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How Chinese Infrastructure Investments have influenced socio-economic development in Kenya – A Case Study of Kenya's Standard Gauge Railway.

In a peri-pandemic world, we are confronted with African governments aggressively pushing infrastructural developmental agendas to address the economic devastation brought about by the global pandemic. Across the continent, infrastructure has been hailed as a potential panacea for the continent's current woes, with billions of dollars being set aside in national budgets with the promise of economic re-stimulation and development. However, as this study seeks to demonstrate, the focus on the infrastructure development nexus has proved to be a far more complex and multi-faceted challenge than previously appreciated. It has failed to achieve the expected success, and, in future, should thus be approached with more careful consideration and calculation to achieve maximum benefit for the people of the host nation. Coupled with further extenuating factors such as high interest rates from a multitude of donors, neo-patrimonial African governments and super-power rivalry tactics that are rampant across the African landscape, the quest for economic development at the helm of infrastructure presents multiple challenges to navigate. Thus, critical analysis of infrastructural development projects on the continent is of paramount importance to better understand the precise dynamics at play and assess whether the benefits truly outweigh the risks for developing economies.

This study's focus on the newly built Standard Gauge Railway (SGR) in Kenya provides one such example. Built in 2017, Kenya's latest Standard Gauge Railway line is 485km long, extending from Nairobi to Mombasa, and promising unprecedented economic growth to this developing East African nation. The majority (90%) of the funding has come from China's Export Import Bank (EXIM) with all construction being done by China's Road and Bridge Corporation (CBRC). At present Kenya's debt to GDP ratio sits at 70.46%, fuelling concerns that it is at risk of debt distress.

Four years after its construction, the emphasis of this study is to assess whether the Chinese-financed SGR is delivering on its promise of economic development for the Kenyan people. This development agenda comes with substantial risk to the Kenyan government, alongside the potential marginalisation of the most vulnerable in Kenyan society. Upon evaluation of the findings, the SGR was economically unviable from the beginning and evidence shows the true winners of these projects are Kenyan Political Elites and the various Chinese stakeholders involved. The greater Kenyan population are yet to realize the economic benefits and instead are burdened further under the weight of heavier taxes to pay off the debt owed. Transparency, governance, unity amongst African neighbours and sustainability are core to long term economic growth brought about by infrastructure such as SGR. Long term economic growth requires that Infrastructure must be inspired by endogenous demand proportional to the economic needs of the population.