The Belt and Road Initiative

Opportunities and Risks for Africa’s Connectivity

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Abstract: This article examines the implications of the Chinese-led Belt and Road Initiative (BRI) for Africa’s connectivity. The BRI seeks to rebuild the ancient Silk Road trade route with the overall goal of opening global markets, thus creating a trade and investment network involving three

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continents: Africa, Asia, and Europe. Using secondary data, this article assesses the opportunities and potential challenges of the BRI for Africa with a special focus on various BRI national projects. It concludes that China’s involvement in infrastructure projects in Africa and the BRI’s vision for increased connectivity among beneficiary countries can lead to integrated and streamlined economic and infrastructure development in Africa, while improving China’s corporate and product image, generating mutual benefits to both China and Africa. This article also argues that for those BRI-based benefits to materialize, certain challenges need to be dealt with, particularly security risks and corruption, which could increase the long-term costs of infrastructure projects for countries involved.

**Keywords:** Belt and Road Initiative (BRI); connectivity; Africa; China; security risks.

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**Introduction**

In 2013, Chinese President Xi Jinping announced plans to build a “Silk Road Economic Belt” and a “21st Century Maritime Silk Road,” now referred to as the “Belt and Road Initiative (BRI).” The BRI aims to improve investments, infrastructure, and trade in Africa, Europe, and Asia, to facilitate greater global growth and development. At present, the BRI seems to be not only an economic initiative, but also a foreign policy priority for the Chinese leadership. As some observe, “[i]t is strategic and comprehensive in scope and an essential component of the Communist Party of China’s (CPC’s) twin objectives of achieving national rejuvenation and restoring China as a Great Power.”

Aiming at connecting Asia, Europe, and Africa through energy and transportation infrastructure, trade, investment, education, tourism, and

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culture, the three major drivers of the initiative are security, market, and energy. Together, these drivers create a foundation of interlocked transportation corridors and port services to enhance trade and security, and assist in strategic penetration of markets. As of March 2018, the initiative between China and 65 other countries collectively represent 62 percent of the global population, roughly 30 percent of global GDP, and 75 percent of energy reserves. Funding for the BRI projects comes from various stakeholders, which include the US$40 billion Silk Road Fund (SRF), $100 billion Asian Infrastructure Investment Bank (AIIB), $100 billion BRICS New Development Bank, and $50-100 billion from the sovereign wealth fund China Investment Corporation, among others.

With the AIIB being one of the major BRI financiers, a number of African countries have already begun to reap concrete benefits from the initiative. As of June 2017, Egypt and Ethiopia were “non-regional” members while South Africa, the Republic of Sudan and Madagascar were prospective members. In 2019, African countries Côte d’Ivoire, Guinea, and Tunisia joined the AIIB. As AU Economic Adviser Costantinos Bt. Costantinos pointed out, “[a]s members of AIIB, Ethiopia and other African member countries can access loans and other capacity-building assistance to infrastructure projects.”

The BRI focuses on East African countries, including those in the Horn of Africa, namely, Kenya, Egypt, Djibouti, Tanzania, and Ethiopia. Before long, BRI projects may extend to Nigeria, Cameroon, and Namibia. In order for infrastructure to play a significant role in China-Africa cooperation, the African Union and China signed several memorandums of understanding.

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4Ibid.


(MoUs) on cross-continental infrastructural development of highways, railways, and aviation in 2015 and 2016, all of which are top priorities of Africa’s Agenda 2063. If returns from investment are efficiently harnessed, China’s investment will assist in raising the necessary capital for development purposes.

However, insofar as the BRI is well-intentioned, it raises strategic and practical questions that beg for answers: How does Africa fit into and benefit from the BRI? And what are the possible opportunities and risks for African connectivity? This article seeks to answer some pertinent questions by assessing the possible risks that might confront the stakeholders alongside prospective opportunities. The structured approach of this study focuses on assessment and critical analysis of existing literature on the BRI in Africa. The sources of information include published journals, unpublished materials, and reports from credible databases like those of national governments and research institutions.

How Does Africa Fit into the BRI?

In recent years, more African countries have joined the Belt and Road Initiative. The strategic location of some countries, such as Kenya, Tanzania, and Somalia (the shore of the Indian Ocean), as well as Egypt and Djibouti (the shore of the Mediterranean Sea), make them natural BRI partners because they connect Africa, Asia, and Europe. In addition, for these countries and many others on the African continent, joining the BRI can help them meet urgent infrastructural needs for their development.

Three Pivots: Kenya, Djibouti, and Egypt

Three African nations are already full-fledged BRI partners: Egypt, Kenya, and Djibouti. Their participation is, however, not explicit. Most documents indicate that Egypt is the only African country which will host BRI projects. In East Africa, BRI progress is reflected in infrastructure building, especially

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roads, highways, and railway connectivity, which are being undertaken by Chinese companies.

Egypt, Kenya, and Djibouti have become full-fledged BRI partners. Kenya is expected to receive substantial funding from China for crucial infrastructure projects. The main BRI developments in Kenya are the improvement of Mombasa port, construction of a modern port at Lamu and the standard gauge railway construction. In the future, there may be the construction of the Kenyan pipeline, which would join Kenyan ports to Uganda and Southern Sudan oil fields. However, financing for the construction of the new port and pipeline is not clear. In particular, the specific role of such BRI institutions as the AIIB and SRF, as well as Kenya’s role in this initiative, remains unknown. Though Kenya signed a cooperation agreement within the BRI framework during the 2017 BRI forum, no explicit bilateral agreement between China and Kenya regarding the BRI exists.

Djibouti, a developing country in the Horn of Africa, also particularly interests China. Infrastructure projects financed by China in Djibouti include, among others, the Ethiopia-Djibouti railway and the $300 million water pipeline system to transport drinking water from Ethiopia to Djibouti. The modernization of the 752.7km Ethiopia-Djibouti Railway costs $4 billion, with the Ethiopian section costing $3.4 billion. China’s Exim Bank would finance 70 percent of the total cost. Although Djibouti is not rich in natural resources, its strategic location “on the eastern edge of the

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African continent and the western shore of the Indian Ocean” makes it attractive to investors: 30 percent of global shipping passes through the Red Sea from the Indian Ocean and the Suez Canal.

In 2016, a Chinese military base was opened in Djibouti alongside the existing American, Japanese, and French garrisons. The naval base is meant for security purposes along the BRI route and multilateral operations. To this effect, China’s navy in Djibouti has played a significant role in anti-piracy operations off the Coast of Somalia and peacekeeping missions in South Sudan. The military base also facilitates quick response in case of emergencies in South Asia, North Africa, and the Middle East. Therefore, the base is both a mixed commercial and military venture and a symbol of China’s expanding interests. China’s security presence is meant to maintain open commercial channels, protect economic interests, and provide a more secure environment. Although China’s presence in the region aligns with the BRI rationale and exemplifies increasingly active participation in international affairs, the West perceives it as a potential threat. Generally, powerful nations that control the security of specific regions control the trade routes as well. Egypt and Djibouti’s strategic location has interested Western nations, and now, China.

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13 Wang Yuan-Kang, “China’s Response to the Unipolar World.”


16 Monica Wang, “China’s Strategy in Djibouti: Mixing Commercial and Military Interests.”

17 Wang Xieshu, Joel Ruet and Xavier Richet, “One Belt One Road and the Reconfiguration of China-EU Relations.”

Neighboring Djibouti is Egypt, a country significant to the BRI for various reasons. First, it links Africa to both Europe and Asia. It is the Asian gateway for the Africa and Arab region, and an African gateway for Europe through the Mediterranean Sea and is accessible through the Suez Canal. Second, Egypt is the portal to global markets; commodities produced in Egypt are customs and duties exempted in Arab states, markets in Europe, the United States, and the Common Market for Eastern and Southern Africa (COMESA).19 More than 192 global companies operate from the Suez Canal,20 while 40 percent of international oil shipments and 10 percent of global trade pass through the Canal.21

Egypt is the first in Africa to sign a BRI agreement with China. In 2015, China’s Exim Bank signed a deal to fund $10 billion worth of infrastructure projects in Egypt, including the energy sector, the expansion of the port of Alexandria, and urban railways.22 Reports indicate that the China-Egypt Suez Economic Zone, which is a trade, industrial, and logistical center, is expected to create 10,000 jobs for Egyptians, and most importantly, to increase the capital base for development projects in the country.23 Gradually, the railways and highways constructed by the government of China in East Africa and the Horn of Africa are becoming a strong network as the maritime Silk Road takes shape.

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22 “China to Fund $10bn Worth of Egyptian Infrastructure Schemes,” Global Construction Review, June 22, 2015, http://www.globalconstructionreview.com/news/ch8i8n8afu8n8d-10b8n-w2or08h6-4eg8y065p4t2i0a8n/.

Domestic Integration and Regional Connectivity

As much as Africa takes pride in its continental size and diversity, these characteristics may hinder its economic development. Comprised of a number of small landlocked countries with no access to ports, transporting commodities between countries has been a barrier to intra-continental and international trade. This is mainly due to a lack of streamlined and efficient transport routes within the continent, resulting in high costs from inadequate infrastructure.24

As a result of poor and inadequate infrastructure, transportation costs in Africa are 50 to 175 percent higher than in most parts of the world.25 Africa’s infrastructure deficiency suppresses regional and international trade, leading to further isolation of Africa from the global value chains; at present, Africa’s exports and imports are less than 3 percent of global trade volume.26 Thus, investment in highway and railway infrastructure, telecommunication infrastructure, and power generation is critical to the alleviation of integration bottlenecks. There have been ambitious plans to link the different parts of the continent, but the implementation has been faced by a variety of challenges, most notably, financing and funding. This is where the BRI could provide a solution.

Since 2000, China has played a critical role in assisting Africa to meet some of its infrastructure financing needs. China funds one in five infrastructure projects and constructs one in three projects in Africa.27 Africa’s


and China’s growing bonds — a result of China’s role as the key infrastructure financier through the BRI — can be viewed from the perspective of economic complementarity.\(^\text{28}\) First, infrastructural deficit and financing gaps are some of Africa’s main development challenges. China’s construction companies are some of the largest and are very competitive, with the potential to undertake projects critical to infrastructure development. Secondly, China’s demands for oil and other mineral inputs to fuel its expanding industrial and manufacturing bases have increased. Africa being a key exporter of natural resources and improved infrastructure on the continent could further enhance its potential, fast-tracking the region’s economic development.\(^\text{29}\)

China’s Maritime Silk Road is expected to reach Africa through the Mombasa port in Kenya, and extend inland along the Mombasa-Nairobi railway line. The sea route will also link the Suez Canal to Greece. In East Africa, the construction of railways connecting the hinterlands to the coastal ports is essential. The main projects in East Africa’s railway master plan include the Djibouti-Addis Railway and the Nairobi-Mombasa Railway. The 759 km Djibouti-Addis line has reduced travel time from 3 days by road to 12 hours by railway.

Djibouti plays a crucial role in Ethiopia’s exports and imports as the major route and a strategic commercial hub for imports and exports to and from Europe, Asia, and the rest of Africa. The railway has eased the region’s logistical challenges, providing wider export market access to manufactured goods from Ethiopia. Eventually, Ethiopia hopes to construct a rail network of approximately 5,000 km to connect South Sudan, Kenya, and Sudan, while Djibouti anticipates greater connectivity between the Red Sea and the Atlantic Ocean through a rail network. Additionally, investment by Chinese-owned companies in Ethiopia’s special economic zones (SEZs) is growing with Europe being the key market for the manufactured goods from these zones. The BRI will thus play an important role in the transportation of products from


\(^{29}\) Toyo Amegnonna Marcel Dossou, “The Impact of China’s One Belt One Road Initiative in Africa.”
Ethiopia to Europe and other markets, as well as developing the manufacturing economy.

Nairobi, a central point for the BRI, has benefited from a network of Chinese-funded road and railway projects that connect cities in Kenya and extend to other regions in Africa. The railway network in Kenya connects Mombasa and Nairobi. The completion of the railway project in Kenya is expected to link Kenya with Uganda, Burundi, Ethiopia, South Sudan, the Democratic Republic of Congo, and Rwanda, thus unlocking international and intra-continental trade opportunities.30 The Nairobi-Mombasa railway, which opened in June 2017 at an estimated cost of $3.2 billion, could replace the 4,000 trucks that used the road daily.

Chinese companies also actively participate in the rehabilitation of ports in East Africa. One example is the funding and expansion of Lamu Port in Kenya at the cost of $500 million, which is expected to increase cargo handling to 23.9 million tons in the next 10 years.31 Another example is the Bagamoyo port construction in Tanzania, which is projected to become East Africa’s largest port.32 In Egypt, China is involved in the expansion of the Port of Alexandria.

In the energy sector, China’s policy banks have been active in funding hydro-power projects, with an estimated investment of $5.3 billion into the sector.33 In Ethiopia, China’s Exim Bank has mainly invested in the

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construction of hydraulic dams such as Tekeze and Gibe III. In 2010, Dongfang Electric Machinery Company, a state-owned company, agreed to supply electrical and mechanical equipment (turbines) financed by a $500 million Industrial and Commercial Bank of China (ICBC) loan. These projects constitute a new source of export earnings for Ethiopia since it sells its electricity to its neighbors: South Sudan and Djibouti. As a result, Ethiopia has become one of Africa’s energy generation powerhouses. Additionally, Ethiopia has been attracting foreign investors in different sectors, especially manufacturing, as it has some of the cheapest electricity in Africa at $0.09 per kilowatt per hour. The World Bank shows that Chinese-funded energy-related projects in Africa will have a power generation capacity of over 6,000 megawatts, which is more than one-third of Africa’s current capacity in hydropower generation.

In the information and communications technology (ICT) sector, major Chinese high-tech companies like Huawei and ZTE are involved in equipment supply and local information network building. For example, the state-owned China Telecom has launched a high-speed Internet exchange site in Djibouti. Chinese-financed infrastructure projects could leave Djibouti in a better position as a hub for the East Africa region.


Although geographically the BRI has emphasized East Africa and the Horn of Africa, a greater focus on West and Central Africa is expected. China’s significant role in the development of trans-continental railway and highway systems in West Africa is also evident, which is in line with the BRI’s vision of connectivity. For instance, the plan to upgrade the 1,228km existing railway between Bamako, Mali, and Dakar at the cost of $2.2 billion is underway. China has played a key role in financing the railway upgrade through a $1.24 billion loan with Senegal, payable at 2 percent annually in 30 years, and a $1.49 billion agreement between China Railway Construction Corporation and Mali. The construction will be done by China Railway Construction Corporation through an agreement signed in 2015. The project will increase trade through transportation of goods and form an important new link between the two countries and facilitate Mali’s access to the sea, which benefits Mali’s gold mining sector. Besides, through collaboration with China, the 4,500km Trans-Sahelian Highway No. 5 (TAH5) is now complete. The line runs from Dakar, Senegal to N’Djamena, Chad. TAH5 is part of Trans-African Highway, which is a 60,000 km network of 9 highways crossing the continent as envisioned by the United Nations Economic Commission for Africa (UNECA) in 1971. In addition to providing an alternative seamless route from Senegal to Chad, the highway will also allow TAH5 countries to tap into markets in West and Central Africa, promoting regional trade and regional integration.

Chinese infrastructure financing may also help diversify African economies. First, infrastructure advancements could raise the profile of specific countries in Africa, and promote

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41“Trans-African Highway: Roads and Railways to Make Cargo Move.”
and attract more investment in different economic sectors. Secondly, due to better infrastructure connectivity, increased economic capacity may increase domestic productivity and foreign investment, leading to reduced cost of doing business.\textsuperscript{42} Indeed, the growth in SEZs with a low-cost environment for manufacturing firms has raised Ethiopia’s profile for investment attracting investors from different parts of the world. For example, Europe’s H&M store has set up an assembly line in Ethiopia for exports to Europe.\textsuperscript{43}

Despite the above positive outlook on domestic integration and regional connectivity, critics often argue that through African investment projects, China aims to facilitate easy mineral extraction and market access for Chinese products.\textsuperscript{44} In comparison, some researchers feel that viewing China’s infrastructural projects as exploitation is too simple. For instance, upon closer look at the main investors in Africa’s mineral sector, from the analysis, China is not among the top investors in the mining sector. In 2014–2015, the top three investors in Africa’s mining sector were the United States at 66 percent, the UK at 55 percent, and France at 47 percent. China was at a distant 28 percent. Nevertheless, China leads in Africa’s total infrastructural investments at 27 percent and manufacturing at 13 percent.\textsuperscript{45}

Most infrastructure projects financed by China in Africa have been via bilateral agreements between China and the respective African countries. However, China has shown that it is open to participation in regional initiatives to facilitate economies of scale. While the bilateral approach is advantageous because projects can be rapidly approved with minimal consultation at the implementation stage, projects at the regional level are

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frequently flouted.\textsuperscript{46} Thus, the BRI and non-BRI African countries should underscore the importance of the financing of regional infrastructural projects. Alongside the bilateral agreements, more infrastructural negotiations could be utilized to address regional integration challenges, such as for the East Africa Community (EAC) and the Economic Community of West African States (ECOWAS).

The Chinese links in Africa, especially in East Africa, form a system of transport from China’s hinterland through China’s southern coast, and eventually to Africa. This is essential in the growth of urban centers, the economy, and industries in both China and Africa.\textsuperscript{47} Completion of TAH5 and the gradual growth of a railway networks in Africa have made infrastructure projects more achievable. Improved physical and digital connectivity in Africa is important for promoting African goods and exports, which can thereby help African countries integrate more deeply into global value chains. While claims on China’s interests cannot be ignored, China is providing an alternative source of funding at a time when Africa is looking for alternative sources of capital for its development. Therefore, Africa must create a strategic vision for engagement with China to advance Africa’s development agenda.

\textbf{Trade, Jobs, and Africa’s Sustainable Development}

Of all the direct and indirect benefits of closer China-Africa cooperation in BRI projects, trade growth and job creation are perhaps the most salient. More trade — both intra-continental and international — means more jobs for the African economies, which are currently experiencing a very high unemployment level among recent graduates. Providing jobs to these graduates will lead to more social stability and sustainable development.


Trade Expansion

Over the past two decades, China has grown from a small investor to the continent’s most significant economic partner. Since 2000, trade with China has been growing at roughly 20 percent per year, and Chinese direct investment has been increasing at 40 percent per year.48 A shift in China’s growth to the resource-intensive model after 2000 and China’s accession to the World Trade Organization (WTO) in 2001 led to this economic partnership. Since then, China has subsequently increased primary resource imports from Africa, while Africa has imported manufactured goods from China in exchange.49 In 2013, China became Africa’s leading export and development partner overtaking Europe as the largest trade partner.50 China’s current trade policies toward Africa aim to gain market access, which is in line with China’s national strategy for development.51

With rapid growth in Africa’s exports to China, the sustainability of Africa-China

BRI countries in Africa can benefit greatly from enhanced trade and employment.


trade has been under question.\(^{52}\) There are serious concerns about the trade imbalances between China and African countries. According to the China-Africa Research Initiative (CARI), in 2015, Africa recorded a $34 billion deficit with China on the total trade of $172 billion. Xinhua News further reported that in the same year, imports from Africa declined by 40 percent, which could be attributed to the slowing down of the Chinese economy in general.\(^{53}\) This trend has persisted; and in August 2018, China’s trade surplus with Africa stood at $27.91 billion.\(^{54}\) Evidently, the current nature of the trade between the two partners needs to be improved if Africa is to substantively benefit from trading with China. The BRI seems to offer an excellent opportunity to address these trade deficits.

Africa’s current internal trade is quite low, consisting of roughly 10 percent of its aggregate trade. It mainly imports from the advanced economies, and exports to the same advanced economies.\(^{55}\) As of 2016, intra-African exports consisted of 18 percent of total exports, in comparison to 59 percent and 69 percent for intra-Asia and intra-Europe exports, respectively.\(^{56}\)

Some argue that regional integration via enhanced transport infrastructure and policy reform may considerably reduce the costs of trade and advance connectivity, resulting in more investment and cross-border trade as well as enhanced regional growth.\(^{57}\) China’s investments in some


\(^{57}\)World Bank, “Belt and Road Initiative.”
countries in East Africa are already enhancing Africa’s trade. Goods produced by Chinese-owned companies in Africa, where China outsources labor-intensive subsidiaries, are finding their way into international markets. For instance, textile, leather, and footwear manufacturing, as well as motor vehicle assembling in Ethiopia, have been targeting the European markets with the construction of the Djibouti Ethiopia Railway.58

Africa’s ports are also used inadequately, leading to underproductivity.59 Currently, Africa’s ports operate at only 30 percent of the global standards.60 As the BRI focuses on increasing trade flows and network connectivity, improving the network and capacity of railway transport and port will dramatically reduce travel costs and time and have a significant impact on the flow of commodities globally.61 Poor maintenance of networks in Africa has worsened the situation, making trade between some African countries and other players in the international trade more costly.62 For instance, UN estimates show that it is $1,500 cheaper to import a vehicle to Cote d’Ivoire from Japan than to import a similar vehicle to Cote d’Ivoire from Ethiopia.63 According to the World Bank, the BRI is expected to reduce shipment time by up to 11.9 percent and trade costs by up to 10.2 percent. As 90 percent of Africa’s imports and exports go through the sea,64 the current expansion of port facilities in Africa will mean an improved business environment and faster handling of trade merchandise. Regional cooperation on infrastructure improvements is necessary to solve the connectivity problem in Africa.

59Ibid.
60Ibid.
63Judith van de Looy, “Africa and China: A Strategic Partnership?”
64Toyo Amegnonna Marcel Dossou, “The Impact of China’s One Belt One Road Initiative in Africa.”
Railway networks, ports, and other transportation infrastructure improvements could result in increased intra-Africa and cross-border trade as well as a reasonable trade balance between China and Africa. A report by the United Nations Economic Commission for Africa (UNECA) indicates that if BRI projects are properly used, exports from East Africa could annually grow by $192 million. Countries that are linked to the new BRI infrastructure and incorporated in international value chains stand to gain more in trade.

Job Creation

Infrastructure projects have been a source of employment as they help promote higher productivity in the regions. For instance, by 2017, Chinese firms had contributed about 180,000 job opportunities and nearly $1.1 billion in tax revenue along the project routes. Kenya’s railway construction alone created at least 60 new jobs for every kilometer constructed, totaling to 46,000 local jobs.

However, labor relations in Chinese companies in Africa are controversial. Claims of unfavorable labor practices have increased, including poor remunerations, poor working conditions, and employment of Chinese

Apart from the BRI, closer regional cooperation on infrastructure is necessary for Africa.

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nationals for high-skilled jobs and Africans for low-skilled and manual ones.\textsuperscript{70} To address the unemployment problem in China, China sends personnel abroad to work on projects by state-owned companies or through labor agents, leading to a large number of Chinese employees at construction sites and in manufacturing firms in Africa.\textsuperscript{71} While China needs to improve labor practices in foreign countries, Africa must also push for equal and fair treatment of all employees in the spirit of human and labor rights and provide better-quality local labor supply. In Africa, 60 percent of unemployed individuals are youths,\textsuperscript{72} and the BRI will play a crucial role in addressing this problem. All these benefits will be realized if and when challenges and risks of the BRI are properly addressed.

**BRI Pitfalls: Politics, Economics, and Inflated Expectations**

Though BRI progress has been made in infrastructure construction as well as bilateral and multilateral agreements, there are daunting challenges that cannot be ignored. This section outlines four major challenges and suggestions on how to minimize or overcome them.

**Political Risks**

Political risks are, arguably, the biggest challenge to the BRI in Africa. Social and political unrest in Africa may fundamentally change a nation’s favorable attitude toward BRI projects and Chinese investments in general.\textsuperscript{73} For example, every country in East Africa except for Tanzania experiences political instability during election years. Pre- and post-election violence leads to death and significant socio-economic damage. During election


periods, many nations in the East African Community (EAC) and the Horn of Africa, including Rwanda, Burundi, Kenya, Eritrea, and Somalia, experience security-related challenges and cyclical political instability. Tanzania has managed to avoid political instability due to policies designed and implemented by its leader and “independence hero,” Julius Nyerere, who utilized “inclusion” and “political leadership succession mechanisms” to prevent inter-ethnic violence and coup d’etats for political succession. Following Tanzania’s example, other nations could successfully deal with the political instability challenge that may potentially hinder the development of BRI infrastructure projects. When political risks are addressed, the BRI projects should be protected from all unnecessary spending that makes the projects too expensive for recipient countries.

**Runaway Costs**

The second major challenge related to the rising cost of BRI infrastructure projects is corruption. Certain countries have already started canceling or reconsidering a number of projects. Both African and non-African countries have carried out investigations to find out reasons behind the very high cost of projects. For instance, in 2018, Sierra Leone called off a China-funded airport project at the cost of $318 million out of debt-burden concerns. The project had been commissioned by former Sierra Leone President Ernest Bai Koroma. Similar projects cancellation occurred in Malaysia, where the newly elected government led by former Prime Minister Mahathir Mohamad suspended BRI related projects. The suspended projects are related to the East-Coast Rail Link and the Singapore-Kuala Lumpur High-Speed Railway for high costs, uncertain economic viability, and corruption allegations.

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In Uganda, the cost for the Entebbe Expressway was inflated. The Entebbe Expressway, also known as Kampala-Entebbe Highway, is a multimillion-dollar road project that the government of Uganda undertook with the assistance of a loan of $476 million from China’s Exim Bank. In November 2016, the Parliament of Uganda ordered for investigations to establish facts of bribery allegations; and a Parliamentary committee discovered that the cost of the road was inflated by over $16 million. The auditor-general’s office also confirmed that the cost for this project was inflated. The average cost for one kilometer of the Entebbe Expressway was originally $2 million, but was inflated to $9.2 million. It is critical that both the Chinese side and the collaborating countries in the BRI projects increase transparency to control unnecessary corruption costs.

To ensure more transparency and avoid unnecessary spending, procurement and public tendering have attracted a lot of interest in the Chinese model of project implementation. It is argued that the opaque nature of many BRI negotiations lacks competitive bidding and prevents public and private sector scrutiny. For example, the government-to-government procurement method in Kenya’s Standard Gauge Railway construction was implicated in legal battles on claims that it did not allow for competitive bidding and transparency. These court cases have led to project delays and cost increases, both in terms of money and time. Thus, the need for high standards of transparency and better governance practices are essential if public culture is to change among China’s bilateral partners.

Policy Barriers

Economic and policy barriers have often been cited as one of the challenges in Africa and other developing countries, meaning that the BRI’s potential benefits are not guaranteed. These include cross-border delays, long and

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78 Paul Nantulya, “Implications for Africa from China’s One Belt One Road Strategy.”

79 World Bank, “Belt and Road Initiative.”
tedious procedures in customs and foreign direct investment (FDI) restrictions, which are more prevalent in BRI economies than in other nations. For instance, World Bank data indicate that while it takes an average of 10 days to import among G7 countries, it takes an average of 21 days to export goods to Africa.

In terms of industrial land access, foreign firm start-ups, commercial disputes arbitration, and FDI policies, BRI economies are more cumbersome and have more restrictions compared with Organization for Economic Cooperation and Development (OECD) economies. For example, in Kenya, the process of starting up a business requires rounds of procedures and documentation (payment of taxes, licensing, among others), and often encounters extensive transaction periods, occasionally overlapping title deeds, and corruption.

Unless complementary policy reforms are carried out, infrastructure investment returns are likely to be low or even negative. A report by the World Bank concludes that the BRI could increase trade among participating countries by up to 4.1 percent, and these impacts would be tripled, on average, if reforms in trade match the advancement in transport infrastructure. It is important for Africa to carry out economic and policy reforms that will support its development path as well as the current BRI’s infrastructure development. Furthermore, careful and realistic analysis of the projects returns should be thoroughly conducted. Lack of such analysis to clearly indicate economic viability often leads to the risk of overestimating projects’ benefits.

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Inflated Expectations

The risk of overestimating benefits from BRI projects affects the successful implementation of the project. Overestimating the positive impacts or benefits of infrastructural projects can result in high exploitation or inadequate use of said infrastructure. For instance, though not in Africa, Chinese-funded Hambantota Port in Sri Lanka is claimed to be highly unexploited, with no container traffic; and because Sri Lanka could not pay the loans, it had to give China a 99-year lease for debt relief.84 Mattala Rajapaska International Airport, also in Sri Lanka, has often been referred to as “the World’s emptiest international airport.” Originally planned for a million travelers annually, it serves mere 10 to 20 travelers daily.85 In Sierra Leone, the Mamamah International Airport funding was called off for economic unprofitability.86 These examples highlight the need for high-quality planning for economic purposes. There is a need to take a long-term perspective on BRI development in Africa, both in terms of the amount of capital invested and the extent to which new projects stimulate the local economy.

The aforementioned risks and challenges must be handled by both the African and the Chinese stakeholders to ensure a bright future for the BRI on the African continent. First, to address political challenges, the inclusion of all ethnic groups in the management of national affairs and peaceful political succession at the top leadership level constitute key policies to stabilize nations that are involved in BRI infrastructure projects. Second, it is very important to prevent unnecessary spending by putting in place all measures to avoid corruption. This can be achieved through transparency by all parties involved at all stages of these projects — from project negotiation, procurement and public tendering, to implementation and evaluation. Third, thorough analysis of the economic viability of the projects


86Dipanjan Roy Chaudhury, “Africa Cancels a Belt and Road Initiative Project for the First Time.”
must be conducted to prevent the execution of projects that fail to produce the expected benefits. Lastly, it is crucial for African economies to design and implement economic and policy reforms to remove hindrances such as cross-border delays, long and tedious procedures in customs and FDI restrictions that hamper smooth progress of the BRI projects and slow down the overall African developmental agenda.

Conclusion

The BRI was intended to connect various parts of the world. While it faces objections from different countries, in the African context, it has a significant impact as it provides an alternative source of development capital for the continent. For the past two decades, China has been doing business with Africa with the aim of balancing power-relationships between the continents. The role of the initiative in providing development opportunity at the global, regional, and local levels makes the BRI highly acceptable in Africa.

If BRI African nations harmonize their development plans to achieve complementarity and compatibility between policies and infrastructure implementation, the benefits would be even more significant. Africa suffers from insufficient and poorly developed infrastructure that impede trade growth. Thus, investing in trade- and transport-related infrastructure such as airports, railways, ports, roads, and other connections ought to remain a priority, and adequate financing should be availed toward this goal. Thus, Africa as a continent should come up with a clearly defined BRI response strategy to strengthen its bargaining power and also ensure that assistance and investment from China are aligned to the national and regional strategies. Overall, the BRI provides a platform to cement China-Africa cooperation.

Improvement of physical transport infrastructure and connectivity is significant; however, the present and possible challenges need to be addressed. Political risks, rising project costs, economic and policy barriers, and more, need to be addressed and streamlined across Africa to facilitate successful infrastructural projects implementation and reap the expected benefits. In addition to policy barriers, Africa’s political instability during election seasons need to be addressed, for inter-ethnic violence and the use of force to ascend to power lead to severe socioeconomic damage and losses
of lives. Inclusion of all ethnic groups in the management of national affairs and peaceful political succession at the top leadership level constitute key policies to stabilize nations that are involved in BRI infrastructure projects.

The rising cost of BRI projects is another major challenge that needs urgent attention for the benefit of China and countries cooperating in these projects. Transparency at all stages of these projects, from project negotiation, procurement and public tendering, to implementation, has to increase to avoid embezzlement of project-allocated funds. There is also a need for in-depth due-diligence exercises and strong partnerships to overcome these challenges. Over the past few years, China has provided ever more funding and resources for BRI projects. However, the implementation cannot be China’s sole responsibility. Strong partnership and cooperation among Chinese and African enterprises is a prerequisite for the BRI’ success in Africa.