THE BELT AND ROAD INITIATIVE AND THE SDGs: TOWARDS EQUITABLE, SUSTAINABLE DEVELOPMENT

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Abstract There is extensive international debate over the contribution of the Belt and Road Initiative (BRI) to achieving the global Sustainable Development Goals (SDGs). The potential for the BRI to make a substantial contribution to realising the SDGs has been acknowledged by leading global, regional, and national representatives. The BRI as a developmental project with global reach is heavily backed financially by China, and reflects the need for stronger instruments to implement and deliver on the 2030 Agenda for Sustainable Development and the SDGs. Yet, there are practical challenges in the BRI–SDG relationship set against an international debate centred on concerns, criticisms, and ‘pushback’. This article assesses this relationship and provides a comprehensive examination of China–Kenya cooperation under the BRI and its implications for Kenyan implementation of the SDGs. Its arguments are based on both official documents and data, and primary research. Its findings contribute to the discussion on the potential of the BRI for Africa’s sustainable development.

Keywords: China, Belt and Road Initiative, Kenya, Sustainable Development Goals, Africa, investment, Mombasa–Nairobi Standard Gauge Railway, health, sustainable development.

1 Introduction
The Belt and Road Initiative (BRI), proposed in 2013 by China’s president, Xi Jinping, and officially launched in 2015, is justified as a global development project that aims:

[T]o promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multitiered and composite connectivity networks, and realise diversified, independent, balanced and sustainable development in these countries (China National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce).
In recent years, the BRI has evolved into a worldwide project (Zou 2018). The BRI is now a multidimensional, multilayered project. However, at its core, it concentrates on building greater capacity, principally through infrastructure with a focus on transport, communications, and energy. The BRI involves China underwriting hundreds of billions (and perhaps trillions, eventually) of US dollars of infrastructure investment across the world. The key agencies primarily responsible for disbursing BRI funding include the Silk Road Fund, the China Development Bank, and the Export–Import Bank of China (China Exim Bank). The multilateral Asian Infrastructure Investment Bank (AIIB) is also a major financier of the BRI.

The BRI is moving into a new phase, undergoing what is being described as a shift from painting the broad strokes to refining the details (The Second Belt and Road Forum for International Cooperation 2019a, 2019b). The second Belt and Road Forum reached an extensive consensus on promoting ‘high-quality cooperation’ under the BRI, stressing open, green, and clean approaches, as well as goals of high-standard, livelihood-improving, and sustainable development (Xinhua News 2019). Up to 30 April 2019, China had signed 187 BRI cooperation documents with 131 countries and 30 international organisations, including 39 African countries and the African Union (Belt and Road Portal 2019). However, this article examines the following question: what does the BRI contribute to Africa’s sustainable development? The article indicates aspects of China’s development cooperation with Africa, particularly as this cooperation intersects with the evolving BRI, and considers the case of Kenya – an important BRI strategic partner.

The objective of this article is to explain and evaluate how African states engage with the BRI. It provides an examination of China–Kenya cooperation under the BRI and its implications for the Kenyan economy and sustainable development. The study is spurred by a continuing debate over the impact on African development as the BRI moves into a new evolutionary phase. The article’s arguments are based on both official documents and data, and primary research, and its findings contribute to the wider debate by exemplifying the Kenya case, which is valuable for observing the potential of the BRI for Africa’s sustainable development. The article is also grounded in, and takes its point of departure from, the wider development literature on aid and sustainable development, and works that seek to relate the BRI to this broader context with the breadth of perspectives embodied within them.

2 The BRI’s engagement in Africa
2.1 The basis of China–Africa cooperation
China has a long history of providing fraternal support and solidarity with African independence movements and post-independence states. The advent of the Forum on China–Africa Cooperation (FOCAC), the publication of China’s Africa Policy in 2006, and the implementation of China’s ‘Going Out’ policy for the internationalisation of Chinese
enterprises provided the context, within which the past two decades have seen China’s engagement with Africa transition from primarily political relations to one grounded substantively in economic and development relations. Adding to the FOCAC process are initiatives of the BRICS (Brazil, Russia, India, China, and South Africa) (Gu et al. 2016; Cabestan 2019), through trilateral cooperation arrangements such as the Africa–Britain–China (ABC) initiative (Gu 2017).

Despite the impetus towards stronger Sino-African cooperation, there is far from a consensus over China’s role and impact in Africa with differing perspectives and interpretations at play in the debate. Juxtaposed to the view that China’s involvement in Africa is not altruistic, but based on a realistic and practical partnership of reciprocal needs and mutual gains, are detailed data analyses assessing aspects such as China’s economic impact on Africa (Oqubay and Lin 2019; Jayaram, Kassiri and Sun 2017); China’s role in mitigating poverty and inequality in Africa (Huu and Schwiebert 2019); ‘responsible engagement’ (Xu 2017: 1), including China’s changing approach to global corporate social responsibility (Agbebi 2018; Ho 2017; Liu 2015); and China’s environmental footprint in Africa (Shinn 2015; Compagnon and Alejandro 2013; China House 2018).

The academic and policy-oriented literature on Sino-African relations is substantial (Gu and Carey 2019; Mbaidjol 2018; Zhao 2017; Xu 2017; United States House of Representatives 2018; United States Senate, Committee on Foreign Relations 2017; Gu and McCluskey 2015; Alden and Alves 2015; Okolo and Akwu 2015; Gadzala 2015; van Dijk 2011; Raine 2009; Alden 2007; Alden and Davies 2006). This literature provides a broad spectrum of perspectives. Indicative of the critical perspective is the argument that China is simply replicating the so-called ‘resources curse’ of many of its developing partners, which in effect locks these economies into structural underdevelopment and undermines Africa’s own efforts to undertake effective sustainable development and to strengthen the quality of African governance. This perspective is clearly expressed by Lawson-Remer and Greenstein: ‘Instead of creating prosperity, resources have too often fostered corruption, undermined inclusive economic growth, incited armed conflict and damaged the environment’ (2012: 21). The literature includes perspectives that portray China as a spectre haunting Africa (Lee 2018), as invading Africa (Dok and Thayer 2019), and as the latest in a long line of neo-colonial powers intent on exploiting Africa’s natural and human resources (Su 2017; Insaidoo 2016; Junbo and Frasher 2014; Rich and Recker 2013).

2.2 The changing position of Africa in the development process of the BRI

During the BRI’s initial stages, the Vision and Actions on Jointly Building Silk Road and Economic Belt and 21st Century Maritime Silk Road implied that the BRI should mainly focus on the connectivity along Asia and Europe. Its roadmap did not explicitly cover Africa. On 4 December 2015, the Chinese government issued the second China–Africa Policy, which is the guiding policy document. The African component of the
BRI has taken time to establish. Nonetheless, by April 2019, 39 out of 53 African countries, and the African Union, had signed BRI-related Memoranda of Understanding (MoUs) with China. Despite a relatively slow early beginning, the BRI is now at the core of China–Africa development cooperation, trade, and investment, and is a central component of China’s working relationship with the African Union (AU).

In 2018, China’s total import and export volume with Africa was US$204.19bn, a year-on-year increase of 19.7 per cent. China’s exports to Africa were US$104.91bn, up 10.8 per cent and China’s imports from Africa were US$99.28bn, up 30.8 per cent; the surplus was US$5.63bn, down 70 per cent year-on-year (MOFCOM 2019). The BRI’s concentration on infrastructure capacity building is variously portrayed as a means of politically stabilising Africa (Korybko 2019), or the key to unlocking Africa’s need for infrastructure. African states have an imperative need for high-quality infrastructure. Africa’s transport, electrification, and communications capacity is among the lowest in the world. The African Development Bank suggests that the continent’s infrastructure needs amount to US$130–170bn a year, with a financing gap in the range of US$68–108bn (ADB 2019: 18). The September 2018 FOCAC saw China sign MoUs with 37 African countries and the AU on jointly developing the Belt and Road.

China’s BRI project has established a significant network of cooperation links with African countries. For example, the 756km Ethiopia–Djibouti electrified railway connecting Addis Ababa to Djibouti Port; the US$3.5bn Doraleh Multi-Purpose Port and international free trade zone; a new standard gauge railway in Tanzania; the Maputo–Katembe bridge in Mozambique – opened in November 2018, with a main span of 680 metres, the bridge is the longest of its kind in Africa; and in August 2017, the China Gezhouba Group announced a US$4.5bn contract to build a 2,172MW hydropower plant in Angola, which, when completed, will supply up to half the country’s total electricity.

3 China–Kenya cooperation under the BRI: progress and challenges
3.1 Overview

According to Kenyan President Uhuru Kenyatta:

The Belt and Road Initiative gives our continent the opportunity to make a paradigm shift. Post-colonial Africa has been stuck in a rut... It will be a win-win situation when our people have the skills, assets and financing necessary to participate in the development of the infrastructure corridors that will enhance connectivity, support trade and reduce the cost of doing business between our countries... We will all win when the economic corridors we develop hasten industrialisation; and when they hasten the development of domestic private-sector capabilities (Xinhua News 2017a).

Kenya has been one of the fastest growing economies in sub-Saharan Africa: the country’s gross domestic product (GDP) annual growth
rate averaged 5.45 per cent from 2004 to 2018 (Trading Economics 2019). Nevertheless, despite the sustained economic growth and clear improvements across the range of human development indices, the development challenges facing Kenya remain substantial. The 2017 Human Capital Index’s (HCI) key finding was that a child born in Kenya today is 52 per cent of who s/he could be with complete education and full health (UNDP 2018a). Almost 40 per cent of Kenyans live in poverty with 14.5 per cent in extreme poverty. The country’s unemployment rate stood at 11.5 per cent in 2017, above the average of 10.8 per cent for the period 1991–2017. The population is also vulnerable to natural disaster. In 2017, the Kenyan government declared a severe drought to be a national emergency, with 23 of 47 counties affected. It was reported that 5.6 million people were in need of humanitarian assistance with 3.4 million people food-insecure (UNDP 2018b: 9).

Kenya’s 2017 Human Development Index (HDI) value was calculated at 0.590, placing the country in the medium human development category with a ranking of 142 out of 189 countries and territories (UNDP 2018a). In addition, in the assessment of the UN’s Human Capital project, Kenya’s HCI for 2017 was ‘higher than what would be predicted for its income level’ with Kenya’s HCI ranking 94 out of 157 (World Bank 2018a: 2). The aim of the HCI project is to raise awareness and increase demand for interventions to build human capital.

In response to this aim for interventions to build human capital and to accelerate progress in raising human capital outcomes, the Kenyan government is pursuing its long-term national development Vision 2030. The aim of this strategy is to turn the country into a newly industrialising, ‘middle-income country providing a high-quality life to all its citizens by 2030’ (Kenya Vision 2030, 2018). The strategy sets out the so-called Big Four development priorities: manufacturing, universal health care, affordable housing, and food security. This is promoting national economic development by increasing infrastructure, promoting sustainable development and accelerating poverty eradication (World Bank 2018b). The Kenyan government identifies investment in infrastructure capacity building as the critical means by which to achieve its sustainable development objectives. Kenya’s industrial transformation programme is intended to increase the country’s manufacturing base and exports. A key factor is the need for transport, communications, energy, and water infrastructure capacity building. This requires large-scale funding and implementation expertise, a value-added and comparative advantage possible through engagement with the BRI.

As a 2017 Chatham House assessment of the Standard Gauge Railway (SGR) project reflected, ‘whether the partnership with China can deliver sustainable development will be much harder to determine, and is a question that will shape Kenyan politics for many years to come’ (Chatham House 2017). What then is the alignment between the BRI, the SDGs, and Kenya’s Vision 2030 with consideration to implementing
the SDGs? There are three aspects to this. Firstly, the BRI provides an existing, functioning framework of finance, organisation, and project experience with which to potentially help Kenya deliver on its national economic programme, SDG strategy, and HCI interventions.

Secondly, the approach to development and the aims of the BRI embodied in its 2015 Vision (2015) are held by leading officials of the major global and regional intergovernmental organisations to coalesce with the 17 SDGs. Reflecting this, the second Belt and Road Forum’s (BRF) List of Deliverables indicates that the BRI’s work programme actively engages with the SDGs, explicitly mainstreaming the SDGs into its industrialisation, health, education, energy, and environmental policies and implementation strategies (The Second Belt and Road Forum for International Cooperation 2019c; UN Environment 2018).

Thirdly, the SDGs were formally launched in Kenya in September 2016 and implementation began. This process has mainstreamed both the SDGs and the AU Agenda 2063 into the preparation of the third Medium-Term Programme (2018–22) and the second County Integrated Development Plans (CIDPs), providing the policy framework through which to engage the BRI. The following discussion considers these issues with respect to trade, investment, and health.

3.2 Trade

China became Kenya’s largest trading partner in 2014 (Etyang 2015) and Kenya established itself as China’s sixth largest trading partner in Africa (White and Case 2018). In 2017, Kenya’s imports from China reached US$3,778bn, accounting for approximately 23 per cent of Kenya’s total imports. However, Kenya’s exports to China in 2017 were worth only US$96.7m, representing 1.68 per cent of Kenya’s total exports (World Bank 2017).

Over 90 per cent of China’s main exports to Kenya are made up by higher-value finished products, machinery and transportation equipment, and miscellaneous products. In return, Kenya’s exports to China are low-value agricultural and natural resources. Oil and, increasingly, titanium exports offer Kenya the potential for future higher-value exports to China, and recent agreement on the export of additional agricultural products such as avocados and floriculture are also raising the prospect for increased exports to China and revenue generation. China is an important export market for Kenya’s titanium. In the first nine months of 2017, Kenya’s titanium exports totalled US$93.81m (Yunch Titanium 2018).

A number of long-standing concerns have been raised in Kenya about its trade relationship with China, with Kenya portrayed as getting a raw deal in its China trade. These concerns begin with the sheer size of the deficit and the minimal volume, value, low value-added of Kenyan exports, and the heavy dependency on titanium. In 2017, Kenya’s export value to China was 2 per cent of China’s total, and
imports from China represented 23 per cent of the total. Whilst imports of equipment and materials were needed to construct Phase I of the flagship Sino-Kenyan cooperation project, the US$3.6bn SGR between Mombasa and Nairobi may have temporarily inflated Kenyan imports from China and the further development of the rail network may have prolonged this effect. If the SGR is taken out of the equation, then the underlying economic structural problem for Kenya remains. Further concerns focus on the undercutting of local manufacturers, either by the alleged dumping of Chinese goods or by import growth from China driven by the preference of Kenyan traders for cheaper and speedier stock, including goods made in Kenya. There are also civil society claims of Chinese neo-colonialism; for instance, the Pan-African Alliance’s assertion that, ‘slowly but surely China’s neocolonial hegemony is being achieved. And it seems like Africans are powerless to stop it’ (Junbo and Frasheri 2014; Malik 2018; Addis and Zuping 2018).

China’s expanding trade relationship with Kenya is having a knock-on effect for Kenya’s domestic banks. On the one hand there is, prima facie, a positive impact with Kenyan banks reporting a rise in the number of Chinese clients and increased commercial business with Chinese companies – some Kenyan banks are now issuing performance bonds and guarantees for Chinese companies with dedicated desks with Chinese-speaking staff, opening up new business opportunities and trade finance products. However, at the same time, Kenyan banks are experiencing major challenges and there are concerns that, despite their efforts to adapt in order to realise these new opportunities, local banks are not benefiting from the growth in Chinese commercial business as they had anticipated, being sidelined by new Chinese entrants to the Kenyan banking sector and by different banking practices (Wass 2018).

But the majority of the debate over what to do about the trade deficit centres on how the respective governments can work together to address the underlying structural asymmetries to reduce the deficit. For China, this has meant recognising the concerns of the Kenyan government and signing new agreements to allow preferential market access for Kenyan agricultural goods such as avocados. China and Kenya have signed a protocol opening up frozen avocado exports to China, but (as at June 2019) exports of fresh avocados were still blocked due to Chinese bio-safety concerns. However, whilst China’s approach and level of responsiveness are important factors, there are Kenyan perspectives that focus on what the Kenyan government can do to help adjust the imbalance. For example, there are arguments proposing that Kenya adopt a more protectionist stance. Indicative of this perspective, the University of Nairobi’s Dr Iraki argues that with a stricter regulatory tariff approach, Kenya ‘can become more efficient, reduce labour costs, create local demand by improving on the quality and in the spirit of “Trumponomics”, become more patriotic’ (Daily Nation 2017).

In terms of the Kenyan government’s own negotiating position, Kenya has refused to sign the 2018 China–EAC Free Trade Agreement.
Kenya’s Trade Ministry Principal Secretary Chris Kiptoo is reported as stating that:

China already accounts for 25 per cent of Kenya’s import bill under the current common external tariff structure of zero per cent, 10 per cent and 25 per cent for raw materials, intermediate goods and final goods respectively. This means that China is likely to get even a larger share of Kenya’s market once we enter into a free trade arrangement (Otieno 2018).

According to Secretary Kiptoo, the Kenyan government is,

seeking a preferential, non-reciprocal trade deal, giving Kenyan exports duty free access to China. Such a scheme could be modelled on the Africa Growth and Opportunity Act (AGOA), which allows African exports like apparel and textiles duty free access to the US market (Miriri 2019).

The sticking point for the Chinese government is the non-reciprocal element as this runs counter to its generic development philosophy and to its East African Community (EAC) free trade agreement. For the Kenyan government, the non-reciprocal provision is vital to protect its economy from what it believes would be a flood of cheap imports that would undercut its manufacturers and continue to widen the trade gap.

3.3 Investment

China is an increasingly important investor and financier to Kenya. According to the then incoming Chinese Ambassador to Kenya, Wu Peng, China’s non-financial direct investment in Kenya in 2018 had doubled over that of the previous year to about US$520m (Peng 2019). This foreign direct investment (FDI) is primarily channelled into a range of sectors, most notably, construction, industrial engineering, the creative industries, transportation equipment, food and beverages, tobacco and alcohol, information and communications technology, electronic products, financial services, and consumer goods. Among them, the construction industry has the largest scale of investment and the largest number of projects.

Kenya’s infrastructure needs are extensive, as the following examples illustrate. The first example is the high profile US$3.8bn Mombasa–Nairobi SGR, described in April 2019 by Wu Peng as ‘one of the benchmarks of BRI’ (Peng 2019). The SGR has cut the transit times for travellers dramatically and taken vehicles off the overburdened road system, but issues and controversy surround it including the quadrupling of the construction cost; Kenyan government debt and its servicing; the longer-term need to see a return on the investment made because of the escalated cost; China’s unwillingness to underwrite the next stage of the railway’s development; and the environmental implications and operational costs incurred by the choice of diesel to power the engines.
The project has two scheduled phases, Mombasa–Nairobi and Nairobi–Malaba. The 472km Mombasa–Nairobi phase is complete and has been opened. The Nairobi–Malaba phase has three segments: Phase 2A stretches a further 120km from Nairobi to Naivasha; Phase 2B adds 270km, from Naivasha to Kisumu; and Phase 2C is a 107km extension from Kisumu to Malaba. This is an important project for the Kenyan government’s economic, developmental, and cleaner energy strategy; for its aim to position Kenya as a regional transport and economic hub; and to integrate into the BRI’s connectivity networks. This project has been 90 per cent funded by the China Exim Bank and post-completion has been managed and operated by a Chinese company. In 2014, China agreed to loan Kenya US$3.233bn through the China Exim Bank to build the railway. The loan was made up of a US$1.633bn commercial loan and US$1.6bn concessional loan and the agreement provided for a five-year repayment grace period.

Completion of the first phase led to Chinese government claims being made as to the benefits to Kenya of this cooperation, including the anticipated contribution to Kenya’s GDP growth of around 1.5 per cent, creation of 46,000 jobs and a multiplier effect through the local economy through extensive subcontracting to Kenyan firms, technology transfers, and mentoring through a new rail engineering academy, and new study and training opportunities (Xinhua News 2017b). For the Kenyan government, this is a flagship project and, for both governments, is presented as a successful symbolic example of cooperation and a step forward in meeting Kenya’s priorities. The Chinese government presents a positive record for the railway: ‘Over 2.71 million passengers have travelled with SGR, with an average attendance rate of 99 per cent. Around 4.04m tonnes of goods have been transported through the railway, with economic indicators surpassing expectations’ (Peng 2019).

However, a Kenyan ministerial statement to Parliament indicated that the rail link has run at a loss for both commuter and freight services (The Citizen 2019). Kenyan government ministers cited low freight business as the main cause, but claimed the railway would have a better future performance, achieving profitability by June 2019. However, media reportage of the rail company and Kenyan national data shows that this expectation has not been realised. The Kenyan National Bureau of Statistics (KNBS) calculated that, in the first full year of operating, the SGR earnings were 44 per cent below original expectations with freight earnings adjusted downwards by almost 50 per cent. Repayments on the principal loan from the China Exim Bank would begin in July 2019, increasing the cost of payments substantially by a factor of six to Ksh34.3bn (US$332m) in the 2019/20 financial year (ibid.).

Adding to this situation, China has not agreed to the Kenyan government’s repeated requests for funding for the Naivasha–Malaba section. This leaves the originally planned project in question. The Kenyan government did gain agreement for funding at the BRF...
through concessional financing and public–private partnerships (PPP) for projects including a Konza Data Centre and Smart Cities Project to be undertaken by Huawei construction of the Nairobi Jomo Kenyatta International Airport to James Gichuru expressway on a PPP arrangement with the China Road and Bridge Corporation. In addition to the deep concerns raised over the Kenyan government’s burgeoning debt servicing responsibility arising from the SGR, is a debate over the management practices of the Chinese operating company (Onjala 2018). Such accusations have appeared in a number of Kenyan news reports, but none more damming than a recent online exposé news report, unsubstantiated and contested by the Chinese rail franchisee, which reports that employees are subject to racism, segregation, harsh disciplinary practices, and do not get to drive the engines they were trained to operate (Wafula 2018).

3.4 Health
This section takes health as an example of the way that the BRI can contribute to Kenya’s delivery on the Medium-Term Plan (MTP), the HCI, the SDGs, the AU Vision 2063, and the FOCAC agenda. As is the case with the BRI as a whole, there are opportunities and potential risks associated with the dimension of health, and concerns about its impact on health policy and practice. Whilst the BRI has sought to develop a new hub for health cooperation, labelled the Healthy Silk Road, the rationale to widen and increase global connectivity will generate a significant increase in the movement of people and thereby a heightened risk of the spread of infectious diseases (Murphy 2018; Gostin 2018; Tang et al. 2017). Further issues include the potential possible disaster risk implications of infrastructure mega-projects as well as dangers arising from the increased transboundary movement of hazardous materials.

Moreover, the BRI also raises the critical issue of health safeguarding, i.e. the way in which the BRI in practice synchronises and conforms to the existing international regulation of occupational health and environmental standards. The Chinese government organised the first biennial ‘Belt and Road High Level Meeting on Health Cooperation towards a Healthy Silk Road’ in August 2017. At this meeting, over 30 health ministers and leaders of multilateral agencies signed the Beijing Communiqué, which emphasised a joint commitment by the signatories to protect public health and strengthen people-to-people exchanges among BRI countries. Specific commitments included the creation of new cooperation hubs (the Belt and Road Health Policy Research Network, the Belt and Road Hospital Alliance, and the Belt and Road Health Industry Sustainable Development Alliance); a collaboration intended to contribute to delivering the SDG monitoring, prevention, and control, and response to major infectious diseases.

China committed to continuing to dispatch foreign aid medical teams to BRI partner states and to carry out appropriate hospital cooperation through the Brightness Journey of Free Cataract Surgeries and Journey of
Smile-Free Cleft-Palate Surgeries, and, significantly for the SDGs and for strengthening HCI outcomes, China will implement maternal, child, and reproductive health projects in the Belt and Road nations, promote appropriate technology in paediatrics, obstetrics, and gynaecology, and enhance the national maternal and child health-care and treatment service capabilities to improve the national health level of women and children (China Daily 2017). However, the Beijing Communiqué has weaknesses. As an editorial in The Lancet medical journal noted, non-communicable diseases were not referred to, and appeared dated compared to China’s own 2015 Healthy China 2030 strategy, and the editorial hoped that the BRI’s emphasis on infrastructure development in Africa and elsewhere would not conflict with the aims embodied in China’s own Healthy China (The Lancet Global Health 2017).

To help the Kenyan government’s Big Four agenda aim of providing universal health care, the government-to-government agreement on health provides the framework for practical cooperation on the construction of hospitals and other medical infrastructure, equipment provision, training of medical staff, and commercial pharmaceutical collaboration. In 2016, China donated four modular container clinics to the Kenyan Ministry of Health to boost the response to killer diseases in underserved and disadvantaged communities. In 2018, the Chinese government supplied and installed computerised tomography (CT) scanners to 37 Kenyan hospitals located primarily along Kenya’s major highways to provide enhanced emergency diagnosis for road accident victims and improve survival rates. The scanners can also be used to detect cancer. The project involves a partnership between a Chinese and a Kenyan medical enterprise contracted by the Kenyan government. It also involves knowledge and skills sharing with 37 Kenyan radiographers and radiologists receiving training in China (MT 2018).

4 Analysis: the early impact of the BRI on Kenya’s sustainable development

The BRI has raised criticisms that it is fuelling a debt crisis in African countries (Onjala 2018; Were 2018). China is accused of conducting a ‘debt trap diplomacy’ (Chellaney 2017; Mendis and Wang 2019). Kenya’s public debt has been increasing rapidly in recent years, rising to around 57 per cent of GDP in the 2017/18 fiscal year, and China’s share of Kenya’s bilateral debt rose to 72 per cent (Business Daily 2018), making it Kenya’s largest bilateral creditor. The experience of the SGR project has raised questions over Kenya’s indebtedness to China; over China’s actual commitment to the intended development outcome rather than to the commercial and non-commercial loan provisions; and over the corporate cultures and working practices of Chinese firms. Kenya’s debt level is said to have risen as a result of the increased cost of the rail project.

As noted elsewhere in this article, the five-year grace period given by the China Exim Bank expired in June 2019. Kenyan tax-payers were
scheduled to begin paying 0.7 per cent of the economy to the Chinese financing agencies for funding the Nairobi–Mombasa stage of the SGR. Against this background and an increased risk management culture including tighter auditing and anti-corruption measures in China, funding for the scheduled extension of the SGR would have been considered in the light of the provisions of the *Guiding Principles on Financing the Development of the Belt and Road*. These Principles advocate a transparent, friendly, non-discriminatory, and predictable financing environment that ensures sustainable economic and social development. Kenya is among the 26 countries that jointly formulated the Principles.

Further concerns have been raised regarding the BRI’s contribution to Kenya’s employment, skills, and technology transfer. Estimates of the number of Chinese enterprises operating in African economies have varied over the years. A credible evaluation was undertaken by McKinsey and Company based on its field survey of eight African countries between November 2016 and March 2017. The survey concluded that there were 396 Chinese firms operating in Kenya, more than three times the Chinese government’s official number of 131 firms (Sun, Jayaram and Kassiri 2017). Contrary to conventional wisdom, in recent years, Chinese enterprises have increased the employment of local labourers in Africa. Across Africa, the McKinsey survey found that Chinese firms display a willingness to invest in hiring African workers and maintaining apprenticeship programmes, and that Chinese enterprises overwhelmingly employ and train local workers (*ibid.*).

In the case of Kenya, a report by the Kenya China Economic and Trade Association (KCETA) concluded that Chinese firms operating in Kenya have created over 50,000 local jobs with the proportion of local employees reaching 96 per cent in 2018. The report also noted that Chinese firms in Kenya provided around 67,000 local employees with professional training in 2018. Commenting on this, Isaac Mbeche, Deputy Vice-Chancellor of the University of Nairobi argued that ‘Chinese firms have been devoted to cultivating talents and creating jobs in Kenya, enhancing the exchanges and cooperation between the two countries under the Belt and Road Initiative’ (Xinhua News 2018).

However, employment issues remain. According to the Federation of Kenyan Employers (FKE) Executive Director Jacqueline Mugo, ‘Due to the lack of knowledge of local labour laws and the understanding of the local staff, disputes between Chinese employers and local employees occur a lot’. In particular, ‘the most common types of labour dispute cases are salaries below the minimum-wage standards and unfair termination’ (Murathe 2018). In the view of the FKE’s Director, the level of disputes results from an unfamiliarity with Kenya’s labour law on behalf of the firms, leading them ‘to violate the law without knowing it’ (*ibid.*).

## Conclusion
The BRI can, and already is, providing infrastructure, such as for transport. The new industry parks are under development – some offering specific knowledge, skills, science and technology sharing, and
employment. There is also collaboration in vocational training, science and technology research, postgraduate collaboration, and cooperation around the environment and health. Nonetheless, Kenya’s experience illustrates the dual pressures on governments engaged in the BRI. In one respect, the Kenyan government is able to elaborate its national and regional development priorities, but needs critical funding and implementation capacity to achieve its aims. Kenya’s experience also demonstrates the complexities and challenges involved with issues of debt servicing, project management, and employment practices.

The BRI is a work in progress. It is relatively new to the global arena and, as the second BRF’s List of Deliverables indicates, it is still finding its way and seeking to address the substantive issues and questions through gatherings such as the BRF. With respect to policy lessons, then, for China it is that the BRI process needs to address systematically the issue of partner debt serviceability and ensure that the BRI’s new Debt Sustainability Framework works effectively and equitably; that Green Silk Road principles and aims are followed and are synchronised with SDGs 13, 14, and 15 to mitigate climate change, and protect life on land and below water; and that the tendering and contract processes are transparent, fair, and equitable.

The management and employment culture, and the practices of Chinese and other BRI project enterprises, need to be based on principles of inclusivity, equality, and strong corporate social responsibility, thereby fulfilling the aims of decent work and economic growth in SDG 8. For China’s BRI partners, their approach to the BRI needs to be firmly embedded in financial prudence and provisions for tendering transparency and open procurement. The Chinese government has moved into a more sober stance regarding the BRI, with a closer attention to risk exposure, project monitoring, and outcomes assessment, and the BRI’s members too are seeking to maximise their benefits from the BRI whilst minimising their risks.

Notes
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3 The One Belt, One Road Initiative was officially launched in 2013, with the stated aim to connect major Eurasian economies through infrastructure, trade, and investment. The Chinese government drafted and published the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road in 2015 to promote the implementation of the Initiative.
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