacts, but that, you know, the, I think the main focus should be on how is the impact evaluated because Because obviously building a car is it is environmentally destructive, you change the way the fish moves the change the temperature of the water, you move, and you destroy our reef. And, you know, it's not just in Kenya everywhere. And it has a very, very big, big impact on on the equipment ecosystem, but also in the livelihoods of the people that rely on that ecosystem. So destroying actors and actors of mangroves means that the people who meant to live in custom mangroves and making wood out of it to make you know, boats or whatever, their livelihood is hindered. On the fisherman community, their life is injured. And but that, you know, that it doesn't really have a lot to do with CCCC. Again, who did the design for depart Korean company on the guidelines of home of the Kenyan government in terms of SGR, however, the environmental impact study was done

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by a Chinese company, right?

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So, you know, they're often rough and very cheap environmental assessment, not just the Chinese once, but they can be done very quickly, and something can be left out. So for example,

do you know the coal plant in Lamaze it was toxic in your department? When they did that environmental study, apparently they didn't. They mainly discuss the effects of the water that was coming out to cooling the plant would not be dangerous virgin environment, right so they clean water, but then turns out that the western that comes out of it is really hot. So changing the temperature by half a day. changes the entire species of fish that you can have, they would actually push away the fish. But that wasn't part of the environmental assessment because, you know, it's tick, the box is clean, but it wasn't really a concern and what impact it would have, even though it was clean, it was really hot, it would be really would have been really hard because they never built it like that. But, yes, there is definitely a lot of concerns, but I would say they should really be pointed at how, who and why is the impact Impact Assessment being done very quickly and very cheaply. So be my actual concern on that. Okay.

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So, do you assess that the Kenyan environmental regulations provided adequate protection are like ecosystems and biodiversity and was the key and regulations as a university By Design, the northbridge Corporation, they build this historic project.

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And I really didn't know how to answer the first question. I mean, I'm not I haven't read their regulations, and I am not an environmental expert at all. So I let's skip that one. And the second one was how China road bridge Corporation.

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What was the

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question whether they respected and followed these laws and regulations?

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Well, I mean, I think it was rose. Good. They did, right.

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So

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the Kenyan court decides that they did. And I guess you know, their final word is, who am I to say that they didn't, or even that, you know, the Kenyan regulations are sufficient or not. I wouldn't know how to evaluate that. I mean, what is appropriate in terms of Environmental Protection. I'm sorry, I'm not the best person for that. But I might have someone recommended later.

60:09

Worse, but have you seen any research in a way that Kenya would have lowered experimental requirements to make that investment attractive to China?

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Yes, that is a very interesting point, because there's often you know, this race to the bottom idea and one has to consider it in terms of the regional part or the regional enemies or whatever the competition is has to be in the region. So Kenya and Tanzania have been in competition since the dawn of time and Bailey has not been the dawn of time there have been at least you

know, since past independent Kenya, Tanzania, they have been in competition for investment they have been in competition. For the race to build in Africa's largest Park, they are both entry points to one of the most stable regions and on the whole continent. And that has fairly okay connectivity infrastructure as well. They have once the farther sauce with their, with the other countries, you know, so it's really quick to cross the border. And therefore, there has always been a competition. No Kid, the SGR timeline. You know, if you look at the SGR Kenyan the SGR Tanzania timeline, very similar. It's just like, Oh, we did this. And now we did this. We did this. We did that. They competed for the oil pipeline from Uganda and Tanzania, and that has been for him, but define being you know, there's definitely a certain level of competition and it cannot be excluded.

62:04

Obviously, I wanted to interrupt.

62:06

Sorry, I think something. Yeah, so I think it shouldn't be excluded. There's also a race africanism with that, but at the same time, you know, you have to consider the type of democratic processes that are taking place within the Kenyan government. You know, it's not very easy to pass a regulation that lowers the environmental standards. You know, when to give people something, it's really hard to take it away. And it has been shown, particularly in the case of the coastline, that the activists group or environmental protection within Kenya are really strong. And the decolonize movement that has brings a course cars line and eventually stop it. I mean, they authorize from another We'd like to computers and half the room. But they are really committed and you know, it shows. So I didn't think it would be very easy right now to just lower the environmental standards. There are definitely ways around things. And you know, whether that happened or not. It was definitely proven in the case of the comp plan, whether that happened in a car or not. Unfortunately, I don't have this information I'd love to,

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but it cannot be excluded.

63:34

All right, this is also a Corolla perspective, would you say? Have you seen any positive environmental effects of this construction was benefited by vironment

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benefits in the environment from construction? Well, I mean, yes to cut through two major national park, so From the way I consider the environmental and environmental protection, you know, that alone makes it really hard to find some positive place in one of the major parks in two and then going to another one, and then probably another one as well. How positive Can you be really and you know, non electric train as well so I can actually produce less than a truck. If you think about how many people and how many containers can feed on a train. I don't even knock me I don't think I even had the math skills to actually find that out. But I didn't know I'm trying to think about the positive survey. It definitely hasn't had a positive effect on traffic in Mombasa it got worse. So not even on Yeah, now. I know thing comes to mind the

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most potential is on lower co2 emissions, at least potentially.

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And eventually I get I don't know, I mean, I really don't know. I didn't have the numbers and wouldn't know how to calculate that, but I'm pretty sure someone probably has.

65:19

Yeah, I didn't know.

65:22

So, we will talk a little bit about that before corruption in Kenya. I mean, we just think that the large sums involved in this SGR project, like the hub, and then we escalated corruption in Kenya or misgovernance, me because considering the lack of transparency, introduced investments and so on.

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Yeah, so definitely lack of transparency is one of the biggest points of critique to Chinese investment. Right. So the contracts and the contracts are not made, made public and there really is, I would say, okay, And if not, that poses a lot of questions so on legitimacy on, you know, governance, and it is a very big challenge to keep someone accountable for something that they have done without knowing anything about the car. There's obviously rumors going around. There was an article on the daily nation in 2018, I think. Yes, when Katie and that leaked, allegedly leaked the contents of the SGR contract as someone who saw and they saw that they had some contingency and not contingency sorry that the guarantees for the SGR down was the port of Mombasa, and that made the headlines and President Kenyatta promised to publish the contracts.

67:00

It's not available.

67:04

For the benefit of the doubt, it has been two years. But you know, it hasn't been published. The contract for lamoreaux is not published and Kenya has a repository and a directory where you can find contracts for construction and public tenders. However, even though the contract for lamb is a public tender, you cannot find it online. Or in the archives, you know, it's nowhere to be found. So the ad is a very, very, you know, casts a bit of a cloud, on how people can actually evaluate the due process of things without seeing the contract. But the contract it pays plays a very, very important role in terms of how the Chinese companies relate to the government of Kenya, any minor issue, on employment on whatever then The Chinese company will bring the contract back saying, well, you said we should do this. We did that. Do one more now. And then at that point is a negotiation that happens, you know, the contract can be renegotiated. But it's extremely hard to do so. Because if the Chinese, they legitimately have fulfilled all the, you know, takes all the boxes in the contract, then they're not going to go a step beyond that. And I think that, you know, in terms of the SGR contract, it was blown out because of the corruption charges. And because of the corruption scandal, and the fun thing about it, I mean, this is something that within Kenyan policymakers, political leaders, and so on is quite well known is that a lot of companies not Chinese, or, you know, General companies, all of them They support patients in their reelection campaign or their election campaign or whatever, wait sums of money, then that guarantee that their projects will be prioritized. And this is something that is very, very common, and it's something that has, you know, pretty much everybody has on a job. I mean, I know it, so I guess it's pretty well known. And this is something that happens with Chinese companies as well. But it also happens with non Chinese companies.

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So this point, I mean,

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pointing the finger here and there. I think it's counterproductive. The point is without actually seeing the contract, we're just talking about if and maybe because nobody really knows and I think that is the main point that should be maybe stressed out within the Academy. Government and beyond of trying to get more accountability and transparency for through this contract.

70:09

So how would you say that the SGR investment has affected the relationship between the Kenyan and Chinese governments? Well,

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at the beginning definitely positively.

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After the refusal, I led the refusal of the loan for the second part of the SGR, and that was, was not well received. So I actually happen to have got on Beijing the week after, can you ask us, I mean, not that he will ever know but he went to get to China he asked for the loan, went back to Kenya and disappeared. And he disappeared for the find that there was an hashtag on Twitter like where is Kenyatta and he had just written Tired for a bit? Probably because of this long thing. And so when I was in Beijing, and I was interviewing for the snipers and, you know, had some investment funds and so on, and I would say I'm, you know, doing this, you know, research in Kenya, and they'd be like, Oh, we don't talk about Kenya. And if people, you know, contacts that I had very good relations with, they would say, Well, you know, I can recommend you and put you up with, you know, my boss, or do friend of mine who does these things about their berglas. So they would, you know, pass me along. And they would say, but say you're talking, you're doing research in Africa in general, and not about Kenya because we don't talk about Kenya right now. And I was like, raised thank, you know, we're looking at that for oil in my research, because I couldn't get up onto anyone saying that I wanted to talk about Kenya. So there was been a bit of a moment for a few weeks where people would be very wary about talking about If the host country, and then it kind of died off, you know, I think it's one of those things. So I'd say that nowadays relations are in to this meal. And, you know, the investment are proceeding in China road bridge corporation is still operating in the country. And, you know, I don't see that changing anytime soon. But there was definitely a bit of a shake after the second loan request. But I don't think there has been many issues regarding the previous contract of the SGR, and you know, shaping China Kenya relations because China has pushed a lot of anti corruption campaigns and so on. So actively using these cases in Kenya, as you know, a further example of why you shouldn't be undertaking corruption activity.

73:02

So

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these loans involve that the debtor

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owes China these two projects. Would you say that there is a risk now when China continues to mess because actually Kenya that they become dependent on Chinese money, Chinese loans and that is a threat to their self governance are

73:25
rising

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in terms of that united percent before it's just part of that, right. But in Kenya, it is a very big chunk of the deck. I think about what was the latest figure so i think is about 70 72% of Kenya's foreign that is to China. That is a very, very big percentage of your debt. Going to China. But you know, what these means concretely is really hard to tap doesn't mean That, you know, future public tenders will be somehow push forward. Chinese investors. I cannot I mean, it is definitely something that could happen. And Kenya is has has gotten very far. You know, if you look at the the numbers that are there, they had like one or two dot one doc that they were trying to privatize. And it's a really interesting case, because in the Kenyan public parks authority are the only ones that are public in the whole, you know, almost in the whole world. I mean, it's one of the few regions where they're still public. So they wanted to privatize the operation of this first and give it a try. And I trust a bit of investment, maybe making more efficient, but besides the tender they published, they already knew who they wanted to win. And when they open this public Fender, They realized that when they were not actually going to win. So throughout when the answer was open, they changed it, which is illegal. And they changed the terms of the tender so that the other companies, the ones they wanted with when, and when the other companies said, Well, you know, you can't really do that. They just cancel the tender altogether, because if there's no tender, you cannot have a legal case. So they just cancelled it, and it never happened. And these, you know, gives an indication of and this was quite a public one, because the numbers are hard to predict. So it was quite a public case, especially in the maritime industry. But going beyond that is, you know, I wouldn't be surprised if there were cases like that on roads or you know, a list of government buildings or real estate. I wouldn't be surprised if there were a lot of other cases like that, whether through action, you know, physical money transfers, and correct And that sense or to, you know, exertion of influence, and through other ways, so it could be a possibility for sure.

76:10

So we just say no when kena kind of turns to a sign up for investments that it kind of impair the relationship between Kenya and Western countries knowing China's taking over in a sense.

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I mean, I wouldn't say that a number

76:30

in Ghana, I'd say they're definitely there. But I haven't seen they would be they're taken out the right I wouldn't put it in this word. I think the way you think about it in terms of infrastructure, you cannot take an infrastructure out of the country. So the SGR will always seem to complain and this is a discursive also, you know, you hear a lot in like mid level officials in town. So they will say when you cannot take it out, so whether we are making money or not from it at the moment, well, eventually we will. And this is always going to be, it's not like China can just take the train and bring it back to China. That's not how it works. The cars will be in Kenya, as well. So their way of thinking is also when, you know, if we have a super well functioning part, then we'll need people to work in it, you know, whether it's owned by China or not, they

will need Kenyan people to run it. They will need Kenyan people to work in there, they will need Kenyan companies to supply water and eventually around this infrastructure, there will be as an economic activities that we can, you know, have benefit from. And I think, you know, in some ways, it does make sense because an infrastructure is a very different investments from manufacturing or you can ask them a little bit quite easily but you cannot often move a track Yeah. So I think, you know, in that sense, I wouldn't say they're taking hunger. But at the same time is your relationship with China has never been equal. And the same way that the relationship with the UK with the US, or even with, you know, Bretton Woods institution has never been equal in the same way. Look at the economic stagnation caused by the structural adjustment programs. I mean, how can you even think that going to the IMF is going to put you on levels, name fields because they want and the same with China and the US friends in the eyes of the Kenyan government? You know, why? They look at the IMF and China and choose the IMF, right? Nobody's forcing them with a gun in their head to pick China. So the reason the fact that you are is an indication of in a certain degree of flexibility Many Western institutions are not allowing them.

79:07

But couldn't it also be argued that? I mean, the West also, they also securities, I mean, a lot of money, more interactive projects, and they are somehow also obliged to make sure that they will be able to repay. I mean, it requires some structural adjustments and so on.

79:27

Do Yeah.

79:30

Well, this chapter just Phantasm work didn't work, right. They were an absolute disaster. And yeah, my husband, Nick did that themselves as well. I mean, it was, it was just, yeah. It resulted in decades of recent memory fragmentation that we'll be talking about, but they were expecting and he's put the country to even mark that and you know, the political and economic Part of the strings that were attached to, to the discard are something that China is not forcing. And I'm not saying that that makes it better definitely makes it much flexible. Whether that flexibility is actually an advantage or an either or a disadvantage is really something that depends on a case by case basis. Right. So in the case of CSI, I'd say the flexibility might not actually be an advantage, because of the amount of money, you know, the feasibility that this project has. And it's, you know, everything is happening in the public eyes, because people care about the SGR, in the case of glamour, say that the flexibility of having a contract with the Chinese without the investment that he gives them, is something that is actually up to now possibilities for further investment from other Chinese companies because there are Chinese companies that are looking into investing in Lima and at the same time, if I was thinking, long term, I'm sorry. He's a renewed round into the actual day to day, which is something that they didn't have before due to the very big, you know, the centralization of how the Kenyan government works and the marginalization of the region of land. So given the local authorities, a renewed possibility for negotiation with the Chinese and with the federal government of Kenya as well, that I would probably say when that unites, it is a bit of room of maneuver that they didn't have before.

81:45

Sure, so so we just have two last additional questions now. So So, now that we have discussed this in both, is there anything that from your perspective that we have missed the author could reflect your relation to this projects are so

82:06

much of the work you've done, you know before in terms of later so in research, I say that you're definitely talking to them on very interesting and relevant aspects of it. I would say that probably maybe the connection between Chinese government and Chinese state owned enterprises is really not as direct. As you know, when people say or when you ask, what about the Chinese government involvement in the SGR is really not that direct. It is not, you know, someone in the Ministry of Transport that calls out the presidents of the RBC like manifold, it might even be that there is someone who is a member of the government and at the same time, or a member of the Communist Party, in you know, the Chinese Communist Party branch of the government. Which is separate from the actual State Council, but it's often made up of same people. So, you know, it's, I think, maybe exploring that a little bit more. There's often this idea that, you know, China is like, it is a big monolithic top down state machine. It is actually not like that. And there is a lot more conversation that's going on within China. So he made a corporation that and this could be helpful. I mean, I'm not saying obviously there are some connections and influences, but it is really not as direct as is often portrayed to be that maybe Satan, you know, think about that as well.

83:44

Yeah. Yeah. That's also kind of how we think about in the West, we tend to think that China, ghosts, tennis chemists and so on, and all these large enterprises will weigh in those it's time to like you think of China to go ring everything that is going on in the companies but I suppose that that is kind of misleading also.

84:03

Yeah, yeah, no, there's definitely some degree of that. But, you know, first year BC Kenya right now, they are almost as removed as they can be from their headquarters and from policymaking. So they are, you know, not just geographically but they are quite far away from policymakers. And, you know, it's something that should be also, you know, taken into put into the equation, as well. And I think, you know, it's really interesting, also part of one of the research I've done, but the research that so many other researchers are doing more recently, you know, like kind of unpacking like the way we know that, you know, African agency works in different ways, then he can be bureaucratic level or politicians are not the same. They use the aggregate the state for Kenya. Yes, there have to be segregated from time. Well

85:10

yeah, certainly. So, so, now, if we take a very, very broad kind of telecom perspective in Mauritius, from Angola, in assess the project, so how would you say like overall as it contributed positive or negative to Kenya locally in regards to economic environmental community and governance perspectives?

85:35

Ah,

85:38

I mean, I'm really not a fan of this because the best thing within my research I tried to get away from the positive negative is China do their best thing as much as possible. Because obviously, the more you look into it, and you know, I have years to do that. realize that there is really hard to tell and there's so much more going on. So I would say that, generally speaking, for the case of planning, and this, you know, might partially be applied to other cases as well, is there has

been the presence of the Chinese fake an enterprise has reinforced the geographies of marginalization and the practices of marginalization and exclusion that we're already going on, from colonial times to independence period and independence governments. And now, I mean, now still independent, but you know, up until today, and that there has been some degree of reshaping of demand. On Kenyan dynamics, at least in terms of politics, whereby the local authority has, as I said before, a little room for maneuver to accept arrangements is just generally not as groundbreaking, you know, reshaping furthers a situation paradigm shifting at all. There is a science and research and found that there is a little bit of maneuver that is being you know, it's happening in the grand scheme of things. There is a listen, listen, bit of money over the last 10 episodes here happens, but generally the presence of the Chinese companies just reinforcing the, you know, the patrimonial relationship within Kenyan institutions that was already in place. And I think as a way to see me, there is a political clientelism at work. And this to me. Yeah, I guess Jr. and then discuss this as well. But yeah, and it's it's quite interesting, you know, the specific atheist job, but I've written an article about the reproduction is an issue as well, it would be coming out in a few months. But I think when your draft is, you know, it's not published, and it was supposed to come out in September, but I think it might be a bit longer number. I can send you a draft.

88:44

Thank you for that.

88:50

So, that was all we had to ask. So thank you very much. Thank you very much.

89:00

I have a friend who he's doing a master's in environmental. I don't know where they call it, the program as I think it's protection, but a government job I probably see anyway, something like that. And he came to Kenya when I was there as well. And he was doing some research on the SGR. And I remember, I mean, I was doing my own thing. So we, you know, just hang out in the evening, but I gave him one of my sons Exodus Jr. And I know that he got him into the SGR offices, and he interviewed some, you know, Kenyan officials and so on. I'm not sure what ended up where his research ended up being and you know, we're friends so we stopped talking about work, but I can, I can send him an email and in nice is still if he has done some projects like that or you know, he has published some papers. Whatever he ended up doing with that, and there were three members in the team. So eventually maybe one of them has a bit of

90:08

a message and

90:13

thank you for that. And if you want

90:16

us to send our final thesis we'll do that as well. Of course in end of May I think we

90:22

are

90:27

not right. Yes,

90:35

sir. Yes, very good job. You know, this sounds really interesting as I love this man.

90:46

Sometimes his afternoon,

90:48

thank you very much. Thank you and have a good day

90:53

to you, too.

Arielle Emmett

00:00

Yeah, at the invitation of Ericsson, the Swedish Telecom,

00:06

I went to Sweden. It was beautiful. And I missed it. So

00:13

well, it was looking back.

00:16

Well, yeah, they, I hope there will be another time. I want to go to Russia. I've never been there. No, like, I like to be in Eastern Europe. But I'm waiting for something better to happen right now. So,

00:30

yeah, it's not a very bright development at the moment.

00:34

So tell me what you and Eric are studying and what you're trying to do the master's thesis I sent you a ton of links to some interesting articles about SGR, which I think are pretty close to the truth. The most interesting person that I have met the biggest critic of SGR versus David D. And I've interviewed him twice. I have some notes notes about And I also sent you some articles from this review the elephant to our East African review, which are really the best. I think you're going to get us some kind of idea about what, why str is considered.

01:15

Well, quite pretty, but it is a bit of a boondoggle as far as debt goes,

01:21

was a lot of anger about it, because of

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the fact that they didn't decide to revamp their meter rail, which was the original original British Rail, and they just decided to just ignore it and then go on to this very expensive Chinese

project. And economically speaking, I think they're in big trouble. But that's another story. So tell me about what you're doing with your master's degrees.

01:46

Yeah, I actually I were able to read through the most of the articles, including the two YouTube videos and it was very interesting, definitely. But regardless, I will study so it's the International Business In politics, so both of us started it both with the bachelor And now on to the masters. And it kind of considers the intersection of business and politics in an international setting. So it's close, like international legal economy, those kind of institutions, the western institutions like IMF and the World Bank, but also the UN and Europe, for example, and how these kind of stairs of clinical development of the world in economic and finance so as businesses, this as the world becomes more global businesses expand abroad, either to move production are to reach new markets. And in this process, they have to take into account local laws, regulations and politics. And also politicians also wants to kind of stimulate economic growth and job creation, so on so it's a constant intersection of these this kind of broadly speaking, how and also to some extent, to the legal definition as well and developments canceled the World Trade Organization and international trade, for example, and human rights laws that we set to accept when, for example, they operating in gray markets or markets that perhaps are not so developed, for example. Okay.

03:19

But you chose Kenya and you chose China, China, you know, and the SGR is the main focus of your master's thesis, or is this only as a part?

03:30

It's a full product actually. Okay, so so we think the development of China is very interesting. This kind of, yeah, very different areas, actually, both how their activities in Europe for example, and also this global shift from the US and China as main economy, for example, and implications that has on the world economy and on political shifts. But we also see the moment in Africa In different levels, economically and politically. So everything kind of this Chinese activities in Kenya is a great manifest of their goal in a DST in the region. Yeah. So so that we could

04:16

Yeah. Either

04:18

Belt, One Road, sort of one one done.

04:25

I mean, the Kenyan government has been there so corrupt. There's been so much stealing going on that, that the they ran to China, when the World Bank and some of the other the IMF impose too many restrictions. And they, you know, China's attitude is we don't care what your politics are, we don't care. We're up to our will finance this and then you'll only owe us a ton of money and That's what happened with SGR. It's a very pretty railroad. It's brand new spanking. But there are many Kenyans who believe that if they have revamped a meter of railroads, which was built by the British, I believe that was 19. It was very early, it was like 1903. When they first built it, they would have saved a lot of money and basically push the same thing. There is not enough freight coming from Mombasa. Right now, it's mostly import for it, it's not export. That's the imbalance. They're just not having enough trains, enough tonnage, they have eight

tons, eight, 8 million tons coming in. And they need 22 million to make it work. And so there's an imbalance there and the government just basically ignored all the studies and saying this was not the right way to go and so we've got this mess. So it's got a financial mess. It looks you know, as I said, you know, it's a nice passenger rail I take it in twice. Have you been there at all?

06:11

No, we haven't been there. But when we talk to others, we such as it has been there was a day only \$10. from Nairobi to Mombasa. I heard a train

06:21

ticket that's on the economy. I took the first class and it was 30. But it's still very, you know, it's really very, very cheap. So right, and they're talking about only \$2 from Nairobi tickets. Right now. It's not they haven't made it to Sumo. I think I think the record said it was \$2 to at least so smart iraq war in Iraq is in my set Mara. It's the gateway to Masai Mara, so I don't remember. It's it's very cheap for passengers. The problem is they were counting 90% of their income was supposed to come from real. And let me see if I can. If you read the David D story about magic math, it's called uncomfortable numbers or something. I think it gives you pretty much the the current situation and now you've got this covert thing, which is, I would imagine also depressing. depressing these The, the 10 inches Well, I'm good imagine that the imports are down. I know that when I was there, which was, you know, wasn't really months ago at this point 10 Yod or went back to China to try to get a better deal for exporting Kenyan goods Kenyan agricultural goods into China. I don't know. I haven't checked to see whether or not that actually transpired. But the trade imbalances huge. I mean, basically the Chinese are not only shipping huge amounts of stuff to Kenya. But they're also the ones responsible for starting most of the manufacturing in Kenya as well, at least most of the quote unquote modern manufacturing in Kenya, they're doing almost all the infrastructure projects. And so I'm not sure what what is your perspective on this at this point? Are you going to be critical of the SGR, you're going to try to be, what are you planning to do with it?

08:28

We're trying to perform an exploratory research, so kind of unbiased and consider all different aspects.

08:34

Okay. All right. Let me just turn this off.

08:37

Most of the people we interviewed so far have had a negative outlook on it overall. I've seen

08:44

all of you who have you interviewed.

08:47

There have been two two scholars.

08:51

Eliot Gambino.

08:56

She's in the UK at Cambridge.

09:00

And then has also been the director of the data nation before director a journalist. I

09:07

don't remember his name. I agree.

09:11

Well, I could give you the name of one of the train directors pious road tidge who's very high on SGR, and he's talking about 45,000 jobs that were created for Kenyans. And you know, I can give you some other contacts and I think you should try to you mean if you if you Twitter if you tweet or message David and he may be willing to talk to you on Skype, I'm not sure he's a very, very brilliant man. He's, he was arrested. He was involved in NASA, the National I think it's called national super Alliance, which was the the attempt of the orange Party and the strange name wire something water tap party was trying to be one full day. ran against Kenyatta in 2017 and 18. He was involved in that. David also wrote parts of the Kenyan constitution in 2010 revision of the Kenyan constitution. He is razor sharp. He's very, he's very pragmatic. I mean, you know, he sort of accepts Well, he doesn't accept it, but he says that the I think the background stuff is very important for you. It isn't just SGR. It's the whole matrix of corruption. He I did an interview with him. I was looking over my notes because I still haven't written it off and I feel really guilty but I've been working on a novel. so busy with that, um, he described a looking at my notes here. He described the the borrowing of money from euro bonds, not just China. He said that, you know, they they borrowed 20 2.5 trillion Kenyan shillings and that's a total of \$24 billion. It's 24,000,347,000 billion dollars. That was the total public borrowing from five years from 2013 to 18. And what the government used to justify development projects and of that there's 2.2 and a half billion, let's say what have we spent in the first term? Okay, this was a, these were infrastructure projects. He said two and a half billion is missing. So what these guys do is they borrow money from the Euro bond from you know, sovereign banks in London and in New York, and then they steal, they re they re redirect the accounts to Qatar to Swiss banks, I believe, but contour is a very big holding area for For,

12:02

for for their, for skimming off public funds. And let me see.

12:12

Okay. So for example, he said that there was originally a plan for infrastructure, and they spend 4 billion on that and on roads and he said two and a half billion is missing.

12:28

And then

12:32

they were supposed to have missy.

12:38

Oh yeah, transmission lines, electrical transmission lines.

12:43

He said that there are going to go in Sector 22.8 billion.

12:51

Soon.

12:57

He said there were 6000 kilometers. It was supposed to be built. This was kept track Oh, which is the Kenyan electricity transmission authority. But they have built. Right. I'll have to check this for you well, but you know, some of my notes are a little jumbled here. How much money did you build 6000. In other words, a very substantial portion of the I'll have to check this with David. But I believe that at least 2000 kilometers they only Bill 2800 kilometers, and they have about 3000 kilometers of transmission lines that are missing 3000 kilometers or transmission lines as they've been originally scheduled for 10 years that are just not there from the money that is spent. So this is constant, and then then you have you know, police repression and they mostly you know the slums. There are seven slums in Nairobi. 60% of the population live in them. They're unbelievably bad. I've been there. I'm it's appalling. It's appalling that all this money that the politicians collected, Mike, Sancho, I think is the same as the is the mayor. He's a crook. They've done nothing to put in even just basic sanitation, water lines, they have to carry their water in in Kibera and callin boring it's just unbelievable. So you have, on one hand, a very, very top educated British system there, you know, and a fancy a fancy set of lawyers and I, I was teaching at Strathmore University Law School, and then you have this whole sector of the economy that just hasn't. And then of course you have lawyers Blaming the economy the you know, the people of the slums want to stay there. Because there are you know, there's a whole economy within the slums and there are 5 million there are all these, you know, slum landlords who want to keep things the way they are. I mean, this may be true, but it's all justification for doing nothing publicly, and garbage everywhere, sewage everywhere, filling up latrines and throwing them back in the rivers. So, and I lived in a fairly fancy part of the town because I I rented a one of those, you know, the, it was an apartment that was designed for tourists, but I rented it for a year so

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alright, Airbnb similar.

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Yeah, it's a very Yeah, I use it kind of Airbnb. But my feeling is if you want to get an on the ground view, now right now, I don't even think you can get it to the country.

16:00

Nobody had an aspiration to apply for scholarships to go there to Kenya but because the Coronavirus is not really feasible, I think correct

16:07

All I can tell you is that I think you should know, one big thing about SGRs is they wanted a fancy infrastructure project. They're building what I call them big cigar projects. In other words, the top guys, you know, congratulate themselves including Kenyatta. I do not think it was positive. It was not a positive step for Kenya economically, in terms of community development or governance. It's not when he's really a serious alcoholic. That is, that is what I've heard. He's basically a nice guy, supposedly, and his mother, Mama. The, she was like the third or fourth wife. So it's Joel Kenyatta, his father, who of course liberal, quote, unquote, liberated Kenya in 1963. She owns most of the assets mines, heritage hotels, Brookside dairy 45% of the milk that goes into Kenya is owned by the Kenyatta family. They're very, very rich,

the 20s he's considered the 26th richest man and in all of Kenya, so I don't know what to tell you. I mean, it's a very pretty railroad, it works well. There's was some controversy about the fact that it might that that some of the loads, the heaviest loads cannot be sustained without the railroad. Let me see what else I can tell you. I wrote about it in my blog, you can see and there's some background there, but it's all part of this web of, you know, they want to create, the Chinese are really trying to create and

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artery all the way through Africa from Mombasa and Lhamo up to and they ignore marsabit.

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They're doing it through

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Rwanda, but really what they need to do is build much more infrastructure going up to marsabit and Turkana boo. But they haven't done that. And you know, it's the stewardship is horrible. You know, what can I tell you? I mean, it's this is this is the world we live in now. I mean, look at our president, he's pathetic. You know, so I don't know what to say beyond what has already been written. I don't have new insights into it. I just think you should look at the elephants. Look at this standard. That's the newspaper they call will fool up. Right wrote about the exploitation of the Chinese now my article the one that I wrote about why China will won't hold Kenya to debt tech diplomacy was a report on what the Chinese Embassy said it isn't necessarily 100% true. The Chinese have a funny way of kind of moving around. Direct colonialism they do it a different way they do it this tapered pay system of basically they take over the operational. They either take over leases like they've done it, they haven't total port in Sri Lanka or they move. But they do is this taken pay thing where they if they cover and still pay, they basically take over operations and they get the income that way. Now, Dr. watts, that's was the console chair that I did. She told me he was convinced that SGR would pay for itself that they were planning on now. I cannot remember whether it was eventually they were planning on I think 25 For 20 to 24 trains a day, of which four were passenger trains and the rest were. But according to David, you have to check this with him. I think they're only eight, still eight to 12. I think altogether, they're 12. And it's just isn't enough cargo going through to make enough money. So you've got this very elegant, beautiful thing and the Kenyan people are, they're in very, very heavy debt over this and how this will work out in the long run. I do not know the Chinese have also forgiven loans. They have preferential loans, some of them are just free and clear. Some are preferential loan, some have to be paid back, some don't. Anyway, I don't know if I'm telling you anything you don't know just from reading the material. I wish I could tell you that. You know, I mean, it's a symbol of pride that you know, this thing is going to Kenya now the second phase, you know, that they're building in there. Borrowing even more money. And Ethiopia, by contrast, did an all electric train that's 250 kilometers longer. And they built it for less money than the standard gauge.

21:15

Everybody's pockets will be lined in Kenya.

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So, and then, of course, there's the whole issue of the poor animals. They built the they built the trestles so that the theory of the animals could just go through but they're so spooked by the noise and by the obstructions that it's changing. There also fewer and fewer animals. So this thing is going through Tsavo National Park.

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I don't know what to say.

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Can I help in any other way, I just hope.

22:02

Yeah, definitely. Yeah, I think our aim is to combine the perspectives.

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researched different types of researchers have looked at different perspectives, I think and every time I speak with someone, we'll get something new that idea is to quantify the different opinions and then make an assessment of, of the project. So

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the Nairobi Terminus is very far away from center city. It cost me I think, \$25 and 2500 Kenyan shillings just to have a driver drive me out there so isn't readily accessible from downtown, you'd have to go to this Terminus that was built way outside of the city, which is another problem. And then I heard one of those videos that even though they claim that eventually, the time to get to Houston Sumo will be like two and a half hours which is much faster and more relieve traffic. The reality was more like four or five

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so I just I wish I could help you I can just tell you

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can use desire to be progressive. Modern gives China that that change was entryway into

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their many money.

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The majority of deals I mean they all deals are basically about opening markets because Chinese markets are starting to bottom out while they're flattening. And they knew that they couldn't do their best way of expanding themselves was Go through Africa. So that's the basic strategy and they're not interested in. The interesting thing about Xi Jinping is that even though he he's a very repressive leader within his own country that apparently the Chinese don't really give a shit about the political. The political climate of the countries they're going as long as they can reach the right leaders pay him loss, do the deals, they just go ahead and do it.

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reading consensus, I suppose. Right.

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And the other person I think you should read because she was so great. She was the first Nobel Prize winner from Kenya. I believe. She was also the first PhD in biology a woman from Africa was Wangari Maathai. Have you ever read her books?

24:52

And no, no good. I haven't had the

24:53

pleasure. Okay. Wangari Maathai won the Nobel Peace Prize in 2004. She was Ahead of the green movement to plant forest trees where they were stripping them down for agriculture. But she also got into a lot of trouble with the boy administration. That was that was two administrations back there was baki. And then Daniel Moy, who was in power for 24 years, she got in a lot of trouble with him. She had organized women. She also ran for office, she was defeated. But she was probably there are two books she wrote. One of them was unbound, which is his personal story. And then the second one, which I haven't read yet is called the challenge of Africa challenge from Africa, which you should read as well. But she was constantly fighting the man the corruption. And, you know, the leadership that she there's still a one very method I Institute. You might want To talk to them about, about their perspective on SGR because there's a whole other thing about the violation of the parks. And, you know, as I said, the thing that I find upsetting about the Chinese and I lived in China, you have to realize I speak Mandarin. Not very well anymore, but I still do. I lived in China, I taught in China from 2011 to 2012. And I lived in Hong Kong taught at the University of Hong Kong's Journalism and Media Studies Center in 2013. So I have a long history with China and I used to live in Taiwan as a student. And the thing that I find upsetting is that the Chinese have changed in many respects, I the Taiwanese that I knew many many years ago in the 70s secret overall To be a very moral people, they had some kind of feeling of right and wrong. But what I see in China now and I have many friends, lovely people separately, you know, there are people have with half with a conscience, but the minute that they get involved in systems, they join the party, because you know, they have to get ahead. They just kind of disregard the just the main thing is money. No, it's just making lots of money and enjoying it. A lot of Africans that I know, Chinese in Africa, love Africa because they love the climate. They love the freedom that they have. They don't they don't have the pollution that they had in, in Beijing and Shanghai. But I don't, I don't have a strong I feel that their pragmatism has sort of outrun their old Confucian

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sense of right and wrong.

28:01

And I think they really worry about benefiting their own people. And they, and they also, this is a very interesting thing. I had a lead, I went to a small construction site where the Chinese woman was the head of the sales department, but she had a Kenyan woman there who was also like interfacing with some of the potential clients. And the Chinese woman said to me, you know, you can blame us but the Kenyan Kenyan government does not take care of its own people. So my feeling about all of this is that rather than blaming all that the Chinese are just using the advantage of lacks corrupt mostly male Kenyan leaders to or so called leaders who get what they want. You know, I don't see that. You know, there's a tremendous amount of backlash against the Chinese I think the Chinese

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I don't see people with a great conscience. There.

29:02

Yes, we did also have some issues with China now with the agreement, high story. I don't know if you heard about it the Chinese Swedish bookkeeper. Okay. It was a Swedish, Swedish citizen and we'll leave we'll leave it in China and had a bookstore installed books. It was critical against the government. And he together with six other bookkeeper, bookstore owners got imprisoned in Beijing and without any

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no trial

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trial. Exactly. All of the others have been released now but he's still in jail. And occasionally he makes Confessions on the Chinese state television. And the Spirit has been this has been going on I think for five years now. is still a worse him with the book and more seems different prices for for human rights prices and so on in the free speech prices with China I really don't like and only in one year, I think the Chinese ambassador to Sweden has been called to the Foreign Ministry around 42 times. So there is a lot of sensitivity involved there.

30:18
And the

30:22
I have noticed that I was there in 2011. And 12 went from Jintao still the president of China, not Xi Jinping, it was much more liberal than it is today. There was I was able to teach journalism. I mean, I got some criticism, but it was unbelievable that I could talk about the fourth state and I could talk about criticism and the Chinese students were getting a little messed up and they were like going to the dean and saying, What is she doing? She's talking about readable crap. And it was funny, the dean said, No, I think you should hear it. And now it's a very different environment from what has happened in the UK Hong Kong publishers are disappearing the ones who are critical Xi Jinping is crackdown at a level and the party at a level that I have not seen since Mao and I think it's a very dangerous I think it's gonna bite him in the ass in the end actually, I think there's going to be I don't know if there's going to be another revolution because he's got a very strong for me, but I think there's going to be at some point well, the Chinese party made a huge mistake by electing him for life to some unbelievable just King making the same they all Imperial shit. You know, Donald Trump wants to be king balsa narrow wants to be king Kim Jong Un wants to be king. They're all one

31:52
but they you know, but I think that

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The Africans talk a lot about. The intellectuals talk about a lot about democracy and wanting and the horrible, you know, systems that they have. But the vast majority of Kenyan people are very lovely. And they try to cope. But they can't get to the highest levels of trauma of dismantling the problem is is that what Kenyatta has done and he was brought before the International Court of Justice, but they dismissed the case, which is very typical. I'm sure he paid everybody off.

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They just can't get to a point of

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Kenyatta and all these parties hired thugs to kill people during the elections. Both in 2007 and eight and two degrees set in 2017 and 18, which is why Odinga finally gave up and agree To be a pan African whatever diplomat Oh Dingo was the hope for that country to try to do something new now they've got Ruto is the next one up, and he's just as bad, maybe worse. So, I think, you know, as I said, it's a mess. So the question is, is there anything you can do in terms of your recommendations? Or solutions that would I don't know if you want to address that? You know about what I mean, I think it's a very huge mistake for there are some like turkey or there are a few contractors and Japan other than, than China in there, but it was a huge mistake to allow China to continue to become the monopoly supplier for infrastructure in that country. I think you need partner thread might be to trace the dissolution

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of

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Other foreign influences. One of the problems was is that China always underbid everybody else and also pay off everybody else. So between those two things, you know, you're not getting other influences. I think the US decided, for whatever reason he decided to build a parallel highway from Nairobi to Mombasa, which really wasn't needed. Trump agreed to that, but there's been very little of US involvement and I think part of it is because the IMF and the and the World Bank and all the sudden they create lots of conditions to be fulfilled, to to get money and the Chinese don't do that. So the question is, do we fight fire with fire? Meaning do we change our requirements so that we're getting in there? It's it's very complicated, actually. system you've just seen there's a post the NGOs who are also some of them are very corrupt. Funny, like crazy and don't do anything. So, I mean, you got your work cut out for you, I hope some of the resources, I will send you, David DS, Twitter, I mean, you can find him on Twitter and message him, tell him you talk to me. And that, you know, you'd like to maybe get an update from him, but one of the recent videos that he described, I mean, if you go to the elephant, you get a pretty good idea of what people are thinking now.

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That help at all? Oh, yeah. Are we some query depressants actually. Okay. And we've touched upon some of them already. But we just wanted to make it same structure so we can compare them a little bit. Sure. So each other so so good, awesome. Anyway, even though we talked about it. So have you noticed any differences between Chinese FDI is an FDI Other countries in relation to investments in Kenya

36:05

differences.

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Yeah, in FDI, as we touched upon them already about the human rights requirements and democracy and so on so close and that's and

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yeah, and thank you. Yes, there are. And as a matter of fact, what I probably should do is send you a copy of my original Fulbright proposal which details some of those differences. I mean, it's not something that's been on my mind forever. Let me let me see just a minute or month check something here.

36:45

Um, I think you should look at one of the complicate when when we go back to one of the complications is that a lot of these documents are not available. Perfect. I have I had a Chinese student who said no, sorry, I Kenyan student who was investigating Chinese investment. The original documents that the agreements you know that Kenyatta made that they're that they he's disclosed almost nothing, even though he's promised to that they do is they promised a lot and then they don't deliver. Um, I think you have to, yes. I mean their hat. Yes, I can send you my original Fulbright proposal which talks about some of the differences in FDI s. So, will that help? Okay, yes. Okay.

37:41

So So our second question, then we'll just say that the faith attorneys believe in which corporations is constructing the railroad is owned by the Chinese government have any implication for the SGR project?

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Wayman? You mean, you're talking about China Communications Corporation with the factory state owned company has implications for what

38:04

the FDR project and how it is constructed. And in Kenya?

38:09

Well, the Chinese control everything. I mean, the government, even so called private companies are basically shell companies and state companies, you know, they're all controlled, there's a whole ecosystem of state control. And as you get down closer to the so called smaller private contractors, there is less control but it is I mean, the standard that they use as far as you're talking about materials and and usually about construction materials, are you when you talk about standards, are you talking about the way they built?

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Oh, yeah, both. Overall, I would say.

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I don't know if I can help you with that. Specifically. I do know that China Communications Corporation, China road and bridge trying to run bridge as part of that. China Communications Corporation is I think they are very much run by now if there's some kind of a template for how they build these projects, I'd have to check that. I don't have that. But I could probably the first there's one company that I had a very good relationship with. I tried to get into China road and bridge in China communications, they wouldn't talk to me. But the one that I did talk to was China, we which had been there a very long time and they were much more decent and open about the way they did business. And they may be a good source for you about that. I can give you a name and an email address. Okay.

39:52

So in your opinion, how have foreign direct investments, no matter the industry affected Kenya over the last decades.

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Well, I, over the last decade I mean,

40:08
today?

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Well, I think initially, the foreign direct investments were very instrumental in turning the surface Kenya into a modern country, and they certainly enriched a middle urban educated middle class. The difficulty was that now because of the stealing the debt, and now COVID I understand the economy is gone way south and people are suffering and are making less money than ever before because Kenyatta has a solution to paying for some of this debt was to increase taxes. And since 80% of the Kenyan people don't have regular salaries, they have a gig economy, you're relying on basically 20% To pay off these debts. Now I understand I just read that he reduced the VAT and some of the burden on poor people a little bit because of COVID. But But basically, I understand that the overall impact of these foreign direct investments has been to reduce the well being of a large, a large percentage of the population. I think that that the middle class and the rich are doing very well. But the you have to look at the whole society and whether any of this has trickled down to the poor sections. And I don't think I've been on the ground there and I see nothing different from the way it was reported to me like 20 years ago. As a matter of fact, if you read one when Garima Thighs book she describes a much more vibrant Kenya 60s and 70s before this shit started really hit the fan, not even the foreigners coming in.

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So you want to look at that. Okay.

42:12

So So going back to the Chinese state a little bit again. So how would you think that the investments that China make in the SGR project fits with China's overall industrial policy?

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Because it was the one how,

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how does the overall investment in SGR? What was it with

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how it fits with China's industrial policy

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or foreign it's a perfect match. I think that their, their entire policy is to build that infrastructure give huge amounts of loans. And then either Well, they have sovereign debt agreements with the Kenyan, so technically, they can't take over the assets but they find other ways to do it. Just operational income running the trains. They have a huge amount of interest and other things to pay back. So it's even bigger than then the original estimates it's way more expensive. I think it's three times more expensive than the standard. So I think they're doing very well with their industrial policy with this

43:26

is that this is a little off topic. But is that is that also what you see in for example, Eastern Europe now or open Greece in Italy, for example, which China gets more involvement bearing infrastructure projects as well? I think,

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I'm not sure I haven't studied their involvement in in, in Europe. So I really can't help you with that. I assume that they're doing the same, basically the same thing. They will never do a deal where they don't make money.

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So they don't do foreign aid incentives like Western countries do. For example, just to aid the development

44:04

I don't know what the what the Chinese policies have been maybe you should tell me that.

44:11

What have you seen?

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Well, what I've seen so far they don't really exist. foreign aid from China in the same sense that we do. Usually it's a either a slight trade related so it's with requirements, we give you some money but then you have to buy our products for that money, for example,

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deal. You know, in in

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Kenya and some of the early other parts, particularly West Africa, they're looking for rare earths they're looking for florists products are looking for everything they don't have in China. So

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and also oil as opposed because they have started to some countries in Kenya to to to exploit all of their and

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in China to invest in oil exportation

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in Kenya, yeah, yeah, well Don't know, mostly it's been British. It's been too low oil. I don't know what the extent that China's involved in that in Kenya because there's no proof that they have a commercially viable amount. They're all hoping the lawyers are all hoping the Kenyan will become like Ghana, Nigeria, but the fact is right now they have not been able to find enough oil to for it to be commercially viable. So I do not know what the Chinese are up to up there. Now. I haven't looked at them. Sorry.

45:31

I just read an article just a few days ago that China's bidding for the truck and oil count. Okay. There's a meeting process yet but it hasn't been decided yet.

45:43

The other thing that David will point out to you is that the Chinese have been a little bit too starry eyed about their prospects in these countries that they are going to lose a lot of money in these investments not necessarily gain, even if they can appropriate the asset some of these things Just not viable project. A lot of Chinese have been very naive thinking they can some of their policies now when I think about it, there's another person that you should talk to her name is generally bomb. She's a very, very bright girl. She's a girl. She's a woman. She's a scholar. She lives in Nairobi. She's a very good source, a friend of mine. She's been researching just about every aspect of Chinese involvement in Kenya. And she could probably give you a better view of

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the pros and the cons there. Oh, anyway, good.

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So So

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based on the most articles that I've read, from progressive sources about these infrastructure projects, they've been kind of negative perspectives. So would you say that the fact that the west to some extent compete against China for many of the market opportunities in Africa has contributed to a negative sentiment Amongst Western literature, so that could contribute a bit to why we seem to be skeptical towards investment in Africa.

47:10

I think it's been a big change in in western involvement in Africa, thanks to the Chinese state machine. So nationally, there's resentment because our contractors are not doing, they cannot compete, because they're not subsidized the way the Chinese are. There's also a mechanic think of it there's some there are regulations in the United States that prevent us from paying off contractors the way that sorry, paying off potential clients the way

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the way the Chinese can. So it's very

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the playing field is not level. Right? It's not level. There's been a huge change I'd say in the last more than a decade now and of course Kenya during boys administration even though he was as corrupt as can be, apparently did not have external debt. Now China owns 72%, at least of Kenya's bilateral debt. And some large percentage of external debt

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moving toward a 2% the last number I read

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22 for external debt. Okay. And then of course, you know, again, the borrowing from the US and London banks and the Euro bonds and then disappearing the money so that's, I mean, I, I think David thinks that Kenny's going to go into bankruptcy, complete bankruptcy. Now the effect of that I don't know because now it's common thing. They may be going into bankruptcy anyway. I I don't know. You want Talk to me

49:01

would affect China as well, because I read in one of the articles that you had about, and this was a bit surprising to me the subprime mortgage loans that China makes of the death day the kinome to them and then sell from Hong Kong abroad. Wouldn't that affects China? Well, then if Kenya defaults on these loans, I mean that they won't be able to repay them and become useless.

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Well, again, I think their their their

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their fallback is to take over the assets.

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But then they won't necessarily make a lot of money on those assets. They weren't necessarily breakeven for a long time. But the Chinese have a very long term perspective on things they don't look at the next couple of years now almost all the media are looking at. And the economists are looking at SGR as a boondoggle because it won't pay for itself now, or in the next few years. Will it pay For itself in the next 20. It may be may be possible depending on magic numbers and the accounting and but it certainly isn't going to take the traffic off the roads, which is what they originally said they were doing is still much cheaper for Kenyan truckers to move that that merchandise on the roads than it is to put it on the rail.

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Now there's a journalist I spoke to from Kenya actually said that they are forcing now the Trier of fact goes out of the road. So they have to order if a cargo is going specifically from Nairobi to Mombasa, and not further from there, then it has to go through the railway and not the road.

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Making regulation that's a Kenyan national regulation now that they're trying to stop all the cargo traffic and put it on to the railroad instantly. Okay. Is that a new development or is that been After a while,

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it had been going on for a little while, I suppose it didn't mention when it was created, but at least a spoke to database be ongoing for a while, yes. As a way to make it more profitable because as you said before the bus far from as expected the number of petitions on on the railway, so they had to somehow make it look better for us how they forced the truckers not to just go through the road. If it was going that direction.

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Is that a uniform? Is that is that 100% moving old stuff onto the railroad or is it

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guy? I think so because we've been both one of the scholars we interviewed and also these journalists say the same thing. So it seems to be very strict. Okay.

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Are there any other questions?

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Yeah, yeah, it is. Yeah. So would you say that this high cost involved in this infrastructure project and the depth of China, keynotes to China's limited, the Kenyan government potential to invest in health care education and food security, for example.

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Yes, but they just keep borrowing money to cover themselves for their words. They haven't stopped follow it keep borrow. But it has affected healthcare and factories. Well, you know, there are, you know about the Jubilee administration saying they're the Big Four manufacturing, infrastructure, health care, and I don't know. But I mean, you have to look at their policies versus how they've done so far. And the answer is they are not putting money. The vast majority of money is not going into tangible improvements I've seen.

52:47

So much of the literature related to outward FDI suggest that the host country benefits from no spillover effects such as technology transfer, knowledge, spillovers and innovation, from competition and so on. We'll just say that there is an average and suggesting that the FDR project ever sold in any spillover effect that benefits keyed in economic development.

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I understand that the land issue,

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there is a complication there that the Chinese assume because they can do whatever they want with land around infrastructure projects. They because it's all state owned, basically, they can like, grab people's property, pay them next to nothing. But in Kenya, that's not true. There's been a lot of pushback from private concerns wanting like there, they need, you know, a certain amount of what they call it. They need land around these infrastructure projects that they have to have to buy and a number of private owners in Kenya have pushed back and gone to court. And they you know, they want more money, and the Chinese were not counting on that. JOHN Lee knows all about that. That, but apparently they they've created a model for economic development and infrastructure development that doesn't work very well in Kenya. So they've had, but many landowners haven't been paid, even though they were promised to be paid something for their lands to be able to build this railroad. So overall I do not want the question was whether or not SGR directly is giving technology transfer another scientific slash benefits to the country? Yeah, notice

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spillovers, the Kino workers learn know how from Chinese workers so they can

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learn. I think they they are learning some know how but I think that the Chinese think a lot of the big secrets close to their chest. They are developing some laboratories and healthcare manufacturing facilities in Kenya as far as I remember. But how much of this is trickling down again, I I really don't know. I know somebody who might be able to do think generally could tell you that and David could tell you more about whether or not there's actually been an elevation in the knowledge base, the technical knowledge base in Kenya, the company that does a lot and social responsibility is China we they're actually very, very they even publish a whole thing on all the projects that they've done to transfer knowledge to the Kenyans. I'll see if I can find that brochure and give you some leads on that. Okay.

55:37

Yeah, definitely. So some positive aspects. Would you think that this effective product x str, like improves connectedness, I mean, both regionally and also within Kenya, we just think that exports and trade has increased from Kenya to neighboring countries and to the rest of the world so they can be bigger part of that world trade

55:59

as well. You're promising now, I don't know what the so far imports sorry, the Kenyan exports to other countries. I do not know how much they've grown in the last few years. there hadn't been a lot of growth thus far. But I haven't monitored, you know, again, I've been away from it for now, almost a year or so I haven't monitored whether the exports of Indian goods or the trade is improving. I do know that there are such huge deficits in the in rural roads, to the agricultural parts of the country that that getting those products out to market is very, very difficult still, because they did not put the money into, you know, I just talked to an economist named Jane Karen guy who does budgets for the government, and she said that it would have been much better instead of doing SGR to do an exhibition A road network throughout the rural regions of Kenya to be able to allow farmers to bring much more easily bring their their goods to market, through cars or trucks or whatever, then what has happened because what you have now is just a monolithic train line, you've got one, you know, and now you've got a second phase. And then of course, a llama. They're building roads. They're trying to connect to SPR, but they're also building roads to the north. But this is all very slow. You know, this is not fast. And I, I think, you know, the Chinese strategy was to connect all the big cities first, then go head west into other parts of Africa. I'm sure eventually it will have some positive effect

57:49

on trade.

57:51

But it's still it's still I think, fairly minimal. I again, I sent this is I'm still learning Dealing with a knowledge base of basically, you know, a year ago. I don't know how much improvement there has been since then. so on.

58:07

So So seems the construction of the SGR started the trade imbalances between Kenya and China has continued to increase. So that is the key net keeps importing more of the export from China is yes, this be contributed to the SGR quota, would this trend continue to increase? would you think?

58:28

You mean the trade imbalance? Yeah, exactly.

58:33

Well, there's been a lot of criticism about that and Kenyatta supposedly went to China to try to improve that and they made pledges of that sort, but you'd have to check on the actual status of that now I I really can't. I can't comment. I know that, that the basic importing is just the major thing. They're not hoarding and sharing cultural and other stuff and sacred.

58:57

So So to what extent in your Peanut has a Chinese relative rich Corporation utilize the local peanut industry when constructing this to our projects. So the local linkages to the Kenyan economy

59:11

they have imported some materials sorry, they have used some materials from Kenya that were built in Kenya. But still some specialized I know specialized materials were have been imported from China, and even some a few other countries that they I think they rely on Kenya for the things that can you can do well, you know, certain kinds of construction materials, but there are other things I know that they imported from, from China. I don't know what the balance is, again, these are fine points you're going to have to look into Actually,

59:49

yeah, for sure. Also some community related aspects that we want to consider as well. So as the Kenyan government and the Chinese road and bridge Corporation, respectively. counted for identity culture and in the lives of commuting communities of Kenya and constructing this to our project?

60:08

Well, I think the Kenyans would say no, because they you read the articles about Kenyan workers being made to lie down. They're not allowed to eat the Chinese that they're not even put into the same bands and Dr. Cortes I mean, basically, there's total cultural separation. And when I when I went to Iraq, to look at the second phase of SGR, the townspeople said, the Chinese hardly ever come there, they build their own compounds and import their own food and their own stuff. The Chinese will say, Well, you know, we we were separate because

60:47

the Africans like

60:48

their food, and we like our food, and we don't, you know, and the same thing with you know, but the fact is that most of the jobs that the Chinese have offered the Kenyans are fairly low level and I understand for the same job the Chinese do they get paid one quarter, one quarter salary what the Chinese make for a similar job. So there are trained engineers who are making less than Chinese cleaners and ticket takers.

61:19

Um,

61:20

so the Chinese are very, you know, come on there. So I want to say they're racist, or they're just pragmatic and self, they're self protective. You know, they they're very, it's a very insular culture and the and the language barriers also huge and don't underestimate that. It's been very difficult for the Kenyans don't have Chinese I know a couple of people who are translators

61:50

who I know a very nice guy named Noah, Korea,

61:55

who is a very talented linguist and he hits you translates between Swahili, French and Chinese and English. And he has, but it's a very unequal treatment. Do the Chinese you know, the high level Chinese say, Oh, it's getting better. We're training our people, we're may trying to make them more culturally aware that you really have to adapt to the culture of the country. All that stuff that China will we people are much more. There is a there is a disconnect between the companies that have been there for a very long time, bring that the Chinese companies and

62:35

sub ones,

62:36

the ones who've been there a long time, have more assimilated into the culture and used and have more deep relationships with the Africans. So ones who have come in recently, I think don't have that so that you know, originally China road and bridge imported tons and tons of manual laborers, not just high level engineers, but Some people who are just doing manual labor, you know, in some of these projects, so yes, I think there's like, there is a very big disconnect. I don't think the Chinese are very good on cultural sensitivity. Okay, sorry to say that, but it's true. Okay, go.

63:17

So there's furniture that indicated that shine are less considerate on human rights issues compared to Western companies that invest in Kenya, how would you consider that and what implications we've had Kenyan workers?

63:30

It sucks for Kenyan workers at the most part. You know, they're, some of them are glad to have the job. But it's been a you know, I call it a travesty in bargain. I mean, it's, it is another kind of neocolonialism. I don't think they respect human rights among casual unskilled or semi skilled workers.

64:13

talk and defend or, you know, at least explain what they're doing. And he didn't do that. He's 100%. The workers complained the government, he would get a government comment, he would never talk to the Chinese. And I think that's a problem on both sides. They don't talk to each other. So as little as possible,

65:01

Okay, so there's a side value given to your your level in the state or mode of production, for example, or your income or wealth.

65:11

Yeah, I think

65:12

that the ones who have more money are usually respected more. Sure.

65:17

So So Kenya suffers from skill shortages in several sectors. Has China contributed to educating keynote workers in a way that can benefit them in future infrastructure projects as they become more self to self dependent?

65:31

I know that certain workers, the engineers and stuff have gotten some training from the Chinese and I know China we has a lot of interactions with with engineers trying to get both training and also trying to preserve the good ones. They told me they have trouble with that, that tribalism is another issue so that if they move from one project to another and I'm not just talking about SGR because I Again, I couldn't talk to the direct

66:03

people running that

66:04

program I tried several times, quote with China, we told me is that when they go to a different infrastructure project, they try to hold on to their best workers from Africa. But a lot of them either don't want to go because it's a different area, they don't have ties there or be the local government, the local people in their area, want to kick the other Africans out and get their jobs. So this is constant sort of tension, dealing with labor problems, because the minute they move a project, there is a kind of, you know, local response, which can also impede the efficiency. Certain people, you know, they just certain engineers are good, you know, there are certain skilled people who are good, they want them to go to new projects, and sometimes they're kicked out that was the message that we told Now, I don't know with SGR how that works. I did talk to one Kenyan guy who is sort of a liaison between the workers and the Chinese. And I think he

67:15

she has been trained several

67:16

times to go to China and he's even learned Mandarin. So

67:21

there is some attempt here in there.

67:24

But when I was on the was I was in Mombasa looking, meeting the group of Kenyan workers working on a road that led from the railroad down to support. They were very poor, and very hard working and the Chinese manager disappeared. Because if you want to talk to me,

67:44

oh, how convenient. Yeah. So overall, would you say that best our product has contributed to decrease or increase key poverty in Kenya?

67:58

I think that the Kenyan government and its policies have hurt the economy and the well being of the Kenyans more than a particular project. I think it's just symbolic of a much larger problem in Kenya. Certain people who are directly involved and get salaries by working in the SGR, their livelihoods have been bruised. And for those who have nothing to do with it, it doesn't do anything.

68:37

so so on an environmental aspect, have you noticed any indication that Chinese infrastructure investments in Africa have been more or less environmental damages compared to infrastructure investments from Western companies?

68:52

I can't answer that one. Sorry. I don't know enough about the western infrastructure projects. They do know that the deforestation Kenya is a national problem that it's both on Kenyan policy on agriculture

69:09

and by the infrastructure projects that are not being created, including the ones that go through national parks. You know, Kenya's tourism is a huge thing, and so are their animals and you kill them off. They're gonna lose a big part of their economy. Oh,

69:28

yeah. And I also heard that now with Chinese involvement, that rhinos are more exposed because of their horns.

69:36

Oh, well, there's that there's a whole other poaching thing going on and they still arresting Chinese and Southeast Asians who are coaching at night and grabbing rock, rhino horns with you know other things in rhino horns. tusks of elephants, I agree is still a problem. I think they're getting better at it. The Kenyans wildlife preservation companies pretty good. And I actually spoke to a wildlife officer who was like to chase poachers, and bring them to court. So I think that's starting to get more, but there are still It's nothing, you know, there's still a lot of stuff slipping through the cracks.

70:20

So what actually what happens with a Chinese worker that he's arrested for these kind of low fences he sent back in China or as soon as he's buying

70:28

or they are.

70:30

Sometimes they're sent back, they're thrown out of the country. I'm not sure how many are actually imprisoned. I know they're there. Find, again, after look, check that to see what I mean. There was some fairly well known court cases when I was there, but I think that most of the people were either find or thrown out of the country. So,

70:52

so continuing on the environmental element, so as the Kenyan environmental regulations provided adequate protection for sensitive ecosystems and biodiversity in the Kingdom Government and attorneys rotor rich Corporation in the construction of the SGR project, follow their respective Kenyan environmental laws and obligations.

71:15

Now,

71:17

I don't have much more to say, look up all the issues about broken apart and so on, see what has been done? No, they don't. They did a study Nairobi National Park, they knew that they shouldn't route through there. And they did it anyway.

71:34

There have been a lot of

71:35

animals that have killed more vegetation has been lost.

71:38

Now it's exactly what gobbledygook there is in the Kenyan law regarding environmental protection, it's supposedly pretty good. But, you know, they don't follow their own stuff. They don't. They don't have the enforcement. They have pretty loose laws that are very British and then they don't enforce them.

72:01

So then Are there any evidence that the Kenyan government ignored? You're an expert in rental protection to make them more attractive to China?

72:09

Yeah, I think you have to look at the whole Nairobi National Park boondoggle to see to see the record of what was discovered in terms of the planning and the recommendation not to go through parks. And what they ended up doing, which is they went through the parks. So there have been animals that have been killed on the tracks and change their migration patterns. It's carrying the animals they're running away. I think it's affecting the big Serengeti migration.

72:42

It's a mess.

72:46

But on another note, would you say that there have been any whatsoever positive environmental benefits from the SGR construction now?

72:57

No, I don't think it's

72:59

I don't think Positive, I can't see anything that would be positive about it. Unless it were they could prove that it would take truck traffic off the roads. But remember, it is not an electric train. It is diesel powered. And the argument was that Kenya's electrical infrastructure wasn't strong enough to support an electrical train, whereas in Ethiopia, it was.

73:26

What can I tell you? And I wish I could die easily for positive but I can't

73:33

see it, I suppose.

73:36

Yeah, I really can't tell you more. Eric, you've been very quiet. Are you there? I'm here. Yes.

73:41

Okay. Do you have any questions for me? Are you just following along in the well, I

73:46

follow along or interview question guide we have

73:50

together here. But I think Yeah, and as we'll get to the last questions regarding governance, okay.

74:00

As well, you touched upon it already. I think about corruption. So would you say that the large sums invested in the SGR railway from China has escalated corruption in Kenya?

74:12

Yes.

74:14

answers yes.

74:17

And Ha ha ha.

74:21

How?

74:23

Because or have that money? Because the big problem is that they project itself was way too expensive that the Kenyan government didn't push back on cost.

74:37

That the

74:40

now, are they stealing

74:42

particular money from SGR?

74:46

I don't know. What I know that the overall amount

74:50

of money they've been borrowing from both Kenyan and Chinese sources is huge and some of it a good percentage of it has disappeared.

75:02

So

75:04

I would again, I can

75:08

think you can see

75:09

some of the articles that I pointed to give you some of the figures. But I think it's just continued a tradition of corruption. I'm not sure it's accelerated. But I can tell you that with the election of Rahu Kenyatta and the Jubilee government, the borrowing binge over the last decade has been very oppressive.

75:35

And

75:36

supposedly this has had a negative effect on the average Kenyan in terms of services, taxes

75:45

and income.

75:47

I again, I have to there was so many facts and figures, I think you're going to do better look at those articles to get the actual numbers.

75:58

So how long do you think that veteran needs investment in SGR as affected the relationship between the key and Chinese government's.

76:08

Well, I think the current Jubilee government is still very much in, you know, in the fold of a

76:16

codependent relationship with

76:18

China. I think they're, they're closer because of all this dealing. Uh, I don't think that has much to do with the effect on ordinary people. I think certainly, the Kenyatta government and China have been very, very close and in he's gone to China several times to, to get more money and, and to arrange these deals. And they have a huge amount of importing this coming through Guangdong. They have a number of, of Africans now who are in Guangdong Province, two that are working on trade there. And there is there are African traders in China who are making money by importing

77:03

specific things, synthetic materials and

77:08

back to Africa

77:11

so there was literature that indicated that China is skeptical towards democracy in developing countries and this no strings attached. We would you say that this is true and how is it affected Keenum governance?

77:24

I don't think it's affected Kenyan governments at all. I think they've they've turned a blind eye. China don't give a shit about democracy. The Chinese, they don't like it, but they will accept whatever form of government is available as long as they can do deals. As long as they can reach the right leaders to pay him loss, do the deals, they just go ahead and do it. Okay,

77:44

so so if cannot remain the same or hasn't become more negative, I mean, as the misco has even increased now and there is bad kind of status to begin with, and then there are few is more money and then they can continue. It was the same way.

77:59

It's gotten worse. But you again, I would check that with some people who are close to to know, again, you're dealing with somebody who's only there 10 months, and I was much more of an Asian specialist than an African specialist. I, you know, I'll be happy to share my Fulbright proposal as long as you give me a citation if you use any of it in your

78:24

you know, same thing with my blogs.

78:29

Okay,

78:30

yeah, absolutely. It's so so now, in the construction of the SGR, almost 90%, or a little bit more of the cost around 36 billion was financed by the ExIm. Bank of China. Yes. Is there a risk that Kenya is becoming more dependent of a loan from China to finance infrastructure and what implications can these loans have on Kenya self governance?

78:55

Again,

78:56

geez, I think you know the answer to this, I mean, they are very very dependent on the ExIm Bank, and they all have a ton of money. I'm trying to remember how much it is.

79:05

I read about it last night. It's in my

79:09

it's in my blog, one of the two blog pieces

79:11

I wrote about China. I think I say how much they owed the China ExIm Bank.

79:17

It's a huge amount of money.

79:21

So yes, they are much

79:23

more dependent on the x. And this has been going on for a decade. So.

79:30

So yes, they're much more dependent.

79:32

That's all I can tell you. I don't think there's anything else I can tell you that I haven't told you.

79:37

So we'll just say now that the Chinese investment in the SGR has impaired the relationship between Western economists and Kenya. Now, when China's taking a little bit over in the construction sense on the expense of Western activity there we just say that the western Kenya is getting more negative relationship to each other then And would that have any effect The way that Kenya could loan money from us in the future.

80:05

I'm hoping that change and will change.

80:07

I'm hoping they'll get so fed up with owing the Chinese everything and there's there's a lot of anti Chinese sentiment now in Kenya among the people.

80:16

And even

80:18

among many of the I think that some of the government people who are not quite so high up in the Jubilee administration will admit that they have lost a lot of currency with Europe and the West. I think there's always been an admiration for the West because of the because of our organization. I'm not sure whether democracy was it but but our level of capital formation, economic development, and fill amount of cleanliness, I mean, even the way we build roads is a lot better than the way Chinese do it. Chinese don't have any gutters. They don't have any side. I mean, I think

81:05

that's all the time that

81:09

and and their materials tend to break down.

81:12

They had that problem with fly ash and the fast trains in China too. They were cheating on the ash that they were using as a substrate for the tracks. And so the some of them were starting to break down

81:23

even after five years.

81:25

So, you know, I think that

81:27

I'm kind of hoping, although I'm not sure that eventually the pendulum will swing the other way. And eventually if we have a more progressive US administration starts to care about the world again, instead of this stupid.

81:42

Put America first.

81:46

I'm sorry, I chose

81:48

sorry, fine. I also heard there's this saying that America first also means America, although to some extent now it was Trump after

81:56

Trump does not represent the majority of Americans. Magic certainly educated Americans in the ones who are not educated. I don't understand. I mean, I between that the Russians, the influences of their influence on social media,

82:14

the crazy right wing

82:17

and the very rich, we got a lot. We we have a lot against us now, but there is still

82:26

in America probably over 50%

82:30

of the population as opposed to Trump.

82:33

So let's see

82:33

if that goes into the election next election and we can find one get rid of him.

82:38

Yeah, I think it crop never have had about 50% approval ratings or it's always been more people who dislike him than likes him. I think in the polls.

82:48

Most of my Republican friends

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who are I mean, I'm a Democrat, but my

82:52

even my moderate republican friends can't stand. There are there is a tremendous amount of anger. him in his craziness

83:01

and his

83:02

even the way he's handled his COVID crisis is ridiculous.

83:06

Not having a national

83:09

plan not not as

83:10

playing politics with the states, all this other shit. So I'm hopeful that once if we can go back to a more progressive government that there will be much more interest in Africa than there has been. I think there's been a real retreat.

83:29

Actually I did as part of my best for six months.

83:33

exchanging Tulane University in New Orleans, other legal department there and they almost were sorry to leave University New Orleans. Oh, in New Orleans. So you there okay.

83:43

What did you find

83:47

that most of the students and all the professor had a very negative sentiment was Trump, it was kind of in Harry Potter that the name you should not mention. Now we could have discussions about the American economy but we've been narrowing I mentioned Trump by name when they didn't want me to discuss him at all these years ago, the photos to tell them at pretty recently on to their was elected.

84:09

Well, I think the fact that the House of Representatives went democratic is is a positive sign. Now we have to get rid of the republicans and Mitch McConnell who is as far as I'm concerned,

he's actually a national trader. And some of the crazy right wing Republicans who are you know, any of Brian Kemp from Georgia trying to open up this economy now, when people are still very sick. Georgia, it's, it's insane. I mean, anybody who isn't sick, does no empathy, no understanding of how very, very serious this is for about 10% of the population. So

84:47

anyway, any more questions because I gotta go.

84:49

Yeah, sorry. Yeah, we have to just last questions. That is more than one general. So now after we have also asked your question, is there anything that is missing in I was starting over shouldn't be asking me relation to Kenan sustainable development. We didn't cover?

85:07

Well, I think you've done a good job. I think you should talk, you should look at the

85:14

I think you need to look closely at the XM bank and the amount of debt owed. I think you should look at the language barrier and how that affects human rights.

85:24

we've pretty much covered everything in it. And as I said, I would definitely try to I'll give

85:29

you a few contacts with people that I really think are closer to this. They can give you more detail. David D is phenomenal as an interview, he can give you numbers that I cannot because what I'm doing is getting them from him. And

85:47

I do know that the Auditor General in Kenya,

85:52

that if what is available for an economist to look at, I'm not an economist, but you can find some numbers that don't add up. And David can point you to those. So I would definitely call him. I would try to contact don't wait long, because she's a very good researcher and she's Chinese but she's fair. Sam will give you she's giving me a lot of nuanced views of the way things work in China. So I think those are two things you should tell people who could really open up some other avenues for you.

86:31

Perfect, thank you. So so let's play now in our search. When we assess the SGR parade we consider four different aspects. Already top questions is economic, environmental, community well being and governance. So in relation to all these four aspects, would you say that the SGR project overall and signup positive or negative overall value to Kenyan development

87:04

All I'd heard is that it's been negative.

87:07

But I think in the long term, they had to have a modern railway system

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to I think they should have probably from an economic point of view,

87:19

should they have redeveloped the meter rail? I think that would have been a more economic and community friendly response. I think they should have put the money instead, whatever money they had into building out roads in poorer areas, and figuring out how to increase transportation and trade in those areas. So I think in the long term, SGR might be a nice sort of signature. I think it was a key to Chinese development in Africa.

87:59

I can't tell you

88:00

right now, I do not think it was a positive. It was a positive step for Kenya economically, in terms of community development or governance. I think it is. There are exceptions. And I think that's your, your job is to be fair and nuanced. I don't think it's either all positive or all negative. I think there are certain I think it's very important symbolically for country to have modern infrastructure. We are even lacking in that in the United States. Some of the infrastructure in in Hong Kong and in China is more advanced than ours. Because we have been putting it into that. So anyway, I wish you both a lot of luck. And I will send you those contacts and I hope it works for you.

88:52

Perfect, thank you for all the country very much investing compensation.

88:57

Okay, and then again, as I said, I'm a journalist and Some of this, I'm here collecting information from others. I'm not an economist. I'm not a politician.

89:06

I can only tell you

89:08

from having my short time being there, you know, and it's a complicated it's a mess. It's like It's like every other country is a mess. Maybe Copenhagen is in a mess. Maybe Denmark is so well. Denmark and Sweden and Norway and I understand Sweden doesn't have any COVID restrictions at all. Any more than anywhere else, which is very interesting.

89:30

But

89:31

Brazil, in New York, it's a disaster. And that and we have a very good governor in New York who's really been trying and and he's not been getting the national resources he should have gotten and it's very sad.

89:46

I just stay safe gentlemen, you too.

89:49

And all the best in the future for you.

89:51

I'm typo blood and grandma. I have two beautiful little granddaughters and I have a son daughter My son's in the US Army as a doctor. He's a is a psychologist and now he's dealing with traumatized medical workers who are working on COVID and I my daughter is a director of food and beverage and Director of Operations at Salt Lake Marriott. And she's been doing

90:18

projects to help her furloughed employees

90:20

and in tears when she had to get rid of them. So it's just, you know, you do what you can

90:27

knows myself to do is look for the right size and the sunspots.

90:31

But I do want to say one thing to you, and Excel, I haven't doctor okay. And I had a good piece of advice from a very smart guy. He was very, he said, the only good dissertation is a done dissertation. So get it done. We'll worry about being perfect, owning on the most important things. You know, SGR was a big symbol. But you know, underneath it, there's a huge problem and it isn't just Chinese. Just remember that.

91:02

Okay, take care. Take care. Bye. Thank you.

91:04

Talk to you soon.

Yuan Wang

00:01

Yeah, so so so we start by some just some personal questions here and to get it all set. Can you please introduce yourself and describe your professional position and field of study? Do you work with academic research?

00:16

Okay, yeah. Before that. Do you work your methods of recording? conversation? Like, you take notes or you record a video, or

00:32

recording it? So what if you would prefer that we instead take notes? We can do that? Of course.

00:38

Oh, yeah. Okay, I don't like boys recorded. Okay. Sure. Yeah.

00:47

But then I'll mute my microphone and I will take notes instead. Just you know, so Andreas will answer all the questions because otherwise you will hear me. You will hear my, my fingers towards the keyboard here. So I'll make my microphone but it's nice to meet you whatever you call it and I will join the conversation afterwards.

01:08

Okay Nice to meet you Nice to meet

01:12

okay

01:15

I I'm doing my PhD right now. And my thesis is also about China China's infrastructure in Africa one of the

01:28

the the study Israel so I finished my fieldwork the hook off the whole year last year.

01:35

And now I'm dressing up. I study not only the Kenyan real way but always yo Can I go like their way objectives are financed by the Chinese.

01:47

I also, yes, before here I used to Kenya Berkeley NGO and the work teaching and money I had a much better way in the face. Yeah.

02:05

Oh, perfect. Thank you for that. So how did you come across the SGR project in your professional career? or?

02:18

Yeah, sure. So Ramallah broken 1013 and 14

02:25

on the preparation, so I don't know if you see the news

02:31

to them 1420 of China they picked on Cape, so Ethiopia, Kenya to four states yet, and that was one finance to be. The standard gauge railway was fine. So it was all over the new and it's a big thing. So I started to pay attention to it and liquor. My research partner with us in Boston. I did a fellowship research on the FBI, Johns Hopkins turn Africa Research Initiative on this, and then when I started my PhD project I just tried on mental subjects will continue.

03:11

Can you hear me now? So now we'll start with some general questions in relation to this infrastructure project. So in your search, haven't noticed any differences between Chinese FDI and FDI from other countries in relation to investments in Kenya?

03:29

Ah, that's not actually part of the men's side of my topic. I just study Chinese infrastructure only. But for for so but I had some conversations with people on my on the spending side, one thing that traditional donors may not prefer to fund projects of this magnitude I band aids. Are they still finance railway products in the peripheral? Probably those products?

04:08

Yeah, so the African

04:11

government had a hard time approaching to I don't know, one financing of their railway construction. And China seems to be the only choice.

04:24

And this is

04:27

any relation to the fact that this is because the ExIm Bank of China, for example, is financing the project and the Western countries can flex this possibility.

04:39

What do you mean, sorry, I didn't get the question.

04:42

I mean, is it because of the high cost involved in these infrastructure projects, I mean, it's estimated to cost around \$4 billion. So it's because the West lacks this kind of financing options or China's today

05:00

could be from the face value it could be, but I think you need to talk with people working in no sense. Were traditional donors to figure this out because they are not my interviewee.

05:17

So a second question then, does the fact that the Chinese road English corporation is owned by the Chinese government, an implication for the SGR project?

05:28

It is owned by the government as a centrally centrally central state owned enterprise.

05:36

And what what what's the second half? Yeah, yeah.

05:39

If this has any implications for the SGR productive, what do you mean by implication, I mean, the way it is constructed, or the relationship between the Kenyan and Chinese governments or

05:55

listen, first of all, this is a car itself as a They can say governments or governments project. So it was established at a very high level in Preston Kenyatta and to me, and then it was, yeah, so

06:16

different from many other type of products

06:21

and some Western traditional products as well.

06:26

That's probably a wider implication.

06:32

I don't know, I think a wide I don't very want me to get to

06:38

where it's just differ I mean, what we mean is usually when Western firms construct produce in Africa for example, they have a different kind of governance structure, I mean ownership structure compared to Chinese firms, for example, and whether this has any implications is kind of corporate governance. For example,

07:03

corporate governance okay. So C RPC is owned by China communication construction company sees this entity and it has multiple subsidiaries. The RBC is one of them. And yeah, let's see RBC through the project, got the product it was it was obtained by CNBC in Kenya because the RBC has operated in Kenya for over 30 years since 1984. And then C RPC is your open bridge Corporation and has no railway construction next year extensive railway construction experience. So they asked for help from their parent company, China communications construction companies. And then, yeah, so the parent Company organize a whole bunch of sub subsidiary companies to subcontract the project under the head

08:14

is the RBC or this is

08:18

how I see.

08:20

So, in your opinion, how have foreign direct investments no matter the industry affected Kenya over the last decades?

08:30

Oh, I can say that's entirely off of my knowledge. Question. No, I, I I don't know. I don't study macro economy of Kenya or Chinese as I can see there is a search of search over the past decade or two decades.

08:56

So, so, no,

08:58

do I find the west central additional bonus like UK and USA are still the major players in Kenya market for FDI. And by the way, the SGR is not FDI is somewhere in between a or a commercial project. It's nothing.

09:26

Okay. Well good to have that clarified.

09:31

So So how would you say that? It is? Not FDI then but the SGR product, how would I say that fits with China's overall industrial policy

09:44

in Kenya or Belton road

09:47

in Africa i don't know i mean, usually we have this

09:51

the you know, the one bridge one road for example, this

09:56

this came society Seems related in this somehow the VRI

10:05

str is the flagship projects of the PRI belvin initiative. And the core of this initiative is infrastructure connectivity. And it seems that the SGR fits neatly into this objective. Originally, I was not, did not include Africa. It was major in Asia and Europe. But then but with this SGR it's not direct and Addis Ababa, which is looking railway project Ethiopia and Djibouti. So these two parts, actually was further down successfully in a way so so they are both of the project. I can't say that 70,000 co production projects huh well, I'm Depends on how you want to frame the argument. I mean, I'm just a researcher, I'm not a practitioner. So well, my view is just my observation of the what I see physically, but it does not represent a new thing. So there are a group of people arguing that China's African policy or trying opinion policy is just an extension of China's excellent on policy as a great power. So you see China's rise in the past few years, and Chinese economy Chinese state owned enterprises need external needs to expand into the outside market overseas market because the domestic market as the Twinkie maybe comes after construction so Africa is just a natural, natural market to get through.

12:07

On the other hand,

12:12

if you look at Chinese

12:15

foreign investment data, Africa is one of them smallest, the biggest goes to USA. Europe and North America go from and Asia Asian countries. So Africa is probably 5% 6% of the total. FBI ODI, although I do like the directing my investments a month, but again last year does not count as FBI

12:51

because I'm working on it, okay.

12:54

Okay, so it's also a matter of definitions.

12:58

So, so now We also mentioned a moment of, of the West and UK in the US, for example. So looking back, there has been kind of a negative sentiment amongst many Western countries and companies towards China's involvement in Africa. Could this to some extent, we are going to be because the west to some extent compete over investments in natural resources and so on in Africa with China.

13:29

You know, you asked me this question, I will be dire. And my time

13:34

is perfect if I want to have many different bulkiness.

13:39

Sure, yeah. So

13:43

I would say it's natural. If they if they, their business, ground, their market was, was like, is interfered by other companies can be a scoring competition, especially in the construction market. Chinese companies could do the same work with much lower price.

14:07

Awkward, they are not happy. So they will do the media content. And China was not very good at this.

14:15

You know, the situation of Chinese media back home, it's barely any free media. So they don't know the New World media, how it works internationally. So yeah, that's that's good. But on the other hand for many companies, there are our booth.

14:36

Domestic practice, you know, I mean, like,

14:40

You're, you're looking to social responsibility, no, like sustainable

14:46

businesses sustainable development.

14:50

Yeah. So on this aspect, many Western companies, I'm more familiar with the Many international guidelines or they have stricter domestic rules, but we have some unhealthy side. But on this trespassing in Chinese one, sir, a nice trick and a signal in I think around 1314 ish or you might also work there was more stringent environmental rule in China and also anti corruption campaign. But I don't know whether these are effects of big transfer these who are in a market like Africa, especially my experience my mind talking my interviewing, feeling in

the field is more that the companies who, although local law, to get there to get to get their business done as cheap as possible

15:57

to save costs. So If it was not required by local government, or

16:08

if local media was not on say, what's the font, he was not proactively, like, pumping down the company, bad activity, some company they call on whatever. This happens not only with Chinese companies but also with

16:32

Western companies, company and companies, every company.

16:36

Okay.

16:37

So much of the literature related to foreign direct investments and similar activities that suggests that the host country benefits from spillover effects such as technology transfers and knowledge spill overs and innovation that from increased competition and so on. Are there any evidence suggesting that the S You're pro addict have assaulted in any spillover benefits Kenyan economic development.

17:07

Okay, so in Clause 14, one Kenyatta and because I'm signed the agreement, the financial command of the SGR one thing in the odd time mentioned to a local media with guides the str will use 14% of both voice but also included in local employment, local procurement and subcontracting. And so, usually by project founded by China ExIm Bank is invented through fire 70% of Chinese.

17:47

Like finance should be

17:51

imported from China. So the Kenya was Kenya was

17:59

publicized. This works with a friend who assesses success or often negotiation, but how well it was implemented is another issue according to the CSR report, published by the RBC, a contact center, and they

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are

18:23

pretty much the 40%.

18:26

But, of course you can argue otherwise.

18:29

But yeah, they have the incentive to

18:34

not do that. Reporting

18:39

over reporting. So the Kenyan railway Corporation, the client of the of the SGR implement like to improving sanitation. Okay, I see Kenya with corruption initiative, a regulation to To check the frontier BP is on the second phase of last year from and they will be tonight Russia which means that the RBC now has to prove to me that it's been

19:18

locally procurement. So

19:24

apparently it was.

19:26

I mean, yeah.

19:30

Okay, well thank you. So, I would say overall has the SGR codebase positively or negatively affected Kenya's economy?

19:43

It would be close to say at a stage because it's just finished in two years. So they build a large infrastructure projects in an economic impact will have to

19:58

flow they go off

20:01

In the long run, and especially for projects or work this pipe needs more Connect connectivity. So it was a project that was initially designed to leak Uganda and

20:18

keep it Rwanda.

20:23

So when it

20:25

got to me, it will, of course be very economically profitable. But if it's only 500 ish kilometers and financial financially and economically doesn't make sense, it's arguable and

20:45

for benefiting local people,

20:49

I think

20:52

so if you're in a construction on the mic, company would have to hire locally. verges along the way in line, and they hire these people, they get more paid more before. So yeah, there was something like saying I sort of make makes the story of Ethiopia and it would be easier when they hire local people and local people. So that makes sense. And so something as simple as that the money that's received from Chinese companies like perfectly then they buy a bit more stuff to local market economies. So I think it's, it's it's big enough to to see that happen on

22:03

So now we're talking about infrastructure produce I mean, a Kenya is really lacking sufficient infrastructure. So now when we have this railway and improved connectedness both within Kenya and also to neighboring countries, what do you think that this has contributed to race trade within the country to neighboring countries and to the rest of the world increase the keenest share of the world world trade. That's

22:31

not worth

22:34

doing the mailman. No, it was for McCargo will be your for the region and then they get to Mumbai support for say the next courses Yeah, but is it actually doing so? effectively? I think I feel most stuff for imported from America for export this Yeah, it's more. Yeah. Well, you can get things. Can you afford the pharmacies anyhow?

23:12

So, now since the construction of the SGR, the trading balances between the Kenya and China has been growing. Kenya continues to import more than the export of China. Do you think this can be attributed to the SGR project? Or?

23:30

Oh, you're on the project? mentation? I'll say, of course, there has to be a lot of import. You'll probably see an upsurge of imports of machinery and other stuff, just for the construction itself. But offer this is there any sane extra training all parts of my expertise, as

23:59

well? I don't know. Okay.

24:03

So, now in the construction, so, to what extent Have you found that the road and bridge Corporation has utilized the local Kenyan industry when constructing best You are so supplying and material and so on?

24:19

It was supposed to be 40%? No.

24:24

But how much do they really?

24:27

Get locally?

24:32

I have a hard time getting data. I think I do cement or all locally procured if I didn't remember Obama probably wants to double check.

24:48

Yeah, so the office for CRTC is

24:53

things like cement can be locally procured. With enough policy they wouldn't want to import from China because The plant itself is very expensive and it takes the time for shipping could be unpredictable. And given the given the tight schedule of last year to be finishing two and a half years, they would prefer more stable local is available. Yeah, that's for the data. I think it's just a very important data environment in general one that wasn't able to get anything.

25:35

So, in relation to local communities, would you say that both the Kenyan government and the 10 year old English Corporation has respected and accountable for the identity culture, interests and lives of local communities when constructing the railway?

25:55

To find answers, it depends on who you are, is up here if these people cook them You could ask, can you be awakened? So of course, they will say yes, there are people who want to learn, we're confiscate said and we're paid. I'm fed up, according to themselves, they will say no. If you ask a local governor, of course, no. Yes, yes. Kenyatta himself. So independent and I'm a researcher. So I don't quite have an opinion on this. Because bear in mind, can you tie them to? So I I don't have an opinion really depends on who you are.

26:35

So so

26:37

there's no, because Kenya is a developing country. It suffers from skill shortages in several sectors. Has China contributed to educating keynote workers in ways that can benefit them in future infrastructure projects?

26:54

The only pullback? Yeah, do that. Yeah.

26:57

Yeah, exactly. The key network is so big COVID are in reception. So they can use this know how I mean in major infrastructure projects and constructions and so on.

27:08

Yeah, I think even though I have not so much to say to them to say all the things about my country, but so I think it's quite reasonable to say that is because they would have to hire was 30,000 employees at peak. So most of them were not properly trained locally. So, Chinese

company in order to use these employees efficiently, they will have to train them. So it's usually like training involved

27:46

while working, so,

27:49

for the training part, there is some nother aspect of bringing some content or content back to China to train and then bring them back here they work as train drivers operation. So, apparently right now, like the operation on bass car was supposed to be operating over Is it fine if the RBC for six years enough for six years time you stop will have to phase out and it will be taken will be like under two operations by Kenyan. So this can only happen through technology comes for skill transfer, but you might also want to argue that okay at the peak there were 30 solemn employees knowing floaties but remember construction finished here and then it does not need the off the rubber So, was a third of job opportunities, and then everyone's laid off. So especially in Kenya, there is a strong ethnicity like, so the Maasai people will not like somebody people who work on the men, which means that after training them assigned people for this section of the railway, they can't transport them to the to another section to go to work, basically. Yeah, so the job loss will have to happen after the project finish.

29:36

So that's

29:38

a problem. Yeah.

29:41

So

29:44

now, we speak a little bit about this.

29:48

Indigenous people in in in Kenya and ethnic groups and so on. So how would you say that Kenya in China has dealt with the cultural differences that exist between them. For example, related to leadership and work styles, religion and other expressions and so on

30:05

all the time is wrong with us. And so seeing racism, the basis of intention, the media will not approve the Kenyan Media Day for a cup of tea or we have the RBC that the Kenyan was sitting at one table, a certain table, I'm trying to say that other people, other tables, so they don't need. So let's say that this wrestler and and they went public. So so the most things of suspenders, you can you can even search for this media oh and after after this scandal theory at the internal mastication to to see how to improve the situation and then CRTC Chinese employers employees were asked to accept the mean goes with Kenyan. And oh, well, when I interview with the RBC people, Chinese people, they actually get quite confused. They say, live event in tiny houses, I define tables for men to go sit near and the spouse will say from that other side, it's just difficult to talk to each other. If you're so deep even even among Chinese beers, a strong hierarchical system anyway, in this country's corporate culture and now bringing it to Kenya it was labeled father as business. So, they went off, they weren't quite confused about it. But so

they they tried to try to Try to adjust to this new environment. Leave another example out during this construction one way and I very normal sized process, one to one section of the construction site and the Chinese manager, were complaining that he can never own a suit. How can those five people just go on strike? If they were not, they did not have enough milk. They had water instead of milk from ash. Why can't they just tell us that they prefer milk? And then we can discuss why can Why Why don't they just directly go on struck tiny companies, then the choice for you and in fact in China, and you'll come up and imagine and this is a big habit for them when they're in construction sites. Thousands of local people, especially Messiah and some other ethnic groups, most people are fighters. So it can be quite a thing locally. Yeah.

33:25

Yeah. provide some milk. Okay.

33:29

Okay. Yeah, sure.

33:32

So, on an environmental level, have you noticed any indication that Chinese infrastructure investments in Africa have had more or less environmental damages compared to infrastructure investments from Western companies?

33:49

I don't know. My Projects only. Yeah. So I can't compare and comparison.

33:58

is in mind issue

34:02

with us pacifically they be environmental impact assessment first, right? According to the law, and they have to submit this to NEMA national environment Management Association or whatever, ma, ma. And then I'll issue a license for the contract to go. So if if the IAA was not properly down the licensing be a tree. So, of course, I need some paper talking. work has to be done. But are these paperwork translated to real actions? That's another issue.

34:50

I think

34:53

Kenya, while another Canadian economy was based on tourism, so can we treat nature well Life is a very nearly Chinese company. We're not quite aware of this coming.

35:10

So

35:13

yeah, I will, I don't know quite as much about it local companies or restaurant companies, but among Chinese companies, I would say the longer they stay in Kenya exposed to this environment, mowing the norm from local, like the higher value environment for local people, then there would be more houses about Alright,

35:47

so now, in the research, would you say that the Kenyan environmental regulations have provided adequate protection for sensitive ecosystems and biodiversity for example, and has The Kenyan government and the Chinese road in which Corporation in the construction of the SGR followed and respected Kenyan environmental laws and obligations.

36:10

So they have to if they didn't, then last year is like the one of the most high profile projects. Kenya history, like every media was going to offer it. The RPC even started, it's only I sent on acceleration mechanism office just to deal with media and local related issues. So they, and they promised while they they didn't walk out of Mexico in Spanish to be shown immediate in Kenya or international media and then being transported back to China. So that's done if governments will saying oh, my God, I'm selling gold products without me so well. So what the hell are you guys doing in Kenya? So they took these special special care of us. I wouldn't. I wouldn't imagine them breaking the law. Oh yeah. Yeah. And that's if you find something happy. It'll be interesting for me to know as well. But it will just be maneuvering within the law. So for instance, if the RBC needs to submit a yes, it reports to NEMA. It will do so it won't just lay some they say all this. I'm not going to do it. It will do a proper yes a report. But the real costs, the number of consultations will have because the number of consultation were not regulated as a law. So it was just a maneuver to save costs and and save time, but to Blake reasonable. It'll take some courage.

38:04

Okay. Sorry.

38:09

My opinion. Yes.

38:11

Perfect. So so you haven't found any indications and that the Kenyan government, for example, would have lowered his environmental standards or protection to make the investments more attractive or

38:22

doable. Because they'll

38:28

be because of the climb pressure from the press and help. So Oh.

38:38

And I can think of

38:40

no, I didn't cover this aspect. Actually, I don't, I don't quite know if we know that but I did remember. Once in supervisor of the supervisor, environmental and social sustainable A month of the SGR told me that because of the current pressure, a lot of things have to be tasty. And so

39:11

like,

39:12

it was a mess. And

39:17

and he was very not happy with the process

39:22

in terms of where typically the

39:28

gun runs over the center that I don't know.

39:33

So, so, have you found any positive environmental effects?

39:42

Here are cultural responsibility report Corporate Social Responsibility importance, like it says. Very, obviously that and Okay. Hi. What bridge for classical school. mending bridges, which are very expensive, we did this for corporate social responsibility.

40:11

Okay.

40:15

So for example, now when somebody is related, maybe it can ease I mean the traffic on the roads, for example. So instead of using trucks, they use the trains until now also more passengers, it goes to train cars and so on. But it can be an impulse to press.

40:33

Yeah, they also say that you mean like, will that be environmentally more friendly? No, yeah. Yeah. Yeah, but that's your diesel engine, by the way. So it's not as effective. As great as the neighboring field can one which is electrifying. But secondly, it will say well, also Cars money or cost money on the on the road but

41:07

there's another question

41:09

is it well it's the environmentally more friendly but but it's heard from lots of trucks as much as it basically gave a shuffle to the logistics business in Kenya and the whole city of Mombasa and many seniors alone and the Mombasa Nairobi is along the goal was to establish as trucks pound truck drivers accountants extract truck drivers boats or have to like stay overnight there I'm punching you in the morning. So these comes to mind because talk business and now biggest town cannot say anymore because truck driver business our whole gone by taken by the US Your

42:02

business or lost

42:04

and bankrupt and the truck drivers when they don't

42:10

Okay, yeah.

42:12

Oh yeah, that's that's a negative aspect and I suppose

42:19

but

42:21

so we also have some governance related questions now the last category so it would say that the large sums that has been investigated as our railway has escalated corruption in Kenya

42:37

escalation or it's just the mesh in massive corruption

42:43

environment in Kenya

42:46

yeah

42:48

I mean, Richard the house I don't know. I mean apart in this car, and I said a car is

42:56

have a lot of corruption related media

42:58

reports. So,

43:01

but it's ASCII are the actual counts of Kenyan corruption, or can you increase corruption? I can, this year will fall on your list and we'll have to do a research but you probably know about Goldenberg and the angle leaving the two major scandals in the 90s. Is it you know, 2015 ish. Yeah. Was so like, even before I hear existence, the biggest scandal or they could have said and yeah, I don't know if, if you can say FCRA

43:48

or decrease it or,

43:51

of course it's not decreased, but or at your has the only implementation of the realization STTR once was enough was enough for me for the project to be matched in this

44:09

next cycle.

44:12

So how would you say that this SGR project has affected the relationship between the Kenyan and Chinese government?

44:26

Of course improve when I often think listen to the economic counselor of China for Kenya on the 14th

44:37

Yeah, so you probably

44:38

have to look back since about 13 when Kenyatta first

44:44

got the presidency.

44:47

The first two countries he visited was the first three countries that was that

44:50

was Kenya was China,

44:54

Saudi Arabia, the UAE and Russia to clear it. He was Looking to the east events of the radical movements of the rest when UK and the US was was were very exhibition mayhem to ICC

45:11

international criminal. So,

45:14

can you hold on to this project

45:18

came at the right time, okay NASA when he was actually looking to divert from the left to be more independent from the bus term

45:29

owner saying that Okay, I have friends in the East I don't necessarily need to

45:34

exit attitude. Yeah.

45:40

When, from the very beginning

45:44

it was a political

45:47

or diplomatic instrument for by Kenyatta from the very beginning to to be close to the Chinese tend to be a little bit far away from the independence on the west. He is trying to plan delay

46:03

So to fracture them against each other a little bit or demonstrate somehow that there are other options, alternatives.

46:11

Yeah.

46:15

Yeah, have multiple suitors Of course, it's untrue. It has only the left as well.

46:26

So, there is a verb. There we speak about the west and the east of how there's this discussion about the Washington versus the virgin consensus and this there is no strings attached to Chinese investments, for example, and they only skeptical to democracy in developing countries. It has been argued, Is this true? Do you think and how has that affected the Kenyan governance?

46:51

question to ask for investments in Kenya but more often customs or investment for you recommend he Africa in general or in countries by DRC Angola, like,

47:05

more like salt for them, like your country, guys

47:12

are already good students of

47:19

China has the seen as a market.

47:22

A market. Okay.

47:25

So so then now with Chinese involvement in Kenya, I think the depth does increase a lot also in Kenya and 22% of the total external debt is owed to China and I think around 70% of their bill idle that is owed to China. Do you think that infrastructure project is reducing Kenyan independence and their ability to self govern, so become more dependent on Chinese debt

47:57

so I don't know the paper Don't think provided are Can you repeat

48:07

the numbers?

48:09

Yeah, remember?

48:10

Yeah, around 22% of their external debt and I think he's around seven to seven to one. So 2% of bilateral debt.

48:20

Okay, so 22% also China, how much

48:25

is that? I have not checked, I have to say,

48:29

Okay. You probably

48:30

want to check that because Sunday 2% in China is the only biggest donor Kenya. That won't be a natural question that was my sauce when facing hundreds of percent data.

48:49

This is a more hypothetical level than if we ignore the numbers. I mean, and also, in general these like, I mean, if you also include Western countries, the fact that keynotes A lot of money to both the West and to China then I mean, General depth. It's affecting Kenya's self development somehow or independence, would you say?

49:12

I think Kenya has a system assessment system.

49:19

Nothing. It's also

49:23

like implemented by Ms. Whoever that that the GDP cannot exceed certain amount mentioned on the Kenya National Library.

49:36

My say,

49:38

Be very careful about this, comparing this neighbor Ethiopia which does not have this type of debt management so Mexicans I think Kenya is doing a good job among all the East African countries country x I think it's a it's a functioning, functioning country compared with many it's quite functioning. Oh, it has many highly educated people

50:08

in the government level.

50:11

So I don't worry too much about about

50:17

what's mistaken. That's good.

50:22

So we have just two final questions now. We asked a lot of this. So do you think that we have missed anything to ask you or anything that we should be covered in relation to this topic of sustainable development or

50:41

no clean?

50:45

vapor?

50:47

Yeah, you pretty much covered

50:51

everything. I think. It's just the whole audience. You want to get to a different sorry. I mean, on the Low

51:02

you've covered everything.

51:07

performance wise even. Okay, you probably will find that China was was not doing so well environmentally. Why didn't they do that? Many of the houses, things are as African politics can be on itself. It could be related to

51:34

Somali camels are

51:38

because of that you are doing something bad. So the local farmers but the internship between somebody people and the local farmers has been said over the years, so it's not last year that made the company

51:55

there is

51:59

just wrong. Yeah, okay. I don't know how you how you

52:06

not?

52:08

Yeah, well, thank you. Yeah, there are definitely some

52:12

local changes in Kenya that goes back a long time. Definitely. That is very complex. So sometimes it's hard to dry what is the STR and what is other influences?

52:24

Yeah.

52:26

So lastly, kind of now.

52:31

So our research kind of touches upon both economic environmental community and social or local well being as well as governance. So these can afford pillars. So now I'm gonna discuss all of these and we've kind of tried to take a helicopter perspective and look from it about Would you say that this SGR project has an overall positive impact in development along these four aspects

52:59

on the My cars awesome. So, Ben, can you just repeat the question again?

53:06

So now Oh yeah,

53:10

okay. It works now or

53:14

yeah at once. Now, can you repeat the question again?

53:18

Yeah, sure. So, so, now we will make our research we try to look at four four pillars. So we aspects of economy, environmental aspects, community aspects and government aspects. So, we will try to take a helicopter perspective and look from from this about who to say that the SGR construction have had an overall positive or overall negative

53:42

influence on these four aspects. And

53:51

maybe, I'm biracial person

53:57

depends on where you're at.

54:00

Okay, so you think there's been a positive at least? So can I benefit from that most more than it has. So

54:10

my focus has always been has always been

54:15

a function of the product itself. And probably written this way, its economic aspects. I even look so much into probably a little bit on the government itself. But I would say, as long as Kenya says, You're here, back to us, you're in Kenya for production. So he was preserved, and it will remain function, but just consider is like the opposition party came into power and wants to denounce whatever continuous effort goes into last year, it was supposed to continue to come Uganda. If the government decided not to pursue it that way, then last year, we'll see what happens with it. Probably. It won't when it won't become a White House, and then that will be for sure. A waste of money or waste of a lot. And we're not good either.

55:23

So

55:24

I yeah, I don't know. I think

55:35

I used to work this was really good give you a timeout on Sustainable Development Report on Chinese enterprises overseas. You can still find no report English, based on multiple like, based on surveys to over 200 Asian companies each year

55:55

was published in

55:56

1970. And

55:59

and it Use the four pillars to decline as we buy Chinese companies to operation overseas and the one thing we find is that post cons for me in my personal thoughts because Chinese companies operating in Europe is just very good criticism compared to companies flowing

56:20

take CRC as a sample but um

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so

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so Kenya is if you both had all the countries in Africa Kenya especially for the environmental issues but if you want to contact Kenya but the UK then probably you won't say the same things are happening. Kenya was my call with me or is coughing up at all but face limitation was missing and coupled with corruptions and you will see a lot of situations

57:07

Okay, well, thanks. I was actually our last question we had. So you ain't gonna be very valuable. And we appreciate you very much if you wanted to participate.

57:19

Yeah, no worries. I always like to talk about that. Yeah. I hope you benefited something from our discussion.

57:27

It was very interesting perspectives that we've pressed, not all of them. So it's been very, very good. Thank you for that. Thank you. And thank you very much. I'm back. Thank you and take care.

57:39

Okay.

57:41

Have a nice weekend. Bye

57:44

bye.

Hannah Elliott

00:00

vision. So that's easy to do. And

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yeah, I think a lot of people have had so much work putting all their teaching online. But fortunately, most of my work is research there

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are just a CVS is what I know, not really know how to deal with all these exams now, are they? I mean, they talked about how

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I think all the exams are going online. I think that was my okay. My understanding. Yeah.

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Yeah. So, so please forgive me, I had a

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really brief look through the questions. And I just realized that it was going to take too much time to actually write the answers. And

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so

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yeah, but I can see the kinds of stuff that you need and I can, like, give a little disclaimer that a lot of the stuff you know that the kind of insights I have my favorite anecdotal, because mostly my research has looked at the kind of responses of low communities to anticipated

infrastructure. And so I'll explain how that relates to your project and that is that my PhD research was on the Land Port South Sudan, Ethiopia, transport Cardona upset

01:15

and, and I worked in a town called

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a COO, which is kind of at the center of that project. And it's been sort of previously deemed a bit of a kind of nowhere place if you like it kind of the beginning of Kenya's northern frontier, which has historically been very marginalized and underdeveloped, only recently had any time I'd wrote in that region, so it's really been, you know, very neglected place. And, and so my research and asuna was looking at how all this kind of excitement about the lab set project was being what that was kind of setting in motion. So I looked at what I called an economy of anticipation. So how people move I action in the present because of an idea of a future that was yet to come, basically. And, and part of that project is a standard gauge railway. And so I guess I'm sure you know that you get the railway that's completed this the Nairobi to my section. And there's various other sections which are planned. And part of that plan falls onto the lab set project. So the the language locker chat section, and then the Nairobi up to Miami and then eventually up to be into Addis Ababa through Ethiopia. And so those parts are encompassed by the lap set project. So you could say that I've done work on the anticipation of the railway as opposed to the kind of actualities of it. But of course, the anticipation generates actual you know,

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Material

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stuff. Because people, people were making sure that they had land land, especially land was a big issue. And so there were lots of land disputes because of anticipation of compensation in particular.

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Okay,

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well, good. So we kind of covered our first two questions now. All right. So we also have some more general questions in relation to FDI and Kenya and China. Perhaps. This is Toby a sensitive thinking, covering back your field, try to hypothesize a little bit or or take it from there. So we can ask the same Because all our experts that we have talked to so far since compared them a little bit or build on each other's expertise.

04:10

Yeah.

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So have you noticed a difference between Chinese at the eyes and the eyes from other countries in relation to investments in Kenya or Africa in general?

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Well, I guess the insights that I have are more kind of from secondary literature, or sort of anecdotal as opposed to based on actual research, and but generally the kind of the old narrative in Kenya is that Chinese infrastructure development sort of hinges on loans that come with certain kinds of conditions and that those conditions can be, for example, that Chinese Chinese labor force will be used, and that there might be certain kinds of trade deals and alliances. This is really not based on any kind of facts or like hard evidence so, but there's suspicion in Kenya at least towards Chinese investment because of the sorts of consequences that can come that can come with it. So I remember talking to somebody who,

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who use the example of

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the Western city of Kisumu in Kenya. The Western Kenyan city of Kisumu is like very famous for the sale of fish because they have a lot of fish coming from Lake Victoria. And that and there's a kind of popular sort of story about how you can buy up but you can also buy fish from China in consumer and that that kind of undercuts the local market because the fish in China is cheaper. And and that the President has kind of been sort of forced to accept these kinds of trade deals. The importing of Chinese fish even though there's a really good Kenyan sort of market, you know, Kenyan

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fish production.

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But that, that, that has been part of the kind of conditions of the Chinese infrastructure development projects. So that that is a real kind of that has a real damaging effect on can use both an economy domestic economy and, and that and that has been applied to various other kinds of commodities chickens that you know, but that's the sort of it's a common story that's told in Kenya at least. And, like, you know, there's often with these these stories are always interesting because they portray kind of local perceptions which themselves are important in terms of how people respond to you know, Chinese investment, and, and there's usually something in them, but they're not to be taken with a pinch of salt. Like, there's quite a lot of prejudice towards China, Chinese investment in China. People in Kenya, and especially when it comes to the employment of Chinese workers at low fat, relatively low skills levels, so because of course those jobs could be done by Kenyans.

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So that's,

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yeah. So that's a kind of a sensitive issue. And yeah, I remember there was a story kind of circulating in the metropolis about Chinese, the Chinese sort of hope that about some Chinese Hawker who had been sort of discovered on the streets of Nairobi selling roasted maize, which is kind of like the lowest sort of level of economic activity you can engage in as a as a local person and the idea that a Chinese person was not doing that was like seen as a huge economic threat. So and whether that again, whether that story is actually true or not, maybe doesn't matter so much as to you know, it says something about about local

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perception perceptions.

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Yeah, and

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So that, and then, of course, there was the, you know, there's a lot of anxiety about debt. And then what kinds of debt again, around conditions of debt,

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I think, and and, you know, the standard

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gauge railway project is,

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you know, is it is

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SGR covers about 5% of Kenya's GDP or something crazy, like it's a huge, huge expense. And there's a lot of concern that it's not going to make back the money that it cost. And there's one particular Kenyan economist who is very, very vocal on this issue, a guy called David D. Yeah, he made a lot of kind of calculations that suggest that this project isn't even going to break even. So, and it's much more about kind of the current government sort of showing it some it's a much more performance by this current government, which has very much been a government of big infrastructure projects. And, and sort of big sort of shown, like very showy kinds of projects, which symbolize sort of hyper modernity and connectivity and that this could have a lot of kind of this can come with a big sort of popular, you know, it could be very popular amongst voters, but whether it actually is good for the country economically is sort of very much in question. And, and this Yeah, this Davidson D has been very has an eye. He's an economist, he's had his his various kind of methods for kind of making these calculations, but his, his analysis is that it's actually not going to be it's not going to make Yeah, it's not going to make the money back

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that it was required for investment.

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A lot of our guests actually touches upon what you have been saying But I'm going to leave it for now then move on. Oh, just the fact that the Chinese road and bridge corporation is owned by the Chinese government have any implications for the SGR project?

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Yeah, I'm afraid I don't, I don't really know. Yeah, I mean, of course, if there's if it's owned by the government, there's going to be certain kind of government contracts and bigger kind of deals that potentially could be struck between the Kenyan government and the Chinese government but I can't really I mean, I can't really speculate on that. You must have He must be reading Have you read depressing him? And

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yeah, we talked

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before center quest to her about an interview but she didn't have the time so we talked to someone else instead.

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Okay, cuz she, I mean, she's written a quite quite a comprehensive analysis, also of Of how Chinese aid works, basically. Oh, yeah. And so I think that could be pretty useful future also to read that book. And, yeah,

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because we got kind of how this if we compare a lot of Chinese state owned corporate governance structure is very different from how Western companies invest in that sense that you immediately assume that is part of some some larger kind of Chinese foreign policy, when they do, for example, operate in Africa.

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Why why I thought it could be relevant perhaps.

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Yeah, I think she has some quite nuanced perspectives, actually. And I think she because there's a lot of stereotypes about Chinese, China and Africa. And it's actually a bit shocking, almost that because even you know, I come from I come from a background in anthropology and African Studies. And the one point there was so much sort of a lot of work coming out on China and Africa. Which, which was surprisingly, really reductionist, so it was like very quick to make assumptions about China's like human rights record and sort of you know, that this sort this aid was particularly unethical and everything without actually very sort of comprehensive research being done particularly on the China side. So I think Deborah Bratton's book is quite useful for actually really nuancing the debate, because I think it has been actually really quite limited, especially the kind of African Studies side which has maybe taken quite seriously those narratives from a local perspective, which as I said, is this kind of very critical and very critical of sort of Chinese labor in particular and stuff. So I think I think it would be really good to reach to reach her work to get a much more kind of complex view.

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Yeah, we actually we talked to a Chinese PhD student last Friday about this. And she immediately became very defensive about it, almost assume that we would have a very critical approach to it.

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Yeah. Because that has been the dominant that has been the dominant narrative. And it has, like I said, it's been based on quite thin evidence, and I think lots of very, but I, I've worked on a project but like many years ago, 10 years ago or something on Chinese relations and investment in South Sudan, and I, I'm afraid I can't recall the details, the details properly, my memory is that there was some very interesting ways in which the ExIm Bank worked and stuff like that. That was that was very, it was very, it was very specific to have to China's policy, you know, development Overseas Development policy, and specifically in Africa.

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But it wasn't

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like it didn't work. Can somebody in the ways that a lot of people just assume I think, I think Yeah. Yeah. So it's not particularly useful, because I don't remember the details, but I remember that it was,

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but it was quite enlightening. And

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it's and it broke down my sort of assumptions about how things work. So it's better just to kind of really get to grips with some of these technicalities before one can really say anything.

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Okay, so, in your opinion, how have foreign direct investments, so no matter the industry affected key now the last two decades?

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Hmm, well, I mean,

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the,

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if you want to talk about very, very broad terms, and

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the kind of the 80s and the 90s were really marked by austerity policies in Kenya, so imposed by

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the World Bank.

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And they have sort of, they've really encouraged kind of privatization and sort of less state involvement. And that has huge implications for you know, government spending and the public the public sector. So

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a lot of sort of job losses,

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a lot of formalization, and a lot of kind of people being pushed into kind of the category of entrepreneurs which you could also use a kind of very nice word for people what he the informal economy, which comes from insecurity and, and that those decades are really marked by a lot of impoverishment, and

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a lot of

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a lot of people really struggling basically. And it kind of aligns with an overall sort of global if you like narrative about Africa as being a place of decline and not really kind of moving forward. And, you know, sort of reverse development, if you like, after the kind of initial optimism of the independency is during the six seasons, you know, early 70s. So, and, and this all came off the back of the oil crisis, right in 70s. And as in the austerity measures, and but you could say sort of from the sort of maybe mid 2000s on what's there's been a bit of a shift in sort of narrative. So there's been this notion of Africa's rise and exit as a kind of emerging economy and all that kind of thing, which has meant that there has been a lot more in the way of foreign direct investment in in the region. And

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and that has definitely brought

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some

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networks Economic

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economic improvement, if you like, and Kenya is now is, you know, as an aspiring middle income country, but there's a lot of questions as to where that wealth lies. So is that growth without, you know jobless growth as people call it is it is it growth that's largely in sectors like real estate, which don't aren't necessarily big job producers and real estate in the inflation of kind of the value of land is something that is it's a particular kind of economic development, right. It's not based on actual material, increasing of material stuff or kind of manufacturing or anything, it's like a, you know, it's it's quite speculative and it can also crash. And, and tends to be kind of relatively few people getting rich through those kinds of sectors. And I know that sort of some, you know, real estate or the Building of

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shopping malls

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and kind of luxurious estates and stuff like that, that has been one aspect of foreign, you know, that's been one of the areas that that foreign direct investment has been focused on.

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And has been seen as a kind of an opportunity economy if you like.

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When it comes to infrastructure, of course, those projects do there are there is employment that comes out of those projects. And in terms of the building of the of the infrastructures.

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That comes with that, um, but I think there's this this the question of, how kind of District what how distribution of these opportunities and like, who is who is benefiting and who is maybe not benefiting and, and who is actually losing out for example, through loss of, of land which

can equal loss of livelihoods. There's a lot of land is a hugely contested issue in Kenya, as I'm sure you probably know. It's been historically, very, very sensitive issue. There's been, you know, election in violence, political violence has tended to ultimately boil down to land injustices are fickle senses of injustice.

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There are people who own huge amounts of land and people who are basically landless. So

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that is, and of course, infrastructure takes up users land and takes up land. So So and I think it's a very it's a very kind of

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drawn out not particularly clear answer to your question, but you really want to be looking at kind of who, who is benefiting and who is not benefiting and who is in fact losing out and I think that the has has been great in Kenya and I mean, you know, I was away from Kenya. Between finishing my PhD research and starting my postdoc research, I think I was away for almost full for three, four years or something. And I was shocked. I mean, just the number of new mall shopping malls so an urban Nairobi but also in some more rural places was just insane. And

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and so there's this,

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this and on some level, there's a huge amount of growth but you know, again, who for and who's actually really benefiting from benefiting from it. And I would say that, that the people that the kind of very young people at the very bottom

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of society if you like, and are

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almost certainly not benefiting from those kinds of foreign direct investments may in fact, lose out,

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no, land over for example, if I right away, it goes across through their fields or landed at other compensated them by the Government or, or

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what was quite what we mean what my, my research partly kind of looked into was such as the politics of land claiming and in these areas, and there was a huge rush to claim land and along the anticipated site of the railway, which was very much anticipated people weren't entirely sure where the railway will pass and actually its route changed several times in the course of my research.

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But people were

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with the anticipation that railway might go there to these areas, people were very quick to want to claim land and where I was working land was kind of technically owned by the community because people who lived in those areas were livestock keeping nomadic people so and and none of the land was under Title. So there was no there weren't any clear owners. It was a huge scramble to try to make individual ownership apparent

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and that was through

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various efforts like fencing and building makeshift buildings and stuff to try to make a claim visible. And even within that, I mean, that was people can, you could say kind of local communities, ordinary people, poor people, however you want to describe them, but even within those groups, there would be people who would get larger amounts that might be like a local chief or an elder or Yes, somebody who kind of was maybe working, working for NGOs, and therefore was sort of had a particular kind of access to foreign money, who therefore kind of had some data, you know, good data, local influence, and therefore could negotiate sort of be deserving of a larger piece of land. So there was a whole kind of political economy around around land claims, which also saw you know, the slightly better off the slightly more powerful coming out better than the remaining really vulnerable people. There were, you know, communities putting together lists of landowners in an area, and then that those lists being sort of slightly manipulated so that maybe all the relatives of a local chief kind of managed to get on the list even though it may have nothing to do with that area or,

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and so, that was

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and those are very kind of classic, I would say,

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findings that echo a lot of other studies of sort of land and land claiming, but it was maybe sort of heightened in the context of the anticipation of the railway and other infrastructure projects. And so,

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I would say, you know, people, you know,

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on the ground up very, very savvy and very, very aware of these projects, they're not to be seen as kind of,

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you know, victims who just kind of passively miss out that absolutely, actively change Trying to ensure a stake in these projects. And within those groups, there is all sorts of uneven, you know, power dynamics and inequalities, which mean that some people are more likely to do well, or to get something at least out of these projects than other people. And but in the whole sort of scheme of things, I mean, the amount that people might compensated for

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isn't, you know, huge,

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right, and people probably aren't

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in a position to

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do very well out of it. So I don't see that you think that you'll find any local community members getting like massively rich out this, but some people will do better out of it than others.

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And

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so,

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yeah, I guess that was also too long.

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So, no, B So you mentioned all the more buildings and all these types of fjs and constructions and investments in Kenya. Could it be that the government have the capacity and the will to reduce or dispute these kind of poor health care and other benefits for poor people so on may be seen as they benefited this way or,

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well, the people who live along the routes of the

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railway

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enroll, I mean, FDIC usually results in income from the government. I mean, they get money when four comes in, and they pay taxes and so on. Are these used to kind of invest in health care or mold policies or poor communities or some so they can benefit in this way from

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from the government? side? I mean,

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I mean, my, my my receptionist job was there was

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more narrative from the kind of the government

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department that was responsible for that upset Except that there was all sorts of promises of opportunities that the projects would would bring, but there was nothing concrete like, you know, there were any kind of concrete community development initiatives that seemed to be related to that. I guess there might have been an assumption that any because it was all, all the project was entirely suppose. I mean, isn't? Yeah, the project was supposed to be funded through public private partnerships. And so that so there was lots of kind of, there was a hunt for investors basically. So the money hadn't really been sourced when the project was announced. And I suppose it would have been an assumption that the investors would have come with their own kind of CSR policies or something to make sure that the communities were on board.

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Most of the kind of

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the narrative

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around that what what I was working was around efforts to kind of include the community in sort of discussions and consultations. But but not necessarily through the there wasn't much mention of kind of concrete

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initiatives like the building schools or you know,

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yeah, Wells or anything like that water sources.

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And

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I mean, you know, can you have, as part of this current government sort of big, flashy projects has also been there's also a universal health coverage

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initiative, but whether that

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and that might be papineau might be partially

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enabled through fine, no income, basic foreign direct investment, but I don't I don't know anything about that.

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So how would you think that this reflect the stock decade with China's overall industrial policy

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I'm sorry, I don't think I'm enough of a china Africa.

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When it comes to kind of local impacts within Kenya or other African countries, have you seen that there is any differences in terms of local impact between Chinese and Western FDI, so to speak.

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I mean, again, it would come back to this kind of anecdotal stuff around this common narrative that Chinese investment usually often uses a significant portion of Chinese labor. So I guess is

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this

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it maybe has a less of an impact in terms of local employment.

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I mean, that has been a huge You know, there's also been also

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a lot of interest from from

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in Kenya. Towards this sort of relatively new

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Kenya superpower and how to

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connect, make forge connections

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like lots of people learning Chinese languages and, and

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as opposed to obviously

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traditional English speaking

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English speaking German. So investors and

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much more to say about that.

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Okay, so we talked a little bit about this before the negative sentiment kind of from the West was China could the fact that Western countries some extent compete against China for many of the market opportunities in Africa have contributed to this negative sentiment amongst us

towards Chinese activities. In China, and that's why we see so many negative news for example, or rotten critics criticism.

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Yeah, I'm sure that's contributed to this kind of very widespread idea that China is somehow in that kind of unethical actor that and of course, it resonant in that whole kind of it's a much older kind of debate that it sort of reactivates and colonial disquieted British colonial discourses that the French and the Belgians and the Italians and Germans, you know, they will fall, you know, worse colonizers, and you know, they,

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the

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British kind of came with this moral colonialism, which was all about kind of making good people out of

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the Africans not like,

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rich and so I think that in some ways, this sort of anti Chinese discourse is is a continuation of that. And this idea that this sort of relatively uncritical approach to Western or maybe British American, you could say especially aid. The term under the under the European age that that that this is somehow comes with a more or less kind of politically motivated, it's more sort of M

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Yeah. morally

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good. Oh,

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yeah. But it's sort of

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that it's that it's more sort of much more about sort of help helping of people without all the politics, which which is absolutely not the case. Of course, you know, all

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all them.

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All age and foreign direct investment is also in the interests of the

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foreign, whichever the foreign actor is and and follows particular political

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political agendas. So I think that but I think absolutely that you're right This kind of bad press from from, from the west will be contributing to this kind of this wider this wider discourse

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in within Kenya

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and also just, you know, in other places and and you know China is still you know you're relatively new to

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many African you know it

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all African countries really i mean that whereas engagements with other countries obviously go way back to the early 20th century so

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there's still lots of

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unfamiliar Chinese investment.

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So these infrastructure for sale usually associated with a very high cost and now this airport was financed through loans from the ExIm Bank of China. So around \$3.6 billion You think that this kind of indebtedness and high costs of this SGR product limits the Kenyan government's ability to invest in health care, education and other important sectors?

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Well, that's the risk. Right? I mean, that's the concern. And

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and they've been

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a lot, you know, various promises made around. Yeah, for example, universal health coverage and stuff. But, yeah, there has been also that which have also been questioned based on on Kenya's indebtedness. So that does have it. There is a definitely a concern about the long term implications of this. And again, I don't really have anything concrete to say about it, but it's definitely worrying.

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So much of the literature related in relation to FDI is so just the host country benefits from spillover effects like technology transfers and notice below mergers and innovation from increased competition and so on again, evidence is suggesting that the SGR or other Chinese effective projects in general results in spillover effect that benefits the local communities economic development.

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I mean,

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I'm afraid I can't say much about stuff like

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technology transfer and things, I think my research was very much looking at a kind of very local kind of community, very much ordinary people, and that the kinds of benefits that might come with that those kinds of groups might be that, you know, there was more traffic to that place to that town. And then there'll be you know, the more people coming in and out and therefore, of course, it'd be most of trades and service opportunities and stuff. And I guess that's the case for

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sort of stops along the railway

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line. That being the case, kind of economic hubs that grew up that course and that's that also With the original railway built by the British that there are those that or any of these kinds of transport

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stop, you know, places stop offs

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end up, you know, there's always some kind of trades, usually some kind of sex trade as well, that's all builds up around these kinds of areas. So surely, yes, there'll be some kind of impact, but whether

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housing? Yeah, I wouldn't. Yeah.

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And but maybe that's not the kind of stuff that these theories have, you know, about foreign direct investment. And so you have in mind, quite, quite small scale, I would

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have what I would imagine. And

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I mean, you could even say that that whole, you know, what my research looked at the sort of speculative

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land economy that came up around the anticipated infrastructure and that it wasn't economy, you know, people generated people made money and lost money out of that. And so it was definitely some level of economic development that probably again, not really what investors would necessarily have in mind, but it did do something and land increased exponentially in value. And

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there all sorts of kind of local level brokers that

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engaged in land deals and lots of money,

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you know, exchanged hands and stuff.

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But yeah, but maybe not exactly what we've been visited, you know, yeah. From from the outside.

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So then would we assume that this is your product portfolio negatively affected the king as economy in general?

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positively negatively? I mean,

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I'm afraid I'm not right. Yeah. Like many academics struggling a bit to say kind of something is good or bad or in such kind of black and white terms. I mean,

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if I took if I took about land again, because that's kind of what I know

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something about, and I would say, you know, a lot of people have, you know, Kenya's got a significant middle class. And

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a lot of people have made us who fall into that category have made significant amounts of money through

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land and through

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the selling of land or the buying of land or building some kind of rental buildings or

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like school, you know,

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holds up of residence that university Halls of Residence dorms, whatever,

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but then people pay to live in and it has a huge sort of

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knock on effect on you know, their their spending capacities, which also, you know, have a big,

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you know, we're part of

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economic growth, you could say, and, and so the country Have land increase in

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land values, which I'm sure will be happening along them all parts of

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the SGR

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railway

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line and

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we'll we'll be having, we're having

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an effect. But the but then, you know, it's always a bit dangerous when an economy relies too much on real estate, because it's not really, you know, there's no, like I said, there's no production in it, there's no, it's not a sustainable kind of economy, if you want to talk about sustainable sustainable development at some point, there's the risk of it just crashing and,

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and it's not generative of jobs.

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So, um, but that has been a huge area of growth in Kenya. And

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so, but, so yeah, I don't really know what to say. Yeah, I think this the risk of kind of jobless of jobless growth.

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But the will surely be

39:05

some kind of growth which will have knock on effects on the economy but again you know, who is who is it going to be who's who's going to benefiting from it and I think that the likelihood of kind of run you know, March and mill to me, you know, relatively marginal communities and rural communities for example, I don't think you will really see them

benefiting I think the kinds of benefits that come now I my current project is on Kenya's tea industry, which is also full of, you know, all sorts of problems and stuff and challenges. But

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if you look at

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what the kind of development that has small scale tea farmers who have become outgrow was too big tea companies or members of a such as national,

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smallholder holder Association they

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has been sort of visible development in those areas in terms of, you know, the number of people who've been able to

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buy motorbikes which makes a huge I mean, people really relatively isolated, so sick, you know, it was a huge expense to hire someone with a car and get into hospital now, just the fact that there are motorbikes everywhere makes you the ability that that that has had a huge impact on local economies. So if you want to talk about

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what Yeah, what brings growth that actually, you know, is really seen in in

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marginal, poor rural communities.

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I don't think that

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you will see those those kinds of communities being massively affected by the by foreign direct investment like the like that, which is funding the standard gauge Railway, huh.

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So we just think that this SGR project Better connecting with Kenya mean infrastructure, it connects key neighbors to neighboring countries and also transport goods within Kenya. Would you think that this increases Kenya's share of the world export? I mean, they're able to sell more goods abroad, for example, and participate more in the world and benefit them in that way.

41:20

Yeah, of course, can you as well, you know, as well placed in terms of the port of Mombasa and they'll be all sorts of Yeah, and the use of the railway presumably generate you know, a good amount of which generate income from a by other by other countries and

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what was so what was your question again, then,

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what is it that they can benefit from being able to export or import more? It has postulating consequences.

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The little bit, the tiny bit I've read about, you know, recently about subjugation in ways that there's actually a bit there. Isn't this plenty? She less than? I mean, there's a bit of a

42:05

I think it was one of these analysis Nastase by

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by spike, you know, critical analysis of the standard gauge railway that was that around the kind of amount, the amount that it has to be used in order to make it worth it. And there has to be.

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And there's actually not as much kind of import demand or something like that. I'm

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sorry, I can't remember. But

42:33

yeah, x.

42:39

Of course, it depends on the being the

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unit, they have to have to have to be the stuff to be imported and exported. And that's not going to be that's not going to be that's not just going to happen because there's a railway. And I think that's also going to be an interesting development to follow because I think if you look historically at the building of the railway by the British,

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which was the kind of, you could some people would argue The making of the Kenyan colony. And that was all sorts of in that kind of hope all the efforts to second white people, white Europeans to

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start industries that including the tea tea industry, which I'm currently working on was all in a way to justify the rail, you know, the railway like it had Thoreau had to do something, had to have some goods to move. And the world, you know, the beginning of the project, at the beginning of the colonial project, there wasn't wasn't an economy to to or like a significant

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export economy. So had to be created and it was sort of his justification. This was the railway.

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So

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it will be interesting to see what

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efforts the government makes to sort of make this project worth it. You know, what kinds of decisions is there enough to be to be exported? Is it worth it for import? Generally as I understand it, a lot of goods that are imported you know that a lot of stuff is favored to be transported by road and by lorries. So and what benefits as a railway line actually bring and I think that's been a lot to get you know get into some of the criticisms you know

44:21

why rail why rail

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you know why railway in this particular day and age? Yeah well

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and

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what particular benefits as a railway bring to see the

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time to travel an hour from from Nairobi to Mombasa is like

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much shorter is half the time or something as it as it is by road.

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Yeah, some some good some more. Maybe. Yeah, it's

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better better to transport them by road. Maybe it's cheaper to us to transport them by road. Oh, So,

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Fred, I don't know an awful lot about it, but those are just

45:07

sentences that

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yeah. So so so now I want to talk about trade. So city construction of the railway, Chinese, kind of or rather Kenya trading balances has continued to increase with China in 2018. Kenya imported goods for three point \$17 billion, whereas exporter may have 667 million the same year to China. Is it possible that the SGR has increased trade imbalances between those countries or other than the other way around?

45:43

I think what just what I was saying around about maybe a bit I don't, I don't know. Again, this is anecdotal evidence but what I've heard about there being some kinds of conditions attached to to Chinese investment around Maybe allowing for certain kinds of Chinese goods to enter to enter Kenya. So it could be that that yes, that creates a sort of that, that China is therefore given a license to trade certain goods in Kenya that otherwise wouldn't wouldn't be able to export to that district kind of imbalances,

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net, because I don't think you'll see Kenyan fish entering Chinese markets, but Chinese fish apparently is entering Indian markets.

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And also, perhaps, materials related to the infrastructure building a cement or machinery and so on. So

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that's a good that's a very good point. I don't know what the conditions are around that. But that will be I mean, Kenya has a huge I mean, growing cement industry. And there's, there's a new cement factory that's built on the around the curve through the whole of Germany, jeopardy. Africa, so much building is happening that cement has been a huge area growth area. But if some of those materials are imported or imported, then that's obviously going to affect and I don't know, what what the what the what the conditions are around materials from.

47:17

But that would be

47:19

interesting to find out.

47:22

Okay, so this kind of touches upon this, but to what extent it turns out Lubitsch Corporation utilized like local linkages in Kenya in the local industry when collecting the SGR, all out of China in general do that. I mean, do they take advantage of that or see the value in sourcing locally, for example?

47:42

I don't know. I mean, I would imagine that the I don't know what power the Kenyan government has had to insist upon. Upon that, obviously, that is actually really important. But I but as I said, the kind of general story about China is that it that is the tendency to want to use his own resources. You know, human and non human. But I don't know if how much, you know, truth The reason that no, I think you meet Yeah, I hope that you can hope that you're able to talk to some experts that have, you know, more kinds of knowledge about those kinds of details.

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But yeah, the stereotype is that that is that

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China uses his own.

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Yeah. associates, right.

48:29

Yeah. So, regarding community impact, would you say that it's Kenan government entity, gnomish Corporation as respected and accounted for the identity culture interest in lives of local communities in the construction of the SGR project or to China locally, take account of that and respect local values and traditions in communities in Africa when they cross right.

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I think there's certainly The probably an awareness of the importance of that discourse around community participation.

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That was certainly a very strong narrative.

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When I say my research was notion of participation and consultation, but that's sort of, inevitably there's always some, some communities or some sort of subsections of communities that would argue that they haven't been consulted, because there's all sorts of power dynamics within communities. And

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I do know from the

49:37

some

49:41

anecdotes about the building of some where I was

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co where I did my PhD research and also

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the dose of an atomic road bill to the border with Ethiopia that was sort of ended up being cut the company In coop being incorporated, it was a separate zone projects that was incorporated into the lab set project. And that was built, at least part of it was built by Chinese through Chinese investment. And

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there is a grave along that road

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of a Chinese

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worker passing was a some kind of supervisor role. Yeah, Sega who was shot by a local person and that and the issues there were that there was a feeling was resentment from that from the community. This particular community, I think it was somewhere that most of the people

employed on that road project were from another community. And that sort of activated sort of inter community tensions and feeling that

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some communities tended to benefit more out of these kinds of

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foreign engagements.

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And then it it led to, to the the killing of this particular Chinese supervisor. So that

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That's a little anecdote to say that

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it's very it's also very important that these engaged people get these engagements right because obviously, if local communities are unhappy sometimes it can lead to sort of lightning potentially lead to

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violence. So whatever forms of sabotage and

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and i think that you know, often local politics is

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pretty complicated and it's probably pretty difficult for Chinese actors to to engage and

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but but shouldn't be always be working through

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kind of some sort of middle that you know, some kind of broker broker

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on the ground

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and will also come with with their own interests. So,

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I think it's like it's a minefield, I would say, and

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and

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I don't know anything specifically about kind of Chinese or construction With policies as to how to engage locally, but I think

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even

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you know, I would say even a Kenyan company,

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based in Nairobi, for example, trying to engage with a rural community, such as one that might be found among the, the planned

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railway line

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could could enter, you know, could,

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like, find themselves in like a difficult situation in terms of local politics, because sometimes it's

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really localized. So just because,

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and

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so, so I think I could well imagine that there could be, it's gonna be difficult for foreign actors to, to navigate in that, in that environment. I don't like I said, I don't know anything about some specific policies, but I can imagine that there's an effort to kind of employ you from local communities as far as that's possible in in particular areas, maybe if some if some Chinese labor

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is is important with

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with the with the investment. But surely there's some, there was a good deal of work labor that also gets done by local communities is probably an effort to try to

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employ from different communities so that there's not, you know, any resentment?

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And then

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in terms of government, I mean, I from my research and SEO No, there was a efforts to there was this because the land was owned, technically owned conveniently, there was land reform

underway to try to make to protect community ownership of land. So you could say that would be that was one government

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led

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intervention and also was being sort of supported by various civil society organizations. Yeah, um, and Efforts to clarify land ownership which all came or generated their own politics and kind of messy effects. But nevertheless, there was that

54:11
intention

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to clarify something that's very difficult to clarify who owns land that? Yeah. Who owns community note? And how

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to how to protect it from being grabbed basically?

54:26
Um,

54:30
yeah, I think that that was the main example I could think of from a government government efforts to

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protect them and to protect him. Yeah, to protect communities or to Yeah,

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dangerous communities.

54:46
So there is literature that indicate that China is less considerate on human rights issues compared to Western companies that invest in Kenya and Africa. How do you consider that and what implications would it have on Kenyan workers for example, communities

55:02
could meet the conditions of employment were less so than we would imagine.

55:09
Again, I don't

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I don't I don't know anything concrete. All I know is the kind of stereotypes just basically you've just said that, you know, that this this idea that the human rights record is, isn't as

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isn't very favorable. And I guess I would just say

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it's important again, it like I said earlier,

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it's important to sort of Remember to read that through the critical,

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you know, through the critical perspective of

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this kind of moral high ground West, particularly sort of Britain, former colonial power Britain stands on in relation to its particular treatment of its former colonies, which is actually you know, pretty awful in many cases, but there's still this kind of fairly

55:58

sort of

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racy narrative about British colonialism. And I think I wrote an article the other day, which suggested that actually quite a concerning number of British people think that

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you know, colonialism did something good. I still have this idea that could you do something good in Africa

56:23

and elsewhere?

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And so I think

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yeah, this is I'm sure there's something in it and I don't know the details, but

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this whole notion that China doesn't have a you know, good human rights

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record when it comes to its engagements in on the continent, and they also have that they should also be read critically through this kind of firm yet because Britain also doesn't have a particularly good out

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but is it really fair to Compare Western companies now with how it was 100 years ago, for example, I mean, haven't we moved away from that? Are we?

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I think I'm I'm saying that more in terms of like, what is the value of that narrative?

57:13

Or what's the what's that? What's that narrative or the bouche?

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Is it is it partly a sort of, kind of,

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is it partly a legacy of British colonialism which is still sort of that claim

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that the British are have been kind of morally moral actors in this place,

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and abroad, development, whatever. And brought civilization if you die, if obviously, nobody would really say that

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anymore. But the kind of this kind of critique of, of, of the kind of coverage that Chinese engagement somehow linked to that sort of

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white washing or

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moral high ground that that that Britain and other Western countries tend to stand on. It's, it's, it's more about it's more about narratives and kind of

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material material.

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materiality if you like, so

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and I don't know, like I said, I don't actually know that much about about, about China's human rights record in

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in its investment engagements in Africa,

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but I think that the, the, the narrative itself is is something that

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yeah, it's it's interesting, huh? Definitely. I actually heard a British historical Professor Now recently said that, at least they were given glasses. Like when they brought to like classes and other kind of inventions to to Africa to benefit from I mean, yeah, a lot of they will kill but at least we can help them with their sights.

58:58

Yeah, I mean, that's quite

59:03

So, Kenya suffers from skill shortages in several sectors as most less developed countries do. I would think that China has contributed to educating key networkers in ways that can benefit them in future infrastructure projects. So they kind of need to know how to to kind of do it themselves, for example, or become a more?

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I don't know, I'm afraid, I don't know. But it will be. I mean, it would be very interesting to see if that if the work kind of initiatives track training and yeah, I don't know.

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So this we have touched upon this already a little bit about the culture but how Kenya and China dealt with cultural differences that exist between them in relation to like leadership, work style, religion, expressions, ethnicity, or

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work situation actuations and general.

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That's a really interesting question. I don't really Do you have much to say that I don't think? And

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it's interesting because, you know, of course, Kenya is amplified in many ways. So a lot of I mean, you know, can you have a very kind of, I would say very Protestant work Kenyans in Germany for Protestant work ethic. And people work long days. There's a lot of kind of emphasis on sort of work and productivity, which I think is a bit of a legacy of British colonialism.

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And

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and I don't know what, but there

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will be particular kinds of working cultures and things that I don't that China will also come with and I don't know how they align or clash. Yeah, I don't have any insights to offer. I think it's a really interesting question.

60:55

Ah, so when you think that the SGR project has contributed to decreasing poverty in Kenya or would it have increased? Do you think this? in general?

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I think it's I've kind of touched on that already. And to say that, I think the will the will naturally be people who, and it's a bit of an annoying, so to say that some some people would have got richer and some people would have got poorer. I mean,

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I think it's very important to look,

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look at the nitty gritty of who, who wins and who loses. It's again, it's a very kind of typical kind of academic thing to say, and, but

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there will be people who can, yeah, who do manage to make money off this.

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So when it comes to the environment, have you noticed any indication that Chinese infrastructure investments in Africa have been more or less environmental damages compared to Western infrastructure projects?

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I don't know what the

61:58

Chinese Sort of commitment to renewable energy and stuff is I mean, there's been a lot of

62:05

controversy around

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and

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around a coal plant at the coast, and people be like, why is not making a cold? Like, you know, why is anyone interested in coal these days? You know, I don't know if that's got anything to do with China afraid. And

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so, I don't know. It'll be interesting. What Yeah, I don't know whether they are particularly whether China's particularly committed to

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renewables, I think,

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isn't the I mean, the general kind of story that

62:49

if Can you

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can you wants it then China will kind of like isn't going to come as a kind of more like, say, Oh, we know, but shouldn't you be investing in a more clean source of energy or Shouldn't you be doing something You know,

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I think that this sort of idea that

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the Chinese investment comes with less kind of moral judgment or

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less kind of

63:12

Yeah.

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Then than Western

63:17

investment. And so I think Kenya wants

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it then maybe China's patch

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to finance it. And, and

63:30

and that, and this has, yeah. And then can you have Yes.

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There has been this controversy of code.

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Okay, I can about that story, actually.

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I think it's I think it's not off the cards. I mean, there's been so many huge mega mega projects under this current government, which is sort of fizzled out or Yeah, not really come to anything or sort of stalled. So it's a bit difficult to keep up sometimes I think the coal project has been, there was a lot of

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kind of activism against it.

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That's also a mean another, I don't know if any of these, if that

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really responds to any of the questions that you have. But I think it's also interesting to look at the kinds of civil society initiatives that can get set in motion by these kinds of projects, which could also be argued to be extinct strengthening units during the same thing of civil society can also be seen as very positive in terms of development, right.

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But I know that this,

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you know, relative relevant to the project to my PhD project, there was a, there was

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an organization called friends of Lake Turkana, which was all about trying to Oh,

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no, no.

64:41

Yeah, I'm gonna have to go in a row with the with the problem.

64:47

Can we come in the call and then I'll see if I can call back and if not, then I'll then we can try to kind of just finish off maybe over

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email something.

64:56

Yeah, sure. Thank you.

Jacob Albinsson

00:00

So let's start. Let's start. So Jacob, thank you for participating this interview. Can you please introduce yourself and describe your professional position or field of study if you work within academics, academic research,

00:14

of course. My name is Jacob Albinsson. I work at business Sweden, which is the Swedish trading investor Council. My position has changed over the past few years since I've been part of the International global trainee program for one year. And it started on my first six months of the global training program in Nairobi, or East Africa office in Kenya, covering most East African countries after that have been working at the Shanghai office for six months and now currently working as associate as of the business women, America's headquarters in Chicago.

00:55

Nice and how have you come across the desk? gr railway project in your professional life or when you work in Kenya?

01:06

Well, initially since it started off couple years ago, it's always been up for debate this railway project. First of all, that was such a huge investment. Secondly, that it was one of the larger and kind of three cursors to what was going to be the Chinese investments in East Africa. And it was a much needed project, it was something that can be as infrastructure sorely needed, given that the old train station railway from Captain led over to second BBC Boston ports was inadequate to say the least. So this was it was very odd to say it was always a topic of discussion, even before being made, built, but also in the manner in which it was built. And I came across it mainly in looking into

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Since it was completed around the time that I started in Nairobi

02:07

break prior it was sorry, mother, it was mainly

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Sorry about that. And yeah, it was mainly projects around the railway that I would be would have been involved with or looked at. And that would be for more projects or projects with or be the new highway that was considered to be built, or other like added on railway parts. So my professional career has been mainly looking at the consequences of the railway being built, and also in the manual, which was built in kind of the aftermath of what this has meant for Kenya.

02:45

Okay. And

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a couple of general questions as well. So have you noticed any differences between Chinese FDI is in comparison to other countries, especially when looking at investments in Kenya

03:00

Yeah, so what I would say first of all is that the Chinese FDI is usually they're more aggressive in the sense that they can kind of promise quite a lot and promise more than usually the competitor FDI. So let's say that it's if you will be a couple of nations that are looking into investing in places sacred structure, is usually the fact that China goes into so much money and they go in with so much intent. So it's not just saying we will build this railroad, let's say but it could also be like we will do this video we will do this, that and it's going to be the amount of money that I'm usually shooting compete with. Secondly, could also be within a timeframe that you could compete with, and also it could be with,

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with Billboard, you call it the

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Ah, no contract, what would you call it?

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Like the clause or what you would say like the return of any loans, or any of these types of deals that will be broken would be very different,

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like certain conditions or

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the conditions Exactly. The conditions would be very, very different. And we most often be way more profitable for Kenya. And there are different reasons for this. But but that's what I would say that differs the Chinese from for instance, other West, other Western countries. Okay, Kenya and West Africa.

04:32

Okay, and have you seen any differences in local impact between Chinese investments and for instance, Western investment from Western countries?

04:44

Yes. So what I would say is, first of all, looking at the Chinese investments, they are usually made maybe with less. Let's say this is my own opinion a little bit as well the less of an environmental impact consideration. So if you see for instance, Since you can take the railway, for instance, I don't think there was much consideration to circumstances around that could be related to working conditions that could be related to what effect it would have on the environment since this train track actually goes through the National Parks of Kenya. I'm not saying that any other country would have built it any other way. But I think that one of the main differences is that you don't see as much consideration to the surrounding factors when it is Chinese investment, or Chinese projects. Okay. And local impact also could be there are many facets to this. There are many, obviously many layers to what this means. But you also see, one thing is like treatment of workers, I think would be very different. If it comes from a more responsible, responsible, more scrutinized western country, and their investments and their kind of projects and their constructions or infrastructure projects, while China i think is less concerned with being scrutinized and less concerned with the question and less concerned with potential consequences that are not really not their main concern now when constructing something

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okie dokie. Nice.

06:16

And also, the fact that countries in the west to some extent compete against China for many of these market opportunity opportunities in Africa. Do you think this has contributed to a negative sentiment sentiment among Western countries and Western literature in related to China's activity in Africa? Sort of, there's like an absence.

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So, like, there's,

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like, the western perspective is like, very negative and critical towards Chinese investments, right or? Absolutely,

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I would definitely say so. And many other reasons that I just mentioned, I think are the kind of arguments that you hear from many Western countries, saying that okay, The Chinese invest

in a different manner. They don't look at the consequences the same way. And I think this will usually be the jargon that you'll hear. But what I would also say has changed over the course of the last few years is the image of China's investments in by East African countries themselves. Yeah. So while it's been scrutinized and criticized by the Western countries, and that they have a certain image, right or wrong, but I would say that there's a lot of information and data to back it up, saying that China's doing it in a certain way and that is wrong or at least dubious. Why? I think that has spilled over even more so now on a lot of the East African countries criticizing Chinese investment.

07:43

Okay. Thank you. Um,

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when you know, the high costs of for instance, as you're probably to other infrastructure projects, do you think they have limited the Kenyan government government's potential to invest in for instance, local health healthcare, education, food security or other important sectors.

08:05

So you mean that like the the money that the Kenyan government has to put in or you mean that the focus from the Chinese and their willingness to invest in infrastructure has made them focus on those kinds of projects now more

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meant that they take on huge depth from the Chinese investment bank in May and to be being able to to to pursue this infrastructure problem, maybe instead of focusing on other important sectors for the like the general population.

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Absolutely. Absolutely. And I think that that's the problem there is maybe that the investments and the the focus and the efforts that should be put on maybe hospitals or other more important or equally important is nothing less like education, health care, is not dominated or decided by the East African nations themselves. So let's say Kenya, is if there is not as much willingness from China To invest in those areas, then can you maybe not focus on them as much, because that will also mean that they will not get these big investments. But also, as you say, there's a lot of money and putting themselves in a lot of debt. And they would not have the possibility to put that money into it. Like you say, other projects may become a bit focused on one thing, but it's also that that agenda or what they will focus on is maybe not always driven by themselves, but it could also be driven by who is investing.

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So I think that you're absolutely right, okay.

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And

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much of the literature related to outward FDI suggests that the whole host country benefits from spillover effects such as technology transfers, knowledge, spillovers, increased competitive competition, that then foster innovation etc. Have you seen or are there any

evidence suggesting that the standard str prototype resulted in an especial Bill over benefits that the like the benefit the can can in economic development or in general?

10:08

Yes and no.

10:12

Yes in a manner that I mean, what East African nations and I think Kenya almost in particular he's really good at is taking opportunity for business or an opportunity for establishing something in connection to something else. So if you built this Railway, things were going to pop up along the way services are going to pop up that are related to this railway businesses are going to pop up that are related to it. But I think to be honest, this isn't a very low scale. And I don't think that that outweighs the positive force that outweighs that. I think Chinese investments are disproportionately not in like the spillover effect is not as great as you think it would be. First of all, because if you would say one thing like technology transfer, this is something that changes by themselves towards pretty heavily, mostly because they know how easy or difficult it is to safeguard technology transfer in China. But also because they want to, obviously keep it to themselves. And they always set the groups. This is something you see in China quite often as well, that there are ways for them to kind of control even if there is technology transfer, they can control this quite well. But I think the problem is that the spillover effects have not got that has not ended up as much in let's say, Kenyan hands as you would assaults quite often that would be the spillover effects would end up within Chinese businesses that grow up around the railway writing process. Prepare preparations you would say let's let's say that the railway line has been built, there will be some added services or some added need for certain goods related to the railway line. Will that be bought by Kenyan Kenyan companies to Kenyan production? Most likely not most likely, Valve would still Be Chinese. So I think that it's not as much as the it could.

12:07

Okay? And it's more I would say it's more informal than anything else, okay positive aspects,

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okay. And the Chinese road and bridge Corporation who built which is state owned Chinese state owned and built this str railway. Do you know how if they at all utilize the local Kenyan industry when construct industry or both in terms of

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labor, labor force, and I mean, materials in general. So,

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labor force, as far as I know, was used Kenya labor force to some degree at least, most often, though, low level workers, more than anything else, you would almost always say that the four men were the managers or they would be Chinese. There's a lot of Chinese products. as well, so I don't know the numbers or I don't want to say too much, but I don't think that most of the materials were locally sourced. I think a lot of it comes from China as well. Okay.

13:11

Okay. And maybe in terms of economic impact the million dollar question, but in your opinion, has the SGR project positively or negatively affected Kenya's economy?

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at large?

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I mean, difficult question because they needed that rail line. I mean, if you compare before it could take up to 30 hours to take the train between

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buses, the biggest ports in East Africa almost. And the transfer of goods between the capital in Nairobi is also kind of a gateway to the rest of these parts of central Africa. That is, of course been important, just the transfer of goods, especially since the lacking infrastructure of roads in Kenya is severely lacking. So in that sense, this is brought along Economic, like an economic boost for Kenya. But I think that the negative aspects of maybe not the fact that the rail was being built, but how it was built, and many things surrounding it has, I think, in many ways had a negative economic impact on Kenya, because of the debts that they will put themselves in issues that have arisen afterwards, kind of the feel that the Chinese are kind of getting a grasp on a lot of these East African countries. So they feel that even though another investment from another country would be better, they would sometimes I would say maybe this is more of a personal opinion, that they are almost obliged to do with the Chinese because they are kind of in their pockets, let's say. So I think that has kind of put them in a very Dysport. This is in a disadvantage in terms of their power position. And I think that has been in the long term I think, has been For the Kenyan economy. Okay, I think something that has been realized by by many Kenyans, as we'll see that there is a backlash towards Chinese investments in Kenya and in East Africa in general.

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And if we go into a little bit of community impact,

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and if we can answer these questions, but did can the Kenyan government and the Chinese road Enbridge Corporation respects and accounted for the identity culture interest in lives of indigenous communities in the construction? Like,

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literally outside of you

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say too much, but as far as I know, I know that there were some controversies with whereas the railway was going to go through some nonsense. As you know, Kenya is 40 miles 45 tribes. It would go through some like more, we call it less. Yeah, more tribal lands and how that went down what actually happened? I don't know. I couldn't tell you. But I think if I think that's just my opinion, I think that this was not always respected. And I don't think that that was always taken into consideration. What was the environmental impact of the back for more like indigenous communities along along the train line?

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And like an additional question, did you know if they were considered about human rights issues? Where when when employing Kenyan workers, for instance?

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No, no.

16:38

I mean, as far as I know, I've heard like, I know that there have been complaints. There have been questions regarding this as well. I can't give you concrete examples, but I know that there have been questionable practices in the red light.

16:51

Okay. And you touched, touched upon this a bit before concerning the environmental impacts. But have you noticed or any indication that the Chinese infrastructure investments in Africa have had more or less environmental damages compared to investments from Western companies? Or if or if they had any negative impacts at all or or if they impacted them environment at all?

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So, I mean, depends a little bit what timespan you're looking at, but I would say that any modern like the last past 10 1520 years, or like larger investments made by by Western countries, maybe this is not a perfect example, but looking at like what a lot of the investments are being made into the Wonder looking into a lot of their kind of call it the waste waste management systems, for instance. And I know that I've been involved slightly in those processes, and I'm seeing kind of the steps that are being taken, which I would not say has been the same case in the Chinese investment. So The negative aspects that you have seen based on the railway line or other projects, I think the negative is that there has been absolutely negative impacts on the environment looking at parts of the natural parts that really goes to. But if I would put them into parison with Western investments is difficult to say, because we couldn't really give a concrete Kenyan example. But I would say that from what I've seen in the process prior to these big projects, I don't have enough insight into the Chinese process. But but the western ones that I've seen have been thorough and investigations have been long and gone through most aspects of environmental impact, I would say and I don't think that that was being made to the same extent, but the Chinese investment okay.

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And the fact that they the Kenyan government let China to build the railroad through these is a national parks or, yeah, do you think they like lower their environmental protection to make these investment more attractive? before showing or maybe they would have done it Anyway, let them go through the park

19:05

and lower their environmental protection in general. Anyway,

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There's just an inherent problem between connecting Nairobi and Mombasa, also because of the layout of Kenya because there is a lot of these national parks that go or in between of these cities between the plateau that is not already and the poor town that is not mobile. So there's, I would have a hard time seeing that you wouldn't have to go through any protected areas. I don't I don't know how that will be possible. But I don't know if there was any adjustments made specifically for the Chinese but I would most likely say that Kenya would be willing to kind of look past some of these maybe protection protection posts with the parks and stuff like this to get this railway built.

19:58

Okay. Yeah. Perfect. And let's see here now we can continue to the governance impact. And do you think that the large sum invested in this product and maybe other products as well, from China has escalated corruption in Kenya? Or have there been any evidence or suggestions? Yeah,

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absolutely. Kenya in general is very corrupt, especially on a high political level. Thank you usually say that Kenyan politicians on the second best paid in the world,

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which is quite interesting for a country that has. It's not one of the richest in the world, but say that.

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But yes, I think that Chinese involvement has increased corruption, not just because Kenya in general is relatively corrupt. But I think that the Chinese are way more willing to involve themselves in corrupt practices. They don't have the same scrutiny. They don't have the same responsibilities. They don't have the same, the same consequences as any Western company or Western project. And I know a lot of examples of this just have goods being delivered to the port of Mombasa, friends of mine that we're working with, with the import of sunglasses. his sunglasses were always held up in court for at least two weeks, while the Chinese sunglasses went through the same day. This is low level corruption. Absolutely. But this goes quite far up, I would say. And the fact that the Chinese are willing to abide by the kind of corrupt practices and he has driven even further forward, and also because it's that sums of money, he's way bigger now. So I think that the potential for gain for people willing to involve themselves in corrupt practices is even greater. Okay,

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and do you know anything about if the how the Chinese investments especially in these products has affected the relation relationship between the Chinese In Chinese government's

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I think at the highest level at presidential level, there has been a little bit of criticism, also see now that there has been a little bit of what would you say more of a negative attitude towards Chinese investments in Kenya, whether this has been directed towards the Chinese government and Xi Jinping, I don't think that has been direct. Some East African leaders have direct and criticized and said that some, some loans will be needed to pay back some investments will be stopped. So there has been more of a negative kind of tone in the relationship, whether this has been direct or more kind of political statements indirectly towards projects or towards certain companies to something that is, I couldn't tell but I know that the view and the relationship, the view of the Chinese investments, and maybe China as well, and Chinese people, not in Kenya has changed and has become more negative.

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Whether that has affected the relationship on a high level,

23:06

okay.

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And there is if we go into a little bit of the literature, there's literature that indicate that China is skeptical towards democracy in developing countries and aims to separate business from politics. Do you believe that this is true? And in that case, how has it affected the Kenyan governance? Or can

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you repeat that? Actually,

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there is literature that indicates that China is skeptical towards democracy in developing countries and aims to separate business from politics. Is this true? And in that case, how has it affected Kenya governance?

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If you cannot answer this fine,

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or if you don't want us?

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I don't know to be honest.

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I mean, I think China is critical towards most democracies, things that that's not the way they structure their own political system. I think ever more so in democracies that are would be considered maybe weaker democracies, and especially considering kind of the turbulent past that Kenya has had its democratic processes the last few years. So I would think that China, if nothing else, is hesitant towards the instability that weaker democracies could have, looking at, for instance, changing government or changes in direction for the country is so that I would agree, but I couldn't I couldn't give you more of an in depth kind of explanation. But, but

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and, and and

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if you look at this product in particular, there's there's it's mainly financed through a loan from the ExIm Bank of China. And is there a risk of Kenyans becoming like, over dependent upon loans from China to finance their infrastructure and other maybe other investments?

25:00

Absolutely, I think not just from China, but in general too dependent on Oh, yes, especially from China. And I think that this is sometimes viewed a little bit as like a like ever producing money bucket that you can just take more and more loans, it doesn't really matter, because the key back and again, it's not something that is asked concerning anything for some or many East African countries. So I think that this, I think they've become too dependent. And I think that that has not been realized until maybe a bit too late or maybe not too late, but later than it should have.

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And I

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do believe that the fact that cannot choose us or China will be China's decision to do us Chinese money or in Chinese, Chinese companies to to To build up their infrastructure, for instance, do you think that this will have an effect on Kenya's access to loans from maybe Western Western companies or Institute's in the future?

26:16

I don't think so. I think to be honest, because I know that there were, I mean, I know that there were some larger projects that can you were looking towards more Western countries to implement and to take loans from. So I think that No, I don't think so. I think that the Western countries sometimes night, in one way, we'll look at this like, okay, they're turning away from China, that would be a positive part for us. We are gaining more of an investment First of all, in South Africa, something that we've lost over the couple of last decades when China has been so proud. So I don't think that it will affect maybe in other ways than I could see but but just in terms of willingness to to give out these notes. I don't think that that would be as much of an effect. Okay.

26:59

Perfect. Now we just have two additional questions. And

27:06

number one is, are there any factors concerning our research that you believe is missing or should be covered? I mean, from your standpoint, is there anything that comes? That's like comes up your mind when speaking about Chinese investments in Kenya,

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or interpretation?

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And I think you covered it quite well. I think one thing that is a very big part, but it's always more difficult to talk about because it's not as well kind of document and it's difficult to say too much about is the the corruption behind a lot of this as well. Some of it is low level, some of it is very, very high level. And that's usually I think, plays a very big part, especially in Kenya, where corrupt practices is incredibly common. And I think that that's that it's in place more than one would like to think, say whether I could prove this CQ numbers. No, but you just something that you see it's something that you hear of it's something that becomes apparent when you look at some, some questionable practices. And then one thing that I think, if you would want to look more moving towards what will happen next, if China will continue to be the prime investor in East Africa, I think the one interesting aspect is, is looking at how, like more of the summer is appointed. Okay,

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thank you. And the last question, let's see here.

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If you take an helicopter, helicopter perspective, in your own opinion, do you believe that the Chinese SGR FDI has contributed to a positive or negative overall value to Kenya locally in

regards to economic environmental community well being and governance, the million dollar question

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No,

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it has not contributed positively. Because I think that the negative effects or First of all, the positive face will maybe be short term, mostly because if you're looking at the quality of the products that I've been in many horses in East Africa have either not been of the highest quality. Secondly have had very negative impacts that would be more long term than the positive impact movie. I think also if Kenya would have focused on like you mentioned, no, no be so focused on just kind of infrastructure investments, let's say but actually diversify more and invest in their health care, invest in a better education, I think that they would have, they would be able to drive their country forward in a more sustainable and more kind of meaningful way than they are doing now. So I mean, while they're all positive, the negative aspects of everything, I think That long term wise there will be negative consequences to many of these investments. There are investments that are coming up now and then you post in love the with also which is Chinese invested, which I think will have far more ramification respect, especially in terms of environmental impact. And these will usually be long term consequences while positive gains usually more short term. So no. Okay.

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So thank you very much for participating in this interview.

30:36

You're welcome. Thank you for having me. Thank you.

Zhengli Huang

00:01

Yes, I am. And my husband works here as well. That's why we're both face to face here.

00:07

Okay. So now however handling the situation I was thrown around everything.

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It seems okay to me. Well, I'm not the one to complain at least we have a quite lovely living rather than as you can see, we live in a suburb of the city, plenty of fresh air and nice garden, quiet neighborhood and plenty of supply and everything, I think in terms of export and import Kenya hasn't been affected really seriously. But maybe the landlocked countries like in Uganda or the places like Ethiopia, Uganda, things might be challenging because of the Import Export mode being cut by the the other countries you know, and the border control and everything. We are not too much affected in terms of supply Lie. But I mean there of course areas in the city where living conditions is much worse and people lost their jobs and you know, lost their source of income. And a lot of them are suffering. But from what I heard in the news and from my friends here, I would say generally we're doing okay, how about where are you based now? And Mark or

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Yeah, we're both Swedish but we are based in Copenhagen.

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Okay, so how are you doing?

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Well, fine. We have some harsh restrictions from the beginning from being of March but now they're starting to ease in them because it's getting better now. I mean, number of grown advocates are pulling down to the thing we can reopen again society slowly and we are still free to go outside and take a walk and move move around. It's just that there are other stores except the food stores up close and restaurants.

02:00

So it's okay. And the school school is shut down as well.

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We have a curfew and most of the restaurants are closed.

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By the way, would you prefer that we

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record you or that I only take notes? It's your choice.

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Either way, whatever works for you. Okay.

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Did you were you able to take a look at the question?

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Yeah, I did. I did. But to be honest, most of the questions are quite broad. Yeah. The ones are you doing your master thesis or Yes. Okay, so the zil master thesis. Okay. Because for me, I think the first part of your question is a self introduction. So I'll do that briefly. So I got my PhD some years ago in Shanghai and my field of focus is actually urban design and architecture. Which is just natural, you know, the topic brought me to development studies and so on. And I worked for un habitat. You know, this UN agency that works on human, they call it human habitat, you know, the settlements and so on, but I don't think they're doing quite well.

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But I worked with them

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in 2011 when I was doing my PhD, and that's the first time that I came to to Africa. So I made my PhD dissertation about urban urban development in Africa, mostly about informal settlements and its development and, you know, there's programs in un habitat called slum upgrading program, basically focusing on livelihood in the poorer areas in the city. But somehow I managed to do it I used to base my research in Shanghai but then because of this working opportunity in Nairobi, I changed my topic to a different area. But since then I've been focusing on urban development in, in Nairobi, but also in other east, mostly Eastern African cities. I would say I think, then after my PhD, I have been doing research also in this in this

area being working as a postdoc in Sheffield University in the UK, on China's impact in urban development to African cities. And for that research, I focused on Ethiopia, and Uganda. But I've also done researches, other projects, with case studies taking Zambia, for example, and you can or Wanda and Tanzania as case studies. So basically, I'm not so familiar with the Western Africa area. I mean, based on language, different as well, but I would say I have some experiences in working in this English speaking African region. And a lot of them are related with China's impact. Yeah.

05:16

So how have you come across this dynamical railway project in your professional studies?

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Yeah, so basically most of my research focus on urban development in Africa and China's impact and you must have noticed that China's investment and your areas of research Chinese FDI, a lot of them come and concentrating infrastructure. A lot of them are in cross region or cross country infrastructure, such as this one. So as the Kenya SGR actually is one of the most typical Chinese investment in Africa. So I I have been following the news that the SGR the development Since day one, and also because I was here in 2011, I had the the opportunity to take the original British railway when it was running between Nairobi and Mombasa. And so it was supposed to be 18 hours traveling, but it actually took me 23 is 500 kilometers. Can you imagine that? Oh, I must say that I had a lot of fun on the on the way I traveled with several other friends. It was just a tourist kind of trip. Ah, I think we could park it in the evening. On a Friday and then we arrived the next afternoon in

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the speed of the train. Oh, fantastic.

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Well, it was all together 500 500 something kilometers and it took us three hours and you can imagine the speed and I think I also think because it was delayed in the Intermediate stations as well as several times. So because it was supposed to be 18 hours Originally, I think the maximum speed was 40 kilometers per hour. That was designed because that was built almost hundred years ago. So you can't blame the, you know, on predator

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when he was beat Yeah.

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No, it was quite modern. I remember there was a quote, I think it was from Churchill, saying that this is the most beautiful ride of train in the world. And it was indeed very, very beautiful. I remember seeing all the landscape because, you know, Nairobi is as an altitude of 1600 meters above sea level, and it's a trip downward to the sea level. So you can imagine the the landscape along the way changed dramatically. And we I think we traveled through several national parks. So you see Lot of animals and landscape all the way. Then last year no 2000 goes last year 2018 I took the new train the same route from Nairobi to Mombasa and this time I took the intercity because there are two schedules I think one departs from early morning and it stops seven times. I think it has seven stops on the way the other one departs at noon and it doesn't stop until Mombasa. So I took the early one and we stopped at seven different stations and we I think it left at eight at 820 and then we arrived in Mombasa something past 12. So it was about four hours, something trouble and yeah, you can't really open the window and more

because the the speed limit and also it's air conditioned. But you can still see a lot of landscape. It has changed a lot but enter Do it's a comfortable ride and it is relatively affordable. The only downside of this, this new train is that, for me at least, is that the state both stations are quite far away from the city center. So you have to travel for me I had to get up at 530 in order to catch the train, not only because of the traffic, so not only people get up very early in the morning, at seven o'clock there, there's this traffic jam already. So I had to get up and leave my home before six in order to avoid the most serious jam and and then the security check at the station. Is this unbelievable. It's more serious than the airport. So you have to arrive at least I would say 40 minutes before the train departure. Yeah, but otherwise I think the ride is much smoother, much quicker. Much effective than the old one. And I can see that there are a lot of women and kids on the train and people are quite relaxed on the train. And it's quite clean everything. Yes.

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crowded all of the people using it are so so they see it.

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But I I would say it's quite yeah because it's affordable and accessible. And a lot of people it's much cheaper Of course, than the airplane. So a single single way to travel with the airport from Nairobi airport to the mean if you take a plane it will be about \$1 one dollars between our ob and Mombasa. And I think with the train it's it's 10 or something \$10. So, for the first class, it's 20 something so for the for the second cards, it's about 15 I think something like that. See,

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that's pretty affordable.

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Yeah, but then the problem is that you have to take a cab or something between where you live in Nairobi to the train station, which is quite far away from the city. And then you when you arrive in Mombasa, the train station there the terminal, it's a grand building. Very beautiful building, but then it's so far away from the city. I remember the old one is just steps away from the speed center. But this one, I think you still have to take a cab for another 40 minutes or so to arrive in the city center. Well, according to my research, I would say that it's because of the land issue of land compensation. The city has become so crowded and so occupied. And it's really hard for the government to find a proper piece of land of public own piece of land that's appropriate for our people. The terminal building like that, you know it's it's a quite a skill building to accommodate people you know such a big amount of people it has to occupy certain amount of piece of land and it's really hard to find an area available like that in the city center. Yeah, so it has to do with the availability of land and then the the routes, the chosen route of the of the new railway.

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So they couldn't just reuse the old station.

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No, they can't. If you if you come if you come to the See, you will see

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the reason why because, technically speaking, you can't update the old railway well, between Nairobi and Mombasa. For the most part. It's actually like an update. So the new railway is

built in adjacent to the old one which is only like two or three meters. away, they didn't destroy the old one because some parts of it are still being used. And it's, I think a different government agency that's running the old railway. But the new railway is just meters away. So in the most rural part it can be built or upgraded all whatever you want. With the old railway buddy in the city, it's impossible. Because for there are two technical reasons. So the first one is that the new railway with its upgraded speed it has to use a bigger How do you call it the radius that the turn of the when you turn, you know, when the real way to make a turn it has to be a much bigger radius. But the the old railway if you look at the map, how we travel across Nairobi, there are several turns that it's making that I think will largely affect the running of the new really the standard gauge because the standard gauge the design speed is above 90 or 80 kilometers per hour. So it can't use those part. The second reason if you travel to Nairobi and you see how the old real world how the railway worked, you will, you must have seen the pictures like this, it travels through the informal settlements, which is which holds a house 1 million people and the nearest part between the train and the shops that people run is only like 10 centimeters, sometimes they have to temporarily move things away from the role in order to let the train pass. So, already it cannot use and and if you want to upgrade a meter gauge really to a standard gauge one, you have to have a space of 20 meters in terms of operating new standard gauge Railway, so that space is not there. And then Furthermore, in order to construct to to construct the new railway, you will require a much wider range of construction area which comes to up to I think 60 meter wide. So in order to have that space clear, you have to remove at least I don't know, thousands of people in informal settlements, informal settlements alone, not to mention that in other places, even though it's not informal settlements, it costs of formal, you know, households where the, the space between the old really and the household is so close that it's impossible to to operate or construct anything based on that fact. So it's literally impossible to upgrade the old railway into the SGR.

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Okay, interesting. There are a lot of other things I didn't know before. Yeah,

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yeah, I think people really, they simply imagine that we can upgrade. Really, then why don't you do that and they're suspicious, but I I don't think anyone really come and visit the sites and really, really ask the question.

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So, yeah, now we also have some general questions. So our first one is okay, so this also goes back to West a little bit. But if we could try to elaborate a little bit, at least I suppose. So have you noticed any differences between Chinese FDI s and FDI? from other countries in relation to investors in Kenya or Africa in general?

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Yeah, there are definitely a lot of differences. Like I said, a lot of investments from China focus on infrastructure projects. And I would say this has a lot to do with the the development model that has worked domestically in China. So it's just natural that the, the banks in China would loan would issue loans to similar projects overseas because this is how it worked in China, how they earned money, right?

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So I think that's one of the biggest

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differences.

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But otherwise, I don't think there are fundamental differences in terms of how FDI works and impact on local economy. I would say generally speaking, well, I think we must clarify, you know, in advance the differences between those financial terms that we're using. So FDI is something that has been used a lot. But for me, I worked a lot with with loan instead of FDI. Because if you break down the FBI loan is usually one of the biggest components from Chinese FDI in Africa. I haven't done some of the research to Western financial finance flows in Africa. I haven't made a comparison, but you can look at it maybe if you are interested, but in China, a lot of the FDI Long. So I think that makes also another difference because when you break down the FDI different types of FDI actually have different, very different impact being an equity investment will be very different from loans, right. So in the Chinese example, the FDI, the the loans usually come from two biggest policy banks in China, CBD, the central Development Bank. The other one is x ING Bank. So, CDB is I think it's the biggest policy banks in the world, or is it maybe second to the den? The Danish central bank, if I'm not wrong, yeah, I think one of them is the biggest. They're probably competing with each other. But anyway, they're very similar and similarly powerful. But CDB has never issued concessional loans to other countries. So the concessional loans from China to Africa are always issued by ExIm Bank and ExIm Bank then has a very different type of scope than CDB. The eventual well the the central aim of CDB is to to make money right to to get development down and to gain capital. So that's similar to all the other banks in the world. Bit multilateral banks, maybe less World Bank but still the same to most of the banks in the world. But ExIm Bank is a very different type of bank in domestic economy ExIm Bank funds functions as a as an energy to, let's say, to boost local economy. It works very closely with local local development agencies and local governments. It makes it issued loans based on local collateral, which is a essentially, ownership of land. That's the scenario in China. But then when it comes to Overseas Development, finance, it's a very different scenario because you can't use other countries land as collateral, usually, like in almost every bilateral relation or bilateral loans, is the sole brain guarantee that is used as a collateral. But it hasn't worked always. Because of the sole amount that ExIm Bank issued to African countries. It has realized how risky it has become, you know, for the sovereign guarantee to work. It doesn't work. So in plain words, it doesn't work. So I think ExIm Bank is now reviewing its place. policy and lonely strategy to African countries. So you can see that from 2018 on, it basically seized new loans to Africa. So I would say that we are actually in a year of a changing relations between Chinese banks and African countries. It's yet to be determined, you know, the new strategy is yet to be determined. But it's very interesting to see how would renew the long relationship. And you can imagine, given the circumstances now in the situation of most African countries, the possibility of you know they're paying or repaying the loan on time is very limited.

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Yeah, and I think many bilateral banks has been reviewing their loan terms to African countries, and so is ExIm Bank of China.

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So, this is That the fact that the Chinese golden bridge corporation is owned by the Chinese government an implication for the SGR project?

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Definitely, yes. And this is exactly what I've been working on. So the state we call it a state owned enterprises. Right. So the SOS in China has a very different feature, let's say most of the other companies

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in that is practicing in Africa. Well, I wouldn't say generally speaking, they are still economically driven. Because they're here for profit. It's not a political entity. After all, their economic entity, they're here for profit and an economic gain. But let's say the biggest difference that distinguishes them from the rest of the private companies from other countries in Africa is their capacity of leveraging loans from Exim Bank. So the relation between the SOEs and the policy banks in China is the main difference not because they're owned by the state simply, it's because their relation with the policy makers that makes them very different from the others because they sell them as a contractor. As you can imagine. They're also competitive contractors from Israel, in Africa, from political. There are a couple of very powerful contractors in the from the US and from Italy. But none of them has the capital capacity of you know, such as the one by CRBC, the China road and bridge that their capacity of leveraging loan from the Exim Bank. You know, none of them could be so powerful in that sense. However, it's also a double edged sword because after all, CNBC itself is a company, it's not a bank. So, their capacity, their capital capacity will rely on their relationship with Exim Bank. Well Exim Bank is basically gambling on the capacity of CNBC, of making things down, you know, constructing a beautiful standard gauge railway and operating them in order to profit. So this relation between the SOE and the policy bank is the determinant factor that drives the difference between Chinese and other FDIs.

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interests. So if you look at Kenya a little bit, how would you think that is? foreign direct investments in all industries has affected Kenya over the last decades.

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I will say that countries like Kenya and other similarly, similar countries in the same region, they have been relying on FDI in the past decade, in almost all industries, I would say Kenya probably less so. Because if you if you look at Ethiopia, it has a shortage of US dollar. And for example, you wonder it's a landlocked country. So the trade or the export import is definitely crucial to the development of the country. So all of these countries are fragile in terms of their foreign reserves, and they're strongly reliant on, on relying on FDI in all industries, I would say no

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So, if we look at this SGR project, how would you think that it fits with China's overall industrial foreign policy?

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This is a Kenyan railway. It's not even though it is financed by Chinese loan. It's a Kenyan project. It's only financed by a Chinese bank and constructed by a Chinese company, but eventually, it comes to the hands of the government of Kenya to run and and make profit. Profiting I don't mean economical return in a very fast sense. I mean, none of the railways in the world have made money with his passenger carriages within even within 10 years, it's impossible. So you have to look at the project, the bigger scope in the backdrop of the Kenyans own development agenda. And I would say it's much needed for the country, even though it's not making economic return in the short term. It's a backbone project for the country

enhances the connectivity among different regions, and between the coast and the inland cities. And it passes through a lot of small cities, where connectivity accessibility is enhanced for originally marginalized populations. So it's a very important project for the country. And they're, you know, there are a lot of resistance of course, in any news. Any new development, you see that a lot of people are criticizing the project for its debt trap theory, which I don't agree with at all. I mean, you can say it's a debt trap. If you talk about it's, it's a result, it did affect the debt of the country. But it's never. It was never a conspired kind of trap to trap the economy of Kenya. But it was a huge long year was unprecedented, long, you know. So it's a challenge to both parties involved. But still from a person who come from who comes from the Development Study field, I would say this is a very important backing project for the for the country, because now Kenya has as an issue, I think floor we call a big For the president's office as you should be for as their priority in terms of development, and one, the first one is manufacturing. And one of them is the infrastructure, which, in the past few years as someone who have been living in Kenya, for more than five years old say this has been changing the landscape of the country. tremendously. Yeah.

29:24

So I don't think there's any argument to this. I mean, one bridge one road that that's part of this is part of that or,

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well, if you look at the timeline of both the SGR and the Belton road initiative, you would realize that as your project, but this year, it's actually came before, PRI. And if you look at if you look at all the projects that China is doing all over the world, including Southeast Asia, Europe and Africa, you would realize that the majority of big biggest projects were already there before the PRI. For me bi is simply something that, you know, the high rank officials in China wanted to come up with in order to to come up with a new phase of diplomatic relations with all these developmental countries. And I think it's it's valid, not criticizing that it's invalid. But I'm just saying that it's not the the engine that drives all these projects. Instead, it's the the projects that are driving, actually the Chinese diplomatic relations with all the all these countries that are receiving these loans.

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So do you think now we'll talk a little bit about this negative narrative to some extent from Chinese investments towards investments from from West, would you think that the fact that Western companies nations to some extent compete against China permit have the opportunity to not break up

31:03

contributed to this negative sentiment.

31:06

Yeah, I agree totally with your statement. I think it's because of the competitive position that the Chinese increasing Chinese investment puts the traditional donors in, that this negative criticism, you know, against Chinese diplomacy, diplomacy in Africa or investment in Africa has rise really seriously. I think it's just natural. It depends on how we look at them. And they're not it's all not only towards China, right? There are negative criticism against any kind of a big investment in any places. When I was in the UK, there was they wanted to build this new Molson railway linkages between the middle part of England and the Boston part and it was so much criticized, and people post that protested against it. So I would just imagine that any big

infrastructure that has a lot of impacts on people's lives Would we have to prepare for all these kinds of negative war reactions from people? Of course, we should allow space for debates. I think that's the place that you know why people hate the Chinese investment because they're never always open to talk. But I think the China only became an international power, maybe the past five or 10 years, 10 years, 20 years maximum. So they're also adapting to the new

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kind of international

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environment that requires a lot of transparency, a lot of engagement and interactive dialogues, which they were not used to. And I think, in the future, they come to opaque investment anymore, and they really have to know how to deal with this kind of transparency of information.

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It's a learning process also to them.

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Exactly. Yeah.

33:06

So we just think now, we talked a bit about the debt trap before but but in general, this high costs involved with this SGR project below this is a major commitment for the Kenyan government. Would you think that it's, to some extent limits its opportunity to invest in health care and education and other important sector that the government should should? No,

33:29

I don't think so. I think it's too, you're comparing apples to oranges. So the National Financial offers this is the one who determines how much they would invest in different areas, and ExIm Bank ExIm Bank issues along with the Ministry of Finance, in terms of bilateral relations, and there's still space for negotiation, even after the longest you should. I mean, it's very obvious Last year, now, two years ago, Ethiopian government renegotiated the loan terms with the Chinese ExIm Bank, about their standard gauge actually. I'm not saying this must happen with Kenya, but I see a possibility here. So it's not that the Chinese loan has put the Kenyan into the fringe of development that the force their spending into a certain area. It's not true, it's the Kenyan government who decides what kind of investment they need, and what types of expenditure they have to use. I know that there are certain complaint about the structural deficiency of the Kenyan government in terms of how they leverage their expenditure. And it's it's sometimes very funny to two weeks ago when the Coronavirus first hit the country And then immediately the border was closed and everything was closing down. And all of a sudden, the president Uhuru Kenyatta issued, I think \$1 million to give them to the artists of the country because they saw that artists are losing their jobs that we have a lot of talented artists in this country, which is true. Well, I have, you know, I have empathy with them. But then, you know, this is not the time that you distribute money for the artists. If you have that money, people want to see them in the pockets in the often nurses or hospitals or doctors. But they said you give the money to the artist, so nobody can understand the politicians. This is what made their mind. But, you know, my point is that it's not the Chinese debt that determines the scope of the economic development in this country. Agree.

35:56

I was thinking about so so let's say that Akina would all go Take the load from the World Bank or IMF instead out if we I mean, we talked about this UK railway that is invested in the Arctic. In GDP terms, it was costed 0.01% of UK GDP, whereas this SGR for keygen terms, it will be around five 6% of Kenyan GDP. Is there we hold the monitor. It's, I mean, it's a lot of commitment in that sense.

36:31

Yeah, well, I, um, I just want to raise the other issue that just came into my mind, um, China is willing to give out a bigger amount of loan. The fact is not only based on the fact that China has money, government has money, but it's also based on China's domestic development trajectory. And if you Anyone who studies Chinese history would know that 50 years ago, China itself was deeply in debt to Japan and World Bank as well. So, and this is how, you know, this whole given model that basically say the China from that so called debt trap was how they leveraged the loan, how they make make use of the loan and change the disadvantage of having so much loan into an advantage which, you know, they endorsed the the, the engine of the development they made use of the going in the right places. So, China could only imagine that poorer countries could use, you know, the same kind of methodology in order to for poverty alleviation as well as capital. accumulation. You know, so when we talk about that, we I see a lot of numbers like, I think the latest one being China's longing to Kenya has occupied it's 70% of its bilateral bilateral debt, right, I think something like that. But it's just 70% of debt. And no more than half of the GDP is actually an org in development agenda. And if you if you read the history of Asian countries, the Asian tigers, always you will find some at some point in the history they were maybe 400% of their GDP is that you know, so a lot of country developed countries has gone through this, this this carry it of history that they're deeply in debt. So debt is not evil. That is not the the root for other problems such as corruption or coven. That is just a tool that All the governments can leverage in order to bring up their economy it depends on the local governments ability and willingness political will to really leverage that advantage or disadvantage.

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So so the that may also be step two on to one contract sneakily, I mean, owing 32%. In terms of federal debt to China, that is not an issue. I mean, they are sort of relying on one country though that wouldn't be a problem either or.

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Well, it's definitely a problem, but it's not a problem because it owns a I think if you compare China Chinese debt and us debt to Kenya, it only changed very recently that China has over passed us as the biggest debt loan giver to Kenya so of course, all owing too much to a single source would be a problem, but it depends on Well, the problem then is not an economic problem anymore. It depends on the agenda of the lender and the agenda of the borrower, you know, their relationship.

As far as I can see, the Chinese has the Chinese agenda has been very clear, mutual benefit. The way they issue loans. It's not that they want to put Kenya into trouble is because that they see there's space for development and they want to benefit from it. And that's the reason that they issue so much loan.

40:34

So, a lot of literature related to FDI suggests that the host country benefits from spillover effects, like technicality transfers, no less spillovers, innovation, from competition and so on. Have you seen any evidence suggesting that the SGR project would have resulted in this type of spillover and benefits to aid and economic development?

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The skill transfer happens you know, unconsciously or consciously alongside the project as well. So along the whole Nairobi Mombasa Railway, there are several towns that I mentioned that there are stops where the you know, the terminals in certain areas there used to be these used to be very, very small townships where you have a number of inhabitants doesn't exceed maybe 10,000 or so. But if you go to those places now, there are a lot of economic activities going on. And if you ask people, there are a lot of people who said that they actually got subcontracts while the construction of during the construction of SGR and in the meantime, they gave capacity to access to capital. They learned a lot of new skills in the construction sector. They earned a lot of money. So they managed to build up their own small business even though it's not the same scale as CRBC, of course, but the local economy has definitely benefited from developing this SGR. And this is just in the construction sector. And if you think about the operation of the the SGR, even though now it's still mainly operated by Chinese companies. Well, then, I think 300 or something, people were brought to China to get trained as operators and service providers on the along the train. So definitely, there are people directly or indirectly benefiting from the whole development and also the newly built terminals I mentioned in both Nairobi and Mombasa. These are so originally the traditional train station in towns no more than a little hut covering several tracks of rails, but the new terminals they are built in big scale so that I think on grand level and second level, they can host a small business like restaurants and shops owned by individuals. So there are people who can access more customers now. So definitely, I would say there are spillover effects and also, they were originally planned to build up some industrial parks along the railway, which probably get postponed for different reasons, but because of the rolling can see that there are more factories being built along the railway and especially in the western region of the country where labor is cheaper. And a lot of these places were originally I think they were plan to attract Chinese investments. But now instead there are a lot of investors not from China, but instead from, for example, India or local, they're building up their own factories, they're, they're training their workers. So and you can see in the shops they have a lot of things are made in Kenya, more and more products are made in Kenya. So I would say this is also part of the spillover effects of the SGR.

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Okay, so until then, I suppose the next question

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would be is your project positively or negatively affected the Kenya's economy? We would assume it has had a positive effect then our world?

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Well, I would say positive if they if they operated, right. It has it's a double sword because it's such a big investment. So it can bring harm to the country's economy, you know, because it's such a big amount of debt. But if they they leverage the resources in the right way, it can become a very important energy for the economy, especially when it connects to the inland area, which is connecting to Uganda, or other places where more goods could be exported,

rather than imported. Now it's mainly used as an importation vehicle. But it only makes economic sense when it can work in a two way, you know,

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as a two way vehicle that they export.

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Well, they import goods from other places while they can export almost the same amount of goods from Uganda or from Kenya, only when that is achieved, can you really make economic sense?

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So we're totally about this before about the effects A project has connected Kenya. So disconnected from the SGR. I mean, both with income within Kenya, but also these neighboring countries. Would you think that this has improved Kenya's opportunity to trade with the rest of the world to export and import regionally and to other countries?

46:20

Yeah, definitely. Well, I think it's more important for the surrounding countries to Kenya rather than Kenya I think. Because when it Kenya's connectivity with the world is mainly achieved to Mombasa, its its deepwater port, but all the other countries have to use Kenyans land and roads in order to be connected to the rest of the world. And when you bring up that efficiency of the infrastructure in Kenya, you can actually more effectively affect the economic development in the England countries including Uganda, Rwanda, Ethiopia, not so much because it has so many more choices in the north. So what else like Tanzania? Tanzania has its own port, South Sudan for example. So, these countries actually will benefit more when like I said, the real way achieved when the real is connected to them, and when they can use the railway as an important means of exportation. Yes.

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So this

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railway would assume that it also increased Kenya's opportunity to export to China but since the construction of this you are the trade imbalances between China and Kenya has increased so sukeena continues to import more than exports, I think in 2018 it imported \$3.8 billion from China, whereas it only exported 7 million the same year. Would you think that this SGR has contributed to increasing the trade imbalances between the countries or?

48:15

I'm temporary? Yes. But I think it's because of one that really has bring up the efficiency of local transportation, meaning that there was this demand before that there was not enough transportation that provides the vehicles for this demand. Secondly, like I said, the exportation works well for the country, the England countries surrounding Kenya instead for the Kenya itself. Because the if you if you look at the endowment of economic structure in these countries, the Kenyan actually is much more efficient in its production for domestic consumption. So to say that actually, Kenya's population can be, let's say supplied with domestic holla called domestic production, manufacturing and so on. And also Kenya is not rich in natural resources, which is one of the biggest month of the Chinese economy in Africa. So, and given China's economy but quite balanced, which means that the demand for importation in China is quite

limited in terms of what Kenya can supply. So this this trade imbalance would be there. As long as you know, the country remains the same way economically, structurally. But the demand for the Chinese side in terms of trade mainly comes from the other countries surrounding Kenya. So by providing this transportation between the port and all the inland countries, China is also I had the providers or suppliers in this region, not only can but in the working

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So to what extent did Chinese road bridge Corporation utilize the local cleaning industry when constructing best yarn stores, local linkages with suppliers and so on?

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Well, I'm not so different from other companies in the same sector. So generally speaking, as contractors, you're basically practicing almost the same way. Mostly the basic materials can be pursued in the local marketing code. She meant for example, and you know, other stones and mud, you know those very simplified, very simple supplies. But more advanced kind of demands are not found the local market for example, qualified steel, which is quite crucial for the construction of the SGR. It's not found in in Kenya, it's not found in the region, either. So, things like this will be exported from China, they will import from China. Um, but labor, for example, a majority of labor comes from the local market because it's much cheaper. And except for those positions that demand a lot of technician and, you know, technical acknowledges, but I think the regulation is that you have to hire too. to locals if you have one important labor, so to say if you have a Chinese technician, in order to justify the position to pay a Chinese worker, you have to recruit at least two locals on the same at the same paycheck level. But in reality, in the ground level in a casual labor level, almost 100% is from local. Mmm, yeah. And normally, the number in the construction companies is one Chinese worker to between 15 and 20 workers, local workers. That's the number in the latest survey that we did. Um, yeah, like, this is basically you know, because of the structural difference in terms of production and manufacturing capacity to different countries, you can imagine that a lot of low end procurement is made at local level, but most of the advanced level procurement happens in China.

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So, on a community level, we'll just say that both the Kenyan government and the Chinese golden bridge Corporation that's respected accounted for things like identity, culture and interest lies of local communities in the construction of the SGR project

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could repeat those key words again,

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identity culture lives and interests, for example, or I mean, respect to their conditions, and then targets and so on.

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Are you asking whether they're both responsible or have they taken care of these things?

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to take care of these things? I mean,

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it's most of them as opposed to expect you to do that. Mm hmm.

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Well, I would say yes,

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of course. in a in a, it's very, let's say, democratic country. So whatever you do you receive a lot of opposite ideas against you. So this actually happened. During the first phase of the project, a lot of projections, a lot of positions happened while they're reclaiming the land for the, you know, the the Ministry of Transport, I think he's in charge of the land acquisition, and they received a lot of protests against the whole procedure. But somehow they managed to contain the activities and management negotiate with all these communities and manage settle those deals. And that's, that's why the first stage is was finished on time. But then when it comes to the second phase, which happens in more developed areas, which means that there are more people engaged or more people Learning from the experience of the first face, you know, knowing their tools, how they can fight against the government. There are more cases in the second phase that, you know, the community is, is against the idea of providing land for the government for the proposed development. So even today, I think, even though they announced the connectivity between Nairobi and Narok, the second phase, I think, there are segments of the really remain unfinished because of the community. Opposition. Hmm. So I think in that sense, ah, they are dealing with it. I am not saying I'm not sure whether how to evaluate the efficiency, you know, it's it's really hard to say and judge, you know, who's on the moral value of that valid site, but they're dealing with it.

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So there's literature also mainly from the west. I suppose that indicates that China's let's consider the human rights issue compared to Western companies that invest in Kenya, how would you consider this and to what implications would it have on Kenya workers if it is true?

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True, I think

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Well, to be honest, I never understood the Human Rights nonsense, from at least, at least, you know, in the Kenyan story. I mean, of course, can you human right is very, very important. And I would say that almost all companies abiding to basic standards of human rights and it's not distinguished, I mean, Chinese practice is not distinguished in that level. I'm not seeing above or higher, you know, a range against human rights by Chinese companies or lower ones. I think it's just gonna They're here abiding local regulations and doing what they can in order to earn money. And yeah, I don't I don't see why human rights play play a role here in terms of Chinese economic activities in Kenya

57:17

yeah. So this partly goes back to what we talked about before with with spillovers, but Kenya suffers from skill shortages in many sectors, like most developing countries do, as China contributed to educating Kenyan workers in a way that can benefit them in future infrastructure projects. They get no know how, for example they can use when they make it.

57:41

Yeah, and again, I think it's no difference from the other traditional donors and what they're doing like all the manufacturers, the investors of China, their main target here is to make an arm on them. So you can only imagine that they they will invest very limited amount of money and time. in long term training programs and training happens naturally on the wireline, or during practice. This is happens for most of the company construction companies, you will see that they're doing. They're learning how to build a wall by building a wall, you know, so this is a this is a very natural training progress and the manufacturing sector, it's a little different. So different manufacturing, companies will have their own strategies of giving training programs to their workers, some factories will have with less skilled demand would spend less time I want them to do someone doing too, you know, they may call this they basically make, they have 100 the workers were making today, and it's not as complicated as making clothes and so on. So I think the average trainee amount Time is about two weeks. So within two weeks, if you can't achieve what the trainer has taught you, then you're basically out of the business. Majority of the workers they remain on the site once they prove that they can learn the skills. But for other companies like factories love making cell phones, for example, it requires, it has higher demand for skill. So the training program will be two months or three months, and sometimes they send them to China and other countries to get trained. So it really depends on business instead of country. And also by the government. China has several programs in in Kenya and other African countries to train locals. They're collaborating with high school, high tech schools and technical schools in Kenya, for example. They have some scholarship going on, to send African students to China to get trained and they also send Chinese trainers to Text schools in Kenya and other African countries to train the local students. And they also sponsor equipments from China to send them to the rural areas of Kenya in order to train the students over there. So it's it's I would say it's a traditional way of financing and training in order to sponsor the technical like you said skills.

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So

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how I would say that both King and China has dealt with the cultural differences that exist between the two countries, I mean, leadership work styles, religion, languages, and expressions and so on, but differs between the countries. Have it been an issue in construction, this are

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some ground level courses. It's been a learning curve for both countries. I mean, these are both originally I would say

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Other called the marginalized culture in the world, and China is not very used to deal dealing with foreign cultures either. So it's been a learning process for both sides. But I mean, because of, I think, in relation to the mutual benefit, kind of idealism, you know, conveyed by the Chinese diplomatic, in in Kenya, mostly, I think the interests are quite confined. I would say most most Chinese people here, they know that what they're here for, usually they're here for business. So they respect other, the other side of you know, they, they treat the relationship that they build here more as partnership. So I will say that's a A healthy kind of foundation for developing bilateral cultural relations.

62:08

So we're just think, or all, in terms of poverty has assessed the aggregate contributed to to decrease poverty in Kenya.

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I will say yes. Oh, in a lot of cases. Yes. I, well, I I'm not an economist, so I don't know how to leverage the SDI number with the quality alleviation in the country. Maybe you will find some connection because from my experience, Kenya's economy has been on the rise for the past 10 years also. But from the ground level, a lot of development because of the accessibility enhanced by infrastructural projects. A lot of remote communities now have access to, to trade resources to imported goods. And they have accessibility to export their productions as well. So I would say and then also these companies like the RBC, they have their own, you know, CSR agendas as well. So along the railway, they have been building access roads, for example, in the poorer communities they donated in all local orphanages. They've also built dams and bridges for local communities. So I will say yes, in a lot of ways they have contributed in poverty alleviation.

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So so on, on an environmental level, then Have you noticed any indication that it Chinese infrastructure investments in Africa have had more or less environmental damage as compared to those from from Western countries and companies?

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Chinese companies are facing any infrastructure projects is a disruption for environment, you know, for the environment, any project in name if it is a road or bridge, really anything you build will be disrupting the existing environment. But that doesn't mean that we, we can't build new roads or new railways. It depends on how you cultivate the environment that you have destroyed or interrupted. And how how do you read habitat, you know, the animals and so on. So I think now the biggest challenge facing the Chinese contractors is their involvement in rehabilitating the environment after the interruption and I think they're learning. They're in the process of learning because this was not such a big challenge in China, because the the environmental rehabilitation is done by designated parties and companies in certain areas. So the contractors do not have to worry. When they start construction as long as they abide by certain laws, they don't have to worry about rehabilitation of the environment. But when they operate in foreign soil, it is their reputation that is under pressure, you know, when it comes to environmental issues. So I think CRBC, for example, is under huge pressure now, because of the SGR running through two national parks. So I will say that they it's not because they don't care. It's because that they were not used to this method that is applied here. So they're also learning how to negotiate and how to work together with the government in order to rehabilitate the environment. But they're also learning how to do the PR, because I think a lot of the claims are not not true. Yes, it runs through two national parks, but it's not their decision to make. Actually the CRBC provided 11 different proposals of routing. The DSG are on six of them run through the National Parks, but the government of Kenya, they know that that if they allow the real way to go through other parts, they will have to negotiate with more people when it comes to land compensation. So instead, they chose the easiest way, which is to go through the National Parks because then they only have to negotiate with the Kenya Wildlife Services, which is the biggest government entity in terms of environmental protection. So Instead, they chose that proposal, but it's not CRBCs decision that really what runs to the national parks? But I will say yes, they are certain things that they, they're learning, and they have to they have to learn how to deal with.

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So, in terms of environmental protection, then would you say that the Kenyan laws and regulations has provided adequate protection for biodiversity in a moment?

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I would say yes. From what I've learned, because, well, it depends on what kind of standard you're applying. Of course, if you look at, for example, Danish law or Swedish rule, it's much more restricted. But I, if I didn't, if I hadn't, right. I think Kenya is abiding to World Bank law. In terms of government environmental rehabilitation after infrastructure projects. It's almost the same Standard US, the UK. And it's actually much stricter than many South East Asian countries and even China itself. I would say in terms of regulation or law or more in law provision. In Kenya, it's quite strict. However, law enforcement is another thing. So the Kenya is famous for its incapacity, in lowing face enforcement in a lot of areas, including land regulations and environmental protection. So enforcement is a challenge. But I mean for Chinese companies, because they're foreign companies and they're under a lot of attention, I'd say that they are doing relatively well in terms of providing local environmental laws.

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So the general rules and regulations they have been respected by both the Kingdom Government and attorneys for the rich Corporation would say in this construction

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Yes, but it's it's really hard because the law itself is a standard. Like I said, enforcement it doesn't only refer to one single party abiding the law it also referred to regulations possibly conflicting with each other. And, you know, the, the the agencies in conflict to each other. Like I said, the key the key Ws is the biggest governmental agency when it comes to environmental protection and tourism, environment based tourism. So the government is in the position, the Ministry of Transport, which is the the Commissioner of the really project is in a position to negotiate with kW s in there to land compensation for the project. However, there are many more players on the ground, who has who can function as a stakeholder in the whole project development. There are other things For example, other agencies on the on the local ground who participated in negotiations, and they're not sometimes in, let's say, coordinates with kW s percent, even when AWS agreed with the Ministry of Transport on certain things, there are there will be international NGOs registered in Kenya, who raised their own issues, which probably would be in conflict with both ministers and also the CRTC. So, when it comes to this kind of conflicts, it's really hard to say whether it's a environmental law enforcement that that has a problem or whether it's different standards in you know, they be international NGOs. They don't use Kenyan environmental laws as their baseline. For practice they sometimes called laws from other countries or other common practices or, you know, use those kind of stuff as their materials to argue. So it really, it's hard to say that it's hard to say that they're doing satisfactory, you don't mean in terms of environmental protection. I mean, see IBC and the Kenyan government, I would say that they're abiding to the law, but also because of, because the environmental protection is such a sensitive issue. It will be a permanent challenge for construction companies, as well as the Kenyan government.

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So what do you think that there have been any positive environmental effects even from from SGR construction that's benefited Kenya?

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Hmm. positive effects

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environmentally.

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Ah, well,

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he's five

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If you think of the fossil fuel consumption and the efficiency, let's say the efficiency of the fossil fuel consumption in terms of the SGR comparing it to other means of transportation is definitely much more effective. And that could be counted as a positive environmental outcome. If you compare the fossil fuel consumption and its efficiency, you know, let's say how many tons of goods it can convey per tons of oil or gas. It's definitely much more environmentally friendly to use rail instead of trucks.

73:33

Okay, so so we also have some crystals ready to the government's impact of this project. What do you think that as I spoke before this, this has been very expensive, large sums of money, the SGR right away. We're just thinking anyway, that this has contributed to escalating corruption in Kenya.

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You if you

74:00

Any kind of project would contribute to

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Corruption in Kenya. Corruption is already there, you know, it's not because of the project that the corruption is enhanced. It's not like that. Um, but corruption is a big problem for that.

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How would you think that the str code has affected the relationship between Kenya and Chinese government?

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Ah, um, I think now they're stronger partnership. If I may say that because they're, they're connected through this already build project. happy or unhappy that we'll be dealing with this project in the in the coming future. So yeah, I wouldn't say that there. Fundamental effect. But I think this is a this is an ongoing tie that connects these two governments together.

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So this is their signature that indicates that China will be skeptical to democracy in developing countries, and that they try to separate beautiful politics, so not to get involved in local politics. It is true and what would have implications for the Kenyan government?

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China is not exploiting its institutional, political institution. I don't think so at least for now, it's not. And there are a lot interested in, in applying democratic democracy as well. I mean, the this can be a totally another topic. But I mean, most of the claims that the Chinese are the Chinese government is a authoritarian government, I wouldn't agree with them.

76:03

It's not

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binary we're world. It's not. If you're not democracy or authoritarian, I don't agree with that statement in China actually, if you study the political party that CCP carefully, you will see it's a very, very democratic system within the CCP even more complicated by the American system. When the American system there's the republicans and the democrats. In China, within the city, there are three groups, each standing for a political agenda in their own even though it's one party, it's one umbrella, but there are so many people within under you know, the umbrella so it's actually a very complicated system and but the thing is that China, I don't think the government is interested in exploiting the system at all.

76:57

So So usually when kind of loans or investments from from west to Africa or other developing countries, it comes with kind of conditions or requirements on reforms of referrals and so on and improvements. So nowadays investment, for example, is \$3.6 billion. So how much it is that is loaned by Kenya, if it comes without any requirements of reforms or any kind of engagement, would you think that perhaps giving so much money to a government that is not functioning properly could perhaps escalate misco despawn extent that is somehow

77:39

whether the government would function and what kind of political regime they adapt are two things. So, China for example, with its long It never has political strings attached in terms of institutional setup. But, of course, it has concerns whether the government will assumption or not. And the most important agenda within the Chinese law is economic return. They don't care about who rules the country. As long as I, you know, this is a loan, it's not a grant, which means that I'm borrowing money to you, but in the in the expectation that you will pay me back with interest. And this is the Chinese law, what the Chinese law is mainly about. The other thing is the minimum procurement that happens within the Chinese economy. It doesn't say publicly in the public documents with all the concessional loan, and almost all commercial loans as a minimum procurement amount that asking the borrowing government to to make in Chinese economy, which means for example, for the SGR, there's certain amount of procurement for the SGR that has to happen has to happen in China. Like I said, the steel they have to buy in China. And certain types of, you know, supply they have to buy in China. And this is how the Chinese ExIm Bank is facilitating Chinese company, overseas economic activity. And this is their main concern not to ask Kenyan government to learn from our institution. It's not like that.

79:21

So we're touched a little bit about this before about the law is coming with this infrastructure. Would you think that Peters kind of losing some of his independence and so much money to one country?

79:35

I don't think so. Well, at least it's not in Chinese government's agenda.

79:41

So, okay, so we have one more question before we have only two to two additional final questions. What do you think now, when China's increasing its involvement in Kenya's infrastructure? construction? What do you think that It comes at the expense of Western economies somehow so so the ratio between Kenya and Western countries will be impaired to some extent now,

80:11

well, according to the Chinese philosophy, no, because it's a mutual benefit. Well, we work for if I'm the Chinese government, basically what I'm saying is that by our partnership, me and Eric, for example, this doesn't affect the other partnerships, for example, between me and Andre or between you guys. But for example, I can imagine that if our relationship if we build a partnership to write an essay about FDI, Chinese FBR in Kenya, then this in conflicting, this is in conflict of you know, your original partnership. So in that kind of scenario, I can imagine that people are offended Western powers are offended and they feel that their their profit is being affected or lessened. Because of Chinese investment, but I don't think the the nature or the the characteristic of certain partnerships will come other partnership and this is I think, the philosophy of the Chinese government.

81:17

So so so lastly here. Now we have asked all about all these questions. Do you think that we have missed also something that we forgot or that should be mentioned that we didn't cover in relation to this topic?

81:31

Um,

81:33

mass exactly what your master thesis topic is, are you looking at the FCRA of China and its impact in Kenya or

81:42

we're looking at this specific SGR project and its impact on Kenya sustainable development. So in that's why we asked about environment and economy and governance and over community well big

81:57

Um, I think you have been basically On our conversation, I think we have been focused on the Chinese activities, a lot more than looking at local agency, in a lot of what I have been involved in China Africa studies for a long time because of what I do. I think a lot of people now are arguing that it seems like a lot of the studies on China Africa relation is a one way study, you always ask the question from the Chinese agenda. But of course, I understand when you ask me questions. I'm not in a position to speak for Kenyan government. But I think the Kenyan

agency is also quite important here. Like I said, China is only a borrower and the contractor in this project, it's a Kenyan railway. So you have to ask, what's in it for Kenyan government to benefit from the railway is it is the government Really entitled to plan for and implement this project are the government's political goodwill. And, you know, is there the goodwill to support the long term development of the of the really, I think this is the key question for whether VHDL will become a sustainable project. Instead of asking the Chinese agenda. Often, I think it's more important to ask the Kenyan agenda of the project.

83:32

So, now when we ask these questions and discussed from from the perspective we mentioned, economy, environment, community well being governance, would you say that this SGR project has positively or negatively affected Kenya's development in this sense?

83:54

It's really hard to say, I think whenever we talk about the infrastructure projects we can really not see in within a 10 year scope. Even today, when we think of, for example, the Chinese, you know, there's this whole network of railway projects going on in China in the past 10 years, you know, millions, I think millions of kilometers of railways have been built. And a lot of development opportunities have been brought to places where without the network it it will never access the development scope. But I think being building the railways is not the only component that will make it work it has to combine a lot of other efforts, you know, the right person in the right position of governing, for example, and participation from from local communities to make things work. So it's really hard to to evaluate whether this will be a sustainable Development, you can only look back and say, Okay, that was designed and implemented and in a very sustainable way. But currently, I think the the project itself is, I would say very much needed in this country. But there are also components that are missing. I mean, in order to make the things make the project that's sustainable project.

85:26

Okay, good. Thank you very much for all. Thank you very

85:30

much. My pleasure.

85:32

And if you want to, we can, of course send you the final thesis when we're done. If you want to look.

85:39

I'll be glad to read it. It'll be great. Thank you.

85:42

It's good to know. So take care and have a good day.

85:47

You too. Thank you. Take care. Bye.

Gediminas Lesutis

00:00

Some problems north.

00:02

Northeast let's talk with the best thing to go.

00:04

Yes. Fingers crossed.

00:07

How you doing? Wherever you base now

00:11

I'm in Cambridge stuck in Cambridge for seems like it's going to be a long time.

00:18

How about you guys?

00:20

We are both in Copenhagen actually pretty okay. Also seated. We're going to stay here for a while.

00:26

Yeah, but it seems that Denmark is in a better position than the UK. Well, most countries are thinking the context. Yeah.

00:34

Yeah, whatever it is, in terms of casualties democrats been doing very good so far.

00:39

Yeah, yeah. Well, well done, guys. Yeah.

00:43

I think

00:45

we did a great effort, I think also be in eras and I'm my contributions. I must think we add so much to it. But

00:54

yeah. So can you tell me a little bit more about the project that you're doing? So I know the context. Yeah, for sure.

01:03

It's about Chinese involvement in Africa. So we decided to specify about in Kenya owing to this large infrastructure projects that China has been doing there. So that I found the basis our research and also we're interested in the in the Chinese involvement there. We think it's a bit controversial. Yeah. I went to the debt created in many African countries, including Kenya. So, kind of a to do on a slaughter research. So so so just more more on a general evaluate whether whether it has been a positive or negative impact from from using when so I'm keen, yes. Sustainable Development. Okay. So so we kind of try to look at both the Kenya's economic

development and environmental as well as local communities undergoing Mental as well as quality when we assess is the project. Okay, so this is kind of about case study. And as I said we interviewing some experts with different in different fields kind of topologies and comments and also some professional businessmen and journalists.

02:20

Okay, yeah, that makes sense.

02:23

So that's a little bit of background.

02:26

Okay. Yeah. Cool. Thank you. And you said you have a set of questions for me, right?

02:33

Yeah. I'll remember. Did we send you the questions or did you take a look at them? Or?

02:37

Actually, I don't think they sent me the questions. And I saw I didn't see them, but we can just see how we get on. I guess.

02:47

It's ready. Maybe it did, but I don't know. I'm not sure. Well, I haven't seen them either way. All right. Okay. Good to know.

02:56

And Other questions? Are they the same to each So called expert or are they kind of split into depending on the area of expertise of the person?

03:08

It has been the same, the overall structure has been the same,

03:11

pretty much, right?

03:13

Yeah, it's the same questions, but but then oriented to time perhaps or some questions are relevant to some persons, we just skip them. And then we also elaborated more on some questions that have been given more significance, like follow up questions and so on. Okay, great. You know what the person knows? offending?

03:33

Okay. Because maybe I can, I should tell you a bit of what I what is my relation to these projects and what what kind of work I've done?

03:42

Yeah, that's actually our two first questions. Okay.

03:45

Okay. So then, okay, I'll, I'll take a back seat and just, that's the best way.

03:55

Yeah. Yeah, that would actually be very interesting.

04:28

Okay, good.

04:30

So as I said before, if there's any characters that you don't feel that you can ask or want to ask her Okay, now's where we just we can jump over them. Okay, good. So the first question that we had to kind of press the questions first related to kind of few areas research before we start with the actual project and so can you please introduce yourself and describe your professional position and field study in relation to academic work? Search.

05:01

Okay, yeah, so my name is Dr. Goodman solicitors. I'm a research fellow in human geography, the University of Cambridge. And I am political scientist by training, but I mostly do anthropological research, which is sort of a mix of political anthropology with political geography. And I have worked on Africa, southern and eastern Africa for the last six years. And my current research project is on social and political effects of large scale infrastructures in Kenya. And I've been working on this project for nearly two years now, including seven month fieldwork in Kenya, spread over different periods of time, and I specifically focus on the SGR, the standard gauge railway and the locks. And so my research focuses on social and political effects of large scale structures at a local community implementation level. Yes.

06:06

Does that answer the question?

06:09

For sure that actually kind of went to your second question as well because as we have talked about our product, mainly focus on this tiling Cog Railway economy investment. So, I want to be how have you come across this cycle railway project in your research?

06:27

Ah,

06:29

to be honest, I was hired to work on this project. So, I, I came across it into the in the context of development corridors in Africa. That was his bigger research project implemented by six universities and they were looking for a research associate in Cambridge. And that's how I came across that this standard gauge railway that it was one of the projects that this big a research program was looking at and that's how Yeah, that's how it In my process, academic context, basically.

07:05

So they will trust you have some knowledge in relation to this product. And so

07:11

yeah, because I've been working on it doing academic research since, let's say, October 2018. It's been my fault. We'll have full time research capacity focusing on this project.

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So other time it was already finished. I think the first first phases or

07:31

Yep, at the time. Yeah, the first phase phase one had been completed. I think it was completed in June 2017. If I'm not mistaken, I'm not good with numbers. Oh, no. Yes. So, so yeah, my research I did research from Mombasa to Nairobi along the railway line that had already been completed and I also carried out research from Nairobi to swat and narrow at the time of the railway. Construction.

08:09

Right, good. Okay. So before we go into tomorrow, the specifics about the economic impact zone, we have some some general questions in relation to both tennis investments and also the keynote environment. Yeah. So so I'm not sure how much you focus on the Chinese aspect of this SGR investment or do you feel that you have some knowledge about

08:31

China as well? Or if I did interview, I would say, seven representatives of the CCC Cr. It was I always forget the name. You know, there's like this it implemented company from China. And it's like, China wrote something. It's like four cc's.

08:57

Rich, right? Yeah. Yeah.

08:58

So I interviewed Seven officials from that company. Okay, so I have well, and of course, and then I spoken to, I don't know how many representatives of civil society groups that always mentioned, both China and the contractor in various ways.

09:21

Yep, that's how So do you have more or less on video at least so?

09:24

Yeah, so yeah, so go ahead, you can ask the questions.

09:28

So our first one that would be Have you noticed any differences between Chinese FDI in FDI is from other countries in relation to investments in Kenya, Africa in general?

09:40

Yeah, that's, that's what I'll have to skip because, um, I yeah, it will be my impression rather than actual research and facts.

09:48

Okay.

09:51

So our second person then relates to kind of the

09:55

corporate governance of matinees corporation is kind of the state owned aspect of Chinese enterprises. So So do you think that the Chinese will embrace cooperation because it's owned by the Chinese government that it has any application for the SGR project?

10:10

Well, as far as I know, the implication is that the way the Exim Development Bank of China issues loans for these projects, one of the conditionalities, written into the project into the financial agreement is that the project will be implemented by the Chinese contractor. So, I would, say that there's a structural relationship, but guess what finance is issued by the Chinese development sector, but then the finance never leaves China because then it's transferred to the implementing actor, which is a Chinese actor as well. So I think that relationship is quite interesting to explore. This kind of special relationship between Chinese enterprises and also development bank's like Chinese Development Bank and the ExIm Bank of China or the but that gave Chinese companies more advantages or better opportunities to invest or give girls in Africa. I mean, usually Western companies, they don't really have access in capital, I think.

11:20

Well, I think so. And that's what I'm saying because so the loan, the loan agreements are made between the Chinese financial sector and national governments. And then the conditionality written into these contracts is that they will be implemented by the Chinese contractors, so of course, see, then get competitive advantage. Well, we don't even have to I mean, the Chinese contract is between themselves have to compete, which one gets the job, but it's already going to be a Chinese actor. So that's why they have the structural advantage in the current financial architecture of the global finance really.

11:58

Okay, perfect. So our next question then, in your opinion, how foreign direct investments in all industries basically affected Kenya over the last decades. So perhaps since the 70s 80s, kind of as well.

12:26

So I think in terms of where the Chinese investments like the investment coming pipelines coming from Asia, there's been a increase in the last 10 years like a substantial increase in both railways ports, road infrastructures, and service. I would say that in the last 10 years, there was an increase whilst before that, there was a kind of what could I call it? It was a bit not The there were like different investors from, like the, from different continents and countries that did not have the same financial leverage, as currently the Chinese finance has. So it was more divided rather than unilateral as it is now.

13:19

So what do you think there have been any differences between Chinese FDI is and, for instance, guys from Western countries or other countries in general, in terms of local impact in Kenya,

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The local impact in Kenya. I mean, I have not researched this, but when you kind of think generally about financial investments, so before the era of China, a lot of investments had various conditionalities attached to good governance, democracy, human rights. That was at

least the facade of development assistance that was coming from the so called Western world, wild China, they do not have such good conditionalities as you know, so and what they say that what the Chinese contractor said, what they say when you interview them, that they follow the national regulations implemented by the by national governments. So they are essentially the contracting party that does not look into the bigger political context that they're just doing what the government tells them in the context of well, national context. So, while at least that's the official discourse. So, yeah, so there are kind of these different political contexts and the way these investments translate

14:54

on the ground. So

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there is this general or broaden a narrative, I suppose, in the West that all Chinese activities are related to the kind of broader overall goal or a foreign policy. So how would you think that this SGR product fit with China's overall industrial policy?

15:18

Well, I mean, it's very clear it comes part of the of China's Belt and Road initiative. And within that initiative they have what is it called the marine Silk Road that they want to improve existing and infrastructures and build new infrastructures to link Asia with East African and the Gulf and in Europe. And the SDI is part of that because SDI in itself that like yes, whilst Kenyan government promotes their SDI as a form of national development, it can only achieve sustained state while substantial financial revenue if it this integration In regional and global infrastructure, infrastructure networks. So yeah, the rationale is that it is and that's why the Chinese have been funding good up until now, because it interlinks with this, like broader global and regional infrastructure that that China is focusing on. And that's why they are finding it while giving financial loans. They're not finding it that's a bit different. So I would say it's part of the Chinese strategy of infrastructural development and political influence.

16:38

So, what do you think that before there is this kind of general negative sentiment among West most countries and composite sketches, my guess Chinese involvement in Africa, could this to some extent be attributed that Western companies to some extent compete against China in terms of market opportunity? This in Africa.

17:02

Well, to me, the Chinese are not doing anything different.

17:07

Which I need to do in the Western powers have been doing for years. I mean, if you look at for example, Kenya's context, the first Railway, which was called the Uganda railway build from Mombasa to connect well, Eastern Kenya with Uganda was built specifically to extract natural real well to transport natural resources from Uganda to the coast and then further into the Empire, as well as shift military forces from through railway to control the headwaters of the Nile and Lake Victoria. So it was exact St. Well, of course, there were like substantial historical and political differences, but in a nutshell, infrastructure is a form of power. If you project through material artifacts onto landscapes to control people And influence political and social and economic development. So what China is doing is not different essentially in any way. It just takes a different manifestation. But the principle is the same. So this thing does not politics.

And of course in the in the current global context with the changing unipolarity of power and with China getting acquiring one more economic and political influence. I think both Western democracies as well as private sector coming from the west that cannot compete financially. They were the financial powerhouses of Asia, of course, they are threatened by that. But, yeah, I don't know

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if that answers the question,

18:51

yeah.

18:53

It is expected.

18:56

This is also kind of move on now to our a, we have some equity Impact questions. So I think that this project has been involves a very high cost in total \$3.6 billion. bureaucratic 9% was borrowed from China. ballistic, this high cost involved in the SGR code, it has limited Kenyan government's potential to invest in areas like health care, education or other important sectors.

19:29

I mean, it's difficult to establish a causal relationship. But in terms of the correlation between these processes, I would say that yes, because the project, I mean, that's some of money I think, is a third of the annual national budget in Kenya. So, I would, I mean, I cannot know as a fact, because I have not seen the documents and the decisions made at the government level. So I cannot establish the causal relations. But I would assume that yes, it has.

20:05

So much of the literature related to to fg eyes, you can suggest that there is a host country benefits from spillover effects. For example, technology transfers the notice been over says kind of new innovation that is faster by competition and so on. Have you seen any evidence, which suggests that the SGR projects have resulted in this kind of spillover benefits Kenyan economic development?

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I would say no. They the contractor, they hire local cheap labor for manual work labor, which anybody can do with a little bit of training. But all the high skilled quality labor comes from China. And there's almost there's no training and capacity building for Kenyan counts. But at that level of engineering, there's benefit a few cases. For example, when you go I've been to let's say 12 construction sites on phase two B and all the all the managers and engineers supervising the project are Chinese nationals. So the spillover effect in terms of technology transfer, I would say from what I've seen based on my research is non existent. And if you look into national media, they a lot of people make the same critique that the labor employed is low skilled labor was the high point of view skilled labor comes from China.

21:42

Okay, this is kind of what we're talking to some researcher last week, he kind of mentioned that it's difficult for for China, and this was which corporation to to really educate and invest in, is keen to workers to get I noticed because of this ethic, They're not really able to move with

the producer. If they pay a lot and invest in one Keno worker, then he's unable to move to the next area because there's some sad copy with that group. So that's why I can think it's easier for themselves. Could you see if there's any relevance to that argument or?

22:19

Oh, it's actually interesting.

22:25

Yeah, that's, that's actually super interesting. And I would say yes and no, like, Yes, I can see why this is why they would make that kind of argument because the lines of ethnicity and political allegiance are very well pronounced in Kenya. But that does not mean that it makes it impossible for a person of one ethnicity to work in another area, which has different ethnicity, because that happens a lot with political leadership when you go to counties and you see it You see kind of the ethnic makeup of the political leaders most of the time, they are not of the same ethnicity as the majority of the population in that county. So, so I would say the problem here, like my answer would be that this a, it's not treated. The problem is not really the Chinese contractor. The problem is Kenyan government that does not enforce these rules that would require to have a certain amount of local engineers who would be trained either in China or somewhere else. Because of course, from the operational point of view for the for the Chinese contractors, it's much easier to bring their own personnel, it saves them time and effort, and they just trying to make to meet the project deadlines and make the project viable financially. So I would say that this is a you know the the shortcoming that is coming from the Kenyan government itself, that they don't push limits or these labor regulations. They don't have the labor regulations for the manual work that that should go out, including the high skilled labor.

24:09

so so then we just say that overall best our product has posted on negativistic the Kenya's economy. Listen,

24:22

overall, I think my I mean, it's a bit too, too early to say, because the project itself, the first phase has been completed and was completed in May 2017. So it's three years. So I would say that. I mean, in the short term, I think it has been well, but you know, I'm not an economist, so I cannot answer this. Yeah. I would say that we need to look a bit longer term, what's going to happen? Now it's maybe still too early to determine that

24:58

today. Have it made any predictions yet or verticals expect

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in terms of the economics, this specifically economic impacts, I cannot say I can only talk more about social

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impacts

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all socio economic impacts at a local level rather than as a economy of the country.

25:23

So,

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in general, when we talk about infrastructure projects and railways and roads and so on, we expect them to increase connectedness. So it's kind of now this new railway between Mombasa and Nairobi, Kenya. We assume it will make it easier for Kenya to export and import both regionally to neighboring countries but also to foreign nations. Would you think that this has positively affected Kenya's role in the world economy as the unavailable to us to export a good morning So

26:02

in terms of exports, I would say no, because the main, the now that Italy is used for importing goods from Asian markets and apartments, so when you like it and it's very noticeable when you see trains going from Mombasa to Nairobi, usually there are full of containers. And when they go back, they tend to be empty. So currently, they're basically the structure logic of this and Besant is opening both Kenya and the region of Eastern Africa for the imports of Asian commodity markets, and the exports of Kenya itself. There is no infrastructure yet for that to happen. Because small scale farmers or even medium enterprises, there has not been any infrastructure or very little infrastructural investment to facilitate the connection between Kenyan farms and Asia. So I would say that it exports of Kenya I have not seen that from spending time in Kenya.

27:08

So kind of these imports from from from Asia then this associated construction of the SGR, there has been an growing trade imbalance between especially Kenya and China. So 2018 Kenya imported goods for \$3.8 billion, while it only exported goods 400 million the same year. Do you think that the trade the increased trade in Kenya and China, could we expect that to continue as well in the next few years?

27:40

Hmm.

27:44

That's a good question.

27:50

Yeah, maybe I mean, it's, it's maybe exaggerating that we're read existing dynamic, but it's not creating it a new the dynamic was already there. So yeah, I would say that It's exaggerating and facilitating it further.

28:04

So because it is now easier to transport goods from from the port of Mombasa doesn't make that they necessarily import even more than that it's become cheaper for China to send goods, sir.

28:15

Well, you know, that's an interesting question easier. What do you mean by easier because

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as you know, like the sci fi came in the direct competition with a long distance truck industry, because that's how the imports were transported from Mombasa country and fell into the region. And currently, in terms of the operational costs, transporting cargo Why is Yeah, or truck actually trucks are cheaper from the operational point of view that the Caribbean Kenyan government is currently subsidizing the costs of HDR. So it's being used as well as the introduced the national degree decree to mandate and all the incoming containerized cargo being shipped through SGR. So, so there are these political contexts and conditionalities with the Kenyan government trying to make the SDF financially viable, whilst from the operational point of view in terms simply looking at the economic costs, trucks might still be cheaper at this moment in time. So but of course, I mean, they because it's a large scale and national industrialization project they have to do this for now. But in terms of the costs, I think, now that it's being buffeted by the Kenyan government itself subsidizing the past.

29:42

So in terms of local industries, to To what extent did the Chinese rubbish Corporation utilize a local industry, cleaning industry, local linkages with suppliers and so on when constructing desks or and sorting materials,

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from what I know and why The representatives of the corporation told me the only subcontracted party. That would be Kenyan is the salmon. They only supply salmon locally. Because it's available in vast quantities, the rest of the materials, as far as I know, are being shipped from China. So

30:20

and Is this because of kind of the high quality required in railway construction? Or could this good also be produced in in Kenya with the same quality or price?

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I actually don't know. I would assume that it has to do with the conditionalities written into the financial agreement between China and Kenya. Because these things are determined politically when they want to sign these loan agreements. And you know that the big chunks of them are not available for the public to see So actually, we don't really know what kind of agreement has been made.

31:04

So I would, yeah, although recently they've been revealing some

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really good negotiations. Yeah.

31:16

Yeah. Because also they're not totally heard was very little transparency about what actually had been decided about

31:24

between Kenya and China.

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Yeah, because the actual financial agreement is not available to the public. And it's interesting that at one point, the President Kenyatta said that he will reveal the contract to the public. And then immediately after the I think it was a Minister of Trade, and China said that it's, it cannot be done because one of the conditionalities of the NEC contract says that it's confidential and can't be revealed to the public. So of course, that opens a lot of room for speculation and anxiety because nobody knows exactly what happens.

32:00

Now also some community related questions. Okay, good. So have you found that the key in both acumen government and also the Chinese will image Corporation has respected and accounted for things like identity culture and interest in lives of local communities in the construction of the SGR project?

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Okay, so there are two levels to this question at an official level, I would say, although you're asking about specifically cultural identity or in general,

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it just examples, okay.

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It just, I would say that at an official level, the the state and the state authorities are saying that they are doing that. So for example, if you interviewed Kenya railways, or the Ministry of Transport and communication, which is responsible for overseeing the development of the project, they would say that they have and that they have followed social and environmental impact. assessment, and that they did consultations before, during and after the project implementation. That's what all the representatives that talk on the kind of behalf of the State will tell you. So that's the official state narrative. However, because I've done well seven months of field work with these communities, that's not what they say. And multiple examples of how live integral practices, spatial arrangements of villages, access to land access to what has been, have been fundamentally altered by the SGR railway line, and they have the issues that the communities are faced with now are not effectively addressed by anyone. So I would say that on the official level, yes, they say that they are doing that the Kenyan government but when you Work at the community level, you see that actually it's not the case. And what happens? why that happens is that often, the community consultation does not even happen in the first place that so they can airways has this structure consultation, they have community wise some officers that are supposed to be engaged to engage with the community, but they often only engage with the chiefs of those communities. Because I mean, when we say community, we cannot assume that community is one homogeneous entity. There are a lot of inequalities within these communities themselves in terms of gender, gender, age, socio economic differences. So what happens is that in these consultation processes, only men, mostly men, and men of higher socioeconomic status, get informed what is going to happen and other people if they are not informed about these changes. So yeah, that the answer would be like, I've gone myself that at the local community level, the impacts have been negative, and they simply outweigh any positive impact so far.

35:12

This kind of they are raised from poverty and so on, but that's not really viable. Sorry, can you repeat that? Sorry, for our little thought. China argues that they are raising these local people

out of poverty that otherwise would be dependent on fieldwork or just government said, money or something like that.

35:38

Not really, no, I would say that happens at the more kind of short term, when these people get employed as manual day laborers for the contractor. Yes, in that period of time, because it gets stable financial income on by weekly basis. Yes, it ameliorates. The lights in the short term, but when the contract is over, they go back to the same as before.

36:09

So there's simply not enough learning taking place so they can get a better job after this or in the portal. Other infrastructure products, for example.

36:19

Yeah, for the majority of people, no, some people managed to do something with those skills and transfer themselves to work on other projects. But that's is that is the minority of cases from a majority of people. No. Okay.

36:34

So there is a picture that indicates that China would be let's consider the human rights issues compared to Western companies that invest in Kenya. How do you consider that and what implications would it have on Kenyan workers if it's true?

36:50

I think it really depends per sector. That we, that we cannot kind of generalize sick Chinese investments. I think we need to look Whether it's like Chinese industrial investments or investments in, in, like manufacturing or agriculture. So I think it's very easy to make to make that argument to say that Chinese have less consideration for human rights than Western companies. But I think that my answer would be that I cannot answer this. But in order to avoid generalizations that might be based on some racial prejudice. We have to actually look case by case. And there's actually this I don't know if you're familiar with his work. This is an economist at sauce. And his name is Carlos Euler.

37:55

No, that's really not me. That's at least maybe I read something about it. Though

38:00

recently, and he does research on that specifically, and he was I think he was comparing different Chinese investments per sector in Ethiopia. So you might want to follow up on that.

38:14

Okay, so some of Chris's also called calf costs, and some some, instead reported as taking place in Kenya, for example, like, there have been racism and the cold monkeys, for example, and they are not allowed to eat with the Chinese superiors, they are separate in the cafes, and so on. And that neighbor occasions when we are harsh at work, sometimes 56 hours a day with very little salad compared to these workers, for example,

38:38

get guess that this separation is that but I would say that that separation is pre existing because the same thing happens in China. There's a lot of social hierarchies that lower skilled staff

would never spend any time with medium or high skilled staff. That are always the social and cultural boundaries between these people. And of course, in the Kenyan context that is pronounced. I mean, that is very visible because it has to do with racial race as well. And yes, there has been. So to talk specifically about my own field work, yes, I have come across many instances when people were saying that they were being physically abused by managers from China, so they're being beaten up at the construction site or not doing work properly. And that happens because of the communication issues because most Chinese managers don't do not speak English, or local languages or Kiswahili. So the point is frustration and that's how they communicate which is of course ineffective and it is a human rights violation. But what I found really interesting Actually that what you don't hear in, in in in local media or international media is that local people themselves organized and they retaliate, because on several cases, people told me stories of how, when a Chinese manager would beat and a young man at the construction site, all the workers would unite and would beat the managers, and then the managers would have to call the Kenyan police to intervene. So, of course, that doesn't make the news. But I think it's quite interesting. And of course, I'm not saying that it's the same Of course, the structure relationship is there. And they, the workers are at the mercy of these managers because they can easily fire them. Yeah, but there is this ethnic, ethnic tension. And the same way you engaged with, with local communities, a lot of them are incredibly racist when it comes to Chinese people. The way they describe them is databases. So yeah, Ethnic tension is that

41:01

sort of escapism goes both ways. And

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yes, absolutely. So.

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So our next question kind of touches upon this a little bit. So, so to talk about these cultural differences that exist between the two countries, leadership and work style and religion and other expressions, for example, how have they been dealt between the two countries? I mean, are they getting over it to some extent or can collaborate or?

41:32

I don't think they are being addressed in any way because it's something incredibly difficult to address. And you know, the so when we say the two countries, like yes, we these are the abstractions that we have in mind, China and Kenya, but the way the real interaction they encounter happens, it actually happens with the contractor, the Chinese contractor that is implementing the project, and then local community and local governments that kind of meets it. contract at that ground level. And the contract is interested in getting the project done and meeting the project deadlines. And the community's interested in while standing up for itself and not letting the contractor do whatever they want. And that's where the conflict happens. And it's just I, from what I've seen, there is no grand, unique strategy, how to deal with it. It's just being addressed on case by case basis. So for example, the Chinese contract and that's what they told me that they find it incredibly bizarre that the local communities are protesting or blocking their work from happening. When it's something that national government decided to do in China. This would never happen because this if the central government decided to do something implement the project, the local community would never protest that. So Chinese find incredibly frustrating but then something that no the national government agreed to do then the local communities are protesting against happening. And then the way the local

communities engage with the contractors, they know that it's a state development project that then it's the contractor that is on the ground. And then they want to get something done. For example, if they want to have access your build, or water point provided for them, they block the workstations and not let the contractor pass until they do it. So and that happens each time like when there's like a confrontation is negotiated between the two parties, sometimes the involvement of the local government or police but not all the time. And I've witnessed those confrontations myself several times. Now communities block the roads, they build, like put stones on them branches, all sorts of things, and they not let the cars pass until the manager comes in. Then you negotiate the deal, and then they let them go. And police just observe these things. So I Yeah, that says that like it's negotiated case on case basis, but there's no grand unique strategy how to deal with this and

44:08

this is so overall What do you think that this SGR product has contributed to increasing or decreasing poverty in Kenya?

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I think it depends

44:26

where exactly and to which groups.

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So, the answer cannot be yes or no, but you need to look for socio economic group and sector. For example,

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in some areas like Boise where people got substantial competence financial compensation for the land that was taken for the railway construction. They managed to reinvest that money in something else like real estate development. And as a result, the livelihoods have been somewhat improved. But you also have people who were squatting on the land that was taken for the issue investment. So effectively, they were working and live working that land and living on it, but because they were not official owners, they never had any financial compensation. So then they become landless, and you have to go look for land somewhere else, which is very difficult in a highly populated country like Kenya. So, so yeah, the answer cannot be you know, unilaterally treated depends which area and specific dynamics how it plays out.

45:42

On an environmental aspect, have you noticed any indication that she needs infrastructure investments in Africa would have more or less environmental damage as compared to, for example, Western construction companies?

45:57

I can react to that question. I'm afraid with much authority.

46:04

Okay, so so then

46:06

Buddhists think that Kenyan environmental regulation says provide an adequate protection for the kind of sensitive ecosystems and biodiversity like seeds in Kenya, and both the Kenyan government entities within the British Corporation will respect these laws and obligations the moment

46:25

No, they happen because the the strategic What is it called social and environmental impact assessment was not done properly. And that's a fact in the in the context of Kenya, for example, when they decided when the government decided that railway will go through the National Park in Nairobi. The decision was made before the environmental impact assessment was made.

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So and the actual assessment the bones have published, they don't change any of the decisions or

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I mean They didn't change the route of the railway. They did some implementation, I think they have, like sounded using some sort of additions to the railway track, so not to disturb the wildlife. But they're out there with itself going through the trailer park. It never changed after a lot of civil society mobilization of contestation. So I think that's a very good example of how political and financial decisions dominate any other considerations.

47:33

There's also then in either this SGR portrait and other infrastructure experts in Kenya Have you received the Kenyan government has lowered its environmental protection laws to make the nest as more attractive and feasible.

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I think for me, so I also worked on upset I think they didn't have a detective was in the first place because I made it No, no Was there that they will not follow through because these investments the same thing with lapses with Lhamo port construction, the construction started before any license from National Environmental Management Authority was issued. So, so maybe so I would assume that the question is not how stringent these regulations are, but that the Kenyan gun is actually not willing to follow them in the first place. So then if you are an investor that is only interested in making financial profit, and don't have much consideration of social impact, of course, then that becomes a very attractive investment environment.

48:43

So so so then, on another note, perhaps you have seen any positive environmental effects from this str construction?

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Well, one interesting thing is that the movement of wildlife along Aisha and Mrs. Like, and that's a double edged sword because on the one hand for example, the the SGI goes through the SIBO National Park,

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which has a lot of elephants.

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So, and due to the very material construction of the railway, it divides the park into two. So they build underpasses for the elephants to pass and go from one side of the park into the other. And there's been some research being done on that how it is affecting the wildlife movement corner doors. And, and the positive impact from the social point of view. That is that no, there's a lot of wildlife human conflict in the context of Kenya that for example, elephants attack like they destroy humans crops and farms. So now with this wolf That movement of wildlife some communities, if they do not live next to the underpass, or wildlife, they find that there's less movement of elephants, so they feel they are sheltered by the wildlife. But that's from the social point of view wrong from the environmental point of view.

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I cannot answer that.

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So there are also been the kind of reports that the amount of dead wildlife animals have increased since Chinese workers got there. And there was speculation that they use rhino horn for example, or elephant horses on traditional medicines and so on. And also hunting those sports.

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Have you seen anything like that or?

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No, I haven't actually no. Okay.

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So now, I will like kind of last thing that is kind of the government government impacts on these investments. Yeah. So have you seen in your search, you can know that this investment in SGR Railway, could perhaps fuel or escalate corruption in Kenya? Kind of orient to the attorneys? lack of transparency in?

51:15

Well, yes, as we already discuss, because the financial agreement between the Kenyan government and the development EXIM Development Bank of China is not available for the public so that that is rampant for a lot of corruption. Because the actual financial deals we don't know what it is.

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So

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how do you think that the Chinese investment in SGRs affected the relationship between the Kenyan and Chinese government?

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Well, I think you know, what, kind of capacitated the partnership even more because, yeah, well, I mean, given the state visits and you can get China they're still in partnership between two governments.

52:04

Yeah. So I would say that increased

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are now kind of there's literature that indicates that China will be more skeptical towards human towards democracy in developing countries and kind of this being consensus whether those things are tested and they want to separate business from from political politics. Is it true and how will that affect human governance? We can have increased Miss governance to some extent, or

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what when? I mean, so this is not the first time I've been asked that question. And I think the real culprit here is the national governments themselves, because rather than blaming China for you know, increasing human rights abuses, actually what the local governments do themselves, trying to hold basic human rights so Yes, when the local governments are somewhat reluctant to do that, if the donors or funders do not have these conditionalities, then yeah, that open space for a lot of abuse.

53:14

So to think that kind of the Western way of doing this with kind of requires requirements on reforms and the Western Washington wave, would that be better in the sense or we should have been a different way or?

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Ah,

53:34

I think yes, as I said before, I think the essential structural dynamic is the same. It's about opening these countries and spaces for either importation or exportation of goods, commodities and capital. So the structural dynamic is the same. It's just the the kind of official discourse or symbolic facade of these dynamics is Now rated in a different way. And discourse, the China has said it's doing business and just business and there's nothing political about it, whilst the western way always had that liberal liberal democracy undertone, which I think we have to be very critical of because the same justification was used during colonialism. You know, supposedly, Imperial hours would bring your education, civilization and religion to these, you know, to the new lands that they supposedly discovered once the rationale was of exploitation of both resources and people. So, I don't see myself as a scholar as an academic, I don't see these dynamics in a very different way. I think they're essentially similar.

54:48

Suppose kind of back to the in depth situation. This loan of close to 3.6 billion is further increasing Kenyan debt to China. And around 72% of their bilateral debt is owed to Kenya and around 20% of their external debt also to China when you think that this kind of loan dependency upon China is limiting Kenya self governance or self reliance to some extent or 100?

55:19

Yes, yeah. 100% and I'll give you an example. So you might have seen that I mean, as you know, the NCI has three phases. And the third phase to be, which is from Swan Iraq, to Kisumu that China has stopped the funding now. So the funding has been put on all. So the SGR has

not been completed, and it's questionable whether it will be completed and that puts the whole financial viability of the project into the question, because the project only becomes finance potentially financially viable. If it connects Mombasa with Lake Victoria and then flows into the region, so when the Chinese called withdrew the funding well for now, it shows how the national development vision that Kenya has which is embodied in vision 2030 with SDI being one of the flagship projects is fundamentally structurally dependent on the on the Chinese financial class. So, yes, the National I would say national ideas and aspirations on development, yes, they are fundamentally dependent on how the Chinese financial sector plays out and what kind of processes happen there and how they perceive the investment risks in both in Kenya and eastern Africa.

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So, so, what what kind of happened. Now in this next phase, for example, if they are not given any any load from China could could do a step in there or differentiate themselves or

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Yeah, I mean, I think that these are the options that they will have to consider okay.

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But in the current global context, I mean, these kind of loans are not easy to acquire.

57:18

I think

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so, so now, with this kind of increased enablement in Kenya or North Africa in general kind of open China stepped in and built all this empathetic person kind of taking over the West Western activity there which was dominant before China would you think kind of know when West moves away a little bit that it has kind of this Chinese activities in Kenya is kind of worsening the relationship to the west kind of for Kenya.

57:55

It has been embedded in way

58:00

Guess that that's not specific to Kenya? I think that's a global trend.

58:06

And the

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western investors specifically Yes, but it sort of doesn't matter because the financial class and and the sector like it's increasingly intertwined with each other when you look at, you know, London, Shanghai, New York, all the traders and investors, they have shares in all of the markets. So I think that sort of Western Chinese dichotomy might not be the most useful, like, maybe it isn't anymore. Because what is what's, you know, is there such cultural identity as the West? I mean, I would I would question that.

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But but it has been before or any kind of become more news now.

58:56

Yes. I mean, there was with the Washington Consensus, obviously You know, during the Cold War and immediately after the Cold War, it is it was there then with it changing your liberalization of the world economy, the kind of this cultural slash liberal democracy identity, I think is, is changing. And I mean, when you're I don't know how relevant This is to to research, but I mean, when you look at the same the West is now dealing with the COVID pandemic, there's no such thing as the West. I mean, it's something that traditionally was considered the West Western Europe and the US. I dealing with it in fundamentally different ways. The, you know, the US has stopped all the, you know, impossible districts travel restrictions from Europe. So the West in itself is fundamentally not not is divided. It's not unilateral in any sense. The same with trade agreements. So yeah, I don't think it's as relevant anymore. was in the cold war and immediately after? No,

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it was coming in as a replacement or is it just more differentiated now in general the world?

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Ah,

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I would say I mean, there's no I'm obviously there's no unipolarity it's more multipolar in terms of you have China you have the US you have drapes and and i mean even your European Union itself is kind of splitting up into different regions of power influence. So yeah, I mean, so, I mean, what do you sociologists call it balkanization of the world? I don't like that terms specifically, but it does show the trend of kind of fragmentation of the order that the fourth we have.

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I haven't heard that. I sort of see the meeting in it. So some extent.

60:56

Yeah, I don't think it's a very good term. I personally don't use it a lot, but I didn't know I remember that now.

61:03

So So lastly, we just have two additional questions. So now when we have asked these interview questions, kind of in keeping in mind our objective with this stable development in Kenya and the chase woman, do you think that we have forgot to ask you or something that could be relevant?

61:26

Not that I can think on anything at the moment?

61:30

Well, I think it's okay. What maybe you didn't ask is the if you talk about kind of political and financial accountability of these processes, at least in the Kenyan context, I think we also have to acknowledge the role of civil society groups and how they intervene to these processes to hold both the government and the investor accountable.

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Well, they do that to any successful extent or

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Well, I mean, not not so much in HDR like this. Yeah. It's been quite difficult.

62:02

But when you look at lab set,

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the civil society group called Sabe Lema, he took lakhs of development authority to the core. And they actually won the case. They, I think they had, I think 13 points on which they took the laxative on on 32 the High Court of Kenya and they want on each case that the that they had and then the now the processes in the appeal. So and that was unprecedented in the context of Kenya that the civil society group won the court case against the State Development Authority. And and then there was another infrastructural investment which is well it's called plan to also in Lhamo, I don't know if you've heard of that. So that coal plant power coal plant was stopped altogether because of civil society mobilization

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Why don't they kind of argue against it in this or sense and the power plants as example but what do they consider to be negative?

63:09

Well with a pilot like coal power plant was simply environmental impacts and social impacts that it was a form of unclean energy that should not be invested in at this moment in time with a llama port, the visible the project, when it started, it did not have a license from the National Environmental Management Authority. So technically it was illegal. And then the way the in the impacts on the local community Fisher community that the destruct disrupted the existing fishing routes, and the livelihoods that were that was also determined to be the case. So I think that that case actually shows a lot of hope that the civil society itself can challenge these investments for being socially and environmentally destructive.

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And do this kind of rulings of the court has to be followed, or could the Kenyan government just stick around it in any way? or?

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Yeah, so that's another question. And it's quite sad that.

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So this, you know, that like the political power of the government, the executive power, and then this judicial power, and the rule, the I mean, in the favor of the civil society group, and technically, their investments should be put on hold, they should stop until further investigation and further court ruling in the court court have to wait for the result of the appeal. And the project continues. The port is being constructed as I mean, I was there during the whole process and the constructions are still going on. So it shows that there's this political disregard for legal regulations and principles that can ensure that it's not So that's a that's a fundamentally kind of unsettling dynamic in Kenya that the executive power supersedes any other problem can

65:13

look up if you try to take a helicopter perspective and see this SGR visit from abroad and keeping in mind these economic environmental community well being governance aspects that we can investigate. Would you say that based on this, this SGR constructed and had an overall positive or negative value to Kenya locally?

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Like at the level of tenure or the level of communities,

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both of both.

65:48

I mean, that's the thing is that it's not black and white. Like I would say from middle classes, it was a positive investment, because it facilitates them ability. From Mombasa to Nairobi and vice versa, to some extent to some medium businesses as well. But for more precarious, vulnerable urban and rural populations, it has presented more challenges and opportunities, as Kenya as a country in itself has created the big and unsustainable public debt and structural dependency on the financial sector sector in China. So, I would say that it has presented more challenges than opportunities up until now, because it's the initial stage of this investment. The way it plays out the future, there's a possibility for improvement if the Kenyan government works on creating integrated infrastructures that links the SGR with existing social and economic landscapes of Kenya, but that is to be determined by what happens in the future.

67:06

Well thank you for that for your valuable insights, the perspectives. No problem. I'm happy to help.

67:12

Very useful Actually, this is a Where have you participated?

67:15

I'm happy to help you. I mean, if you have any questions in the future, let me know. Otherwise, I wish you best of luck in completing this project,

67:25

sir. Sounds good. Thank you and have a good weekend with it when the time comes.

67:28

Yeah, thank you very much, YouTube, guys. Take care. Take care.

67:32

Take care. Bye bye.

Aaron Feng

00:00

Speaking just now Swedish

00:04

What? most biggest

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Swedish that's only major language.

00:08

Swedish. Nice, nice way. So you're from Sweden.

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It was just Sweden. Yeah, but we're studying Copenhagen.

00:16

Oh, that is nice. Really good friend from Stockholm. Yeah.

00:21

Cool in

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us or studying with you.

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He was studying with me when I was in China. And yeah, he's really good Chinese now. Um, yeah. He is promoting a lot of the wrestling about the herd immunity about off speeding recently to me about the COVID huh?

00:48

Yeah, there's been some excess hoarding of toilet paper especially.

00:54

Nice, nice.

00:56

I don't know if David will be here today. But I would love to I take on the question you guys sent me which is like a long list. It seems like your guys I research question. First, I would love to hear I guess, about a project that you're doing. And I know like you have personally introduced I'd love to hear more will subsequently and I can make a I guess a brief intro of my the project I was doing for that.

01:28

So we are this discussion is that our master seasons now that we are expected to turn in mid of May. So in this sequence, we decided to focus on this str constructors we're interested in kind of change activities in Africa and what it means for local development.

01:47

And because

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this str was very significant in terms of like the money involved in it, and we kind of wanted to make a case study on that and focus on different angles of this book. The Chinese side and also also the Kenyan side. So that's kind of a little bit of the background and then you can assess

this impact of the construction we can have older sustainable development as it will be will be interesting. So that's kind of how we found these different parameters to study

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and be as poor as possible.

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Nice.

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So we're gonna say may is that right now or next year,

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this year, so we'll just make like one of those.

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Okay, so you guys have already finished your

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season. So we need to give an expert so far and apologies to our list economist and so on and we cannot have coded and quantify the response to your last interview.

02:52

I see. I see.

02:56

Nice, okay. Yeah. So I can just Berkeley interviews So our projects and then I can go with the question here. I know it's a long list. I don't know how much I would cover but I was making a black conversation. And so for me, so I start as in this price, so all projects was basically environmental impact of the Kenya standard gauge railway from kind of evaluating environmental impact with it and also the decision making process of how this investment was made initially. And last year when we are on the ground, we also investigate what's going on with the phase two and three, which connects the Nairobi with Kampala. So, for us we really want to learn the phase one that's from Mombasa to Nairobi phase how that affects the second face which should move us from Nairobi to now Basha Which is close to the border was Uganda. So we were mostly evaluating the environmental impact of it and the process how decision making process was made and how the road was designed, what kind of like consultants or advice free or interaction between Kenya government, a different stakeholder and the process coverman Railway cooperation CR bc on Chinese through British cooperation as well as like the bank export acting bank, China ExIm Bank, how does financing process have gone? And what is the perception locally? And what is the perception of within the Chinese community in Tanzania in Kampala as well as like the NGO side and the African government side different government stakeholders? So that's how we subsets our study how we differ This was basically we start are a research what is Tegan scholar? ideal? She was study. So she is a wildlife conservation was and there will be. But she has been since she spent a year here ideal that basically looking at the Chinese investment pattern in Africa. So we start with that. And then we decided to dive into specific projects and those since she has a lot of connection on the Kansai. So we decided to do SGR on so that's how we came across. So my two other teammates who are not present here, as including David who is from United States, and Paul from Uganda, and me personally from China. So we compose so diversity bank be

able to reach out to diverse stakeholder in this process that really enable us to see a whole picture because we have seen life Really polarize like opinions or picturing of this studio project. Welcome to the Chinese media and like local African Kenya media, so we want to know the story and the neons behind it. So that's my first I guess a personal question side for general question. Have you noticed any differences between Chinese FDI FDI from the country in relation to Investment and Kenya what Africa in general? So personally, I didn't really look oh, I definitely did a semester research on the pattern. I on the top of my head, I couldn't like describe it really clearly. But I remember the FDI in China, I think that McKenzie had this report really high level about how is this FDI from Chinese side flow is specific sort of sector on that including mining transportation. Manufacturing on certain industry, I think, since I didn't really do a few more combat studies, more modern secondary research of reading a lot of the people who

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wrote before, so for my perception, yes, I Chinese FDI

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have very specific

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sector exposure. But a very interesting nuance is I found out even on the ground, there's also Chinese related foundation. So one of the biggest foundation in China called is like a state backed state home foundation call property elevation foundation. So they are doing a lot of like refugee like, kind of helping the refugee with farming, especially from South Sudan and in like, East Africa, I think I remember that very clearly about that interview with the person because I was I didn't know about, oh, Chinese foundation do this kind of work as well, but it's definitely affected. But it's not really publicized in the Western media. So I think so I think in general on the Kenya side, I think focus a lot so so I think one thing I also realize on the ground was SGR is definitely the star project that are purchased by CNBC that's most visible because you have stirred a lot of public attention. But I definitely underground see a lot of like, a projects into like highway that was really common across different state owned enterprise. So in China, there's a lot of SAE and the one that's under pay for the this the SGR one was undertake by S. Soc under Department of Transportation. And China is also used to be a department of the railway, but eight got incorporated into companies. They don't company in 2008, or 2010. I don't remember but they Also have different smaller subsidiary company of smaller states several enterprise they are beating a project on the ground between like competition between different SAP competing on the ground for different project. And there's also a cyber hydro, which is a really big hydro company at that focus at the end, but they are not only going to get they also do bt project and like railway transportation, whatever, but definitely str is the most visible one. So I would say I think the Ministry of Commerce from China lifted they used to coordinate which kind of project which different so he can, but I think they lifted this kind of restriction in 2017 from my research, which means Chinese compete on the ground, whatever they want it like not being coordinate in Beijing, which I think is the market efficiency of like better project by the quality. whoever's bets at do something can be toward those. And it's very interesting, I think the pattern of Chinese investment as, um, so usually those big SLV beat for project, bringing along the investment side, the loans from axing bank asked for Import Bank. So it's very different from war bank, or is to model that a war bank and IFC, like you opened it at the same time, I think Chinese, so so we also be we're big IFC projects. Well, I'm the one that before the one on the project, especially on the electricity infrastructure on Transmission Line, I think that's really common for Chinese to in that in Africa. Yeah, I think the Chinese

will focus a lot of infrastructure development. I think that's rooted in a lot of culture of like how roads and railway and electricity can bring in elevated people on the property. I think that's a really common Reception I grew up in because half of my family work for sacred in China, which is like a state owned like electricity transmission company, which is pretty big. So I think that was a preset cultural concept to be introduced to Africa because Africa, a lot of African country on my heart on China to welcome over time. And they also admire the fact that China has like long to come with condition like most of the Western World Bank, loan, like was certain condition, check and balance. Chinese just focus on efficiency. So if a lot of African leaders especially Kenyan kind of election cycle of the five year election cycle, they need to have results and Chinese loans and the speed of construction that feed in that like political cycle of like positive risk response.

11:59

So Second question about this the fact that okay has any implication CRP c owned by Chinese government hasn't been? Um, so I would say stay on price. That's like a really big topic. The second question, CNBC is definitely own so it's under this chain called Chinese communication. Construction Company. CCCC is the like their parenting company on the parenting company. They have three subsidiary in Africa, CR BC is like in charge of like Kenya and Canada, like that's their region, CRB C's in Kenya and Uganda. And I guessed for other subsidiary I think that one was harbor engineering. I think that's under C. C's, I think they're in Tanzania, so in different countries that have different in my those subsidiary and even within the US, so he so I would say the implications for SGR I would so I think that kind of a sale enterprise background definitely bringing along at the same time when they do the construction because I think a nice long calm interview the only one condition as important as we have to use Chinese contractors so I think that's the implication here sort of questioning Oh pinion how foreign direct FDI affect Kenya last decade I'd say definitely bring a lot is like infrastructure development so I think there's a lot of positive communication associated with the FBI. But at the same time from my asset, salvation was asked to environmental students I've seen a lot of sacrifice that feel but for example, like a car as you probably know a cross through Savile nation Park as well as that. So also the Nairobi National Park. So someone is your partner It's phase one, which they didn't use a bridge. So the elephant has crossed over this like little like heel to or like really small narrow wildlife passes. So happy occupy by, um, by human passing by and there's like settlement around that so it really doesn't function well and the narrow financial part that makes this huge huge like, like bridge, which I've seen person I think it's definitely really intimidating even from a human perspective because of the bridge was so big. So for me, it definitely has a lot of implication on the environment and no special sigh of like involvement how like, like this type of like big development excites Kenyans by the same time definitely have a lot of human life on wildlife conflicts. That's the one thing. First question notice both difference between Chinese FDI is funnel western country in the local in Kenya. Yeah so I think right now most Chinese FDI goes to infrastructure I think I heard or bank y FC have like slow down will pause a lot of investment to infrastructure because the ecological footprints or because he just so hard compare because the condition versus like Chinese one there's no condition of course as the Kenyan president I will take on whichever like can take me fast to results so I think this kind of like fit in the

15:35

Chinese like the need for export this extra capacity of manufacturer meets really well with the African government needs to do all of it and resolves and in a short pace. So I would say that kind of like match up. Make it why like Chinese FDI grew so fast over the last decade. Um, so definitely, there's some Different process and five fifths question How does the investment str

fits with Chinese our industry industrial policy? So I think there's some very interesting that I realized from literature review because China has an extra capacity so that's why it's called the war factor you need to manufacturer keep manufacturer to keep the TTP growth. I try to like it's very interesting that all like the necessary infrastructure to finish the build like huge gigantic bridges and like big roads and highways and the high speed rail. So China, like each reach a point of like infrastructure on like, kind of like a sexual ration, I would say within China, so they need to export that capacity because they need to maintain that GDP because they would need to feed thousands, millions of people who work at those like they know enterprise. Um, so. So that's why I think you can export that bill. manufacturer capacity to feed the animals that you need for the company. In your first 36 question as affect countries in the West, something's going to compete against China plus many opportunity contributing negative sentiment among Western culture. So I would say the six questions really, because it's really seamless colonial like the post colonial Listen, I personally think if the Chinese even asked like, from an African perspective that the West have a vested interest in Africa, and he doesn't want that to be going away because I was in Kenya was like shockingly very interesting. There's no Starbucks there's no American influence as someone coming from or living in the United States or being influenced by us so much that I realized oh, okay, I was really fast they still interested by Britain's like UK by friends like in this, Africa is a really predominated by this, like colonialism that like the West, like, presumably like take on a lot of those on like infrastructure projects. So I think there's a very interesting to see how China became a rising power that really challenged the status quo of like Western influence in Western Africa. So I think that's really interesting to me to see Afro Chinese grabbing in the lifetime of a rise of a country on my country and how is that influenced globally and pose a challenge the existing power? Um, yes. So I guess there's a powerful general question.

18:46

Um,

18:48

I'm gonna pause for like seconds. Do you guys have any question on? Yeah.

18:57

Well, I think you've covered most aspects Yeah.

19:02

Yeah. And the products like that the market competition in Kenya between the Chinese firms so to speak in to, like, what kind of progress are we talking about? We're talking about small small products or is it with two which are large? Are these? Yeah, competing products?

19:24

Yeah, that's a good question. I think Chinese company where excel at providing low cost and fast construction of infrastructure. So usually these large projects versus the West, even actually before I was looking at this project of like, improving a transmission line in Nigeria, other project, originally, I was looking at the Italian utility, and now I was thinking about it now being behind Because you now have exists, there was the interest. But then I realized, oh verse light when we see the competition between Chinese state grids like a Chinese electricity giants versus Italian one, I see two Chinese one can provide much lower costs, better loan agreements, that more fit was what Africa government wants. I think it was very interesting for me. So those competition are more infrastructure space, and like those like traditional industrial space, rather than like commercial space. I've also seen commercial space because one of the biggest

smartphone company Africa is a Chinese company that doesn't even sell smartphones in China. They dominate. I know for Uganda, they don't be 7% of the smartphone market. Which is crazy for me because I don't ever heard about that company when I was a child. But but they just like dominate the smartphone market and he will hallway dominate how like the 5g I don't know like from my perspective for the mall our payment is way ahead of sticks because mobile money on pass on ko ha those are really good mobile payment and can be konza on so the people don't need to bring as much versus by the United States you still have a great cash and card what Europe or so it's like heading towards a I think definitely the new commercial space I technology. Chinese like compete with a while. Yeah.

21:52

Could you can we move on to some economic questions then you can ask for these as well. Sure, sure. I can go so you found it.

21:59

Question we will have more follow up.

22:03

I do have some questions but I think they are covered by my later lessons here actually. Okay.

22:09

Yeah

22:12

yeah has a high cost of str limit again government protector investing house care education for security on the importance sectors. Uh, yeah, I think those are this is a really good question. So I don't I don't really see I don't really know the answer to this because I definitely see as a government you have the struggle between oh how do well to your tax revenue into this different spending but thanks questions like so bent that I don't really know government perspective like Taos Campo which one first, which ones are most pressing for them? But I think definitely, as I mentioned earlier, the cultural narrative of like, so in China, we have this same say if you want to Rich for those like crawfish like impoverished area you have to build a road I think that type of narrative of like building road with bring wealth and the moment is as like straw only to buy China Chinese for so much into railways so much flow into like highway and those energy projects. So I think I think definitely the healthcare education for security and auto sector is important. But I think because of this non narrative I don't know if all African buy into that but I feel like can fuck on it definitely buy into that argument. That's why they prioritize this of the railway so and much second question, Wonder literature. The War of the USA hosted who benefits from spillover effects such a technology transfer knowledge transfer incurs competition. Evidence shows us VR without experience benefit can. Yes, I think yes, I would say when I was doing literature review I definitely don't see it. But when I was on the ground interviewing Kenyans I definitely there's is spillover effects because even if this were a really interesting, the rail the like, the train card, they actually like the operation. And it's like in Chinese, which is like really crazy for me like is like so you have to have a Chinese engineer to fix if the engine was broken. And you're like, oh, they're like, we're like trying to make a more English and study, I guess. Kind of like, make can study Chinese. So there is a kind of like this type of like popularity that more you can study Chinese by the same time I think Chinese company definitely tried to train the camera with a cooperation to be able to wrong the input to it. On the engineers from Cedar is for over a fact of knowledge spill over by right now the localization is not perfect by thing. Chinese is learning to do that

on. And I think on the labor side that you probably asked later is I feel like there is a perception within Chinese that Kenyan like laborers construction worker are not as efficient as Chinese Import Export one, which I understand because there's a cultural differences are friction they're about what is expected or how long suspect to work. So I think that's definitely

25:44

a problem. I think as China become more globalized is learning to do that. I would imagine and I think I remember when I first I went visit one of those like solar manufacturer to Soviet China before that in porn, a lot of Germans equipment. Yeah, not all of those language are in Chinese or English or the oboe in German. So I would imagine it's like similarly, when you have a technology transfer equipment sales, it's really early when it's early on, there's a very core level of localization and facilitate. So which I think that's a really common third question as your project positive negative affects Kenya's economy. If so, how? The economic effects of the SGR project is pretty positive because of the trade enablement. I think a big concern for a lot of African countries have been how do we improve the capacity of especially transportation logistics, I think having a railway really substantially improve the capacity. I don't remember the poor on Pennsylvania on the Indian Ocean but I think just to city competing to or competing. I mean have SGR finish early on that really established consolidate Mombasa as India deep water like that really solid, kind of like consolidated the trade for Kenya was outside. So first question as your better connectedness was contributed a tray. Yeah, I think that yes, definitely a negative or positive consequence. So I think one thing that was really interesting was original plan was to connect Mombasa was Kampala. But the thing is Kenyan government doesn't seem to me Why do I need to connect with Kampala I don't want I don't want to spend the money. to you for phase two to connect with you kind of border I think early on there when negotiating Uganda Sure, like pay for whatever the last section that Kenya has in Kenya, in Kenya. So I think that was like still in Kenya right now, how that would flesh out. So definitely there are a lot of parts of the impact on trade. Um, first question Chinese export among import, is it possible to increase trade imbalance? Yes. So I think definitely trade imbalance that's just like, ah, a potential like really negative si and what actually has a negative trading balance? But because I think we always said like the car to train that runs to Mombasa is usually for comeback cough, like see, because there's not enough for foot pain. So definitely that's the case but I don't know I wouldn't blame that to like to having this SGR I think it's more about domestic capacity about the different industry building I think that's definitely on the KSI like whether what what to do next how to leverage stat like half empty card that's running that capacity that can be leveraged? To what extent Chinese CR bc utilize local Kenya industry when constructing a car? Yes, so I think very, very early sim cars even the train car was managed in China as a lower cost. So from a cost perspective, it definitely made sense to manufacture everything in China and shipped it to Canada because Canada doesn't really have capacity in manufacturing. On compare with China on the cost side is definitely make more sex economically.

29:57

The Kenya

29:57

industry i don't know i don't think So a use of coal industries above. Yeah, that's unfortunate. Um, so I finished the economic impact section. And if you have questions, I will pause for a second.

30:15

And I will think a little bit about what it said before about chimneys versus Mr. Lopes and to Africa, the Chinese girls perhaps better situated to to speak, American economist, for example. But there could be some criticism, for example, that the Chinese laws are not very transparent and like, for example, is SGR so expensive Medical Center Spanish by the ExIm. Bank close given to Kenya and there hasn't been any really kind of regular requirements on how the money should be spent, for example, So could it be for that kena becomes perhaps Reliant or dependent on debt from China and they kind of don't make this a reform. All kinds of liberalized economies, for example.

31:05

No self sufficiency in that sense.

31:09

Yeah, yeah, I think your point was pretty valid that in terms of lack of transparency on the Chinese capital side, yeah, I think that kind of like efficient use of capital as it's a really valid point. But by saying I will challenge like, since Chinese capital come in, in a model, that Chinese contractor a CNBC, bringing the US like, they bring along, they help me push it along. And so it's kind of like, on the efficiency side. Yeah, it might not be as efficient as the war bank side. Um, but at the same time, I think if we see efficiency differently, how do we so I think the level of transparency first Efficiency is a question because I think sometimes in order to achieve better transparency, you have to constantly have like, months months check or having very, like, auditing. I don't know if that's happening with Chinese side by Chinese focus a lot on efficiency other than transparency. So I think that's definitely a trade off there. Um, seems like the Chinese financing model is essentially different from or bank IFC model. So I would really try to like so I think it's like, try to pretend this model differently and how what is doing on transparency side. So I think that's the other challenge that I face when I tried to find information on financials like how what's the role out there? There's like rarely people from FEMA be on the ground. There's one person on in Nairobi by what he was not willing to see me or talk to me. So, yeah, it's really hard to get a gauge on that side. Unfortunately, that's the model of the Chinese state owned model. Yeah, there's no check and balance. From the like, outside. Yeah.

33:18

Even more presentation. No, no, no. Okay, cool. So I'm ready to move on. Okay.

33:28

Yeah, I guess the next section is like community. I'm

33:35

I don't think China is really good at showing respect for identity, culture and trust life of community and culture. I'm like, because as I said earlier, the first topper is efficiency. I get it off. So Lot of those culture in the deist communities and tourists are sacrificed unfortunately in the way, um, because a lot of the came from and even from their perspective, the primary reason is a primary turban factor is how much does this cost? How much does this loan costs? So they were trying to lower the costs rather than consider that's different. So, so one interview I have what's k on my life service? So basically what construction str I was asking how can wildlife service as to aid get involved in this process? And I think they're like oh, so we're, we're the only the one voice as opposed to the whole room of other government departments on so it was really hard and they got an economic conversation. But I don't know how much applies to conservation mitigation. So yeah, so I think definitely, unfortunately the sacrificed

second question, China the last consider a few more rise compared with Western Kenya, our warning in creation we have on Kenyan workers. Um, so I think this one actually, I don't really I don't really know about human rights sides of the workers. So I wouldn't imagine they are mistreated because they're censored. But definitely they they definitely bring a lot of Chinese workers on to I pay a lot of attention to those Chinese immigrant workers. Say Rufus toilet a illegal wildlife trade to China, which is Iver interesting, so pengelley that's like a big wildlife trade illegal one I've traded market for China quicker China or Southeast Asia? I think they facilitate that. Yeah, I think Catania looks I don't think there is. Miss Chapman. Thorough questions question. skill shortage trying to come to advocating Kanwar has some benefits in the future for project a. Okay, so I think China definitely bring in a lot of students to Africa students to China to study there. Um, I personally in the boyfriends ideal, who spent all her for undergrad years in China, even she didn't speak Chinese. So I definitely think Chinese government make an effort to bring in more African students, to China to study and really to bring that able to bring Back um yeah I that's the I didn't study that. That's my personal I guess narratives of course How can a government deal with cultural differences exists between them relations of leadership working side religion question yeah i think that's pretty hard with China was like going out to like his high luckily all see what China was doing overseas work because essentially Kenya I think has more impact by the Western culture because of cool new Elisa. So China as a culture just completely different for that definitely had a lot of clashes but I think I heard from my interview with the Afghan government the Chinese have Lukasz just think of like longer that in here more than learn. I think it's about the learning process. So I think Like CCCC their communication construction company has been in Nairobi for almost 30 years. They're pretty localized and they're really good at doing them. This so I think it really varies from depends on the company and how long they have their first question as gr contributed decrease will increase of poverty in Kenya. I can study that. So I couldn't. Yeah, so. So that's the community impact part.

38:38

So so I think a little bit about this, the Human Rights thing, so whenever I was kind of thinking about was, and we heard some in our prior interviews, people said that they will be perhaps in relation to work contracts and so on and, and salaries. That wouldn't be accepted. security in relation to work, working conditions in a contract in that sense. Did you hear anything about that? Or? It was mostly?

39:11

Yeah, I didn't, I didn't really interact or interview those camp workers. So I couldn't really speak for that. But I haven't heard about bass. I doubt

39:24

that there was also some challenges, I think, in Africa, especially one of the most diverse countries in Africa, and the rain where it goes through communities with different ethnic groups. So there's not just for China to kind of, I mean, if they want to educate, so workers like perhaps continue to work up syndrome, it would be hard for them to get they would welcome these molecules perhaps as a looser challenge than relying on the workforce. So for example, how would they carry on better I want to deal with that situation.

40:04

Can you rephrase a question? I don't get it. Like you're saying, Yeah, sorry. Can you rephrase it? I was thinking

40:11

how to one extent is has affected

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operations operations or the construction of the way we wanted to be charged for the renovation operation to deal with this issue of kind of non

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human was in the genius community. What was just the walker side there cane locals? Yeah.

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In relation to the workers, mostly, I mean,

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because of this ethical diversity and the kind of tensions that exist between some different ethnic groups, I mean, it kind of differs very much to it to other work environments, meaning the west or China, for example, really have these issues. So I'm just curious how to deal with it in the construction of this relief. Right.

41:01

Yeah, I think definitely if

41:05

I was there was, I'm sure is and there was misconception along the way. And China, I would say it's definitely learning to deal to. It definitely wasn't perfect. Um, I definitely I haven't heard specifically for my interview but definitely articles that news before local news about how I guess like, how Chinese is like really aware of like ethnicity, like different ethnicity group or in the genius. And yeah, I think it's definitely a learning process that Chinese is doing right now, but I don't think is

41:45

perfect.

41:47

Okay, so there you have it.

41:54

Okay, so, we also have some last environmental effects. Suppose that's an area confident considering your area of study?

42:05

Yeah, I guess I feel, um, environmental impact. Chinese when I was on had lots of more environments getting a job compared to structure from the west. Yes, I think definitely yes. Because, again, Chinese focus on a focus on efficiency. So the goal is to build as fast as possible. So just keep really busy, for example, when a car was built in several national park so basically, I think there were certain guidelines How the West or or bank IFC built infrastructure within national park or those type our wildlife conservation places. I think China definitely did comply with that, I remember was mentioned during our chat, our interview with scam service. So I think definitely, as Warning permanent damage and in terms of like the highway so I think it was mentioned before that so it's like saying this is how much like what

so does a roadway it's like this and then when you do construction This is the space that you occupy and like it also like you can't perform an interview that Chinese well I prefer this much like so so it's like it's like the more space they want to occupy and they definitely bring this more bring more of my life conflicts in this process. I think they're like those kind of narrative or story news article about Oh, how do you deal with like a crock pot cooked dial day those Chinese more curry honor, of course on a Chinese company that will kill the the wildlife because they perceive as dangerous or lions, but like the tail or it's like I'll just let it go. But because like Chinese and can just proceed or Get my wife really stoked dear friend. So then proceed. So like the way that it was it is. So, definitely there are four consequences there I think that really requires communication. And yeah.

44:15

So, the second question

44:19

protection for sensitive ecosystem biodiversity can government and CR BC and the contractor follow and respecting environment law against you. So I would say this kind of environmental degradation have to be both government enforcement and Chinese car bootsie lack of understanding of local regulation. I think first I want to say as I mentioned, Kenya Wildlife Service is the primary wildlife or environmental organization. So usually before those large infrastructure projects, they will have this environment whole Impact Assessment Report. So you guys can actually dive into that is published on their website, but it's really hard to find it. So I think for me, my thought was Kenya government within came government, kale Wildlife Service have such a minor voice that's under value. So it's really hard to enforce those regulation. So those regulations even they're unfair, but it's just like the other side of government just gonna ignore it. So I will imagine paying a very diverse stakeholder within it. So if I'm the CRTCC, kind of project finance lists Won't the priority of the president so it's really hard to go against it. Yeah. So question can go lower and Suleiman's protection to make investment more attractive? So I will say done lower to enforcement side It was pretty loose. But can you have I think a lot of the enforcement conference civil society can have a lot of CSO like those civil service organization. Like, oh, I think they do a lot of those advocacy. So that's the part that's pretty vibrant in Kenya society so unique and mature our whole African society. countries. Has any positive environmental effects?

46:31

I don't I don't think I don't think there's a positive environment. Any large human built infrastructure, infrastructure project, unfortunately carried negative implications for the environment.

46:44

Yeah. So that's a part of the environmental impact.

46:50

Um, so, so this SGR was constructed in a way that the trains will operate around on diesel fuel, but with the possibility to kind of electrify Later on, and that electricity could also be the power plants be used to provide also local hops or like stores and so on offices along the right way.

47:15

Was environmental effects. Kind of visible I mean, it

47:20

costs money. Yeah, electrification is a great idea by just not economic feasible for, like hanging out when you can't take off. That's unfortunate. I would have been like talking about that I was Kansai and the caste system thing. So unfortunately, it's not a possibility at this point.

47:42

Okay. Oh, yeah. So no positive environmental effects so far then unfortunately.

47:49

No, I don't I don't I don't personally think so. But I don't know if you can find literature can argue for that.

47:56

We're also gonna see another aspect but because of this train, Have you remove all the trucks from the road as well? So less emissions from the trucks and also on the highways of the roads for example?

48:11

Yeah, I think that's a really good argument and the kind of idea of substitute our replacement, but I don't know like the all Erol just some went bro because of like enabling because it's like you have a wearable railway power trade. But definitely on the unique side, I think it's more, it's more, it's better so so definitely I think the Mombasa to narrow view of the highway was pretty old as well as like Huawei. There's a lot of trucks. Definitely. Fortunately, I didn't have to buy to do that. I heard that. Like, I think it's only about like 100 kilometers or something. But it's a fly. I've not 100 sorry. 80 miles. It's about 200 kilometers but it takes about at least 10 hours they drive through because of human trauma on the road so yeah it's like a you have to pass by a lot um yeah yep. So we saw I haven't go I want but I my time which is 10 minutes so I wonder so we can go through the governor says question and if you have additional we can schedule another time.

49:33

Okay, we did we have two last don't sure if you saw them really clear.

49:39

Yeah. So do you want me to go the additional question? What do you want me to go to the governance impact one?

49:46

Oh, haven't gone. Oh,

49:49

yeah, yeah, that's just really

49:53

okay. large sums investing roadway, escalate corruption and cam

50:00

This one I haven't I haven't studied this, so I couldn't speak for it. But I definitely hear a lot of like, traumatic story about Kenya, corruption, about middle of Turkey about like those power like competition about like, kidnapping. So it was pretty hilarious to hear those narrative and

on the grounds about differing competing power and interest groups within the within Tanja, I think is really interesting, but I don't I didn't study for this. I couldn't really speak for that. How has a Chinese investment Yes, your professional relationship can uncover I was having study for this one or the high level political side. So I definitely think like more collaboration and investment or enhanced relationship, because it's like, well bonding But I didn't study this one, specifically kind of skeptical towards democracy to the contrary aims to separate business from politics. This is true and that's okay. How's it affecting government? Yeah. So I think the biggest saying about the difference between World Bank loans versus a Chinese loan is like Chinese loan doesn't come with a positive condition of West law. Mostly you have to do certain things on the government side, transparency, check and balance. So I think definitely this is the main difference. But specifically, as I said, it's a car. It's like the political it's like voting. It's like the election chair that the current president can use for winning the next election. So it was definitely enables enabling third, quash Force question financed by loan from z bank risk, because the handle over financing infrastructure with application quizzes don't have to supplement. Yeah, I think that in backness was definitely a big problem for African government. Um, so from an interview that I don't even know kind of what the China's China now what what to do when they step hide that laugh or leverage or become a problem because yeah I think this one is pretty tricky that I don't know how China is definitely I see more overseas investment it's definitely go into more question that as deep waters for China on finance itself so I don't think they know if can default or not able to pay back or would they do so there's no answer to this. Um, bye I think China's top priority is to export extra capacity, be able to use the finance capital, they have to maintain GDP growth. So that's the top priority. They haven't considered Oh, what are the consequences there? I don't think they have to they don't have to answer has Chinese government SGR in parallel to the Lessing company and try and gain access to all investment from the west. So that now I have it that is directly on the government side, on Western countries and Kenya. So I don't think I don't think you will have like a really negative relation to the separate West and Kenya. But definitely access your loan. So I think right now can definitely prefer Chinese fall or war. Bank won't accomplish a lot of conditions on if that's available for them. So, additional question other factors considered research building the missing should be covered covered? I've just like really blown up by how many questions they cover. It's pretty I can't wait to read it. Because we definitely just take one side of it. And we'll be building narrative around it. But your research is pretty all encompassing. I think that's really, that's really how the costs are perspective. Do you believe Chinese adds positive negative value locally, or too?

54:44

Yeah, this is a really tricky question. So I think overall, I believe involvement, I believe through all number three positive impact, and I believe in progress in self learning. I believe China is a mom, humble lady. learning process even that's despite a lot of like negative or drawbacks but I think overall you have a really positive economic impact environmentally is doesn't have positive but it's learning to on environmental management side community well being that's like a also a new deep waters I China doesn't navigate while an ethnic diversity and culture. I think that's like something China is learning as he's doing a lot of going out, like investment and governance. I think that one is tricky. I don't really I don't really know this answer, but overall economic development positive, but I think overall, I personally believe in economic on can empower. So other other aspect kind of job when the economic stability is there. So Yeah. All right.

56:04

I think that's about almost one o'clock then. Yes. or participating in our our research sites.

56:15

Yeah, hope this is helpful for you guys. And I really look forward to reading your product.

56:21

Sentence as soon as we read.

56:23

Yeah, actually I'm also looking forward to reading.

56:29

So are you guys currently in Stockholm? Are you guys in Copenhagen?

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copenning. Yeah,

56:36

okay. Do I be able to like see people or you have to like stay at home.

56:45

And we can see people

56:46

but and you're allowed to go out and socialize. It's just that the restaurants are close and the bars and so on but the food stores are open and so and the school is also closed and the campus is closed.

57:01

How's it for you?

57:02

Ah, yeah, we got to go out and you've given us cases to work