One Tiger, Many Lions: Uneven Adoption of China's Political and Economic Investment Among Democracies in Sub-Saharan Africa

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To my two additional readers, Dr. Vince Mahler and Dr. Sarah Maxey, for their feedback that helped focus these ideas into something worth reading.

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Thank you.
Dedicated to my wife Kristin and our best friend Shelley.
If you’re a writer, particularly if you’re a writer or a storyteller of any kind, there is something already kind of monstrously wrong with you.

- Anthony Bourdain
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LIST OF ABBREVIATIONS

ADB - Asian Development Bank
AIIB - Asian Infrastructure Investment Bank
AU - African Union
AVIC - Aviation Industry Corporation of China
BRI - Belt and Road Initiative
BWP - Botswana Pula (P)
CARI - China Africa Research Initiative
CCECC - China Civil Construction Corporation
CCP - Chinese Communist Party
CHEXIM - China Export-Import Bank
CITEAC - China International Trade and Economic Arbitration Commission
CDC - Centers for Disease Control and Prevention
CPC - Communist Party of China
CETC - China Electronics Technology Group Corporation
CMC - Central Military Commission
CSGC - China South Industries Group Corporation
ECB - European Central Bank
ETG - Escort Task Group
EU - European Union
FOCAC - Forum on China-Africa Cooperation
FPA - Foreign Policy Analysis
FPTP - First Past the Post
FPDM - Foreign Policy Decision Making
GMCP HoA - Crime Global Maritime Crime Programme in the Horn of Africa
HST - Hegemonic Stability Theory
ICC - International Criminal Court
IMF - International Monetary Fund
IRT - International relations theory
KSh - Kenyan shilling
LIO - Liberal international order
MIAC - Ministry of International Affairs and Cooperation (Botswana)
NATO - North Atlantic Treaty Organization
NDB - New Development Bank
NGN - Nigerian naira (₦)
NORINCO - China North Industries Group Corporation
ODF - Official Direct Assistance
OOF - Other Official Flows
PLA - People’s Liberation Army
PRC - People’s Republic of China (Mainland China)
ROC - Republic of China (Taiwan)
RoW - Regimes of the World (from Varieties of Democracy)
SHADE - Shared Awareness and Deconfliction and Office of Drugs
SIPRI - Stockholm International Peace Research Institute
SMD - Single Member District
UK - United Kingdom
UN - United Nations
UNODC - United Nations Office of Drugs and Crime
UNGA - United Nations General Assembly
US / USA - United States / United States of America
USD: United States Dollar ($)
Vague OF - Vague Official Finance
V-Dem - Varieties of Democracy
ABSTRACT

This dissertation examines how unique qualities of democracies in Sub-Saharan Africa and their foreign policy decision making processes affect their ability to exercise state agency. Specifically, democratic qualities affect a state’s receipt of investment from China and how well those investment projects fare once accepted. It is hypothesized that a strong executive branch leads to decreased or inconsistent Chinese investment while a strong legislature may have the opposite effect. A strong executive may also lead to an increased chance of project success while a strong legislature may have the opposite effect. High levels of party contestation may lead to decreased levels of investment also while increasing the chance that a project will ultimately be successful. Drawing on previous research in foreign policy decision making and democratization literature, this project turns the focus away from the great power and instead towards the recipients who exercise state agency despite a clear power imbalance.

Using primary sources such as government documents and loan agreements supplemented with information gleaned from databases such as AidData, Varieties of Democracy, and other sources, I conduct within-case analyses of the foreign policy decision making processes of Botswana, Kenya, and Nigeria towards China. Different levels of engagement and circumstances between the case nations and China are observed within and between all three cases. The findings confirm that party contestation leads to higher chance of project success, but do not conform to hypothetical expectations regarding a recipient state’s executive and legislative branches and their willingness to accept investment or ability to complete a major infrastructure project.
CHAPTER ONE

METHODOLOGY

Introduction

This dissertation tests the theory that the unique qualities of democracies and their foreign policy decision making processes affect how states in Sub-Saharan Africa exercise their agency. Specifically, it affects a state’s receipt of state managed investment from China and how well those investments fare once accepted. One of the major contributions this research provides is a disaggregation of the various components of China and African states; the recipients do not have singular, unchanging objectives, but instead exercise state agency in unique ways despite a clear power imbalance between them. The main independent variables are the strength of the executive branch and strength of the legislature on matters of foreign policy, and the level of party contestation during national elections. The dependent variable is the level of state engagement with a major Belt and Road Initiative Project financed by direct investment from China and its eventual success. I use primary sources such as government documents and loan agreements. In addition, those sources are supplemented with information gleaned from databases such as William and Mary’s AidData Project, the Varieties of Democracy Project, and Freedom House’s “Freedom in the World” reports. Using these data, I conduct within-case

1 The following terms may be used interchangeably as they carry the same meaning: China, Mainland China, and the People’s Republic of China (PRC). Any separate references to the historic Republic of China or contemporary Republic of China (Taiwan) will be distinct.
analyses of the foreign policy decision making processes of Botswana, Kenya, and Nigeria towards China.

This chapter first discusses the theoretical foundation of my arguments, including those related to foreign policy decision making and research design before talking in more detail about some of the major sources being used. This is followed by the literature review, which encompasses the following major areas of focus: democracy theory, international relations theory, China’s grand strategy globally, its foreign policy priorities in Sub-Saharan Africa, and its development finance structure.

Theory and Research Design

This project is seeking clarity on how three major qualities of democracy in certain Sub-Saharan African states\(^2\) affects two outcomes related to their contemporary relations with China. Recent studies have shown that the relationship between a state’s political regime and the level of investment from China in the early 21st Century is null (Kersting and Kilby 2014; Dreher et al. 2018; Bader 2015). In other words, China is agnostic to a recipient state’s regime and does not reward autocracies with investment while punishing democracies or vice versa\(^3\). But those medium-\(n\) studies understandably treat democracy as a binary (non-democracy / democracy) or occasionally ternary (non-democracy / transitional / democracy) variable without judging the qualities of the institutions within those states. This research aims to provide more nuance to this approach by breaking down the major functional components of each democracy to see what

\(^2\) The research uses the World Bank classifications for regions of the world. See Appendix for list of all states classified as a part of Sub-Saharan Africa.

\(^3\) There is evidence of a correlation between Chinese loans and level of democracy in the recipient state with authoritarian states being more likely to have a higher share of Chinese loans compared to multilateral or bilateral loans within the same country. But this relationship may be less about China’s lending practices and more the practices of Western lenders who do not work with certain authoritarian states. See Meister et al. 2023.
patterns emerge. In terms of methodology, only democracies are included in the case studies because decision making in authoritarian states, though officially occurring within similar structures and bureaucracies to democratic states, is very much a black box. I use a most similar systems design (MSSD) to better understand the relative importance of several decision-making factors related to democracy within the cases. Power is concentrated wholly in a single individual (or less commonly, a single institution or group) and there is no hope of understanding what happens “in the room,” so to speak. The processes of authoritarian states are often only elucidated after the passage of time, and even then, without certainty. This is not to say that democracies are entirely transparent and without mystery, but they start from a much greater level of transparency.

The independent variables are three major areas of institutional democracy that typically have the greatest impact on state foreign policy decision making. The first (1) independent variable is the strength of the executive branch, which typically includes the head of state and the appointed cabinet heads and ministries, and the second (2) independent variable is the strength of the legislative branch. The third (3) independent variable accounts for party contestation among all elected offices (executive, legislative, and regional/local) and whether those parties advocate varying policy cleavages.

1. IV 1: Stronger Executive branch relative to the Legislative. It is generally true that across political regimes, democratic or otherwise, the head of state is the final decision-maker in the foreign policy realm. But a president’s constitutional and normative responsibilities can manifest in different ways. For example, a president may prefer either a small or large budget for their Foreign Ministry and to give the respective minister narrow or wide latitude in representing the government abroad. These actions, some legal and some
personalistic, can be represented on a strong to weak spectrum. Given the head of state is often the commander of the armed services and has appointment power for the highest-profile political positions, this institution typically has the greatest impact on foreign policy across all regime types, democracies and non-democracies alike, though only the former is discussed in this research.

2. **IV 2: Stronger Legislative branch relative to the Executive:** In democratic states, the legislative branch is typically runner-up to the executive in the foreign policy realm. But to infer this means legislators have no impact on foreign policy is incorrect. The legislative branch typically controls and approves budgets, confirms ministerial appointees, and is instrumental in foreign spending decisions and declarations of war. There is wide variation in observed legislative oversight among the three cases. As a point of clarity, cabinet leaders and their respective departments are considered a part of the executive branch even though there is regular legislative oversight into those institutions. Any interactions between the executive and legislative variables are discussed as observed.

3. **IV 3: Party contestation among all elected offices (executive, legislative, and regional/local) and whether those parties advocate varying policy cleavages.** Since political parties contest elections in both executive and legislative elections and activities such as campaigns do not exist constitutionally within those institutions, they are measured using a separate variable. Put simply, party contestation refers to the ability of parties to freely campaign in competitive elections and whether transfers of power occur with regularity. Not only are transitions of party control in either the executive or legislative branch clear indicators of contestation, small margins in elections where the
incumbent party remains in power are still considered evidence of party contestation. In this research, for a country to have high party contestation, there must be one transition of power in the most recent four subsequent elections or two close elections during the same timeframe. Party contestation is important to both outcomes, initial investment, and likelihood of project success, though for different reasons.

While this study is examining democratic institutions and consolidated democracies typically have independent judiciaries in addition to the executive and legislative branch, I am not including a separate variable to assess the impact of judicial institutions. In the foreign policy realm, most relevant democratic institutions fall under the purview of either the executive or legislative branches and since the presence or scope of an independent judiciary is not expected to be relevant to the questions being addressed so it is not included as a separate variable. Furthermore, I am including specifically the internal qualities of the democracies and not the external characteristics of China’s foreign policy because those characteristics have been relatively stable across the observed cases. Unless otherwise explained, those external characteristics should be considered constants. The history of China’s foreign policy towards investment loans for developing economies is discussed in Chapter 2 during a broader discussion of context.

The first (1) dependent variable is the change in level of investment from China to the individual recipient countries between 2000 and 2017 relative to their GDP. This is a straightforward measurement to capture by using levels of intergovernmental financial investment in both total dollar amount and number of projects over that period of time. It is measured on a dichotomous decrease - increase scale by comparing loans, grants, or other types of official flows from China or China-backed institutions to the governments of Botswana,
Kenya, and Nigeria. If countries continue to receive similar or greater-sized investments over the course of the time studied, they are judged in the same manner as an investment increase since that is indicative of a healthy relationship between the two states. The primary data used is from the AidData dataset, which is discussed in more detail later in this chapter.

The second (2) dependent variable is the relative success of an infrastructure megaproject within each recipient country. Megaprojects are broadly defined as infrastructure construction projects that cost more than one billion USD (Garemo, Matzinger, and Palter 2015). Success can be challenging to observe if profitability is the only metric being used. Infrastructure projects, especially critical ones that provide resources like electricity or water, may never be profitable in a direct way but the downstream effects (healthier population, an increase in new local businesses, etc.) make the project worthwhile. Since success is a more ambiguous measurement, it is judged by the project’s success in normative terms by combining the answers to the following three questions: Was the project completed on time? Did the project have cost overruns? Were there negative secondary effects such as corruption or graft during the project’s lifecycle? These specific components are assessed with a dichotomous successful or unsuccessful classification. See Table 1 below for a summary of the independent and dependent variables.

Table 1. Independent and Dependent Variables Summary

<table>
<thead>
<tr>
<th>Qualities of Democracy (IVs)</th>
<th>Investment (DV 1)</th>
<th>Project Success (DV 2)</th>
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</thead>
<tbody>
<tr>
<td>1. Strength of executive branch</td>
<td>Change in level of official investment from China to the individual recipient countries between 2000 and 2017 relative to their GDP.</td>
<td>Overall success of the project following delivery of funds.</td>
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<tr>
<td>2. Strength of legislature</td>
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<td></td>
</tr>
<tr>
<td>3. Party contestation among elected offices (and parties’ policy cleavages)</td>
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These projects are Botswana’s Morupule Power Plant, Kenya’s Standard Gauge Railway, and Nigeria’s Lagos-Ibadan Railway Project. Botswana, Kenya, and Nigeria all share certain institutional qualities and differ on others, which make them good candidates to study for this project. They are all post-colonial, relatively stable mid-strength democracies as measured using criteria from Varieties of Democracy and Freedom House and have multiethnic populations.

Table 2. Hypotheses

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<th>Qualities of Democracy (IVs)</th>
<th>Investment (DV 1)</th>
<th>Project Success (DV 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of executive branch</td>
<td>H1: A strong executive leads to decreased or inconsistent investment.</td>
<td>H2: A strong executive leads to increased chance of project success.</td>
</tr>
<tr>
<td>Strength of legislature</td>
<td>H3: A strong legislature leads to increased investment.</td>
<td>H4: A strong legislature leads to decreased chance of project success.</td>
</tr>
<tr>
<td>Party contestation</td>
<td>H5: Party contestation leads to decreased levels of investment.</td>
<td>H6: Party contestation leads to higher chance of project success.</td>
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The next question that needs to be addressed is what the logic behind each hypothesis in Table 2 and what should be observed in the event of a successful case. For H1, a strong executive relative to the legislative branch leads to decreased or inconsistent Chinese investment because the head of state has more responsibilities, both foreign and domestic. To confirm H1, we should observe significant change in levels of China’s official investments to the recipient country. If the investment levels go in the opposite direction, they cannot be confirmed.

For H2, a strong executive branch relative may lead to increased chance of project success thanks to the ability of the executive to marshal budgetary resources from multiple sources.

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4 The term “relatively stable” does not mean free of all conflict and violence but rather refers to the ability of their democratic institutions to weather political challenges. Both Kenya and Nigeria experience political, sectarian, and / or ethno-religious violence especially during national elections and such violence is a major likely reason democratic consolidation has failed to advance past a certain level but their democratic institutions have remained intact. State election violence is discussed in each respective case chapter.
For H3, a strong legislature leads to increased Chinese investment given its constraints on executive power so the executive has more ability to work in the international sphere and therefore may prioritize those relationships. The outcome is observed in the same fashion as H1.

For H4, a strong legislative branch may lead to decreased chance of project success because of the need for regular budgetary approvals and allocations. Legislative bureaucracy, partisan incentives, or economic factors may have more of an effect on how quickly resources can be marshaled on a specific project. In the same fashion as H2, if a project is successful in a strong legislative state, the hypothesis cannot be confirmed.

For H5, party contestation may lead to decreased levels of investment because there may be concern about party transitions leading to increased scrutiny of a previous administration’s policies. In this scenario, there are both internal and external mechanisms. When there is a chance of an incumbent party (or president) being unseated in upcoming elections, state-managed institutional lenders in China delay funds proactively because of increased risk of investment. This wait-and-see approach does not necessarily prevent loans but rather slows down the process so there should be evidence of loan commitments occurring during the first year following an election in countries with competitive elections and at any point on the calendar in countries without them. The outcome is observed the same way as H1 and H3.

For H6, evidence of party contestation leads to a higher chance of project success given the increased likelihood of multipartisan oversight. This is somewhat counterintuitive given the idea presented in H3 but is still logical since it considers what happens after funds are allocated and delivered. In this scenario, opposition and / or backbench members request regular
information from cabinet ministers and other government officials in committee meetings and other public statements. The increased pressure increases political elite salience and keeps projects on schedule. The outcome is observed the same way as H2 and H4.

To understand the impact of state-level democratic institutions on the outcome of states’ development financing and aid from China, I primarily use a most similar systems design and, within each case, a political process foreign policy decision making (FPDM) model. The most similar systems design is best applied in research where the cases are selected based on similar criteria. All three cases are mid-strength democracies and former British colonies with ongoing sovereign loan agreements with China and its state-owned investment banks. As I will later show, despite their similarities, Botswana, Kenya, and Nigeria have divergent outcomes in their investment relationship with China and ability to successfully complete a major infrastructure project. The political process FPDM model is a type of foreign policy analysis (FPA) that, instead of treating the state as a rational, unitary entity with complete information, opens the black box of in-state decision making to understand how and why certain state actions occurred.

Aside from the proposed explanations for variation in the cases related to the qualities of the democracies in the recipient states, there are some other logical factors to consider, especially regarding the eventual success of a project. Most obviously, the more expensive and technically complex a project is, the more likely it is to face setbacks during construction and eventual implementation. For example, the knowledge base needed to build railway networks has been accumulated over the past two centuries and was used extensively to build Kenya’s Standard Gauge Railway. But even when parties involved are not trying to reinvent the wheel, such a project is still a major logistical undertaking for both lender and recipient. Delays and setbacks to infrastructure projects can be especially noticeable; half-finished bridges or unused train stations
may lead to more public criticism than, for example, a delay in allocating budget increases to new national education initiatives. Cost overruns, too, represent a typical risk and one that borrowers should be prepared to handle when the need arises. If a recipient country is already overextending their national debt to start a project, it should be assumed that the initial cost estimates are likely to be lower than the final cost.

Furthermore, it is logical to suggest the bureaucracies and respective workforces of two countries, especially ones that do not have a centuries-long relationship, may experience unexpected communication problems during construction. Low productivity is a concern, especially in the cases this research examines where both Chinese and local engineers and workers are combining efforts under one project. If wages for the laborers are not competitive, there will be less incentive for efficient project management. These setbacks may be frustrating to all involved but are not necessarily damning of the entire relationship or underlying motivations. Each case study considers these factors in the context of the recipient country’s previous political and investment relationship with China. It is necessary to note that the project’s ability to turn a profit post-implementation is discussed but is not considered in the overall calculation of success. This is because the “final” long-term success of infrastructure projects may only be evident years after implementation or once later additions and modifications are included after the fact.

**Terms and Definitions**

Foreign policy is typically defined as a state's actions or approach in dealing with external entities. It involves the aims pursued, ideals established, choices made, and acts done by states and national governments working on their behalf in the framework of national societies' foreign interactions. Foreign policy analysis (FPA) is a thorny and contentious subject that
encompasses several theories seeking to explain and interpret how foreign policy is produced, who makes it, who implements it, and how and what outcomes result (Hudson and Vore 1995; Alden and Aran 2016). The discipline originally struggled to differentiate itself from the long-standing International Relations (IR) and Comparative fields (Rosenau 1968) but has since grown into a multidimensional research agenda, especially with the post-Cold War reordering of global power. Another term worth defining is “grand strategy”, defined as “why, how, and for what purposes states employ their national power, including the crucible of military force” (Lissner 2018, 53). This term is especially useful for discussing China’s Belt and Road Initiative since China’s separate bilateral relations between Botswana, Kenya, and Nigeria are in service of a larger goal.

Given that the term “foreign policy” is used much more than “grand strategy” throughout this project, it is important to recognize their definitions and differences. From the perspective of policymakers in a single state, they are similar in the sense that there should only be a single foreign policy or grand strategy at any given time emanating from official state channels. To use Kenya as an example, when President Ruto, Foreign Minister Alfred Mutua, and National Assembly Speaker Wetangula conduct state business abroad (whether together or individually), they should all be coordinating their messages so as not to misrepresent Kenya’s official position on a given issue. Whether these people maintain strict messaging discipline is of course another matter but if Speaker Wetangula were to contradict President Ruto on Kenya’s foreign policy or grand strategy in public, it is expected there would be some sort of official clarification on the matter to ensure conformity. In a democracy, political parties can disagree about foreign policy

5 Lissner specifically posits the term can be considered a variable, process, or blueprint. This research will primarily consider it as a process, though there are many valuable contributions that have been made using those other methods.
and offer different solutions, but those disagreements are not meant to extend to official state representation abroad. Where the terms differ is in their overall scope; to put it simply, a state can have multiple foreign policies - Kenya can have one for Somalia and a different one for Uganda - but it should ideally only have one grand strategy. In the discipline, grand strategies are discussed less frequently in the context of smaller states; most research has been concerned with the grand strategy of the United States or other major powers such as China. Of course, this is not necessarily because smaller states lack the international influence to bother developing a grand strategy, but rather its relatively recent development in the literature has meant fewer explorations of medium or small state grand strategy. This research primarily discusses the three case studies’ foreign policies towards China while discussions of grand strategy more commonly relate to China’s international goals in Sub-Saharan Africa and globally. While “foreign policy” or “grand strategy” are not specific variables in this research, they are discussed in the context of the democratic institutions of the three case countries and their respective results.

Conducting research into state foreign policy can be challenging compared to other research areas. Daily foreign policy decision making (FPDM) is traditionally limited to a handful of specialized experts and bureaucrats and isolated from other domestic political discourse so as to ensure continuity through all official state organs. Senator Arthur Vandenburg’s famous aphorism “politics stops at the water's edge” ideally holds true; in other words, in a normally functioning democratic government, transitions of power between political parties or leaders should not have a major effect on how the state conducts its foreign policy.6 For researchers, this

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6 There is great debate on whether or not partisan politics actually does (or even should) stop at the water’s edge. This paper assumes that political parties and politicians may publicly offer opposing foreign policy ideas but that those ideas are not to be considered official state policy. Though originally confined to US politics, recent research has found evidence when applied to states throughout the world. Readers interested in exploring this topic may see a
keeps official messaging and information consistent and easily accessible through public channels. However, it can be challenging to conduct interviews or gather information that is typically kept internal to government employees because individuals may not wish to risk speaking out of turn and contradicting official policy.

As a methodological framework, foreign policy decision making bridges the gap between traditional state-as-unitary-actor theories and individual-level theories more commonly associated with sociological or psychological approaches. In short, it refers to “the choices individuals, groups, and coalitions make that affect a nation’s actions on the international stage” (Mintz and DeRouen Jr. 2010). Multiple factors affect a final state-sanctioned decision, including the decision environment, psychological factors among the key actors, international factors, and domestic factors. Group decision making analysis has been present since the 1950s but it was Graham Allison’s seminal 1969 FPDM scholarship analyzing the Cuban Missile Crisis that fully demonstrated its usefulness as a methodological approach. His case study demonstrated that, even in a situation where great power politics were at play, the decisions of President Kennedy’s advisors and the bureaucratic frameworks of the United States government affected the outcome of the crisis (Allison 1969). But even authors such as Krasner who agree that world leaders can affect international decisions argued that Allison’s assumptions of a complex bureaucracy were, at best, missing the forest through the trees and, at worst, giving Presidents an excuse to pass off their personal failures on to their subordinates (Krasner 1972). But if nuance is what is lacking from a bureaucratic approach, tossing the entire approach away is not the right solution. Instead, one could dive deeper, attempting to understand how an individual decision-

discussion of the U.S. in Kertzer et al., 2021; European democracies in Wagner et al. 2008; Canada in Bow and Black 2009; or Indonesia in Cribb and Ford 2009.
maker’s level of experience moderates their impact on foreign policy decision-making. Saunders makes this sort of argument, providing a framework that considers the balance of experience among Presidents following World War II (Saunders 2017). For example, a team of experienced advisors cannot make up for the President’s lack of experience, though there may be a greater risk that a highly experienced President combined with highly experienced advisors becomes prone to groupthink.

Though FPDM was largely used in its early years to describe decision making processes during key events within the United States, it has emerged as a particularly useful tool for understanding how the bureaucracies of smaller states interact with larger ones. FPDM allows researchers to understand the functional qualities of how a state exercises agency in international affairs. There are many factors that can influence a state's foreign policy, including its national interests, values, and goals, in addition, its domestic political environment, economic situation, military capabilities, regional neighbors, and its own individual political leaders.

A state's foreign policy is typically driven by its national interests, which may include issues such as security, economic prosperity, and prestige. How a state rationally perceives its own position and prestige can affect their international interactions. A state's values may be, to name just a few, its commitment to democracy, human rights, or international law. Domestic political considerations include the views of the ruling government, political parties, and the public. Related to those concepts are ideas of religious, cultural, or other types of national identity, which may guide how a state interacts internationally. For example, one such characteristic that comes up for all three cases is the impact transitioning out of colonial administration into independence had on those states’ democratic institutions; emphasis on international non-alignment towards a certain ideological polar is something many contemporary
states in Sub-Saharan Africa enshrine in their foreign practices in no small part due to their complicated histories with European powers. States that were former colonies of France may have more similarities with other former French colonies than they do with states that were once administered by England. A state's economic situation includes its level of economic development, trade patterns, and access to resources. Military capabilities can also shape its foreign policy, as it may be able to defend its interests and assert itself on the international stage. Its military history as a party to conflict or participant in international coalitions can affect how it interacts with its neighbors. Individual political leaders make foreign policy decisions by considering these and other factors, and by weighing the costs and benefits of different options. They may also consult with advisors and experts and consider the views of other countries and international organizations. Ultimately, the specific process for making foreign policy decisions can vary depending on the country and its political system.

**Main Data Sources**

William and Mary’s valuable AidData includes data on China’s official direct assistance (ODA), other official flows (OOF), and vague official finance (Vague OF) (Custer et al. 2021). ODA is the most traditional form of “aid” in that it is “concessional in terms [and] primarily intended for development and welfare.” By contrast, OOF is “non-concessional in terms [and] primarily intended for commercial or representational purposes.” The final category, Vague OF is official funding but there is “insufficient information to assign to either ODA or OOF” (Dreher et al 2021). The project encompasses projects approved between 2000 and 2017 and implemented between 2000 and 2021. The research team at AidData has filled an incredibly important research gap to make public the wide-reaching but underreported data on official aid financed with the Chinese government. Typically, these agreements were only known about on
an ad-hoc basis and there was no single location to search the scale of these projects. Now, each recorded case of aid is quantified and classified according to type and level of progress to the greatest extent that available data allow. AidData also provides the ability to filter projects deemed suitable for aggregate study. When a project is deemed suitable, it is somewhere in an official pipeline stage (either commitment, implementation, or completion). When a project is not recommended for aggregate use, this means it is an unofficial offer/pledge, suspended, or canceled. Only projects recommended for aggregates which exist in an official pipeline stage are included in this research.

To measure the democratic status of Botswana, Kenya, and Nigeria, the Varieties of Democracy (V-Dem) Dataset and its related Regimes of the World categories are used. Updated regularly, V-Dem provides interval measures on a state’s institutional democratic qualities. Compared to other democracy indices, the V-Dem project is relatively new to the field, having released its first dataset in 2014 (Coppedge et al. 2023). At the time of this paper’s writing, they had just released their ninth dataset, which is what I am using for my analysis. What separates them from other existing datasets is its multidimensionality and disaggregation that more fully “reflects the complexity of the concept of democracy” (Coppedge et al. 2019a). Instead of relying on one overall index, they distinguish between what they believe are the highest-level principles of democracy: electoral, liberal, participatory, deliberative, and egalitarian. Their rationale for separating these into five areas instead of one is to reflect the complexity of democracy. While many well-developed democracies may have rather consistent convergence across all dimensions, transitional democracies may exhibit unequal behavior across the dimensions. This can help elucidate the specific challenges being undertaken in each case.
These indices measure a state’s democracy on a scale of 0 being the least democratic and 1 being the Dahlian ideal, which makes it a valuable resource for global time-series studies. For the contextual analysis in each of my cases studies, I also incorporate V-Dem’s associated Regimes of the World (RoW) typography. The RoW uses the underlying original dataset to classify countries into four regime categories from least democratic to most: (1) closed autocracy, (2) electoral autocracy, (3) electoral democracy, and (4) liberal democracy. Closed autocracies hold no elections and have no typical qualities of Dahlian democracy. Electoral autocracies may hold *de-jure* elections but still maintain no typical qualities of liberal democracy. On the democratic side, electoral democracies must maintain free and fair *de-facto* elections for both executive and legislative branches while minimally fulfilling Dahlian democratic prerequisites such as, but not limited to, freedoms of expression and association and universal suffrage. Electoral democracies may not have equal legal protections of individual liberties for all citizens. The strongest democratic regime, the liberal democracy, must maintain all the requirements of an electoral democracy plus provide equal legal protections of individual liberties for all citizens. A simplified flowchart showing these relationships can be seen in Figure 7 in the Appendix. The following sections discuss the state of Africa-China relations in the context of grand strategy, foreign policy, and international relations more broadly. Descriptive statistics that capture economic figures and demographic information for all case studies as well as Sub-Saharan Africa overall are available in the Appendix.

**Theories and Qualities of Democracy**

Whether it hews towards more direct participation or towards representative mechanisms, democracy is inherently a system of government that is responsive to the will of the people. One of the most-cited definitions of democracy comes from Dahl, who defines democracy as “highly
inclusive and extensively open to public contestation” (Dahl 1971, 8) and, later, a system in which “citizenship is extended to a relatively high proportion of adults, and the rights of citizenship include the opportunity to oppose and vote out the highest officials in government” (Dahl 1989, 220). Countless criteria have been proposed as necessary for democracy, among them a well-trained bureaucracy (Schumpeter 1975), direct decision making such as referenda or popular initiatives (Altman 2013), or a sequence of intentional decisions set in motion by strategic political elites (Rustow 1970; Schmitter 1986). Another of Dahl’s contributions was the notion of “polyarchy,” whereby states embark on the process of democratization and fall on a spectrum depending on how many criteria they meet. This conceptualization is especially important to the V-Dem classification discussed above.

This research homes in on two major necessary components: separation of power (alt., balance of power) and party contestation. The former can trace its roots as far back as Montesquieu (1750) and the Federalist Papers 47 and 48 few decades later, in which Publius7 proposes an overlapping legislative, executive, and judicial branch to prevent one from becoming dominant over the others (Hamilton et al. 1788; Library of Congress 2019). To this day, these principles persist, whether they are implemented through a Parliamentary or Presidential system. E.E. Schattschneider’s 1942 declaration that “modern democracy is unthinkable save in terms of parties,” gives us the second major component of interest (Schattschneider 1942, 1). Without party diversity, there is no true mechanism by which citizens get to interact with their government. Single-party states may mimic democracy in function (contemporary China has

7 James Madison is believed to have been the pen behind the *nom de plume* “Publius” in both Nos. 47 and 48. See Library of Congress 2019.
local and national elections, after all, but no one would rightfully consider it a democracy), but
the lack of contest or ideological representation makes for a one-way street.

While balance of power between states is widely discussed within foreign policy, the
question of domestic balance of power within a democracy and its relationship to foreign policy
is just as relevant here. Throughout much of the 20th Century, conventional wisdom held that the
executive branch is the arbiter of a state’s international affairs; individual legislators concerned
themselves with tax and trade regulations but perhaps little else (Hilsman 1958; Powell 1999).
This leaves the unitary executive to solely manage the foreign interests of a state, though even
within this there is disagreement on the merits of a unitary versus bureaucratic executive (Art
1973; Katyal 2005). The power and benefit of a single statesman and well-organized executive
functions, especially in times of war and crisis, has been a feature of international relations
discourse since Aristotle and Machiavelli. In addition, the nature of the anarchic system may
mean there is a benefit to an executive-heavy foreign policy since states cannot afford to hesitate
making decisions via lengthy, bureaucratic debates when a quick course of action is most
prudent (Peterson 1994). But these assumptions are often in the context of great powers during
threats of conflict, not necessarily smaller states involving issues of peacetime economic
development. In addition, democratic constitutions more rarely distinguish how domestic and
international issues are separated between the branches of government than one might otherwise
assume, with exceptions for declarations of war and treaty ratification; the unitary executive may
be normative but is not necessarily bound by law. But examples of legislative oversight affecting
a state’s international relations are easily found in democracies, especially in the United States
(Nincic 1992; Schultz 2001). Furthermore, the voting public carries much more nuanced foreign
policy opinions than is typically assumed so that will impact which lawmakers are elected to the legislature, not just the executive (Aldrich, et al. 2006; Tomz, et al. 2020).

Evidence that increased foreign investment is associated with legislative power has been found in the past, especially during periods of democratic transition for the recipient. Following the collapse of the Soviet Union, newly minted lawmakers in the Russian Duma wrote and passed tax and trade legislation designed to entice foreign investment (Black 1996). Given the other systemic cofactors at play with the collapse of the USSR, there is less certainty about the role of the legislature in the increased investment, but its foreign policy role was clearly demonstrated. Though outside the scope of this study, it is also worth noting that nondemocratic regimes still have an interest in creating or maintaining a legislative body, even if it is not democratically elected. A study involving 121 authoritarian states from 1950 to 2002 found authoritarian states with binding legislatures had increased economic growth relative to those with ceremonial or nonbinding legislatures (Wright 2008). In other words, the existence of legal procedures and a demonstrated ability to enforce those procedures without fear of executive overreach makes foreign investment less risky for potential public or private external investors. This logic should follow in a democratic context.

Party contestation is well-discussed in the literature in domestic democratic politics but their role in foreign policy is rarely discussed outside discussions of the United States or, increasingly over the past decade, the European Union (Raunio and Wagner 2020). Much of this literature argues polarization through party contestation leads to increases in political gridlock and declines in policy progress (Campbell 2016; Svolik 2019). But some research has shown that parties which are more openly divided on the issues of foreign policy may foster the emergence of new policies or innovations through realignments (Bendix and Jeong 2022; Friedrichs 2022).
Even though receiving high-value international development loans for domestic infrastructure projects fits perfectly within the definition of an “intermestic” issue, one that cannot be considered within perfectly “domestic” or “foreign” policy (Manning 1977), there remains a paucity in the literature studying such issues which makes this research a bit challenging to conduct. Because intermestic issues are potentially becoming more common with globalization and political parties are more regularly seeing electoral effects for their foreign policy positions (Oktay 2018; Raunio and Wagner 2017), party contestation in the foreign policy realm should be discussed, especially outside the context of strictly Western democratic regimes. Furthermore, previous research being focused primarily on U.S. or E.U. democracies does not necessarily provide context of how party contestation in mid-strength democracies in the Global South affects their experiences with international development loans. This research takes a broader approach than most previous literature which typically examines party positions on a left-right political spectrum. The difference here is that I am examining the existence of contestation overall without examining the ideological underpinnings for each party.

While on the topic, it is necessary to recognize the difference between a single-party state and a single-party dominant one. In the former, there is no contestation between factions and any differences between candidates only exist with the permission of the single ruling party itself. It would be inappropriate to call a single-party state a democracy given the complete lack of elections that are free, fair, and open to contestation. In single-party dominant states, by contrast, multiparty elections are held on schedule in a free and fair manner, but one party repeatedly wins elections so there are no transitions of power. Scholars have long debated whether single-party dominant regimes can be considered democracies, since there is never a peaceful transition of power between parties. I am not contributing to this debate explicitly, though I take the side of
those who argue single-party dominant states can be democracies as long as they otherwise fulfill the necessary conditions of democracy. This point is especially relevant because Botswana falls squarely into the exclusive club of single-party dominant democracies that otherwise fulfill the necessary components (Hii 2023). Botswana’s party system and the question of why a single party has ruled since democratization is discussed in its respective chapter.

While a state’s level of democracy is important for case selection (only mid-range democracies as measured by the Varieties of Democracy project are included in this analysis), what differentiates this study from previous research is the incorporation of the component elements of a recipient state’s democracy. Contrary to some assumptions in the past decade, existing scholarship has found little evidence to suggest Chinese lenders prefer autocracies over democracies but are rather agnostic towards regime type (Kersting and Kilby 2014; Dreher et al. 2018; Bader 2015). Regardless, such studies fail to analyze the various components of democracy, namely the power imbalance between the executive and legislative branches and how that imbalance affects a state’s agency to seek out development loans from China.

**Theoretical and Practical Implications**

If the observations demonstrate that certain states in Sub-Saharan Africa are willing to say no to China’s economic proposals based on the internal characteristics of their democracies, there are several different implications for the IR field. First depends on what underlying assumptions the observer holds about neorealism and great power politics. It is likely not controversial to say that in all the relationships Botswana, Kenya, and Nigeria have with China, the three recipient states are geopolitically weaker than China. But neorealism in the style of Waltz and Mearsheimer argues states’ decision making is primarily determined by (1) the anarchic structure of the international system and (2) a state’s relative power compared to other
states. So, a recipient’s ability to exercise their agency (specifically, to say “no”) based on democratic principles when dealing with a much larger loan partner calls into question neorealist theory. Even if China is not actually as strong as its characteristics seem to indicate and there are weaknesses to its hard power not immediately visible, it is hard to argue there is any power parity between them and Botswana, for example.

Among IR realists, much discussion has been made of whether a rising power can challenge the existing global pecking order peacefully. China has been no exception to this debate with some well-known theorists arguing that security competition between the United States and China is all but inevitable if the latter continues its meteoric rise (Brzezinski & Mearsheimer 2005; Mearsheimer 2021). This sort of conclusion is not outlandish if one bases it on relative gains combined with Carr’s axiom that “the exercise of power always appears to beget the appetite for more power” (Carr 1946, 112). Perhaps Thucydides is correct and the “growth of the power of Athens” (in this case, China) will make Sparta (the United States) fearful enough to incite conflict, though the proliferation of nuclear weapons makes such a historical comparison somewhat challenging. In short, these theories are extraordinarily limited in their ability to predict future behavior and are better suited for understanding the past. For this reason and the omission of state agency from the theory (discussed in Chapter Two), this research agenda generally avoids application of (neo)realist theory. Given that China’s economic and political presence in Sub-Saharan Africa is not assumed to be a direct security threat to state sovereignty on the subcontinent and that China’s direct security activities in the region are
extremely minimal\textsuperscript{8}, confirmational evidence in this research may suggest constructivism as a more appropriate IR theory given the influence of domestic democratic identities.

Practically, there are potential implications for the decision makers in mid-strength democratic states themselves. From the perspective of democratic states in developing regions of the world, confirmatory evidence should give decision makers confidence to vocalize their objectives and patiently scrutinize offers in foreign policy discussions with larger states. If a major determinant of democracy is transparency, the experiences of these states may show the pitfalls of conducting negotiations primarily in closed-door settings. Ensuring all relevant decision makers in executive and legislative branches are party to (or simply made fully aware of) economic foreign policy agreements is a good habit to maintain. Keeping all elected or appointed decision makers in the loop may seem like a \textit{sine qua non} for democratic governments but given the historical lack of transparency in negotiations and contracts with China’s government lenders that will be seen in Chapters Three through Five, it is not as common as might be expected.

For decision makers in China, the ability to be “agnostic” in their relationships towards democracies and nondemocracies alike should not cloud their judgement about how those relationships may differ. Confirmation of the hypotheses could suggest that some of the complications that occur during implementation of projects financed by China’s lenders could be avoided if they begin all relationships with the expectation that there might have to be more transparent and willing to slow processes down compared to how they operate domestically or with more pliant regimes. This does not necessarily mean that China needs to add

\textsuperscript{8} A brief discussion of China’s overseas military base in Djibouti as it relates East Africa will come in Chapter Four when discussing the Kenya case study.
conditionalities about governance or social progress to their loans as Western organizations do but rather accept a certain level of transparency as a means towards increasing the likelihood of investment success. In other words, the reputational problems China faces in the international arena could be ameliorated by adjusting simple communication and negotiation practices without making structural changes to their conditions or authoritarian governmental structures.

**Format of Following Chapters**

This chapter started with the explanation of the research question, the hypothetical expectations, and potential implications. In Chapter Two, I describe the state of the literature and provide context on China’s foreign policy both globally and in Sub-Saharan Africa to understand why taking development financing from China is such an attractive (or risky) prospect relative to other sources. Chapters Three, Four, and Five report the results of my case studies of Botswana, Kenya, and Nigeria respectively. In each of these three, I first discuss why each country is relevant to the research question with a brief description of its democratic foreign policy qualities and how they relate to their investment relationship with China. Next, I review the country’s democratic institutions in detail, honing in specifically on the independent variables: the strength of the executive and legislative branches and their levels of party contestation. How those branches are a part of the foreign policy decision making process in the context of the country’s relationship with China occurs throughout those sections, as well. Following that, each project case study is discussed, again in relation to the country’s democratic institutions and its relationship with China broadly. Finally, each of the three case study chapters concludes with the findings and how well they align with the hypotheses from Chapter One. Chapter Six synthesizes the results, describing which hypotheses find the most support across the three cases and which
ones failed to achieve significance. It concludes with a brief discussion of this dissertation’s contributions and avenues for future research.
CHAPTER TWO

CONTEXT

Historical Development of IR and Foreign Policy in China

To understand how and why certain states are increasing engagement with China, it is necessary to briefly discuss China’s perspective towards foreign policy and why they are seeking increased engagement themselves. These factors are important since they represent much of the currently available conventional wisdom regarding China’s historical and contemporary motivations for providing foreign aid and investment to the developing world. There is an undeniable power imbalance of China relative to many of the recipient states, something this research acknowledges to contextualize the research argument examining recipient state agency. Potential partners in Sub-Saharan Africa may be intrigued by the historical solidarity between two distinct regions of the Global South that have been arguably abused and taken advantage of by larger Western powers at various points throughout their histories. Furthermore, China’s remarkable economic progress in the past forty years has lifted nearly a billion people out of abject poverty, something certainly very enticing to states struggling with an underemployed citizenry and lower-than-global-average levels of social progress. On its face, there seems to be an obvious point to make about why China wishes to increase linkages with developing states; China considers itself a growing global power and needs to increase engagement worldwide to continue its upward economic mobility, hence an increase in providing development loans for emerging economies. But a quick examination of China’s history suggests this is only a piece of the puzzle and there is a more complicated, though still entirely rational, explanation.
For much of its history until the 20th century, China’s foreign policy decision makers shunned participation in the global economy, relying instead on extreme protectionism or, more recently, a desire to reinvent the world in its image. Specifically, the Century of Humiliation (early 19th Century – mid 20th Century) left an impression on China’s political identity that still resonates to this day. And even though China’s political and economic reach is greater now than at any point in its history, it is believed to take a very long-term approach towards national priorities and still lacks faith in the international political and economic system to protect China’s own interests. It is with this in mind that I argue any attempt to understand China’s contemporary foreign policy without knowing its history risks great misinterpretation.

Until the 1800s, Chinese philosophers and political leaders conceptualized international relationships through the Sinocentric Tribute System. This approach was deeply protectionist, non-Westphalian in nature, and placed China at the center of political civilization and advancement. All other countries, such that they did exist, were by nature vassal states to a dominant Beijing (then, Romanized as Peking). China’s role as the world’s top producer of goods is a contemporary development, though this should not be taken to mean they were isolated and lacking influence before the late 20th Century; for most of its history, China’s political-economic sphere of influence was largely local to East and Southeast Asia but nonetheless quite powerful. In return for submission to Beijing on issues of regional or global consequence, Tributary states would be rewarded with financial and military support when

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1 The term “Tribute System” (alt: “Tributary” or “Cefeng”) is a 20th Century term and would not have been used during that era. In addition, its use should not be taken to mean China’s grand strategy was monolithic and unchanging from the start of the Ming Dynasty in 1368 C.E. until the Opium Wars of the 19th Century. Despite these limitations and for the purposes of this research, it remains the best way to capture the nature of China’s approach to international relations during that era. For more discussion on the term’s development by Western historians, see Lee 2017.
needed and the permission to (largely) manage their own domestic politics. Beijing paid little political attention to states outside Asia, specifically the growing European powers, expecting non-Asian states to act as Tributes when they arrived, a tactic that partially contributed to disastrous outcomes during the 19th Century. Over varying periods, China’s relationships with Korea, Japan, and Vietnam were the clearest examples of this unique hierarchical approach and the fallout from the collapse of these specific partnerships still dominates the relationships throughout East Asia to this day.

The passive nature of the Tributary relationship is a demonstration of China’s internalization of its own dominance. Their confidence was so great that they failed to imagine the numerous ways other powers, especially ones not local to Asia, could ever rival their own. While China was growing its hegemonic tributary control over East Asia, Europe was developing a separate state structure based on principles derived from the 1648 Peace of Westphalia. In contrast to China’s hierarchical system, the Westphalian structure was based on state sovereignty and mutual cooperation. States began adopting a non-interference strategy; as long as their own territory or sovereignty was left unchallenged, a state would not interfere with the ability of another state to enforce its own laws. Though the Westphalian and Sinocentric systems operated in tandem with each other with little issue for 150 years, this began to change following the ill-fated British Macartney mission to China in the late 18th Century which set the stage for the Opium Wars just a few short decades later.

Certainly, Westphalian sovereignty did not immediately supplant the European system of monarchial, hierarchical relationships in 1648 and some aristocratic international relationships persisted well into the 18th Century. Furthermore, the principle of nonintervention as a primary goal of international law was not codified until the Covenant of the League of Nations in 1919. See Harrison 2017 and Mbaidjol 2019.

The Macartney embassy, named for the British diplomat in charge of the trip, George Macartney, is a fascinating story of how the hubris of two great powers blinded both to the modernity that was just around the corner, with China receiving the more disastrous outcome. See Wakeman Jr. 1977; Harrison 2017.
While the United Kingdom enjoyed *pax britannica* in the time between the Congress of Vienna in 1815 until the outbreak of World War I in 1914, China endured their Century of Humiliation. The British response to Qing rejection during the Macartney embassy was not diplomatic but rather coercive, first economically, then militarily. The list of Chinese territorial losses during the period from the First Opium War in 1842 to the Japanese occupation of mainland China during World War II is as devastating as it is long. Crises both domestic and international fractured China’s political system, leading to a series of revolutions and uprisings that ended the two and a half century Qing Dynasty in 1912 and brought about the short-lived Republic of China (ROC) before that was quickly subsumed by Japan’s military occupation in the 1930s.

To this day, China’s foreign investment policy strategy (and its national identity more broadly) is highly influenced by the Century of Humiliation. Chinese students are taught from an early age that their country has not been politically or geographically whole since the early or mid-1800s. Starting in the early 1900s, “maps of national humiliation” that showed current sovereign borders compared to perceived legitimate historical ones were widely used within China (Callahan 2009, 149). These maps served to display China’s current boundaries while enforcing a narrative that Greater China was something that could never be erased. Throughout this century, many unequal treaties were signed that formalized the transfer of territory away from China to other (primarily European) powers (Wang 2003; Wang 2005; Khan 2018). Regaining some of those claims has long been a stated objective of China’s political leaders but gained newfound momentum in the past several decades with China’s growing role in global politics and the repatriation of some territories such as Hong Kong and Macau.
China’s foreign policy decision making processes have shifted several times since the Communist Party of China (CPC) consolidated political power in Beijing in 1949, driving the nationalist republicans and remnants of the ROC to the island of Taiwan. Though the structure of the CPC (and communism generally) was designed to engender professional consensus though party committees, Mao maintained supreme individual authority during the early PRC era. His decision and his alone was the deciding factor in most of the PRC’s major foreign policy decisions, as early as the choice to invade Korea and support the North Korean communist army against the United Nations coalition in 1951. But from the Korean War until Mao’s death in 1976, China’s foreign policy is hard to encapsulate into a single theme. It is often isolationist towards Western powers but that is likely related to the Western isolation put upon the PRC in favor of the ROC. By the end of his life, he had waged a (mercifully) low-intensity war with the Soviet Union in 1969 and began forging bilateral relationships in the Global South. After Mao’s death, the political elites shored up the party committee system to make it harder for one individual to have total control over the state’s foreign policy. As implemented, this was aimed at ensuring China’s top leadership had consensus for major foreign policy decisions while providing a clear chain-of-command for ministries and the armed forces. But since Xi Jinping’s consolidation of power from 2013 onward, the party has once again returned to the era of a single leader driving foreign policy decisions. The state, military, and party bureaucratic structures, in the latter especially below the Standing Committee level, remain extremely hierarchical to this day; individuals can only implement an order or strategy if they have permission from their superiors to do so.
Though the bureaucracies of the CPC and state government technically exist in separate silos, the CPC maintains effective superiority over all decision-making power, both foreign and domestic. There are effectively two different decision-making structures in China: (1) the official bureaucratic paths as laid out in the 1982 Constitution (last amended in 2018) and (2) the actual day-to-day implementation. The party’s Central Committee grants day-to-day policy decision making to the State Council, both of which are legally overseen by the state parliamentary National People’s Congress (Maizland and Albert 2022). But because these bodies meet rarely (just once a year in the case of the National People’s Congress), actual authority is held by the twenty-five-member Politburo and its superior seven-person Politburo Standing Committee, who hold regular meetings year-round.

An example of this competing power structure can be seen in the case of current Minister of Foreign Affairs Qin Gang. On paper, he should have roughly the same authority to conduct diplomacy as the Secretary of State would in the United States. But because Qin is not a member of the Politburo, he has less authority to implement decisions than a member of that body, even if those people may hold lower ranks within the state foreign affairs apparati. When Qin received a promotion to that role, his predecessor Wang Yi was elevated to Secretary-General of the Central Foreign Affairs Commission and given a position on the 25-person Politburo, but not the Standing Committee. Even as Secretary-General of the Central Foreign Affairs Commission, Wang is still not the highest-ranking member of that committee, which is reserved for Xi Jinping (like with most top CCP committees). Qin and Wang’s situations are not unique; as China’s foreign policy power has grown globally, foreign policy officials saw their functional authority diminish and transferred to national leader Xi (Jakobson and Manuel 2016).
While Mao’s death led to changes in the institutions and norms of China’s leadership structure to prevent one person from holding all the cards, these changes appear to have been short-lived. Unlike in the immediate post-Mao period where multiple individuals held the top positions in the party and state and the designation of paramount leader was somewhat ambiguous, Xi Jinping’s tenure carries no such ambiguity. He concurrently holds all three top positions: General Secretary of the CPC, State President, and Chairman of the Central Military Commission (CMC). In addition, he has broken the norm of only being General Secretary for two five-year terms and successfully called on the People’s Congress to remove the term limits for state President. Unlike his immediate predecessors Hu Jintao and Jiang Zemin who preferred to delegate some foreign policy authority to relevant committees, Xi has made China’s entire foreign policy a key part of his personal brief. This is not to suggest there is no consensus-building in the Politburo since Xi would certainly have a hard time amassing more responsibilities if there were consistent majorities challenging him. But Xi’s efforts suggest a leader concerned with total policy coordination as China’s influence expands further away from East Asia.

Even if we can be confident on who has authority in China, the overlapping authorities and lack of transparency still make it a black box for researchers. The study of U.S. foreign policy was revolutionized by seminal case studies like Allison’s 1969 overview of the Cuban

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4 Deng Xiaoping is widely recognized as China’s paramount leader from 1981 to 1989 but never assumes the Chairmanship of the CCP Central Committee (roughly equivalent to today’s General Secretary). It is during his Chairmanship of the Central Military Commission (CMC) that the designation as paramount leader is most appropriate, though he still commanded much power into the 1990s.

5 While the state Premier has the day-to-day authority over governmental matters and presides over the State People’s Congress, the President has the power to appoint or dismiss the Premier. Also, the CMC is technically under the joint authority of the CPC and state People’s Congress but operates under a “chairman responsibility system,” which ensures Xi is the final decision maker of consequence in the body. See Mulvenon 2015, Lawrence and Lee 2021.
Missile Crisis but there is no ability to conduct such a study in China, even for an historical event long past (Allison 1969). From China’s perspective, the lack of transparency is a feature, not a bug; in a communist structure, even though dissent and debate may happen during closed-door Politburo meetings, those discussions should never be made public because it would allegedly delegitimize the authority of the policy or the leadership in general. By making the Party the first and last arbiter of political decision making, it is argued, there is no chance positive progress can be stunted by individuals with ulterior motives marshaling populist movements. But without any insight into these discussions, there is no real way to know if there is open debate behind closed doors or whether they more often fall victim to groupthink.

The Belt and Road Initiative

China’s specific interest in Sub-Saharan Africa is no secret; China has worked very hard in the past several decades to generate deep political and economic ties around the continent. Such economic interests include financing (fully or in part) railway projects totaling tens of billions of dollars linking (1) Djibouti with land-locked Ethiopia, (2) Mombasa with Nairobi, as well as (3) Dar es Salaam with DRC Rwanda and Burundi (Walsh 2019). These connections are not just built to increase the flow of human capital between these cities but also provide modern freight routes by which oil and other commodities can travel to seaports on the Indian and Atlantic Oceans. Though the entire portfolio of projects is not exclusively railways, China markedly prioritizes infrastructure, so these are prime examples of the strategy more broadly. As such, the continent at large has become a centerpiece of China’s Belt and Road Initiative (BRI). Politically, China has no interest in diminishing the power of the state, which it demonstrates through its preference to engage in bilateral relations as opposed to multilateral ones; the BRI is no exception as there is no multilateral BRI treaty organization (Walsh 2019, 6). The one-way
structure of the BRI with all roads (both physical and metaphorical) leading to Beijing makes it hard to examine as a single, all-encompassing entity. Each bilateral relationship is unique and comes with its own unique qualities, which makes the case study approach in this research more appropriate.

The BRI is officially known as “the Silk Road Economic belt and 21st Century Maritime Silk Road,” an intentional reference to the historical Silk Road which connected East Asia to the Roman Empire as far back as 1st or 2nd Century BCE. The Chinese government’s official English translation for the project changed from “One Belt, One Road” to “The Belt and Road Initiative” in 2016 so the use of the term “BRI” should be understood to encompass the entirety of its existence from its inception in 2013 to present (Bērziņa-Čerenkova 2016; Shepard 2017). In short, the BRI is a grand infrastructure plan that seeks to link China with Europe and Africa via a series of land (belt) and sea (road) connections. Unlike multilateral trade partnerships such as the United States-Mexico-Canada Agreement (USMCA) or the ASEAN Free Trade Area (AFTA), China insists on bilateral agreements with every new BRI member to confirm “membership”. Such agreements ensure central management by the Chinese government and keep member countries from having influence on BRI projects outside their own borders. The bilateral nature of all BRI agreements makes study of the project in its entirety challenging (Jones and Zeng 2019), hence the case study methodology this dissertation is implementing. One-way relationships mean one state’s successes or struggles do not necessarily predict the same result in another state but by limiting this study to a specific region (Sub-Saharan Africa) and regime type (mid-strength democracies), the observations uncovered are more likely to be applicable to other states that share such characteristics. This complication is also why providing a list of all known
BRI projects here would be more trouble than it is worth. Globally, more states are members than not and the only continent where no state has agreed to a BRI agreement or project is Antarctica (for obvious reasons).

Figure 1 visualizes the summary number of China-financed projects from 2000 to 2017 in Sub-Saharan Africa collected and recommended for aggregation by AidData. With respect to the three cases being examined, 73 projects totaling $1.3b have been financed in Botswana, 155 in Kenya totaling $10b, and 66 totaling $7.5b in Nigeria. Of the three, Nigeria has the largest average cost per project, but this observation is of limited significance, for example, since Botswana’s single power plant project represents about one billion of the $1.3b total. See the Appendix for summary statistics for the three case countries compared to Sub-Saharan Africa overall. One recipient stands out in the visualization and for good reason; Angola represents 84% of all official flows from China to Sub-Saharan Africa and a substantial percentage of that aid itself is characterized as Vague OF. This is because Angola is one of China’s largest sources of oil. Between 2010 and 2020, Angola has consistently been in the top five countries by share of China’s oil import partners. Though they have dropped from number 2 to number 5 by import share in that time being overtaken by Russia, Iraq, and Brazil, the raw amount of oil has continued to increase owing to China’s major investments in the oil industry (General Administration of Customs 2020). As the largest single holder of debt from China, Angola faces major headwinds in how it repays the nearly $42b in loans made over the years and they have

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6 Various organizations such as William & Mary’s AidData Project, the Council on Foreign Relations, and the China Africa Research Initiative (CARI) at Johns Hopkins among others have all conducted research aimed at compiling known BRI projects and they will be referenced when necessary. See those sources directly for global overviews.
been in active debt renegotiations with various Chinese lenders for several years (Chatham House 2022).

Figure 1. Number of China-Financed Projects in Sub-Saharan Africa, 2000 – 2017

Sources: Custer, S. et al. (2021); R Core Team (2021), Ram (2023).

For the purposes of aggregate comparison between cases and for Sub-Saharan Africa, the designation of an “official” BRI membership is not a qualifying factor in this research. To be an “official member,” states must sign a memorandum of understanding and begin construction on at least one BRI-associated project. But China and its financial institutions conduct business in the same fashion with states whether they are not official members. Moreso, this research is not going to be limited to the “official” 2013 BRI inception date since the designation is more of a rebranding than it is an entirely new investment strategy. Ten years on, it appears that “the launch of the BRI did not appear to have altered the character and composition of China’s overseas development projects, both in terms of who and what it funded and on what terms”
(Horigoshi et al. 2022, n.p.), though the scale and scope reached new heights in the mid-2010s. For example, Botswana did not sign a Memo of Understanding to join the Belt and Road until late 2021 but accepted a loan from China for over $1 billion (constant 2017 USD) to finance a new power plant ten years before that. Though it is useful to see when countries sign on to join the BRI in an official capacity, this research instead discusses the investment environment leading up to that point. For this reason, I examine the relationships between Botswana, Kenya, and Nigeria towards China from the early 2000s onwards.

**China’s International Investment Strategy**

China’s development finance strategy has emerged as an increasingly important segment of its foreign policy broadly and has shifted numerous times since the establishment of the People’s Republic of China in 1949. With a political culture that already prized itself on its protectionist trade, China became even more isolated after the Communists took Beijing. Partially because of Maoist anti-capitalist (and eventually anti-Soviet) ideology and partially because of the international community’s refusal to acknowledge the PRC, China and its banking system was very much isolated from the international economic system during these first few decades. Until the 1980s, China’s state-run banks had two main responsibilities: they (1) collected taxes from citizens and (2) paid state-run businesses to cover their operation and expansion costs. In comparison to Western financial arrangements, these payments to businesses were not traditional loans and there was no real expectation of the banks getting their investments returned. In the Maoist tradition, it was pure redistribution and not much else. International trade that did exist during this time was negotiated largely on political conditions; namely, that the recipient state would recognize the PRC’s sovereignty and join an anti-American global alliance (though one dominated by the PRC and not the USSR). Some states,
especially those in the Global South who had recently implemented communist or socialist
governments, were targeted directly by Beijing for increased relations. However, the PRC’s
domestic turmoil during the Great Leap Forward and Cultural Revolution made potential
international partners, even those who may have shared ideological sympathies, very wary of
China’s ability to provide a long-term partnership.

Three major events occurred in rapid succession during the 1970s and 1980s that ushered
in a new era of economic, though not necessarily political, liberalization. The first major shift
occurred in 1971, when the United Nations recognized the PRC in place of the Republic of
China. This was followed by the 1972-1979 diplomatic thaw with, and subsequent recognition
by, the United States. Third, Mao Zedong’s death in 1976, as he was personally a major
roadblock to attempting any reform within China. One of the economic changes during that time
was state-run banks began issuing loans whereas before they would simply cut checks. These
loans were still extremely forgiving with low interest rates and few penalties for non-repayment
but it inched China’s economy ever so closer to the global norms. By the late 1990s as China
entered the global economic organizations like the World Trade Organization (WTO)\(^7\) and more
Chinese businesses were operating with foreign investment, which were subject to strict
repayment schedules and interest rates. In the early 2000s, Chinese firms began investing on
their own without as much direct governmental oversight, especially in the developing countries
of the Global South. Individual business owners were instrumental in creating many people-to-
people partnerships and trade relationships in Sub-Saharan Africa that persist to this day,
something that was simply not possible under the Mao-era’s previous economic rules.

\(^7\) China did not officially join the WTO until 2001 but the economic reforms and structural changes needed for
membership were implemented during the previous decade.
It would be a mistake, however, to argue China has simply agreed to abide by all the Western norms and rules for foreign trade. For point of comparison, when a US or European business wants to invest overseas, they are subject to many specific domestic and international tax and oversight regulations. Loans, payments, and any other investments are expected to be transparent and negotiated freely with the recipient. Since large firms are subject to shareholders and their progress is reported quarterly, they have low tolerance for risk. Nowadays, many Chinese firms maintain corporate boards and are accountable to shareholders, but the largest companies are still state-run (whether officially or effectively) and require fewer domestic guardrails compared to Western ones. In other words, because firms themselves receive so much state aid with less expectation of repayment, their tolerance for medium or long-term risk can be much higher.

China’s role in the institutionalized global financial system has also changed quite markedly in the past century. While it eschewed membership in international institutions during Mao’s rule, partially by choice and partially through isolation, it now counts itself a member of all major international economic institutions and has even created some new ones of its own. In the waning days of World War II at Bretton Woods, the Western international community formed the World Bank alongside the International Monetary Fund (IMF) with the original purpose of rebuilding Europe. At the time, the Western powers were poised to position themselves as the leaders of the world economy when the war ended the following year. They had unparalleled access to credit and were going to use it to build a new liberal world order. Though the Cold War pitted East versus West, the World Bank and its sister institutions never found themselves facing serious competition from the Soviet East. Now, seventy years later, the World Bank manages a portfolio of nearly 2,600 projects spread across the entire globe. But the
The contemporary global economy is different than it was during the Cold War. As a result, a new East versus West divide has emerged but this time, China has made overtures to push back against the world order. As a tool of foreign policy, China is actively challenging norms in the multinational development bank arena by creating and financing the Asian Investment Infrastructure Bank (AIIB) and the New Development Bank (NDB). Though these two banks claim to have different priorities and strategies compared to the existing multinational development banks, many of these priorities and strategies seem to overlap.

The Chinese-led AIIB was created as a regional development bank that would focus primarily on financing infrastructure projects in less-developed areas of Asia. Because China’s booming economy required a massive domestic effort to build and connect new roadways, railways, airports to a growing power grid, China found itself with a glut of related materials and services at the beginning of the 21st Century. The AIIB would create an opportunity for China to connect to potential partners on a soft power basis and no longer be the “free rider” that former U.S. President Obama once suggested they were (Xie and Han 2019, 4). Once the AIIB was integrated with the growing footprint of the BRI, it grew into one of the world’s foremost multilateral development banks (MDB) with 64 member states on five continents. China argues that both AIIB and NDB aim to fill in gaps in the international banking system to correct for existing pro-Western bias. According to the AIIB, their primary goal is to “improve social and economic outcomes in Asia” (AIIBa) since they believe the current international system is biased against Asian economies. They currently maintain a membership list that boasts 97 countries, with China maintaining 26.6167% of the voting power (AIIBb). This contrasts with China’s voting power of just 5.42% in the World Bank (World Bank 2022).
The NDB, by contrast, was formed “to support infrastructure and sustainable development efforts in BRICS and other underserved, emerging economies” (NDB 2019). In 2012, the BRICS nations (Brazil, Russia, India, China, and South Africa) began the work of setting up an official development bank that puts their economic interests first and held their inaugural meeting in 2015 (NDB 2019). With a focus on renewable energy projects, the NDB aims to be leaner and less risk-averse than other larger international development banks (NDB 2016). If China’s goal has been to create a separate world order to supplant the Western-led one, it has perhaps not met that goal. While the AIIB and NDB are increasing China’s economic profile around the world, it is not as clear that it is able to convert that into strategic influence to peel countries away from the influence of the US and European powers moving forward (Xie and Han 2019).

The other institutional foreign policy developments are more internal to China; in 2011 and 2014 respectively, two major white papers were published by the State Council of the People’s Republic of China that explicitly detail China’s plan for structuring foreign investment and aid to Sub-Saharan Africa or elsewhere. The 2011 document is the first publicly available document that details the following eight reasons China offers foreign aid, as follows: to (1) complete projects, (2) provide goods and materials, (3) foster technical and (4) human resource cooperation, (5) provide medical assistance, (6) emergency humanitarian aid, (7) launch volunteer programs, and (8) provide debt relief. The document is not legally binding nor is it necessarily an action plan for future aid; rather, it functions as more of an after-action report detailing the outcomes of major projects undertaken in the 1990s and early 2000s.
The next official update from 2014 goes into more detail on the *structure* of aid packages, rather than the broad goals the aid hopes to address. This is more useful for the nature of this research as Official Direct Aid (ODA) from China can be divided into one of these three types:

1. **Grants:** facilitate the construction of small / medium-sized projects in the human resources, technical cooperation, material assistance, or emergency humanitarian aid categories. Most commonly grants are used for social welfare projects like building schools and hospitals or building infrastructure for access to clean water. From 2010 to 2012, these made up 35.6% of China’s ODA.

2. **Interest-free loans:** give recipients the ability to “construct public facilities and launch projects to improve people’s livelihood.” This is a particularly vague description and it is not explained in the document how these projects differ from the ones that receive grants with no debt commitment. Based on an overview of AidData’s database of China’s foreign assistance, these loans are likely awarded for the construction of less immediately critical facilities such as government buildings and more complex welfare infrastructure projects. From 2010 to 2012, this made up 8.1% of China’s ODA.

3. **Concessional loans:** low-interest and / or fixed-rate loans that fund more large-scale infrastructure projects with wide economic and social benefits. These loans may also be given for the delivery of machinery and electronics to bolster the recipient’s ability to undertake the larger or more complex projects. From 2010 to 2012, this made up 55.7% of China’s ODA. These types of loans provide the primary backbone of this research.

**Chinese and Western Development Finance in SSA Compared**

When discussing development programs with such complexity as ones offered by China in Sub-Saharan Africa, it can be tempting to cherry-pick cases that fall into either “optimistic” or
“pessimistic” camps. For the former, China’s strategy of financing specific infrastructure projects makes it easier to argue their development programs are done for the direct benefit of the people, not ambiguous sociopolitical goals. Nairobi, for example, is one of the world’s fastest growing cities, more than doubling in size from 2000 (2.2 million population) to 2022 (5.1 million population). This has led to an ever-widening metropolitan area and housing needs, especially among the professional classes in the financial and commercial sectors who may commute into downtown Nairobi for their jobs, education, and commerce, but increasingly live in suburban areas where the competition for space is less costly. Commuters living in Thika, a suburb about 30 miles northeast of Nairobi’s central business district, would routinely face lengthy commutes of two to three hours each day. But the completion of an expanded, eight lane highway in 2012 with the support of multiple Chinese contractors has dropped the commute down to thirty to forty-five minutes (KARA and CSUD 2012). A study comparing nighttime light along the length of the highway from 2008 to 2013 showed a significant increase in economic activity among satellite towns along the entire length of the road, not just in Thika. Not only were people more easily able to access their work and school in Nairobi, but they also now had more convenient resources and commerce in the suburban areas, pushing down congestion and giving people more access to resources closer to home.

But just as tempting as it is to highlight these success stories, it is similarly easy to find examples of abandoned roads to nowhere, gleaming airports with empty terminals, or large industrial factories left to the elements. In Angola, much negative press was heaped upon a megadevelopment in Nova Cidade de Kilamba, a town just under twenty miles from the capital city Luanda. Acting on his 2008 election pledge to build a million new homes across the country, President Jose Eduardo dos Santos’ government entered a development partnership with Chinese
developers to build over 700 apartment blocks with room for 200,000 Angolans in the small exurban town. President Santos and the developers promised world-class hospitals and schools to support the influx of new residents. Upon completion, the towers stood largely empty, thanks to out-of-reach prices for all but the most upwardly mobile professional classes and restrictive mortgage practices that hampered even those who had the financial resources to afford it. Images of colorful apartment blocks jutting out of the dry Angolan flatlands were mocked by Western commentators as out of touch and wasteful. Over the following decade, the empty apartments began to fill, thanks to lower unit costs and the direction of many units to social welfare recipients. But the promised hospitals and schools have yet to materialize, creating a town where everyone must travel into Luanda for their essential services (Dreher et al. 2021). The developers tried to build a Beijing-style suburb in an entirely different part of the world, with subpar results.

Comparing the Kenyan highway project to the Angolan residential development seems to tell two different stories. In the former, one can make the case that China can implement a clever development strategy through careful planning and coordination with the recipient. On the other hand, perhaps there is no overarching strategy and China’s development is scattershot, throwing money at anything they can without understanding the socioeconomic fundamentals. The critical pessimists are especially vocal outside of China (and the recipient states), where there is more suspicion towards China’s wider geopolitical motivations vis-à-vis the West. These cherry-picked examples cannot be used to generalize the motivations behind Chinese development strategy but do share an important commonality: the projects were chosen and approved by the domestic political leadership within Kenya and Angola, not entirely imposed by China. Optimists are keen to push back with this in mind; why would the leadership in these countries
willingly take on unsustainable debt for a project that they already knew was entirely financially unsound?

One explanation comes down to the incentives of political leaders. In democracies and nondemocracies alike, citizens are more likely to approve of politicians when their lives are markedly improved during their tenure. If an individual’s commute is shortened from two and a half hours to forty-five minutes thanks to a newly constructed highway, their quality of life is substantially better. When a politician, party, or administration can effectively claim they are the “reason” that the road was improved, they may receive more support from those constituents. And the politicians appear to be keenly aware of this; research has found that China does provide significantly more development finance to a ruler’s home province than other provinces in African states compared to an insignificant relationship for development aid provided by the World Bank. Political leaders in Sub-Saharan Africa regularly exhibit clientelism towards their co-partisans and co-ethnics and China uses that to their advantage. Unlike Western organizations like the World Bank, which are much more likely to maintain transparent project bidding processes through technocratic bureaucracies, China prefers to go directly to the political leaders themselves, where there are fewer barriers to a project’s approval.

Like any state or development organization, China does not (and cannot) simply impose its will on any state without their explicit approval. There is evidence to suggest many decisionmakers in Sub-Saharan Africa have welcomed China’s development finance for the specific reason that they are easier to work with compared to Western organizations. Both the former President of Senegal and Prime Minister of Ethiopia, to name just two, have chastised Western aid programmes for being too bureaucratic and dragging out the negotiation phase (Wade 2008; Embassy of People’s Republic of China in Ethiopia 2012). The longer a project
takes from proposal to completion, the less likely the politicians who instigate the project are the same ones who see it to completion. That push and pull is not a unique problem to Sub-Saharan Africa but one that institutionalized democracies are more likely to accept and understand as a norm (Brautigam et al. 2022). Weaker democracies, which have not had the lengthy historical memory of how strong institutions can provide longer-term benefits, may be more likely to take the easier offer, even if it comes with a slightly higher risk of corruption, graft, or inadequate project management.

To service the question of why some countries are increasing their engagement with China, it is worthwhile to compare the broad strokes of China’s state-run investment style to that from the traditional Western organizations like the IMF or USAID. Though the decision to take development loans from China is not zero-sum (i.e., doing so does not cut off recipients from accepting loans for other projects from Western organizations), China’s argument to recipients for selecting them as a primary aid-giver must be that there are comparably more tangible benefits for the recipients (Brautigam 2022; Dreher et al. 2021). In popular Western commentary, it is common to frame China’s approach to aid as Leviathan-like or impossible to deny and implicitly claim that taking aid from China is a folly with no upside. Though there is a growing body of literature dedicated to studying China’s development loans, it is a new direction of study so there is not yet agreement on what the primary differences are between the two systems. To clarify what exactly the differences are, Table 3 presents a conceptualization of international development loans across five dimensions: (1) transparency, (2) concessions, (3) interest rates, (4) equipment and labor, and (5) delivery of capital. These dimensions are compiled from a review of the existing literature as they have not yet been enumerated in such a
concise manner. These are meant for broad comparison and should not be taken to mean exceptions are impossible.

Two dimensions, interest rates and transparency, have the potential to present some of the greater risks with taking large-scale development loans from China and are especially important for analyzing the success of the three case study projects. Interest rates associated with China-backed loans are much higher (for example, to the tune of +3% in Kenya compared to a hypothetical similar World Bank loan, which is discussed in that case’s chapter). On measures of transparency, Western-style loans are better for regimes concerned with public perception but not necessarily important for regimes who have incentives to keep the public at arm’s length. In democracies, however, transparency in how the government spends money and / or accumulates debt is one of the many conditions for a consolidated political system. Even if China’s approach to interest rates and transparency is seen as a negative, their approach to international sovereign investments must have some obvious benefits, or else no one would fall for the “trap.” To combat those negative perceptions, China positions itself as ideal compared to Western-led government finance in two major ways:

1. The money, equipment, and engineers come faster: China effectively offers a one-stop shop for any major development project. Not only does China’s Ex-Im Bank provide a single large loan to avoid the possibility of needing multiple loans from international sources or the presence of large capital reserves, but they also set up the recipient with domestic Chinese manufacturers to complete the project. By bundling everything into one umbrella agreement, they may avoid delays that come with lengthy due diligence or competitive bidding processes. Comparable loans from other organizations may provide
one or two of these, but rarely all three, leaving the recipient accountable for negotiating the other relevant contracts.

2. China’s loans are agnostic: in contrast to concessional Western loans, which request improvements in a recipient’s democracy or domestic institutions, China has no such requirements. They have little interest in demanding a recipient improve their human rights record, for example, before being awarded loans. Agnosticism means they are not discerning of a recipient’s regime type; they are open for business to democracies and non-democracies alike and don’t need to wait for laws to be passed or institutional reforms outlined, making the approval process much faster.

Table 3. China-style development loans compared to traditional Western-style

<table>
<thead>
<tr>
<th></th>
<th>China Development Loans</th>
<th>Western Development Loans (World Bank, USAID, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>Due diligence hidden from public with unclear processes for restructuring if needed</td>
<td>Due diligence conducted transparently with clear processes for restructuring if needed</td>
</tr>
<tr>
<td>Concessions</td>
<td>Non-concessional towards requesting domestic improvements and agnostic towards regime type</td>
<td>Concessional based on improvements to democracy or domestic institutions</td>
</tr>
<tr>
<td>Interest Rates</td>
<td>Higher interest rates that function more like commercial rates as opposed to ones that are government-backed</td>
<td>Lower rates than typical business or private bank loans based on state income levels or other economic factors</td>
</tr>
<tr>
<td>Equipment &amp; Labor</td>
<td>One-stop shop: loans are bundled with contracts for China-based manufacturers and suppliers</td>
<td>States are expected to conduct competitive bid processes among domestic and/or international manufacturers and suppliers</td>
</tr>
<tr>
<td>Delivery of Capital</td>
<td>Fast delivery, shortening potential project timeline</td>
<td>Slower, bureaucratic delivery, lengthening project timeline</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from discussed literature

**Africa-China Relations and State Agency**

How China’s domestic political history applies to its contemporary investments and influence in Sub-Saharan Africa is something heretofore unexplored in the literature. This
section provides a brief history of China’s post-Civil War foreign policy towards Africa in general before discussing the recent literature. Mao-era China foreign policy towards Africa was inconsistent, due to China’s domestic instability and fear of large-scale war with (or in between) either the United States or Soviet Union. Instead of the development of long-term economic partnerships, Mao’s foreign policy on the continent took the form of highly conditional military aid to socialist governments or revolutionaries; in exchange for Chinese weapons and cash, China expected political recognition of the PRC in return. In addition, African students were given priority to study Maoism and Marxism (some of the only approved topics for higher education during the Cultural Revolution) in Beijing starting in the 1960s to further its efforts to build third world solidarity. In the most striking example of things to come, China was the main financier of the Tanzania-Zambia Railway in the 1970s, which gave each of those single-party socialist states the ability to trade more freely with one another instead of going through Apartheid regimes in South Africa and Angola (Snow 1988). Though China was successful in building some international political recognition through these efforts, they were entirely unsustainable thanks to the high financial cost of sending goods and services overseas during an era of extreme domestic poverty and economic isolation (Wang & Elliot 2014).

In the years right before and after Mao’s death, the PRC adopted a more pragmatic approach towards coexistence with other political systems in the international community, opening the door for Western states to join the Global South in recognizing the PRC’s political sovereignty. By the 1980s, China had significantly retrenched on its economic partnerships in Africa and the developing world at large to focus on burgeoning domestic economic reform (Scobell et al. 2018). But China’s rapid shift from a planned agrarian economy to a manufacturing-centered one meant that by the early 1990s, raw resources unavailable within
China were in high demand. China reset its relationships with many states in Sub-Saharan Africa, this time with more traditional economic trade goals. The speed at which China’s economy became a powerhouse made it possible for them to speak the language of a developing country to states in Sub-Saharan Africa while simultaneously influencing (and becoming one of) the world’s major powers.

Much of the contemporary literature on Sino-Africa relations that judges China’s motivations falls into “optimist” and “pessimist” camps. The optimists argue that China is filling a void left by years of failed European colonialism by giving developing economies access to a contemporary development model (Antwi-Boateng 2017; Dollar 2008). Having more recently transitioned from a less-developed agrarian economy to one of the world’s largest manufacturing hubs, China may have the developmental empathy needed to engage with underdeveloped states compared to Western powers, which have sat atop the global trade system for centuries. Furthermore, there is no doubt among many scholars that China’s growing partnerships with African states are highly dependent on the former’s ability to make gains themselves; but in the words of long-time UN diplomat Ngonlاردje Kabra Mbaidjol, “it does not matter how little the ‘win’ could be for Africa, provided there is a ‘win’” (Mbaidjol 2019, 151). As long as governments in Africa do not sign onto large-scale investment schemes from China (or any other country for that matter) without doing due diligence and increasingly exert their agency in international affairs, there may be positive change with China’s help.

The other thread is more pessimistic in nature, arguing that China’s actions in Africa are a second scramble of exploitation of the African continent, a form of neo-colonialism that is merely wrapped in a more friendly neo-liberal package (Lumumba-Kasongo 2011). Kwame Nkrumah, the first President of Ghana following independence, is credited with defining the term
neo-colonialism as a “state which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty [when] in reality its economic system and thus its political policy is directed from outside” (Nkrumah 1965). As a founding father of independent Ghana, Nkrumah was mostly referring to the experience of former colonies being more surreptitiously managed by those same colonial powers as before. But neo-colonialism’s definition has expanded in the following decades to include states that are subject to influence of a new, third state following decolonization (Antwi-Boateng 2017). One proposed example of neo-colonial behavior is that some or all of China’s large-scale investments are debt traps that drown a state’s future economy in high-interest rates, unfavorable renegotiation provisions, unprofitable showpiece projects, or any combination of all three.

Another example of neo-colonialism is the proliferation of development aid across Sub-Saharan Africa from the United States and other European states. When states with weak institutions and high levels of poverty are regularly given development aid, they may become “addicted” to it, which leads to unnecessary bureaucracies and reinforcement of social inequities that end up increasing the recipient state’s reliance on the aid-giver (Langan 2015; Hagmann and Reyntjens 2016). In the past five to seven years, there has also been an uptick in even more deeply pessimistic outlooks that tend to look at China’s global investment through a lens of a US-China rivalry, with the recipients in the Global South subject to the vagaries and whims of a great power conflict. It is not within the scope of this project to engage in the question of that rivalry except to note that this framing overly simplifies the topic and fails to note that there are possible upsides to a country taking investment from China.

In an exploitative sense, China may simply be more interested in the positive international aftereffects that they receive when seen delivering the initial loans. In this
explanation, the lending of money (specifically, large amounts towards highly visible megaprojects) is simply the means to an end. Whether a project is delayed, or even successful post implementation, is secondary compared to the boost they get for the initial partnership between China and the recipient country or unrelated third party. Recipient countries may not even recognize the failures of implementation have to do with China’s lack of motivation to follow through; even if they have some trouble working with Chinese entities during the duration of the implementation, may feel the first major project is an opportunity to work out kinks in the relations and decide to pursue further investment, as well. From the perspective of other countries observing from abroad, future potential partners emerge who see how “easy” it is to get large amounts of money quickly and thus partner with China on a new, major project of their own.

To label China’s motivations in Sub-Saharan Africa as neo-colonialism or exploitative is challenging, given the way its strategy does not naturally fit into the above examples. Scholars of historical and contemporary China alike have long been confounded by China’s contradictions, a trend that continues with its push to increase economic and political linkages in Africa (Economy 2018). China itself argues its increasingly common forays into the Global South are done with the goal of reducing poverty and increasing the economic footprint of some of Africa’s poorest states (Alden 2010; Brautigam 2011). In avoiding the bureaucracy and red tape of conditional aid based on democratization or other metrics, China can inject capital into recipient states at a much faster rate, helping them overcome the large economic obstacles to contemporary development. On the other hand, by investing heavily in infrastructure and resource extraction in developing economies and encouraging these new partners to increase their imports of cheap Chinese goods, some states may fall victim to the resource curse, whereby states with an abundance of natural
resources fail to increase other areas of domestic production or diversify their economy (Kalu and Aniche 2020). When the price of that originally valuable resource eventually falls, as it will almost certainly do at some point, the state’s economy is left in roughly the same position it was before the resource rush but now with even more reliance on expensive imports. China’s government publicly claims that their sole motivation is “win-win” bilateral economic advancement with each specific state on the continent.

In the 21st Century, several institutions have developed that clarify the framework of foreign relations between China and its foreign trade partners in Sub-Saharan Africa. Most formal is the Forum on China-Africa Cooperation (FOCAC), founded in 2000. FOCAC calls for meetings at the minister-level every three years, with higher-level meetings held in the preceding year. At the 2018 Beijing Summit of the FOCAC, Xi Jinping endorsed the “Five No” approach to China-Africa foreign policy as proposed by a scholar at the University of Nairobi: “No interference in the development paths of individual countries; no interference in their internal affairs; no imposition of China’s will; no attachment of political strings regarding assistance; and no seeking of selfish political gains in investment and financing cooperation.” (Sun 2018 and Liangyu 2018). These proclamations seem to strike at the heart of the liberal international order (LIO), whereby Western powers lead an international system based on rules-based cooperation and mutual support of liberal democratic institutions (Ikenberry 2018). There seems to be a consensus that China is displeased with the current rules of the international system, which were developed and institutionalized following World War II (Nieuwenhuizen 2019; Rühlig 2018). But since there can be a difference between what a government publicly claims and what their actual motivations are, whether China is interested in exporting a brand-new international order
based on Chinese government ideology or simply wishes to reform the current system from within is unclear.

All these explanations, whether pessimistic, optimistic, Sino-centric, or otherwise, ignore the agency of the states themselves, in which leaders make decisions based on both domestic and international factors filtered through the mechanisms of their individual regimes (Links 2021). Now, more than at any point in modern history, states in Sub-Saharan Africa have the tools and ability to articulate and advocate for themselves when negotiating international economic agreements (Van Staden et al., 2020). The topic of state agency is an important one in International Relations but one that can be overlooked by theories that consider states as unitary, rational actors. If states are entirely a black box and their internal decision-making processes and norms do not matter, we are left with a paradox of states as unitary actors that Waltz once called analytically “useful” but not necessarily empirically accurate (Waltz, 1979: 1). Ignoring the ability of leaders in a particular state to exercise their agency can have the (un)intentional effect of casting them as too lazy, stupid, or even nefarious to resist whatever offer a more powerful state makes.

To understand the question of agency another way, imagine you own a home in a neighborhood where many of your neighbors are getting backyard pools installed. You do not have the money to build a pool but, more importantly, you do not really want one anyway. Because their pool business has been so successful, one of the major contractors comes to you and offers you a limited-time deal where they design and build a pool for you with no money down and a typical loan based on current market conditions. Even if you assume the deal is good and will increase the value of your home, there is nothing the contractor can do if you do not want the pool in the first place. Though obviously a simplification, this example is a reminder
that actual decision-making power and state agency overall is in the hands of the recipient, not the lender. This is not to suggest, however, that a state’s ability to conduct its own rational, sovereign decision making will always lead to smart decisions or positive outcomes. History is littered with examples of states making poor decisions in the international realm entirely on their own and without overt foreign influence.

The literature examining agency of African states\(^8\) has grown widely in the past several decades, especially as the tumultuous post-colonial era has transitioned into a more complex era of international cooperation combined with the growth of regional power centers. The establishment of the African Union [AU] in 2002 is the most notable example of the former, giving states the ability to accomplish economic and security goals with a much more collective mandate than was possible in the mid-to-late 20\(^{th}\) Century. Given these histories, it would be folly to assume these states just take whatever is offered to them and are at the whim and mercy of their former colonial powers or other rising global powers. There are many examples that counter the perception of African states as “passive bystander[s] in global processes” and show they are instead sometimes “arch-manipulators of the international system” (Taylor 2010, 6).

State agency has been described by theorists as either structural, individualist, temporal, or a combination of all three dimensions (Brown 2012). Structural agency is somewhat a contradiction of terms, inferring that a state’s (and its decision makers’) ability to achieve its goals is entirely dependent on the international structure the state exists within. Individualist agency is perhaps the opposite, where individuals within the state have the say over its decisions

\(^8\) Throughout this research, I do my best to avoid discussions of (Sub-Saharan) Africa as a single entity, which glosses over the complex diversity of peoples and political systems on the massive landmass. The reader should assume that discussions of agency on the continent are referring to the abilities of decision makers within specific states in Sub-Saharan Africa to affect change at the state and international level. See Harrison 2010.
in international affairs, regardless of the systemic economic or political systems at play.

Temporal agency acknowledges that any decisions are dependent on the circumstances and norms of the moment; even when presented with a similar proposal as in the past, decisions made in 2023 would not be the same ones made years or decades prior. For the purposes of this research, the most appropriate level of agency lies somewhere in the middle of individualist and temporal theory.

Since this research does not endorse the idea that “the state does not really exist,” as Gilpin once postulated, my research agenda assumes that the component parts of each state’s democratic decision-making structures are impactful in how it interacts in the international system. This is especially important when discussing the complex histories of Sub-Saharan African states. Much contemporary discussion of China’s relationship with the subcontinent is wrapped up in the language of great power politics, which inherently assumes China is a large and powerful state with the ability to use hard and soft power to make African states do what they would otherwise not do. But this cannot be the entire explanation as there is variation in the way countries like Botswana, Kenya, and Nigeria have accepted or rejected certain overtures by China. These states are all mid-range democracies with varying levels of public contestation that affect how Chinese investment is received and, in turn, how China manages its relationships with them.
CHAPTER THREE

BOTSWANA

Why Botswana and Expectations

As discussed, this project is seeking clarity on how two major qualities of democracy in certain Sub-Saharan African states affects two outcomes related to their contemporary relations with China. The independent variables are two major areas of institutional democracy that typically have the greatest impact on state foreign policy decision making. The first (1) independent variable is the relative strength of the executive branch, which I find to be high relative to a low strength legislative branch in Botswana’s case. The second (2) variable measures the level of party contestation among all elected offices (executive, legislative, and regional/local) and whether those parties advocate varying policy cleavages with respect towards China. In this chapter, I find no evidence of party contestation in Botswana’s elections. Given the hypotheses, I expect a strong executive to lead to decreased levels of investment from China but an increased chance of project success. The nonexistence of party contestation should lead to an increased level of investment but decreased chance of project success. This chapter will examine Botswana’s foreign policy institutions in the context of their relationship with China’s investment and specifically the Morupule Power Plant.

In the foreign policy decision making theoretical method, this chapter first examines Botswana’s main foreign policy actors one-by-one to discuss their role in the foreign policy apparatus more generally. Second, I discuss the impact these actors have on Botswana’s economic and political relations with China. Third, I discuss China’s plans for current and future
Belt and Road projects in the country, specifically the Morupule Power Plant project and discuss how the various actors have impacted its success and / or failure. I expect that the relative size and strength of Botswana makes its foreign policy institutions more vulnerable to systemic shocks from large capital project failures. So goes the Morupule Power Plant, so goes Botswana’s relationship with China at large.

While all three case countries I am studying are considered mid-range democracies, Botswana is a particularly unique case thanks to the 50-year single-party dominance of the Botswana Democratic Party (BDP). Since independence, the BDP has won clear majorities against its rivals in every National Assembly election (and thus held the Presidency). Scholars have long debated whether single-party dominant regimes can even be considered democracies, since there is never a peaceful transition of power between parties. I am not contributing to this debate explicitly, though I take the side of those who maintain Botswana is indeed a democracy, albeit a less-than-robust one. In the tradition of theoretical foundations such as Dahl’s polyarchy, it is best to view a state’s system of government not as a binary, being either a democracy or nondemocracy, but rather on a spectrum. The failure to have transitions of power between parties is one of the major factors in Botswana’s ranking as a medium-strength democracy, not a strong one, by democratic indices. Within Variety of Democracy’s (V-Dem) Regimes of the World (RoW) classification, Botswana is considered an electoral democracy, the weaker of its two democratic regime types.

Another key weakness in Botswana’s democracy is its constitutional imbalance favoring the President and Executive Branch. I discuss later how this part of the government has the ability to dismiss or extend a National Assembly session, despite not being a member of that body. Furthermore, there is a reliance on Botswana’s political parties on donations and support
from foreign actors, making the parties or individual candidates susceptible to foreign influence. The media environment is a potential area of weakness, too, with strict requirements on who is considered a journalist combined with strong governmental control over what information is considered in the public interest. Despite these weaknesses, it would be entirely unfair to call Botswana a “nondemocracy” given how well it has fared on other measures such as universal suffrage, protection of civil liberties, and its ability to hold free and fair elections. Individual rights such as freedoms of assembly and religion are well protected and nongovernmental organizations (NGOs) operate without interference. Each actor’s relative strengths and/or weaknesses are discussed in their sub-section, with special attention paid to the BDP’s dominance compared to its political rivals.

**Constitution of Botswana**

Before discussing the main actors and their relative strength or weakness, I first need to provide an overview of Botswana’s constitution. The Constitution of Botswana was devised during independence negotiations starting in 1964 and went into full effect on September 30th, 1966. There were several drafts during this period in addition to debate among delegates about how strongly federalist the final constitution should be but most of the changes from first to final draft involved nomenclature, rather than the substance of balancing the branches of government with one another (Poteete 2013). Why exactly the weaknesses of the legislative-executive relationship were not addressed in the text is not entirely known, though it has been argued the speed at which the BDP consolidated power in pre-constitutional local elections increased their desire to cement the rules while their political position was strongest (Poeteete 2013). Their successes in these first polls gave them the upper hand against the dikgosi (tribal chiefs) who advocated for more federalism with regional tribal authorities more closely incorporated into the
democratic constitution. In turn, the dikgosi ended up with very little political authority, being relegated to the House of Chiefs, an advisory committee of tribal leaders that wasn’t even codified into law until 2005. Members of the House of Chiefs were unable to vote or veto any policy and, notably, not allowed to be members of any political party or be elected to the National Assembly. Tribal leaders have neither political authority nor the legal ability to advocate for political parties unless they elect to give up their hereditary claims. More discussion on the dikgosi and how their authority manifests in contemporary foreign policy is discussed in a later section.

The Constitution has been amended several times in the intervening years; notably, the 1966 Constitution called for the National Assembly to pick the President from among its members, much like a traditional parliamentary model. An amendment was put forth to allow for ex officio Presidents in 1969 when then Vice President Masire lost his MP constituency and thus could only return to his office by being appointed an SEMP. The inclusion of Presidential term limits (two term maximum) were also added after the terms of its first two Presidents, who served a combined 31 years.

In the foreign policy realm, the Constitution is largely silent. It contains no provisions on how foreign affairs can be conducted other than detailing some war powers afforded to the President and Parliament. While it does clarify that the President has the authority to appoint Ambassadors, it gives no other guidance on the role of the Ministry of Foreign Affairs or other relevant bureaucracies. This is not entirely unexpected, given that constitutions are (ideally) written with the intent of avoiding the ambiguity of overlapping functions or responsibilities.
**Executive Branch (President and Cabinet)**

Botswana is a parliamentary republic representative democracy where the President is indirectly elected by members of the ruling party in the National Assembly. Like a prime minister, Botswana’s President acts simultaneously as head of state and head of government but, unlike in most parliamentary systems, they are *ex officio* and do not need to be a sitting member of the National Assembly. In fact, none of Botswana’s Presidents after inaugural office-holder President Khama have ever been selected from among the sitting National Assembly members. Each President is appointed to a five-year term with the possibility of a second term but, since 1997, is term-limited beyond that.

The President is afforded many powers including absolute immunity from criminal and civil proceedings and the ability to dissolve parliament and hold new elections at their will (Constitution of Botswana). They select the Vice-President and members of Cabinet from both among members of the National Assembly and others *ex officio*. During a regular general election, the President also has the power to nominate four special candidates (SEMPs) from their party to the National Assembly. This particular provision was intended to correct imbalances of underrepresented groups such as women or minority ethnicities but it has developed into a *de facto* patronage system to reward party insiders. Combined with the single-party dominance of the Botswana Democratic Party (BDP) since independence, this makes democratic consolidation a major challenge (Molomo 2012). Some observers have likened the National Assembly to more of a “department in the office of the president” rather than its own branch of government (Mogalakwe and Nyamnjoh 2017, 4). More discussion of the Parliament and its efforts to clarify the powers of the office of the President compared to the National Assembly is discussed in the specific later section on the parliament.
Articles 47 and 48 of Botswana’s Constitution unambiguously lay out the President’s sole discretion as leader of the executive branch and authority as Commander in Chief of all armed forces in the country (Constitution of Botswana). Combined with the President’s sole authority to declare war, this makes the President the clear individual with most foreign policy power in Botswana, though how they choose to exercise that authority can depend on the individual President in office. Botswana’s first President following independence, Sir Seretse Khama saw a clear link between healthy democracy in Botswana and a combined domestic and international multilateralism from the beginning: Botswana can provide a “viable, united, and non-racial democracy as a contribution… towards progress, towards majority rule, and self-determination throughout Southern Africa” (Khama 1970). He made this declaration at a time when Botswana’s entire existence, let alone its democracy, was far from assured: it was a landlocked country building a political system from the ground up while sharing nearly half of its total land borders with authoritarian, white nationalist states in South Africa and Rhodesia. Khama’s decision to develop Botswana into a multiethnic democratic state with healthy multilateral international linkages was a truly enduring one that still persists to this day.

Still, President Khama and his successors have found ways to benefit themselves from the trappings of the office, showing cracks in the democracy they have been elected to uphold. When the Botswana Defence Force (BDF) was founded in 1977 to separate the national police from the armed forces, Khama appointed his 23 year old son Ian Khama to Brigadier-General, skipping over a multitude of more qualified individuals from its legacy institution, the Botswana Police Unit (Mogalakwe 2008). Ian Khama would himself go on to be Botswana’s fourth President from 2008 to 2018, thanks in no small part to his father’s influence.
If the Presidency is the most powerful political position in Botswana, the other part of the Executive branch, the government Cabinet, is a close second. The President appoints the ministers, not all of which are required to be sitting members of the National Assembly, and chairs its meetings. Major political (domestic and foreign) policy decisions are discussed and debated within the Cabinet before they ever come up for debate in the National Assembly, hence the characterization of the parliament being a rubber stamp body for the Executive. In a country where much policy debate is sequestered to Cabinet Ministers and other party elites, foreign policy has a history of being even more tightly controlled. This may be a vestige of the colonial transition period, when the British government set up training sessions for the new generation of Botswana’s incoming politicians and party members. While sessions were held on many domestic political processes and the establishment of ministerial and bureaucratic best practices, there was no effort to do the same in the foreign policy realm (Zaffiro 1991). This follows the history of democratization in the colonial powers themselves. As suffrage spread in the United Kingdom and other western democracies in the 1800s, foreign policy was not debated among politicians in the same manner that domestic issues were (like labor and workers’ rights) but rather left to the elites, top leaders, and ministers.

President Khama and his successor Sir Quett Ketumile Joni Masire were very careful with how Botswana presented itself abroad, largely in an effort to avoid antagonizing apartheid South Africa, which it reluctantly relied on for much regional trade. Khama especially worked to deepen Botswana’s ties with Zambia, the only non-white governed neighbor at the time. This particular relationship was instrumental in guiding Botswana’s decision to shift political recognition of “China” in the United Nations from the Republic of China to the People’s Republic of China in 1971. Zambia was under the rule of a socialist government at the time and
while it was initially elected through a somewhat democratic process, it gradually evolved into an authoritarian regime that lasted for several decades. On the other hand, Botswana received support from Western democracies who opposed the People’s Republic of China (PRC). But Botswana prioritized the establishment of international alliances and found it advantageous to diplomatically recognize the PRC, as it offered immediate benefits in the short term.

China’s record of accountability across the region has shown that they are most responsive to the requests of heads of state, though not always to parliaments or less influential arms of the government. All else being equal, foreign investment from China tends to be implemented more frequently in the home district / province of the recipient state’s head of state. This is certainly true in Botswana, where the President has a preponderance of power over foreign affairs. Though this research does not attempt to test the question of whether, all else being equal, China’s investment in Botswana is distributed more to the district home to former Botswana’s president, it should be noted the relationship is present for the single test case. Both President Festus Mogae and his successor Ian Khama, in office from 1998 to 2008 and 2008 to 2018 respectively, were involved in the application process for loans for the Morupule Power Plant’s expansion, are multigenerational sons of the Central District. The Morupule Plant sits just outside the town of Palapye in the Central District.

As the most influential government agency in the establishment of diplomatic relations abroad, the Ministry of International Affairs and Cooperation (MIAC) plays a key role in the state establishment. In the first decade of Botswana’s independence, there was no official ministry for foreign affairs and all staff dealing with international relations were housed within the office of the Presidency. The role of Foreign Minister was established as a cabinet position in 1974 and the department had transitioned into a fully separate ministry by 2002 (MIAC 2022).
Though they maintain diplomatic relations with most countries in the world and much of the MIAC’s operations are similar to those of other states around the world, the MIAC has a relatively small footprint of overseas embassies and consulates. As of 2022, it maintains 23 permanent missions across 21 countries, with South Africa being the only state with both an embassy and consulate. Botswana also has two missions in the United States, the embassy in Washington DC and a permanent office for its representative to the United Nations in New York.

The President has the final say in Botswana’s foreign policy but the day-to-day decisions and processes are handled by the MIAC. The MIAC’s ambassadors and officers facilitate the country’s multilateral diplomacy with other countries as well as international organizations and multinational businesses. For fiscal year (FY) 2017-2018, the authorized budget for the MIAC was just over 500 million pula, the equivalent of 43.5 million USD (Botswana Government 2018). This represents approximately 0.9% of Botswana’s 55 billion pula budget for all ministries in that FY and has a much smaller budget than the more powerful economic ministries, though this is typical of other countries in the region.

Multilateralism, the practice of multiple states working together to achieve common objectives, has been a principle of Botswana’s foreign policy since independence. Though this concept is not unique to most states, what is notable is the numerous direct references to multilateralism in official government documents. From the government’s official description of the MIAC: ”Multilateralism thus remains the most effective forum in which, as a small country, Botswana has the opportunity to exert its influence on the international agenda” (MIAC 2022). There are no misconceptions among the country’s foreign policy elite; Botswana is a small country with limited resources. But former ambassador to the United States and Australia LC Lekoa argues though it lacks the raw power and diversity of resources of a larger state, Botswana
has the authority to lead by example as a stable democracy and proponent of the liberal international order (Lekoa 2019). This can be seen in its official endorsement of the International Criminal Court (ICC), a point of view not shared by all of its neighbors. After the ICC indicted several high-ranking members of Kenya’s government for violence related to the 2007 election, the African Union debated a general resolution led by Kenya and South Africa advocating its members to leave the ICC entirely. Though the resolution ultimately failed, it is evidence of widespread disagreement on the continent on how to approach multilateralism, especially when it has the perception of violating the sovereignty of African states more than it does states in the Global North. Botswana’s decision to hold firm and continue advocating for the ICC and other international memberships contributed to the eventual failure of the resolution (Lekoa 2019). More discussion of Kenya’s relationship with the ICC and other organizations occur in its later chapter.

In the decade following Botswana’s independence, there was no formal Ministry of Defence as the country instead employed the national police as its armed forces. By 1977 however, it was clear that the white nationalist regimes in Rhodesia and South Africa posed too large of a threat to rely on the national police alone. These states fomented terrorist attacks within Botswana and Botswana helped organize Zimbabwean Black nationalist movements within its border to eventually topple the white-minority government. Botswana’s government formed the Botswana Defence Force in 1977 as a way to protect its sovereignty in response to the threats along its eastern and southern borders but did not standardize the full Ministry of Defence, Justice and Security until 2008 (Botswana Government 2022). Though it did provide sanctuary for some Black nationalist movements that were considered illegal in South Africa and Rhodesia, the BDF did not launch any military operations outside its borders during this time. In
fact, some observers found Botswana’s overall behavior towards the white nationalist governments to be quite tolerant and non-aggressive, suggesting that they understood the strategic disadvantage that their geographic situation put them in (Zaffiro 1992).

Following the collapse of Rhodesia and apartheid South Africa by the early 1990s, however, there was a major paradigm shift in Botswana’s international relations. Botswana’s international priorities shifted from self-preservation and self-reliance to regional and international cooperation based on mutual respect and coexistence. This has caused the BDF and its ministry to cede some influence over international affairs to the growing diplomatic bureaucracy. Furthermore, because the ministry did not exist until 2008, it suffered during its first years owing to it being “an amalgamation of different Ministries… [and] the explicit issues of defining the force capabilities presently ignored for lack of direction and coordination” (Moshagane 2003). For fiscal year (FY) 2017-2018, the authorized budget for the Defence Ministry was just over five billion pula, the equivalent of 397 million USD (Botswana Government 2018). This represents approximately 11% of Botswana’s 55-billion-pula budget for all ministries in that FY. This demonstrates the Ministry’s importance in Botswana’s political structure overall as only three other ministries had larger budgets in that timeframe.

Though China’s government and the Botswana Defence Force do not conduct explicit military training or weapons sales with one another, they do maintain cordial diplomatic relations. Meetings involving China’s diplomats and Botswana’s military commanders occur regularly, though they often involve other ministries and are not necessarily held one-on-one. For example, Botswana Minister of Defence and Security Kagiso Mmusi attended the China-Africa Peace and Security Forum via webcast in July 2022 (Pan Afrikanist 2022). In addition, each year several Botswana BDF personnel are awarded scholarships by China’s government to study
military strategy at China’s universities (Embassy of the PRC in the Republic of Botswana 2018). It is unclear the extent to which there may be more clandestine meetings involving China’s government and Botswana’s military commanders but the BDF and its ministry do not appear to have a major impact on the diplomatic relations between the two states. Overall, the different agencies and actors here combine into a very strong executive branch.

**Legislative Branch**

The National Assembly of Botswana\(^1\) is the country’s unicameral legislative seat of power but thanks to the strong role of the executive, it is impossible to call it an equal branch of government. In a standard parliamentary system, a prime minister is elected from among its members and elections occur on a regular schedule, though early elections can be held after the body holds a vote of no confidence or the prime minister dissolves the parliament. Cabinet members, too, are selected from among the legislature’s membership. These checks make the executive and legislative branch mutually dependent on one another and the public while largely preventing a head of state from usurping power or vice versa. But Botswana’s parliamentary-executive relationship is unique in that it allows for a strong executive usually found in presidential systems but without the accountability of direct elections. The President is only elected by the full National Assembly in the event no single party holds a majority, something that has yet to occur in post-independence Botswana.

When a single party is in the majority, it selects the President without consultation from the opposition and can be conducted in secret with no vote tallying. The National Assembly must elect a Speaker and that person must be in office for much of the parliament’s business to occur.

\(^1\) Constitutionally, the term “Parliament of Botswana” refers to the combined National Assembly and Office of the President. Though I generally refer to the National Assembly as such, readers can assume that use of the term “parliament” is a reference to the unicameral body and not the combination of both.
But aside from needing to be physically present, the Speaker has little authority to affect legislative priorities. It is unclear if the Speaker would play a larger role in a Presidential nomination and election if, for example, there was a minority or coalition government but this has never occurred and the Constitution does not clarify. Members are directly elected to 57 first-past-the-post (FPTP) single member (SM) districts. In addition, 6 members are specially selected by the elected members and the President and Attorney-general have voting power, leading to 65 total seats. Though any member of the National Assembly has the power to nominate 6 specially elected members during a standard general election, the members have, to this date, always accepted the President’s nominees (Poteete 2010; Mogalakwe 2006).

In the realm of foreign policy, the National Assembly is unsurprisingly weak compared to the executive. Though it is tasked by Sec.86 of the Constitution with the “power to make laws for the peace, order and good government of Botswana,” it largely acts as a rubber stamp body for the President and his cabinet (Mogalakwe 2006). Unlike in other democracies where the legislature acts as the ratifying body for all international agreements, the National Assembly has little ability to ratify or certify treaties or other international protocols. The National Assembly acts more in an oversight capacity; they can seek explanations from the President and their cabinet on their foreign policy decisions but the President is under no obligation to act on the National Assembly’s questions or recommendations. In Botswana’s contemporary relations with China, the National Assembly, and specifically the Speaker, have been involved in diplomatic meetings with delegates from abroad. Most recently, the Speaker of Botswana has met with the vice chairman of the Standing Committee of the People’s Congress of China in 2012 and the Chinese Ambassador to Botswana in 2020 (MFA 2012; MFA 2020). These meetings appear, however, to have been largely ceremonial and perfunctory with little negotiation of policy. The
weaknesses of the legislative branch are numerous and easily make it less influential than the executive in matters of foreign policy.

**Political Parties and Contestation**

The creation of FPTP SM districts is theorized to limit multiparty contestation and coalesce into a two-party system, leading to ruling parties receiving much wider majorities in parliament than they did in the popular vote share. Though there have been some exceptions to this phenomenon known as Duverger’s Law, it seems to hold in Botswana, which has seen third parties come and go, only to coalesce into a single opposition party to the BDP. In Botswana, there are almost no restrictions on how foreign interests may make donations directly to candidates or political parties and Botswana’s electoral code is largely unchanged since the original Electoral Count Act was passed in 1968. There are no bans on donations from foreign interests or corporations to either political parties or candidates. There exists a ban on anonymous donations to candidates, but this ban does not extend to political parties (Botswana Government, 1968). With such deeply entrenched transnational diamond mining industry business interests in Botswana, there is an increased risk of policy capture by those interests through the use of political financing.

Botswana holds the distinction of being one of Sub-Saharan Africa’s most enduring and strong democracies. On almost every measure, they demonstrate a strong institutional commitment to the rule of law and adherence to their constitution. But as I have mentioned previously, this is despite the fact that Botswana is a single-party dominant state. The elections

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2 See Appendix for a table of Botswana’s election results by party since independence, especially noting election years 2014 and 2019. In 2014 for the first time ever, the ruling Botswana Democratic Party (BDP) received less than 50% of the share of the total popular vote but still received 37 seats, 65% of the directly-elected seats in the National Assembly.
are free, fair, and feature candidates from multiple parties, but the BDP has simply never lost its hold on power. There have been numerous studies on the subject offering several explanations for this occurrence. For one, the opposition parties have consistently been weak, whether they organize into a single united party or splinter into smaller parties (Maundeni & Lotshwao, 2012; Poteete, 2012; Maundeni et al, 2007). The FPTP system itself is also posited as a contributing factor: “this confers electoral advantages to the BDP in terms of disproportionate representation in parliament for the popular vote… the popular vote of a party does not [proportionally] translate into the number of representatives or seats in parliament” (Saebo and Molebatsi 2017, 4). There is also the suggestion that, as rational voters, the Batswana3 people are simply responding to good governance and economic growth under many years of BDP control. The discovery and overall decent management of diamond deposits has brought prosperity to Botswana while somehow avoiding the resource curse4. But given Botswana’s well-respected institutions and commitment to democracy, it is also thought to be unlikely that a sudden political realignment sweeping the BDP out of power would lead to political violence or societal conflict. Overall, it is clear that Botswana has extraordinarily low levels of party contestation, despite having a free and fair electoral system consistent with democratic principles.

*House of Chiefs (Ntlo Ya Dikgosi) and Tribal Influence*

The Ntlo Ya Dikgosi, a Tswana phrase meaning “House of Chiefs” is a 35-member advisory body to the National Assembly. For the purposes of this study, it is understood as a part

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3 There is a debate surrounding whether the appropriate term to describe nationals of Botswana is “Botswanan” or “Batswana.” Though the etymology of the latter term comes from reference to the Tswana peoples, the term is contemporarily used by the peoples of Botswana to describe all citizens of the country, regardless of their ethnicity (Encyclopedia Britannica 2023).

4 This is not to say that Botswana is unconditionally revered by all in its joint ownership of the diamond mines with DeBeers and its handling of the economy at large. Focus has been paid to the question of how well Botswana’s economy is prepared for external shocks if diamond extraction slows or the gems lose value in the international market. See Hillbom and Bolt 2018.
of the legislative branch. The 8 hereditary chiefs (kgosi) from Botswana’s traditional tribes are automatically appointed. 22 members are appointed or elected from their respective region according to local customs and practices (often indirectly appointed by tribal elders). The remaining five members are appointed by the President (Parliament of Botswana 2022). Whether to classify these elected and appointed tribal leaders as state or non-state actors is a matter of interpretation. Those serving a role in the Ntlo Ya Dikgosi are strictly advisory and carry no real political authority but are following articles of the Constitution and thus are functions of the state. For ease to the reader, the role of tribes and their representatives outside the House of Chiefs are also discussed here, though they function more like non-state actors.

The question of whether to include tribal leaders in Botswana’s political system was hotly debated during independence, especially since such positions were largely hereditary and did not involve democratic processes. Tribal elders originally wanted more political influence in the form of voting rights in Parliament or a separate body akin to the House of Lords in the UK with legislative powers, even if they were weaker than the main Parliamentary body. But the speed at which the BDP consolidated power in pre-constitutional local elections increased their desire to cement the rules while their political position was strongest (Poeteete 2013). The BDP and its allies in the constitutional negotiations essentially locked out the tribal elders from having any political power following independence. The institutionalized Ntlo Ya Dikgosi that exists today was only approved by Parliament in 2005 and requires drafts of all legislation to be sent to the House of Chiefs before approval, though this is only ceremonial. Not only does the body hold no veto power over those legislative drafts, but members of the Ntlo Ya Dikgosi are not allowed to simultaneously hold any other elected or appointed political position.
The lack of automatic political rights for hereditary leaders is entirely intentional; Botswana has many tribes but the Tswana / Setswana people make up over two-thirds of the population by ethnicity. Any automatic political rights for tribal leaders would inherently elevate the Tswana ethnic group to a greater position of power relative to the Kalanga people (11%), Basarwa (3%), or Kgalagadi and others (7%) (CIA 2021). Tribal factionalism was a major concern and Botswana’s political leaders relegated tribal leaders to the political sidelines in order to protect the political rights of the minority. But not having national political powers does not mean tribes and their representatives are powerless in Botswana’s broader civic life, especially at the local level. According to Afrobarometer surveys in the country, a majority of Batswana say traditional leaders have “some” or “a lot” of influence in resolving local disputes (77%) and governing local communities (64%), but few (21%) see them as influential in national elections. More than that, there seems to be broad support for keeping traditional leaders out of national politics at 78%. Though the results are not clearly broken down by ethnic group, respondents show no significant difference based on whether they live in rural, suburban, or urban localities (Afrobarometer Dispatch 2020).

**General Political Environment**

One challenge mid-range democracies such as Botswana have in consolidating their democracy is ensuring policymakers are held accountable to the public. This is made even more challenging in a country like this which vests its foreign policy decision making wholly in the office of the Presidency. There is very little existing research which directly links public opinion to foreign policy in Botswana, though many such studies have been conducted in the United States and these countries broadly share the same democratic values. The consensus seems to be that public opinion can be a factor in foreign policy decisions, though it may best be understood
as one part within the intersection of public opinion, mass media, and other elite preferences (Baum and Potter 2008). The most representative and well-financed opinion polling comes from Afrobarometer, which conducted its most recent Round 8 survey in Botswana in 2019. This version of the survey was compiled using the responses from 1,200 adults and yielded country-level results with a +/- 3 percent point margin of error and 95% confidence level. Its design was a nationally representative, random, clustered, stratified, multi-stage area probability sample of citizens aged 18 years and older in both urban and rural locations.

To answer the question of whether public opinion has an effect on Botswana’s relationship with China, it must first be understood that there is a substantial lack of awareness among the public as to what China’s role even is as an economic development partner to Botswana. When asked if China gives loans or other development assistance to the country and its government, only 39% responded in the affirmative, with the rest of respondents saying either no (16%) or don’t know (45%). Respondents in urban areas were statistically more likely (43%) to respond in the affirmative compared to their fellow citizens living in rural parts of the country (34%). These results should not be surprising given Botswana’s small development portfolio with China compared to others in Sub-Saharan Africa. But a majority of respondents do believe China has had “some” or “a lot” of influence on Botswana’s economy with answers from 52% combined respondents. Only 9% said “none” or “a little” while the remaining 39% indicated they did not know or had not heard enough to make a judgment. Though a majority of citizens recognized China’s influence, it was a major drop compared to the previous Afrobarometer survey from 2014 which found 76% of respondents answering “some” or “a lot”. In addition, between 2014 and 2021 there was a 15% drop in the proportion of respondents who said China had a “somewhat positive” or “very positive” economic and political influence on Botswana.
These results are likely in response to the increasing public pressure during this time frame regarding China’s involvement in the Morupule Thermal Power Station project, which is discussed later in this chapter. That project represents China’s largest single investment and the vast majority of its entire bilateral development portfolio with Botswana. Its failure to meet expected operational targets has likely played a major role in souring the public’s opinion towards China.

Botswana, despite its small size, has a robust media environment that has both pro-government and pro-opposition viewpoints, though it maintains some control over how and what journalists cover. According to Reporters Without Borders (RSF), it has the 4th highest level of press freedom on the entire African continent and 3rd highest level among those in Sub Saharan Africa, behind South Africa and Burkina Faso. But the gap between these in the global rankings is wide; South Africa and Burkina Faso are ranked 35th and 41st globally while Botswana is ranked 99th. According to Afrobarometer, media penetration is still limited in Botswana with radio remaining the dominant medium through which Batswana get their news. Whereas 67% of respondents get their news from a radio at least “a few times a week” or “every day,” that decreases to 60% for television, 49% for print newspapers, and 40% for the internet. One of the factors for why Botswana has not developed past a mid-range democracy is its restrictions on free press, especially when discussing topics sensitive to the government or its major political leaders.

Censorship and restrictions for government critics are common. Reports from the Committee to Protect Journalists and Freedom House have found that government authorities

5 While the Afrobarometer survey asks separate questions about media preference for “internet” and “Facebook, Twitter, WhatsApp, or others”, the responses are highly correlated.
regularly use digital forensics to access the files from the computers and phones of detailed journalists. Since 2008, journalists and outlets have been required to register themselves in a national database, risking imprisonment if they fail to do so. The government has also increased its surveillance of individuals sharing information online who may not be officially associated with journalism. The Botswana Communications Regulatory Authority (BoCRA) supervises all privately-owned media and reports directly to the Office of the President. Since the Covid-19 pandemic led to a large increase in the amount of disinformation being spread through the legalized and unofficial media, the dissemination of “fake news” or other misleading information by private citizens has been criminalized since 2020, with offenders risking $10,000 fines and/or imprisonment of up to five years in prison (Freedom House 2022). It appears the Botswana government has not made much of an effort to enforce this law thus far, whether for Covid-related misinformation or disinformation more broadly. It is unclear the extent to which these laws and restrictions have a chilling effect on criticism or reporting on China. In all likelihood, criticism of China’s activities in Botswana is tolerated among official and unofficial journalists but there may be a future risk of censorship if those criticisms grow to include Batswana politicians in the ruling BDP. Future crises or later administrations may not be so hesitant to use the 2008 and 2020 laws to advance their personal interests and erode Botswana’s democratic values.

As of 2022, there are thirteen national major print newspapers in Botswana. One of these, the *Daily News*, is entirely funded by the government, while the others are privately held and operated. Four of the privately-owned papers are controlled by a single firm, Mmegi Investment Holdings (RSF 2022). All state-run media and official media briefings are handled by the Office of the President, giving state media much less access to opposition perspectives. Only the *Daily*
News is published every weekday while the rest publish once or twice per week (though most file reports online every day). Comprehensive textual analyses of Botswana’s media as it relates to their country’s relationship with China are rare, though one study found that from 2004 to 2014 there was a wide variation in how the country’s newspapers covered the topic (Moahi 2015). In the early years of the study, optimism was much more common with pessimism growing in the following years as some projects stalled or failed. Even when considering coverage of similar stories at the same time, it is not possible to label Botswana’s newspaper coverage of China as wholly positive or wholly negative. Positive viewpoints that come up include China’s increased funding for education and scholarships, growth of the China-Botswana tourism sector, and China’s ability to diversify Botswana’s international investment schemes (Dube 2023; Ketlhoafetse 2022). Negative portrayals, on the other hand, raise concerns about cheap Chinese labor replacing skilled Botswana employees, poorly designed or executed infrastructure projects, and the cost of importing cheap Chinese goods on Botswana entrepreneurs and shopkeepers (Tessa 2022; Adamson 2021).

A review of Botswana’s print media in recent years shows there is still wide variation in the question of how to manage the country’s relationship with China, though some papers seem to have coalesced around particular camps. Mmegi, which as recently as 2015 was a daily print publication but has since moved to online with one print edition per week, may take a more pro-China stance in its opinion section. It is the preferred news outlet of choice for China’s Ambassador to Botswana, Wang Xuefeng, who has published four op-ed pieces in the paper since being appointed in 2021. The Sunday Standard, by contrast, welcomes more criticism of China. Its coverage of the budgetary and industrial problems that have plagued the Morupule Thermal Power Station expansion, largely funded and managed by Chinese state-run
organizations, has focused on the failures of China’s contractors (not to mention the Botswana bureaucrats who did not prevent their failures). These brief examples demonstrate not just the diversity of free press within Botswana’s democracy but the existence of policy cleavages regarding China. This case is discussed in greater detail later in the chapter.

**Case Study: Morupule Thermal Power Stations A and B**

As of 2023, the coal-fired Morupule Thermal Power Station is Botswana’s largest power plant, providing a majority of Botswana’s domestically generated electricity. Its generative capacity is a relatively recent development and it has suffered regular setbacks and failures since the planning stages in the early 21st Century. It is situated in Botswana’s Central North administrative district about 280 km NNE of capital city Gaborone and 10 km W of the nearest town, Palapye. Its position is strategic, built at a location equidistant from Botswana’s borders with Zimbabwe and South Africa and in the middle of Botswana’s most-populated Eastern region. Examining the Morupule Power Plant’s location on a map (see Figure 2) highlights just how sparsely populated the country really is. At 582,000km², it is roughly the size of Illinois, Indiana, Wisconsin, and Minnesota combined. But while those four states boast a combined population of 30.1 million people, Botswana has just 2.6 million.

The first section, Morupule A, was built in the 1980s and stood alone until construction started on Morupule B in 2010. Before the expansion and when it operated at full capacity, the plant generated a total of 132MW (33MW from each of its four units). Given the peak national demand was 434MW in 2004, this meant the Morupule Station was only able to provide about 30% of the country’s electricity demands, a major change from just ten years prior when the Botswana Power Corporation (BPC) was able to provide 70% of national demand through the plant (BPC 2005).
Then and now, Botswana had no other major power plants and any supplemental domestic energy (about 45% of national demand) was generated through fuelwood and diesel generators, though power generated from those sources could only provide power to single-family residences and small to medium businesses in rural areas. To make up for the rest of
demand (about 25%), energy was imported from South Africa through the Southern African Power Pool (SAPP) (BPC 2005). The need for energy would only continue to grow with Botswana’s GDP per capita rising significantly in the late 20th and early 21st Century due to continued growth of its diamond-rich deposits. Furthermore, even if the import costs were affordable (they were not), the SAPP did not anticipate having the resources to meet the increased export demand as early as 2010.

As such, the BPC commissioned a feasibility study in 2005 to recommend a major expansion to the Morupule Station. They suggested the construction of four 100 MW generators by 2010, one 100 MW generator by 2018, and a final 100 MW generator by 2023. The final output would provide four and a half times more electricity generation than previously possible and allow Botswana to produce nearly all its energy needs domestically and perhaps begin to export power of its own through the SAPP. The plan also called for the original 33 MW generators to be retired to avoid the ever-increasing costs of maintaining the aging hardware, but this would turn out not to be possible. Morupule B’s construction coincided with a repair program for Morupule A to ensure it stayed operational during the massive construction effort. Both existing repairs and new construction were financed with a $1.66B combined development loan from the China Industrial and Commercial Bank of China (ICBC), The African Development Bank (AfD), and the World Bank. The $1.66B total cost also includes a 30% equity contribution ($498m) from the Botswana Power Corporation and Government of Botswana (Custer et al. 2021).

China’s ability to provide their share loan came as welcome relief to BPC and Botswana’s government. While the bridge loans from the AfD and World Bank signaled international support from the traditional international and regional development sources, they
made clear their inability to be the primary lender for such a major project. The World Bank’s project appraisal report for their portion of the loan notably rated the project’s critical risk level at “substantial,” the second-highest possible rating. That rating was calculated considering project specific, country, and bank reputational risk factors; technically, though it was only meant to gauge the risk to their loan’s dollar amount, not the entire project. The fact that the project would include lenders from three continents should not have been a problem in and of itself. Botswana’s 50-50 ownership of the diamond mining consortium Debswana Diamond Company (the other half being owned by De Beers) has been operating since the late 1960s and is a major reason for Botswana’s economic successes. That partnership has demonstrated the state’s ability to jointly manage a mining operation with imports of specialized equipment and exports of raw materials on a massive scale. Specifically, the Ministry of Mineral Resources, Green Technology, and Energy Security was believed to have valuable and reliable project oversight capabilities.

The single $825B loan accounts for 77% of all of China’s gross official development loans and grants given to Botswana from 2000 to 2021 (Custer et al. 2021). But both the repair of Morupule A and the construction of B have been met with continual delays, cost overruns, and equipment failures. In April 2020, just as the Covid-19 pandemic had caused worldwide travel bans and lockdowns, the plant, which should have increased its capacity by 2014, was only generating a combined 159MW between both A and B sections. Not only was the electricity generation flat for fifteen years, the national electricity demand had grown to 739MW (Botswana Gazette 2020). Over the years, it emerged that the project management team from China National Electric Engineering Company (CNEEC) had been deeply flawed from the start. Not only was the incorrect equipment manufactured (something not discovered until much of it had
been shipped from China and hauled to the construction site), the plant’s entire design was inconsistent with the contracted expectations. As such, BPC ordered CNEEC to have the plant “rebuilt from scratch” (Botswana Gazette 2020).

In 2016, the African Development Bank released a completion report based on the project’s progress up to that point. They are succinct and blunt: “the generation component turned out to be an almost total failure to meet its objective, due to poor engineering, poor quality of materials used, and poor workmanship in construction” (African Development Bank Group 2016, 9). Furthermore, the report frequently mentions the failure of the Botswana government, Botswana Power Corporation, and the Chinese contractor to communicate with one another and the lenders to fix problems as they arose. Various lender reports confirm deep concerns from other stakeholders. At operational capacity, a single unit in a coal fired plant of these specifications is expected to undergo a full shutdown and restart cycle once every two years per regulatory requirements. During one period from January 1st to January 28th 2014, a single unit had to be shut off ten times (World Bank 2017). Repeated and unscheduled power cycling on machinery of this magnitude puts excess stress on the machinery, which reduces the overall lifespan of the unit and its associated components. Repeated failures of this magnitude point to a deeply flawed mechanical implementation, not just workforce challenges.

Though both sections are partially operational at the time of this writing, they still fail to meet their promised goals, the failure of which Botswana’s media has widely blamed China and, to a lesser extent, corruption within BPC. While the original plan was to decommission Morupule A, BPC officially announced in 2018 that the original plant would return to full operations owing to the failure of newly-constructed Morupule B to operate at expected capacity (Mguni 2018). When news broke in 2017 that a Chinese state-run organization had made a bid to
buy the entire troubled plant, reporting was highly critical, arguing the plants were failing due to China’s poor construction and they shouldn’t be rewarded with ownership of the plant. Ultimately, the bid failed and though Botswana’s government gave no single reason for the sale collapsing; the low bid price, a lack of a roadmap for making critical repairs, and negative media coverage in Botswana’s press were likely major factors.

In February 2019, the *Sunday Standard* broke a major story regarding the embezzlement of funds from the Chinese-funded Morupule B power plant project (Sunday Standard 2019). During the construction phase, managers at Botswana Power Corporation (BPC) and the CNEEC conspired to embezzle funds by duplicating invoices and overcharging contractors to complete construction projects. The extent of the theft was massive, totaling approximately one billion Pula (equivalent to $78 million USD in 2022) over the course of a project that was initially estimated to cost 9.8 billion Pula, but has cost twice that amount accounting for construction and repair costs. Thanks to the plant’s financial and material failures, Moody’s downgraded the BPC’s long-term issuer rating from Baa2 to Baa3 in early 2021, the lowest investment grade available. At the same time, Botswana’s government long-term local and foreign currency issuer rating was downgraded from A2 to A3. These downgrades, especially the latter, are black eyes to one of Sub-Saharan Africa’s best-performing economies and goes against Botswana’s reputation as a high-quality market for international business.

The plant’s failure to achieve its construction and production goals stems in large part to the BPC’s inability to juggle the demands of being a nationally-subsidized utility while having to function like an international energy company. The BPC is a parastatal utility with a non-executive board and mission to “provide safe, competitive and reliable electricity services” (BPC 2020, 3). All nine non-executive board members are appointed unilaterally by the Minister of
Mineral Resources, Green Technology, and Energy Security and the board hires the executive officers. Its operating costs are financed with revenue generated from domestic (and international, when possible) energy sales. Any operating losses not covered by the revenue is made up for with guaranteed tariff subsidies from Botswana’s yearly budget. Only recently did the Botswana government open the door to private energy companies through the Botswana Energy Regulatory Act of 2016. This created a new economic oversight organization, the Botswana Energy Regulatory Authority (BERA), tasked with making Botswana's energy sector self-sufficient without the need for consistent government subsidies. The automatic subsidy program for BPC’s losses and BERA’s creation were two of the conditions Botswana’s government promised to fulfill during the loan application process (World Bank 2009, 22).

See Figure 3 for an overview of Botswana’s energy use by GWh and the relative share of imported and domestic energy production as a percentage of total use. The figure demonstrates the deep challenge the Botswana Power Corporation faced as the power plant construction began but before new electricity generation was online. By 2010, Botswana was importing over 90% of its entire domestic energy consumption, relying almost entirely on the South African Power Pool. But just by bringing online a portion of the anticipated GWh cut Botswana’s electricity imports to near 50% by 2015. Not shown here are the economic spillover effects of delays in bringing the plant online; the cost of building the infrastructure with construction delays plus importing more energy because of those construction delays created a dangerous compounding crisis.
BPC’s operating losses exploded in the wake of the project’s delays which led to, as promised, increased government subsidies for the BPC. In 2015, the government subsidy for BPC hit an all-time high of P2.326 billion (approximately $153 million in 2017 constant USD) and has since dropped to P500 million ($33 million) in FY21/22. Much of the BPC’s financial woes in the past decade are directly related to the failure to bring Morupule online but also the perennial challenge of getting public-private organizations to operate in a revenue neutral capacity. The longstanding delays and corruption present a major problem to the government for years to come, something the government and lenders hope BERA will help rectify as Morupule is brought online and for future projects. Not only does Botswana face repayment on debt for which none of the expected equity reserves have been established, BPC has imported increasing amounts of energy from the SAPP. The increased energy imports have been passed on to the
taxpayers, who have faced increased home energy costs in the past decade. The only silver lining comes from Botswana’s economic position as having one of the highest GDPs per capita, which may shield the country from deeper economic shocks related to the cost overruns of the project.

Botswana’s small size and limited economic portfolio mean it is limited in the scale and scope of its international partnerships. Its foreign footprint is small, with only a handful of permanent diplomatic missions abroad. This means the impact of a single major project can have clear effects on Botswana’s future relationship with those investors. Given that the Morupule project represents China’s main single investment in the country, it is likely that its future prospects with Botswana hinge on China’s ability to get it under control in a meaningful way. These failures and the increasingly negative impact of the project on Botswana’s wider economic health may also help explain the shifting public opinion attitudes towards China I discussed in the previous section on public opinion. Because Botswana’s foreign policy footprint is small on the world stage, the impact of this single project has major implications for its relationship with China at large.

Despite the setbacks the Morupule project has faced, in early 2021 both countries signed a Memorandum of Understanding (MoU) towards future BRI project collaboration. MoUs are non-binding, non-treaty agreements that are used as a low-cost signal by partner countries to show they are open to future development with China. As is the case with Botswana, they do not contain specific project commitments or even certain development areas, aside from broadly agreeing to future infrastructure investment. Given all the problems at the Morupule plant and the pressure Botswana’s government had been putting on Chinese contractors to push past the stalled work, the MoU may have been seen within Botswana’s foreign policy decision makers as a motivational tool to ensure China’s work on the plant doesn’t stall more, forcing more lengthy
and expensive delays. This also leaves the door open to future projects, or at least the prospect of smaller-scale partnerships, if this one can be recovered. In the short term though, prospects are not good for those in China hoping to secure a steady trade partner in Botswana; Botswana’s export partner share to China compared to all countries peaked at 4.77% in 2008 at the height of the Great Recession and right before the funding for the power plant was secure. Within five years, the export share was 0.74% and by 2020, it was 0.04%. Following a similar trajectory, Botswana’s import partner share from China peaked in 2011 at 9.66% of all Batswana partner countries before hitting a low of 1.0% in 2014 and slightly recovering to 2.47% in 2020. (World Integrated Trade Solution 2022).

One possible explanation for the plant’s overall failures may come down to the sheer technical and bureaucratic complexity from multiple perspectives. Despite the BPC being accustomed to international arrangements thanks to Botswana’s reliance on the South Africa Power Pool, it had never undertaken such an expensive and technically complex project. The original 1980s-era plant was constructed with just four 33MW generators and the new plant would require six 100 MW generators. This would happen alongside a nationwide grid modernization effort with the eventual goal of delivering 100% of Botswana’s domestic energy needs. Bureaucratically, this project required large-scale international engagement that the BPC and Botswana’s government seemed capable of managing. Given the relative success of Botswana’s Debswana Diamond Company at handling a long-term partnership with London-based DeBeers, there was likely little worry at the time that the BPC and Botswana’s government representatives could develop a strong relationship with China’s institutional investors and engineers. But Bostwana’s long history with British investors dating back well into the colonial era paved the way for the DeBeers partnership to succeed (to say nothing of the growing pains...
during the beginning of that relationship as well). Botswana’s growing relationship with China, by contrast, is a very recent phenomenon and this may partially explain some of the problems that occurred during construction and a lack of new loans in the aftermath.

In interviews with a public official in Botswana’s MIAC, the point was made several times that investments from China to Botswana are based in diplomatic and economic pragmatism (Personal communication, February 22, 2023). Without prompting, the official made it clear that any explanation of investment from China as a zero-sum calculation that takes away from US or European investment is a false choice. Instead, China-backed loans are meant to strengthen Botswana’s position through diversification of global partnerships. The only exception made was when issues of territorial sovereignty were in play, a specific reference to Russia’s invasion of Ukraine about which the interviewee was emphatic in their disapproval.

Results and Future China-Botswana Relations

Given Botswana’s qualities of democracy and the outcomes of investment and the Morupule Power Plant project, there is mixed support for the hypotheses. The investment environment has declined; following the 2009 Morupule loan, future China-backed loans through 2017 were in very small amounts, with individual disbursements all below $50m (Custer et al. 2022). In terms of project success, while the plant is now operational, the Morupule Power Plant has been riddled with pitfalls and does not operate as intended when the loan was delivered in 2008. To classify it as a success would ignore the large amounts of wasted money, time, and equipment during the project’s scope. How these two outcomes relate to the three independent variables is discussed here.

Classifying it as Strong Executive branch with a Weak Legislative, we should expect to see decreased or no change in investment from China; H1 argues a strong executive leads to
decreased or inconsistent Chinese investment because the head of state has more responsibilities, both foreign and domestic. H3 argues that legislators, with fewer checks on overall presidential power and avenues for influence may be more active in the international investment space but the diffusion of power makes increased/major investments less likely. The investment outcome follows the logic for H1 and H3; Botswana has not received increased levels of investment from China during or after the project and it appears simply not to be a priority for Botswana’s political leadership to pursue.

The project success results unfortunately are not in line with the investment hypothesis at this point. Low levels of party contestation may increase levels of investment given the stability in how foreign loans are requested and monitored. In Botswana’s case, party contestation is nonexistent, but investment has not increased. Potential reasons for the misaligned expectations are considered in Chapter 5 but Botswana’s relative size and economic strength may preclude them from looking towards China for infrastructure development loans in the same manner as the other two cases in this research. I find mixed results for the project success hypotheses; the first of these suggests that in a Strong Executive, we should expect a higher chance of project success thanks to a strong executive’s ability to marshal resources without legislative bureaucracy slowing delivery.

In addition, the Weak Legislature conforms with the expectation that a strong legislature would lead to decreased chance of project success. Considering the entirety of the project and the challenges surrounding corruption and mismanagement leads to support for the final hypothesis that more party contestation leads to a higher chance of project success given the increased likelihood of multi partisan oversight and less party contestation leads to a lower chance of project success given the lack of partisan oversight. Overall, support for H1 and H3 was found
given the strength of the executive and legislative branch, respectively, and the low levels of investment. See Table 4 for an overview of Botswana’s results for the independent and dependent variables. In addition, there was evidence in support of H6 where low levels of party contestation are related to the unsuccessful project outcome. The hypotheses with no evidence were H2, H4, and H5.

Table 4. Botswana Qualities of Democracy and Outcomes Summary

<table>
<thead>
<tr>
<th>Botswana Qualities of Democracy (IVs)</th>
<th>Botswana Investment Outcome (DV 1)</th>
<th>Botswana Project Success (DV 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Branch: Strong</td>
<td>Decreased - Botswana has not received increased levels of investment from China during or after the Morupule power plant financing was secured. Future investment from China has not been ruled out but nor does it appear to be a priority for the ruling government.</td>
<td>Unsuccessful - the plant now has acceptable power output and limited capability to export power regionally when available. But the total output is lower than was originally specified and operations were delayed because of cost overruns and construction errors. These in addition to corruption allegations likely contributed to a net decrease in attitudes towards China.</td>
</tr>
<tr>
<td>Legislative Branch: Weak</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party Contestation: Low</td>
<td></td>
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</tbody>
</table>

This project represented a major test for both Botswana and China. For Botswana, the government took a risk on expanding their international investment portfolio outside of their traditional partners in the region. For China, this provided an early test for the Belt and Road Initiative and its development loan program with a partner that wasn’t as traditionally diplomatically valuable as other regional leaders on the continent. While the project is still ongoing at the time of this research, the legacy of this project will not likely be one either partner expected or wished for. Cost overruns and construction delays on their own do not necessarily lead to a project’s perception as a failure. Plenty of massive infrastructure projects throughout
history have been lauded long after their completion, even when they were beset with delays before completion. But the Morupule Power Station project has exposed weaknesses in both Botswana’s government and China’s development program beyond simple, anticipated logistical failures.

First, Botswana’s government and specifically the state-run Botswana Power Corporation have failed to demonstrate their capability to manage such a massive project with international stakeholders. The project involved the construction of a brand-new power station while simultaneously keeping the original up to operational capacity. This case exposed the weaknesses of Botswana’s bureaucracy, even if the allegations of explicit corruption are unfounded. Second, this may be an example of logistical overreach on China’s part. The contractor for the project (as was the primary lender) was a Chinese state-run firm and was reported to have experience on similar scale projects at the time of loan application and yet was responsible for some of the most egregious delays and equipment manufacturing failures. Why Botswana has not received more loans from state-run Chinese institutions is likely the result of combined domestic and external factors. From Botswana’s perspective, there is pressure to make sure the Morupule plant is fully operational and that questions of reliability are addressed before accepting any more large-dollar investments from China, especially given some of the engineering failures for which Chinese contractors are to blame.

Externally, China also likely hopes to iron out the problems at Morupule before undertaking new projects in-country, especially if one potential pitfall was a failure of due diligence on their part. While the Morupule Power Plant experience does not appear to have caused too much worry in either Gaborone or Beijing about future relations with the other, Botswana’s relative wealth and stability compared to its contemporaries in Sub-Saharan Africa
(measured in GDP per capita) gives it the luxury to be more selective in how from where it
accepts financing. The following chapter discusses the same questions in the context of Kenya’s
Standard Gauge Railway from Mombasa to Kenya.
CHAPTER FOUR

KENYA

Why Kenya and Expectations

As discussed, this project is seeking clarity on how three major qualities of democracy in certain Sub-Saharan African states affects two outcomes related to their contemporary relations with China. The independent variables are three major areas of institutional democracy that typically have the greatest impact on state foreign policy decision making. The first (1) independent variable is the relative strength of the executive branch, which I find to be weak relative to a higher strength legislative branch in Kenya’s case. The second (2) variable measures the level of party contestation among all elected offices (executive, legislative, and regional/local) and whether those parties advocate varying policy cleavages with respect towards China. In this chapter, I find evidence of party contestation in Kenya’s elections. Given the hypotheses, I expect a weak executive to lead to increased levels of investment from China and a decreased chance of project success. The existence of party contestation should lead to a decreased level of investment but increased chance of project success. This chapter examines Kenya’s democratic foreign policy structures and their relation to the China-financed Standard Gauge Railway project.

To understand the impact of state-level democratic institutions on the outcome of future development financing and aid from China, I primarily use a political process foreign policy decision making (FPDM) model. The inclusion of Kenya in this project is particularly important as it explicitly challenges the narrative of China preferring to work with closed anocracies or
states with huge supplies of natural resources. As a democracy, Kenya is mid-strength
with a rating of “Partly Free” by Freedom House and 0.4 on V-Dem’s Liberal Democracy Index.
In the foreign policy decision making theoretical method, this chapter first examine Kenya’s
main foreign policy actors one-by-one to discuss their role in the foreign policy apparatus more
generally. Second, I discuss the impact these actors have on Kenya’s economic and political
relations with China. Third, I discuss China’s plans for current and future Belt and Road projects
in the country, specifically the Mombasa-Nairobi Standard Gauge Railway (SGR\(^1\)) project and
discuss how the various actors have impacted its success and / or failure. I expect to find Kenya’s
democratic foreign policy institutions are weakened by domestic turmoil, leading to an uneven
investment environment with China.

To dissect Kenya’s foreign policy as it relates to China, I am largely using official
documentation from Kenya’s government. Despite for decades aiming to become a regional
power in Sub-Saharan Africa, only in 2014 did the government of Kenya write and publicly
release a national foreign policy framework. Kenya's foreign policy is guided by the country's
constitution and is implemented by the Ministry of Foreign Affairs and International Trade,
which is responsible for the conduct of international relations and the promotion of Kenya's
economic and cultural interests abroad. The President is the head of foreign policy and is assisted
by the Cabinet Secretary for Foreign Affairs, who is responsible for advising the President on
foreign policy matters and coordinating the implementation of policy. Moreso than the
previously discussed case of Botswana, Kenya is an influential member of various international
organizations, including the United Nations, the African Union, and the East African Community

\(^1\) In Kenya, the acronym SGR is used colloquially to refer to the Mombasa-Nairobi Standard Gauge Railway so it is
used as such in this chapter. The acronym is not used when referring to the separate Lagos-Kano standard gauge
railway, to be discussed primarily in Chapter 4.
This is somewhat obvious given Kenya’s relative power but still demonstrates the country’s desire for multilateralism over self-reliance. Kenya also has diplomatic relations with many countries around the world and maintains embassies and consulates in various locations. The following sections describe the various actors and their foreign policy roles in more detail.

**Constitution of Kenya**

Before discussing the main actors and their relative strength or weakness, it is necessary to give an overview of Kenya’s constitution. Kenya’s first independent constitution was enacted in 1963 and was amended over the years before being comprehensively redrafted in 2010. Kenya’s two major political parties at the time were influential in the process: the Kenya African National Union (KANU) and the Kenya African Democratic Union (KADU). The process was a drawn-out one, with the first independence conference taking place with British and Kenyan officials in 1960 but no agreed upon constitution until 1963. The cleavages preventing compromise were between not just the two Kenyan political factions but between the British officials and their former colonial subjects. Though Kenya would be granted its independence once a constitution was agreed upon, Britain wanted to be sure its business interests in the country would be protected for years to come and not seized by a reactionary government. The cleavages between the two Kenyan factions largely came down to a question of government centralization; KANU favored a highly centralized government while KADU preferred a more regionally decentralized approach. KADU’s approach became known in Kenya as *Majimboism*, a Swahili term used to describe a devolved government structure with weaker central government and more power in the hands of regional leaders (Maxon 2016).

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2 Since these parties have become much weaker (KANU) or are no longer in existence (KADU) in the years since independence, they are discussed in this section, not the section specifically about political parties. That section is reserved for the dominant party structure as it has been in the 21st Century.
Because Kenya was under British rule during the entire process, Britain’s representatives continued to have the final say in any negotiations. Despite concern by the Kenyan representatives from both camps, Britain imposed a Westminster-based system of government, with a Prime Minister and bicameral National Assembly. To satisfy the KADU representatives, the 1963 Constitution did include some nods to Majimboism, granting each of Kenya’s seven regions its own legislative and executive powers. Rights of minority tribes and other civil liberties were considered as they would have more access to participate through regional governments rather than a fully centralized one. But Britain’s colonial instincts proved too ingrained to let go; they explicitly believed Kenya’s political leadership to be too lacking in institutional governance to understand how to form a government in the first place (Lumumba and Mbondenyi 2011, 23). There was no public debate and no referendum, not even in the previously-existing Kenyan civil assemblies. As such, this 1963 Constitution was essentially drafted by British leaders and how they would prefer Kenya to be run, rather than by Kenyans for their purposes.

This helps explain why, as soon as the 1963 Constitution was put into place, the new Kenyan Parliament (controlled by the KANU) worked quickly to amend it. Within just one year, the Prime Minister position had been eliminated and replaced with a President who was both head of state and head of government. In addition to being chief executive and leader of the armed forces, the new President could dissolve or prorogue the National Assembly at their command. In a victory for the KANU and its proponents of a deeply centralized government, the Majimboist regional governments were completely defanged. Instead of having a constitutional

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3 Jomo Kenyatta, leader of the KANU, was appointed Kenya’s first Prime Minister at independence. When the position was eliminated in 1964, he continued to serve as President until his death in 1978.
mandate, they would now be entirely subject to grants from the National Assembly, erasing any autonomy they briefly had. Instead of becoming independent as a developing democracy, Kenya would join the club of sovereign states as a single-party autocracy.

By 1969, other provisions were amended including a change from a bicameral to unicameral legislature. In 1982, the National Assembly formally abandoned any pretext and amended the constitution to legally designate Kenya a one-party state, though by that point most other trappings of democracy had already been removed. Within one decade however, KANU’s dominance was under threat and Kenya’s first multiparty elections were held in 1992. The KANU continued to win the Presidency and majorities in the National Assembly until 2002, when they were forced to be in the minority for the first time since independence. Entirely unprepared to exist as a minority party, by 2007 the KANU splintered, winning only 15 of 210 seats and even failing to field a Presidential candidate.

Though Kenya’s democracy consolidated during this time, there were some major setbacks that highlighted the weaknesses of the 1963 framework and its numerous amendments. The 2007 election itself was a key reason why Kenya would go on to ratify an entirely new constitution in 2010. Incumbent President Mwai Kibaki was running for re-election against opponents Raila Odinga and Kalonzo Musyoka. Though Kibaki was announced the winner, Odinga and the opposition called for investigations into the widely-reported election irregularities. After two months of violence and tense negotiations, a power-sharing system was put into place whereby Kibaki would remain President but Odinga would become Prime Minister, reestablishing the post for the first time since 1964 (and last as of 2023). This crisis, which many in Kenya and around the world feared would grow into outright civil war, led
directly to the drafting and ratification of a new constitution in 2010, this time with the full support of both government and the voting public.

Many of the changes in the 2010 Constitution are rooted in long-standing disputes dating back to independence. For example, one major change was the establishment of a two-tier devolved government, with a prominent central government but 47 county governments with legally-mandated funding. The role of the President was also curtailed; though the Prime Minister position was not reinstated, the National Assembly made clear gains by gaining the power to approve (and later dismiss, if necessary) the President’s cabinet officials (Constitution of Kenya 2010). Another was the establishment of a National Land Commission with the power to investigate disputed territories between the citizenry and government, something popular among the people who had witnessed decades of corrupt leadership take Kenya’s public land as their own. Somewhat puzzling, two of the most salient issues during the public debate were not related to presidential powers or the scale of devolution but rather abortion and religious preference towards Muslim minority communities (Kramon and Posner 2011).

Despite some heated debate among the political leadership and among people in the months leading to the public vote, the campaign itself was a marked change from the 2007 election cycle. There was little to no disruption during the campaign or on election day and the constitution passed with a 68% supermajority among the voting public. Foreign policy powers are *de jure* split between the Executive branch and Parliament, though the President and their Cabinet remains the most influential foreign policy actor.

**Executive Branch (President and Cabinet)**

Kenya is a presidential representative democratic republic where the president is directly elected by the voters. The Executive Branch is relatively weak compared to the legislative
branch, to be discussed in the following section. It is composed of the President, Deputy President, and Cabinet. The president of Kenya is simultaneously head of state and head of government and cannot hold any other political office in parliament or elsewhere. The President is elected by popular vote for a five-year term and can serve a maximum of two terms. The constitution stipulates several authorities of the president, which are largely standard for a presidential democracy. In addition to being head of state and government, the president (1) “exercises the executive authority of the Republic,” (2) is the Commander-in-Chief of the Kenya Defence Forces (KDF), (3) chairs the National Security Council, and (4) is a “symbol of national unity” (Constitution of Kenya 2010, 40). It is unclear if there could ever be a substantive legal effect of that final executive authority as it seems impossible to interpret or enforce in a democracy with opposition parties, however it likely reflects the desire for Kenya’s disparate ethnic groups to unite behind any elected leader regardless of their own ethnic background. In addition to the aforementioned authorities, the President is singularly responsible for ensuring “the international obligations of the Republic are fulfilled through the actions of the relevant Cabinet Secretaries,” which the president themself appoints (Constitution of Kenya 2010, 41).

In the cabinet, the Secretary of the National Treasury is a key member of Kenya’s international financial regime. As Secretary, they are responsible for affirming any sovereign loans as negotiated by the National Treasury and its officers. During the negotiation process to receive loans from the China Export-Import Bank to fund the SGR, the Cabinet Secretary was Henry K. Rotich and it is his signature that affirms all the loans on behalf of Kenya’s government. Secretary Rotich served in this position from May 2013 until his arrest and
dismissal for corruption charges in January 2020\textsuperscript{4}. His time as Cabinet Secretary coincided with a massive increase in Kenya’s international debt owing to a push by the Kenyatta administration to accept loans for numerous infrastructure projects throughout the country. It is not the case that the position of Secretary endows the office holder with \textit{carte blanche} to propose and accept loans without oversight but they are expected to negotiate agreements with foreign governments in good faith.

Within the executive branch is the National Security Council (NSC), of which the president is the presiding member. The NSC has the functional authority to deploy KDF troops overseas as well as accept the deployment of foreign troops within Kenya, though these actions must be approved by Parliament to go into effect. The power to declare war is shared between the President and Parliament with the latter needing to approve the former’s declaration. As head of state, the President is also responsible for receiving diplomats from abroad and accepting the appointments of foreign ambassadors. Despite Kenya’s importance in the region and increasing importance globally, as of 2022, only once has the government put to paper a formal foreign policy strategy. In 2014, President Kenyatta’s administration articulated five “pillars” on which the country would base its foreign policy strategies: peace diplomacy, economic diplomacy, diaspora diplomacy, environmental diplomacy, and cultural diplomacy (Government of Kenya 2014). Though these were only recently formalized, they are based on decades of experience managing international affairs. In a world where strategic competition between great powers

\footnote{Secretary Rotich’s involvement in the Standard Gauge Railway loan agreements from 2014 has been subject to increased scrutiny since his arrest and dismissal on unrelated corruption charges stemming from a financial agreement with an Italian firm to build dams in Kenya. At this time, there is no public evidence that confirms corruption related to his involvement in the SGR deal, nor is there a known investigation.}
waxes and wanes, Kenya has enshrined a type of non-alignment strategy between Eastern and Western nations:

In order to strategically place the country in the international arena, the architects of Kenya’s foreign policy charted a pragmatic approach, informed by several principles, which have stood the test of time. This approach has ensured that Kenya successfully forges mutually beneficial alliances with the West while constructively engaging the East through its policy of positive economic and political non-alignment.

Government of Kenya 2014, 15

Though President Kenyatta was the first to commit his state’s policy to paper, it does not mean previous presidents were absent from international affairs. While he was president from 2002 to 2013, President Mwai Kibaki ushered in the “Look East Policy” era. When President Kibaki took office, the United States and Europe were easily the most dominant trading partners with most states in Sub-Saharan Africa. But that foreign spending was increasingly tied to governance reforms and when the 2008-2009 global financial crisis led to increased retrenchment among the Western democracies, Kenya found itself needing to look elsewhere. Thanks to China’s remarkable economic resilience during the financial crisis, Kenya’s trade relationship with them (alongside other Asian economies) exploded (Office of the President of Kenya 2009). Though the term was used much more in Kenya’s domestic newsmedia than it was by President Kibaki and his administration, the Look East Policy reshaped Kenya’s foreign economic policies and has remained an unofficial part ever since.

When the recession ended and Western investment began to increase once more, those Western investors now had to co-exist and compete with those from China. But just as linkages with the West can ebb and flow over time, so too do those with China at the President’s discretion. Public and political opinion towards China has soured in Kenya in the past several years since they partnered on several major infrastructure projects. These projects include the Mombasa-Nairobi Standard Gauge Railway (SGR), which is discussed in the following section.
After taking office in 2022, President Ruto publicized a willingness to disentangle itself from China and the increasing amount of Kenya’s national debt owed to them. In a 2022 election cycle much more focused on foreign policy than those in previous history, then-candidate Ruto said, if elected, he planned to deport Chinese nationals who work in retail and service sectors in Kenya (Rédaction Africa News / AFP 2022). The promise was based on increased fears of state capture from actors who wish to take advantage of Kenya without increasing its domestic wages or employment. Thus, Kenya may be entering another period of preference towards low-cost concessionary loans such as those from traditional Western partners in the United States and Europe but also new ones such as South Korea (Amb. Ngovi Kitau quoted in Mutambo 2022).

One of Kenya’s major democratic challenges has been ensuring peaceful transitions of power between Presidents or their parties and their elected opposition. Most general elections in the past two decades have seen evidence of manipulation according to international observers, potentially to the point of fully changing the outcome in 2007. Incumbent President Mwai Kibaki was running for re-election against opponents Raila Odinga and Kalonzo Musyoka. Owing to a split in the newly formed Orange Democratic Movement (ODM), the latter two candidates were running on similar platforms. Even so, President Kibaki was running as an unpopular incumbent and Odinga was expected to win based on pre-election and election day exit polling. But the election itself was marred by irregularities and international election observers from the United States, United Kingdom, and elsewhere agreed there had been manipulation by the ruling party and other irregularities from the opposition (Gettleman 2007). Kibaki was declared the winner and a months-long crisis ensued, leading to hundreds of deaths and over a hundred thousand displacements. The violence finally subsided in late February when Kibaki and Odinga, with the mediation of Former UN General Secretary Kofi Annan, entered a power-sharing agreement.
whereby Kibaki would remain President but Odinga would become Prime Minister, reestablishing the post for the first time since 1964 (and last as of 2023). As a result, Kenya’s Constitution was entirely rewritten and ratified by 2010. The broader implications are discussed in later sections but its largest effect has been the weakening of the executive branch relative to the legislative.

In 2017, incumbent President Uhuru Kenyatta of the Jubilee Party was running against perennial opposition candidate Ralia Odinga and won the election by a 10-point margin. But serious allegations were levied at the Independent Electoral and Boundaries Commission’s (IEBC) vote-counting procedures and the Kenyan Supreme Court ruled that another election for President must be held after 60 days. But the IEBC did not implement sufficient procedural changes for Odinga to be satisfied so he dropped out of the re-run and boycotted the election. Because of the boycott, Kenyatta won a stunning 98% of all votes cast but with a turnout of only 39% compared to the annulled election’s 80% turnout (Freedom House 2021, Dahir 2017).

Tribal and political violence also tends to spike during the election cycles, with IEBC member Chris Msando notably murdered during the disputed 2017 election cycle. Another IEBC commissioner fled the country between the annulled election and re-run, alleging that the body was incapable of administering a fair election (Freedom House 2021). The 2022 vote was difficult though somewhat less violent with former Kenyatta running mate William Ruto running against Odinga, now running under a united opposition party. But Kenyatta himself, who was unable to run for a third term due to term limits, stunned political observers when he endorsed Odinga and moved the Jubilee Party under Odinga’s Azimio banner. Despite Odinga’s newfound endorsements, he still found himself unable to win the office, losing to Ruto by 2 points. Odinga’s petitions to the Supreme Court were not as successful as they were in 2017 and the
body affirmed Ruto’s win (Walsh and Dahir 2022). These shifting political alliances are
evidence of high, though unstable, levels of party contestation, which is discussed in a later
section. Compared to the previous 15 years of Presidential elections, the 2022 election cycle was
praised as more peaceful and transparent according to election observers from the
Commonwealth of Nations. The actions of candidates, political parties, and institutions during
the campaign and on election day made for a much more successful democratic exercise
(Commonwealth 2022).

In the international affairs realm, The Minister of Foreign Affairs and International Trade
(MFAIT) is the most influential individual government position after the President. They are
tasked with pursuing Kenya’s foreign policy and developing international trade in accordance
with national priorities set by the President and other stakeholders. Their diplomatic corps
represents Kenya in embassies and at international organizations worldwide. Though it is the
President’s job to appoint Cabinet members, they must hold no other elected office and gain
formal approval by Parliament. Prior to Kenya’s Constitutional Reforms in 2010, Cabinet
officials were generally career politicians selected from sitting members of Parliament as is
common in Westminster political systems. Since the 2010 Constitution came into effect, three of
Kenya’s four (non-acting) Foreign Ministers have come from careers in Kenya’s diplomatic
service as opposed to politics.

As described by Kenya’s official foreign policy document written in 2014, Kenya’s
foreign policy is deeply rooted in their own national memory of colonialism and desire for state
sovereignty. The legacy of European powers managing African states to service their own
interests at the expense of ethnic or regional ones has led to deeply divergent political outcomes
across the continent. Though Kenya’s democracy has experienced troubling challenges in the
past several decades, it has emerged much stronger institutionally and economically than its other postcolonial neighbors such as Somalia or Ethiopia. Its own relative strength has led the MFAIT to develop a foreign policy strategy based on principles of sovereignty, regionalism, multilateralism, and diplomacy. The foreign policy document’s concepts are in line with most norms of the post-Cold War international liberal order, they notably mention Kenya’s foreign policy at an intersection of Western and Eastern powers: this ensures “that Kenya successfully forges mutually beneficial alliances with the West while constructively engaging the East through its policy of positive economic and political non-alignment” (Government of Kenya 2014, 15). In terms of multilateralism, Kenya has a strong interest in not just participating in but leading regional and global organizations such as the African Union and United Nations. As of October 2023, it has served as a non-permanent member of the UN Security Council on three separate occasions since independence and is currently in the process of providing 1,000 police personnel to lead a multinational stabilization mission to Haiti (Coto 2023).

The idea of strategic non-alignment is common among states of Kenya’s pedigree but is not simply a reflection of their experience during colonization. Kenya’s foreign policy establishment is keenly aware that their post-independence struggle was seen by the great powers at the time to fit into their respective concepts of an East versus West ideological conflict. By picking sides, Kenya risked backing itself into a corner and once more ceding African agency to other continents. Political non-alignment gives Kenya the opportunity to react to international developments from their perspective, rather than reflexively taking sides without considering the impact on their domestic problems. Though a single foreign policy document written during an administration no longer in political power is not a panacea to Kenya's challenges, its formulation was a key moment in their development as a regional leader. Non-alignment also
does not preclude Kenya or others from being highly active in international institutions. Being a member of organizations like the Intergovernmental Authority on Government (IGAD), East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and of course the African Union (AU) ensures Kenya’s seat at the table for regional and international issues. Considering the factors mentioned in this section, Kenya’s executive branch is currently judged to be medium-strength. While there are clear legal checks on the President’s power, they wield strong political and cultural clout (both foreign and domestic) outside of institutional powers that can affect their levels of success.

**Legislative Branch**

The Kenyan Parliament is bicameral, consisting of the Senate and the National Assembly. The Senate is composed of 67 Senators, with each of the 47 counties represented by one single-member district Senator chosen in a first-past-the-post election (IDEA 2022). The remaining 20 are elected through proportional representation party lists. Among those 20 members are 16 women, 2 youth representatives (one man and one woman), and 2 disability representatives (one man and one woman). For example, during the 2022 General Election, the two major coalitions of Kenya Kwanza and Azimio la Umoja received approximately 50.5% and 48.9% of the vote respectively. The very tight margins meant each coalition received 10 proportionally assigned Senators each. The National Assembly is made up of a total of 350 members, 290 of whom are elected from single-member constituencies and the remaining are reserved for 47 women (one from each county), 12 from party lists who represent the youth, disabled, and workers who are elected through a system of proportional representation, and a single *ex-officio* Speaker.

As is the case with the Executive branch discussed in previous sections, Parliament has gone through many major institutional Constitutional changes over the years. Most notably are
the changes that occurred as a result of widespread election-related violence following the 2007 Presidential contest. In 2008, a power-sharing agreement between the Presidential candidates introduced, for the first time in Kenya’s democratic era, a Prime Ministerial post to ensure the President was not so powerful as to override Parliament's wishes. Debates on the scale of constitutional reform continued until 2013, when the PM position was eliminated and the unicameral body was split into a bicameral one with a separate National Assembly and Senate.

Legally, Kenya’s Parliament has a mandate to provide oversight over the Executive branch. They can do this a number of ways, most of which are common mechanisms in similar democracies. For example, members of both ruling and opposition parties can ask the government for written or oral reports and clarification on policy and process. In addition, they have the ability to remove from office heads of public institutions. In practice as it relates to oversight of the Executive, however, their abilities are constrained. Even though opposition parties have legal mechanisms to pursue oversight, research has indicated they are hindered by the powers of the majority and argue political appointments are often based in clientelism or ethnic kinship (OSSERA 2016). Such structural weaknesses have been a point of contention for years, which President Ruto made clear shortly after being elected. In December 2022, Ruto issued a memo arguing for increased parliamentary oversight of the executive branch: “our government iscome more responsive, accountable and effective when it is subjected to rigorous oversight” (Kenya Executive Office of the President 2022, 8). The memo was advisory and nonbinding but gave several structural recommendations for Parliament, one of which was that Parliament should institutionalize a mechanism by which Executive officers and administrators have clear standards of communication and participation in Parliamentary proceedings. For these
reasons, Kenya’s legislature is of strong relative strength in terms of its oversight and foreign policy responsibilities.

**Political Parties and Contestation**

Kenya’s political system is *de jure* multiparty one but *de facto* two-party with the majority of parliamentary seats being first-past-the-post single member districts and most election cycles finding the largest parties separating into one of two major alliances. There is high party contestation as parties are very unstable; politicians regularly switch parties, found new ones, or shuffle alliances with each new election cycle. Regionally, parties are competitive in some regions of the country, though not all (Coppedge et al. 2023). Overall, there are high levels of party contestation, though this judgment carries a stipulation that the nature of Kenya’s shifting alliances and lack of more than one institutionalized long-term parties could shift future understanding of Kenya’s level of party contestation.

As of January 2023, there are 20 political parties holding at least one seat in either the Assembly or Senate. 90% of the combined seats are held by 9 parties across 2 coalitions. The other 11 parties are non-coalition with no more than 5 total seats each. One potential reason why these parties remain alliance-based and fail to institutionalize into two major parties is their ethnic-regional affiliations. Ethnic groups and their respective regions tend to dominate specific parties and therefore those parties also articulate policies that target those ethnicities and regions. Ethnic leaders are very powerful political actors as they are the arbiters and gatekeepers of who may run in their affiliated parties, even if they themselves are not on the ballot or party lists.

This clientelist party system makes for inconsistent foreign policy from one election cycle to the next. In order, parties put their co-ethnic and regional priorities first and then alliance and (inter)national priorities second. But this is further complicated by the fact that parties
themselves are also recipients of foreign support from their international ideological allies on the
political spectrum. The ODM party is believed to have received foreign funding from left-
leaning think tanks overseas while KANU has received support from conservative ones (Hamasi
2022). Judging the exact impact of private funding for political parties, especially when it comes
from overseas, is not the scope of this research but democracy researchers have shown it
increases the risk of policy capture, which occurs when “the interests of a narrow group
dominate those of other stakeholders to the benefit of that narrow group” (OECD 2016, 23). This
risk exists even in the wealthiest, most consolidated democracies so it stands to reason that there
is a greater risk of policy capture by international interests in weak to mid-level democracies.

In Kenya, there are only a few restrictions on how foreign interests may make donations
directly to candidates or political parties. Since the Political Parties Act was passed in 2011 and a
revision in 2015, there have been bans on foreign interests donating to political parties and
anonymous donations to political parties or candidates. But there are no such bans on donations
from foreign interests directly to candidates, nor are there bans on corporate donations to either
political parties or candidates. With transnational business interests increasingly represented in
Nairobi, there is an increased risk of policy capture by those interests through the use of political
financing. The “Look East Policy” was developed out of the NARC government’s takeover of
power after KANU’s 40 year rule. Though they were largely making unsubstantiated threats, the
new government explicitly threatened their traditional partners in Europe and the United States
that Kenya would take its business to China and elsewhere in Asia if they kept lecturing Kenya
on corruption and governance reform (Dahir 2016). There are high levels of party contestation,
with the recognition that the nature of Kenya’s shifting alliances and lack of more than one
institutionalized long-term parties could shift the future of Kenya’s level of party contestation.
Case Study: New Standard Gauge Railway

Since 2014, Kenya has been a lower middle-income country that averages close to 5% GDP growth year-over-year (World Bank 2022; African Growth and Opportunity Act 2021), with influential characteristics that make it an attractive partner for China to invest in its infrastructure. Kenya’s exports are mainly agricultural in nature, with vegetable and food-based exports accounting for 58% of its total exports in 2020 alone (OEC 2022). Its main exports include tea, coffee, agricultivation products, and raw minerals. Though agriculture remains its economic backbone, growing manufacturing and telecommunications sectors have contributed to diversification in the past decade. Heavy machinery and transportation equipment are growing export areas, but Kenya continues to import much more such equipment than it exports. Nairobi particularly has emerged as an important regional hub for telecommunications and financial services, housing many major institutions important to the economy of Sub-Saharan Africa.

Despite that Kenya is not China’s largest economic partner in Sub-Saharan Africa nor do their political philosophies have much overlap, Nairobi is the location where China’s government has built Africa media bureaus for its three largest state-run news organizations: China Central Television (CCTV) / China Global Television Network (CGTN), Xinhua, and the China Daily. Why China has chosen to place its media outlets here instead of a more politically or economically aligned state comes down to a pragmatic calculation about Kenya’s infrastructure. Despite being late to the rush to modernize Sub-Saharan Africa’s telecommunications infrastructure, Kenya has emerged as a leader in East Africa’s internet and cellular development in the past 10 to 15 years. A major change in Kenya’s prospects came during 2009-2011 when four undersea fiber optic cables, the first in the region, were installed on Kenya’s coastline. This gave Kenya the power to provide high-quality internet infrastructure to
not only its own people but also those throughout the whole region. As of 2022, Kenya has the second-greatest number of fiber optic cables (8) in the entirety of East Africa after Djibouti, which has 16 cables thanks to its unique position as an international military hub (Global Bandwidth Research Service / Submarine Cable Map 2022). But the improvements to Kenya’s telecommunications infrastructure in the early 21\textsuperscript{st} Century did not immediately coincide with relative improvements to her physical infrastructure.

The growth of Kenya’s economy and increased linkages with China has led to increased demand for major infrastructure improvements. Aging transportation networks have especially challenged Kenya’s government and citizens. In addition to extremely clogged highways around Nairobi and its suburbs, Kenya’s rail system has been a major source of disruption for decades. In 1896, the British government began construction of a meter-gauge railway linking Mombasa in British East Africa (modern-day Kenya) with the relatively more prosperous but landlocked British Protectorate of Uganda (modern-day Republic of Uganda). Given that most of the expensive meter-gauge railway running through Kenya was meant to bring resources from Uganda to the coast, the line was highly controversial, with Parliamentarian Henry Laboucher in London decrying the expensive project as the “Lunatic Express” (Muiruri 2016; Kerby et al. 2017).

With a £5.5m price tag in 1896 (about £600m in 2023 GPB), the railway was one of the largest infrastructure projects ever undertaken in colonial Africa. His skepticism was not entirely unfounded; British East Africa was a sparsely populated part of the world consisting of many disconnected tribes and Nairobi city nearly nonexistent before the railway literally put it on the map. It should come as no surprise to learn that Britain’s motivations for building this railway were not necessarily in service of benevolently creating a multiethnic community. Concerned
about German and French colonial expansion during the “Scramble for Africa” era, Britain wanted commercial access from the Indian Ocean to the (White) Nile River via its source at Lake Victoria and the railway was the means to that end.

Construction of the railway was an immense challenge, owing to the technical challenges in addition to disease outbreaks, tribal conflicts, and even a surprise lion attack in the bushlands that killed dozens. For this task, Britain employed a workforce almost entirely made up of Indian immigrants, thus keeping the colonial administrators out of harm’s way while preventing local tribesmen from participating in the development (regardless of whether they wanted it or not).

The original railway was instrumental in starting commercial shipping services across Lake Victoria as the trains were extensively used to haul pre-built ship sections across modern-day Kenya. Nairobi was established as the colony’s capital in 1907 and began to grow rapidly in the early 20th Century, primarily as a destination for wealthy European industrialists and safari-goers. Segregation was implemented early on, separating the working class Indian immigrants and native Africans into specific neighborhoods and housing blocks. See Figure 4 for a map of the SGR route within Kenya.
Though the railway was extensively used in the early 20th Century, it fell into extreme disrepair during the second half of the century, especially following Kenya’s independence. It technically operated continuously until its replacement was finished but was barely operable as a passenger service by its final run in 2017. While it was designed to complete the Nairobi to Mombasa journey in under ten hours, the passenger line regularly took twenty-four hours to travel the distance and that’s when it ran at all. Because of Kenya’s economic and political growth post-independence (Nairobi is now one of the top ten most populous cities in Sub-
Saharan Africa and still growing), there was a renewed desire to rebuild the train line with 21st Century technology. Since the old track was built with 19th Century technology, it often ran in a circuitous fashion to avoid the hilly geography, keeping the top speed quite low even under optimal conditions. It soon became clear that the whole line would have to be abandoned in favor of new tracks and car technology, largely due to the fact that the meter-gauge was supplanted by the standard-gauge during the mid-20th Century. The narrow gauge tracks (1000 mm) used in Kenya and throughout Sub-Saharan Africa were built during the 19th Centuries largely because it was more cost-effective than the wider (1435 mm) standard gauge railways. In addition, narrow gauge tracks could more easily maneuver the aforementioned hilly geography, compared to standard gauges which would require much longer tracks or expensive tunnel boring. Even in the cases where tunnels were required, they would still be cheaper to drill out given the smaller width.

To this day, many regions of the world use gauge sizes other than standard without issue. Russia and former Soviet states typically use a gauge wider (1520 or 1524 mm) than the standard gauge used throughout Western and Southern Europe. And there exists the ability to use what is known as a Bogie exchange to swap the trollies on certain passenger and freight cars so they can be used on different tracks as needed. An exchange requires each carriage to be lifted (or lowered) while the trollies are swapped. These exchanges do not require advanced technology (they have been around since the mid-1800s) but are a major impediment to smooth railway operation, especially in regions like Sub-Saharan Africa where three different gauges are commonly used, and rail traffic is inconsistent or often delayed. Conducting this process for freight trains, which can run well over a mile in length and pull over one hundred cars, is an arduous process and not a viable solution to the overall problem.
Construction of the SGR itself was a rather textbook affair with few major issues arising during the pre-operational phases. Numerous bridges had to be constructed over Kenya’s hilly terrain, with the tallest topping out at 43.5 m (142.7 ft), but only minor complications were seen during the construction phase (Roberto 2016). One such delay was seen while the track was about to be laid through the Nairobi National Park wildlife preserve in July 2016. Environmental activists successfully won an injunction against the government by arguing that no environmental impact report had been conducted by the contractors in conjunction with Kenya’s government as required by law. Construction resumed three months later once the environmental impact report was released; the route constructed was the one of the two recommended by the report: the SGR would bisect the park at a NNE cardinal direction over a viaduct for the 6 to 7km width of the park (National Environment Management Authority 2016). The use of a viaduct instead of a tunnel was judged a less harmful option to the wildlife present in the preserve during the construction phase while still allowing free movement under the train tracks after implementation. Other criticisms were levied by Kenyan citizens who were displaced when the government claimed private property through eminent domain, though this is not unusual for an infrastructure project and did not contribute to any notable delays (Gorecki 2020). Kenya’s economic position had improved in the years since independence and Nairobi was becoming one of Sub-Saharan Africa’s most important cities but the Kenyan government did not have nearly enough cash to fund such an ambitious railway project so they turned to China for this major investment.

**SGR Project Finances**

Until November 2022, little was known about the finances of the SGR except the total amount to be loaned. At the behest of China’s Export-Import Bank (and as is standard for almost
all China-backed contracts), the Kenyan government kept the text of its contracts out of public sight, despite the fact that the debt would be shouldered by the taxpayer like any other sovereign loan. As the SGR got up and running and it soon became clear it would not hit the profit targets needed to repay the loans with interest, lack of transparency led to many rumors about the terms of the agreement. One such rumor was that Kenya’s government had specifically put up the Mombasa Port as collateral for the loan (Brautigam 2022). In other words, if Kenya was ever unable to make its payments to the lender, they would be forced to give up some or all operational stake in their largest and most important deep-water shipping port.

Notably, the rumors did not only come from transparency activists but a leaked memo from Kenya’s Office of the Auditor General addressed to the Managing Director of Kenya Ports Authority (KPA) in 2018. In their official capacity as a representative of Kenya’s Treasury, the Inspector-General was conducting a regular audit of the Kenya Ports Authority and concluded incorrectly that it was their revenue that would be used to pay the China Export-Import Bank and that the Bank would become a “principle [sic.] in over KPA if [Kenya’s Government] defaults in its obligations” (Kenya Office of the Inspector-General 2018, 3). In research conducted by the China Africa Research Initiative at Johns Hopkins School of Advanced International Studies in April 2022 and confirmed in follow-ups published following the November 2022 release of three loan documents, it was concluded that this rumor was unfounded and no such agreement was offered (Brautigam 2022; Brautigam et al. 2022). The loans were not financed using collateral from state-owned corporations but are instead the responsibility of Kenya’s government like all typical sovereign loans.

But this aspect of the loan structure being standard does not mean the other terms of the loans are written in a typical fashion. One such term worth scrutinizing is the requirement that
any arbitration resulting from disputes involving contract terms or repayment are to be settled in the China International Trade and Economic Arbitration Commission (CITEAC). The Beijing-based CITEAC has been operational since the 1950s and is one of the world’s most prolific arbitration institutions, its caseload growing especially in the past decade (Aceris Law LLC 2021). When sovereign governments (or state-run institutions) enter agreements with public or private institutions in other states, it is not expected that a party would accept a resolution stemming from a legal decision from a court in the other’s judicial system. So, if standard judicial resolutions are not used for state-to-state transactions as they would be for business-to-business loans, there must be a method by which the lender can protect itself. Arbitration is the go-to process for resolving a potential conflict of interest in international business; arbitration institutions exist throughout the world, typically headquartered in global cities, and its members are expected to render an a-national judgment resolving any dispute with the full force of law in accordance with the terms of the contract in question. The use of arbitration in state-to-state transactions is known as a “waiver of sovereign immunity” and is common in financial agreements of this type (Brautigam et al. 2020; De Stefano 2014).

Even though CITEAC is a well-known international arbitration commission and it is common for international disputes to be resolved outside the borrower’s country, it is also a potential conflict of interest for a state-run institution like the China Export-Import Bank to resolve a dispute in its home country. Using CITEAC may represent a conflict of interest but it is preferred by public and private institutions within China for some practical reasons. Though China has been well-integrated within the international financial system, there are cultural differences in how business is conducted between Chinese and non-Chinese firms, not to mention a language barrier given how translating Mandarin into other languages is sometimes
regarded as more of an art than a science. Having a potential arbitrator that can help bridge those
gaps is valuable and not necessarily something that traditional (typically Western-based)
arbitrators may have the experience-based knowledge to do. It is important to note in this
discussion of arbitration that most disagreements and disputes in high-value international
finance, even those involving problems with repayment, do not end up in arbitration. Such a
move is the equivalent of going to court and could sour the partnership in question and any
future ones as well. Disputes are typically resolved through consultation and good-faith
renegotiation by both parties.

The loan documents made public in November 2022 are a series of three separate
agreements that, when combined, detail the financial sources and destinations of the funds to
finance the SGR. All three are provided by China’s Export-Import Bank and detail how much
money is being provided, where the money is expected to be spent, how much equity needs to be
provided by the borrower, and the interest rate, among other typical financial disclosures. The
final cost of the project ends up at $3.8b in adjusted USD with 90% financed by China Export-
Import (Exim or CHEXIM) Bank and 10% by the Kenyan government. The debt to China’s
Exim Bank has ballooned to $5b in adjusted USD, which accounts for approximately 14% of
Kenya’s total national debt. The contractor chosen, the China Civil Engineering Construction
Corporation, was selected for the process without a competitive bidding process, a non-
negotiable precondition set by China’s Export-Import Bank (International Railway Journal
2014).

Though these documents show the sum of financial commitments from China’s Export-
Import Bank to Kenya’s government, they do not detail the full scale of the business
commitments. Engineering, procurement, and construction (EPC) turnkey contractors such as the
China Road and Bridge Corporation or China Communications Construction Company are mentioned by name but the specific agreements between them and the Kenyan government or state-run Kenya Railways Corporation are in separate, yet-to-be-seen contracts. Nor are the details of the loan insurance agreements with China Export & Credit Insurance Corporation provided. The loan agreements show the money being allocated into several main categories: loan insurance, tracklaying (“line section”), train car engineering and construction (“facilities and rolling stocks”), and loan facilities.

The term “facilities” as above has two meanings depending on the context. “facilities and rolling stocks,” refers to the completion of a physical space where train cars and materials are constructed. “Loan facilities,” simply refers to the financial location (i.e. a bank account) where capital can be accessed up to the total amount in the contract. Funds are disbursed into the facility on a schedule not explained in the three contracts, though it is likely the entire batch of funds shared a single disbursement.

When loans originating from China are criticized, one of the major points of concern is the potential for an interest rate charged at higher rates than is typical for development loans. The loan documents confirm the suspicion in the case of Kenya’s SGR. For example, in the Phase 1 Commercial Loan, the interest rate is recalculated every six months using an updated LIBOR rate plus 3.6% per year\(^5\). In January 2015, this would have resulted in a 0.3648\% LIBOR plus 3.6\%, equaling an effective rate of 3.9648\%. With global interest rates spiking as a result of the Covid-19 Pandemic, the recalculated rate in January 2023 was 4.31\% SOFR plus 3.6\% equaling

\(^5\) LIBOR, the London Interbank Offer Rate, was a variable commercial rate commonly used by international banks to calculate how to lend between countries. It was phased out in 2022 and widely replaced by the Secured Overnight Financing Rate (SOFR). Since it is not constructive to compare LIBOR rates to one another after the replacement date, LIBOR rates from before 2022 are compared to SOFR rates from January 1st, 2023.
an effective rate of 7.91%. In a similar fashion, a hypothetical World Bank Flexible Loan to Kenya is also pegged to LIBOR (2022 and previous) and SOFR (2023 onward), the additional interest cost is based on the maturity of the loan and much smaller in comparison, starting at 0.5% and incrementally increasing to 1.0% over the course of 20 years (World Bank 2023). Assuming the same 2015 0.3648% LIBOR rate and 2023 4.31% SOFR rate, Kenya would have an effective interest rate of 0.8648% and 4.91% in January 2015 and 2023, respectively. While it is impossible to predict future interest rates, if the rates held steady from the rate in January 2023 until the full maturity of the loan, payment over the principal on the loan from China would possibly be two or three times the amount from a comparable World Bank loan. When loans are in excess of one billion dollars, this could be the difference between paying $250 million in interest versus $750 million. By any standards, these are massive amounts of money but a potential difference of $500 million is even more meaningful given that these loans are given to developing economies that may or may not have a strong history of economic governance.

Another concern, one that is repeated throughout the three cases in this research, has to do with a lack of transparency. Rumors about the agreements between Kenya and China for the SGR reached a fever pitch in the years following their signing and though some rumors, notably that the unrelated Mombasa Port was offered as collateral, have been disproven, the failure to release these documents in a manner consistent with standard principles of democratic governance have contributed to a culture of distrust among Kenya’s business and political class. These three documents were not revealed to the public until after a Presidential transition because there is the following confidentiality clause applying to all the documents and, even then, the release itself was still a violation of the following clause:
17.7 **Confidentiality** The Borrower shall keep all the terms and conditions here under or in connection with this Agreement strictly confidential. Without the prior written consent of the Lender, the Borrower shall not disclose any information hereunder or in connection with this Agreement to any third party unless required by applicable law.⁶

It is hard to explain just how atypical this is without another comparison to how the World Bank publicizes its development loans and grants; it is not only that a signed World Bank loan document is made available to the public after signing. The financial facts of the loan as well as the status of the specific project’s implementation are available on an individual project page on the World Bank’s website in perpetuity. Details on disbursement, repayment, and interest charges are updated on a rolling basis. As the project itself is being implemented and / or constructed, specific ratings are provided in categories such as: outcomes, risk to development outcome, bank performance, borrower performance, government performance, and implementing agency (World Bank 2023). While the World Bank cannot continuously monitor every single loan on the ground and some project pages are less detailed than others, their desire for maximum transparency is laudable given the reputation of international finance as opaque and bureaucratic.

In addition, there are restrictions and penalties on prepayment of the premium in the China-backed SGR loans. First, all accrued interest up to the day before prepayment must be paid at the same time as prepayment. Second, any prepayment cannot be less than $100m USD and only in $10m increments for amounts totaling more than $10m. Finally, any prepayment is subject to a 1% premium on the amount being prepaid. While the first condition is expected, the latter two are subject to scrutiny. Requiring any given prepayment to be no less than $100m (5% of an approximately $2b USD principal) is a rather high bar to clear. The 1% prepayment

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⁶ Note that the Phase 1 Preferential Buyer’s Credit Loan does not contain the confidentiality clause but was signed alongside the Phase 1 Commercial Loan and functions as a supplement to the latter, so the clause still applies.
premium also makes for continued barriers to payment in a developing country that prevents a possible route to lower interest payments. By contrast, the World Bank does not have a minimum prepayment amount. They do charge a prepayment premium, but it is calculated based on the difference between the contractual spread and maturity premium when the loan was approved and the same figures on the date of prepayment. Those are not tied to LIBOR/SOFR so they do not change with much frequency and are likely to result in a prepayment premium between 0.10% and 0.50%. (World Bank 2023)

There is one caveat to the details revealed when the SGR loan documentation was released; though it was a major break in China-financed loan decorum, the documents still redacted crucial details, ensuring Kenya’s government did not breach the contracts in an irreparable way. In addition to releasing the previously confidential loan documents, President Ruto reversed other policies related to China’s relationship with Kenya. After 2022, importers could choose to transport cargo from the port of Mombasa via road instead of legally mandating them to use the SGR (Mutambo 2022). This decision, while a victory for the trucking transportation unions and the anti-China voices in Kenya’s government, still leaves wide open the question of how the SGR is profitable enough to pay back its loans. Nonetheless, the documents provide a rare look into the financing methods of China's megaprojects, something usually kept secret. Revealed were some other conditions that are not common in international financial investment from organizations such as the World Bank. Key among these was a clause forcing any conflict to be resolved through binding arbitration in China. It bears repeating that none of these moves preclude Nairobi from continuing to work with other traditional lending partners, such as the United Kingdom, who has committed the equivalent of $4.1B towards a hydroelectric dam on the Tana River (Bloomberg 2022).
Aside from the information gleaned from the loan documents themselves, the sheer size of the combined loans for the SGR have amounted to a slow-moving political crisis within Kenya. Indeed, the substantial increase in the amount of public debt to China is one reason why President Ruto felt compelled to release the loan documentation. According to Kenya’s National Treasury for the financial period ending Q2 2022, loans due to China account for 68% of Kenya’s total outstanding bilateral debt and the SGR debt specifically 53% of all bilateral debt. For a point of comparison, the second largest holder of Kenya’s debt is Japan, who holds roughly 12.5% of Kenya’s total bilateral debt (Kenyan National Treasury and Planning 2022). It is of course worth considering that these high balances and the increased attention paid to them may have less to do with China specifically but rather Kenya’s increasing appetite for taking on international debt for commercial projects. States where negative public and elite attention is drawn to debt held by China are often already having trouble with other public debt, whether bilateral or multilateral. But it is necessary to remember one of the major differences in China-financed debt versus traditional Western-financed concessional loans, something that keeps coming up throughout this research: China’s loans lack almost any measure of transparency. So even if Kenya is taking on debt from many sources worldwide, outsized attention will almost always be paid to the financial arrangements that are opaquer and harder to understand.

**Analysis and Future of Kenya-China Relations**

The information in this research leads to mixed results for the original hypotheses. Kenya’s investment relationship with China has declined and President Ruto, elected in 2022, has vocally challenged previous contracts the country made with China. Following the original $3.8b loan to finance the SGR in 2014, there was one more $1.4b tranche in 2015 but investments dropped off precipitously after that point (Custer et al. 2021). In terms of project
success, the railway was completed ahead of schedule, in 2020 no less after the pandemic had brought the global economy to a screeching halt. It is worth noting the railway has been operating at a financial loss owing to the challenge of getting freight operators to switch to rail from decades-old trucking infrastructure (Taylor 2020). However, given the challenge of predicting future performance, it is best to judge the ability of the train to successfully operate per original funded specifications and thus classify it as a success.

Given Kenya’s weaker executive, we should see increased Chinese investment given those constraints on domestic executive power. The executive is weaker overall and has fewer mechanisms by which to exercise power; heads of state may seek major international state investment as they have more time and relative power to seek such arrangements. The Legislature, by contrast is strong, which should also indicate increased investment, but this is not seen in the results. This relatively weak executive should also lead to a decreased chance of project success because of the need for regular budgetary approvals and allocations. Legislative bureaucracy, partisan incentives, or economic factors may have more of an effect on how quickly resources can be marshaled; the existence of a strong legislature should lead to decreased chance of project success.

The Executive and Legislative Project Success hypotheses are not confirmed, though future research on this topic would benefit from a re-evaluation. Kenya’s party contestation is quite high so we should expect investment with China to decrease. High levels of party contestation should lead to decreased levels of investment because there may be concern about party transitions leading to increased scrutiny of a previous administration’s policies, which is confirmed based on the investment situation discussed above. For the final hypothesis, more party contestation leads to a higher chance of project success given the increased likelihood of
multi partisan oversight. If we agree that operation, not future profitability, is the arbiter of success, then there is evidence for this in Kenya. Overall, there was no evidence in support of H1, H2, H3, and H4 but support was found in H5 and H6.

Table 5. Kenya Qualities of Democracy and Outcomes Summary

<table>
<thead>
<tr>
<th>Kenya Qualities of Democracy (IVs)</th>
<th>Kenya Investment Outcome (DV 1)</th>
<th>Kenya Project Success (DV 2)</th>
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<tbody>
<tr>
<td>Executive Branch: Weak</td>
<td>Decreased – Kenya has not received increased levels of investment from China after the disbursements of the Mombasa-Nairobi SGR loans. In addition, Kenya’s current President Ruto has made public loan documents and increased scrutiny of China’s investments in the country.</td>
<td>Success – the SGR was completed ahead of schedule, despite the Covid-19 Pandemic beginning during the final year of construction. However, the railway has failed to achieve its financial objectives and is currently running at an operational loss. Attempts by the government to increase freight traffic (and therefore, revenue) on the line were abandoned after protests.</td>
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<tr>
<td>Legislative Branch: Strong</td>
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<tr>
<td>Party Contestation: High</td>
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One major assumption among analysts in the West that we have discussed so far is that China can impose its will on recipient states. This assumption ignores the agency of recipient states and their ability to select, modify, or reject certain investments based on domestic social, political, and economic factors. With over half a century of independent rule and international trade under their belt, decision makers in Kenya are keenly aware of the challenges increased partnerships with China may bring. Kenya, like many of its neighbors, are concerned with partnering with another large economy who will largely extract natural resources while...
continuing to leave Kenya without the ability to generate a diverse economy. Furthermore in the past decade, foreign policy specific to Africa within China has occurred mostly at the cabinet agency level and does not rise to the level of importance of its other strategic priorities (Dahir 2016). Short to medium-term commercial concerns, not necessarily long-term geopolitical ones, may take priority when both parties are negotiating with each other.

In addition to the Standard Gauge Railway, a separate example of Kenya’s approach to international development finance from China can be seen in another transportation project, though this is not meant to represent a second case project. Nairobi is one of the world’s fastest growing cities, more than doubling in size from 2000 (2.2 million population) to 2022 (5.1 million population) with more domestic and international citizens moving to the metropolis for work and opportunity. This has led to an ever-widening metropolitan area and housing needs, especially among the professional classes in the financial and commercial sectors who may commute into downtown Nairobi for their jobs, education, and commerce, but increasingly live in suburban areas where the competition for space is less costly. Commuters living in Thika, a suburb about 30 miles northeast of Nairobi’s central business district, would routinely face lengthy commutes of two to three hours each day. But the completion of an expanded, eight lane highway in 2012 by multiple Chinese contractors has dropped the commute to thirty to forty-five minutes (KARA and CSUD 2012). A study comparing nighttime light along the length of the highway from 2008 to 2013 showed a significant increase in economic activity among satellite towns along the entire length of the road, not just in Thika. Not only were people more easily able to access their work and school in Nairobi, but they also now had more convenient resources and commerce in the suburban areas, pushing down congestion and giving people more access to resources closer to home. Though this possible example is not examined in a way
that can confirm or deny the research expectations, if Kenya’s general approach to international development aid prioritizes specific projects with clear use cases, it is perhaps more likely China will continue to court them for similar projects. Because Western aid is typically conditional and less focused on specific projects, continued acceptance of aid from China does not exclude the possibility of agnostically accepting multiple aid streams from China and Western organizations at the same time.

Kenya’s government has purposefully positioned itself diplomatically to remain in the good graces of traditional Western partners while at the same time increasing its economic ties with China. Despite this increased trade, Kenya is unlikely to “pick sides” any time soon given how much positive attention they are getting. In a two-month period in late 2021 and early 2022, both United States Secretary of State Antony Blinken and China Foreign Minister Wang Yi met with President Kenyatta to discuss the long-term partnerships with their respective countries (MERICS 2022). The undercurrent of an East-West divide in Sub-Saharan Africa was clearly on display; Foreign Minister Wang in one breath called for cooperation but in the next highlighted competition on the subcontinent: “Africa should be a big stage for international cooperation, but not an arena for competition among major countries. If there is any competition, let's compare who has done more for Africa, who has contributed more to Africa, and who has worked more for the African people” (Ministry of Foreign Affairs of the People’s Republic of China 2022). The diplomatic posturing aside, the two delegations focused on different themes and topics. Foreign Minister Wang focused on the infrastructure projects and economic partnerships between the two countries while Secretary Blinken called attention to Kenya’s ongoing involvement with Nigeria in negotiating an end to the ongoing war in Ethiopia as well as the
United States’ efforts to increase Covid-19 vaccination rates in Kenya and Sub-Saharan Africa writ large (Lee 2021; Voice of America 2021).

Kenya and the United States have had a formal bilateral trade agreement since 2000 under the African Opportunity and Growth Act (AGOA) and in mid-2022, the two countries officially signed the Strategic Trade and Investment Partnership (STIP), a major step towards a full free-trade agreement between the two countries. Though at this time Kenya’s political leadership is willing to continue letting both China and the West work with them concurrently, it is hard to know whether Kenya is come a more acute ideological battleground. One major area of concern for policymakers in the United States is where China wishes to expand its overseas military capabilities following its inaugural base in Djibouti. According to the U.S. Department of Defense, Kenya is on a shortlist of possible African countries to host a new Chinese military base, alongside Angola, Seychelles, and Tanzania (United States Department of Defense 2021, 130-131). While China’s embassy in Nairobi forcefully denied that claim (Ngugi 2021), concerns about its hard power projection along both the Indian and Atlantic Oceans are only growing more acute given China’s participation in joint military exercises with Russia in South Africa in January 2023.

Even if China previously wanted Kenya to be a strategic partner in more than just economics, the two countries have a lot of diplomatic distance in between them that needs to be crossed. President Ruto’s decision to release loan documentation, which is believed to have caught Beijing off-guard, likely put a pause on any new strategic path forward. In addition, reports have recently emerged that hackers backed by China’s government targeted Kenya’s governmental agencies in a years-long effort to gain information on Kenya’s debt and overall commitment to the Belt and Road Initiative (Kell 2023; Ross et al. 2023). While there appears to
be little concern about Kenya turning away from China completely, Kenya’s experience building
the SGR, making it operational, and recognizing rising public concern over ties to China calls
into question China’s hopes of turning Kenya into a BRI centerpiece. The following chapter will
discuss the same questions in the context of Nigeria’s Lagos-Kano standard gauge railway.
CHAPTER FIVE

NIGERIA

“No nation has achieved holistic development without a coherent, integrated, efficient and reliable transportation system.”

- President Olusegun Obasanjo


Why Nigeria and Expectations

This project is seeking clarity on how three major qualities of democracy in certain Sub-Saharan African states affects two outcomes related to their contemporary relations with China. The independent variables are three major areas of institutional democracy that typically have the greatest impact on state foreign policy decision making. The first (1) independent variable is the relative strength of the executive branch, which I find to be strong relative to a medium-low strength legislative branch in Nigeria’s case. The second (2) variable measures the level of party contestation among all elected offices (executive, legislative, and regional/local) and whether those parties advocate varying policy cleavages with respect towards China. In this chapter, I find evidence of party contestation in Nigeria’s elections. Given the hypotheses, I expect a strong executive to lead to decreased or inconsistent levels of investment from China and a higher chance of project success. The existence of party contestation should lead to a decreased level of investment but increased chance of project success. This chapter will examine Nigeria’s
democratic foreign policy structures and its relation to the China-financed Lagos-Kano railway project to determine whether the observations match the expected outcome.

To understand the impact of state-level democratic institutions on the institutions on the outcome of future development financing and aid from China, I will primarily be using a political process foreign policy decision making (FPDM) model. The inclusion of Nigeria in this project is particularly important as it explicitly challenges the narrative of China preferring to work with closed anocracies or states with huge supplies of natural resources. As a democracy, Nigeria is mid-strength with a rating of “Partly Free” by Freedom House and 0.32 on V-Dem’s Liberal Democracy Index, which makes this case the weakest of the three democracies studied.

In the foreign policy decision making theoretical method, this chapter first will examine Nigeria’s main foreign policy actors one-by-one to discuss their role in the foreign policy apparatus more generally. Second, I will discuss the impact these actors have on Nigeria’s economic and political relations with China. Third, I will discuss China’s plans for current and future Belt and Road projects in the country, specifically the Lagos-Ibadan Railway project and discuss how the various actors have impacted its success and/or failure. I expect to find Nigeria’s democratic foreign policy institutions are weakened by domestic turmoil, leading to an uneven investment environment with China.

Nigeria’s democracy is weak and nascent, only passing a major transition point with a new constitution in 1999. In the years since, it has made some improvements in its democratization though its elections are regularly marred by irregularities and violence. Meanwhile, China has maintained formal diplomatic relations with Nigeria since 1971 and they were key partners during the 20th Century, especially during the West’s isolation of Nigeria in the 1980s and 1990s because of its military dictatorships and of China following the Tiananmen
Square massacre. Western acquiescence to Nigeria grew following its attempts to democratize but this did nothing to deter Nigeria’s relationship with China. In fact, their relationship has prospered as both Nigeria and China recorded significant (in China’s case, explosive) economic growth in the 21st Century. The following sections will examine Nigeria’s democratic institutions as they relate to foreign policy before examining specific China-financed development projects in the country.

**Constitution of Nigeria**

Nigeria’s primary goal in the post-colonial era has been the establishment of a democratic government that allows for equality among all the disparate groups in one of the most ethnically diverse states in the region. Within Nigeria are over 250 distinct ethnic groups, 350 languages, and a nearly fifty-fifty split between Muslims and Christians. The religious divide has the clearest geographic correlation; northern states are predominantly Muslim while southern ones are predominantly Christian (Ministry of Foreign Affairs, Nigeria n.d.). On the other hand, there is a much weaker relationship between ethnicity and geography. While certain ethnic groups are associated with particular subnational regions compared to others, all regions are multiethnic and 50% of Nigeria’s population lives in ethnically-agnostic urban areas; to be “Nigerian” is to have a “citizenship-based civic nationality” (Ministry of Foreign Affairs, Nigeria n.d.).

With these preconditions in mind, a major goal of the country’s current 1999 Constitution is to ensure political equality among ethnicities, tribes, and religions in Nigeria. Such equality was top of mind owing to the political and ethnic retributions that had become common during the tumultuous three decades following Nigeria’s independence from Britain on October 1st, 1960. The first lines of the 1999 Constitution, which sets forth a federation-style government
where limited powers are devolved to local states and their respective capitals, are strikingly clear on this point:

We the people of the Federal Republic of Nigeria
Having firmly and solemnly resolve, [sic.] to live in unity and harmony as one indivisible and indissoluble sovereign nation under God, dedicated to the promotion of inter-African solidarity, world peace, international co-operation and understanding…

Constitution of Nigeria 1999, 1 (Author emphasis added)

. It established the three typical branches of democratic government where the executive (President) is directly elected and shares power between a judicial branch and two-chamber legislative branch. In order to curtail the potential for foreign interference in civilian government, the President, Vice President, Chief Justice, state Governors, and Deputy Governors are prohibited from holding a position at any foreign company after leaving office. Each of these branches and their foreign policy responsibilities is discussed in their respective sections.

When judging the Constitution’s success in the context of democracy consolidation, results are mixed. On one hand, compared to the four decades of (mostly) uninterrupted military rule and repression, Nigeria’s post-1999 democracy is a resounding success. Over two decades of elections and transfers of power between political factions since may indicate a clear consolidation of democracy and public acceptance of a rules-based multiethnic civil society. On the other hand, Nigerian democracy theorists are unsatisfied with progress since 1999, leading some to argue the democratic project is still on the brink of failure without continued constitutional reform. The “forceful and thoughtless marriage” of Nigeria’s north and south beginning with Britain’s conquest of the region in 1861 and fully realized in 1914 has never been truly accounted for (Oni 2014, 8). The idea the 1999 Constitution itself was “was thrust upon Nigeria by the outgoing military regime” remains prevalent among the Nigerian public, harming its overall legitimacy (Hassan 2014).
Nigeria’s Constitution demonstrates a desire to situate Nigeria’s foreign relations squarely in the context of pan-African interests, not just her own political or economic factors (Agbu et al 2013). The Constitution’s second stated foreign policy objective is the “promotion of African integration and support for African unity” (Constitution of Nigeria, 14). This is not an atypical constitutional statement from a postcolonial democracy in Sub-Saharan Africa but one that bears worth mentioning given Nigeria’s relative political, cultural, and economic strength on the subcontinent.

**Executive Branch**

Nigeria is a federal and presidential representative democratic republic where the executive president is directly elected by the voters. Several limits are imposed on eligibility for the executive; for one, candidates must be a member of a political party and officially nominated by that party. In other words, there may be no independent candidates. It also requires a secondary (high) school certificate or equivalent, an uncommon requirement in democracies. Restrictions aside, the executive remains a very strong position relative to the National Assembly. The President is the final arbiter of foreign policy decisions and is mandated to hold cabinet meetings with the Vice President and government Ministers on a regular basis. The National Security Council is a separate body consisting of the President, Vice-President, various relevant Ministers in defense and foreign affairs realms, plus any other member at the President’s discretion without needing consultation of the Senate.

Though not legally mandated to do so, the President, their cabinet, and National Security Council may collaborate to make publicly available certain documents communicating their foreign policy priorities. This is best demonstrated in the 2019 National Security Strategy
generated under the administration of former President Muhammadu Buhari\textsuperscript{1}. Though it is written first from the perspective of the state’s physical safety and security, three of the eight chapters are directly related to Nigeria’s diplomatic and economic position regionally and globally. Buhari writes in the document’s preface the following:

“Our vision of sustainable national security goes beyond reaction to physical threats. …we live in a globalized world, so we must project our national security interests in a manner that promotes regional and international confidence and cooperation” (Buhari 2019, v)

The document is especially notable for its direct references to China, which is referenced more times than any other non-African state. References to China fall into one of three main categories: (1) the US-China trade war, (2) multilateral coordination between China and international organizations of which Nigeria is a member, and (3) bilateral Nigeria-China relations. The document does not mince words on how Nigeria’s foreign policy establishment feels about the US-China trade war, which began in earnest during the administration of President Donald Trump following the United States’ withdrawal from the Trans Pacific Partnership (TPP) trade agreement. Not only does Nigeria not pick sides in the standoff, they openly resent the implication that Nigeria and other states should have to do so. As stated, the trade dispute continues to “adversely affect the commitment to a functional, liberal and global economic order as well as multilateral commitments and support for international developmental issues.” (Buhari 2019, 15). Given Nigeria’s economy is driven largely by oil exports and its other

\textsuperscript{1} Having been inaugurated in May 2023, President Bola Ahmen Tibubu has yet to release an updated version encapsulating his administration’s foreign policy positions. It remains yet to be seen if he will make any major departures from his predecessor, any of which would be notable given their shared party allegiance to the All Progressive Congress (APC).
domestic economic sectors are underdeveloped, it is dependent on international imports of certain commodities and consumer goods and therefore highly reactive to international trade disputes or other global events.

Mentions of Nigeria’s cooperation with China in the context of international organizations strikes a more optimistic tone. The document heavily references the security challenges created by Islamist groups such as Boko Haram and its successor the Islamic State in West Africa Province (ISWAP) while noting China’s multilateral involvement in the fight against such extremists. Despite China’s decades-long public stance that they seek non-interference in foreign security affairs, they have found themselves increasingly involved in multilateral security missions against Islamist insurgencies throughout the Sahel region, which passes through Nigeria’s northern states and is the de facto East-West demarcation line between Northern and Sub Saharan Africa. Through the UN, AU, and bilaterally with Nigeria, China has contributed heavy weaponry such as battle tanks and attack aircraft and non-combat military advisors to the anti-Islamist missions (Olayoku 2021; Weinbaum 2022).

China’s distribution of military aid to African states is not necessarily a new one; as early as the 1960s, they were supplying materiel to the revolutionary Zimbabwe African National Union - Patriotic Front (ZANU-PF) for the revolutionary party’s use in their (ultimately successful) mission to overthrow the widely unrecognized white nationalist state of Rhodesia. But until recently, China would eschew multilateral peacekeeping efforts at the UN and other forums. The widespread proliferation of transnational terrorism in the early 21st Century and subsequent change in norms among the international security community changed China’s perception of their global security role. It was no mistake that China chose the internationally
militarized Djibouti as the site of its first (and so far, only\textsuperscript{2}) permanent overseas military installation in order to contribute to the numerous multinational anti-piracy missions off the coast of Somalia. They are also now a major contributor of both money and manpower to UN peacekeeping operations (United Nations Peacekeeping 2023). But China’s military relationship with Nigeria cannot be entirely explained as simply an extension of a general fight against transnational Islamist terrorism. Chinese contractors and doctors operating in Nigeria have been targets of suspected violence by Boko Haram and its allies (Olayoku 2021). In addition, several kidnappings targeting Chinese laborers have occurred throughout the country in recent years (Garda Crisis24 2020; AFP Newswire 2021; Ugwu 2023). While the kidnappings over the past decade do not follow a specific ideology and are typically resolved through unspecified ransom payments, China’s involvement in security issues in the country is a much more personal affair than in other parts of the world.

The 2019 National Security document references bilateral Nigeria-China relations only briefly but provides an important glimpse in how they perceive the nature of this relationship. Nigeria’s relationship with China is one of three key “existing bilateral and multilateral economic relations” between “friendly nations” (author emphasis added) mentioned explicitly, the other two being the (1) Lake Chad Basin Commission and (2) Co-Prosperity Zone (COPAZ) undertaken alongside Benin and Togo (Buhari 2019, 55). The document goes on to call out their ongoing scientific partnerships with China, USA, UK, France, and the EU.

\textsuperscript{2} Since the 2010s China has increased its permanent military presence on a number of small islands in the South and East China seas but they are almost exclusively uninhabited and their presence is an exercise in ongoing sovereignty disputes in the region, not necessarily forward combat deployment. The base in Djibouti represents the only currently known permanent base where Chinese troops and material are available for forward deployment outside China’s mainland.
It is important to understand the nature of this document so as not to make any false inferences about Nigeria’s relationship with China. Mentioning China in this non-specific context does not represent a major departure from Nigeria’s status quo, nor does it indicate that it will deprioritize relations with other countries in favor of increasing China’s role. Public national security documents are rarely used to announce a major change in foreign policy but instead solidify and clarify existing partnerships in a low-cost manner. But the fact Nigeria mentions China more times than any other state outside of the continent, more than the US or former colonial administrator United Kingdom (Russia is mentioned not once), demonstrates a clear-headed understanding of China’s importance in Nigeria and the region for potentially the next several decades and longer. With the evidence in this section, Nigeria is judged to have a strong executive with clear foreign policy control. The President is the final arbiter of foreign policy decisions and is legally mandated to hold cabinet meetings with the Vice President and government Ministers on a regular basis.

Legislative Branch (National Assembly)

Nigeria’s National Assembly is a bicameral body largely modeled after that of the United States with a House of Representatives and Senate. It is challenging to classify as strong or weak since it has characteristics of both. Even if their legal foreign policy responsibilities are limited, there is evidence they are increasing their public oversight of policy matters, especially as they relate to China. All 360 members of the House are elected for four years per term from single-member constituencies using first-past-the-post elections. The Senate has 109 members also elected in first-past-the-post elections: three from each of the 36 states and one from the Federal Capital Territory. Nigeria’s Senators are elected from one of three specific districts within their state and not the population of the entire state. There are no quotas for gender or other
underrepresented populations as in other assemblies on the continent such as Botswana and rules regarding total number of seats for both chambers are set by the Constitution (Bauer 2008; Constitution of Nigeria 2011).

Unlike in a Westminster parliamentary system, cabinet ministers are not required to be selected from sitting members of the National Assembly and, if they are, must resign from the National Assembly at the time of taking the oath of office following Senate confirmation. Despite that Nigeria’s democracy did not truly begin to consolidate until the ratification of the 1999 Constitution, it has consistently managed to retain a multiparty framework from independence until now (Agbu 2016). At various times during the successive military juntas from 1960 to 1999, Nigeria maintained a legislative body, even if its role was entirely ceremonial owing to the imbalance of power between it and the executive.

Constitutionally, the National Assembly is rather limited in the foreign policy realm. As is typical of democracies, official declarations of war require a joint resolution from the legislature to carry the weight of law. In addition, deployment of combat personnel outside of Nigeria’s borders requires separate approval from the Senate. There is no requirement for these resolutions to be passed with anything other than a simple majority (or whatever threshold the National Assembly itself decides on an ad hoc basis). In times of declared war where the President and National Assembly agree that the Federation’s ability to hold elections is imperiled, a resolution may provide for the delay of federal and / or state elections not beyond six-month periods at any given time. Notably, there does not seem to be a limit on how many six-month extensions can be passed in succession, leaving the possibility open for a long-term suspension of democracy during times of war.
Financially, all revenue collected by the federal government from income taxes, federally owned property, or interest on government-held loans is automatically put into the national “Federation Account” and it is the legislature’s responsibility to pass a law to allocate those funds. One potential use is to “make external grants to a foreign State or any international body in furtherance of the foreign policy objectives of Nigeria” (Constitution of Nigeria 2011, 59), though the balance is more commonly used for domestic priorities. Despite this unique budgetary institution, the National Assembly’s role as keeper of the budget is still limited since any disbursements passed through standard procedure would require Presidential ratification.

Despite few constitutional provisions for the National Assembly’s management of foreign policy, this does not mean they are inert in their oversight capabilities as they relate to Nigeria’s relationship with China. Hearings where government ministers and other officials may be compelled to provide testimony on Nigeria-China relations do occur. One such meeting in 2020 called in response to the public concern over Nigeria’s growing public debt to China exemplifies this well. Then-Minister of Transportation Chibuike Rotimi Amaechi was called to testify to a select House committee on the implementation of loan agreements made between Nigeria and China to finance the Lagos-Kano railway.

Instead of tamping down concern over the large amounts of money owed and the agreements’ general lack of transparency, Minister Amaechi’s testimony only fed the fire. He commented that the committee should be prepared to “look the other way” so as not to imperil future China-financed infrastructure projects and that the problematic loan clauses were normal in the context of state-financed international development (ADF 2020). Given the distinctions discussed in Chapter 2 between China backed development financing compared to Western-backed financing, we know this statement is a misrepresentation. These comments
understandably led to immediate alarm on the committee; chairman of the House committee Ossai Nicholas Ossai quickly pushed back on Amaechi, saying his answers were insufficient and did not explain why Nigeria’s “national sovereignty [was being waived] in an omnibus manner” (ADF 2020). The committee meeting received widespread attention in Nigerian media and likely contributed to unsubstantiated rumors of Chinese government support for Amaechi’s Presidential nomination bid two years later, prompting an official denial of such a relationship by China’s embassy in Nigeria (Agabi 2022). More details on the project in question and its loan agreements are discussed in the following section. Nigeria’s legislature is judged to be of low strength with limited official control but demonstrated interest in holding public hearings on relevant foreign policy issues as well as the need to legally approve acceptance and approval of foreign loans.

**Political Parties and Contestation**

Nigeria’s democracy is *de jure* multiparty but, as is typically the case when democratic assemblies are composed of single-member districts chosen via first-past-the-post elections, Nigeria’s political factions as of 2023 have coalesced into a two-party system. For the past several election cycles, the People’s Democratic Party (PDP) and the All Progressives Congress (APC) have won nearly all combined national and statewide positions (including governors and local assemblies) with just a few seats each cycle competitive among smaller parties. But this two-party consolidation is relatively recent; elections between 1999 and 2011 saw a dominant PDP winning the Presidency and both houses of the National Assembly thanks to an unconsolidated political opposition (Omotola 2010). The APC was formed in 2013 when the most prominent opposition parties, the Congress for Progressive Change (CPC), the Action Congress of Nigeria (ACN), and All Nigeria Peoples Party (ANPP), merged into a single big tent
The APC’s development and success has proven that Nigeria’s democracy is capable of party transitions but political violence during election cycles (this refers to the periods immediately before, during, and after elections) still threatens to derail the country’s progress towards democratic consolidation. A succession of post-colonial coups, dictatorships, and simmering ethnic divisions has made political violence present in Nigeria for generations. Violence during election cycles increases with attacks on political activists, journalists, and polling stations, some examples of which are conducted by transnational groups like Boko Haram in a broader attempt to destabilize the country. In Nigeria, like many other places, the tragedy of political violence is that it is self-reinforcing. In response to corruption, marginalization, and a perceived failure of the ruling class to promote advancement equally, extremist individuals and groups sow continuing distrust by arguing violence is a useful tool to push back against the political elite, be it a political party or the state itself. Political leaders either ignore the violence or shift blame to certain groups without identifying the root causes, which in turn causes more people to view violence as the only solution to a broken system. In Nigeria, the wide variation of violence, from individuals threatening political leaders to groups coordinating attacks on polling centers, highlights the need for a multidimensional political response to the root causes of violence, not just the violent acts themselves (Ake 1996; Igwe & Amadi 2021). Though there has been little party contestation since the 2015 election cycle, the consolidation of parties during that cycle and the transfers of power before that year show that there is clear evidence of party contestation.
Economic Background

Nigeria is a lower middle-income country with variable GDP annual growth in the past ten years as high as +6.7% in 2013 to as low as -1.6% in 2016\(^3\) (World Bank 2022). Its economy is deeply reliant on petroleum product exports with crude oil and petroleum gas representing a combined 87.3% of their total exports for 2021. Their biggest export partners are India, Spain, and the United States with China coming in 5th place. Its import environment is much more diverse with the largest market categories being refined petroleum, wheat, and consumer vehicles making up a combined 27.6% of all imports. But there is no contest to determine Nigeria’s number one import partner: China accounts for 35.5% of all trade, with India coming in a distant second at 7.7% (OEC 2022). Contextually, this places Nigeria at the top of all states in Sub-Saharan Africa by total GDP but in the middle per capita (World Bank 2022), giving Nigeria a major incentive to boost its per capita GDP and, by extension, relative influence in the region.

Nigeria has long been considered a candidate for explosive economic development given its resource rich environment, geographical location, and population growth. Mining and agriculture exports dominated its post-colonial economy until the discovery of large oil deposits in the 1960s fueled an oil boom the following decade. Unfortunately, the country quickly became a victim of Dutch disease, more commonly known as the resource curse. This can occur when a state discovers a large cache of a valuable commodity and its economy becomes over reliant on the new discovery, reversing previous efforts at diversification (Ross 1999). Nigeria is a prime example of this scenario as the discovery of oil decimated the previously dominant agricultural and mining sectors, forcing the country to become import-reliant and beholden to oil price

\(^3\) Given the consequences of the Covid-19 pandemic, GDP growth in 2020 was even lower at an atypical -1.8% but quickly recovered to +3.6% in the following year.
shocks (Watts 2004; Sala-i-Martin 2013). Despite reigning as Sub-Saharan Africa’s largest economy by total GDP since overtaking South Africa in 2004, Nigeria’s poverty, corruption, and ethno-religious violence have kept their GDP per capita\(^4\) to just above Sub-Saharan Africa’s average and one-third the size of countries like Botswana and Equatorial Guinea (World Bank 2022).

During the previous section, violence was discussed in the context of the political system as a barrier to democratic consolidation. This holds true for economic growth as well with Boko Haram and other local militant groups specifically exploiting the oil economy for their respective goals (Omenma 2020). Just as exploitation of oil resources was a major determinant of the short-lived territorial gains of the Islamic State of Iraq and the Levant (ISIL) throughout Iraq and Syria in the 2010s, Boko Haram has taken similar advantage of the Nigerian government’s push for oil exploration in the Northeast where the insurgents are strongest (Olayoku 2018). Oil workers have specifically been targeted for killings and kidnappings as a way of destabilizing governmental control over the region and militants have seized equipment and oil for their own uses. In the Southern Niger Delta area where oil extraction has long been dominant, numerous environmental and / or Indigenous groups have used all manner of tactics, up to and including violence, to reduce the Nigerian government’s control over oil production and wealth. The scale and scope of conflict in the Niger Delta is smaller than in the North but still has the potential to cause disruption on a national scale.

\(^4\) Measured using purchase power parity with constant 2017 international US dollars, though the ratio remains the same when using current US dollars. See the World Bank’s International Comparison Program (ICP) for a detailed explanation of GDP PPP measurement criteria and data validation.
Like many states in Sub-Saharan Africa, Nigeria’s railway system dates back to the late 1800s and early 1900s when it was built during Great Britain’s colonial administration. The Cape gauge tracks (1067 mm), alternatively known as 3’6” gauge, used in Nigeria and throughout Sub-Saharan Africa were built during the 19th Centuries largely because it was deemed by Great Britain as more cost-effective than the wider standard gauge (1435 mm). This is especially true in Sub-Saharan Africa where narrow-gauge tracks could more easily maneuver hilly geography, compared to standard gauges which would require much longer tracks or expensive tunnel boring. Even in cases where tunnels were required, they would still be cheaper to drill out given the gauge’s smaller width. It is unclear why Great Britain alternated between Cape gauge and meter gauge (1000mm) on the continent instead of keeping it consistent throughout given their very similar size.

To this day, many regions of the world use gauge other than standard without issue. Russia and states formerly a part of the Soviet Union typically use a gauge wider (1520 or 1524 mm) than the standard gauge used throughout Western and Southern Europe. And there exists the ability to use what is known as a Bogie exchange to swap the trollies on certain passenger and freight cars so they can be used on different tracks within or between states as needed. An exchange requires each carriage to be lifted (or lowered) while the trollies are swapped. These exchanges do not require advanced technology (they have been around since the mid-1800s) but are a major impediment to smooth railway operation, especially in regions like Sub-Saharan Africa where three different gauges are commonly used. Conducting this process for freight

5 Unlike in Kenya where the Mombasa-Nairobi Standard Gauge Railway is commonly referred to by the acronym SGR, this is not used colloquially to refer to the Lagos-Kano standard gauge railway. In all chapters, use of SGR is only in reference to the railway in Kenya, not Nigeria.
trains, which can run well over thousands of meters in length and pull 100 cars, is an arduous process. The first railway section in Nigeria was built in 1896 connecting Lagos to Ibadan, then (as now) two of its largest cities. During the early 20th Century, the Cape gauge railway expanded to connect the North and Northeast regions with those in the South and Southwest. These rail lines connected the most populous cities and regions, though Nigeria’s size and geography meant there were many smaller cities and towns left far away from the expanding network. See Figure 5 for a map of Nigeria’s railway system at its most extensive point prior to the 21st Century.

Figure 5. Map of Nigeria’s Post-Colonial Railway System c. 1965

Source: Oshin 1991 / Note: not all stations shown.
Unfortunately, as it did to many other rail networks on the continent, decolonization brought decades of declining use, institutional corruption, and retiring broken equipment without adequate replacements. Thanks to nearly zero railway construction from the 1920s through the 1950s, the railway continued to fail through the 1970s, despite Nigeria entering its oil boom era. At first glance, this seems like a peculiarity given that an explosion in commodity production and exports could be a catalyst for reconstruction and investment into rail infrastructure. But the country became a victim of the resource curse so mining and agricultural exports, which made up the majority of 20th Century freight rail use, declined while oil pipeline construction took off (Campbell 2013). Globally, oil production is often correlated with increases in rail use but since the majority of Nigeria’s oil extraction takes place in the coastal regions, it is more efficient to build short pipelines rather than long sections of rail (Ogochukwu et al. 2022). Corruption became rampant so the primary beneficiaries of Nigeria’s oil wealth were a cadre of select public officials and multinational corporations, not the Ministry of Transportation or other public agencies which had a vested interest in improving the nationwide transportation problems. In addition, passenger rail service declined thanks to the deteriorating conditions and an increase in commercial air travel.

Various schemes and contracts were awarded during the 1970s and 1980s to retrofit and modernize the network but with only limited success. Track maintenance gave a short-term boost to rail use, peaking at 15.5 million passengers in 1984 and 2.5 million tons of freight carried in 1979 (Ogochukwu et al. 2022). These gains were simply transitory; by 2005, the railway network had become a shadow of its former self with only 752,000 passenger trips and 84,000 tons of freight carried during that entire calendar year; this represents a mere 5% of the

At the turn of the 21st Century, the Nigerian government officially recognized the failed transportation sector was a major impediment to social progress, namely poverty and inequality reduction. Under the direction of President Yar’Adua in 2008, the National Planning Commission was tasked with creating a policy framework to advance Nigeria’s socio-economic goals through the year 2020. The report, titled *Vision 20:2020*, was released the following year with an overarching goal of growing Nigeria into one of the world’s top 20 economies by the beginning of the 21st Century’s third decade⁶. The expansive report provided the following blunt assessment of the state of the commercial and consumer rail industry at the time: put simply, it was “practically dead” (Government of Nigeria 2009, 42). There was a particular emphasis on the blight that “decaying” and “obsolete” infrastructure has left on Nigeria’s landscape (Government of Nigeria 2009, 44). The only way to resurrect the railways would be from the ground-up with brand new lines and equipment built to last. But the report acknowledged this would require a monumental financial commitment; to rebuild and expand the entire railway network with standard gauge tracks and modern rolling stock would take $60B in capital over several decades, a tall order considering this represented 25% of Nigeria’s annual GDP in 2006.

Nigeria’s rail fortunes changed when two major shifts, one in the domestic realm and one international, occurred nearly simultaneously. On the domestic side, the Nigerian Railway Corporation (NRC) shifted from a public-only agency to one that also sought public-private

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⁶ Though Nigeria’s economy did significantly and substantially improve, rising from the world’s 32nd largest economy to the 27th by annual nominal GDP in the years between 2009 and 2020 (IMF 2023), *Vision 20:2020* failed on its goals of reducing poverty and inequality through economic diversification. It has since been supplanted by the updated *Agenda 2050* (Government of Nigeria 2023).
partnerships. This happened in conjunction with a policy shift in the early 2000s towards a coherent transportation policy that prioritized increases in rail, highway, and air traffic investment to complement one another.

Table 6. Issue Areas and Summary of Challenges facing Nigeria’s Railway System

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Summary of Challenge</th>
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<tr>
<td>Financing</td>
<td>The Nigerian Railway Corporation (NRC) was a public agency for most of the 20th and 21st Centuries. It was entirely reliant on its insufficient federal funding to maintain operations, so the infrastructure fell into disrepair to the point where it was impossible to maintain. The NRC’s legal inability to seek private investment over several decades gave them no power to prevent the compounding challenges. It now operates under a public-private agreement, which allows for greater domestic and international investment. Privatization comes with its own risks but to some degree is necessary in states like Nigeria where yearly budgets are not enough to maintain current infrastructure, let alone build new segments.</td>
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<tr>
<td>Materials</td>
<td>The NRC continuously faces domestic shortages of track materials, components, track fixtures, etc. in part because the existing rail infrastructure was primarily built in the early 1900s. These materials are needed for basic repairs, but their continued absence caused the entire railway to fall into obsolescence. Materials for the newly constructed standard gauge railway tracks are more readily available thanks to international partnerships but old sections of track still face the same historical shortages.</td>
</tr>
<tr>
<td>Security</td>
<td>Numerous conflicts, especially in the country’s North, have led to inconsistent NRC employee and passenger access to the railway network. Passenger movements are sometimes restricted for security concerns, so various stations or sections of track are left in the dark (literally and metaphorically) without proper surveillance or maintenance. Vandalism and theft of equipment, including whole sections of track, causes regular delays.</td>
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<tr>
<td>Freight Transportation</td>
<td>Once the oil industry became the dominant economic sector in the 1970s at the expense of traditional agricultural or mining industries, freight rail traffic all but ended in the country. The prevalence of oil drilling and refining in Nigeria’s south made it cheaper to construct short pipelines to coastal terminals instead of relying on existing rail infrastructure. Economic diversification nationwide with specific focus on increasing domestic and international exports from Northern states combined with a proliferation of standard gauge tracks is expected to greatly increase freight use in the coming decades.</td>
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<tr>
<td>Passenger Service</td>
<td>Once a popular method of transportation in the 20th Century, passenger rail service was reduced to under one million passengers per year by the mid-2000s. It was supplanted by increased vehicle transportation and air traffic, the latter primarily used by the economic and political elite. The inauguration of Lagos-Ibadan and Abuja-Kaduna standard gauge railway sections has led to immediate passenger adoption and is considered a cautiously optimistic success. But Nigeria won’t have true passenger rail service until Ibadan is connected to Abuja (a distance of over 500 km) and later Kano.</td>
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</tbody>
</table>

Sources: Nigerian Railways Corporation; Nigeria Vision 20:2020; Nigeria Vision 2050

Those domestic factors gave the Nigerian government momentum to seek major international financing for the new track and rolling stock. Internationally at around the same time, China emerged as a global exporter of railway technology and infrastructure. China was
able to convince developing states to hire them by pointing to its remarkable progress in building a new high-speed rail network to replace its own deeply outdated system. By granting access to parts, labor, and high-tech solutions all at once, China made a compelling development finance pitch to Nigeria and many other states who needed to develop brand new infrastructure. See Table 6 above for an overview of the challenges that face the government as the railway system continues its modernization and Figure 6 below for ridership and freight volumes from 2000 to 2022.

Figure 6. Nigerian Railways Passenger and Freight Volume 2000 - 2022

The first contract between the government of Nigeria and China came in 2006, with a $8.3B agreement hiring the China Civil Construction Corporation (CCECC) to build over

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7 See Appendix A for full ridership and revenue figures from 1970 to 2022.
1,300km of new standard gauge track from Lagos to Kano. This line would connect those two distant cities (the largest in Nigeria by population) with the centrally-located federal capital Abuja and a number of other key population centers. Abuja, despite being purpose built as a planned city at independence, never had consistent rail service until these tracks began operating several years later. This study will focus on this particular line but another line is being completed with investment from China to build a standard gauge network connecting the southeast cities of Warri, Port Harcourt, and Calabar with each other as well as to Abuja. An initial line from Warri to Itakpe began construction without loans from China in 1987 and did not begin operations until 2020; the new agreements with China are funding the connection to Abuja as well as the other aforementioned cities.

Aside from being a pragmatic economic choice, building a reliable corridor between North and South was also a key socio-political signal. Abuja was intentionally built in the approximate center of Nigeria but without rail service so it was unreachable to the majority of Nigerian citizens without an arduous drive over inconsistently maintained highways or a prohibitively expensive plane ticket. Farmer-herder conflicts and religious violence remain a challenge, in no small part owing to the perception among northerners that Nigeria’s oil wealth was all generated in the South and would never be reliably distributed to the more distant Northern states. Connecting these two cities with the capital would make a clear statement that all Nigerians, regardless of ethnicity or religion, deserve the same opportunities as one another.

Despite an initial agreement coming in 2006, as of 2023 only two sections of the line are fully operational: a 312 km line from Lagos to Ibadan and a 157km line from Abuja to Kaduna with the Ibadan-Abuja and Kaduna-Kano sections still under construction. Exact financing figures remain elusive due to lengthy amounts of time between agreements on specific sections.
so I will try to be specific about when figures represent overall agreements or when they represent final disbursement of funds. The Abuja-Kaduna section was financed using $500m distributed from China’s Exim Bank per plus $374m from the Nigerian government and other public-private partnerships; construction by the CCECC began in 2011 and the line was operational by 2016. The Lagos-Ibadan section was more financially complex, requiring $1.5B in distributed financing from the Exim Bank of China. Like the other sections, it was built by the CCECC with support from Chinese agencies such as the Bureau of China Railway and 4th Railway Institute (Burroughs 2021).

Unlike Kenya, where confidential loan documents with China were released by the President shortly after taking office, Nigeria’s numerous loan agreements remain tightly sealed. This means it is not possible to judge the specific interest rates of the loans (with one exception noted later in this paragraph) or judge how comparable they are to typical investment loans from other international sources. With that being said, they follow the pattern of other China-backed loans in that they do not require political or economic concessions and they are a one-stop-shop for providing financing, equipment, and labor. One particular loan in 2023 from the China Development Bank for the Kaduna-Kano segment valued at $973m total did make the overall interest rates public; it is a commercial loan with a 15 year contract with 2.7% interest rate plus floating 6 month Euro Interbank Offered Rate (EURIBOR) at 3.907%, which makes for an effective interest rate of 6.607% plus a one-time combined 0.9% ($8.8m) commitment and upfront fee (Business Hallmark 2023; Euribor Rates 2023). The fixed rate of 2.7% is not as high as other China-backed loans (such as the ones in Kenya) but is still higher than typical multilateral loans that have fixed rates near zero percent and rely on the floating rates only.
Aside from the general challenge of completing any major infrastructure project on time regardless of state wealth or resources, there are several reasons why an operational date for the full Lagos-Kano route is still elusive. First, the Nigerian government’s original plans were developed in the early 2000s and first agreement signed in 2006, right before the global financial crisis in 2007-2008. In the years that followed, many states suspended ongoing agreements and reviewed currently held debt as a preventive measure against crisis contagion and Nigeria was no exception. This meant the $8.3B deal was only in principle; delivery of funds from the China Exim Bank would come once specifically allocated to sections only when they are ready to begin construction. Second, priority was placed on completing the most popular and well-traveled sections with commuters in mind as opposed to attempting lengthy sections that were expected to have fewer passengers. Third, political will and security concerns made it easier to construct the railway in southern and central states as opposed to reaching Kano. Both extremist and opportunistic violence occurs more regularly in the north and securing the safety of workers in deeply remote areas takes additional planning and investment.

The two sections currently not operational, the southern Ibadan to Abuja route and the northern Kaduna to Kano route are both under construction under the auspices of the CCECC per the overall Lagos to Kano deal. The southern line is under construction per a $6.68b agreement signed in 2018. The $973m northern route was flagged off in 2021 and, per a January 2023 report by the Daily Trust Newspaper, construction is proceeding without much delay, aside from the expected slowdowns during the rainy season (Shuaibu 2023; Eboh 2023). The land allocated for tracks and station houses has been cleared and prepared so the next step is to build bridges where needed and lay the entire section of track. There are still many challenges before the construction even nears completion and, following that, the technical process of adding rolling
stock and implementing the technology remains. But the fact that progress is steady is a victory, given how major infrastructure projects can be put on hold indefinitely for what appear to outsiders like simple setbacks.

The Lagos-Ibadan line takes one hour and 47 minutes compared to anywhere from 2 to 3 hours by car. The Abuja-Kaduna line takes 2 hours and 15 minutes each way compared to upwards of 3 hours by car or bus. Both lines are capable of and rated to travel at greater speeds but most scheduled trips service all stations so express trips are rare. In addition to being a much faster alternative to vehicle travel, the Abuja-Kaduna route is particularly popular as a way of avoiding poor conditions and crime that is unfortunately common on the vehicular route. The Abuja to Kaduna highway is notorious within Nigeria for the regularity in which citizens are robbed, kidnapped, or killed by gangs. State and national police are inconsistently present along the most rural stretches, especially when events or violence in other areas divert resources (Sahara Reporters 2018). The violence was so bad that in 2022, the governor of Kaduna state began forcibly resettling several communities near the highway that were suspected of having gang hideouts (Aodu 2022). With these circumstances, it should come as no shock the line was so popular upon inauguration that trains were often packed well beyond capacity and ticket queues stretched for hours.

Unfortunately in March 2022, that violence extended to the newly inaugurated train itself. Bandits bombed a train headed northbound while it was filled with hundreds of passengers. By the time the train was halted and the bandits had fled, the armed criminals had killed at least 8 individuals and abducted 62. In response, the NRC and federal government suspended the line’s operations for several months. Once the route became operational once more later that year, the number of trips on the route per day was reduced from 8 to 4 (Falaju 2023). It is yet to be
determined what, if any, long-term effects this attack may have on the segment or continued construction of ongoing segments. This ongoing situation represents one of the major challenges to continued success. Even though the line is fully under the control of the Nigerian Railways Corporation and outside of CCECC or other Chinese agency jurisdiction, the ongoing construction of the two remaining sections means any uptick in violence may lead the remaining Chinese contractors and lenders to reconsider the perceived level of risk.

Another risk factor is undeniably the question of when financing will actually be delivered and when the NRC should expect to see profits. Nigeria’s National Assembly has approved and allocated funding for the remaining sections of the project but much of the money has yet to be delivered from the Chinese lending institutions for reasons that are not entirely clear. In the case of the Kaduna to Kano railway, China’s Exim Bank had signed onto the project with a $1.2b loan commitment and the Nigerian National Assembly approved it in 2020 but the Exim withdrew its involvement since the approval was tied to a request from the Exim Bank for a new $22.8b loan (Business Hallmark 2023). Construction has been allowed to advance using the joint funds provided by the Nigerian government but will only be able to proceed to a certain point before those are exhausted.

**Analysis and Future of Nigeria-China Relations**

Considering the information compiled regarding Nigeria’s qualities of democracy and their effect on the country’s investment portfolio from China and the relative success of the Lagos-Kano standard gauge railway, there may be limited evidence for the hypotheses. The results are notably harder to classify into the study’s typology than the previous two cases. Nigeria has a strong executive branch and low-strength legislative branch. Nigeria’s investment relationship is still hard to classify as specifically increasing or decreasing so continued and
consistent investment is the best classification. On one hand, loans from China have funded many transportation and energy projects in the country and new agreements for separate projects continue to be signed. But China’s Exim Bank has not been a reliable partner; they have failed to deliver money on time and has walked away from at least one $1.2b loan related to the Kaduna-Kano railway section. In that specific instance, a new $973m loan was approved by the China Development Bank and subsequently by the National Assembly in April 2023. With the Nigerian government seeking as much as $22.8B in new loans from China in 2022 and 2023, Nigeria’s government continues to seek increased investment from China. Considering all the factors surrounding the railway construction, the Lagos-Kano project is generally proceeding well, with all sections either operational or under construction.

Project profitability for the railway project is of course even more of a black box and the NRC has made it clear they do not expect profitability until the entire Lagos-Kano line is operational. This is not unexpected given the long-term nature of infrastructure profitability more broadly. But in other words, if the remaining two lines stall, not only will the NRC and Nigerian government lose anticipated revenue but also any ability to repay the rapidly increasing loan balances. Funding concerns aside, there is one clear reason to be optimistic that the projects will be completed; the National Assembly and Executive branches (and by extension the ruling APC party) are united in support for the railway projects. After having survived two global recessions, one caused by a pandemic that caused numerous work stoppages, it would be deeply embarrassing and economically devastating for the line to stall at this point.

Classified as Strong Executive, I should expect to see decreased investment from China; the hypothesis argues a strong executive should lead to decreased or inconsistent Chinese investment because the head of state has more responsibilities, both foreign and domestic.
Legislators, with fewer checks on overall presidential power and avenues for influence may be more active in the international investment space but Nigeria’s diffusion of power makes increased/major investments less likely. For these reasons, support is not found for either H1 or H3. The existence of party contestation in Nigeria’s elections should also lead to decreased levels of investment because there may be concern about party transitions leading to increased scrutiny of a previous administration’s policies. This result is obviously conditional based on Nigeria’s short timeframe as a consolidated democracy; free and fair elections have only occurred in the 21st Century so there is certainly the possibility of long-term single-party dominance by the APC in the years to come. For this reason, H5 is unable to be confirmed.

In a Strong Executive system, we should expect a higher chance of project success, which does largely match Nigeria’s situation as we can judge in mid-2023. But the aforementioned funding issues could easily lead to a premature shutdown of ongoing construction, leaving a scarred landscape and unfinished railway. In short, there is tentative support for the executive and legislative project success hypotheses. It also works for the party contestation hypothesis, in which evidence of party contestation leads to a higher chance of project success given the increased likelihood of multi partisan oversight, if the project itself is judged to be more successful than not. This is backed up by the observations of multipartisan support for the railway projects, even if they also voice concerns about the future. In summary, support is found for H2, H4, and H6 given the project’s success so far but not for H1, H3, or H5 in relation to the investment outcome. See Table 7 for a summary of the results for the independent and dependent variables.
Table 7. Nigeria Qualities of Democracy and Outcomes Summary

<table>
<thead>
<tr>
<th>Nigeria Qualities of Democracy (IVs)</th>
<th>Nigeria Investment Outcome (DV 1)</th>
<th>Nigeria Project Success (DV 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Branch: Strong</td>
<td>Consistent - Nigeria is one of</td>
<td>Success - in terms of</td>
</tr>
<tr>
<td></td>
<td>China's stalwart partners in the</td>
<td>infrastructure construction,</td>
</tr>
<tr>
<td></td>
<td>region, though the amount of</td>
<td>Nigeria may have the best track</td>
</tr>
<tr>
<td></td>
<td>committed and delivered loans is</td>
<td>record of the three countries</td>
</tr>
<tr>
<td></td>
<td>lower than Kenya's. The China Exi</td>
<td>in this study. Of the four main</td>
</tr>
<tr>
<td></td>
<td>m Bank has failed to deliver</td>
<td>sections of the 1,300km Lagos-</td>
</tr>
<tr>
<td></td>
<td>promised loans on time and</td>
<td>Kano standard gauge railway,</td>
</tr>
<tr>
<td></td>
<td>walked away from at least one</td>
<td>two are operational and two</td>
</tr>
<tr>
<td></td>
<td>$1b+ agreement entirely.</td>
<td>are under construction. The</td>
</tr>
<tr>
<td></td>
<td>Were the Exim Bank, China</td>
<td>operational lines have been</td>
</tr>
<tr>
<td></td>
<td>Development Bank, or other</td>
<td>very popular with the public,</td>
</tr>
<tr>
<td></td>
<td>Beijing-aligned institution</td>
<td>though the Nigerian Railways</td>
</tr>
<tr>
<td></td>
<td>agree to Nigeria's requested $22.8b</td>
<td>Corporation has cautioned</td>
</tr>
<tr>
<td></td>
<td>loan, Nigeria's official</td>
<td>profitability will only be</td>
</tr>
<tr>
<td></td>
<td>financial commitments would</td>
<td>possible once the entire line</td>
</tr>
<tr>
<td></td>
<td>effectively triple, but this</td>
<td>is fully operational.</td>
</tr>
<tr>
<td></td>
<td>appears unlikely at the given</td>
<td></td>
</tr>
<tr>
<td></td>
<td>moment.</td>
<td></td>
</tr>
<tr>
<td>Legislative Branch: Weak</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The legislature has few</td>
<td></td>
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<tr>
<td></td>
<td>constitutional or legal</td>
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<tr>
<td></td>
<td>foreign policy responsibilities</td>
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<tr>
<td></td>
<td>aside from approving sovereign</td>
<td></td>
</tr>
<tr>
<td></td>
<td>loans but has demonstrated</td>
<td></td>
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<tr>
<td></td>
<td>interest in holding public</td>
<td></td>
</tr>
<tr>
<td></td>
<td>hearings on matters of foreign</td>
<td></td>
</tr>
<tr>
<td></td>
<td>policy, regardless of whether</td>
<td></td>
</tr>
<tr>
<td></td>
<td>that oversight can enforce</td>
<td></td>
</tr>
<tr>
<td></td>
<td>binding rulings.</td>
<td></td>
</tr>
<tr>
<td>Party Contestation: High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elections occur within a de jure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>multiparty but de facto two-party</td>
<td></td>
<td></td>
</tr>
<tr>
<td>framework. The All Progressives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congress (APC) has been dominant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>since 2015 but party splits,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>mergers, and transitions were</td>
<td></td>
<td></td>
</tr>
<tr>
<td>present in the years before that.</td>
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</tbody>
</table>

There is little reason to believe the tenor of Nigeria’s relations with China will shift in a considerable way over the coming years, though there are reasons to anticipate either direction. Optimistically from China’s perspective, there is a genuine affinity for China among many Nigerians who are impressed by China’s success story in lifting hundreds of millions of its own people out of poverty in a few short decades. Given that poverty reduction is a necessary condition for Nigeria to have global influence, the hope that China can support Nigeria’s efforts to do the same may drive future investment and partnership. Furthermore, the cautiously optimistic success of the currently operational standard gauge railway lines between Lagos to Ibadan and Abuja to Kaduna may increase confidence in China’s ability to export other major economic projects. Pessimistically, there are several reasons Nigeria’s government may seek to
limit their political and economic relationship with China. The risk exists that questions about
the perception of corruption in Nigeria combined with China's avoidance of transparency with
intergovernmental financing becoming more salient to domestic politics. In that scenario,
scrutiny over loan agreements and repayment criteria similar to what has happened in Kenya
may lead to fewer agreements in the future. With respect to the railway specifically, only several
hundred kilometers of the standard gauge railway are currently operational as of 2023, with
nearly 1,000km in various stages of construction.

It is no paradigm-breaking argument to suggest political violence threatens more than just
a particular regime’s democratic consolidation. A regime’s instability can be associated with
increased regional discord and decreased international investment or economic confidence (Gurr
2011; Zambakari 2017). Knowing China is “regime-agnostic” towards its international partners,
caring less about whether the state is a democratic or authoritarian regime but rather its overall
stability, their ability to cultivate long-term partnerships with Nigeria has the potential to be
greatly affected by political violence. Further complicating the situation is China’s business
culture, also known as Guanxi\(^8\), which prizes secrecy and personal relationships over
transparency and democratic governance. It stands to reason that if one possible contributor to
political violence in Nigeria is a public perception of corruption among Nigeria’s political and
economic elite, an increase in Chinese influence in politics and business may only serve to
reinforce those assumptions. In this context, it would behoove the Chinese to abide by more
democratic norms of transparency to avoid the potential regime instability in recipient states that
arises from public anger over perceived corruption. In the following chapter, I compare the

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\(^8\) See Chapter 6 for a short discussion of the Confucian concept of Guanxi and how it relates to the challenge of studying China’s financial relationships abroad.
results across the three cases of Botswana, Kenya, and Nigeria and provide analysis on how the outcomes line up with the previously proposed expectations.
CHAPTER SIX
CONCLUSION AND FUTURE RESEARCH

Research Overview

Researching the question of why certain mid-range democracies in Sub Saharan Africa elect to accept different levels of foreign investment from China yields quite mixed results. Different levels of engagement and circumstances between the case nations and China are observed within and between all three cases. This section reviews the hypotheses and expectations before synthesizing the results for Botswana, Kenya, and Nigeria and offering some possible explanations for the lack of overall significance. To review, the six hypotheses are as follows:

- **H1:** A strong executive leads to decreased or inconsistent investment.
- **H2:** A strong executive leads to increased chance of project success.
- **H3:** A strong legislature leads to increased investment.
- **H4:** A strong legislative branch leads to decreased chance of project success.
- **H5:** Party contestation leads to decreased levels of investment.
- **H6:** Party contestation leads to higher chance of project success.

For the institutional power independent variable, Botswana has a strong executive relative to a weak legislative branch with high levels of control over political-economic international affairs. It combines the strengths afforded to a President and Prime Minister while offering few of their associated checks on power. To underscore the unicameral legislative branch’s weakness, they are not involved in the establishment of international treaties and
the President is a full voting member of the body.

In Kenya, there is a weak executive relative to a strong legislative branch; the President has standard foreign policy responsibilities but fewer political powers overall. Constitutional reform efforts in the late 2000s and early 2010s balanced the executive/legislative relationship by curtailing executive powers. Weak ruling parties ensure the legislature is the primary location of bargaining between politicians of different parties and factions.

Nigeria’s executive / legislative relationship is a bit more ambiguous with a stronger executive and weak legislature, but the latter has some idiosyncratic qualities that are worth calling out. The President is the final arbiter of foreign policy decisions and is constitutionally mandated to hold cabinet meetings with the Vice President and government Ministers on a regular basis. The legislature’s strength is limited overall but powerful party members and committees demonstrate their willingness to hold public hearings on relevant foreign policy issues, especially as they relate to China. In addition, they must legally approve acceptance and approval of foreign loans. But given the overall lack of responsibilities, the legislature is still best classified as weak.

In terms of the party contestation independent variable, Botswana joins Nigeria in having low levels while Kenya’s levels are relatively high. In Botswana, the Botswana Democratic Party has achieved a majority in every election held since independence while holding open, free, and fair elections. In past election cycles, opposition parties and coalitions emerged for a few election cycles before eventually reshuffling. Kenya’s politicians regularly switch parties, found new ones, or shuffle alliances in each election cycle. Competitiveness is found throughout most, though not all, regions. Nigeria’s party contestation is low and the government operates within a de jure multiparty but de facto two-party framework. The All Progressives Congress (APC) has
been dominant in the past decade but a history of party splits and/or mergers means the balance could easily shift in the future.

For the investment dependent variable, Botswana has no increased investment from China, Kenya no increased investment, and Nigeria a more complex outcome where official investment appears to have increased but actual delivery of capital has been inconsistent. For the project success dependent variables, Botswana’s project is unsuccessful, Kenya’s successful, and Nigeria’s successful. All three projects are worth re-evaluating at a future date given the long-term nature of infrastructure projects, but these evaluations are accurate given the currently known circumstances. See Table 8 for an overview of the observations of the independent variables.

In summary, H6 has the best evidence of support with all three cases returning the expected result expecting party contestation to be associated with a higher chance of project success. However, no other hypotheses return the expected results. Overall support for H2 and H4 is not found given the lack of success in Botswana’s project and relative success in Kenya and Nigeria’s. In Botswana, the strong executive and weak legislature should not be associated with an unsuccessful project. The question of Kenya’s project success is similarly complicated but, in contrast to Botswana, we should expect to see a lower chance of success thanks to its weaker executive branch and higher levels of party contestation. Kenya’s Standard Gauge Railway was completed ahead of schedule, in 2020 no less after the pandemic had brought the global economy to a screeching halt. If judged primarily on the ability of the train to successfully run per operational or infrastructure specifications, then it is not confirming H2 or H4. Nigeria’s successful project thus far is associated with a strong executive, providing support for H2. But
for H4, Nigeria’s legislature should be associated with decreased project success though the project has been observed to succeed so far.

Table 8. Overview of Institutional Qualities of Democracy (IVs) for each case

<table>
<thead>
<tr>
<th>Botswana</th>
<th>Kenya</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV1: Executive Branch: Strong</td>
<td>IV1: Executive Branch: Weak</td>
<td>IV1: Executive Branch: Strong</td>
</tr>
<tr>
<td>IV2: Legislature: Weak</td>
<td>IV2: Legislature: Strong</td>
<td>IV2: Legislature: Weak</td>
</tr>
</tbody>
</table>

Unfortunately, overall support for H1 and H3 are not present. Only Botswana returned the expected result for H1 with Kenya failing to meet the criteria and Nigeria delivering a mixed result. Though both Botswana and Kenya had no new major investments from China, they had opposite institutional characteristics. This result is the most puzzling and frustrating since they have opposite institutional characteristics but the same relative investment outcome. As is the case with all the financial outcomes, time may later reveal increases or decreases in investment but there is no clear evidence to support H1.

For H3, only Kenya failed to meet the expectations with Botswana and Nigeria returning the conformational results. There is no evidence to show a notable increase in investment from China in Botswana but there is a small point to make that could change this outcome in the future. In 2021, Botswana signed a Memorandum of Understanding (MoU) with China to state their mutual goal of joining the Belt and Road Initiative. MoUs of this nature are nothing more than the diplomatic equivalent of a handshake; there may be mutual interest in a vague sense, but no specific projects or dollar amounts are anywhere to be found in the agreement. Kenya has not accepted increased levels of investment from China after the completion of the Mombasa-Nairobi SGR. In addition, Kenya's current President Ruto has made public loan documents and increased scrutiny of China's investments in the country. Nigeria is one of China's stalwart
partners in the region, though the amount of committed and delivered loans is lower than Kenya's but it continues to seek investment. The China Exim Bank has failed to deliver promised loans to Nigeria on time and walked away from at least one $1b+ agreement entirely. Were the Exim Bank, China Development Bank, or other Beijing-aligned institution agree to Nigeria's recently requested $22.8b loan, Nigeria's official financial commitments would effectively triple, but this appears unlikely at the given moment.

Table 9. Case Study Results and Overall Support

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Botswana</th>
<th>Kenya</th>
<th>Nigeria</th>
<th>Overall Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Executive power and investment</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>H2: Executive power and project success</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>H3: Legislative power and investment</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>H4: Legislative power and project success</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>H5: Party contestation and investment</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>H6: Party contestation and project success</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Research Contributions and Alternative Explanations

At various points, all countries increased and decreased their economic or political engagements with China. One key finding from the case studies of Botswana, Kenya, and Nigeria is that perhaps the most crucial factor determining the outcome of Chinese lending, whether it leads to positive progress or debt distress, is the quality of local governance. Specifically, it is how the state conducts its foreign policy decision making regarding the size, timing, and administration of major infrastructure projects, not to mention the state’s overall fiscal responsibility. In short, these relationships likely come down to their respective levels of pragmatism stemming from their institutionalized democracies, but those results were not always expected given the hypotheses. This logic was seen throughout government documents and communications and specifically noted in an interview with a representative from Botswana’s Ministry of International Affairs and Cooperation. Even though the results were mixed, they are still worth observing owing to the pervasive conventional wisdom in policy circles that
developing economies are “trapped” by the Great Powers (in this case China or the United States / Western Europe) and their policy decisions are dictated by the more powerful state in that relationship. States and their national leaders exert their agency in the international policy space and when those relationships ebb and flow, it is not a zero-sum calculation.

The results may indicate the governments’ commitment to democracy is a factor; the nature of China’s investment programmes is sometimes at odds with the core tenets of transparent democratic institutions. Without stating it directly, these countries are operating within the boundaries of a contemporary non-alignment movement. The ebb and flow of the observed states’ relationships with China indicates an unwillingness to put all their economic and political eggs in one basket, so to speak. Unlike the official non-aligned movement founded during the Cold War, which technically still exists today but has struggled even more to define itself in the post-Cold War era, today’s non-alignment movement is even less organized and more bilateral in nature. Botswana, Kenya, and Nigeria are interested in all the following long-term goals: consolidating their democracy, fostering regional alliances and centers of power within Sub-Saharan Africa, developing new foreign investment relationships with China, and encouraging existing foreign relationships with Western Europe and the United States. When the mass public and governments fear overreach by either Chinese or Western interests, they may indicate a preference for one over the other but, so far, never to the extent that those interests are existentially threatened.

In some cases, the revelation or perception of overreach does not necessarily result in a zero-sum “swap” to the other competing great power but rather shows the depth of a state’s political and economic agency. For example, Kenyan President Ruto’s decision to make public loan documents from the China-financed construction of the Standard Gauge Railway (SGR)
was not the result of pressure from the United States but rather the context of Kenya’s domestic political situation at the time. Thus far, the domestic response in Kenya to their release has not been to rush into new investments financed by the United States or Europe. But the decision to release them likely indicates increased salience among the public and political elite about how Kenya takes debt from international sources. Future research would be wise to examine the role of the public in the documents’ release as well as the political reaction in the aftermath. This aside, the 2019 National Security Strategy is also explicit in its disdain for being put into a position where it may have to take sides in the ongoing US-China trade war. It should come as no surprise of course that the document does not point fingers on which party is more to blame for the economic tensions.

As for why the observed cases failed to find evidence for the investment hypotheses and only limited evidence for the project success hypotheses, there are some possible alternative explanations. First is methodological; it may be that this case study approach is too myopic to make any judgements about democracy’s relationship to investment and project success overall. Botswana, for example, may be a particularly unique case given their relatively advanced GDP per capita for the region and landlocked geography. Their economy is largely driven by the diamond market, which is already largely captured by the Debswana Diamond Company, the 50-50 split between DeBeers and the Government of Botswana. Instead of limiting case selection to these three mid-range democracies in Sub-Saharan Africa, perhaps a medium-n approach looking at all democracies that accept development loans from China would provide enough observations to understand how these interactions work.

Furthermore, there are possible temporal issues with both investment and project success outcome variables. For the investment variable, there has been a clear retrenchment in China’s
foreign development financing to Sub-Saharan Africa since its peak in 2016. The gold rush of financing for $500m-plus infrastructure projects has all but disappeared, especially in Sub-Saharan Africa, and new funding streams appear focused on sub-$100m projects with tighter turnarounds and higher chances of success. During 2021-2022, total loan commitments from China to Africa were a mere $2.2B. No other single state recipient received over $200m in the region outside of Senegal and Benin, where combined China-backed loans topped $1.7B in 2021-2022 (Moses 2023). This is a massive departure from the 2015-2016 continent-wide peak of approximately $28B. On the question of the project success variable, apart from the largely complete Morupule Power Plant, the projects discussed are in various stages of implementation and have yet to be fully realized per original plans. Making future judgements about ongoing infrastructure projects is always tricky. Putting revenue and profitability aside, the true benefits of public works projects are sometimes not financial but rather observed in more indirect ways; better transportation infrastructure may lead to greater economic growth per capita, which in turn may lead to increased educational attainment and a healthier population.

There is also the possibility that the nature of democracy is insignificant and, given the existence of binding legislatures in nondemocracies, the study should be expanded to include nondemocracies. Just as China’s development financing agenda is regime agnostic and cares little about whether a recipient is a democracy or nondemocracy, perhaps future study of these questions should include all regimes too. This is bolstered by the pre-existing evidence suggesting binding legislatures in authoritarian regimes are associated with those regimes seeing greater economic growth and investment (Wright 2008). Such an approach would be aided by the existence of AidData’s ongoing work on collecting all publicly available records of China’s official foreign investment and could shine light on whether any or all of Botswana, Kenya, and
Nigeria’s results could be outliers in an otherwise significant result. But taking on either of these approaches would force an adjustment to the case study approach in favor of something more quantitative since it would not be practical to write a dozen or more case studies in the same fashion as this project.

One potential democratic institution variable left out of this analysis which could prove to be worth examining in more detail is the difference between countries with broadly multiethnic political parties or those where political parties are more clearly divided by ethnic groups. In diverse states where political leaders are regularly organized along ethnic lines, there may be less inter-party contestation over the issue of China in general. This could be because electoral success is more broadly tied to making appeals based on ethnicity compared to a state with a single dominant ethnicity where economic or social issues are inherently more impactful. The question of the relationship between ethnicity and party formation in Africa has been studied previously (Elischer 2013; Teshome 2008), though they typically do not focus on foreign policy positions and especially not with respect to the very contemporary issue of foreign investment from China.

Another explanation may be that the external factors are more influential than the ones internal to the recipient states and a state’s agency is overridden by more powerful actors; in these explanations, the focus would be turned around onto China as the provider as opposed to focusing on the recipient states. How and why China lends investment capital in the developing world is a major ongoing topic of research (Dreher et al. 2018; Bunte 2019; Dreher 2022) and there may not be much more to glean for another 5-10 years while the BRI and China’s grand strategy shifts into its next evolution. Aside from the general explanations in Chapter Two, China’s lending program may simply be misunderstood by Western observers and subject to
some other more nuanced explanations (Landry & Portelance, 2021). Perhaps the more important difference between China and Western-backed loans is the lack of concessions requested by the former. Even democratic states that pride themselves on making ethical and legal commitments may see little harm in accepting loans or grants from a state like China that is asking for nothing in return except repayment of loans.

In the opposite direction of how my study approaches the question, qualities of democratic (and nondemocratic) governance and their decision making may play a role in why China selects the countries it sends loans to. In fact, one of these criteria is a major exception to the broad rule that China does not attach political conditionality to offering loans. (Non)recognition of Taiwan as a diplomatic partner has been identified as a significant factor; states that openly support the One China Policy are often rewarded with increased engagement with the PRC (Adlen 2005, Brautigam 2009, Broich 2017). China could also be more interested in the positive messaging that they receive when seen delivering the initial loans. In this explanation, the lending of money (specifically, large amounts towards highly visible megaprojects) is simply the means to an end. Whether a project is delayed, or even successful post implementation is secondary compared to the boost they get for the initial partnership between China and the recipient country or unrelated third party.

From the perspective of the recipient countries, even if they have some trouble working with Chinese entities during the duration of the implementation, may feel the first major project is an opportunity to work out kinks in the relations and decide to pursue further investment, as well. From the perspective of other countries observing from abroad, future potential partners emerge who see how “easy” it is to get large amounts of money quickly and thus partner with China on a new, major project of their own. Time may also provide more appropriate answers to
these questions, as well. It is possible that in the years immediate before and after the 2008 Global Financial Crisis, China’s internal risk assessments were not being paid the proper attention given China’s skyrocketing economic recovery compared to the rest of the world (Eom, Brautigam, and Benabdallah, 2018; Yun, 2018). Now in 2023, on the back end of a global pandemic and sclerotic economic growth compared to other parts of the world, China may need to re-evaluate its entire global loan portfolio in favor of more risk-adverse projects.

When it comes to a project’s success, it may be the case that certain projects are more important than other ones from the perspective of the Chinese financiers. In this explanation, the state agency again takes a backseat to external interests. The prospect of Chinese gains from a freight rail link from Mombasa, Kenya all the way into Uganda and beyond may simply be more economically and politically important than getting a power plant in Botswana up and running in timely fashion or vice versa. This is not to say that China and its institutions would purposefully let a project completely fail mid-way through its implementation but rather that the level of urgency varies depending on the long-term benefits. While there is logic to this explanation, it is a difficult one to test as it would require strong primary sources from people within the governments of China and the recipients who would admit that certain projects are simply more important than others.

The major issue with these China-focused explanations is that they are bound by short-term thinking; China risks major retrenchment by its partners if they all start to realize all (or even some) projects are not built on solid financial or engineering foundations. This goes against the conventional wisdom that China conducts its foreign policy with very long-term goals and objectives in mind. But short-term thinking alone is not necessarily a reason to exclude this alternative explanation entirely; a recipient state’s agency does not prevent them from making
poor long-term decisions, nor does a single failure prevent a state from seeking a future development loan.

Another possible explanation may come from the inclusion of comparable projects from Western-backed organizations like the World Bank to determine whether the experience of these China-financed projects is really all that different from the former. Perhaps technical challenges will always exist and so whether the loan originates in Brussels, Washington, D.C., or Beijing makes no difference. Western loans may also be more multilateral, leading to contractors and engineers coming from multiple domestic and/or international sources, increasing time and the possibility of breakdown somewhere in the relationship chain. China’s high value loans for megaprojects typically include all contracting and engineering arrangements during the loan agreement phase, skipping a lengthy step otherwise required. But that one-stop-shop approach carries its own risks. If a breakdown occurs at any step in the process and the recipient judges Chinese contractors or engineers to be at fault, the option to approach a different partner for a portion of the construction may be impossible without the need to renegotiate the entire original agreement, which China’s lending institutions may not allow.

A Note on Kenya’s Loan Documentation

The release of Kenya’s loan documents themselves have provided a wholly unexpected, though entirely welcome, contribution to this project. When this project was first proposed, the question of confidentiality in China’s lending was a given; interest rates were sometimes available, but questions of collateral and loan restructuring criteria were a black box in almost every case. Being able to analyze those now-public loan documents, even for just a single country, has been a major boon to this project. Reading them provided the opportunity to start
confirming some previously held assumptions about China’s loan practices while calling into question some others.

To start, it was widely believed that China-backed loan interest rates do not follow the norms of international lending, something the Kenyan documents resolutely confirm. They showed that in the period from 2015 to 2023, the effective interest rate (3.6% flat rate plus floating LIBOR) on China’s loan increased from approximately 3.97% to 7.91%. The change in rates in and of itself is not a problem - the World Bank incorporates floating rates too - but the flat interest rate is much higher than typical. A comparative loan from the World Bank during the same timeframe would have started at 0.865% and increased to 4.91%. Assuming the floating rate stays at current level, this equates to either a $250m in interest from a comparable World Bank loan or $750m in the current China-backed agreement.\(^1\)

Another curious portion of the loan documents had to do with the question of arbitration in the event there was a dispute between the provider and recipient. It is stipulated that any arbitration resulting from disputes involving contract terms or repayment are to be settled in the China International Trade and Economic Arbitration Commission (CITEAC). Even though CITEAC is a well-known international arbitration commission, and it is common for international disputes to be resolved outside the borrower’s country, it is also a potential conflict of interest for a state-run institution like the China Export-Import Bank to resolve a dispute in its home country. This addition is of course not evidence of malfeasance - CITEAC would be obligated and expected to act as a neutral arbiter - but given the entire agreement includes

\[\text{\footnotesize{1 These figures are meant as estimates only and are unlikely to be fully predictive of actual final cost, regardless of whether the loans originate from China or elsewhere. Interest rates are highly dependent on how central banks judge the state of the global economy; shocks can easily lead to lower interest rates (such as during the period from after the Global Financial Crisis in 2008 lasting until approximately 2022) or much higher ones (such as during the various political and economic crises of the 1970s and 1980s).}}\]
participation of other Chinese state-run institutions in charge of construction and equipment, there is a not-insignificant question regarding their impartiality.

But releasing these documents is not entirely bad for China’s image. Because these agreements have been so secretive, there have long been questions about collateral. In the event of non-payment for any reason, what recourse would the lending institution have to get their principal and interest? Commentators in Kenya feared a loss of sovereignty if the lenders were to take full control over the SGR. Other rumors spread that the entire Mombasa Port operation was listed in the contract as collateral (Brautigam et al. 2022; Kell 2023). But the now-public loan documents put those concerns to rest; even if the loan practices leave much to be desired in other areas, a major violation of Kenya’s sovereignty was never on the table. While this collection of documents cannot confirm or disprove the presence of sovereign collateral in other contracts globally, the evidence for such has yet to be found.

**The future of China-Africa investments**

Considering that China’s ideal approach to international development aid prioritizes specific projects with clear use cases, there is little reason to believe states like the ones discussed in this project would abandon such aid based on purely democracy-based ideological reasons. Western aid is typically conditional and less focused on specific projects, which makes it distinctly different and beneficial for certain projects but not others. A state’s continued acceptance of aid from China does not exclude the possibility of agnostically accepting multiple aid streams from China and Western organizations at the same time. In other words, provided the aid is truthfully granted without the expectation of future political favors, a state accepting aid from China does not represent a clear threat to the recipient’s democracy or affiliated state institutions.
For China’s policymakers, I argue the threat to their influence as a global aid resource does not actually come from the liberal international order (LIO). It should be understood by their policymakers that the largest threat instead comes from within; Chinese lenders and contractors must ensure transparent due diligence is shared before each project so there is a clear-eyed understanding of the risks involved. While evidence of China’s global investment strategy being built on debt trap diplomacy is rather weak, it is not surprising that this reputation remains pervasive. When financial risk calculations are made without financial transparency and even just a handful of high-profile projects fail or face severe cost overruns, potential recipients may think twice about accepting loans that could be “win-win” because they are instead fearful of the unknown consequences. A top-down commitment to economic transparency, of course, is at odds with China’s current political-economic regime. Though they made efforts to standardize their topline economic reports in the 1990s and early 2000s to be compliant with World Bank and World Trade Organization expectations, a culture of transparency most certainly did not take root in the broader financial sector. Even worse is the observation of late that China may be backsliding towards even less transparency at the national level. Certain statistics which have been publicly available for years, like the youth jobless rate, have suddenly disappeared and there are increasing questions about the legitimacy of the economic information that is still available (Bloomberg 2023).

In addition, recipient states must conduct their own transparent research and publicly debate the risks and benefits of accepting potential loans in service of strengthening their democracies. The risk to recipient states for not being transparent is quite high and can have negative effects on future democratic consolidation. For example, the 2014 contract between Kenya and Chinese investors to finance the Standard Gauge Railway was kept entirely secret by
both governments. When many of the loan documents were finally released in 2022 after years of public pressure and a disputed national election where debt to China was a salient issue, the documents confirmed what many critics within Kenya and elsewhere were fearful of. The loan’s interest rate is higher than previously known and not in line with what would be expected of typical government-to-government loans. In addition, the default clause is particularly unforgiving for Kenya. If Kenya’s government is unable to pay any other external loan, their government will immediately be required to pay the entire remaining balance plus interest or risk losing all future payments. Such stipulations may make sense in large business-to-business contracts where risk is calculated differently but are puzzling to be observed in government-to-government loans.

Kenya’s decision to release these documents is a small step towards transparency but not necessarily one done in conscious service of democratic values. The combination of mounting debt, a less-than-promised finished project, and a hotly-contested Presidential election where the incumbent was ousted essentially forced the documents’ release. Most importantly for our context, the decision to release them did not come from a pervasive pressure campaign waged by the United States or her interests but rather the context of Kenya’s domestic politics. In the future, publicizing terms before, or at least at the time of, signing can preemptively relieve the negative pressures that may come with long-delayed transparency. This is not to say that transparency is a panacea for preventing debt and delayed projects. But democratic accountability may give political leaders more incentive to think carefully about what type of loans to accept and how to manage projects once they are underway.

While not the focus of this research, there is a potential indirect link between the influx of money from non-transparent authoritarian regimes into developing democracies and political
violence in those recipient states that could be the focus of future studies. China’s less-than-transparent intergovernmental economic culture presents a unique challenge to decision makers in potential recipient countries as well as those within China itself. One major theme that has recurred throughout this paper is the understanding that one cornerstone of democratic consolidation is transparency. The more transparency there is at all levels of government, domestic and international, the more the regime aligns with the fundamental principles of democracy. Recipient countries, however, be they democratic or otherwise, are potentially swayed by China’s promise of speedy financial disbursement and a one-stop-shop for providing skilled engineers and contractors.

Whether China is or is not transparent in these agreements may have less effect on stable, consolidated democracies where there is more leverage to negotiate terms with China. But transitional democracies with developing economies may be more inclined to bypass norms of transparency with the hope that the resulting successful project will outweigh the underlying risks, even when those risks include increased public perception of corruption within the recipient country. And in countries with a history of political violence, such as Kenya and Nigeria, increased public perception of corruption may only strengthen those individuals or groups that foment such violence. Again, this indirect relationship between increased investment from China and political violence in recipient countries cannot be proven with the information in this research but is worth examining as China’s lending continues throughout the 21st Century.

China’s overall investment strategy so far has backed them into a disadvantageous corner. In some cases, the prudent thing to do to preserve bilateral relations would be to fairly renegotiate or forgive some of the foreign debt in the economies with the most acute financial struggle. This would keep the door open for future economic and political partnerships. But
forgiving debt abroad might cause some unwanted discontent at home related to the ongoing property crisis within China. So far, Beijing has been reluctant to bail out failing property firms, which risks the pre-paid mortgages of hundreds of thousands of expectant Chinese homeowners. If the central government is seen to forgive foreign loans but not domestic ones, they risk widespread discontent. While China is typically adept at quashing public protests, they recognize some dissent is needed as a release valve and prefer to gather data and observe when the risk to public order is low. But the loss of future property for many aspiring middle class Chinese citizens could threaten the delicate balance China’s government has taken regarding prioritizing the economy while refusing increased political rights. Such concern is magnified following the government's acquiescence to widespread anti-lockdown protests by ending the zero-covid policy that had been in place since the start of the Covid-19 pandemic.

Answering the question of which model, China’s or the traditional Western-led one, is more effective is a complicated one and something better served for a larger study. Effectiveness is hard to measure empirically though it can be generally defined as the ability of a project to achieve its objectives and provide a net benefit consummate with those objectives. China offers several reasons in favor of its programmes being more effective than its competitors. For one, China adopts a “portfolio approach” to its development projects, where multiple projects and loans is bundled together in a large bilateral deal. Instead of simply funding a single power plant, a portfolio project may include the power plant, a new highway connecting that plant to cities and villages, plus a housing project to accommodate workers and their families.

Second, as has been discussed throughout this project, China prefers to fund specific infrastructure projects. Instead of funding development more broadly by creating existing institutions or funding new ones (towards combating hunger or removing landmines, for
example), China will fund projects that impact the citizenry more directly. Its benefits are designed to flow upward from the people through society, instead of downward from the society into the people. For a country to transition from “developing” to “developed,” there must be reliable highways, power plants, and ports. Given that China’s domestic economic success can be credited in part to its rapid infrastructure modernization in the latter decades of the 20th Century, it should be no surprise that China uses that experience to model its international development finance programmes.

Third, China has demonstrated its ability to complete these projects with relative speed. Both politicians and citizens alike in countries where China has completed projects speak positively about the ability of these projects to avoid the red tape that hampers other initiatives. This engenders goodwill throughout a country that may be more used to false starts and lengthy delays on much-needed construction projects. For the vast majority of citizens who benefit from a project like Kenya’s upgraded Nairobi to Thika highway, it does not matter whether the finances came from the World Bank or from China; the highway simply existing is what matters.

For all the reasons that China’s development finance may be more effective than its Western competitors, there are just as many arguments for why it may falter. To start, some of China’s development projects have been criticized as unnecessary or as “white elephants” that may never live up to their promise due to poor feasibility research (Brautigam 2022). One of the earliest development projects that Communist China spearheaded was the Tanzania-Zambia Railway, also known as the Tazara. Chairman Mao’s government agreed to finance and build the railway in the late 1960s and construction began in earnest in 1970 with 50,000 Chinese laborers and engineers working in Tanzania at various times until completion in 1976. The motives here were transparently geopolitical; Communist China needed more international recognition and
experimented using development finance to achieve that goal. China wore as a badge of honor that the World Bank and other major Western organizations refused to finance the project, hoping to prove to Tanzania’s neighbors that they could succeed where the West could not. In retrospect, the World Bank’s original assessments seem to have been prescient. The rail line was designed to carry 5 million metric tons of freight per year but never went above 1.2 million, the domestic management was rife with corruption, and regional conflicts damaged much of the infrastructure over the following two decades. But even today, China (along with other international investment) continues to keep the railway at minimal functionality. “Tazara Syndrome” can be used to describe China’s interest in keeping a project on life support; the line is clearly a failure on nearly every conceivable metric, but it still exists, which China can point to as an example of its continued, long-term commitment even in the face of the longest odds (Brautigam 2022).

Second, China had domestic success creating a modern infrastructure system from scratch at home with sheer brute force where they could control every aspect of production. But building a power plant on the other side of the world while sharing the construction and eventual management responsibilities with a government that may have shifting priorities is an entirely different beast. China has been theorized to avoid working with democracies for this very reason; governments where elections may change national priorities once or twice a decade (or more often than that) may make long-term investment an even more complicated endeavor. The evidence for this has been weak, however, as we have seen China make some of its largest investments in the region in democratic states like Kenya and Nigeria. Even if the democratic avoidance theory is not robust, the challenge of sharing responsibilities overseas makes for challenging work and thus may impact the types of projects that ultimately receive funding.
The third, and most controversial, reason for why China’s efforts may fail are that they are engaging in “debt trap diplomacy” or “debt trap imperialism” (Pomfret 2018). A debt trap loan theoretically finances large-scale development projects using high interest rate debt or unfavorable debt restructuring criteria. They may function in a fashion similar to dependency theory, where core states extract resources from the peripheral states to give the recipients just enough money to enter into the global consumer market without developing their own economies. Much like when Tony Soprano fails to get his money back from a client who made some bad bets, when payments come due and are not able to be met, the lender may seize unrelated assets, demand unethical political favors, or suddenly cut off all financial ties. But the theoretical foundation of China being a debt trap lender is weak and the substantive evidence not very sound.

Theoretically, there is limited logic behind China hoping to trap recipient states into a bad deal; the more debt a project has, the less likely it is to get up and running in the first place and even if the project is successfully finished, there is little hope for it being profitable in the long-term. It does not make sense to suspect China would want a reputation of being an unethical or dangerous lender. Once word gets around, no states would enter new agreements with China or its development banks, leaving no room for future growth and investments. Further, as we have discussed, it ignores the state agency of the recipient state and casts them as foolish actors, ready to accept any scrap that the larger developed states are willing to give them without bothering to read their contracts.

Lastly, there is very little empirical evidence in support of China purposefully using debt trap politics, with one possible major exception. The particular case proponents of the debt trap theory point to involves the construction of the Hambantota International Port and other major
projects in Sri Lanka - totaling $12 billion USD between 2000 and 2020 (Custer et al. 2022). The equivalent of $1.3 billion USD was loaned to Sri Lanka by the Chinese government and associated organizations to build the Hambantota Port beginning in 2008. Construction ended in 2015, by which time the principal and interest had grown to $1.7 billion USD. It quickly became clear that the port would be operating at a loss for the foreseeable future, making it downright impossible for Sri Lanka to pay off even the required interest payments without a transformative debt forgiveness and/or restructuring plan. As a result, the Sri Lankan government agreed in 2017 to a highly lopsided restructuring deal by which Chinese entities would take control of the port’s operation for a period of 99 years and receive a percentage of shares in the port nearing 70%.

Make no mistake, this was an extremely bad deal for Sri Lanka, and it is hard not to suspect China’s motivations in the entire project. It is possible for two things to be true at the same time. First, the 99-year lease of the Hambantota International Port to a China state-owned entity is not legally an asset seizure since it was never offered for collateral in the original loan agreements (Moramudali and Panduawawala 2022). But second, the interest rates of 6.3% and 6.5% charged in 2007 and 2009 respectively for the port are clearly out of line with international sovereign loan practices (Sarvananthan 2023). So even if China knew it was entering into a lopsided agreement in 2008, it was the Sri Lankan government that spearheaded the project, conducted the feasibility studies to prove the project was financially sound, and agreed to the eventual restructuring contracts. Sri Lanka’s government collapsed in mid-2022 owing to a monetary crisis brought on by numerous debt-laden domestic and international projects, of which Hambantota Port was just one, underwritten by the island nation’s wealthy ruling Rajapaksa family. For years, the Rajapaksa family ran Sri Lanka’s economy like their personal piggy banks,
getting rich by awarding family and friends construction contracts for all foreign-financed projects. It will take some time for researchers to unpack just how much of the port’s failure was on the hands of China or Sri Lanka’s government but, with respect to the debt trap theory, it may simply be the exception that proves the rule.

It is important to note that China’s relationship with Sub-Saharan Africa is changing. During the December 2021 Forum on China-Africa Cooperation held virtually in Beijing, the scale and scope of China’s investments changed from previous summits. In terms of raw scale, China’s pledge of $40 billion in direct financial commitments was a marked drop from the $60 billion pledge in 2018. But in terms of scope, there is still a broadening strategy compared to previous pledges. During its early engagements in the 20th Century and pre-Belt and Road 21st Century, China heavily focused on raw resource extraction with a special focus on oil. But following the consolidation of the BRI’s strategy, the resource extraction and large-scale project funding has diminished, and more targeted public-private projects have advanced.

As of 2023, these fundamental changes appear to show no sign of slowing. More analysts have begun to espouse the position that China genuinely lacked the interest to pursue effective due diligence on international investments from period of the early 2000s until the Covid-19 pandemic (and specifically China’s zero-covid policy) began to truly weigh down China’s domestic and international economic output in 2021-2022. In this scenario, China's free-flowing supply of cash meant they had little to no incentive to slow down investments overseas while their economy grew at record levels, even if it meant financing higher-risk projects and financial agreements (Yang 2023).

The Covid-19 pandemic was certainly a factor in the extreme slowdown but the downward trend began immediately after the 2016 peak so there may have already been some
concern within China about the rising levels of debt owed from the region in the years prior. But by pursuing a destabilizing economic policy of locking down entire cities and grinding export activity to a halt in global cities like Shanghai (well after other global economies had pursued a vaccine proliferation strategy instead of lockdowns), China’s leaders could no longer legitimately claim they were the preeminent global provider of speedy and reliable international exports, so loan commitments immediately bottomed out faster than anyone would have predicted otherwise.

If this relative near-abandonment of China-backed loans to Africa fails to rebound to 2000-2017 averages, it could affect how future researchers consider the questions posed in this study. For one, it may call into question the idea that a recipient state’s democracy has much of an impact on a project’s eventual success. Pragmatic factors, specifically the possible lack of prior proper planning on the part of the financier and global economic factors, have the potential to be more influential. Even if the Botswana power plant and two railways in Kenya and Nigeria respectively grow to be fully reliable and operational by the end of the 2020s, there is great long-term risk to China’s international reputation if those projects never turn a profit.

**Private firms**

One area of research not explored in great depth in this dissertation is the extent to which private Chinese companies operating in Sub-Saharan Africa are shaping the relationship between those states and China. While direct state-to-state investment remains the dominant type of relationship, private companies are playing an increasingly significant role in ways that also differ from their Western counterparts. Broadly, China’s private companies have been operating in Sub-Saharan Africa long enough to transition from being predominantly trade-based to being focused on market-seeking outcomes. Rapid urbanization and a young consumer base in Sub-
Saharan Africa present a captivating potential for return on long-term investment for private firms looking to develop their reach. Furthermore, private firms are less ideologically driven than state-run firms and may be more likely to eschew the party line when seeking investment opportunities overseas. Companies like Alibaba and Huawei, which are legally incorporated as public and private companies respectively, could see their access to capital markets and investment opportunities change over time as a downstream effect of China’s shifting state-managed foreign partnerships.

Many other challenges remain for the prospect of Chinese firms, as well. For example, the shift of a significant number (though of course, not all) of Western investors towards ecologically sustainable projects overseas has not yet been matched by Chinese firms. China’s government touts Belt and Road projects as “green” and recently pledged to stop building coal-powered power plants overseas but its private firms still widely practice highly exploitative tactics in the forestry, fishing, and mineral industries. It is yet to be seen how much a new focus on Environmental, Social, and Governance (ESG) within firms and implementation of new systemic projects such as a national carbon trading market affects China’s international economic linkages.

Another barrier for researchers interested in the effects of Chinese firms proliferating internationally is the Confucian concept of *Guanxi* (关系) that guides Chinese business culture (Li et al. 2021; Millington et al. 2005). *Guanxi* broadly describes how individuals develop overlapping networks of social and business relationships; one should be in service of the other and vice versa. Handshake deals, informal contracts, and gift giving are pervasive in China’s private economy, which can cause cultural consternation when operating in foreign markets more accustomed to clear commitments up front. Business owners are expected to meet with one
another over time (sometimes over the course of years) to develop a relationship-oriented understanding before any official transactions occur. In cases where those personal relationships successfully develop into a business one, contracts are not necessarily drawn up with the same standards as they would in their Western counterparts. The giving of gifts between potential (and existing) business partners is often misinterpreted in the West as bribery but the reality is more complicated. It is easy to imagine a situation where gift giving becomes wrapped up into a cycle of reciprocity where expectations increase with each meeting. But even within China, there are debates about where the line is between friendship and graft and sometimes gift giving does not have to necessarily involve actual, physical gifts. For example, one’s time and attention are seen as extremely valuable and the gesture of spending a full day getting to know someone in person without providing a physical token may be more fruitful than having a short meeting where a high-value gift is given. Exploring the impact of these private Chinese firms and their underlying culture represents a promising, interdisciplinary direction for future researchers.

This project set out to explain why certain mid-range democracies in Sub Saharan Africa elected to accept different levels of foreign investment from China by examining certain qualities of democracy compared to investment levels and project successes in Botswana, Kenya, and Nigeria. There was a demonstrated relationship between a recipient state’s party contestation and their ability to successfully complete a China-financed infrastructure project. While the remaining results did not conclusively meet the project’s original expectations, there were some findings that are worth further examination and great potential for future research that continues to examine the qualities of democracies in relation to their acceptance of development loans as well as how those qualities impact the potential success of specific projects.
Table 10. List of States in Sub-Saharan Africa per the World Bank

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<thead>
<tr>
<th>Angola</th>
<th>Madagascar</th>
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<tr>
<td>Benin</td>
<td>Malawi</td>
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<td>Botswana</td>
<td>Mali</td>
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<td>Burundi</td>
<td>Mauritania</td>
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<td>Cabo Verde</td>
<td>Mauritius</td>
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<td>Cameroon</td>
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<td>Central African Republic</td>
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<td>Chad</td>
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<td>Comoros</td>
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<td>Congo</td>
<td>Rwanda</td>
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<tr>
<td>Cote d'Ivoire</td>
<td>São Tomé and Príncipe</td>
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<tr>
<td>Democratic Republic of the Congo</td>
<td>Senegal</td>
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<td>Equatorial Guinea</td>
<td>Seychelles</td>
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<td>Eritrea</td>
<td>Sierra Leone</td>
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<td>Ethiopia</td>
<td>Somalia</td>
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<td>Gabon</td>
<td>South Africa</td>
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<td>Gambia</td>
<td>South Sudan</td>
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<td>Ghana</td>
<td>Sudan</td>
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<td>Guinea</td>
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<td>Guinea-Bissau</td>
<td>Togo</td>
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<td>Kenya</td>
<td>Uganda</td>
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<td>Lesotho</td>
<td>Zambia</td>
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<td>Liberia</td>
<td>Zimbabwe</td>
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Table 11. Descriptive Statistics for Botswana, Kenya, Nigeria, and Sub-Saharan Africa

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<tbody>
<tr>
<td>Botswana</td>
<td>73</td>
<td>$1,311,003</td>
<td>$125,604</td>
<td>$79</td>
<td>$15,118</td>
<td>$11,462</td>
<td>+24.2%</td>
</tr>
<tr>
<td>Kenya</td>
<td>155</td>
<td>$10,043,394</td>
<td>$3,590,359</td>
<td>$148,563</td>
<td>$4,601</td>
<td>$3,303</td>
<td>+28.2%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>66</td>
<td>$7,472,484</td>
<td>$12,060,017</td>
<td>$1,665,029</td>
<td>$5,076</td>
<td>$2,963</td>
<td>+41.6%</td>
</tr>
<tr>
<td>SSA Overall*</td>
<td>4673</td>
<td>$902,010,537</td>
<td>$57,370,662</td>
<td>$48,118,725</td>
<td>$3,827</td>
<td>$2,802</td>
<td>+26.7%</td>
</tr>
</tbody>
</table>

Notes: All dollar amounts are in 2017 USD constant, except for import and export figures. Loan, import, and export figures in thousands (,000). GDP measured PPP per capita.

Table 12. Types of China-financed contracts in Botswana, Kenya, Nigeria, and SSA Overall

<table>
<thead>
<tr>
<th>State</th>
<th>Grants</th>
<th>Loans</th>
<th>Scholarships / Training</th>
<th>Other</th>
<th>Technical Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>44</td>
<td>10</td>
<td>6</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Kenya</td>
<td>92</td>
<td>39</td>
<td>9</td>
<td>11</td>
<td>4</td>
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<tr>
<td>Nigeria</td>
<td>32</td>
<td>9</td>
<td>3</td>
<td>19</td>
<td>3</td>
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<tr>
<td>SSA Overall</td>
<td>2550</td>
<td>824</td>
<td>226</td>
<td>489</td>
<td>584</td>
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</table>

Table 13. Demographics for Botswana, Kenya, Nigeria, and SSA Overall

<table>
<thead>
<tr>
<th>State</th>
<th>V-Dem Index (0-1)</th>
<th>Regimes of the World (RoW)</th>
<th>Press freedom</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>0.49</td>
<td>Liberal Democracy</td>
<td>58.49</td>
<td>2397240</td>
</tr>
<tr>
<td>Kenya</td>
<td>0.4</td>
<td>Electoral Autocracy</td>
<td>64.59</td>
<td>54985702</td>
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<tr>
<td>Nigeria</td>
<td>0.34</td>
<td>Electoral Democracy</td>
<td>46.79</td>
<td>211400704</td>
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<tr>
<td>SSA Overall</td>
<td>0.27</td>
<td>NA</td>
<td>56.6233</td>
<td>1170000000</td>
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</tbody>
</table>

*A note about Angola: Angola represents 84% of all official flows from China to Sub-Saharan Africa and a substantial percentage of that aid itself is characterized as Vague OF. This is because Angola is one of China’s largest sources of oil. Between 2010 and 2020, Angola has consistently been in the top five countries by share of China’s oil import partners. Though they have dropped from number 2 to number 5 by import share in that time being overtaken by Russia, Iraq, and Brazil, the raw amount of oil has continued to increase owing to China’s major investments in the oil industry (General Administration of Customs 2020). As the largest single holder of debt from China, Angola faces major headwinds in how it repays the nearly $42b in loans made over the years and they have been in active debt renegotiations with various Chinese lenders (Chatham House 2022).
Figure 7. Varieties of Democracy Regimes of the World (RoW) Typology

Note: Author’s design compiled from Coppedge et al. 2023
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Botswana Democratic Party (BDP)</strong></td>
<td>80.38</td>
<td>68.21</td>
<td>76.62</td>
<td>75.17</td>
<td>68</td>
<td>64.78</td>
<td>54.72</td>
<td>57.15</td>
<td>51.73</td>
<td>53.26</td>
<td>46.45</td>
<td>52.65</td>
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<tr>
<td><strong>Botswana National Front (BNF)</strong></td>
<td>–</td>
<td>13.6</td>
<td>11.49</td>
<td>13 (2)</td>
<td>20.44</td>
<td>26.95</td>
<td>36.94</td>
<td>25.95</td>
<td>26.06</td>
<td>21.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>(2)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(3)</td>
<td>(13)</td>
<td>(6)</td>
<td>(12)</td>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Botswana People's Party (BPP)</strong></td>
<td>14.18</td>
<td>12.19</td>
<td>6.56</td>
<td>7.42</td>
<td>6.57</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>(3)</td>
<td>(2)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Botswana Congress Party (BCP)</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>11.9</td>
<td>16.62</td>
<td>19.15</td>
<td>20.43</td>
<td>35.88</td>
<td></td>
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</tr>
<tr>
<td>(1)</td>
<td>(1)</td>
<td></td>
<td>(4)</td>
<td>(1)</td>
<td>(3)</td>
<td>(1)</td>
<td>(4)</td>
<td>(3)</td>
<td>(15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Botswana Patriotic Front (BPF)</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4.41</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>(3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other / Independents</strong></td>
<td>–</td>
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<td>1</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<td>–</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>–</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>31</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>34</td>
<td>40</td>
<td>40</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
</tr>
</tbody>
</table>

Notes: only top three parties by vote share shown in each election year. Also not including specially-elected members, which are always added to the majority party.

*BNF and BPP combined in 2012 to form the Umbrella for Democratic Change, which the BCP joined in 2017.
This is currently the main opposition party to the BDP.
Source: Independent Electoral Commission of Botswana
<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
<th>Passenger Income ₦</th>
<th>Freight tons</th>
<th>Freight Income ₦</th>
<th>Total Income ₦</th>
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</thead>
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<td>4,076</td>
<td>1,311</td>
<td>18,438</td>
<td>23,114</td>
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<tr>
<td>1971</td>
<td>5,760</td>
<td>5,865</td>
<td>1,351</td>
<td>15,960</td>
<td>21,825</td>
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<td>1972</td>
<td>5,819</td>
<td>7,447</td>
<td>1,519</td>
<td>17,095</td>
<td>24,542</td>
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<td>1973</td>
<td>5,131</td>
<td>6,906</td>
<td>2,129</td>
<td>18,025</td>
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<tr>
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<td>4,342</td>
<td>6,906</td>
<td>1,098</td>
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<td>11,003</td>
<td>1,612</td>
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<td>1,452</td>
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</tr>
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</tr>
<tr>
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<td>Value 2</td>
<td>Value 3</td>
<td>Value 4</td>
<td>Value 5</td>
</tr>
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<td>--------------</td>
<td>---------</td>
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Sources: National Bureau of Statistics (2022); Ogochukwu et al. 2022
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VITA

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