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# THE CHINESE DEVELOPMENT PRESENCE IN KENYA

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**ABSTRACT:** This is an annotated bibliography of resources focusing on Chinese development in the African Republic of Kenya. Resources include several academic journals such as *Pacific Affairs*, *East Asia* and *The South African Journal of International Affairs* along with papers from NGOs and donor agencies like DFID, the OECD and UNDP. Several books are also included such as *The Dragon's Gift* (2009) and *China's New Role in Africa* (2009) among others.

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## History

The People's Republic of China was the fourth country to recognize Kenya's independence in 1963 and established diplomatic relations on December 14, the relationship between the countries that briefly dropped to a *chargé d'affaires* level (or a lower status) in the early 1970s before returning to normal afterwards.<sup>1</sup>

Kenyan President Arap Moi, who led several high profile delegations to China in 1980, 1988 and 1984, had tightened the relationship but there was an expansion of their partnership in several areas after 1978. After 2002, Mwai Kibaki, Moi's successor, further expanded the already-deep ties.<sup>2</sup> Kibaki signed several bilateral agreements with China and met with Chinese President Hu Jintao in 2006. This visit that complements the fifteen Kenyan Cabinet Minister visits to China since 2002.<sup>3</sup>

## Trade, Investment and Direct Aid

China initially targeted the Kenyan manufacturing sector in foreign direct investment but there have been increases in monies going to the service sector and mining and minerals exploration.<sup>4</sup> Low unemployment characterized many of the Chinese firms with many newer jobs going to foreign employees.<sup>5</sup>

Onjala suggests that China see's Kenya as a "gateway to East Africa" because Kenya is a key focus of trade and economic strategy with many projects involving road school and hospital construction.<sup>6</sup> China's reliance on Kenya, at the same time, is likely a result of its relative political stability and freedom from the wars that handicap many other African countries.<sup>7</sup>

Actual Chinese loan figures reveal that in 2006, \$6 million went into road projects including \$3 million for the Gambogi Serem Road project and \$3 million for the Kipsigak-Shamkhokho Road project.<sup>8</sup> In 2005, roughly \$56 million went to construction including \$10 million to economic development grants and \$44 million to rural telecommunications and power distribution modernization loans. In 2007, \$88 million in loans and grants went mostly to the Kasarani Sports Ground Maintenance project, rural communications and the Rehabilitation of Nairobi Roads and Street Lighting Project.<sup>9</sup>

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<sup>1</sup> Onjala, Joseph. 2008. "A Scoping Study on China-Africa Economic Relations: The Case of Kenya". Presented at African Economic Research Consortium (AERC), Nairobi 5 March. P. 4.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid. P. 5

<sup>4</sup> Ibid. P. 43.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid. P. 36.

<sup>9</sup> Ibid.

According to the UNDP, Chinese loans and grants to Kenya, accounted for 1.23 percent of the total in 2003, 1.15 percent in 2004, and 8.25 percent by 2005.<sup>10</sup> The new Kibaki regime in 2002 appears to have acted as a magnet for more Beijing funding as it rose to one percent of the total amount Kenya received. By 2005, China was second only to the European Union as a bilateral donor with a large component of the funds being given out as grants rather than loans.<sup>11</sup>

However, China has been criticized for having a development bank that “doesn’t give aid” when it financed the Great Wall of China Apartment Complex in Nairobi. This 528-room enterprise evolved not with grants but instead an investment process in which units would be purchased by moderate income Kenyans on time at about \$50,000 each.<sup>12</sup> The Chinese Development Bank does not offer grants on its projects but provides non-concessional development finance, in this case with the Kenyan Development Bank as its partner.<sup>13</sup>

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<sup>10</sup> Mwega, Francis. 2009. “A case study of aid effectiveness in Kenya”. Brookings Institute. P. 7. [http://www.brookings.edu/~media/Files/rc/papers/2009/01\\_kenya\\_aid\\_mwega/01\\_kenya\\_aid\\_mwega.pdf](http://www.brookings.edu/~media/Files/rc/papers/2009/01_kenya_aid_mwega/01_kenya_aid_mwega.pdf)

<sup>11</sup> Ibid. P. 8.

<sup>12</sup> Brautigam, Deborah. 2009. *The Dragon’s Gift: The real story of China in Africa*. Oxford University Press. P. 115.

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