

Environmental and social risks of Chinese official development finance in Africa: The case of the Lamu Port project, Kenya

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Abstract

Unlike traditional donor countries, China has not established compulsory environmental and social risk (ESR) mitigation mechanisms for its Official Development Finance (ODF) projects. This article seeks to examine the various stakeholders' relations concerning the ESR induced by Chinese ODF-funded projects with a case study in Kenya. Much of the current research has not analyzed stakeholders of Chinese ODF-funded projects in Africa, especially the local communities. This paper looks at the Lamu Port project, a major infrastructure project in Kenya, to understand the perceptions of various stakeholders – the Chinese government, the Kenyan government, Chinese companies, media, NGOs, researchers, and most importantly the local communities – on the ESR of this particular Chinese ODF-funded project, and examines their relations so as to explore whether there is consensus on who should mitigate the ESR. Understanding these factors is critical for taking action to mitigate ESR resulting from the growing number of Chinese ODF-funded projects.

Keywords: China; Africa; Official development finance; Environmental and social risk mitigation

1. Introduction

African countries receive substantial annual Official Development Finance (ODF) from Organisation for Economic Co-operation and Development (OECD) countries, such as the United States, United Kingdom, France, and Japan. Recent decades have seen more ODF from China¹. This study focuses on the impact of Chinese ODF, especially regarding the environmental and social risk (ESR). Much of the existing research neglects the perceptions of various stakeholders on ESR – particularly regarding who should take on responsibility for mitigation as well as relations between the stakeholders. Having a clearer understating of these factors is critical for taking action to mitigate ESR resulting from the growing number of Chinese ODF-funded projects.

This article contributes to the current scholarship in two ways. First, it examines various stakeholder relations for one particular Chinese ODF-funded port project in Lamu, Kenya, and provides first-hand empirical data, especially from the local communities. Second, this research found that there is no consensus among the various stakeholders on who should take the responsibility for mitigating the high potential for negative environmental and social impacts, which suggests that the Chinese government has significant leeway to take a different mitigation approach to other donors, such as China may just not take the mitigation responsibility due to the lack of consensus. This paper also presents the perspectives of key stakeholders in the project and analyzes the challenges of mitigating the ESR of Chinese ODF-funded projects in Africa.

2. Literature review

2.1 Chinese ODF for Africa and ESR

This paper looks at ODF in detail, which consists of Official Development Assistance (ODA) – grants and concessional loans with a grant element of at least 25%, and Other Official Flows (OOF) – grants for commercial purposes, or those with a grant element of less than 25%, and official bilateral transactions for facilitating exports. Chinese ODF for Africa falls primarily into latter category, not ODA (Brautigam, 2011).

China began official assistance to Africa in the 1950s to support the independence movement of African countries and to gain allies against the perceived

¹ China's Foreign Aid (2011) states that China's financial resource for foreign aid has increased rapidly, averaging 29.4% growth from 2004 to 2009.

imperialism and hegemony of the 'West'. Between 1956 and 1977, Chinese ODF to 36 African countries amounted to 2.48 billion U.S. Dollars (USD), 58% of Chinese total official assistance to all foreign countries (Anshan, 2006). After China's reform and opening up in 1978, Chinese ODF to Africa shifted from grants or interest-free loans to preferential loans, exploration projects, and joint venture cooperation (Jianbo & Hongwu, 2007). In 2000, the Forum on China-Africa Cooperation (FOCAC) was established to further strengthen cooperation. From 2010 to 2012, China promised to provide 10 billion USD in preferential loans to Africa to support infrastructure and social development (FOCAC, 2009). China now ranks sixth among all the donor countries in terms of net foreign aid (Kitano & Harada, 2014). These ODF amounts are still increasing: China pledged 30 billion USD in loans for Africa from 2013-2015, and to expand the China-Africa Development Fund from two to five billion USD.

There are several studies on Chinese ODF-funded projects and their ESR. Tan-Mullins et al (2007) pointed out that Chinese aid is more effective and efficient, yet this effectiveness is at the expense of governance, human rights and the environment, a view typically held by researchers and media. Tan-Mullins and Hofman (2014) further analyzed the instrumental actors in shaping Chinese Corporate Social Responsibility (CSR) in the global context and concluded that the major obstacle is the lack of knowledge, information and skills to translate the CSR policy into practice. However, these studies are mainly theoretical, and did not utilise empirical data from the ODF receiving countries.

The empirical study by the Heinrich Boell Foundation (Yuan et al., 2012) in particular analyzed the ESR of the construction of the Bui Dam in Ghana. The study showed that Sinohydro, the primary Chinese contractor for the project, tried to take care of native hippos in the process of reservoir impoundment and deal with community resettlement. Generally speaking, Sinohydro tried their best to mitigate the negative environmental impacts and to protect the workers' health and safety. However, the environmental protection awareness of some Chinese workers still needs to be improved, and Sinohydro could enhance communication with local Ghanaian workers, especially on environmental education. In the end, the study concludes that communication between the Chinese company and the Chinese Embassy was insufficient, however, it did not examine any of other stakeholders, such as the local communities. Vliet & Magrin (2012) analyzed the factors that influence environmental management by the China National Petroleum Corporation in Chad, and highlighted the role of improved communications and transparency between the project proponents and

other stakeholders, such as the local communities and civil society. Similarly, however, the study did not include an empirical study on the local communities.

2.2 ESR policies related to ODF by OECD countries and China

Since the mid-1990s, OECD countries have been attempting to address the environmental and social risks of ODF. This resulted in policy changes, such as the Environmental Procedures by the U.S. Agency for International Development (USAID), and the Guidelines for Environmental and Social Considerations by the Japan International Cooperation Agency (JICA).

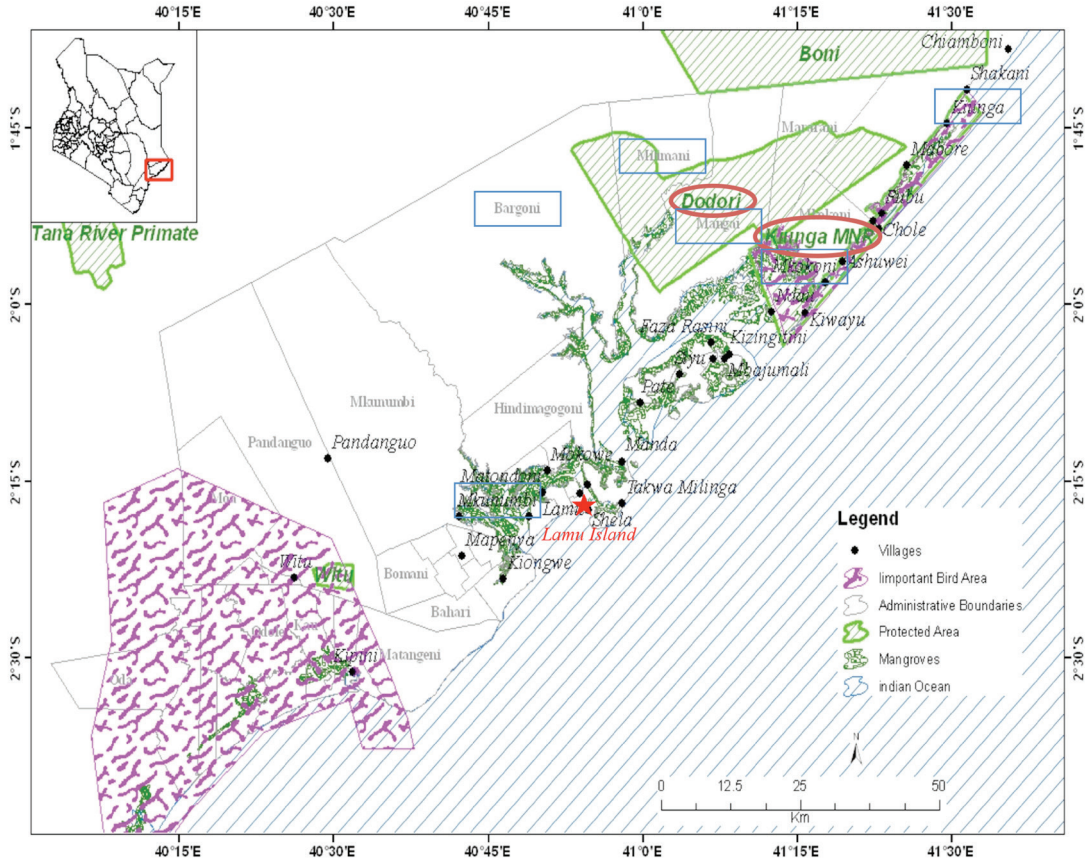
For instance, the French Development Agency (AFD) dictates that, during the project appraisal phase, AFD assesses the ESR from the following categories: ecology, water, air, soil pollution, and nuisances; social risks to communities, natural resources, living conditions, and natural, historical and/or cultural heritage, as well as fundamental human rights (AFD, 2014). JICA has similar policies: the project implementer must submit Environmental Impact Assessment (EIA) reports. For projects resulting in involuntary resettlement, a Resettlement Action Plan (RAP) is required. For projects affecting indigenous people, an Indigenous People Plan (IPP) is needed (JICA, 2010a). To encourage dialogue between stakeholders, JICA also sets the Objection Procedures, which helps resolve ESR disputes as soon as possible (JICA, 2010b).

The Chinese government has issued several voluntary guidelines for the environmental and social performance of Chinese companies, such as the most recent “Corporate Environmental Credit Rating Measures (on trial)” that attempts to rate Chinese companies’ CSR performance, and links it with their priorities of getting loans from Chinese financial institutions (CMEP, 2014). However, unlike JICA, no regulations with strong enforcement mechanisms are in place for Chinese ODF-funded projects.

3. Area of study

This research was conducted in Kenya, specifically in Lamu County, which is located on the northern coast of Kenya, with an area of 6,273.1 km² and a population of 112,251 as of 2012. Over 97% of the populace is Muslim. Adjacent to Somalia, Lamu has unfortunately suffered from terrorist attacks, resulting in declining tourism. A study revealed that unemployment in Lamu lowers GDP by millions of dollars (Cuddihy, 2015).

FIGURE 1: LAMU AND THE KEY HABITATS



Source: Adapted from WWF (2011)

The county’s capital Lamu Island (marked by a red star in Figure 1) has the world’s oldest Swahili settlement, which is a UNESCO World Heritage Site. Lamu County also has the Dodori forest reserve and Kiunga marine reserve (marked by red circles), home to various mammals, birdlife, mangroves, coral reefs, and sea turtles. Six field study locations are marked by blue rectangles: Mpeketoni; Bargoni; Milimani; Mangai; Mkokoni; and Kiunga (from left to right).

Lamu Port is the first part of the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor Project that was launched by the Kenyan government, with support from neighboring countries. As one of the flagship projects of “Kenya Vision 2030”, the LAPSSET Project includes ports, railway lines, highways, and oil pipelines, with total investment of 29.24 billion USD (Kasuku, 2012). Lamu Port aims to have a total cargo volume of 23.9 million tons in

2030, larger than that of Mombasa Port, the largest port in terms of container throughput on Africa's east coast (Japan Port Consultants & BAC/GKA JV Co., 2011). Infrastructure is an important part of Sino-Africa cooperation in general and Sino-Kenyan relations in particular. For instance, as the top donor in terms of the estimated external funding budget for Kenya in 2015-2016, China offers most of its ODF to infrastructure, with 122 out of 140 billion Kenya Shillings devoted to infrastructure projects (Kenya National Treasury, 2015). China provided 480 million USD of ODF to Lamu Port Project. A study on this Project would therefore shed light on other major infrastructure projects funded by Chinese ODF.

3.1. Possible Lamu Port ESRs with Chinese ODF

In 2010, a feasibility study of the LAPSSET Project, commissioned by the Kenyan Ministry of Transport, was conducted by the Japan Port Consultants and the BAC/GKA JV Company. The study concluded that there were eight key risks to the environment and communities in Lamu (Japan Port Consultants & BAC/GKA JV Co., 2011), respectively: water quality; mangrove forest; fisheries; archaeological and historical and cultural sites; land ownership; terrestrial and marine wildlife; transportation of cargo, especially oil; and other induced risks, such as increase the risk of HIV.

The feasibility study recommended some ESR mitigation measures, such as Environmental Impact Assessments (EIA), and Archaeological Impact Assessments. An EIA is a planning and decision-making tool, which presents methodologies and techniques for identifying, predicting, and evaluating potential environmental impacts in the project cycle, and also presents decision-makers with the information necessary to determine whether or not a project should be implemented. However, in 2012, the Kenyan government launched the project without an EIA. In February 2013, the EIA report was finally published, however it was claimed that the EIA was done without consultation with local communities (Save Lamu, 2014).

In April 2013, China Road and Bridge Corporation (CRBC) won the bid to build the first three berths out of 32 in total. In August 2014, a 480 million USD contract was signed between CRBC and Kenya Ports Authority and backed by Chinese ODF to fully financing the first three berths (Capital News, 2014). The funding details, such as source and interest rate, remain undisclosed. CRBC, which as a subsidiary of China Communication Construction Company has operated in Kenya since 1984, is also building the Mombasa-Nairobi railway, for which China EXIM Bank loaned CRBC USD 4.2 billion over five years.

3.2. Kenya's environmental policies

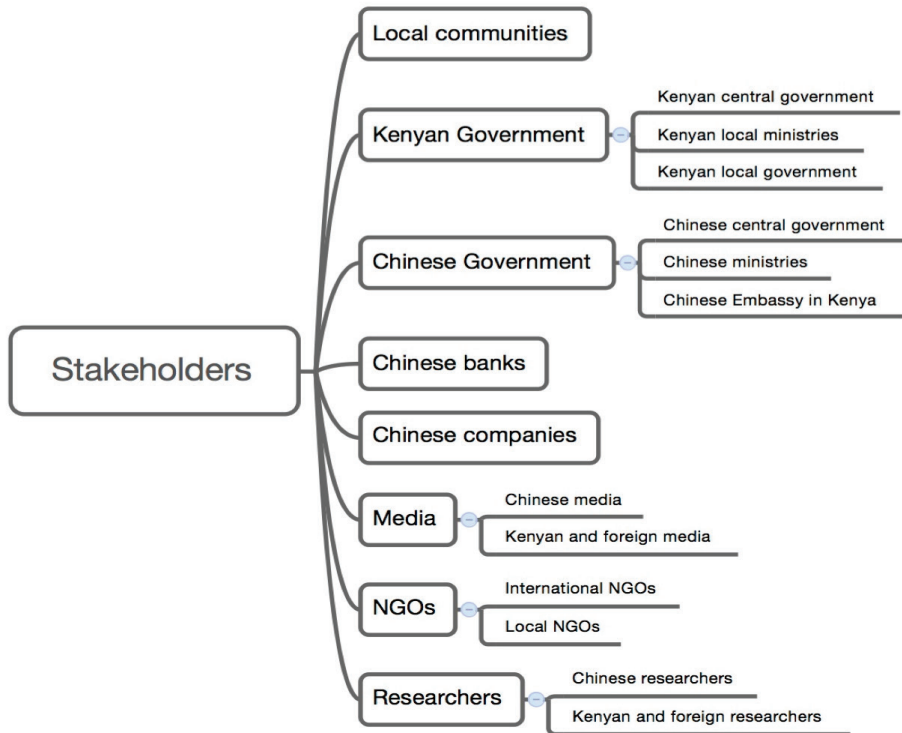
Kenya's current environmental regulatory regime originates from the Environmental Management and Coordination Act (EMCA) of 1999 (Barczewski, 2013). The National Environmental Management Authority (NEMA) was established to review and grant licenses regarding land use. The Kenyan government is responsible for resettlement and compensation of resettled communities. The licensee, the Kenya Port Authority for the Lamu Port Project, is in charge of monitoring ESR mitigation activities by construction companies. The EMCA requires that during the EIA process for all projects, including but not exclusively to those involving Chinese companies and finance, a licensee should seek the views of people to be affected and hold at least three public meetings with the affected parties and communities (NEMA, 2003).

4. Methodology

Stakeholder analysis is used to analyze the roles of actors related to development projects. The main goals are to: 1) identify the stakeholders; 2) assess how stakeholders affect/are affected by projects; 3) examine relations among stakeholders; 4) assess the stakeholder participation during project implementation (DFID, 1995 and ODA, 1995). Stakeholders involved in the Lamu project are listed in Figure 2.

A two-part questionnaire was distributed for the research that involved open-ended questions and multiple-choice questions. Thirty-five community members answered the questionnaire, as listed in Appendix 1. Ethnicity, location, and profession all went into the selection process in order to get a representative cross-section of the community. Of that community, seven groups were represented: farmers, forest dwellers, fishermen/women, pastoralists, businessmen/women, women, and village leaders, with 5-8 from each group. At the time of this field study, the construction of the Lamu Port had not yet started, thus the study focuses on the perceptions and concerns of the local communities.

FIGURE 2: STAKEHOLDERS IN THE LAMU PORT PROJECT.



Source: Author's construction

Open-ended questions were designed for each of the seven groups in terms of their occupational history, alternative livelihoods, and basic attitudes towards the port, to explore whether the port itself would affect their livelihood, and in what capacity. The 15 multiple-choice questions were given to all respondents, as listed in Appendix 2, and they looked at the perception of the port construction's impact. For instance, it assessed what the construction would mean for their environment, land, livelihood, health, and culture.

In addition, stakeholders from beyond the study communities took part in *semi-structured interviews*, with questions focusing on three topics: respondents' perceptions about the ESR of Chinese ODF in Kenya/Africa, perceptions about who is responsible for mitigation, and relations with other stakeholders. A wide range of stakeholders were involved in these interviews as listed in Appendix 3, such as Kenyan local government officials, Chinese government officials, Chinese company staff in Kenya, members of the Chinese media in Kenya, local NGOs, and African researchers. Additional attempts by telephone and/or email to contact the Kenyan central government officials and the representatives of three key Chinese banks were not successful.

5. Results and analysis

Based on the methodology of stakeholder analysis, the questionnaire study with local communities and the semi-structured interviews with various stakeholders were conducted to assess how stakeholders affect/are affected by Lamu Port construction, to examine relations among stakeholders, and to assess the stakeholder participation. This section presents three main relative findings: the livelihoods to be affected by Lamu Port construction; the insufficient communication with communities by the Kenyan government and Chinese companies; the lack of coordination and consensus among stakeholders on who should take the ESR mitigation responsibilities.

5.1 Local communities are highly dependent on natural resources for their livelihoods and those livelihoods will be negatively affected by the Lamu Port construction

The Lamu Port project has the potential to affect the environment and local communities, and the influences on the local communities go far beyond the ones listed in the feasibility study of the LAPSSSET Project. A livelihood comprises the capabilities, assets (both material and social resources), and activities required for a means of living (Chambers & Conway, 1991). Table 1 reveals the daily practices of how seven groups make a living from the natural resources, including the activities they conduct in the natural environment, the scale of the group, gender roles, location, duration, equipment, the practice process, and the usage of the materials. It shows that the seven groups are all highly dependent on the natural environment for their livelihoods as well as their day-to-day living, which includes food, water, building materials, wood for fuel, medicine, and family income. For instance, the fishermen use *dhow*s, a traditional canoe made out of mangrove wood. Forest dwellers live in traditional houses with walls built around mangrove poles. And all the natural resources could be threatened by the Lamu Port construction if no proper measures are taken.

Table 2 presents environmental changes in past decades and their perceived effect on livelihoods, which could be indicative of the possible future effects on livelihoods that might be caused by the Lamu Port construction. The numbers in brackets indicate how many respondents from the group of 35 respondents mentioned that specific effect.

TABLE 1: HOW THE LIVELIHOODS OF SEVEN GROUPS DEPEND ON NATURAL RESOURCES

Group	Activity	Scale of group	Gender	Location	Time/duration of activity	Equipment	Practice		Usage
							Past	Recent	
Fisherman/ woman	Fishing	1 or more, up to 50	For a group, only males	Ocean and river	Ocean fishing: 5-6 hours/Day for small groups, one day to one week for big groups.	Nets with mesh larger than 2-3 inches to let undersized fish escape.	Ocean fishing: follow tides	/	For large group fishing, sell to dealers;
					River fishing: from morning to afternoon	Dhows	River fishing: use trap nets		For small group, only sell what is left after family use
	Lobster catching	1-3	Male	Ocean	5-6 hours/Day	Second-hand aquaboard, goggles	Dive deep in the ocean, and use dead octopus to scare the lobster away into the net behind it	Rather modern gears, mostly second-hand	Mainly for selling, only eat the dead catch
Forest Dweller	Seashell collecting	1 or more	Female	Beach	Irregular	No special equipment	Collect the unbroken shells, especially the expensive cowries	/	Make and sell shell-necklaces to dealers
	Honey collecting	1-3	Male	Forest	1-7 days	Matches	First search a special bird that lives close to bees, and follow them, or search by himself/herself based on experience; make a fire, and smoke away the bees; enlarge the hole and collect the honey	Though introduced man-made beehive, still stick to the traditional way	For family use and selling, depending on the amount of honey collected
	Mangrove collecting	2-10	Male	Mangrove forest	One week	Dhows	Cut down the mangroves, and tie them aside the dhow. Once cut, take all out. Collect all the nine kinds in the region after registering for operation in the marine protected area	/	Family use, and sell to villagers, to build houses, dhows, furniture, for fuel wood, medicine
Firewood, food and herb collecting	6-7	Females and only 1-2 males for preventing from wildlife	Forest	Depends, almost every day	No special equipment	When cut they plant to assure the collection at dry seasons.	Collect Tiel, a fruit of Ichile tree, dry the seeds, crush to powder for bread and Ugali, main food in the region; Collect herb leaves of Agakari for malaria, and Mbalambal for coughing	/	Family use only

TABLE 1 CONTINUED

Pastoralist	Shifting grazing	2-3 families	Somali families	Pasture	2-6 months in one area, depending on the rain	No special equipment	Shift before the grassland is eaten up	Consider settling down for children's education	Main food is milk. Only sell when need money
	Sedentary grazing	Family unit	Somali tribe families	Pasture	From morning to evening	No special equipment	Take the cattle or goats out at mornings and take back at evenings	Normally hire someone for grazing	Don't eat, only sell
Farmer	Farming	Family unit	Family	Farmland	Some go in the morning and come back in the afternoon. Some live on the farm from Saturday to Thursday, and only come back to village on Fridays for Muslim activities	No special equipment. Use hands to plough (due to no truck)	Swidden cultivation. Depend heavily on rain, and only use well water for some trees. One household has 4-50 acres of land. Not all are explored, due to lack of money or labor, and some lands are infertile. Plant coconut trees, mango trees, papaw, cashew nut, simsim, cow beans, sorghum and maize. Use cow dung as fertilizer, but mostly don't use fertilizer.	/	First for family use, and only sell the rest, because no proper crop storage at home
Businessman/woman	Running shops as formal selling	Individual/family	Both	In the village	Daily	No special equipment	Farming and fishing as well	Sell groceries, clothes, and building materials	Family use
Woman	Collecting firewood, food and herb from forest, and collecting drinking water, and other activities	Depends	Woman	Forest, river, ocean, village	Daily	No special equipment	For water, they walk with the containers to collect water from the Djabia that collects rainwater, or the wells near the Mangai River, for three or more times per day. For firewood, food and herb, refer to the forest dweller.	Informal selling for extra income: hand-made handicrafts out of the flip-flops and seashells collected on the beach; local snacks like the baobab seeds of baobab trees	Family use
Village leader	Maintaining law and order	Individual	Male	Village	Daily	No special equipment	Farming as well	Act as leaders in villages	Family use

TABLE 2 ENVIRONMENTAL CHANGES AND THEIR EFFECTS ON LIVELIHOODS FOR THE SEVEN LAMU GROUPS

Group	Environmental changes	Reasons	Effects on livelihoods
Fisherman/ woman (8)	Less fish (8/8)	Natural: El Nino phenomenon (3/35) Climate change (4/35) Man-made: Forest logging (8/35) Increasing population (4/35)	Less food and less income (5/8)
Forest Dweller (5)	Less honey, less mangrove, and more wildlife (5/5)		Less food, less income, and more human-wildlife conflicts (2/5)
Pastoralist (5)	Degraded grassland, and more animal diseases (3/5)		Farther grazing site and loss of animals (2/5)
Farmer (7)	Less rainfall, and more wildlife (5/7)		More work but decreased harvest, and more human-wildlife conflicts (5/7)
Businessman/ woman (6)	Less rainfall, less fish (5/6)		Less income (5/6)
Woman (8)	Less fish, less rainfall, more wildlife (6/8)		More work but decreased harvest (2/8)
Village leader (4)	Less rain, less forest, less fish, less elephant and rhino, more other wildlife, less honey (4/4)		More work (2/4)

An example of changing environment was provided by respondent 6, a lobster fisherman, who said, “For now, I can only catch 1.5 kg, and sometimes I go for 2-3 days, and come back with nothing. Before I could get 20-30 kg, sometimes even up to 50 kg.” Respondent 9, a honey collector, complained that “before I can get 20 liters for one day, but nowadays maybe one liter up to five liters for one day.” Four respondents mentioned the increasing population as the major cause. “Before few, only three families did grazing. Now more people, about 70 families (in Kiunga Village),” respondent 14, a pastoralist, said. However, the population in Lamu will increase to over 1.25 million people over the period of port construction, over ten times of the current population of Lamu Country (as of 2012, 112,251 in total), according to the 2010 feasibility study.

Sixty-four per cent of respondents think the port construction will affect the natural environment, out of which 65% think these environmental changes will affect their livelihood a lot, and 26% think their livelihoods will be completely affected. Further explanation by forest dweller respondents demonstrates that the loss of mangroves will not only reduce the amount of mangrove logging, but will also affect local customs of using mangrove timber as a building material as well as for other daily usage, such as for fuel, furniture, and wooden toys

(from the Mlilana mangrove), and for medicine (burning the Mutu to drive away mosquitos, and taking Mkomafi for curing stomachaches). Already, mangrove timber collection has been facing a decline due to both natural and man-made factors: respondent 11, a mangrove collector, explained that “the reason for the decline is growing population, and more construction”.

As is evident from the data, the change in environment has had a major impact on the people in the area. And it seems likely that the environmental changes to be caused by the port construction will further affect the local people in terms of challenging their livelihoods and social environs. Participant 12, a female forest dweller explained that, “more wildlife, like buffalo, are coming here because the far away forest is cleared. This is a good habitat. So the animals are here. It affected my life a lot. The port will change the environment here and affect my life a lot.” Ninety-one percent of the respondents are worried about the increasing Sexually Transmitted Disease (STD) resulting from the presence of outside workers during the construction. Some respondents expressed other concerns, such as women following new fashions, like the shorter skirts above the knees. There are also concerns about religion, as Participant 4 revealed, “our [Muslim] religion will be destroyed, because we are going to have more [night] clubs here.”

5.2 The communication of the Kenyan government and Chinese companies with the local communities regarding the port construction is insufficient.

Sixty-nine percent of the 35 respondents think that the construction will affect their land and they are afraid of forced resettlement. One respondent from Bargoni Village stated that land grabbing is already happening, claiming that between 2012-2013, more than 100 buyers had purchased land in Bargoni. The elders from the Boni ethnicity organized regular meetings to protect their community land rights. As a result, 159 attendees signed a petition to the chairman of the Ministry of Lands, and other government officials in August 2012. But as of November 2013, there has been no reply.

Only 40 percent of respondents claimed to have been notified by the government about the port project. The Sub-Chief of Kiunga Village said the village leaders held four meetings monthly about the construction, and invited 200-300 people to each meeting. However, the results show not all villagers knew about the project, and one elderly Somali woman living in the area had not heard about the port at all. Meanwhile, there is lack of communication related to construction jobs. Three respondents mentioned that in 2012, governmental

officials came to assess the work abilities of the locals, and promised training and local rights of first refusal on construction jobs. However, nothing had come out of those meetings by November 2013.

Besides the limited communication between the community and local government, the study also indicated that the communication between Chinese companies and local Kenyans is insufficient and involves misunderstandings, even though Chinese projects are increasing greatly in Kenya. The respondents said there were some Chinese companies involved in construction nearby, and that they seldom interacted with the Chinese workers. The respondents have two dominant perceptions of the Chinese: (1) that they eat their dogs (two of the respondents stated that this was the reason they had to lock up their dogs); and (2) that Chinese workers are prisoners, which one respondent mentioned is the reason why Chinese do not communicate with locals. The respondents also revealed that many Kenyans, including those with more education, also have the same perceptions (Brautigam 2010 and Hairong & Sautman 2012 have explored the widespread diffusion of these myths in Africa).

5.3 The relations between the stakeholders suggest that there is no coordination on ESR mitigation, and that there is even no consensus between various stakeholders on who should take responsibility for ESR

Table 3 shows the results of the semi-structured interviews with non-community stakeholders, as well as the community questionnaire. Not all the interviewees answered the three questions, and thus some columns are blank. For the Kenyan government, only local government, rather than regional and national officials, in Lamu responded.

It seems that only the Kenyan government and Chinese companies are not paying attention to ESRs. The Kenyan local government in Lamu only emphasizes the economic and social benefits of development projects in the interview with the Lamu County governmental officials. Local communities are aware of ESR, and believe that the Kenyan government should be more heavily involved. Currently there is not much communication between the local communities and the local Kenyan government – the authorities in the villages and the Lamu County Development Planning Office. The land issue and the promised job training mentioned in 5.2 reflect the problem of limited communication.

TABLE 3 RESULTS OF INTERVIEWS WITH NON-COMMUNITY STAKEHOLDERS

Stakeholders	Perceptions of ESR		Perceptions of who is responsible for ESR mitigation	Perceptions of own role
	Aware Y	Not aware N		
Local communities	Y		Kenyan government	/
Kenyan government officials	N		Chinese companies	Contractee
Chinese government officials	Y		Chinese companies	Support Chinese companies
Chinese companies	N		Not Chinese companies	Contractor
Chinese media	/		/	Report on Chinese companies
NGOs	Y		Chinese and Kenyan governments	Dialogue platform
African researchers	Y		Kenyan government	Support policy research

The Kenyan government’s Environmental and Social Impact Assessment (ESIA) report for Lamu Port Project, Kenyan environmental policies, and interviews with Chinese companies reveal that both sides have conflicting understandings of who should take the ESR mitigation responsibility. In the ESIA report, the Kenyan government suggests that the contractors, namely the Chinese company in this case, should carry out the mitigation measures. However, Chinese companies understand that they are merely contractors, and only focus on fulfilling the terms of the contract, which means simply the construction (although the content of the contract is not publicly available). In reality, the Chinese Embassy in Kenya is not monitoring ESR mitigation measures conducted by the Chinese companies, while other donors’ development agencies are claiming to be doing this. One Chinese company representative in Kenya explained that the Kenyan National Environmental Management Authority (NEMA) performs an annual environmental impact assessment on all the foreign companies, which results in an environmental certificate that allows future operations in Kenya. However, the same representative admitted that “since the project belongs to the Kenyan Government, the assessment by the Ministry of Environment is mostly a formality”. This subtle relationship between the Kenyan Government and Chinese companies due to the Kenyan institutional regulation might undermine the sustainability of the project in the formality of issuing the annual environmental certificates.

For Chinese print and television media in Kenya, CSR activities by Chinese companies in Kenya have been actively covered. However, members of the Chi-

nese media complained that most Chinese companies only invited them when they launch large-scale projects in Africa, and some Chinese state-owned companies have even refused interview requests from Chinese state-owned media, not to mention requests from foreign media. Though media can take on more monitoring responsibility in their reporting, as one media interviewee reckoned that, Chinese companies are still in the learning process on how to deal with media and interact on the ground.

Both international and local NGOs are engaging with the stakeholders to mitigate ESR and protect the land rights of local communities. For instance, World Wide Fund For Nature (WWF) is interacting with Chinese and African countries' governments with the aim of promoting a fuller consideration of environmental and social impact in the Sino-Africa relationship by organizing dialogues. "The Chinese companies don't have the experience of engaging with NGOs, even inside of China. International NGOs can help promote the dialogue between Chinese companies and local communities by working with the local NGOs," said one WWF staff member based in Beijing in the interview. However, as Tan-Mullins & Hofman (2014) argue, despite the positive change in the increasing engagement by non-state actors to promote Chinese CSR, this perceived sharing of power in the decision-making process is carefully controlled by the Chinese government. From the Kenyan side, Save Lamu, a local NGO, has been engaging with local communities in protecting their communal land rights. Yet during the interview, the staff mentioned that they lack staffing and funding to engage more effectively with the Kenyan Government and other stakeholders.

Several African researchers on China-Africa policy studies were convinced that it is up to African governments themselves to take the lead in mitigating ESR in their own territories, rather than putting all responsibility on the Chinese government, which contradicts the criticism made by some media and researchers on China's irresponsibility in mitigating ESR in large projects. A senior researcher from the Africa Institute of South Africa commented that it is not the Chinese government or the Chinese companies who should be blamed, since all ESRs are part and parcel of every countries' ODF, not just China's. The same researcher also stressed the importance of African countries taking a leading role in this regard, which is an epitome of the growing literature on African agencies in China-Africa relations.

6. Conclusion

This analysis of the various stakeholders involved in the Lamu Port project reveals that there is no coordination or any consensus on who is responsible for ESR mitigation in the cycle of this Chinese ODF funded project, despite the immense impacts on the livelihoods of local communities that are likely to occur. Unlike the traditional Western donors and those of the OECD's Development Assistance Committee (DAC) who normally believe that it is the donor's development agency that should assess ESR in their ODF projects and have formed their own ESR regulations in the long history of providing ODF, China has relatively less experience of providing ODF and, as a non DAC country, the Chinese government does not necessarily follow the OECD regulations.

The discussion on who should take the ESR mitigation responsibility in Chinese ODF-funded projects, whether the Chinese government or the ODF-receiving government, should be put into a broader, global context. China is currently intending to formulate its own approach to development cooperation rather than simply copy or adhere to the existing standards set by Western countries, with its Silk Road Fund and Asian Infrastructure Investment Bank (AIIB) being notable attempts. The Chinese government also emphasizes the importance of empowering the recipient countries with "ownership" in the process of providing the development finance. Who should take the ESR mitigation responsibilities is likely to be the subject of continued discussion and China might find its own approach in the process. However, it is undoubtable that the Chinese government and companies can no longer ignore the environmental and social risks associated with Chinese development finance to African countries, not least because the impacts on local communities are fundamentally at the livelihood level and are therefore likely to become an issue of increasing political importance in China-Africa relations.

Biographical Note

Dong Le is currently pursuing his PhD in environmental economics in Kyoto University with focus on the international financing to Africa and aid coordination. Before joining the academia, he worked for European Union Delegation to China and World Wide Fund for Nature (WWF) in China and Kenya. He holds an MA in environmental management from Kyoto University.

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Appendix 1: Thirty-five questionnaire respondents in Lamu County

No.	Ethnicity	Group			Location	Time
		Main group	Other group	Woman		
1	Bajuni	Fisherman/ woman		Woman	Kiunga	10:55-11:10, 20 Nov 2013
2	Bajuni		Farmer		Kiunga	12:06-12:29, 20 Nov 2013
3	Bajuni			Woman	Kiunga	14:00-14:17, 20 Nov 2013
4	Bajuni				Mkokoni	18:09-18:34, 20 Nov 2013
5	Bajuni				Kiunga	13:37-13:59, 21 Nov 2013
6	Bajuni		Village Leader		Mkokoni	17:43-18:07, 21 Nov 2013
7	Boni		Forest dweller		Mangai	11:33-12:06, 24 Nov 2013
8	Boni		Forest dweller		Mangai	12:41-13:26, 24 Nov 2013
9	Bajuni	Forest dweller	Farmer		Kiunga	16:13-16:35, 20 Nov 2013
10	Bajuni		Village Leader		Kiunga	11:19-12:00, 21 Nov 2013
11	Bajuni				Mkokoni	13:41-13:59, 22 Nov 2013
12	Boni			Woman	Mangai	14:20-14:49, 24 Nov 2013
13	Boni		Farmer	Woman	Milimani	12:05-12:53, 25 Nov 2013
14	Somali	Pastoralist			Kiunga	12:32-12:49, 20 Nov 2013
15	Somali			Woman	Kiunga	12:58-13:10, 20 Nov 2013
16	Bajuni		Fisherman		Kiunga	13:34-13:54, 20 Nov 2013
17	Somali				Milimani	13:15-13:51, 25 Nov 2013
18	Boni		Farmer		Bargoni	16:34-17:00, 25 Nov 2013
19	Kikuyu	Farmer		Woman	Mpeketoni	13:26-13:49, 19 Nov 2013
20	Bajuni				Kiunga	12:00-12:30, 21 Nov 2013
21	Bajuni				Mkokoni	10:05-10:37, 22 Nov 2013
22	Bajuni				Mkokoni	10:46-11:15, 22 Nov 2013
23	Boni		Village Leader		Mangai	13:30-14:10, 24 Nov 2013
24	Boni				Milimani	11:14-11:59, 25 Nov 2013
25	Boni				Bargoni	17:00-17:25, 25 Nov 2013
26	Kikuyu				Mpeketoni	20:49-21:12, 18 Nov 2013
27	Somali	Businessman/ woman		Woman	Kiunga	10:28-10:55, 20 Nov 2013
28	Bajuni				Kiunga	11:37-11:07, 20 Nov 2013
29	Bajuni				Kiunga	15:52-16:16, 21 Nov 2013
30	Bajuni			Woman	Mkokoni	9:20-9:35, 22 Nov 2013
31	Boni		Farmer & Fisherman		Bargoni	16:00-16:30, 25 Nov 2013
32	Kikuyu	Village Leader			Mpeketoni	20:22-20:31, 18 Nov 2013
33	Kikuyu				Mpeketoni	16:32-16:49, 19 Nov 2013
34	Bajuni				Kiunga	13:12-13:37, 21 Nov 2013
35	Boni				Basuba	17:30-18:20, 25 Nov 2013

Appendix 2: Multiple choice community questionnaire

1. Do you think there are changes in the environment near your family, like forest, pasture, marine and farmland in the past decades?
A. Changed completely; B. Changed a lot; C. Changed a little; D. No change at all.
If changed, in what way: _____.
2. If changed, have these changes affected the way of your family's making a living?
A. Changed completely; B. Changed a lot; C. Changed a little; D. No change at all.
3. Do you know there is going to be a new Lamu Port and associated infrastructure construction (hereafter 'the construction')?
A. Yes; B. No; C. I don't know.
4. Do you think the construction will affect the environment near your family?
A. Yes; B. No; C. I don't know.
5. If affected, do you think the changes in the environment will affect the way of your family's making a living?
A. Will change completely; B. Will change a lot; C. Will change a little; D. No.
If changed, in what way: _____.
6. If affected in your opinion, have you been notified by any government organization about the construction plan?
A. Yes; B. No; C. I don't know.
7. Do you think the construction will provide you a job?
A. Yes; B. No; C. I don't know.
If yes, do you want to be worker in the construction?
A. Yes; B. No; C. I don't know. And why yes or no: _____.
8. Do you worry about the increasing workers/employees from outside of Lamu in the process of construction?
A. Yes; B. No; C. I don't know. If yes, in what way: _____.
9. Do you worry about the potential increasing STD (in Swahili: magonjwa ya zina) in Lamu?
A. Yes; B. No; C. I don't know. If yes, any suggestions: _____.
10. Do you think the construction will affect your land or make you move from current place?
A. Yes; B. No; C. I don't know.
If yes, do you want to give up your land or move your family?
Only if the compensation is agreeable; B. Don't want to even the compensation is enough.
11. If you don't agree to give up your land or move, will you choose to stay?
A. Yes; B. No; C. I don't know.

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12. Do you think the construction will affect your community culture and/or the Swahili culture, like the custom, architecture or sacred items/places in your belief/religion?
- A. Will change completely; B. Will change a lot; C. Will change a little; D. Will not change.
- If yes, in what way: _____.
13. As far as you know, is there any meeting or discussion in your community about the possible impacts of the construction?
- A. Yes; B. No; C. I don't know.
- If yes, who was part of the discussion: _____. And any result: _____.
14. What might be the good impacts after the construction, if you think there are? (can choose more than one)
- A. Improved road/transportation network; B. More job opportunities;
C. Modern and convenient life; D. Earn more money from tourism; E. Others:
_____.
15. What might be the bad impacts after the construction, if you think there are? (can choose more than one)
- A. Bad environment changes; B. More social insecurity issues; C. More health problems/diseases;
D. Loss of livelihood, like income; E. Others: _____.

Appendix 3: List of interviews with various non-community stakeholders

No.	Organization	Date
1	Institute of Law and Environment Governance, Kenya	10 October, 2013
2	World Wide Fund For Nature (WWF)-Eastern and Southern Africa Regional Program Office, and Coastal Kenya Program	14 October, 2013
3	WWF-International	23 October, 2013
4	China Council for International Cooperation on Environment and Development	24 October, 2013
5	African Station, China Daily	27 October, 2013
6	Kenya Wildlife Service	28 October, 2013
7	Ministry of Environmental Protection, China	28 October, 2013
8	WWF-South Africa	29 October, 2013
9	WWF-International	5 November, 2013
10	Chinese Embassy in Kenya	6 November, 2013
11	China Overseas Engineering Group, Kenya Office	8 November, 2013
12	Sino Hydro Corporation	13 November, 2013
13	Japan International Cooperation Agency (JICA) Kenya Office	15 November, 2013
14	WWF-Sweden	17 November, 2013
15	Lamu County Government	26 November, 2013
16	Save Lamu	26 November, 2013
17	African Station, China Central Television	23 November, 2013
18	African Regional Bureau, Xinhua News Agency	28 November, 2013
19	China Road and Bridge Company	29 November, 2013
20	WWF-China	16 April, 2014
21	African researchers from Africa Institute of South Africa, University of Vienna	27-30 May, 2014