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DECLARATION

“I hereby declare that this submission is my own work and that to the best of my knowledge it contains no materials previously published or written by another person, nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or any other institution of higher learning.”

Signed: ___________________________ Date ________________

Ivy Jepchumba Cherwon

With my approval as the appointed supervisor, the thesis is presented for examination:

Signed: ___________________________ Date ________________

Dr. Mercy Kaburu

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ABSTRACT

China has over the last few years pursued stronger economic and diplomatic relations with African states. This has largely been fuelled by its extraordinary economic growth, which has led to domestic demand for resources and the search for profitable markets and investment outlets. As Kenya became a key focus for China’s trade and economic strategy in Africa, this research sought to examine China’s Foreign policy approach and its bilateral relations with Kenya. The rationale behind this study was that China’s increased engagement with Kenya was changing with opportunities and emerging challenges. The main objective of the study was to examine whether Chinese foreign policy had fostered or hindered economic development in Africa using Kenya as a case study. The study also sought to establish the nature of China-Kenya relations with regard to the political regimes between 2003-2018. This study applied both qualitative and quantitative approach to research using secondary and primary data. The research established that through trade, investment and foreign direct investment, bilateral relations with China had made Kenya one of Africa’s biggest economy. With that, the Sino-Kenya relations as complex as it is, had brought about both positive and negative impact on Kenya’s economic development. The study recommends that the Kenyan government should curb its appetite for Chinese commercial loans and seek fair trade with China to make Sino-Kenya relations mutually beneficial as it will therefore allow for further economic development of Kenya.
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Please feel appreciated.
DEDICATION

For all the love, support and encouragement offered to me, I dedicate this thesis to my family.
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**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BRI</td>
<td>China’s Belt and Road Initiative</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>FCV</td>
<td>Fragility, conflict, and violence</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IR</td>
<td>International Relations</td>
</tr>
<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Standards</td>
</tr>
<tr>
<td>LMICs</td>
<td>Low and Middle-Income Countries</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Economic development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>The Organization of Economic Cooperation and Economic development</td>
</tr>
<tr>
<td>PRC</td>
<td>The People’s Republic of China</td>
</tr>
<tr>
<td>SAPs</td>
<td>Structural Adjustment Program</td>
</tr>
<tr>
<td>SOC</td>
<td>Social Overhead Capital</td>
</tr>
<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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<tr>
<td>WWII</td>
<td>World War Two</td>
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CHAPTER ONE: INTRODUCTION

1.1. BACKGROUND TO THE STUDY

China’s growing involvement presence in Africa has become an area of focus for academic research. Most studies focus on whether the current nature of Sino-Africa relations is mutually beneficial (Onjala 2010). China’s first phase of developing its diplomatic relations with Africa involved supporting anti-colonial liberation movements on the continent (Besada and O’Bright, 2016). The second phase of Sino-Africa diplomatic relations was in the 1980s when Beijing abandoned its foreign policy of supporting anti-colonial forces in the continent. The third phase of Sino-African diplomatic relations is the current one which started in 1990. It was precipitated by a fear of international isolation because of the Tiananmen Square massacre and the collapse of the USSR (Besada and O’Bright, 2016). Thereafter, African nations have become more than a source for soft power. Today, the People’s Republic of China (PRC) views string diplomatic ties with Sub-Saharan Africa (SSA) as essential to challenging the American hegemony that emerged in after the Cold War ended.

The PRC primarily engages with SSA nations through economic and development diplomacy (Busse et al. 2016; Sang-Hyung, 2011). After the Cold War ended, international politics shifted away from its preoccupation with security and opened the door for diplomatic channels to be an avenue for driving the process of economic development (Plouffe and Van der Sterren, 2016; Domarkas et al., 2019; Tukic, 2018). Diplomatic staff have become essential to promoting international trade and Foreign Direct Investment (FDI) needed to drive the process of economic growth.

Public diplomacy is how a state uses its foreign policy to speak directly with the citizens of a foreign nation with the intention of acquiring soft power (Nye, 2008b; Melissen, 2005; Huijgh, 2016; Hayden, 2017). Development diplomacy is a species of public diplomacy in
which a wealthy nation undertakes to build public infrastructure in a poor nation (e.g. roads, railways, airports, schools, hospitals e.t.c.) with the intent of acquiring soft power.

One of the main hurdles towards long-term economic development in the SSA region has been lack of adequate public infrastructure (Sun, 2014). The ODA model that is predicated on recipient states accepting SAPs that is offered by the West has been unable to fill this infrastructure gap. The unpopularity of SAPs and the desire for economic development has made Kenya’s government, make the foreign policy shift of largely abandoning its historic ties with the West in favor of “looking East” to the PRC for pragmatic development partnership (Onjala 2010; Onjala 2018). In turn, Kenya’s change in foreign policy has become the conduit for increased trade, influx of Chinese FDI and development diplomacy that has gone on to transform her into the third fastest growing economy on the continent.

The aggressive use of development diplomacy by the PRC to win soft power in the Global South has led to some international relations (IR) observers to view Sino-Africa relations through a moral lens (Sun, 2014). Some contend that the pragmatic cooperation approaches the PRC uses in its engagement with Africa amounts to an “evil” presence on the continent (Sun, 2014; Onjala 2008a; Onjala 2018b). To them, the PRC has combined economic and development diplomacy to use the Third World to acquire soft power needed to challenge America’s hegemony over the international system at the expense of “fragile efforts to improve governance and build a sustainable future” (Sun, 2014). In response to these claims of “debt-book/trap diplomacy,” others contend that the nature of China’s engagement with Africa through economic and development diplomacy is mutually beneficial (Were, 2018). In exchange for soft power, China has become the biggest driver of economic development on the continent that has led to the emergence of SSA’s Lion economies (Sun, 2014; Were, 2018).
This study sought to explore the impact of China’s foreign policy on Kenya’s economic development looking at it from all angles both negatively and positively as also coming up with reforms to ensure that further economic development is on the upward curve.

1.2. STATEMENT OF THE PROBLEM

Africa is attractive to the PRC because its natural resources and consumer market are seen as essential to helping Beijing challenge the US as the world’s number one economy. Beijing’s foreign policy seeks ‘mutual benefit.’ Hence it engages with nations in the SSA region through economic and development diplomacy. Vision 2030 is a long-term economic plan that made the Kenyan government shift its focus towards economic diplomacy her primary goal in global politics (Wanyama, 2013; Mabera, 2016; Okoth 2012). The plan also recognizes that the state must address the public infrastructure gap that has historically hampered the process of economic development in the country.

In the time period under study (2003-2018), Kenya’s foreign policy favours targeting China as a development partner (Onjala 2010; Onjala 2018). The unpopularity of the SAPs model being offered by the West has made Kenya’s government trade soft power in exchange for increased trade, FDI and development diplomacy from the PRC (Kagwanja,2014a; Onjala 2010; Onjala 2018). It can be argued that the current nature of Sino-Kenya relations has been good for the country. Economic diplomacy has become the basis for short term economic development while Chinese development diplomacy has addressed the public infrastructure deficit that had traditionally hindered long-term economic development. However, there are credible concerns that the current appetite for Chinese loans is growing to unsustainable levels and in the process, undermining long-term economic development (Were,2018). It is also not entirely clear how the current trade imbalance with the PRC can be reconciled with the goal in Kenya’s Vision 2030 plan to become a middle-income economy by the year 2030.
The study focused on establishing the impact of Sino-Africa relations on economic development trends in the SSA region using Kenya as a case study. It explored aspects of Sino-Kenya relations encompassing bi-lateral trade, FDI, and development diplomacy. Thus, if the PRC claims that its always seeks mutual benefit in its diplomatic dealings, the question then becomes, does the nature of Sino-Kenya relations promote economic development in both nations?

1.3. STUDY OBJECTIVES

The main goal was to find out if the nature of Sino-Africa relations promotes economic development in the SSA region using Kenya as a case study. The secondary objectives were to:

1. To assess the history of Sino-Africa diplomatic relations.
3. To assess how China’s foreign policy has influenced Kenya’s economic development path.

1.4. RESEARCH QUESTIONS

1. What is the history of Sino- Africa relations?
2. What is the nature of Sino-Kenya diplomatic relations between 2003 and 2018?
3. What influence has China’s foreign policy had on Kenya’s economic development?

1.5. SIGNIFICANCE OF THE STUDY

The study has an academic value since it contributes to the body of knowledge by documenting the facts and findings on the impact of China’s foreign policy in Kenya’s economic development by firstly, taking an in depth look into the progression China-Kenya
relations between 2003 to 2018. Secondly the study showed the impact of China’s foreign policy on economic development trends in Kenya while suggesting possible reforms to ensure further economic development and growth. Lastly, the study also helped to raise public awareness of how Sino-Kenya relations have been the springboard for the economic development trends witnessed during the years under review.

The purpose of this research project was also to contribute to not only existing information but adding knowledge valuable to policy makers to make sound and objective decisions that result in tangible policies. It also sought to show the impact of China’s foreign policy trade, FDI and development diplomacy on economic development. The findings were therefore crucial in understanding the economic development trends. The findings further form important knowledge beneficial to both local, foreign investors as it will give them information on various investment opportunities that may be lucrative to them, policy makers and the Government. Policy makers will be able to come up with effective policies that will enhance its relations with China in ensuring that it is beneficial for both countries even as Kenya strives to attain its vision 2030 goals.

1.6 SCOPE OF STUDY

The study concentrated on the issue of foreign policy and economic development from the period of 2003 -2018. During this time span, there was a radical departure in Kenya’s foreign policy from the West to the East. There was a need to evaluate how this change led to the positive economic development trends as China’s soft power increased over Kenya in the international system.

1.7 DEFINITION OF TERMS

**Soft power:** This is the ability of one government to dictate the diplomatic choices of other nations without using military force or threats of military force or money payments.
**Economic development:** This term denotes three different things namely economic, human and sustainable economic development. Economic development means poverty alleviation through wealth creation. Human economic development means the government secures a decent standard of life for its citizens. On the other hand, sustainable economic development means as a government spurs economic growth through exploiting natural resources; the process of exploitation does not damage the environment.

**Official Economic development Assistance:** international economic development assistance in the form of grants or low-interest loans given with the intention to spur economic development in a poor nation so that the quality of life for its citizens improves.

**Sino-Africa relations:** This is the term which describes the diplomatic relationship between China and Africa.

**Sino-Kenya relations:** This is the term used to describe the diplomatic relationship between China and Kenya.

**1.8. CHAPTER BREAKDOWN**

Chapter One highlighted the background of the study and discussed the problem statement. The chapter further described the purpose of the study and identified the research questions that will guide and direct the study. The scope of the study and the definition of some of the key terms that were used in the study.

Chapter Two comprised of a review of the conceptual frameworks and the literature which guided the study. The first part was an evaluation of literature relating to the first research question, the second part of the literature review examined existing academic work on the second research question while part three focuses on literature concerning the third research question. Part four will handle the fourth research question.
Chapter Three of the study focused on the identification and explanation of the research methodology. The Chapter comprised of a discussion and justification of the research design for the study. The data collection methods and research procedure was also highlighted as well as the data analysis techniques and the ethical issues considered in the research.

Chapter Four presented the results of the research study. The chapter therefore, focused on reporting on the nature of Sino-Kenya relations and if they promote or hinder human economic development.

Chapter Five was the final chapter of the study. It presented the summary of the principal findings of the study and provided a detailed discussion of the findings by relating them to the findings of previous studies. Chapter Five then provided the conclusion of the study and issue recommendations for policy improvement and for further research.
CHAPTER TWO: LITERATURE REVIEW

2.1. INTRODUCTION

The chapter was a review of relevant literature and theoretic frameworks that guided the research. It unpacked the concept of economic development before placing it within the context of economic development and Sino-Africa relations using Kenya as a case study.

2.2. ECONOMIC DEVELOPMENT

Sano and McInerney-Lankford (2000) observe that the term ‘economic development’ means different things in different academic fields. They further observe that this is because economic development studies evolved into a multidisciplinary phenomenon over time. They argue that when the concept of economic development became a multidisciplinary phenomenon, it became categorized as human, economic and sustainable economic development. They further explain that human economic development covers the obligation every government has to ensure its citizens access a decent standard of living. To them, economic development is an obligation on governments to reduce poverty by having policies in place that ensure wealth creation through economic growth. Sano and McInerney-Lankford (2000), explain that sustainable economic development is an obligation on a government to ensure a nation’s national resources are not exploited in a manner which doesn’t damage the environment.

Staicu and Barbulescu (2017) argue that when economic developmental economics emerged in the 1960s, former colonies in Africa were becoming newly independent countries. The need to address poverty in these new countries, led economic development economists to advocate for the use of Official Economic development Assistance (ODA) as the way through which economic development would be facilitated in order to lower poverty levels. These writers observe that while East Asian nations had used ODA to lower poverty levels through
rapid economic growth, the opposite happened in sub-Saharan Africa. Cornia and Stewart (2014) observe that the lack of a clear correlation between economic development and the provision of ODA by the developed world in the SSA region forced a rethink of what development means. They explain that this process gave birth to the concept of human and sustainable development (Cornia and Stewart, 2014; Chitonge, 2015).

2.3. FOREIGN POLICY

Vale and Mphaisha (1999), define foreign policy as the process through which a government interacts with the environment beyond their national borders. They conclude that foreign policy is the most important thing that any modern government needs to generate to regulate its interaction with other states in the international system (Vale and Mphaisha 1999; Matshanda, 2009). To them, different governments have different aspirations thus they have foreign policy positions. Chandra-Sekhar (1961) has the same sentiments on the matter. They explain that, a country’s foreign policy is shaped by historical, political, economic, geographic, cultural, religious, ethnic, social and other considerations each government prioritises.

Holland (2011) observes that modern history has shown that a dominant foreign policy is achieved by linking it to national identity (Holland, 2011). He explains that in this way the conduct of a government in international politics is more than a mere expression of foreign policy as it becomes the identity of the state. For example, Naaz (2012) proposes that China has always linked its national image to its foreign policy. Naaz (2012) concludes that the individuals who bear the responsibility of advancing their nation’s foreign policy must also participate in positively branding the nation’s identity to the world. Hence the principal agents of a government’s foreign policy are diplomats, trade negotiators and military personnel. Naaz (2012) argues that this variety of foreign policy agents is proof that diplomacy has political, cultural, economic and military aspects.
Foreign policy may be used to regulate the bilateral relationship with one foreign nation or alternatively, multilateral relationships with more than one foreign government (Hamilton and Longhorne, 2011). The current study is limited to bilateral relations between governments in the SSA region with the PRC. According to Hamilton and Longhorne (2011), bilateral relations are multidimensional. They explain that they may be historical, political, economic or cultural in nature. To them, these are avenues for mutual understanding and cooperation between both state as well as non-state actors such as business organizations. They however conclude that in modern diplomacy, bilateral relations are mostly built to foster trade and investment.

2.4. ECONOMIC DIPLOMACY

After the Cold War, the world’s economy became integrated at both the regional and international planes through the process of globalization (Gilpin, 2018; Muldoon et al., 2005). The process of globalization significantly challenged the state-centric portrayal of diplomacy (Lee and Hudson, 2004; Murray, 2006). For instance, Murray in Reordering Diplomatic Theory (2006), the author denounces a formulation of diplomacy that excludes the linkages with commerce. Similarly, Lee and Hudson (2004) dispute ideas of IR as an autonomous political process. Furthermore, Qobo (2010) argues that post-1990; diplomacy migrated away from the Cold War focus on security. To Plouffe and Van der Sterren (2016), the concept of economic diplomacy emerged out of the recognition that diplomatic staff may be agents of globalization especially when they are directly involved in creating, developing, or regulating markets through the inflow of capital using trade or finance negotiations or alternatively, facilitating Foreign Direct Investment (FDI) (Plouffe and Van der Sterren, 2016; Domarkas et al., 2019; Tukic, 2018).

According to Baylis et al. (2020), globalization is an economic process shaped by technological advances which increase economic interdependence and integration. To the
authors, globalization is a process that ensures vibrant economic activity facilitated by an increase of available capital, trade deals, supply of services, migration of workers, and technological exchanges (Baylis.et.al. 2020; Muldoon.et.al. 2005). The changes that globalization brought to global politics increased the need an integrated diplomacy approach to facilitate, manage, and regulate both economic development as well as market integration (Baylis.et.al. 2020). To them, economic diplomacy emerged post-1990 as an important tool for mitigating against the increased risks to national economic security as well as dictating how a nation may take advantage of economic development opportunities. They observe that consequently, economic diplomacy involves networks of both state and non-state actors pursuing of private as well as public economic interests.

To Gilpin (2018b), globalization blurs the distinction between national and multinational business concerns. Woolcock (2016) argues that the scope of economic diplomacy covers business, trade, and finance, as well as the regulating the migration of workers. Gertz (2018) explains that globalization has created an international capitalist system in which there are both high economic vulnerability and opportunities for trade as well as investment. To him, this has led to governments first using diplomatic channels to protect the interests of domestic or local businesses and accounting for their views in the formulation of foreign policy objectives through commercial diplomacy.

In practice, commercial or business diplomacy builds a network made up of diplomatic staff and business groups operating from overseas missions with the aim of boosting trade and FDI (Wanjiku, 2019). For developing countries like Kenya, commercial diplomacy involves tourism promotion (Naray, 2008). Hence, an understanding of commercial diplomacy is that it is a complex organizational network that first has the branches of government in charge of economics, trade, finance, and foreign relations. Second, business groups are incorporated in
the system as key players in foreign policy formulation and they have representatives attached to overseas missions.

According to Tussie (2013) trade advocacy became part of modern economic diplomacy as non-state actors, networks, ideas and institutions became part of the foreign relations processes. He explains that as a component of economic diplomacy, its sole focus is to facilitate bilateral trade by ensuring a trading partner is importing almost as much as they are exporting to a trading partner. To the writer, trade is essential to the economic security of nations. Globalization has made diplomatic staff collaborate with their nation’s private business actors in a systemic way to ensure that transnational trade can be used to drive economic prosperity. For example, two years ago, Kenya ultimately refused to be party to a free trade agreement that the PRC wanted to enter with the East Africa Community (EAC) to protect Kenyan manufacturers (The East African, 2018).

According to Pigman (2006a), international finance is an important pillar of the capitalist global economy that emerged post-1990 (Pigman 2006a; Pigman 2005b, pp 385-401; Pigman 2004). Consequently, Pigman defines finance diplomacy as the branch of economic diplomacy that is concerned with how a state can create economic stability and prosperity using best practices or norms borrowed from existing international business regime (Steil and Litan, 2008). Stringer (2004), explains that regulating the flow of migrant workers is an aspect of economic diplomacy. The writer explains that economic interdependence has been facilitated by the flows of migrant workers and this phenomenon has made consular services an aspect of economic diplomacy. Hence, they say that in modern diplomacy, issuing visas has become a tool for facilitating bilateral cooperation and state recognition. Alternatively, not giving out visas to citizens of a specific nation is justified on the grounds for advancing, among other things, national economic interests (Goldin, 2018).
According to Sang-Hyung (2011) the ‘Going Out’ economic policy underpinning the increase of Chinese FDI in Africa is part of its long-term strategy of becoming a superpower in global politics. The writer points to a documentary series run on the government-run CCTV as evidence of their assertion. The writer reports that the documentary finale informed the Chinese public that all great powers of the past acquired the status by focusing on the economic prosperity for its people. The documentary also informed the Chinese public that nations can acquire the status of being a Great Power through strategic planning. This state-sanctioned documentary went on to say that for China to challenge the status quo, they must put in place plans which will progressively make the PRC a Global Power without waging war with the US or her allies.

Sang-Hyung (2011) reports that after the financial crises in Asia in the years between 2006 and 2008, the PRC adopted the ‘Going Out’ foreign policy of economic cooperation as a tool to acquire monetary power which can be leveraged in the global economy. The writer explains that apart from putting in foundations for the globalization of the Yuan and opening its capital markets to foreign investors, the PRC has made FDI a central pillar of its long-term strategic plan to become a global monetary power. According to Shan et. al. (2018), state-owned companies, privately-owned companies and private Chinese citizens has become the vehicles for FDI into African economies.

According to Ross (2015d), the phenomena of FDI emerged as economies of different nations became integrated through international trade. He explains that today, FDI is seen as a private-sector tool that can be used by a recipient nation to finance the process of economic development. He contends that this is especially true in regards to economic development in the Third World. They explain that FDI addresses poverty in these nations through job creation. He explains that companies will engage in FDI to access or take advantage of emerging consumer markets. They conclude that this may be why 91% of FDI goes to the
underdeveloped or poor countries. He explains that after the PRC joined the World Trade Organization (WTO, it became one of the primary sources of FDI for peripheral economies in the Global South. He cites the example of how Chinese FDI grew by 4000% in the years between 2003 and 2012 when it grew from around 400 million USD to a staggering 21 billion USD. He reports that private companies from the West had historically not invested in African economies because of political instability, economic overregulation and poor labour productivity. He, however, notes that because most Chinese firm investing in the developing world are owned by the PRC government, they can take risks that privately-owned Western companies can’t. He concludes that Chinese FDI is motivated by the desire to continue its march towards unseating the US as the world’s number one economy.

Klaver and Trebilcock (2016) explain that while Chinese FDI serves its grand plan of becoming a Great Power, it is also driving African economic development. The authors, however, point out that the PRC is addressing the unemployment of its rural poor through FDI. Consequently, even though Chinese FDI has been driving the emergence of Africa’s Lion economies, it is not beneficial to recipient states in the long-term. The writers suggest that since most FDI is by Chinese companies interested in exploiting Africa’s natural resources, in line with many Western marginal corporate tax rates, African governments can harness the full economic benefit of Chinese FDI, by applying a tax rate of 30% on “ordinary profits” from resource investments.

Vision 2030 is a long-term economic plan that has specific goals the Kenyan government must meet by the year 2030 (Government of Kenya, 2007). Vison 2030 made the Kenyan government make economic diplomacy the primary goal of its foreign relations strategy (Wanyama, 2013; Mabera, 2016; Okoth 2012). Kagwanja (2014a) deduces that this shift happened because China has consolidated a considerable amount of soft power in Kenya. To
the author, the PRC is winning its competition for soft power in Kenya because of its pragmatic approach to dealing with African leaders.

2.5. DEVELOPMENT DIPLOMACY

Public diplomacy is how a state uses foreign policy to communicate directly with the citizens of another nation and acquire soft power (Nye, 2008b; Melissen, 2005; Huijgh, 2016; Hayden, 2017). Melissen (2005) observes that “image cultivation, propaganda and activities that we would now label as public diplomacy are nearly as old as diplomacy itself” (p.3). He explains that in the past, “prestige-conscious princes and their representatives never completely ignored the potential and pitfalls of public opinion in foreign lands” (p.3). Similarly, in the international relations of ancient Greece, Rome, and Byzantium involved deliberate steps to use diplomacy to communicate with foreign citizens.

Zielińska (2016) observes after the Cold War, public diplomacy became expanded to include non-state actors. She explains that the expansion gave rise to a “New Public Diplomacy” on which development is an avenue for wealthy nations to acquire soft power in poor nations. To her, development diplomacy happens when a rich nation undertakes to build public infrastructure in a poor nation needed for long-term economic development with the goal of acquiring soft power.

Besada and O’Bright (2016) report that fears of international isolation drove the PRC to pursue soft power in the Global South using development diplomacy (Besada and O’Bright; Busse.et.al. 2016). Sun (2014) explains that this strategy has been successful in the SSA region because it has a big public infrastructure deficit that engagement with the West has failed to resolve. Sun (2014) asserts that in combination with Chinese economic diplomacy, the public infrastructure being built by the Chinese in the SSA region have become the main drivers of economic development in that part of the world.
According to Siringi (2018), the Kenyan government must address the lack of public infrastructure to spur the economic development targets of Vision 2030. Chege (2008) reports that Kenya’s policies under the Moi regime (1978-2002) led to economic recession and a high national poverty level. According to Siringi (2018), Vision 2030 pushed Kenya to adopt a foreign policy of ‘Looking East’ to the PRC for economic development partnerships because unlike the West, the latter is willing to not to interfere in the domestic politics of a recipient state (Siringi 2018; Onjala 2008a; Onjala, 2018b). Onjala (2008a) explains that Kenya’s political elite have a preference for Chinese development diplomacy because the development assistance offered by the West is tied to economic and political reforms (Onjala 2008a; Onjala, 2018b).

2.6. CHINESE DIPLOMACY

Gleb (2010) notes that Beijing considered itself part of the Third World; hence Maoist China’s foreign policy from the mid-1950s up until the death of Chairman Mao was primarily used to give material support to African anti-colonial movements. According to Hunter and Sexton (1999), after colonialism ended in most of Africa and Mao’s death, Chinese foreign policy shifted to economic diplomacy under the leadership of Deng Xiaoping. Accordingly, diplomacy was used to seek out economic cooperation with nations across the ideological divide during the cold war era (Gleb, 2010; Hunter and Sexton 1999).

Zong and Xu (2008) argue that after this foreign policy shift, the PRC was not perceived as a threat by the West. Mearsheimer (2001) however warns that the rapid economic growth which followed has put China on the path to challenging the unipolar international system which emerged post-1990. According to Goldman and Lee (2002), China has always resented the fact that it has not always been considered a superpower despite its history, ancient civilization, and population size. Basu (2012) proposes that Beijing may use diplomacy to prey on poor nations.
Zhu (2008) argues that the PRC’s emergence as a global power will be uneventful because China is comfortable in having a foreign policy strategy governed by defensive realism that protects its economic interests. Similarly, Shipping (2008) argues that China’s has ‘joined the bandwagon’ with the rest of the world in accepting America’s leadership of the current unipolar system of international politics. Hence its is highly unlikely that its rise in to a global power will lead to conflict with the US and her allies.

2.7. SINO-AFRICA RELATIONS

Cesa (2009) observes that the Cold War created ideological divisions in international politics between the capitalist Western bloc and the communist Eastern bloc (Cesa, 2009). According to Cesa (2009), African and Asian countries that were newly independent came together during the Bandung Conference in Indonesia chart a collective way forward of neutrality (Cesa, 2009; Hunter and Sexton 1999). Ayadin and Tekin (2015) explain that China established its foreign policy approach to Africa at the Bandung Conference of 1955. They report that China determined that its official foreign policy towards Africa would be governed by peaceful coexistence, mutual respect for sovereignty, equality and mutual benefit.

According to Goldman and Lee (2002), these principles are evidence that the PRC’s foreign policy towards Africa was driven by offensive realism. Hence during the first phase of Sino-Africa relations, China fiercely protected its national interests while at the same time it used diplomacy to acquire soft power on the Continent so that she could challenge the bipolar Cold War international system as the principal voice for the SSA and the rest of the Global South. Alden (2007) explains that the second phase in the development of Sino-Africa relations was after Mao’s death when China abandoned “revolutionary diplomacy” in its dealings with Africa in favour of economic diplomacy. Besada and O’Bright (2016) explain that the current phase of Sino-Africa relations was precipitated by a fear of international isolation by the West post-1990 (Taylor, 2004; Besada and O’Bright, 2016; Kaplinsky et.
Rotberg (2008) characterizes Chinese diplomacy as pragmatic because it aspires to be one of the great powers of international politics. According to Rotberg (2008) among the principles that govern Chinese foreign policy towards Africa are that the PRC will never offer African nations ODA. Hence Malwanda and Suliman (1999) explain that Chinese development assistance Africa does not fall within the standard definition of ODA. This is because the financial assistance given by China is not in the form of grants or low-interest loans (Malwanda and Suliman, 1999). Furthermore, unlike the ODA given by DAC nations, Chinese financial assistance has no economic and political conditionality’s.

According to Tull (2006) official documents which have guidelines that are supposed to govern Sino-Africa relations is nothing more than rhetoric. According to the author, Chinese aid is being used to advance China’s national interests not economic development in Africa. They explain that this is evidenced by Beijing using the soft power bilateral debts have secured in Africa to create a big voting bloc in the United Nations that shields the PRC from being held accountable for its poor domestic human rights record (Tull, 2006). They give the example of Uganda supporting China’s human rights record in the United Nations Commission for Human Rights; Zimbabwe successfully secured the votes needed to prevent a UN resolution that would have indicated both them and China as human rights abusers back in 2004; and South Africa led other African nations in opposing any resolution to discuss the possible return of Taiwan’s membership in the UN in line with Beijing’s ‘One China Policy.’(Tull,2006).

In discussions on the development, nature and impact of Sino-Africa relations, there is limited research into the role that Africa’s leaders play in the process (Hodzi,2017). African leaders /governments are not “passive recipients” of development models “proffered by
benevolent foreign powers” (p.191). According to Hodzi (2017), the emergence of China as an economic power in the 21st century has made the narrative shift from painting the West as to portraying China as Africa’s ‘saviour.’ Hodzi (2017) goes on to argue that there is very scarce academic research into how Africa’s political elites shape use their nation’s foreign policy to determine how to engage with China and subsequently how the nature of diplomatic engagement with Beijing impacts economic development trends in Africa.

2.8. SINO-KENYA RELATIONS

According to Branch (2013), President Moi’s bad human rights record and cordial relations with China had essentially blacklisted Kenya from getting ODA from Western donors. There was an expectation that the Kibaki regime (2002-2013) would adopt a foreign policy that would be more receptive to conditional aid from the West. However, this did not happen because resentment grew in President Kibaki that Western powers were unnecessarily putting a heavy focus on corruption and weak governance institutions in Kenya. This resentment drove Kenya to change its foreign policy and make the PRC the primary economic development partner.

Ongiri (2013) notes that the Uhuru regime (2013-) was expected to follow the foreign policy of looking to the PRC for economic development assistance. The PRC showed that it valued its diplomatic relations with Kenya by being the only nation which sent a high-powered diplomatic delegation to the inauguration of Uhuru Kenyatta. A year later, the Chinese Prime Minister made an official state visit to Kenya. During this visit, Kenya entered into 17 bilateral agreements worth billions of dollars geared towards boosting economic growth.

Siringi (2018) observes that the diplomatic relations between the PRC and Kenya has led to cooperation in different areas of mutual interest. Kithinji, (2016) observes that Kenya has a public infrastructure deficit that development assistance from the West has failed to address
so as to boost long-term economic development (Kithinji, 2018; Hurley et. al., 2018).

According to Onjala (2008), most Kenyan government officials prefer the development diplomacy offered by Beijing as opposed to ODAs being offered by the West providers (Onjala, 2008; Onjala, 2018). They explain that this is because the SAPs that are tied to getting ODA are seen as an attack on the sovereignty of the Kenyan government over its internal affairs.

2.9. THEORETICAL FRAMEWORKS

This study was mainly influenced by the Realism and Neo-classical realism theory to explore and understand the diplomatic relations between China and Kenya and its impact on economic development. World systems theory was used as a complementary theory in this study in an attempted to further understand the world economic system in which some countries benefit while others are exploited.

2.9.1 REALISM

The realism thinkers include Kenneth Waltz, Hans Morgenthau, Robert Art, Robert Gilpin, Stephen Walt, Niccolo Machiavelli and Barry Posen who were of the opinion that the theory was associated with the concept of Realpolitik. The four central positions for the realism theory are: that the country is the central actor in international politics as opposed to individuals; the international political system is anarchic and therefore there is no supranational authority to enforce rules over the other states (Scheuerman, 2010). The realists also believe that state interests takes precedence, therefore Kenya can relate with China and Vice-versa seeing as their relations is driven by their various national interests. The aspect that political systems are anarchic and no country can enforce rules over the other has pushed some countries in Africa to focus on Asia and China in particular for economic diplomatic
strategy as the country’s requirements do not directly influence or interfere with the running of the governments. The perceptions many countries in the developing world have had is that western countries influence how the governments are run, who wins elections and what projects are done thus having significant control over the running of the country (Goodin, 2010). The partner countries desire power to ensure they can ensure their own self-preservation thus countries like Kenya with a feeling of intrusion from western countries are likely to shift their economic and trade focus to giant economies like China.

2.9.2. NEO-CLASSICAL REALISM

Neo-Classical Realism (NCR) accounts for how global bodies, economic linkages, and non-systemic factors may impact foreign policy (Firoozabadi and Ashkezari, 2016). Unlike classical and structural realism, NCR distinguishes itself by actively seeking to provide foreign policy recommendations when interpreting events in IR. It does not look favorably at the fatalistic underpinning the classical and neo-realism conception of IR (Firoozabadi and Ashkezari, 2016).

NCR rejects the traditional realist preoccupation with security and self-preservation when interpreting events in the IR arena (Narizny, 2018). Instead, NCR proposes that domestic factors determine the foreign policy choices available to a nation. NCR advocates are just as ‘state-centric’ as other realists hence they see IR as a competition for power and security in a chaotic international system. To them, this means that the status of a government in global politics determines its conduct so that the international system rewards rather than punishes its foreign policy choices (Narizny, 2018).

Rose (1998) is the scholar who pioneered NCR in the late 1990s. He proposed that the limits and ambitions of a state’s foreign policy are predicated on the place it finds itself in the
international system because of its “material power capabilities” compared to other nations. Simply put, a nation’s military and economic strength as well as other internal factors or national interest are the ‘independent variable’ that determine its foreign policy choices (dependent variable). Hence neo-classical realism is a framework that can be used to evaluate or predict foreign policy choices of each individual state in each specific instance (Rose, 1998).

NCR uses a multi-layer analysis to evaluate both governments and the regional and supra-national systems they typically find themselves participating in today (Rose, 1998). The rationale for this approach is the easily observable fact that countries are highly differentiated. Each government has to deal with a host of domestic causal factors that are generated from inter-state relations in the international system they are a part of. These domestic factors are ‘intervening variables’ between the independent (dynamics of global politics) and the dependent (foreign policy outcomes) variables (Rose, 1998). Consequently, the particular foreign policy options a given state’s leaders select may be the product of these intervening domestic factors.

Kenya’s government has a long term economic plan to make the nation have a middle-income status (Government of Kenya, 2007). The goals of Vision 2030 led Kenya to have a primary focus on economic diplomacy. The Neo-Classical Realist conception of Kenya’s foreign policy is illustrated below

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Political Process</td>
<td>1. Political affiliation</td>
</tr>
<tr>
<td></td>
<td>2. Bilateral agreements</td>
</tr>
<tr>
<td></td>
<td>3. Political elections</td>
</tr>
<tr>
<td></td>
<td>4. Sanctions on political</td>
</tr>
<tr>
<td>Foreign Policy Choices</td>
<td></td>
</tr>
</tbody>
</table>
Neo-Classical Realist scholars refute the claims by structural realists that the rise of China will lead to conflict. They reject the claim by structural realists that the US would be better off pursuing containment, as they did with the USSR, rather than peaceful cooperation with the PRC (Ross 1999; Friedberg, 2005). For example, Ross believes that Sino-American relations do not have to be antagonistic since it would be geopolitically beneficial to both countries to engage in peaceful cooperation (Ross 1999a; Ross 2006b; Ross,
Similarly, Kirshner (2012) warns that the structural realism view that the rise of the PRC must be hindered by the US is flawed.

Kirshner (2012) agrees with structural realist that the PRC should be considered a threat to American hegemony, yet he disagrees with Mearsheimer that heavy handed responses by the international system to the emergence of China are justified because structural transitions automatically result in conflict. They have a problem with the way Mearsheimer is not open to the peaceful accommodation of new powers in the international system. Kirshner deduces that Chinese interests in global politics are multifaceted, thus structural realists are wrong when they limit their analysis to power structures. Instead governments must be understood as political creatures in addition to being entities that are only interested in survival.

Kirshner (2012) argues that it is reasonable for the US to view Chinese expansion as dangerous, but he does not see the rise of China followed by open warfare with the West. To Kirshner, for a state to accumulate the power they need to be a dominant power; they will be essentially committing suicide because the international system will punish it. Consequently, America and her allies are wrong to interpret the nature of Sino-Africa relations as a threat to their interests.

2.9.3. WORLD SYSTEMS THEORY

The World Systems Theory (WST) asserts that the world has become integrated through a global economy in which there is the integrated division of labor and a variety of political structures (So, 1990) asserts that Global capitalism has created a system in which nations are always competing to accumulate more capital than their rivals. In this way, the theory ties foreign relations to global economics. This is illustrated in below:
The “core” classification within the world economic system is reserved for liberal democracies that are economically prosperous nations like the United States or the United Kingdom (Beyer, 1994, p.17). Nations such as these tend to dominate the global capitalist economic system because they are where global capital is concentrated. The PRC falls under the “semi-peripheral” category because it may be economically prosperous but, it is not a liberal democracy (Wallerstein 1976, pp.71-72). It has an economy that is primarily based on natural resource extractions and manufacturing. As a semi-peripheral nation, the PRC can be exploited by nations in both the peripheral and the core areas. Hence its status in the world system can be a source of economic benefits for nations in the core as well as peripheral
zones. The peripheral zone is populated by poor and developing nations. They are the main source of raw materials for core nations. Their economies have a weak or non-existent manufacturing base, cheap labor, and no access to advanced technologies (Bayer, 1994, p.15). Kenya and most of the SSA region, are peripheral nations with the exception of South Africa that is a semi-peripheral country.

According to Wallerstein (1976), there are always opportunities for upward and downward mobility within the world economic system (Wellerstein, 1976; So, 1990). As a peripheral nation, Kenya has to strike a balance between addressing internal barriers to economic development and having a foreign policy strategy that can help it transition into a semi-peripheral nation in the world economic system. It is from this perspective that the study evaluates if the nature Sino-Kenya relations has had a positive impact in efforts to transition into the semi-peripheral status it desires to have by the year 2030.

2.1. KNOWLEDGE GAP

The Kenyan government has a long-term macro-economic plan to make the country a middle-income economy by the year 2030. In the context of the global economic system, this would mean migrating from the periphery of the global economy to a semi-peripheral position currently occupied by BRICS economies. There is a current lack of adequate research linking the economic development goals of Vision 2030 to Kenya’s foreign relations strategy of economic diplomacy.

The current study addressed this gap by explaining how Kenya’s government can go about using economic diplomacy to exploit the PRC’s semi-peripheral economy. The study illustrated that the transition into a semi-peripheral economy is secured by Kenya
addressing internal barriers to economic prosperity while using economic diplomacy to secure trade and FDI from China to maintain current positive economic development.

2.12. CONCLUSIONS

This chapter examined available literature on the history of Sino-Africa relation and further narrowing it down to Sino-Kenya relations as well as its impact of the economy. It also looks into the theoretical framework made up of neo-functionalism and inter-govern-mentalism as the theories used to explain this study. Finally, the chapter looked into the gap in literature that this sought to fill.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1. INTRODUCTION

This section of the study presents the methodology that was used, the sources of data, the data collection techniques and methods of data analysis. Also included in the chapter are the ethical considerations as well as description of the limitations of the study.

3.2. RESEARCH DESIGN

A mixed research design was used. According to Johnson et.al. (2007), mixed-methods involves a researcher combining elements of qualitative and quantitative research together.

Qualitative research design was used to collect secondary data because part of the study will be descriptive and explorative in nature. The descriptive approach allowed the researcher to examine the impact of Chinese economic and development diplomacy on economic development trends in Kenya.

Quantitative research design was used to collect primary data through the use of survey and an interview method.

3.3. THE STUDY LOCALE

The study was conducted in Nairobi County. The rationale behind the choice of the study locale is that as the administrative and economic hub of Kenya, it will provide valid sources of primary information on the impact of Sino-Kenya relations on economic development trends. A secondary reason for picking the study locale was the high number of Chinese owned businesses in the area.
3.4. TARGET POPULATION

Public officials who would provide credible information on the study’s subject matter were the target population. Data was collected from them through interviews.

The research also sought to interview representatives from Chinese firms engaged in the construction of public infrastructure projects in Kenya. The two Chinese firms chosen were China WU YI and Sino-Hydro Corporation because have been instrumental in infrastructural growth in the country.

Targeted respondents also included privately owned Chinese businesses in Nairobi, domestic manufacturers, small business owners in Nairobi and members of the public whose views were collected through a survey questionnaire on how China’s foreign policy has affected Kenya’s economic development.

3.5. SAMPLING DESIGNS

For the purposes of the study, a sample represents a fraction or part of a target population (Etikan .et. al., 2016). Researchers must engage in “sampling” to determine the most appropriate qualitative data collection tools to use (Walliman, 2017). It assumes that the primary data collected from a sample would have been replicated had the entire target population participated in the study. To Walliman (2017), when a researcher wants to “examine the dynamics within different groups rather than individuals” the sources of primary data are groups or the things which create those groups.

Purposive sampling was employed. It is most effective when studying a specific subject matter because it follows a non-probability-sampling method that limits the sample population to knowledgeable experts as well as individuals who would serve as a representation of the general public.
3.6. DATA COLLECTION

3.6.1 INTERVIEWS

Semi-structured interviews were used to give the researcher opportunities to ask in depth questions and follow up questions.

Two interviews were conducted on the 16\textsuperscript{th} and 18\textsuperscript{th} of March 2020. The findings from the interviews were however incorporated into the Chapter 4 and Chapter 5 of this study in the Results and Findings and Discussion, Conclusion and Recommendations respectively.

3.6.2 SURVEY

A survey was carried out in order to get the opinion of a few individuals on what they feel was the impact of Sino-Kenya relations on economic development trends in Kenya.

3.6.3 CONTENT ANALYSIS

This study also relied on secondary data was collected through websites, journals, official publications, official government reports and published materials as well as newspapers and newsletters that have covered the topic of China foreign policy and its impact on economic development.

3.7. DATA ANALYSIS METHOD

Qualitative data from interviewees and quantitative data from questionnaires will be coded prior to entry into a database. The qualitative data will be sorted into topics as per interviewed respondents and recorded alongside the quantitative data analysis. Tables, pie-charts, and graphs, were used to present the data.
3.8. VALIDITY AND RELIABILITY

In this study’s research methodology, reliability is the degree to which a research instrument yields consistent results or data (Mugenda and Mugenda 1999). Validity is the degree to which analysis of data collected represent the phenomenon. Together, they work to ensure accuracy hence they were important elements to the study.

3.9. ETHICAL CONSIDERATIONS

A letter from the University was given to enable the researcher to conduct the study. A research license was obtained from the National Commission for Science, Technology and Innovation (NACOSTI).

3.9.1. ETHICAL CONSIDERATIONS FOR THE RESEARCHER

The study seeks to fulfil a social purpose. It is not restricted to the academic objective of partial fulfilment of a degree program. It is not purely motivated by personal gain. Instead, it seeks to add to existing literature on the impact of Sino-Africa relations on economic development trends in the SSA region using Kenya as a case study. In this way, it fulfils a social purpose.

3.9.2. PROCEDURAL RESEARCH ETHICS

Plagiarism was avoided because it is academic fraud that compromises the quality (accuracy) of research. Acknowledging that these acts are legally indictable, the study took concrete steps to ensure that plagiarism is avoided by ensuring the research is both unique and original. For instance, all secondary sources used were properly cited. Furthermore, the researcher will ensure professionalism backed by informed personal perspectives is applied to ensure the integrity of the research process and findings. Discretion was also adhered to throughout this study since the research problem covers some sensitive data. The respondents
were guaranteed that all the information and data offered by them will be used exclusively for the research.

3.10. STUDY LIMITATIONS

The biggest challenge faced by the researcher in conducting this research was access to government offices as well as the other target offices. Due to their busy schedules it was hard to get adequate time to conduct the interviews. A particular case is when the research made attempts to make an appointment with the Chinese embassy but was informed that there was no official available to conduct the interview. Further, officials from the Ministry of Foreign Affairs were unavailable. To address this limitation, the researcher scheduled and conducted another interview with an alternative ministry (Ministry of Trade) to ensure the collection of relevant data pertaining to the study.

The issue of language barrier of Chinese business owners posed a challenge in collection of accurate data due to lack of proper understanding and poor translation. This limitation was mitigated by the use of google translate.

3.11. CONCLUSIONS

The chapter laid out the methodology that was used by the study, where data was collected from, the data collection methods employed, and how the data was evaluated. Ethical considerations during the study are included along with a description of the limitations to the study.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This chapter discusses research findings of the study which was aimed at examining the extent the impact of Sino-Africa relations on Africa’s economic development using Kenya as a case study during the period for 2003 to 2018. The chapter presents an analysis of the findings which is guided by secondary data. The first section analyses responses from the public on their opinion on the study, followed by statistics showing the nature of the foreign policy in Kenya and lastly interviews conducted as shown by annex 1 and 2 respectively.

4.2 RESPONSE RATE AND ANALYSIS OF THE RESPONDENTS

The target population size for the research was 40 respondents (10 Kenyan business owners, 10 Chinese business owners, 10 Kenyan employees from Chinese businesses and 10 members of the public). However, the researcher was only able to administer survey questionnaires to 35 respondents that being: (10 Kenyan business owners, 5 Chinese business owners, 8 Kenyan employees from Chinese businesses 1 representative of the Sino hydro company, 1 representative of the China WU YI company and 10 members of the public) as a general representation of the entire population.
## 4.3 DEMOGRAPHIC INFORMATION

Table 4.1 an analysis on the respondents

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>TARGETED</th>
<th>INTERVIEWED</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINO HYDRO REPRESENTATIVE</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>KENYAN BUSINESS OWNERS</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>CHINESE BUSINESS OWNERS</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>KENYAN CONSTRUCTION WORKERS AT THE SELECTED COMPANIES</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>GENERAL PUBLIC</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>CHINA WU YI REPRESENTATIVE</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>35</td>
</tr>
</tbody>
</table>

Table 4.2 Gender of respondents

<table>
<thead>
<tr>
<th>GENDER</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMALE</td>
<td>15</td>
</tr>
<tr>
<td>MALE</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35</td>
</tr>
</tbody>
</table>
Table 4.3 Age of respondents

<table>
<thead>
<tr>
<th>AGE</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>13</td>
</tr>
<tr>
<td>31-40</td>
<td>12</td>
</tr>
<tr>
<td>ABOVE 41</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35</td>
</tr>
</tbody>
</table>

The fewest respondents were above the age of 41 years. This indicates that the respondents' ages were well distributed.

4.4 PUBLIC PERCEPTION OF SINO-KENYA RELATIONS

Table 4.4 whether the nature of Sino-African Relations is mutually beneficial?

<table>
<thead>
<tr>
<th>Is Sino-Kenya relations mutually beneficial?</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>15</td>
<td>43%</td>
</tr>
<tr>
<td>NO</td>
<td>20</td>
<td>57%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35</td>
<td>100%</td>
</tr>
</tbody>
</table>
The study sought to establish whether public opinion viewed Sino-Kenya relations as mutually beneficial. From the results of the findings, most respondents (57%) believed that Kenya is not in a mutually beneficial relationship with China.

The minority of the respondents (43%) believe that China’s relationship with Kenya is mutually beneficial. They also cite how the modern transport network built by the Chinese has lowered the cost of doing business considerably.

A key informant noted that the China-Kenya relations were mutually beneficial as it was promoting growth for both countries. He added that the presence of China in Kenya was integral in Kenya’s growth.

4.5. SINO-KENYA TRADE

Trade advocacy became part of modern economic diplomacy as non-state actors, networks, ideas and institutions became part of the foreign relations processes (Tussie, 2013). As a component of economic diplomacy, its sole focus is to facilitate bilateral trade by ensuring a trading partner is importing almost as much as they are exporting to a trading partner. Fair trade is essential to the economic security of nations. Globalization has made diplomatic staff collaborate with their nation’s private business actors in a systemic way to ensure that transnational trade can be used to drive economic prosperity.

China-Africa bilateral trade was on an upward trend until a drop in commodity prices reduced the volume of African exports to China (CARI, 2020). By 2018, the volume of exports to China was increasing as it had before the 2014 crash (Fig.4.1). The largest exporter to China is Angola in 2018. South Africa was the largest consumer of manufactured Chinese goods in the year 2018 2018.
The composition of trade shows Africa mostly exports raw materials to the PRC China and imports finished products. The SSA region does not have the manufacturing capabilities capable of competing with the PRC. It however has unexploited natural resources that the PRC needs to power its economy. Consequently, volume of manufactured goods SSA’s manufactured exports to China has dropped from 6.7 percent in the 2000-2004 periods, to 3.2 percent in the 2009-2013 periods (Osakwe, 2017). The nature of Sino-Africa trade violates the basic tenets of the Heckscher-Ohlin model (Busse.et.al. 2016). There is trade imbalance because SSA nations are not exporting the excess of what they can efficiently produce and proportionally importing what they cannot produce.

According to a key informant, there is no fair trade between Kenya and the PRC. He noted that: “There is virtually no trade balance between the two countries. China imports more commodities as opposed to Kenya’s exports to China.”
Kenya’s exports to China are mainly low value semi processed primary products (tea, coffee, hides and skins) and also raw metal products, minerals and gemstones while Imports from China are mainly capital goods which are expensive manufactured products (machinery, electronic equipment, agricultural tools, electronics, hardware and building materials, textiles, pharmaceuticals, chemicals, household appliances). There are sanitary and phytosanitary issues that Kenya has to contend with while exporting to China. Export of fresh produce to China as per the IPPC convention is preceded by a comprehensive Pest Risk Analysis to mitigate on quarantine pests. However, Kenya and Chinese quarantine authorities then signed the SPS Protocol on 9th November, 2018 leading to the opening up of the Chinese market for Kenya’s frozen Avocados and Stevia.

Non-competitiveness of Kenyan products: The low comparative advantage in production of certain goods (due to high production cost) has restricted entry to China whose products are relatively cheap. Unlike most African LDCs exporters, Kenya and other developing countries’ exports especially of horticulture (cut flowers, fruits, edible nuts and vegetables) do not enjoy duty free, quota free access to China market and are more expensive in the market due to imposition of 4% duty. Inadequate resources to develop required product standards and training of business people on the standards and appropriate business practice have also largely contributed to the imbalance.” This was illustrated by the data provided by the informant at the ministry of trade.
According to Trading Economics (2020), Kenyan imports were valued at 155.31 billion Kenyan Shillings in December 2019. A significant proportion of these imports were purchases of machinery and transport equipment from China. However, Uganda is the number one importer of Kenyan exports not the PRC. While our East African neighbor consumes 10 percent of Kenyan exports the PRC only accounts for 1.8 percent. As it is shown in figure 4.2 and 4.3, Kenya does not enjoy fair trade with the PRC.
Fig 4.3 Kenyan exports to China

The informant further reported that Kenya-China trade and investment centred mainly in heavy infrastructural investments (road and SGR networks) in Kenya. It has also resulted influx of imports of Chinese manufactured products into Kenya and to the East African market as a whole; and has affected Kenya’s key exports to the region, manufactured goods whereby some products that could easily be locally sourced are imported and sold at a higher price as that of the products that would be otherwise be cheaper if they were locally sourced.

“China is an emerging market and presents a strategic market for export consolidation, expansion and diversification for Kenya (huge population of 1.4 billion people and her tremendous growth in the recent past, 13% in 2007, 6.9% in 2015, 6.8% in 2016 and 6.8% in 2017). Therefore as I said early, the fact that the trade is majorly one sided, Kenya’s inability to take advantage of the china’s huge population and focus on exporting its goods has therefore not allowed Kenya to effectively grow its economy through the trade sector.”
4.5. SINO – KENYA FOREIGN DIRECT INVESTMENT (FDI)

Since 2005, direct investments into SSA economies by private Chinese citizens have become a crucial aspect of Sino-Africa relations (Wang, 2007). Chinese citizens have been immigrating into the SSA region to start Small-to-Medium Enterprises (SMEs). The influx of private Chinese FDI raised the overall levels of FDI in the Kenyan economy to 164708.40 Million Kenyan Shillings in the year 2018 (Trade Economics, 2020). Chinese FDI is expected to be approximately 175000 Million Kenyan Shillings by the end of 2020. It is expected that net flows from Chinese FDI will be approximately 220000.00 Million Kenya Shillings by the year 2021 and later, 250000.00 Million the following year. These findings are represented below.

Fig.4.4. Kenyan FDI Trends
4.5.1 Whether Chinese run public infrastructure projects have addressed youth unemployment levels in Kenya?

The table below presents the study findings on whether Chinese run public infrastructure projects have addressed youth unemployment levels in Kenya.

Table 4.5. Whether Chinese run projects have addressed youth unemployment levels in Kenya

<table>
<thead>
<tr>
<th></th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>17</td>
<td>48.6</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>51.4</td>
</tr>
<tr>
<td>TOTALS</td>
<td>35</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The research findings show that most of the respondents (51.4%) do not believe that Chinese projects have significantly reduced youth unemployment levels in Kenya. The vast minority hold the opposite view (48.6%). Most of the respondents felt that the Chinese firms had not really addressed the unemployment issue citing that a lot of Chinese companies prefer to hire their own nationals. A few of the respondents noted that it was quite unfair that the jobs that should have been given to Kenyans were being given to Chinese nationals.

However, a key informant reported that the Chinese projects were actively seeking to provide more job opportunities to the Kenyan youth as well as impacting useful skills that they could use even after completion of projects.

The collected data shows that as Chinese FDI has increased, there has not been a significant change drop in unemployment levels. Between the years 1991 to 2019, the average
unemployment rate has been 10.7% however, it is expected to drop by one percentage point percent by the end of 2020 before reaching 8.90 percent in the year 2022.

![Kenyan Unemployment Trends](image)

**Fig.4.5.** Kenyan Unemployment Trends.

### 4.7 CHINA’S AID TO KENYA

#### 4.7.1 Whether Chinese aid is beneficial or detrimental to Kenya’s economic development?

The table below presents the study findings on whether Chinese development diplomacy (i.e. Public infrastructure projects) have had a beneficial or detrimental effect on economic development.

<table>
<thead>
<tr>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>26</td>
</tr>
</tbody>
</table>

Table 4.6: Whether Chinese development diplomacy is beneficial or detrimental to Kenya’s economic development
Most of the respondents (74.3%) believe that Chinese built infrastructure projects have had significantly contributed to Kenya’s economic development. The vast minority held the opposite view (25.7%). Most of the respondents felt that the China’s development diplomacy had benefitted the country.

According to the informant most African countries have opted for Chinese development diplomacy instead of ODAs from the West because:

The need to meet pressing economic development needs in term of infrastructure (water, energy, transport), which cannot be met by domestic resources (from taxes and local borrowing), private sector investment, and overseas economic development assistance from western countries that has been falling. Limited conditionality’s, unlike ODA from western countries that have impose conditionality’s in terms of better governance etc. He noted that:

“These loans are easy and quick to obtain in terms of time taken to negotiate and turnaround by Chinese government. Therefore, Kenya has not been a stranger to the increased borrowing patterns over the past few years. This has been especially due to such events as the post-election violence where the country needed funds to rebuild its economy and infrastructure.”

According to a key informant, Chinese loans range from direct project loans, interest-free loans and grants. He noted that:

“Firstly, direct projects loans are in the form of semi-commercial loans/buyers credit (with interest rates slightly below market rates, say 3-4%; and tenures of
about 5-7 years) and concessional loans (with lower interest rates of 0.5-2.5% and longer tenures of 15-20 years, plus 5 year grace period). Sometimes they provide a mix of semi-commercial and concessional loans). These loans are usually for project identified by government as high priority and aligned to vision 2030. Secondly we have Interest-free loans are loans that do not attract interest rates but the principal amount has to be repaid. They are typical for economic and technical cooperation. Programmes that are mutually agreed between Chinese government and Kenya government. The programmes are social in nature and designed to promote good relations between people of China and Kenya. Lastly there are grants are Chinese support that are do not attract interest and are not repaid (basically free money). They finance programme that must be mutually agreed between government of Kenya and China and designed to promote people to people relations for the benefit of the two countries.”

The Kenyan government is one of the many countries that have obtained bilateral support and assistance from China either via sports facilities, infrastructure projects, and construction of hospitals among other things. Many forms of support obtained via concessional loans authorized by China and availed to Chinese firms to offer FDI in Kenya. The loans taken are afterward repaid by the different public entities and individual clients who directly engage the Chinese firms.

The informant further noted that:

“Usually project loans (semi-commercial, concessional or a mix of the two) high priority infrastructure projects. The main project was SGR, several roads project (Covering Highways), energy project (generation, transmission lines), water dams, And ports such as Lamu port. Some concessional loans cover health sector (hospitals like Kenya University Referral hospital) and education. There are also
Interest free loans and grants that are met for social projects where the returns are usually low and covers health, education, agriculture, and cultural/arts programmes that are mutually agreed by both governments."

The informant reported that the loans were beneficial because it goes a long way to fill the infrastructure financing gap that cannot be covered by other official support and the private sector through public-private partnerships (PPP). He noted that:

“With proper project selection and implementation, the loans will help to support Kenya’s urgent quest to meet the infrastructural needs in energy and transport, in line with vision 2030 objectives. The concessional loans and grants in particular are also beneficial since they are fairly cheap compared to market terms and helps support the budgetary needs to meet economic developmental objectives. However, it can only be detrimental to economic development if the projects are poorly identified and implemented without value for money. Because of no strings attached to it, excessive borrowing could pose repayments challenges in the future and thus detrimental to long term economic development.”

In that case as much as China’s aid is closely attached to infrastructural projects, the facts discussed above may hurt Kenya’s economic development in the long run.

4.8. KENYA’S PUBLIC DEBT

Kenya has used Chinese development diplomacy to address its public infrastructure deficit (Briceño-Garmendia and Shkaratan, 2011). Consequently, in the years between 2003 and 2007, Kenya’s economy grew 5.3% every year (Briceño-Garmendia and Shkaratan, 2011). To the authors, economic development models in the year 2010 indicated that if Kenya’s public infrastructure was improved further, annual per capita growth rates would be on average be 8.6 percent after improvements to the power sector alone.
A country’s external debt is defined as debt owed by a government to non-residents (UNCTAD, 2016). Public or publicly guaranteed external debt carries long-term external obligations to external creditors. Economic development economists explain that it is okay for a government to undertake public debt to finance the process of economic development (Kim.et.al. 2017). However, the accumulation of public debt by African governments has historically not resulted in economic development because of bad governance (Kim.et.al. 2017).

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**Fig. 4.6. Components of External debt**

The most controversial aspect of Kenya’s bilateral relations with the PRC is its appetite for the Chinese brand of economic development diplomacy (Were, 2018). Rather than offer economic development aid in the form of ODA, China advances commercial loans to Kenya.
for the construction of much needed public infrastructure (Were 2018; Onjala 2008a; Onjala 2018b). The informant reported that China’s non-interference policy and far less strict conditions by China as opposed to the West had prompted Kenya’s decision to look east. He noted that:

“The Chinese loan in Kenya is certainly sizeable constituting about 15-20% of Kenya’s total external debt. This is quite high to owe a single country. Repayment of these loans has become a challenge and will continue to be a challenge as the numbers continue to grow. Therefore even as the loans are undertaken to improve various factors, its contribution to Kenya’s debt ensures that tax relief on Kenya’s virtually impossible and creates a situation whereby more loans are taken to repay other loans putting the country in difficult situations eventually contributing to the external debt of the country.”

External debt reached approximately 3160.06 Billion Kenya Shillings in the middle of 2019 (Trade Economics, 2020). The rapid increase has been attributed to interest accruing from commercial loans from state-owned Chinese banks used to finance the construction of public infrastructure (Central Bank of Kenya, 2018b).
Yes of course. Chinese loans are usually tied to Chinese contractors. All projects identified must be undertaken by a Chinese contractor, leaving very little room for competition with other contractors be it local or international.

They do not have much conditionality when compared with other bilateral or multilateral loans. That means it may not have too many scrutiny with respect to environmental issues and other conditions that are imposed by western countries financiers. That is why Kenya is considered to lean more east when trying to secure such loans which in turn make borrowing easy for the country.

According to the Central Bank of Kenya (2017a) there was an increase in public debt in Kenya caused partly by increased external debt. This reflected disbursements from the Government of China and the Exim Bank of China which were utilized in infrastructure projects. The report also documents that in the year ending 2017, a high number of imports from the East were sourced from China which increased its share by 3% while the share of
imports from the EU reduced by 13%. This is associated with SGR material and infrastructure. On the export front, Kenya’s share of exports to China in June 2017 increased from 1.3% to 2.1%. In 2013, the Far East countries contributed most of the financial debt flows (38.6 per cent) with the EU in second place (16.6 per cent). According to Procopio (2016), as a result of the problems in the international systems such as the financial crisis in Europe The increase in bilateral flows into Kenya continue to increase and a huge portion of this can be attributed to the East Asian countries majorly China.

4.9 IMPACT OF CHINA’S TRADE, FOREIGN DIRECT INVESTMENT AND AID ON KENYA’S ECONOMIC DEVELOPMENT

4.9.1 Whether aid, investment and trade from China have had a positive impact on economic development?

The table below presents the study findings on whether aid, investment and trade from China have had a positive impact on economic development.

Table 4.7. Whether aid, investment and trade from China has had a positive impact on economic development in Kenya

<table>
<thead>
<tr>
<th>Impact of Sino-Kenya relations on economic development</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>25</td>
<td>71.4</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>28.6</td>
</tr>
</tbody>
</table>
Through economic diplomacy, Kenya has cultivated bilateral relations with China grounded in pragmatic economic cooperation. Hence the PRC’s economic presence in Kenya has been through trade and investment into the Kenyan economy. Most respondents (71.4%) felt that China’s economic diplomacy with the PRC has fuelled short term economic development with a minority (28.6%) holding the opposite view.

A few of the respondents added that they were rather happy with the fact that China had brought about infrastructural growth the construction of major highways and other economic development projects. One of the respondents noted that “The Thika superhighway had made transportation of his goods easier.”

Chege (2008) starts by first explaining that the economic policies of President Moi (1978-2002) had ensured Kenya underwent economic recession with the average annual GDP growth rate falling from 7% when he assumed office to 0.6% upon his exit in 2002. He reports that the bad governance under President Moi raised the national poverty rate from 48% in 1982 to an alarming 60%. He explains that after China abandoned revolutionary diplomacy in favor of pragmatic economic corporation, it strengthened its economic relations with Kenya (p.25). He reports that when the Kibaki regime (2003-2013) took office it instituted sweeping governance and economic reform programs that kick-started economic accelerated economic growth.

Chege (2008) reports that the GDP first rose to 2.9% in 2003 before hitting 7.1% in 2007. In the process, poverty levels declined to 46% in 2006. Chege (2008) explains that this economic growth was fueled by the agricultural, tourism, trade, manufacturing, telecommunications, construction, transport, and financial sectors of the economy. Kenya
was unique in that the investment driving this growth was domestic. Chege (2008) proposes that economic investment facilitated by Sino-Kenya relations did not play a central role in this economic turnaround. The Kibaki regime made Kenya an attractive destination for external investors. Hence the increase of Chinese trade and investment during the Kibaki years was driven by profit-seeking motives, not economic development just like other external investors who invested in the Kenyan economy.

Yet another informant reported that the trade relations had resulted in influx of imports of Chinese manufactured products into Kenya and to the East African market as a whole; and has affected Kenya's key exports to the region, manufactured goods whereby some products that could easily be locally sourced are imported and sold at a higher price as that of the products that would be otherwise be cheaper if they were locally sourced. He noted that:

“China is an emerging market and presents a strategic market for export consolidation, expansion and diversification for Kenya (huge population of 1.4 billion people and her tremendous growth in the recent past, 13% in 2007, 6.9% in 2015, 6.8% in 2016 and 6.8% in 2017). The fact that the trade is majorly one sided, Kenya’s inability to take advantage of the china’s huge population and focus on exporting its goods has therefore not allowed Kenya to effectively grow its economy through the trade sector.”

According to Wanjiku et.al. (2018), it will take many years before the impact of Chinese development diplomacy on the Kenyan economy can be objectively evaluated. To the authors, this is because the economic benefits of public infrastructure are reaped many years after they are built. To them, economic diplomacy with the PRC has been the main driver of short-term economic development in Kenya and the rest of the SSA region. Privately owned Chinese businesses operating in Kenya pay taxes and create jobs.
4.10 CHAPTER SUMMARY

This chapter presented the findings of the study based on the objectives of the study. It also looked at the various aspects of China’s foreign policy and its effects on Kenya’s economic development. The objectives of the study have been achieved by analysing different sources that give an assessment of Kenya’s economic development as a result of China’s foreign policy. Chapter five will provide the summary, conclusion and recommendations of the study.
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. INTRODUCTION

Aims of the study encompassed identifying the status of Kenya in the world economic system; the status of China in the same system; and how Kenya can leverage its diplomatic relations with China to migrate into a semi-peripheral position in the manner outlined in Vision 2030.

The study identified gaps in contemporary study of Sino-African relations and serves as a benchmark for further analysis in another context in the continent. This section presented a summary of the key findings of the study, offered recommendations and areas of further research.

5.2. SUMMARY

5.2.1. HISTORICAL ECONOMIC DEVELOPMENT OF SINO-KENYA RELATIONS

Once Kenya had attained independence from the United Kingdom (UK), its foreign policy was shaped by Cold War politics, national interests and the personal preferences of Kenya’s first two Presidents. Hence Kenya cultivated and maintained diplomatic links with industrial nations. In the years between 1963 to 1978, President Kenyatta’s anti-Communist stand had a strong influence on Kenyan foreign policy. For example, during a speech, President Kenyatta equated Communism to colonialism. Similarly, even though in 1965 the Kenyan government’s official document outlining its economic development strategy said that it was governed by the concept of African Socialism, it was mere rhetoric. Kenya’s economic ties with the Eastern bloc were insignificant under Kenyatta compared to those with the Western
bloc. Kenya’s foreign policy during his tenure is characterized as adhering to the ‘Good Neighbor’ principle that being was cautious and conservative in the international system. In Africa and elsewhere, Kenya engaged in quiet diplomacy that avoided being aggressive on issues that she had no capacity to defend or promote. President Jomo Kenyatta generated the good neighbor approach because he recognized that a poor nation needs to leverage foreign policy to promote economic development.

His successor, President Moi, contended that under his “Nyayo Philosophy,” he would maintain the foreign policy positions inherited from his predecessors. At the time, the United States (US) saw Kenya as an essential bulwark preventing the Horn of Africa region from aligning itself with the USSR in the 1980s. President Moi took advantage of Kenya’s geo-strategic importance to received huge amounts of economic, military and economic development assistance from the Western bloc. The West also did not push President Moi’s authoritarian government to initiate political/democratic reforms. Furthermore, President Moi had a close personal relationship with the UK Prime Minister, Margaret Thatcher.

Kenya’s cosy relationship with the West started to change when first, the channels through which America and her allies provided economic assistance started to insist on Structural Adjustment Programs (SAPs) so that Kenya can be as economically prosperous as the Tiger Economies. The Moi regime started warming up to diplomatic ties with the USSR and her Communist allies. For example, the Chinese embassy was reopened in Nairobi and simultaneously in China after being shut for over a decade. The Chinese also built the Moi International Sports Centre and infrastructure in Moi University. The second wrinkle in Moi’s relationship with the West was when America started to push for democratic reforms in Kenya. To achieve the goal of abolishing single-party KANU dictatorship, the US used sanctions and aid freezes by the Bretton Woods Institutions. Kenya’s political elite were not
happy that the American ambassador was openly campaigning for the opposition in the run up to the 1992 general elections.

When the Kibaki regime took power, it inherited a poor country with a stagnant economy. Economic development became the number one priority for it and this precipitated a change in Kenyan policy. President Kibaki’s administration generated Vison 2030 to be a policy guideline to spur economic development. Vision 2030’s targets changed Kenyan foreign policy to prioritize economic. For instance, during a speech to envoys, President Kibaki reiterated the importance of economic diplomacy in Kenya’s new approach in the international system. President Kibaki also alluded to Kenya having ambition of becoming a regional economic and military power. He said that Kenya’s future economic prosperity is tied to the fortunes of the East African Community (EAC).

The Kibaki administrations needed economic and economic development assistance to achieve its goals. Insecurity, political instability, overregulation of the economy and lack of public infrastructure had made the country poor. Insecurity, political instability and an overregulated economy were addressed by structural reforms post-2002. Finding money to build public infrastructure was a more complex problem. Private multi-national banks were unwilling to provide the Kenyan state with loans because of its bad credit rating and the ODA being provided by OECD nations is tied to SPAs that Kenya’s political elite disliked. Furthermore, the America and her allies were demanding that President Kibaki be more aggressive in dealing with corruption in the public sector.

The Kibaki regime adopted a ‘Look East’ foreign policy strategy in response to perceived neo-colonialism by the West. The Kenyan government sought to cultivate economic ties through trade and FDI with the BRICS (Brazil, India, China and South Africa) emerging economies, African nations as well as the other non-western nations like for example, Turkey. The Kibaki administration also started the trend of preferring Chinese economic development
diplomacy to address its infrastructure deficit instead of ODA being offered by the West under the auspices of the OECD. The current Kenyatta regime has grown even closer to China compared to the previous Kibaki regime. While the West recoiled at the idea of indicted war criminals taking the reins of power, China took advantage of frosty relations with the West to acquire more soft power by campaigning alongside the African Union to suspend the International Criminal Court case against President Kenyatta and his deputy.

5.2.2. CURRENT SINO-KENYA RELATIONS

The PRC offers pragmatic economic and economic development diplomacy to Africa. African government’s foreign policy is determined by the personal preferences of each country’s political leader. Most SSA governments prefer China as a development partner because Beijing has a policy of non-interference in the internal politics of African nations as opposed to the West that wants SSA governments to institute liberal democratic and free market reforms before getting Official Economic development Assistance (ODA). China’s presence in Kenya and the rest of the Third world is not altruistic. It is using economic and economic development diplomacy to acquire soft power in the SSA region as a means of avoiding being marginalized by the United States as well as protect its national economic interests.

Since Kenya’s foreign policy has shifted to put an emphasis on economic diplomacy, the current nature of its bilateral relations with China can be best understood through the lenses of Neo-Classical Realism (NCR) and soft power theory. NCR rejects the traditional realist preoccupation with security and self-preservation when interpreting events in the IR arena. Instead, NCR proposes that domestic factors determine the foreign policy choices available to a nation. This means that the status of a government in global politics determines its conduct so that the international system rewards rather than punishes its foreign policy choices.
The need for economic development aid by Kenya through bilateral trade, foreign direct investment (FDI) and the public infrastructure deficit has pushed Kenya to ‘Look East’ for pragmatic economic cooperation with China.

5.2.3. IMPACT OF SINO-KENYA RELATIONS ON ECONOMIC DEVELOPMENT

The impact of diplomacy on economic development can be understood through the lens of World Systems Theory (WST). Kenya is a peripheral economy that can exploit semi-peripheral economies for its own benefit. China is a semi-peripheral economy that can exploit peripheral economies to transition into a core economy.

Through economic and development diplomacy, Sino-Kenyan relations have made Kenya one of Africa’s Lion economies. It is fair to conclude that the current nature of Sino-African relations can lift the SSA region from poverty. The Kenyan government has successfully used economic diplomacy with the PRC to drive short term economic development in the years under study. The Kenyan government has made use of the development diplomacy offered by China to address the infrastructure deficits that have historically hampered long-term economic development.

5.3. CONCLUSIONS

The study shows that the historical economic development of Sino-Kenya relations was first driven by politics but later it became grounded in pragmatic economic cooperation. China is a semi-peripheral economy at the cusp of becoming a core economy. It needs access to Africa’s natural resources and growing consumer market as well as soft power to prevent the United States from isolating it in the international system. Sub Saharan African (SSA)
governments need to address their public infrastructure deficits and their political elites dislike SAPs being offered by the West.

The world has become integrated through a global capitalist economy in which there is integrated division of labor and a variety of political structures. Furthermore, nations are always competing to accumulate the most capital. The world system theory explains why there are linkages between foreign relations and economic development. In this world system, economically prosperous nations like the United States or the United Kingdom lie at its core. They are the dominant economic powers because they have the highest concentration of capital. These nations are also liberal democracies that follow free market principles.

Semi-peripheral nations are next in the hierarchy. They may or may not be liberal democracies and they have an economy primarily based on exploiting natural resources and manufacturing. As such, they can be exploited by core nations sitting above them in the hierarchy or the peripheral countries that lie at the bottom of the system. The peripheral zone is populated by poor and developing nations. They are the main source of raw materials for core and semi-peripheral economies. They have a weak or non-existent manufacturing base, cheap labor, and no access to advanced technologies. With the exception of South Africa, most of Sub-Saharan is peripheral nations.

There are always opportunities for upward and downward mobility in the world economic system. A government has to address internal barriers to economic development while at the same time using economic diplomacy to get external help to transition from a peripheral economy into a semi-peripheral or core economy. The Kenyan government has a long-term economic plan that aims to convert the country’s economy into a middle-income nation by the year 2030. In the context of the world system, this would mean transitioning from being a peripheral nation to a semi-peripheral nation like China, South Africa, India and Brazil (BRICS).
The impact of Sino-Kenya relations has positive and negative repercussions. Some of the negative impacts to Kenya is the trade imbalance between the two countries whereas as it is more of a gain for China as opposed to Kenya. Chinese FDI presents an opportunity for economic development through strengthening of manufacturing sector, technology transfer and the upgrading of domestic infrastructure.

The study also finds that as a semi-peripheral economy, China has been successfully exploited by Kenya to change it into one of Africa’s Lion Economies. Chinese FDI has led to a steady decline in the unemployment rate. The Chinese development diplomacy has also built a positive image among ordinary Kenyans however, domestic manufacturers see China as a threat. The current trade deficit with the PRC is estimated to keep growing because Kenya does not have a manufacturing base that can compete with China. Furthermore, there is a growing concern that Kenya is accumulating unsustainable levels of public debts because of the commercial loans used to finance the construction of public infrastructure.

5.4 RECOMMENDATIONS

The following are the recommendations of the study.

1. First, it is important for effective policies to be put in place encourage Kenya’s exports to China. This can be done through bilateral engagement with Chinese government on possible reduction of duties on Kenyan horticulture flowers and vegetables to reciprocate the trade imbalance that is in their favour. Protection of Kenyan manufacturers from Chinese competition would also ensure that there is creation of a large market for local products and prevention of influx of Chinese business as well as goods which would promote the growth of SMEs.
2. Secondly, Kenya’s diversification of products will allow it to meet the demands of the Chinese population which could lay the ground work for light manufacturing and food products, or expansion of the tourism industry.

3. Entering into non-reciprocal trade arrangement, where China accords to Kenya access to their market on duty free or reduced duty (preferential) without Kenya offering the same (an EU like Generalized System of Preferences (GSP)).

4. Promotion of Kenya’s position as the economic hub and gateway to EAC, COMESA, ACFTA, EU and AGOA markets and invite foreign investors to invest in the big four projects (unexploited sectors of the economy such as agro-processing, pharmaceuticals, real estate and agricultural equipment, oil extraction and expansion of infrastructure).

5. Thirdly, reducing Kenya’s appetite for loans from China to avoid an increase in the already substantial public debt facing the country. The reduction would allow the country to prevent a debt trap.

6. Lastly, putting in place measures and policies to ensure proper identification of projects to ensure ultimate value for money thus ensuring that the money acquired for such economic development projects are properly used to ensure that projects are not stalled and the money is properly utilized.
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http://scholar.sun.ac.za/handle/10019.1/103680


Annex 1:


Introduction

This study seeks to examine the impact Chinese’s foreign policy has had on Africa’s economic development more specifically Kenya 2003-2018

Question One: What are Kenya's trading policies with China?

Question Two: What is the nature of trade relations between Kenya and China? What has been the trading partner between the two countries between 2003-2018?

Question Three: What would you say are some of the reasons for the trade imbalance?

Question Four: How has the trade relations between the two countries impacted the economic development of Kenya?

Question five: What are some of the ways we can ensure that the trading relations are mutually beneficial?
Annex 2:


Introduction:

This study seeks to examine the impact Chinese’s foreign policy has had on Africa’s economic development more specifically Kenya between 2003-2018.

Question One: What is the nature/scope of China’s aid assistance in Kenya?

Question Two: Are there any contingencies that come with the aid given by China? If so what are they?

Question Three: Has there been a rise in Chinese aid? Why is that the case?

Question Four: What would you say is the size of China’s loans to Kenya? How has it impacted economic development?

Question Five: Would you consider the aid more beneficial or detrimental to Kenya’s long/short term economic development?

Question Six: What has been the impact of China’s aid on Kenya’s economic development?
APPENDICES

APPENDIX 1: CONSENT FORM

Dear Respondent, I am Ivy Jepchumba Cherwon, a student of United States University, currently undertaking a research study titled “THE ROLE OF CHINA’S FOREIGN POLICY ON AFRICA’S ECONOMIC DEVELOPMENT. A CASE STUDY OF KENYA (2003-2018)”. This study is purely for academic purpose so best be assured that the information you provide will be kept with at most confidentiality. I request you to kindly help me answer these questions in this questionnaire.

Appendix 2: Survey Questionnaire

PART A: DEMOGRAPHIC INFORMATION

1. Kindly indicate your profession?
   ……………………………………………………………………………………………

2. Kindly indicate your gender?
   Male [ ]
   Female [ ]

3. Age of the respondent?
   21 to 30 years [ ]
   31 to 40 years [ ]
   Above 41 [ ]
PART B: PUBLIC PERCEPTION OF SINO-KENYA RELATIONS

1. Is the nature of Sino-African Relations is mutually beneficial
   Yes [ ]
   No [ ]

2. Has Chinese run public infrastructure projects have addressed youth unemployment levels in Kenya
   Yes [ ]
   No [ ]

3. Has investment and trade from China has had a positive impact on economic development?
   Yes [ ]
   No [ ]

4. Is Chinese aid is beneficial or detrimental to Kenya’s economic development?
   Yes [ ]
   No [ ]
APPENDIX 11: INTRODUCTION LETTER

National Commission for Science Technology and Innovation
P. O. Box 30623, 00100,
Nairobi, KENYA.

10th February, 2020

Dear Sir/Madam

REF: PERMISSION TO CONDUCT RESEARCH - IVY JEPCHUMBA
STUDENT ID NO. 656798

The bearer of this letter is a student of United States International University (USIU) -Africa pursuing Masters in International Relations.

As part of the program, the student is required to undertake a dissertation on “The Role of Chinese Foreign Policy in Africa’s Development: A Case Study of Kenya, 2003-2018” which requires the student to collect data.

Kindly assist the student with the research permit and should you have any queries contact the undersigned.

Yours Sincerely,

Prof. Amos Njuguna,
Dean – School of Graduate Studies, Research and Extension
Tel: 730 116 442
Email: amnjuguna@usiu.ac.ke
THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

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