

# **Stakeholder Analysis of Chinese Official Development Finance for Africa: A Case Study of Kenya's Lamu Port Project**

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*Key Words: Chinese Official Development Finance, Stakeholder Analysis, Africa, Environmental and Social Risk Mitigation*

## **1. BACKGROUND AND OBJECTIVES**

Studies have shown that the increasing Official Development Finance (ODF) from China is posing environmental and social risks (ESR) to Africa and that, unlike other donor countries, China lacks an institutional mechanism for addressing these risks. Yet few researchers have examined the roles of various stakeholders in mitigating ESR of Chinese ODF-funded projects. This thesis examines an infrastructure project in Kenya as a case study to understand various stakeholders' perceptions on their responsibilities for mitigating ESR, and to suggest model mechanisms for coordinating their roles.

## **2. OUTLINE OF THE CASE STUDY**

The Kenya government launched the Lamu Port Project in 2012. A Chinese company, funded by Chinese ODF, won a bid worth 480 USD million to build the first three berths out of 32 in total. Lamu is home to four of Kenya's indigenous communities, one UNESCO World Heritage Site and two national reserves. All of these will be affected by the project.

## **3. METHODOLOGIES AND RESULTS**

During and after field study in Kenya from September to December 2013, the author conducted questionnaire surveys with 35 community members in Lamu, and semi-structured interviews with Chinese government, Kenya government, Chinese companies, Chinese media, NGOs, and researchers. The questionnaire results revealed that the local communities are concerned about the environmental and social changes after the construction, with the most highlighted concern on land rights. The semi-structured interviews and subsequent stakeholder analysis revealed diverging perceptions on the ESRs and on who is responsible for mitigation.

## **4. CONCLUSION**

The results suggest that current framework for communication and engagement between various stakeholders is insufficient to mitigate the ESR of Chinese ODF-funded projects in Africa. The author proposed a coordination mechanism that requires consensus building, where NGOs could act as initiators and facilitators for dialogue between various stakeholders and raise local awareness. The governments will lead the mechanism, and can benefit from the collaboration by all parties.