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European Union and Chinese investment for development in Horn of Africa

Comparative Thesis on Chinese and European Union Investment approaches in Horn of Africa

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Abstract

Over the past decade, the Horn of Africa has increasingly attracted major international powers' attention. In particular, the European Union and China have increased regional investments by promoting economic and social development. Through the Beijing Consensus and Liberalism Theory, respectively, will be explained the approaches of China and European investment. Through the example of Kenya as a key study, the comparative analysis will focus on the dominant aspects of each method in an attempt to present the advantages and disadvantages of Chinese and European investments in Kenya. The research question will guide the research: Why do the European Union and China have different investment approaches in Horn of Africa countries?. *The analysis of the advantages of the Beijing Consensus applied to investment in Kenya focused on the non-conditionality of Chinese investment and the massive Chinese presence in infrastructure projects; while arguing that elements such as environmental sustainability can be improved in the future. In contrast, the European Union proposes viable development alternatives focused on green energy and the protection of the human rights of the local population; however, European investments often need more effectiveness.*

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1. Introduction

1.1. History of European investment in Horn of Africa (1950-1960)

The European commitment to International Development officially starts during the second half of the XX century in what historian calls The Development Era. The Post Second World War was characterized by an intense strain to reconstruct a "new world," far away from the war destruction and moved by an ideal of global peace and justice. Symbol of the new Development Era spirit was Truman's Four Point Speech (1949), when he entrusted to developed countries the duty of pursuing development in underdeveloped countries, supplying capital and technical assistance to increase production, considered the key to economic growth.

Central for Development Cooperation was the Bretton Woods Conference (1944), a United Nations Meeting to create a settled monetary order and regulate the international political economy and international trade. To pursue the two aims, two institutions were founded: the International Monetary Fund and the International Bank for Reconstruction and Development (Stanchina, 2020).

The International Bank for Reconstruction and Development (IBRD) is a specialized agency of the United Nations established to pursue four main objectives. First, following Truman's Four Points, to contribute to reconstructing destroyed or damaged economies by fostering capital investment to divert it to production. The IBRD is committed to promoting private and international investment for productive purposes and supporting international trade's balanced and long-term development. Finally, the Bank aimed to arrange international loans with priority channels for developing countries. The Bank for Reconstruction and Development is part of the World Bank Group along with five other banks; since member countries on the World Bank, based on each country's paid-in capital, each country's shareholding and, consequently, voting power within the Bank depend (Bagnolo, 2021). One major criticism of the World Bank is that it reflects global economic power relations even at the institutional level. For this reason, it can be said that the World Bank has allowed the 'West to enshrine its economic primacy within the global economy (Bagnolo, 2021).

During the 1950s, IBRD lending followed the model dictated in '49 by President Truman: financing came mainly from bonds in international markets that guaranteed a AAA rating guarantee, i.e., very credible loans at lower-than-market interest rates. From this initial investment project, the World Bank, through the International Bank for Reconstruction and Development, evolved by promoting different approaches to development. For example, the 1960s were characterized by massive financing of major infrastructure that was accompanied by technical support. In contrast, the 1970s focused on financing in social areas such as education and health (Bagnolo, 2021). Compared to previous decades, the 1980s represented a turning point for international development cooperation, for after 30 years of action, structural and regulatory reforms were needed.

The United States itself affirmed a new approach guidance through the Washington Consensus, so-called because it was promoted by international institutions based in the U.S. capital. By Washington Consensus is meant a set of economic policy directives addressed to developing apes through progressive market liberalization. The new approach involved developing countries formulating strategies to combat poverty by indulging the principles that only development could occur if promoted first and foremost by the developing countries themselves and that they were the only ones who were fully aware of their economic-structural problems (Bagnolo, 2021).

In the late 1990s and early 2000s, there was a subsequent evolution in the area of Cooperation; Comprehensive Development Frameworks were promoted, which were documents drafted by local governments expressing the joint development of projects by countries in recipient and Capital provider countries. The Comprehensive Development Frameworks consisted of two different initiatives: the Poverty Reduction Strategy Papers (PRSPs) and the Heavy Indebted and Poor Countries (HIPCs) (Bagnolo, 2021).

Precisely, the first proposal was the introduction of Poverty Reduction Strategy Papers, documents formulated by the governments of Developing Countries to reduce poverty, thanks to the capital provided by the HIPC initiative. The PRSPs were structured in four different phases; the first involved an analysis of a country's poverty, trying to outline the critical and peculiarities. Next, they proceeded by identifying the outcomes to be achieved and setting priorities within the objectives, and finally, they designed measures to control and monitor operations. The innovative approach of the PRSPs was the element of self-formulation; in fact, while previously it was thought that policies had to come from outside (from the capital provider countries), for the first time, it was the governments of the Developing Countries themselves who were defining the strategies. In other words, the innovative element was the participation of civil society (Bagnolo, 2021).

At the same time, the HIPC initiative worked for debt cancellation, granted only on the condition that the guidelines identified in PRSPs were met. Economists working in the field of development realized that, on the one hand, the debt of some countries could never be forgiven; on the other hand, international financing was automatically absorbed by poverty and corruption without bringing real benefits. Moreover, for developing countries, it was necessary to eliminate the very high external debt that first limited growth; all the more so, this debt had often been incurred at a time before development aid and was not related to growth limitations. For this reason, indebted countries were required to comply with rigidly established poverty reduction strategies (Bagnolo, 2021).

The eligibility requirements for HIPCs were stringent. To be eligible for HIPC Initiative, a country must i) have borrowed from the IDA; ii) have accumulated an unsustainable debt burden; iii) have implemented good macroeconomic policies as part of IMF or IDA programs; iv) have produced a Poverty Reduction Strategy Paper. When those criteria are met, the IMF and the IDA decide whether the country is eligible for debt relief, the so-called “decision point”. After at least one year of PRSP implementation, the country reaches the completion point. Eighteen of the 31 countries eligible for this initiative have benefited from debt relief (Bagnolo, 2021).

Concern for avoiding a resurgence of indebtedness that could lead to another crisis has prompted the IMF and World Bank to develop a Debt Sustainable Framework (DSF). This framework sets a debt ceiling above which the risk of default can become very high; separate shelters are established for three groups of countries, according to their CPIA ranking. The categories of risk (low, moderate, and high) determine the appropriate proportions of grants and loans.

Among the targets allowing a Horn of Africa state full access to debt cancellation were the Millennium Development Goals (MDGs), later replaced with the Sustainable Development Goals (SDGs). The First was a proposal promoted by the World Bank to achieve goals such as hunger and poverty reduction by 2015. Since the six targets set by the MDGs were not met globally, the proposal was replaced with a new global sustainability blueprint that would commit to international peace, extreme poverty eradication, and shared prosperity by 2030. This second blueprint, the Sustainable Development Goals taking up the MSGs, expands the development idea, focusing on 17 goals compared to the previous blueprint's 6 (Bagnolo, 2021).

The World Bank (WB) Group comprises five separate but strongly linked institutions with a common institutional vocation aimed at the development issues of the poorest countries. The institutions are the World Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Although specialized in different aspects of the development process, all five institutions act in collaboration and toward the common goal of poverty reduction and the promotion of inclusive and sustainable growth. IDA was founded in the 1960s to provide loans at low or zero interest rates and collaborates with IBRD to financially assist developing countries. IDA loans are targeted at those countries that do not have access to IBRD financing; Ethiopia and Kenya have had access to IDA loans. Instead, the IFC aims to support private investment, finance existing businesses, and protect the emergence of new businesses in underdeveloped territories. MIGA and ICSDA are banking institutions that aim to stimulate economic growth through Foreign Direct Investment, respectively, and arbitrate in resolving disputes related to contending states (Bagnolo, 2021).

As mentioned earlier, the second planned institution of Bretton Woods is the International Monetary Fund (IMF) oversees the global payments system and ensures exchange rate stability. In other words, the function of the IMF is to handle development policies, provide technical assistance to developing countries, and provide financial aid.

Looking at the evolution of European Investments on Development, from the beginning, European investment aimed at development in African countries has had a distinctly liberal, capitalist orientation. The idea that moved economists from the beginning was that development meant only the economic growth of a nation. Consequently, in the early stages of development, Western elites invested in industrial development in the Horn of Africa countries, viewing industrialization as the best way to promote European-style modernization in African countries. In addition to exporting an economic system, this approach also aimed to export a capitalist-style social and cultural system. The leading exponents of this economic approach were the economists Lewis and Rostow; they argued that by imitating the Western model, developing countries would trigger irreversible development. On the other hand, they argued that it was too risky for these countries to fit into the international economic system, which would exacerbate their backward condition. Lewis and Rostow, founders of Dependency Theory, argued that the global financial system was based on exploitation dictated by unequal trade. Until the late 1960s, human development was left out as it was considered a consequence of economic growth (Ferri, 2020).

During the 1970s two different theoretical currents to development developed in Europe, both of which presupposed a broadening of the development concept from that proposed by Lewis and Rostow. The first concerns a set of proposals advocated by developing countries to end economic colonialism and dependency through a new economy based on interdependence. This approach is called the New Economic Order International (NOEI). Concretely, the goal was to increase financial assistance in recipient countries to enable the self-sufficiency of developing countries with a view to global cooperation based on equity and equality (Ferri, 2020). Furthermore, within the NOEI plan, regulation of multinational corporations at the global level was promoted to protect the resources of developing countries and ensure a fairer market. Subsequently, this initiative evolved in the late 1970s and early 1980s into the Brandt Commission.

The mentioned independent commission of states aimed to discuss and design development at the global level. These thoughts were later drafted into the "North-South, An Agenda for Survival." Within this statement are expressed concrete measures to be implemented to ensure a fair market. For example, it called on developed countries to raise and stabilize the prices of commodities imported from developing countries and avoid protectionism (Ferri, 2020).

In 1997, a second theoretical approach to development based on ensuring Basic Needs was developed. In fact, for the first time in Europe, development was not measured through economic growth but given by the minimum attainment of living conditions for citizens (food, clothing, shelter, and decent life. Europe realized that the population of the countries in the Horn of Africa needed, first and foremost, essential goods for a decent life; on the other hand, the consumption of Basic Needs would set the country's economy in motion and bring about economic growth as a result. However, to ensure the means to achieve a decent life, it is necessary to redistribute resources equitably within a country and set a minimum income to be guaranteed (Ferri, 2020).

The 1980s in Europe were profoundly marked by the economic reforms introduced by the Thatcher government, restrictive fiscal policies that emphasized the role of free markets, and the benefits of international trade. These policies, supported by the Washington Consensus, tied investment in Horn of Africa countries to the conditionality of adopting neoliberal policies according to the "you need to reform" principle. Following this approach, the IMF and WB favored investment privatization and supported a contraction of government spending and a devaluation of the exchange rate. These policies led to poor development results with very high costs to the people (Ferri, 2020).

Subsequently, after the apparent failure of a restrictive policy that aggravated the debt crisis of the Horn of Africa countries to Western countries, the approach to development focused on an innovative element that would mark European investments in development throughout the late 20th and early 21st centuries. The concept of Human Development was first introduced in the late 1980s, a new approach to development that has as its goal the broadening of opportunities available to people and that views income as a tool rather than an end. This investment approach places human beings, not GDP, at the center (Ferri, 2020).

Concretely, investment has begun to be made to improve the skills and knowledge of citizens to stimulate economic growth and empower the individual to participate in development actively. Furthermore, to ensure the development of developing countries, the United Nations promoted the creation of the United Nations Development Program (UNDP), which annually publishes reports on human development (Ferri, 2020).

The 1990s halted economic growth, especially in Sub-Saharan African countries. This economic crisis was seen in the decrease in HDI and the increase in hunger and poverty. As a result, European economists concluded that the attempt to export the capitalist system made in the previous decades had failed a capitalist development cannot be applied to all countries as each state needs an appropriate response to particular problems (Ferri, 2020)

1.2. History of Chinese investment in Horn of Africa

The particularity of the Chinese Development view steads on the singular Chinese role in relation Developed-Developing countries. Indeed, even though China is deemed to be one of the world's economic powerhouses, it is still regarded as an emerging economy. This unique situation was allowed by its fast-growing economy. In 1979, the Chinese government began several reforms successively described as the greatest economic success in modern times; they guided China from a poor, stagnant country to a major economic power (Young-Chan Kim, 2017).

Mao's foreign policy led to political, international, and cultural elements. This triple approach supported Mao's peasants' revolution in African countries. As previously mentioned, one of the main goals of the Mao's foreign policy was exporting the peasant revolution; in Africa, anti-colonialist agitations were becoming more acute and common and letting Africa be the right place to demonstrate the Chinese's status of ideological leader (Okolo, 2017).

Indeed, the Mao's perspective of international affairs followed deeply Sinocentric logic,

"[their approach leaded on a] restatement in modern terms of the fundamental postulates of the old Chinese view of the world: that China was the Centre of civilization. [Concretely, the traditional view] has been adjusted to take account of the modern world, but only so far as to permit China to occupy, still, the central place in the picture."

After World War II, with the formation and strengthening of ideological opposition, political relations between the countries have become a top priority of international relations. Accordingly, the world was divided into the Soviet-led Eastern Bloc and the US-led Western Camp. National independence movements against Western colonial and apartheid rule rose one after another on the African continent. Members of the Eastern bloc, China, conducted operations to make these anti-Western forces become their political allies or partners; in the meantime, the Western camp kept focusing on maintaining political control over African countries (Okolo, 2017).

Mao's proposed adherence to the peasant revolution vis-à-vis Africa likens China's socialist-imperialist war to the socialism-capitalism opposition. In his speech, Mao states that

"Leaning to one-side policy is based on four decades of experience of Sun Yat-sen and 28 years of experience of the Communist party. We know that to achieve and consolidate victory we must lean to one side. Forty years and twenty-eight years of experience taught Chinese people that we either lean to the side of imperialism or the side of socialism, without exception. Sitting on the fence is not enough, and there is not the third way".

The close connection that has enabled long and successful cooperation between China and African countries lies in the similar historical fate of the two countries; in fact, both share a common sense of international marginality due to economic conditionalities. Both, over time, have had to struggle against Western countries' bullying and colonialism and design functional and independent development (Okolo, 2017). Consequently, African countries have seen China as a beneficial partner that promotes concrete aid and the country's economic growth in the short term. On the other hand, China has accumulated significant experience in development and, more than anyone else, can understand the needs of a developing country. Over the years, China carried out two concrete actions to affect its cultural mark on African Countries. On one side, it supported a massive exchange of workers and students. Chinese Farmers and miners were sent to Africa on a professional-exchange program; the Chinese people were treated and lived in the same conditions as Africans, which made the Chinese look different from the Europeans, whose behavior was still impregnated by imperialism. Regarding the students-exchange program, it became an enough popular tool to promote Chine culture in Africa that it, will develop in the "China-African Education Cooperation" (Okolo, 2017). It was an articulate program divided into three timing phases; the initial step was triggered by the opening of diplomatic relations between China and Kenya in 1956 with a mutual exchange student program. The second phase felt the effect of consisted implementation such as the building of research laboratories provided by China; indeed, from the 1970s and 1980s, the number of exchange students passed from 25 to 4570 students. A third and later phase was the "Declaration of 200", which was a program for China-African cooperation in economic and social development that included human resources development and education (Okolo, 2017).

The second concrete action pursued by China was a decisive intervention in Africa through technical, medical, and agricultural aid rather than capital or financial support. This program was promoted during Zhou's "Safari Tour" in 14 African Countries. It was preceded by the expansion of the "Five Principles of Peaceful Coexistence" into "Eight Principles of Economic and Technical Aid" on 15 January 1964. This upgrade involved new concepts such as Chinese technical assistance built on local capacities and the same standard of life for Chinese experts working in Africa and local experts, the goal of economic cooperation should be self-reliance and not dependency and; respect for others' sovereignty and not imposing political or economic conditions. It is fascinating looking at the "other's sovereignty" and how this fundamental principle was still present in the Chinese cooperation approach till 1965. Indeed, Zhou supported the idea that "The Chinese government had always differentiated between foreign affairs, on the one hand, and revolution in a given country, on the other. The former was a matter of state-to-state relations while the latter is an internal matter" (Okolo, 2017).

In 1978, the new president of the People's Republic of China, Deng Xiaoping promoted a gradual opening of China to capitalism. As long as China opened up to capitalism, its foreign investments were also affected by this change, in fact, since the 1980s, Chinese investments in the Horn of Africa became increasingly market-oriented (Alden, 2007; Ombaba, Arogo, Bii, Ongeri, Omuya, Kabuka, 2012).

Although the 1980s were characterized by an increased interest in promoting development in foreign countries, the initial phase of the 'reform and opening up' policy saw a massive reduction in Chinese investment in Africa. Indeed, according to the plan promoted by Deng Xiaoping, the priority on which the Chinese state was to focus was first and foremost to build and consolidate their country's economy through modernization. If, during the 1960s and 1970s, Chinese foreign policy had envisaged massive investment in development projects in the Horn of Africa without any prospect of economic return, in this first phase of Chinese opening up, the prerogative changed. By making modernization and financial stability the main focus, Deng Xiaoping reaffirmed the primacy of Chinese interests and the economic rewards of foreign cooperation (Tiannian).

Despite this initial period, around the 1980s, the first modest investments amounting to USD 51.9 million were made to finance 102 projects. For the most part, these were projects subsidized by the Beijing government towards Chinese companies for first aid projects in HOA countries (World Bank Group, 2015).

According to many economists, the history of Chinese investment in the Horn of Africa can be summarised in three phases. The first period concerns the Mao era; from 1949 to 1977, the Chinese approach to investment was aimed at supporting African independence movements against the colonization of the Horn of Africa territories by European countries. The second moment, between 1978 and 1994, concerns a transitional phase characterized by China's opening to the capitalist market. Finally, since 1995, China's internal economic stabilization has led to a massive increase in Chinese development economy investments (Alden, 2007; Ombaba, Arogo, Bii, Ongeri, Omuya, Kabuka ,2012).

Chinese engagement with the Horn of Africa countries has gradually grown since 2000 to cover most areas of development. Leading the intense relationship between the two regions is trade, used as a promoter of peace and prosperity within a fruitful win-win relationship promoted by China. Indeed, China's political and economic contribution to the HOA has been increasingly present within a broader framework of diplomatic relations involving security, trade, and geostrategic interests in the area. Although trade has been the driver of closer relations, the relationship has been dominated by

Chinese investment in infrastructure. However, many other areas have felt the close commonality between the two countries, especially in manufacturing (World Bank Group, 2015).

1.3. Why the two approaches to investment are so different

“From time to time Western politicians, opinion makers, and academics use China's success and failures selectively to justify existing theories and prejudices in line with their assumptions and perceptions." "Periodically, the failure in forming a comprehensive understanding of China and China-related policies in the West has been translated into a chronic symptom, the "Chinese syndrome." [...] In the past decades, either fascination or irritation with China has influenced Western scholarship and journalism to such an extent that it often produces abrupt attitudes” (Li, 2019).

Since the One Belt One Road (OBOR) Initiative was launched in 2013, the approach of European powers toward China has drastically changed. For the first time, global control by Western countries has been challenged, and the U.S. and Europe are no longer the only players internationally. Chinese expansionism is characterized by an innovative approach that is often compared to the Marshall Plan carried out by the United States at the end of World War II (Li, 2019).

Despite an obvious ease in comparing the two policies, if for no other reason than the central role they have assumed or will assume globally, it is important to specify that China rejects any analogy between the Marshall Plan and the Beijing Consensus. Chinese theorists argue that, first, the economic plan proposed by the U.S. in the last century was aimed at curbing the Soviet Union; in contrast, the Beijing Consensus does not stand in a dialectic comparable to that proposed during the Cold War. Second, the intensification of China's global presence has no military or political objective. Third, the very nature of the Marshall Plan involved strict political conditionality and adherence to the principles brought forward by the Western bloc; Chinese expansionism, on the other hand, is based on a win-win relationship in which there is a mutuality of interests by preventing one country from conforming to the other (McKinnon, 2010).

Looking at a brief analogy between the Marshall Plan and the Beijing Consensus might seem a relatively superfluous action since what differentiates them is their purpose, temporal context, and nature. However, it remains curious to compare the global economic policy that linked developing countries to liberal thinking, enshrining the West as a world leader, and the plan promoted by China to reshape global trade (McKinnon, 2010).

The preceding analysis briefly laid out the investment evolution between the two countries. What emerges is definitely how the relationship between the Horn of Africa countries and Europe is more institutionalised than that between them and China. This is due to the past between Europe and the East African-Sub-Saharan countries and European colonialism in the area. This allowed the West to have greater control over the Area and be able to rely on both continued policies throughout the twentieth century and control/influence over local institutions, despite the end of colonialism. European post-colonialism in the Horn of Africa areas brings as a consequence a substantial prejudice on the part of the population for all projects proposed by the former colonisers, and consequently, a look of benevolence for aid promoted by a "third" country, mostly still classified as a developing country (Proglio, 2020).

The two investment strategies reflect the steps taken so far by the two countries. As mentioned above, the European model appears to be highly institutionalised; throughout the 20th century, it was the West that promoted development projects, evolved them, and innovated them in order to an economic growth. Therefore, the development investment policies promoted by Europe bring with them a broad past that allows them to experience various fields of action. For this reason, European investments are characterised by high institutionalisation and ubiquity, meaning that investments in the Horn of Africa aim to act simultaneously on several fronts. For example, within the Sixth European Union-African Union Summit that took place in February 2022, Europe clearly sought to present itself as an alternative player, if not a rival, to Chinese influence in Africa. In fact, Europe announced a financial package of 171 billion for development projects in Africa. The investment project includes efforts in areas such as green energy, education, and digital infrastructure. What emerges from the picture presented so far is a diametrically opposed approach to development aid by Europe and China toward the Horn of Africa (Versed, 2022).

On the other hand, Chinese aid acts in the name of legitimacy are given by the fact that they are both classified as developing countries. The goal of Chinese investment is to propose economic growth that will bring effective prosperity to the local population; concretely, this policy is carried out by massive investments in communication routes, infrastructure, and, technology; considered the fastest tools to bring effective economic growth in the short term (Versed, 2020). In other words, according to the thinking of Chinese economists, the causes of global insecurity, conflicts, and wars are poverty, underdevelopment, and the inability to pursue economic growth. The fastest and most efficient way to ferry countries out of an insecure conditions is to solve infrastructure problems as an effective way to promote economic growth (Li, 2019).

The problem formulation that will be attempted to be answered through this paper is: Why do the European Union and China have different investment approaches in Horn of Africa countries? Two different theories will be used to explain the different investment approaches in development pursued by the two countries, respectively the Liberalist Theory for the European Union and the Beijing Consensus for China's action. Both result from different ways in which development and society are conceived and are deeply influenced by the country's history proposing these policies. It is necessary to note that the investments discussed are mostly development investments.

2. Methodology

2.1. Choice of theories

The analysis of the different approaches to investment from China and Europe toward the Horn of Africa countries, particularly Kenya, will use two different points of view. The choice is to use respectively the Beijing Consensus to look at Chinese investment and Liberalism Theory regarding economic aid from Europe.

The term Beijing Consensus refers to the development model first pioneered by China and later promoted globally as a model of economic development and governance. The combination of state-led capitalism and market-oriented policies characterizes it. The development promoted through the Beijing Consensus has enabled China to achieve the status of a major economic power, second only to the US, through rapid economic growth. Looking at the Beijing Consensus applied to the Horn of Africa region is increasingly relevant as China is also promoting its development approach outside its borders. In particular, Africa is the best terrain once again to test the effectiveness of such an economic development plan. Despite being a developing region, it possesses the resources to become a global power as well. In other words, through the successful economic growth achieved by China and its export of it, Beijing aims to become a benchmark for all those developing countries that aspire to economic growth (Hlovor & Shaibu, 2019).

The export of Chinese-style development to the Horn of Africa takes the form of massive investment in the region. The main instrument towards which economic aid is directed is the development of infrastructure such as ports, airports, and highways (Hlovor & Shaibu, 2019).

A further exciting element is the type of agreements that, through the Beijing Consensus, China aims to make with investment recipient countries. Unlike other diplomatic agreements, the Beijing Consensus proposes win-win agreements, i.e., mutually beneficial agreements guaranteeing a high benefit to weaker countries. Accepting a Chinese-style development would mark a turning point for all Horn of Africa states as it would allow their annexation to the One Belt One Road Initiative. Through this project, we gain a central role in international trade and move away from the imposed isolationism that characterized Africa in the last century (Hlovor & Shaibu, 2019).

From a Beijing Consensus prospective, China’s investments in the Horn of Africa can be seen as a pragmatic approach to development, one that prioritised economic growth and stability over political liberalisation and human rights (Hlovor & Shaibu, 2019).

Individual liberty, private property, and free markets are emphasized as the greatest ways to foster economic progress and success in liberalism, a political and economic doctrine. In the past, Western nations have tended to apply liberalism the most frequently in politics, economics, and society. The idea of liberalism offers a framework for comprehending how European investments in the Horn of Africa might contribute to the region's economic development (Dunne, 2020).

The significance of free trade and open markets is one of the cornerstones of liberalism theory (Dunne, 2020). Indeed, by fostering trade between the region and other parts of the world and creating jobs, European investment in the Horn of Africa can aid in promoting economic growth and development. Unfortunately, development aid's progress concerning developing nations over time has concentrated chiefly on attempting to increase countries' competitiveness in the global market and, in doing so, encourage their integration into the global economic system. As a result, the people of the Horn of Africa may have more prospects for employment, and the region as a whole may enjoy increased wealth (O'Brian & Williams, 2016).

The focus on individual rights and freedoms is another essential component of the liberal worldview. This component can be applied to the Horn of Africa by advocating for laws that uphold workers' rights, support free enterprise, and promote an innovative and creative culture. European investment may contribute to developing a more dynamic and vibrant economy in the region by encouraging individual freedom and empowerment. In general, it may be claimed that the liberalist approach to development has evolved to consider multiple aspects that are not just related to the economic aspect (Dunne, 2020).

In order to foster economic growth and progress, liberal philosophy also underlines the significance of institutions and international cooperation. International bodies like the World Bank and the International Monetary Fund, which may help guarantee that investments are utilized effectively and efficiently to support regional economic growth, can provide guidance for European investments in the Horn of Africa (O'Brian & Williams, 2016).

Overall, the theory of liberalism provides a helpful framework for understanding how European investment in the Horn of Africa can contribute to economic growth and development in the region. By promoting free trade, individual rights and freedoms, and international cooperation, European investment can help create a more prosperous and dynamic economy in the Horn of Africa.

2.2. Choice of data

Before proceeding to present the theories used and the actors, it is essential to present the analytical framework, why focus on investments, why Kenya, and what kind of data were collected and observed during the research.

2.2.1. Investments

As mentioned in the previous chapter, the research question investigates the different approaches to the development of China and the European Union in the Horn of Africa, mainly focusing on investment. However, due to the breadth of the topic covered, it is challenging to delineate China and Europe's approach to development in the Horn of Africa countries. In fact, numerous aspects combine to make the topic particularly complex and to treat it in its entirety would also mean talking about factors such as sustainability, education, and security.

The decision to focus on investments stems mainly from two factors. First, from their versatility; in fact, seeing how capital is invested, or its conditionality, the approaches, priorities, and intentions of the capital-providing states are particularly clear. The second aspect that makes it particularly useful to focus analysis on investments is their circumscriptibility. For example, aspects such as education, security, and sustainability would not allow for accurate analysis because they themselves are macro-topics that cannot be resolved through a thesis but would involve additional arguments. In contrast, focusing on investments allows for a fairly complete picture of what de facto is happening in the relationship between the two countries.

In addition, it is useful to consider investment as the preferred channel for governments and institutions to promote development in a third country.

To talk about investment, it is necessary to introduce International Finance Architecture briefly. From the Development Assitant Committee's internal discussion of capital flows, a consensus was established to clearly separate total official ODA flows, and private flows and, other official flows (OOF) (Hynes & Scott, 2013).

Global Development Finance is divided into two types of investments: those brought in by private individuals or companies acting individually, or official financing, economic aid from parts of official national bodies. Among the forms of official financial support, a significant differentiation is made regarding Official Development Assistance (ODA) and Other Official Flows (OOF), which defined ODA as concessional funding to promote economic development and welfare in the recipient country (Golley and Song, 2011). The recipient actors could be developing countries or multilateral institutions. In 2021, Official Development Assistance totaled USD 185.9 billion; mereover, ODA from 1969 has been adopted by (DAC) as "gold standard" of foreign investments remaining the primary source of financing for development aid (OECD, 2022). Other Official Flows are articulated in Export Credit, preferential buyers credit, and other OOF (Golley and Song, 2011).

2.2.2. Kenya as a key study

This paragraph will be presented why Kenya was chosen as the perfect example of the different investment approaches to development between all the Horn of Africa countries. Indeed, Kenya will be used in the analysis as Kay studies to concretely look at the European and Chinese investments in development' influence in the Horn of Africa.

Like many other countries in the region, Kenya, located in the Horn of Africa, has faced various economic development challenges. However, Kenya is the main economy of East Africa and one of the main markets of the Sub-Saharan Area. Over the last decades, the Kenyan economy has recorded constant growth rates ranging between 4 and 6%, except for the parenthesis of COVID (Al Jazeera English, 2022).

The reason to look at Kenya as a key study is because, compared to other countries in the Horn of Africa region, it has a more diversified economy and a relatively more stable political environment. In addition, Kenya is a regional hub for trade and finance, with a well-developed financial sector and a well-established transportation network.

In Kenya, more than in other Horn of Africa countries, the consequence of reconstruction and development policy operated by Europe and China is visible.

In recent years, Kenya has made significant progress in reducing poverty and improving access to essential services such as education and healthcare. Indeed, the country has implemented various policies and programs to reduce poverty and improve its citizens' living standards, such as the Vision 2030 economic development blueprint and the Big Four Agenda, which focuses on affordable housing, universal healthcare, manufacturing, and food security (Al Jazeera English, 2022)..

Despite these achievements, Kenya still faces several challenges in its economic development, including high levels of corruption, inequality, and unemployment.

Overall, while Kenya still faces challenges in its economic development, the country has made significant progress and is one of the most developed economies in the Horn of Africa region.

2.2.3. Empirical data

The data used to analyze development investments promoted by China and Europe in the Horn of Africa combines qualitative and quantitative data. Regarding the latter, it is important to specify that only data before December 31, 2022, are considered; since the analysis refers to ongoing events, it was decided not to use data disbursed in the current year, allowing for a more precise analysis of events. The paper will use different measurement data, depending on which will allow a more comprehensive look at the facts described. The qualitative data comes mainly from speeches of government officials, official statements of institutions, or reports. In some passages of the analysis, data were provided with the help of interviews made with private individuals. The opportunity to take advantage of data from interviews is particularly interesting since the research was conducted on Kenyan citizens working in sensitive sectors in the area of development and investment. Qualitative data will also include the official EU website and treaty texts. In addition to the primary data previously mentioned, academic literature from other scholars, such as essays or articles, will also be used. Quantitative data will be used to describe monetary investment and growth statistical data from official sources.

2.3. Choice of Actors

This section will be presented the main actors involved in Horn of Africa's economic development and helps us look at the problem formulation.

2.3.1. Horn of Africa region

Finally, in recent years, the Horn of Africa has begun to play a more central role in international relations, as the HoA countries are increasingly attracting the attention of numerous actors on the global scene. Consisting of Ethiopia, Eritrea, Somalia, Djibouti, and Kenya, the region is the set of competition by world powers for influence over the area (Corda, Dentice, & Procopio, 2018).
Several reasons have brought the easternmost area of the African continent into the limelight. Indeed, the regions bordering the HoA have seen considerable economic growth in recent decades, leading them to become powerful governments. Along with economic greatness also comes an increased interest of these states in the HoA countries, increasing their expansionist aims in the region. Secondly, all the states in the Horn of Africa have experienced drastic economic growth (Corda, Dentice, & Procopio, 2018). Sudan, Kenya, Djibouti, Ethiopia, and Eritrea have an annual growth rate between 9% and 5%. In addition, the area needs more components to promote effective integration into the global market, e.g., the lack of efficient institutions is one of the elements that most undermine economic growth. A third element that gives insight into the possible developments of the zone is its demographic structure (Corda, Dentice, & Procopio, 2018). In addition to a steadily increasing population, the average age of citizens is below 30 years. The last element, the Horn of Africa is in a territorially strategic position for the African economy and global trade. Eritrea, Somalia, Kenya, and Djibouti are located at the entrance to the Red Sea, one of the most important

trade routes as, via the Gulf of Aden, it connects the Red Sea to the Mediterranean and facilitates trade routes between the West and India (Corda, Dentice, & Procopio, 2018).

2.3.2. China

China is increasingly becoming a central player within the global political-economic landscape. In fact, during the last decades, it has implemented decidedly marked 'diffusion' policies compared to previous decades. In agreement with the supporters of the Chinese approach, using the term 'diffusion' when talking about Chinese foreign policy as expressed in the Beijing Consensus is more appropriate. It is neither colonization nor coercion, as China does not place conditions on its policies (Xiaojun, 2017). The Chinese presence is most visible in developing countries where China aims to create a privileged relationship. For centuries, capitalism has been promoted by Western governments that, through colonization, wars, and trade, have imposed the capitalist system as the winner. China's economic rise is set within the global evolution and expansion of capitalism (Xiaojun, 2017). China's rise as a capitalist power breaks the dichotomy between capitalist, wealthy Western countries and developing countries. The essence of China and its different natures breaks the classical balance governing international and economic relations. In fact, the novelty brought by the Asian country lies in the fact that it does not submit to the rules and differentiations imposed by the West, being simultaneously a promoter of capitalism and a communist country, a developing country, and a second-world power. We are facing a period of visible changes like hegemonic powers and in the relations between emerging countries and powers (Li, 2019). The Chinese perspective is to create a new world order, less Eurocentric and fair, within which the interests of all international players, not just Western countries, are equally respected (Golley & Song, 2011). The strategies that China employs to achieve this goal are, first and foremost, a policy of binding the developing powers together through trade agreements, diplomatic relations, development projects, and collaboration.

In this sense, it is important to mention, especially concerning the China-Kenya relationship, the instrument China has favored since 2013 to promote cooperation and trade. This is the One Belt One Road Initiative (OBOR), a project with billions of Chinese-led investments covering a network of infrastructure projects, such as airports, roads, and ports (Li, 2019). On a broader level, looking at what China would like to promote a new global system is necessary. First of all, the need to redesign the global political-economic system is not a sentiment exclusive to China, but a need common to many developing countries. Indeed, many developing countries experience a feeling of unease in approaching the existing global marketplace deeply dominated by the Eurocentric view (Golley & Song, 2011). It is essential to state that in order to make the international system more equitable, China does not intend to revolutionize the global economic system but to reform it in order to create a "harmonious world". In this sense, maintaining the status quo is in China's best interest. With regard to development, the Chinese position is one of total support for all those international organizations that focus on developing countries (Golley & Song, 2011). Despite the support, China considers it necessary to change these organizations in order to make them more modern, to which end it proposes a greater allocation of votes to developing countries. What emerges most from the Chinese attitude towards the international scene is the attempt to claim a more active and central role in supporting the international economic system (Golley & Song, 2011).

2.3.3. European Union

In contrast to new or emerging players, the Horn region has seen a historical presence of European states over the past century. Since the dawn of colonialism, their activities in the area have grown by establishing trade relations with the various countries in the Horn of Africa (Dieci, 2000).

The European Union generally plays a significant role in the Horn of Africa. Schematically, one can summarise European cooperation efforts as being oriented towards the objectives of poverty alleviation and food security (particularly in Ethiopia), rehabilitation, and support for pacification (particularly in Somalia, where the European Union has substantially promoted and long coordinated the Somali Aid Coordination Body (SACB5) and humanitarian aid (see the commitment of the European Community Humanitarian Office - ECHO - in Sudan) (Dieci, 2000). Regarding trade, the EU is also a relevant partner for the Horn countries. For instance, approximately 60% of Ethiopia's exports and 40% of its imports are to EU countries (Tamrat: 1999). In the immediate future, however, it will be essential for the European Union to define suitable legal instruments to maintain a significant presence in Somalia, an alternative to those activated by the Lomé Convention, which Somalia, lacking a central government, cannot sign up to for the time being. Traditionally, the Horn of Africa also represents a priority area for Italian Cooperation, which - in addition to contributing to multilateral programs - acts through the instrument of bilateral cooperation, especially in Ethiopia (Dieci, 2000).

The European drive to increase its presence in the Horn of Africa was expressed in the Sixth European Union-African Union Summit (2022) when, in diplomatic dialogue, the EU positioned itself as a rival player to China in the struggle for influence over African countries. (Versed, 4 July 2022, How Europe Plans to Beat China in Africa).

Finally, several international Non-Governmental Organisations (NGOs) have been operating in this region for many years, with a significant presence of Italian ones. Moreover, in recent years, a network of local NGOs has also been developing in several Horn countries (Dieci, 2000).

2.3.4. International institution

A prerequisite for the existence of international institutions is the willingness of states to follow liberal principles by accepting that nonnational actors decide to prioritize collective welfare over national preferences (Epstein,2008). This liberal approach has traditionally been pursued by the European Union and the North Atlantic Treaty Organisation (NATO). Consequently, being closely linked to Western thinking and founded on political pluralism and free markets, Western countries have always run international institutions under liberalist thinking (Epstein, 2008). The EU security strategy promotes "the development of a stronger international society, well-functioning international institutions and a rules-based international order." Furthermore, by 'bringing international cooperation to a precondition for meeting many global challenges, [the EU] has a clear interest in supporting the continued evolution and improvement of global governance instruments.' However, one of the main elements of instability in European representation in institutional fora stems from the nature of the EU itself. Although the EU was born as a federal union project, this unitary process has loosened over time, making the European Union primarily an economic union of independent states. Consequently, on an institutional level, Europe does not present itself as united and cohesive; at most, it remains the expression of the interests of individual states.

It is precisely the marked synchrony between the European Union and the United States and international institutions that risks becoming a problematic element on the international scene, especially in the area of development economics. Within this framework is China, which aims to reform international institutions according to what it calls a more egalitarian approach. China desires to reform the international economic system and, consequently, the institutions acting in the economic sphere to make it more 'harmonious' (Golley & Song, 2011).

It should be noted that China supports international institutions' existence and regulatory action. Maintaining the status quo is a fundamental prerogative of a harmonious system (Golley & Song, 2011). A concrete example of how China would see the international economic system reformed can be its efforts in promoting the G20. From the point of view of many developing countries, the G7 turns out to be a legacy of Bretton Woods that no longer reflects the balance of power between the powers of a globalized world; at best, it risks becoming a club for rich countries to impose their policies on the world. Indeed, within the G7, the role of developing countries is almost passive and marginal. In contrast, the US proposal to form a G2 consisting of China and the US was immediately discarded by the former. Not only is China not currently stable enough to confront the US directly, but imposing bilateralism in the international system would disrupt the status quo and undermine global harmony (Golley & Song, 2011). Consequently, China proposes the G20 as a permanent collaborative institution between the BRICS and the current G7 countries. In other words, reform, not revolution. In this context, the proposal of a G20 as an institution would be the best compromise between efficiency and international representation (Golley & Song, 2011).

2.3.5. Bank

As the topic of this paper concerns the investments promoted by Europe and China towards the countries of the Horn of Africa, it is relevant to look at the banking institutions that enable the provision of financial aid from both countries.

Four banks operating in the Horn of Africa region manage Chinese investments in Africa. The China Construction Bank (CCB) has the most considerable financial impact in the area; its business focuses on merchant, wholesale, and investment banking services to the indigenous business community, seeking to promote bilateral trade and investment between the Horn of Africa and China (Ceciliato, 2020). Both CCB and Bank of China, the second bank operating in the region, retain a significant portion of their foreign currency-denominated deposits. The remaining two Chinese banks are the Eximbank, the Export-Import Bank of China, and the China Everbright Bank. The former is a state-owned institution established for the purpose of financing trade between China and recipient countries, while the latter is a commercial bank with some formal ownership (Ceciliato, 2020).

Regarding the management of investments from the European Union, the banking institution responsible for providing financial subsidies in the Horn of Africa is the European Investment Bank. The EIB's task is to provide international funding for projects that help support the objectives of the European Union. Concretely, its task is to support initiatives to counter Climate Change's effects and support European prerogatives outside its borders through financial aid (European Union). Regarding the EIB's experience in Kenya, the funding focused on bringing clean energy into the homes and daily lives of the people of Nairobi. In addition, the European Investment Bank's work has enabled key structures to be upgraded to make the country more attractive as an investment destination.

3. Theories

3.1 Beijing Consensus

The Beijing Consensus is an alternative economic development model that can be used as a guide for foreign development countries. It is the political and economic policy of the People's Republic of China that was established by Den Xiao Ping after Mao Tse Dong's death in 1976. Joshua Cooper Ramo first used the term to describe the model as an alternative to the Washington consensus. It is seen as a replacement for the Washington consensus, an economic theory created at the end of the XX century that saw the US as the main protagonist in decision-making for underdeveloped countries. The self-centered US approach turned out to be a failure that generated discontent and mistrust in American power. While the Washington Consensus revolved around a thick and consistent theory that was applied in the same way for different countries and cases and for the same reasons, it did not work out in the long run), the Beijing Consensus has a much more fluid and experimental approach to the countries it wants to invest one. Moreover, the Beijing Consensus has a much more philosophical system than a plan of standards that must be respected to seek economic growth (Ramo, 2004).

This is due to the fact that the minds behind OBOR are fully aware that it is impossible to keep up on a global scale with ongoing changes in social and economic fluctuations. That means that more meticulous and widespread attention is needed on each country's case in order to have tailor-made plans for each state China builds relations with. In order to do this, the Beijing Consensus is built on the idea of not being just an economic program but also a promoter of social and political change. What the Beijing Consensus emphasizes is a much more pragmatic approach. It is a commitment to innovation and experimentation. These ideas can be described through different theorems that are at the core of One Belt, One Road program (Ramo,2004).

Firstly, the theorem reviews the concept of innovation. The Beijing Consensus devotes itself to a commitment to innovation. According to this first theorem, since there is no perfect solution, to reduce the possibility of failure, governments must actively innovate in order to address the challenges fueled by societal and economic environments. Constant changes and new strategies have to be always introduced in order to get the economic program successfully alive. Tools used for innovation must be faster than the problems that generate from change. Secondly, due to the Chinese commitment to improving quality of life, the Beijing Consensus aims to accelerate the construction of roads, power grids, and water conservation projects and all those infrastructures that improve the everyday life of a country. The policy nature moves away from the GDP growth idea (Ramo, 2004).

Lastly, the third theorem consists in China's preference for self-determination rather than continuous contamination from other big power. This third theorem is based on the need of developing nations to seek independence from outside pressure from other authorities. Nations can plan their own growth program without having to accept external restrictions. Although, in theory, there is a plan of self-determination being acted upon, this last point is the most controversial in the Beijing Consensus Program. Self-determination is being harmed indirectly by China seems to be setting standards for developing countries (Ramo, 2004).

These three basic principles found by Cooper Ramo are evidently comparable in their differences with the Washington Consensus.

Cooper Ramo also explains that the Beijing Consensus shows that every nation will follow China's development model, but that shows the potential contradiction of the Beijing Consensus that ends up behaving with the same aim of universal control that the Washington Consensus has.

"China is marking a path for other nations around the world who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful center of gravity"

One Belt One Road, also known as OBOR is an economic expansion project led by China. "Today the BRI is linked to two-thirds of the world's population and has to-date seen investment of more than US$1 trillion" (King, 2019). The project was proposed by Xi Jinping in 2013, and is planning to make China the most important and relevant economic power by 2035 (Nani , 2019).

Sea roots start from Fuzhou, a port city in the South of China. The first China connection from this city is Kuala Lumpur, the capital of Malesia. From this root, China gets connected to Sri Lanka and Nairobi, the capital of Kenya. This is all possible through the Red Sea (Nani, 2019)

Figure 1: Map Of China's Belt Road Initiative marine and land roots

https://www.sovereignmagazine.co.uk/2019/03/30/italy-joins-chinas-belt-and-road-initiative-heres-how-it-exposes-cracks-in-europe-and-the-g7/

This relationship between these countries consists of investments in buildings and infrastructures that promote the economic growth of less developed states. China would build this economic growth as loans that the country which received help would have to give back. These countries, though, are often unable to pay this loan, so they end up being in debt with China (Nani, 2019).

Lastly, one of the main reasons for OBOR to exist is global dominance. The Belt Road Initiative brings together three continents (Asia, Africa, and Europe), 65% of the world's population, and is planning to expand even more largely by 2027.

3.2 Liberalism Theory

The liberal approach within international relations refers to a system of government and a theoretical approach to the discipline. Liberalist theory refers to a discipline rooted in economic principles such as, for example, the personal freedom of every individual that should not be restricted within any political regime. Consequently, the structure of government proposed by the Liberalists is predominantly the democratic system that, legitimized by law, should achieve national security and international cooperation (Liang & Li, 2020). Liberalism played an important role during the 20th century as it has characterized the direction of the international system since the end of the Cold War. Two elements that are particularly relevant to the topic at hand are the push liberalism gives to global cooperation and the rule of law (Dunne, 2020).

One of the most outstanding achievements promoted by LiberalismLiberalism has been creating a series of international liberal institutions over the past century. The most emblematic example of the birth of the institutions is the founding of the League of Nations to promote cooperation between peoples and resolve disputes between states. Furthermore, to promote peace and collaboration, LiberalismLiberalism pioneered the support and protection of values such as freedom and justice (Dunne, 2020).

According to the theorists of Liberalist Theory, the international arena can be described as“a place where states follow the rule of law as wall as furthering moral purposes such as civility, prosperity, and peace” (Dunne, 2020) But, the post-war attempt to set up an international system that simultaneously reaffirmed national sovereignty and introduced institutions as supranational entities introduced the dichotomy that still marks a trauma in Liberalist Theory. Indeed, the new international political-economic order, on the one hand, promoted a new concept of the state based on the rule of law and, on the other, legitimized the action of supranational institutions that claimed to represent the interests of member states. The result was the emergence of a potentially explosive contradiction between state activity in the management of internal affairs and international management of national economic resources for the purpose of cooperation (Ruggie, 1982). But, the fact that political elites were simultaneously moving towards multilateralism and the pursuit of stability at the national level gives insight into the idea inherent in Liberalism that one was functional to the other. The nation and the international system would channel their energies towards shared socio-economic goals (Ruggie, 1982).

Moreover, one of the most fruitful perspectives proposed by the Liberalist Theory is the combination of a liberal economic system and the democratic heritage typical of the West in the social-political sphere. Within a liberalist approach focused on multilateralism, the expansion of democracy and the liberal economic system is central to the functioning of the promoted system. Often in the past, Western countries' attempts to export democracy have promoted successes, especially in Asian countries, but despite this, many countries struggle to adapt to a Western-style political regime such as democracy (Ruggie, 1982). According to the Liberalist Theory, Democracy is the best form of government because it guarantees the protection of citizens' freedoms and rights. Within the Theory, the relationship between the state and the individual citizen is central to understanding the importance placed on the two actors. The fundamental premise of Liberalism in International Relations is the representation of citizens that finds expression in the national government, which reflects its interests and objectives. Thus, the connection between the state and society is central in that the individual voluntarily legitimizes the government, and thus the individual is prior to the state. In other words, the degree to which citizens are representative distinguishes good government (Moravcsik, 1992).

4. Analysis

4.1. Chinese investments in Kenya

China is fast became a major player in Horn of Africa countries (van Dijk, 2009; Jacoby, 2007). In 2008 it replaced the European Union and United States as Africa's major trading partner. Chinese FDI in Africa in 2022 reached 3 billion of US $, 30% of this sum was invested in the infrastructure sector, and 25% on mining and extracting row materials (Al Jazeera English, 2021). However, we are not just talking about trade; China's foreign Direct Investment (FDI) and development aid are also increasing rapidly (van Dijk, 2009). This combined use of aid, investments and trade requires political coordination and China has developed a strategy and different policies with respect to Africa, which includes migration to Africa and buying or leasing land for agricultural purpose (van Dijk, 2009). Indeed, even the Chinese presence on the Horn of African countries takes a multiple of forms, this paper will focus on Chinese commitment on investments and its consequences.

Chinese financial operations in Kenya operate through grants, debt relief, and loans. Most loans from China are classified as soft-loans and concessional loans. However, it is important to mention the presence of numerous long-term loans characterised by low interest provided by China to domestic companies investing in Kenya. The main feature that makes Chinese investments more accessible by developing countries than Western loans is their lack of conditionality. Nevertheless, all Chinese investments have only one condition to meet: they can be considered conditional on being linked to Chinese companies. In other words, Chinese investments in Kenya, and throughout Africa, are obligated to finance projects that use Chinese products for their implementation (Young-Chan Kim, 2017).

Non-traditional donors, i.e. donors operating outside the Organisation for Economic Cooperation and Development (OECD) or the Development Assistant Committee (DAC), do not adhere to the economic aid practices and norms promoted by countries considered traditional donors. China is certainly considered to be the first among non-traditional donors globally, especially in relation to its expressed commitment to development finance for the Horn of Africa countries (Dreher et al., 2021; Watkins, 2021).

According to the European and Chinese Investment in Kenya, is particularly interesting look at the Chinese use of "Other Official Flows", the main Chinese tool for foreign investments.

OOF allow economic aid to be promoted without meeting ODA requirements, which is why they are particularly used by countries like China (Golley &, Song, 2011).

In the Chinese case, OOF translates into export buyer's credit promoted by Eximbank. The main instruments used by China are short-term credit contracts made and Chinese exporters in order to help them financially with foreign sales, and long-term credit contracts, subsidies made to foreign buyers to assist them in exporting Chinese goods. In other words, through long-term credits, China supports third countries' purchase of its goods for export. Within the latter contracts, there is a small group of importing countries to which preferential rates are offered, with interest rates of 2 /3 percent and with contracts similar to ODAs (Golley &, Song, 2011).. Within OOF, a central role is also played by the Chinese Development Bank (CDB). Traditionally, its operations are mainly aimed at financing domestic development projects, however, in recent decades it has expanded its reach beyond the domestic context. Nevertheless, development aid promoted outside the CIna does not fall under ODA. One of the main instruments used by the CDB is strategic credit routes from Chinese "dragon-head" companies. "dragon-head" refers to Chinese companies that the government believes have the potential to be more competitive in the global economic system. these strategic avenues create a financial platform that allows dragon-heads to secure foreign business (Golley &, Song, 2011).

But the Chinese approach to development assistance is very different from that of traditional donors. The novelty of Chinese development in Africa reverses the relationships that historically underpinned the donor-country-recipient dialectic; in fact, they are based on the principle of mutual benefit and non-interference (Dreher et al., 2018; state Council PRC, 2011; Watkins, 2021).

But, as mentioned earlier, Chinese aid is considerably different from aid from European countries. What also makes Asian investments unique is their approach to the "terms and conditions" imposed on recipient countries. Regarding this, China has always spoken out against exporting democracy and, more generally, imposing its own principles and values on other countries. Concretely, China places no limits regarding internal governace in Kenya (McCormick, 2008). In fact, Chinese economic development could be considered conditioned by professional management and good governance rather than by political architecture of Western liberal democracies. The Chinese way could be summarised through a metaphor: “doing it your own way” (Breslin, 2011; Li, 2019).

China can be described as the largest developing country in the world. On the other hand, China has always moved in the international scene to confirm both its position as a great power and, at the same time, its status as a developing country. This dual nature has allowed the Asian giant to have privileged relations with developing countries such as Kenya, abandoning Eurocentric logic for a more egalitarian strategy. Indeed, the history of political relations between China and Kenya is marked by the willingness of these countries to cooperate in order to promote peace and development and achieve win-win objectives (Al Jazeera English, 2021). Analyzing the text of the President of the Republic of China Xi Jinping at the opening ceremony of the 8th FOCAC ministerial conference, the president's intentions in this regard become clear. The Chinese President, just after thanking the stakeholders, reiterates the principles of equality, mutual benefit, and development based on win-win agreements. The prominent position of these principles makes us realize their importance in the Chinese government's priorities and the pivotal role of these policies in Kenya's development plans (Al Jazeera English, 2021). In his speech, Xi Jinping proposes nine cooperation projects because of the China-Africa Cooperation Vision 2035, within which it is interesting to focus on the investment project plan. The fourth project proposal is related to the China Investment Promotion Programme where it is officially stated that China will encourage Chinese enterprises to invest a minimum of USD 10 billion in Africa within the next three years. The plan also includes creating a platform to facilitate and promote China-Africa investments. In addition, new economic aid solutions are proposed, such as investing USD 10 billion in African financial institutions through credit facilities, industrialization projects, and employment promotion in Africa. As is evident from the presidential speech, China's proposed aid to Kenya does not mention any conditions for access to subsidies or agreements, let alone the direction of particular policies or reforms toward specific social issues. In other words, it is visible how China goes out of its way to help Kenya economically, like so many other African countries, without demanding policies to increase democracy or reforms to regulate particularly hot social issues in the West. Despite this, the willingness of both sides to guarantee freedom and peace is mentioned in the speech. Particularly interesting is to note that, contrary to what is frequently stated in the media, China envisages development projects for the China-Africa Cooperation Vision 2035 on issues such as digitization, sustainability, education, and security (Kenyote Speech by H.E. Xi Jinping, President of the People's Republic of China at the Opening Ceremony of the Eighth Ministerial Conference of The Forum on China-Africa Cooperation, Xinhua, 2021-12-02)

Consequently, recipient countries consider aid from China more attractive than other states because it rarely involves political efforts. In addition to the absence of political conditionality of Beijing's aids is usually more efficient, i.e., it is quicker and manages to bring an immediate benefit to the population than European aid. As a result, while traditional donors continue to criticize Chinese modes of intervention in development aid, the countries in the Horn of Africa embrace Chinese aid more favorably, or at least are happy to have more of an option (Selbrevik, 2009). This benevolent view of development projects promoted by China can be found in several developing countries. The characteristic of not forcing development projects with conditionalities or coercion mechanisms to make a policy or regulatory model be implemented in the beneficiary countries (A.Vangeli, A Framework for the Study of the One Belt One Road Initiative as a Medium of Principle Diffusion, pp.68; L. Xi, Mapping China's "One Belt One Road" Initiative, 2019, International Political Economy Series). It has to be said that, according to some Western theorists, the massive amount of investment made in countries like Kenya may turn into massive debt on the part of African countries and act as leverage for the Chinese government to impose policies (Watkins, 2021). In any case, the apparent lack of explicit conditionality is why it is attractive and convenient for Kenya to receive development aid from the Asian country rather than the West (A.Vangeli, A Framework for the Study of the One Belt One Road Initiative as a Medium of Principle Diffusion, pp.68; L. Xi, Mapping China's "One Belt One Road" Initiative, 2019, International Political Economy Series). The idea supported by Chinese economists to exclude investment conditionality as ineffective can be briefly summarised by the idea that "the democratizing effect of aid conditionality works only during a period when recipient countries do not have other sources of aid, allowing dnors to more credibly commit to enforcing conditionality" (Xiaojun, 2017).

Stating that non-conditionality is good for Kenya as it allows, on the one hand, the allocation of resources focused mainly on growth; on the other hand, it allows the national government itself to set its own priorities and needs. This approach has then developed two different currents of thought among theorists; in fact, economists who support Chinese development aid reiterate the effectiveness of such measures; on the contrary, many Western theorists consider such measures negative to long-term development (Xiaojun Li, 2017). The position of Chinese economists can be summarised by the notion that the effects of democratization following the conditionality of development aid only work in the time frame in which recipient countries have no other sources of aid (Xiaojun Li, 2017). Certainly, China's rise as a major investor in African countries poses challenges to the idea of concessionality developed by Western countries. According to the studies carried out by Xiaojun, it is visible how the establishment of democratization as a consequence of the economic efforts promoted by the OECD both in Sub-Saharan Africa and in Africa has declined since the beginning of the 21st century (Xiaojun, 2017), precisely at the same time as China's economic presence in the region increased. In addition, Xiaojun's analysis shows that most countries receiving Chinese investment have a comparatively higher rate of political freedom than countries emerging from a period of investment by FOCAC countries.

On the other hand, traditional donors, i.e., Western countries, are forced to compete with a new approach to international aid that, having achieved widespread success, reduces credibility in a development that includes conditions for accessing funds (Xiaojun, 2017).

An essential portion of the literature dealing with the issue of Chinese investment in Kenya, and more generally in Africa, considers Chinese investment and non-conditionality as a weakening factor for the recipient country. Indeed, the Western media considers these attitudes on the part of the Chinese government as potential 'debt traps.' Suspicions on the part of Europe, the US, and India stem from the belief that the 'debt trap' implies an ulterior motive towards the recipient countries on the part of China. Even Janet Yellen, US Secretary of Treasury, described Chinese policy as 'predatory' and described it as "unsustainable debt and influence on countries" (Eickhoff, 2022). Also, according to the Western media, China's approach towards African countries would be considered 'aggressive,' and the investments promoted by China as an attempt to dominate the African market, exploit natural resources and exert political influence on African countries (Eickhoff, 2022).

Contrary to the doubts expressed by Western countries about the 'debt trap', Chinese diplomats and Kenyan leaders apply the African Agency approach to promote bilateral agreements and cooperation between their respective countries. The African Agency approach refers to a state's ability to set its agenda of priorities, goals, and aspirations, seeking to conclude deals that are as beneficial as possible for all stakeholders. During the visit of the Former Minister of Foreign Affairs of the Republic of China Wang Yi, to Mombasa in January 2022, Former President Kenyatta said about the relationship between the two countries, "It is not a partnership based on Chinese telling us what we need. It is a partnership of friends working together to meet Kenya's social-economic agenda'. Kenya and China both share the same vision of win-win partnerships, that is, trade and investment agreements in which both countries benefit. In particular, Kenya is working towards the Kenya Vision 2030, a development project that aims to transform Kenya into a middle-income country by 2030 (Eickhoff, 2022). According to win-win agreements, Kenya and China have aligned the Belt and Road Initiative projects with the Kenya Vision 2030 goals. The speed and efficiency of the numerous infrastructure projects promoted by China can be seen as the future legacy of a fruitful partnership. However, in the face of Western criticism, the rising public debt is seen as a necessary side effect of the development Kenya is implementing. In the meantime, the collaboration between the BRI project and Kenya Vision 2030 is continuing to bring increased benefits to both countries (Eickhoff, 2022). In Kenya, China is funding several 'mega projects' in line with the Kenyan government's need to promote more significant development and, at the same time, enable Kenya to have the means to participate in the BRI project actively. The following will briefly review the main 'mega projects' the Beijing government promotes in Kenya. In May 2022, work began on constructing a gigantic infrastructure project: the Nairobi Expressway. This is a motorway that will pass through the city of Nairobi and quickly reach the opposite parts of the city. One of the main problems of the capital is the problematic traffic congestion. Concretely, the Nairobi Expressway project envisages the construction of 27 km of highway connecting the city of Mlolongo in the eastern suburbs of Nairobi, passing through the Jomo Kenyatta International Airport (Eickhoff, 2022). The financing for the construction of the motorway amounts to USD 764 million. The financing and construction result from a partnership between the Chinese state agency China Road and Bridge Corporation (CRBC) and the Kenya National Highways Authority. In order to cover the construction costs, the Moja Expressway, a subsidiary company of CRBC, will manage the toll booth system on the Nairobi Expressway for the next 27 years (Eickhoff, 2022). Since the construction of the Thika Super-Highway in 2007, flagship projects within the city of Nairobi include the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) regional corridor and the Standard Gauge Railway (SGR) project. Both projects are implemented by Chinese companies and supported by the Kenyan state; the projects are co-financed through Chinese loans. The SGR project, also called 'China Road' by Kenyans, connects Kenya's two main cities: Nairobi and Mombasa, passing through the Rift Valley. US 3.2 billion has been allocated for the construction of the Standard Gauge Valley by the China Exim Bank. Starting in 2017, the SGR more be considered in all respects one of the most ambitious projects funded by China in Kenya (Eickhoff, 2022). Ambitiously, the Standard Gauge Railway project would complement another mega infrastructure project: the Bridge Cooperation project that would connect Kenya with Ethiopia via a bridge. Consequently, the China Road and Bridge Cooperation (CRBC) would become a key project for China-Kenya-Horn of Africa trade and diplomatic relations. For this purpose, the China Exim Bank has allocated €43 million for a total of 530 km of road (Ombaba et al., 2012).

The massive investment by China has been very successful by the results achieved. The success was mainly due to the use of advanced technology and management skills through which Kenya was able to benefit from the investments fully. The most profitable externality element of Sino-Kenyan cooperation in infrastructure is the effect this has had on the local population. Chinese companies have hired many Kenyan citizens to work on construction projects (Ombaba et al., 2012). Despite the openness on the part of Chinese companies to offer jobs to indigenous workers, Local Contractors claim that the entry of mega-Chinese companies has created an imbalance within the market. The entry of large foreign companies operating in the infrastructure sector has created unhealthy competition in the Kenyan market, as local companies, which are notoriously smaller and less well-funded, are unable to compete. So, to summarise, the economic ties between Sub-Saharan Africa and China have expanded tremendously in the last few decades (Ombaba et al., 2012).

Looking at Table 3, It emerges that from 2000 to 2006, China was an active player in development projects operating in Kenya.

Year	Total FDI in US $ (million)	CHINA		
		No of projects	Capital US $ (million)	Employment
2000	110.9	9	4.08	787
2001	5.3	12	2.79	1313
2002	27.6	6	1.67	170
2003	81.7	11	13.95	493
2004	46.1	12	9.03	1414
2005	21.2	12	3.74	239
2006	51	8	2.51	681

Figure 2, FDI from China 2000-2006. (OnjallaJ., 2008)

According to the World Bank, Kenya's economy continued rebounding, with a GDP increasing by 6%year-on-year in the first half of 2022 (The World Bank, 2022). Kenya hosts more than 400 Chinese state-owned and privately owned enterprises and 40,000 Chinese people (Kim, 2017). Nevertheless, the fact that the presence of Chinese companies caused an increase in hiring more Kenyans (Sanghi & Conte Johnson, 2016), data shows exist a considerable concern about the social, environmental, workplace, and economic responsibilities of Chinese businesses (Kim, 2017). Indeed, Chinese firms are developing an integration work policy; sixty-three percent of Chinese companies operating in Kenya reported having a policy of replacing Chinese employees with Kenyans because of being much cheaper to hire a local technician (Sanghi & Conte Johnson,2016). Despite the common Kenyan perception that Chinese businesses are reluctant to hire local employees, research affirms that ninety-three percent of Chinese companies hire local employees (Kim, 2017).

One of the main criticisms by Western countries of the investment model promoted by China towards developing countries is the lack of attention in areas such as environmental sustainability and the use of renewable energy. The issue of climate change and its consequences has become one of the most important topics of the 21st century and, looking to the future, will certainly become the main focus of interest that will govern relations between states in the coming decades.

On a global level, several steps have been taken towards a reduction of Greenhouse Effect (GHG) emissions, but, according to Western countries, there will only be concrete benefits if all states cooperate in complying with international climate agreements. On a global level, the three leading players responsible for greenhouse gas emissions are the European Union, the United States, and China (Kumar et al., 2021). Although the effects of climate change will affect the entire world community, almost all international treaties to limit these consequences are classified as 'soft low' or 'non-binding. (Lawrence & Wong, 2017) What is evident is undoubtedly a commitment at the international level; despite this, climate agreements are often seen as advice and recommendations.

Very often, the individual state decides the priority that this issue takes within its agenda and, consequently, the timing of its approach to climate change (Paris Agreement, 2015).

China has been the protagonist in decades of unprecedented economic and technological development. On the strength of its achievements, China is promoting the same modernization model outside its borders. The cornerstone of the Chinese development model is, on the one hand, a considerable population and, on the other hand, the principle of shared prosperity for all. In other words, despite Western criticism, according to Chinese scholars, the modernization approach proposed by Beijing also focuses on scientific development and environmental care. Indeed, harmony with nature plays a fundamental role in Chinese culture in a broader context of harmony between man and the world. China is moving towards sustainable and peaceful development (Xinhua, 2023). Beijing has consistently recognized the fight against climate change as a fundamental issue for development and, above all, for people's lives and well-being. In fact, it has been open to the proposals brought forward in the Paris Agreement. Nevertheless, the populous nature of China and economic development that, despite enormous successes, is not yet finished make development dynamics more akin to those proposed by a developing rather than a developed country prevail. For this reason, China's development agenda focuses more on poverty eradication and economic development (Yan & Torney, 2016).

Despite what is said in the Chinese media, however, it is clear that the global cooperation between the EU and China in the area of zero-carbon and the reduction of greenhouse gas emissions does not follow the timetable promoted through climate agreements. Western countries are particularly attentive to China's behavior because it is currently the largest energy consumer (BBC News, 2021).

Relevant insights emerge by analyzing the Chinese development approach guiding infrastructure investments and their relationship with environmental protection and decarbonization. Indeed, massive investment in railways, ports, roads, and airports contributes to a country's economic and social growth, benefiting the entire local community (Nyumba et al., 2021). Looking at the example mentioned above of the Standard Gauge Railway in Kenya (SGR), it is undoubtedly one of the tools favored by the Kenyan government to achieve Vision 2030. However, one of the main criticisms leveled at the mega-project is the impact that the highway would have on the ecosystem of the areas that the SGR would pass through, fragile and ecologically significant ecosystems for the country, with possibly disastrous consequences. In Nyumba's words, the Standard Gauge Railway has degraded and fragmented ecologically key areas such as water towers, protected areas, community reserves, and wildlife dispersal areas. (Nyumba et all, 2021) The major Western concerns lie in the environmental consequences of such projects in an already primarily exploited territory, particularly regarding the contamination of soil, water, and air during the construction and operation of the SGR. Moreover, the construction of large projects involves a margin of risk, as happened during the construction of the Standard Gauge Railway when an accident caused by an oil spill damaged the nearby Thange River, used by the local population for irrigation and grazing for domestic purposes (Nyumba et al., 2021).

4.2. European Union investments in Kenya

A legislative framework to promote good governance and human and economic development is among the priorities the EU aims to achieve through international development cooperation. In response to the development goals set by the UN, the EU provides funding in five areas of sustainable development. The focus is on people first, eliminating poverty, hunger and ensuring dignity and equality. Secondly, the planet; protecting future generations from the destruction of the environment and the depletion of natural resources. Thirdly, investing in prosperity is understood as ensuring a prosperous, rewarding life in harmony with nature. Fourth, strive for peace, and build inclusive and just peaceful societies. Finally, implement global partnerships that promote development cooperation (European Union, 2018).

European development policy is articulated around a New European Consensus on Development. The main aim is the "collaboration of EU institutions, EU countries, and developing countries over the next 15 years. The aim is to achieve the goals of the 2030 Agenda for Sustainable Development, as well as the Paris Agreement on Climate Change (European Union, 2018).

The EU is aware that the Horn of Africa is a region 'ready to explode.' Europe is fully conscious of the wealth of this territory. However, alongside the African region's power, some issues prevent it from fully exploiting its environment and enjoying development benefits. A past as a colonized country, a recent unification, and a great ethnic diversification within itself make Kenya a country, although remarkably growing, a state that fails to exploit its full potential (Eurafrica, 2023). The main risk is the difficulty in guaranteeing the Kenyan population a sufficiently high standard of living for a dignified life, an objective that the EU places among its development cooperation priorities. The inability of the Kenyan state to fully exploit its resources and reinvest them in the population risks undermining the country's growth in the future (Eurafrica 2023).

Relations between Kenya and the European Union have always been particularly intense. In recent years, the relationship between the two has intensified further. According to the European Union

Delegation in Kenya, to date, Europe is the largest export destination for goods produced in Kenya, especially for labor products; despite this, the total value of potential trade between Europe and Kenya is estimated to be around EUR 500 million per year more than the current value of trade. This allows us to understand how much it is in the interests of both international players to increase business and cooperation (Delegation of European Union to Kenya, 01/2023). In fact, looking at the last few years, the European Union has promoted a large number of international agreements to support development in Kenya.

Of particular interest is the EU-Kenya Strategic Dialogue, the result of the fruitful diplomatic dialogue between Kenya and Europe in an attempt to counter global challenges. Held in January 2022, the EU-Kenya Strategic Dialogue was supported by a new development program focusing primarily on a green transition of Kenya's economy. The main objective is to enhance a virtuous partnership between the European Union and Kenya by focusing on knowledge exchange in order to promote common policies and projects. The agreements made during the Strategic Dialogue were recently reviewed during a private meeting between Kenya's Principal Secretary for Foreign Affairs, Dr. Korir Sing' Oei, and the Deputy Secretary-General of the European External Action Service, Ms. Helena Koning. The two delegates of the respective parties met on 22 February 2023 to review the key priorities expressed by the European Union and Kenyan President William Ruto. The purpose of the meeting was to take a step forward and update the objectives defined in the EU-Kenya Strategic Dialogue and promote closer cooperation. The main topics discussed were in the economic sphere, analyzing the opportunities to transition to a green economy and increased digitization. In addition, the EU-Kenya Business Forum was organized during the booster meeting of the Strategic Dialogue, which is the concrete manifestation of the EU-Kenya Strategic Dialogue (Delegation of European Union to Kenya, 22/02/2023).

Resulting of previous dialogues, the EU-Kenya Business Forum is an agreement aimed at enhancing potential trade and cooperation to promote investment in Kenya. The Forum was held on 21/22 February 2023 in Nairobi with the aim of fostering trade with Europe and investment in Kenya by highlighting new economic opportunities. The European Business Council jointly organized it, the European Union Member States, and the Kenya Private Sector Alliance (Delegation of European Union to Kenya, 21/02/2023).

Indeed, an interesting agreement is the Global Gateway, a contract between the European Union and developing countries in which the topic of sustainability and renewable energy plays a central role. Through the Global Gateway strategy, the European Union aims to invest EUR 347.6 million by 2027 to financially support sustainable, high-quality infrastructure projects in line with EU values and standards. The promoted strategy follows five priority directives: 1) Technological digitization to ensure digital infrastructure and a legislative framework to regulate the digitization process. 2) Climate and energy, strengthen the green energy transition, manage the minerals in the territory, support a sustainable agri-food system, manage water reserves in the context of increasing drought, and preserve the ecosystem. 3) Strengthen transport. 4) Ensuring the supply of medicines and developing capacity for the on-site production of medical supplies. 5) Ensuring access to education for all citizens, encouraging the individual's vocation, and creating exchanges between universities to create a network of academic knowledge and research (Ambassade de France au Kenya et en Somalie, 2023).

During the opening of the Global Gateway, she was very clear about the importance of development and cooperation between Kenya and the European Union (European Commission, 2023).

"Kenya is a good partner for the Eu in Africa. The Eu and Kenya are jointly tackling some of today's biggest global challenges such as the fight against climate change"

Ursula vor de Leyer

The EU project presented during the Global Gateway for constructing Nairobi Core Bus Rapid Transit Line 3 (BRT3) is exciting. It is a declaration of intent to finance an electric bus line in Nairobi and is undoubtedly a concrete development project promoted by the European Union in Kenya. The total funding the EU plans to invest amounts to € 347.6 million, including € 45 million in aid. The European Union will provide the investment in assistance, while € 300 million will be provided by the European Investment Bank and the French Development Agency. Additionally, in addition to the € 347.6 million, a sum will be provided by the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Union, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to ensure the necessary technical assistance for the implementation of the BRT3 project. This colossal project aims to implement a cleaner, safer, and more efficient public transport line in Kenya's capital city (European Commission, 2023).

"Team Europe is the key partner in Kenyan green transition", queste parole sono state affermate dal European Commission e rappresentano perfettamente il ruolo centrale che l?Europa vuole giocare e le priorità che vuole assumersi nella relazione con il Kenya (European Commission, 2023).

The BRT3 project is also essential because of a future realization of a much broader green proposal. The experiment to equip the city of Nairobi with an electric bus line could be the experiment that will guide the construction of a strategic Mombasa-Kisangani corridor in the future. This second, larger project will need further development. Nevertheless, it is considered one of the priorities of the Global Gateway Africa-Europe Investments Package, and it would also become East Africa's first rapid electric line (European Commission, 2023).

The European Union has argued strongly for a sustainable public transport model in the Kenyan capital. Investing in public transport would bring positive results on several fronts; first of all, it would improve road conditions, reduce commuting time and pollution and increase traveler safety. As many as 300 000 citizens are expected to use electric transport daily. Indeed, in recent years, Nairobi has seen exponential growth in the number of its citizens, a change that has not increased transport services. Furthermore, BRT3 offers discounts to women, students, or low-income citizens to facilitate easier access for the most vulnerable sections of the population. One of the consequences of the European commitment to transport is the creation of the Nairobi Transport Authority (NaMATA). This government body will be the institutional counterpart promoting BRT3 (European Commission, 2023).

Relevant are the words of the EU representatives regarding the cooperation between the EU and Kenya in promoting sustainability and green energy projects.

"Very pleased about today's signature with an important and likeminded partner for a safer, greener and more affordable electric bus system. This is an important milestone in our partnership with Kenya to invest in green and sustainable mobility. The project is a tangible deliverable of our positive and sustainable offer to partners, the Global Gateway strategy and it's transformative impact in Africa. Better transport will give people more possibilities to go to school and to work, widening opportunities for citizens." (European Commission, 2023)

Jutta Urpilainen, Commissioner for International Partnership

A second particularly interesting element regarding the relationship between the EU and the promotion of sustainable development is the focus on human rights. Indeed, according to the EU approach, development growth can only be defined as such with a commitment to reducing the social gap and ensuring a decent life for citizens.

Since 1992, the European Commission (EU) has adopted a number of Communications about democratization and Human rights, focusing particularly on guaranteeing that these issues permeate all EU programs, projects, and policies. The European Union clearly identifies the basis of its action (European Commission, 2001). The European Union works to safeguard the civil, political, economic, social, and cultural rights declared at the Vienna World Conference on Human Rights in 1993 as universal and indivisible. The 1995 Beijing Declaration and Platform for Action reaffirmed that women's rights, children's rights, and the rights of ethnic minorities are intrinsic, integral, and inseparable components of universal human rights. The EU supports this idea as well. One of the main goals of the European Union is to defend these rights and combat poverty (European Commission, 05/2001).

The Treaty of Amsterdam, which came into force on 1 May 1999, reaffirms in its Article 6 that the European Union *"is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles that are common to the Member States"* and emphasizes in article 49 that the respect of these principles also is required by countries who apply for EU membership. It is also introduced, in Article 7, a mechanism to sanction serious and persistent breaches of human rights by the EU Member states, according to the Treaty of Niece concluded in December 2000. This also extended the objective of promoting the respect of human rights and fundamental freedoms, from development cooperation to all forms of cooperation with third countries (Art. 181bis TEC). The Commission's action in the field of external relations will be guided by compliance with the right and principles contained in the EU Charter of Fundamental Rights, which was officially proclaimed at the Nice Summit in December 2000, since this will promote coherence between the EU's internal and external approaches. Since 1992, the EC has included in all its agreements with third countries a clause defining respect for human rights and democracy as "essential elements" in UE's relationship. This clause is unique in bilateral agreements. This approach has been further developed in the Cotonou Agreement signed with African, Caribbean, and Pacific (ACP) countries in June 2000, which is based on respect for human rights, democratic principles and the rule of law, and good governance (European Commission, 05/2001).

Poverty reduction, the basis of a dignitary life and the main objective of the European Community's development policy, will only be sustainably achieved where there are functioning participatory democracies and accountable governments. According to the European Union's beliefs, Corrupt and autocratic governments are likely to misuse development assistance either to maintain repression or for private enrichment at the expense of their populations. Indeed, democratic, pluralist governments which respect the rights of minorities are less likely to resort to nationalism, violence, or aggression, either internally, against their neighbors, or further afield. For this reason, the promotion of human rights and democracy is also an essential complement to the EU's support for multilateral trade and investment facilitation (European Commission, 05/2001).

On the other hand, the human rights objectives promoted by the European Union are consistent with the principles pursued by the Kenyan government. The Kenya Vision 2030 aims to provide a high standard of living for all its citizens, ensure a clean and safe environment, and transform Kenya into an industrialized, middle-income country (European Commission website). Thus, according to what the EU states, *"Kenya and European Union share a commitment to democracy, the rule of law and human rights, which are the basis of strong relations*" (European Commission, 06/2021).

To outline what are the main threats to human rights and dignified living in Kenya, it is interesting to look at the report of the Kenyan National Human Rights Commission. The Kenyan National Human Rights Commission (KNCHR), also referred to as the National Commission, was established under Art.59(1) and Chapter 15 of the Kenyan Constitution (CoK) and is based on the principles drafted in the Paris Principles (Kenya National Commission on Human Rights, 2018). Looking at the KNCHR is interesting in that, according to Article 249 of the CoK, it aims "to promote human rights, fundamental freedoms, and Constitutionalism; and, to protect and secure the observance of human rights and fundamental freedoms in all spheres of life." Within its spheres of action, the KNCHR aims to observe and respect the plurality of the Kenyan people, impartial gender equity, natural laws of justice, and all treaties and conventions that Kenya has ratified, particularly in areas such as human rights, independence, integrity, and equity of all living beings (Kenya National Commission on Human Rights, 2018). According to the 2018-2023 Strategy Plan, one of the best achievements of the National Commission is that it has maintained a very high degree of credibility internationally for independence, performance, and actions following the Paris Principles developed by the National Human Rights Institutions (NHRIs). Therefore, the 2018-2023 Strategy Plan also provides us with a list of the main challenges facing the National Commission in pursuing its goals (Kenya National Commission on Human Rights, 2018).

First of all, the National Commission had to contend with the decrease in funding from the GoK that impacted the complete mandate and operations of the Commission. Indeed, according to Article 249 of the CoK, the KNCHR is a constitutional body that the Government of Kenya should financially support (Kenya National Commission on Human Rights, 2018).

Secondly, despite constructive commitments to combat human rights violations, the National Commission found a high degree of dereliction of duty on the part of duty bearers. Especially from the political parties during the presidential elections, an event that led to extreme political and ethnic polarisation that did not allow citizens to enjoy their rights fully.

Thirdly, Kenya needs to catch up in implementing policies imposed at the government level. From what emerges from the 2028-2030 Strategy Plan, International Policy Trends in Human Rights are constantly evolving. This fact brings many benefits to the Commission's work as it shapes the political ideologies, legal frameworks, global economy, development, and security agenda promoted by the KNCHR. It is significant to see how the National Commission not only conforms to Western directives in the area of human rights protection, not only holds a Western opinion about its work but also positively assesses the consequences of Western-promoted human rights developments in Kenya (Kenya National Commission on Human Rights, 2018).

That said, one of the main limitations of the European approach to development can be found in a lack of short-term effects that sometimes characterizes the EU's development investment modalities. Despite the significant commitment shown by the EU in developing projects, the limitations can be briefly reduced to two elements, partly to the institutional structure that makes up the European Union itself and partly to problems concerning the actual benefit brought by investments (Carbone, 2018).

On the first point, the European Union's action must reflect the principle of independence and coherence. In other words, the EU must be able to invest in development in the beneficiary countries independently of individual EU member states' interests concerning the Horn of Africa countries. In addition, European institutions are obligated to respect the principle of coherence with regard to the principles and limits imposed by the institution itself on its actions. Brussels invites all EU member states to respect these principles, but the member states are invited and not obliged to do so. An alignment of interests and modes of action between individual countries and the EU institutions allows for more effective investment. In general, fragmentation of economic aid leads to a waste of resources, places a high burden of responsibility on the shoulders of recipient African countries, increases corruption, and retards economic growth. These constraints on implementing European-funded investments can undermine the credibility of European financial aid, especially in recipient countries. Therefore, it becomes necessary to define the effectiveness of development investments as the ability to achieve institutionally set objectives in the recipient countries (Carbone, 2018).

In other words, the first set of obstacles related to the effectiveness of European investments concerns EU institutions' ability to act autonomously and cohesively. Unfortunately, aid recipients often perceive EU actions as the result of agreements with individual states.

A second set of limitations to the effectiveness of EU development investments relates to their effectiveness on the ground. The energy and commitment of European aid raised several doubts among EU members themselves as soon as it was agreed upon; in fact, it was considered unrealistic from the outset because, on the one hand, it implies a complete restructuring of previous development projects promoted by states. On the other, they presuppose resources on the part of the beneficiary states that they did not have, especially at the institutional level. One of the main problems encountered by governments of beneficiary countries is the lengthy bureaucracy that risks making development aid ineffective. In fact, beneficiary countries have often opposed development aid from the EU precisely in the name of substantial ineffectiveness due to too high a burden on governments and too much coordination. According to some national bureaucrats, too many international meetings for development planning and coordination have reduced the energy that states would use to implement development. In other words, the experience of developing countries has not always been positive, and the European presence has sometimes led to a weakening of the quality of aid; going so far as to claim that the bureaucrats in charge of receiving investment saw greater European involvement as something that would benefit the EU more than them.

Although it is a pillar of European development policy, even the conditionality imposed by Brussels on Kenya can become an extremely disruptive and inefficient element for investment implementation. Although the principles promoted are considered right across the global landscape (Axel Borchgrevink, 2011), the literature is quite skeptical about whether development can actually be promoted through investment conditionality (Killick, 1998). One of the main reasons limiting the effects of investment conditionality is its effect on the image recipient countries create on donor countries (Frerks, 2006).

A concrete example of how European investment conditionality and European impositions can be perceived as an act of bullying by the Horn of Africa states is the controversial meeting between Namibia's president, Mr. Hage Geingob, and the president of the Bundestag, Mr. Norbert Lammert. The main topic of the diplomatic meeting was the German concerns about the increasing Chinese influence in Namibia. To the concerns expressed by the German representative about the presence of a large population of Chinese origin in Namibia, President Geingob's response was harsh and clear. In fact, he states: *“Mr. Speaker, What’s your problem with that? Why does it become your problem? It looks like it’s more a european problem than our problem! You are so sorry for us, [...] The Chinese will never come and play around here, as germans not allowed to do that, which the germans are doing by the way you talk about the Chinese! [...] How you are testing us there Chinese don’t treat us like that. [...] We know how to handle our own country, don’t be sorry for us”.* Through these words, one can fully understand the meaning of the message that the African countries, and consequently also Kenya, want to give to the EU countries. First, an extreme unease emerges about European intrusiveness, which is perceived as an additional problem rather than a help towards a solution. Secondly, the European approach is biased in its attempt to impose a clear opposition between Chinese and European aid on African countries. Finally, the European attempt to markedly steer African policies 'against' a pro-Chinese view is perceived as another evidence of the West's attempt to influence Africa.

At the end of what has been said about the funding promoted by China and the European Union in Kenya, it is interesting to examine the opinion of the local population on the issues previously introduced. Through an interview in the form of a survey, the opinions of eight Nairobi citizens between 20 and 50 years old were collected. Respondents were asked 11 multiple-choice questions regarding their impressions or experiences of the investment policies promoted in the capital city.

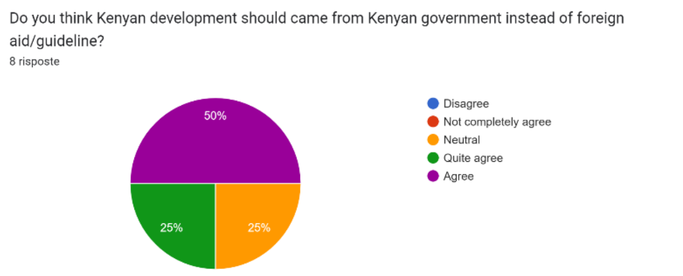

Figure 3, Do you think Kenyan development should came from Kenyan government instead of foreign aid/guideline?

First of all, to the question, "Do you think Kenyan development should come from the Kenyan government instead of foreign aid/guidelines?" 50% strongly agreed with development coming from the Kenyan government rather than external impositions, 25% fairly agreed, and 25% were neutral. What emerges from these responses is a strong need on the part of the local population to manage the development of their country themselves and the need for self-determination.

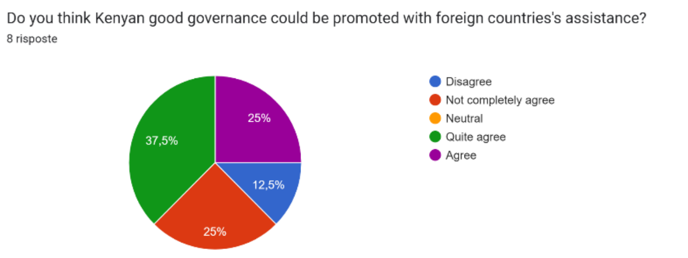

Figure 4, Do you think Kenyan good governance could be promoted with foreign countries's assistance?

To the question "Do you think Kenyan good governance could be promoted with foreign country's assistance?" the respondents' opinions polarised into opposing views. More than 62.5% were positively disposed towards good governance policies from abroad. Nevertheless, 37.5% confirmed the data in the previous graph, preferring a government that acts independently of directional pressures from non-African countries.

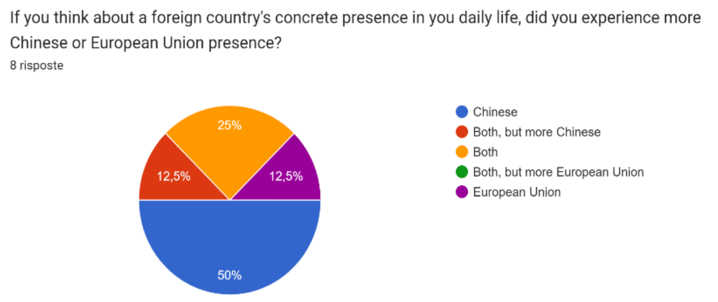

Figure 7, If you think about a foreign concrete presence in your daily life, did you experience more Chinese or European Union presence?

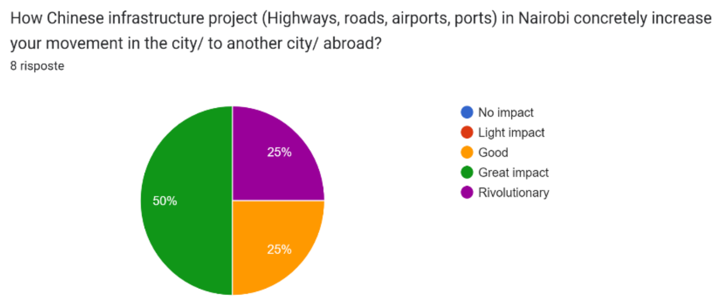

Figure 6, How Chinese infrastructure projects (highways, airport, port, roads) in Nairobi concretely increase your movement in the city/to another city/ abroad?

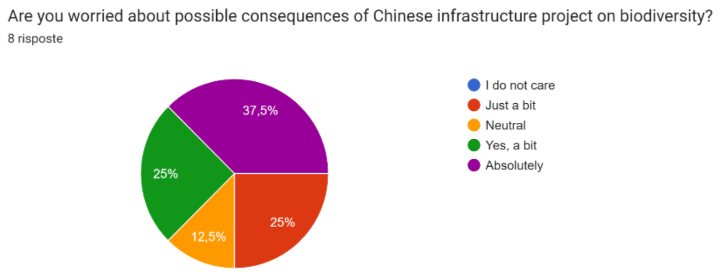

Figure 5, Are you worried about consequences of Chinese infrastructure project on biodiversity?

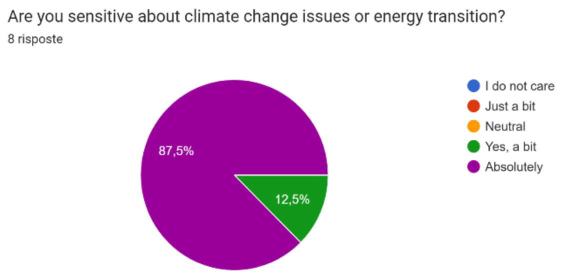

Figure 8, Are you sensitive about climate change issues or energy transition?

The respondents were asked, "If you think about a foreign country's concrete presence in your daily life, did you experience more Chinese or European Union presence?" 50% of them clearly favored China. 25% remained neutral, and 12% responded in favor of the European Union. It is clear from the graph shown that the Chinese investment policy has had a profound impact on the local population; at most 62.5 % experience the tangible presence of Chinese investment daily. The most obvious element through which these investments by China have manifested themselves is the infrastructure sector, about which all respondents comment positively.

Regarding the possible consequences of Chinese-funded infrastructure projects, 75% of the respondents were very interested and neutral.

This is confirmed in the next graph, where 87.5% of respondents declared themselves sensitive to the impact of Climate Change and in favor of an energy transition. The data shows a general interest and awareness of environmental issues and their possible consequences.

At the end, respondents were asked about their perceptions of Influenza Chinese

and the European Union respectively.

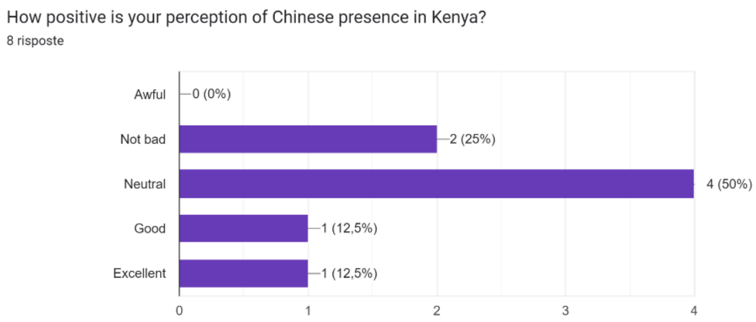

Figure 9, How positive is your perception of Chinese presence in Kenya?

Despite the positive impact of the investments, in agreement with the previous data, 50% declared themselves neutral about their perception of Chinese influence in Kenya. Those who expressed themselves positively and negatively had similar results. In fact, while 25% said themselves as favorable or very favorable, 25% were not enthusiastic about Beijing's presence in Kenya.

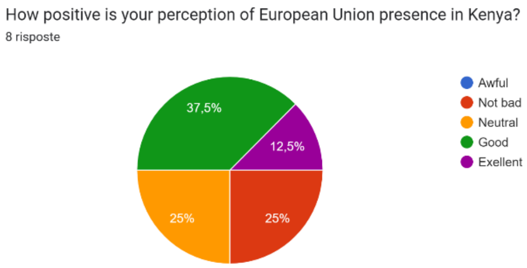

Figure 10, How positive is your perception of European Union presence in Kenya?

With regard to the presence of the European Union, responses were more diversified. In general, 50% expressed themselves positively, of which 37.5% were satisfied, and 12.5% were very satisfied. The remainder was divided into 25% who remained neutral and 25% who were not particularly satisfied with the European presence.

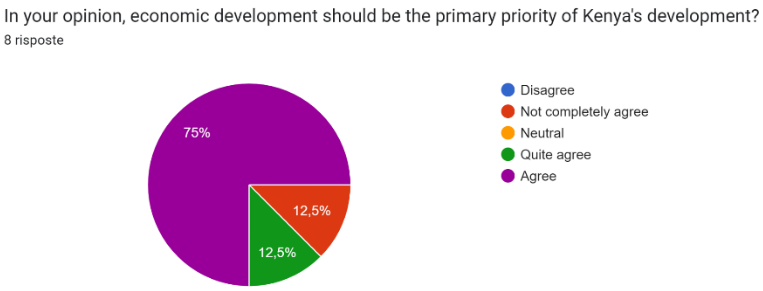

Figure 11, In your opinion, economic development should be the primary priority of Kenya's development?

At the end of the survey, specific questions were asked concerning the development promoted through the investments of the two countries.

Initially, respondents were asked the question: "In your opinion, should economic development be the primary priority of Kenya's development?". As shown in the graph below, 75% agreed with the country's investment and growth plans promoted through the Beijing Consensus. However, 12.5% said that although they agreed with the question, investing solely in economic growth was limiting despite it being the winning path for development in Kenya. Only the remaining 25% expressed that they did not wholly agree with the question. Quite different are the results to the question: Do you agree with a development approach that promotes the protection of human rights, environment, education, and social equity as well as economic development? In this case, all respondents agree with development investments that cover several areas and not only the economic growth aspect. This suggests that the social growth aspect is high on the priorities of the Kenyan population.

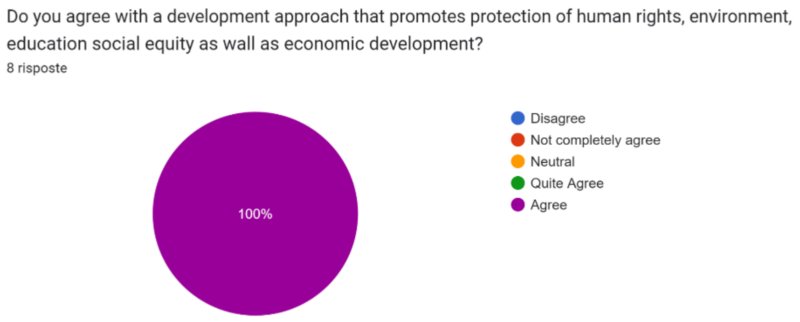

Figure 12, Do you agree with a development appraoch that promotes protection of human rights, environment, education, and social equality as wall as economic development?

5. Conclusion

Chinese aid is complementary rather than competing with that of OECD countries. That said, as far as general parameters are concerned, Chinese investments do not differ radically from other foreign investments in Africa. Chinese financial aid in the Horn of Africa resembles that of other countries in terms of its focus on the economies of the Horn of Africa. Both Chinese and Western investments aim to benefit the population. As Western companies are doing, Chinese state-owned companies have also recently initiated social responsibility policies to minimize the adverse effects of investments and maximize the positive ones (van Dijk, 2009).

The above analysis aimed to answer the question, *"Why do the European Union and China have different investment approaches in Horn of Africa countries?* Through the Beijing Consensus and the Liberalist Theory, the objectives and principles governing the investments promoted by the two states in the Horn of Africa region were presented. The analysis presented the main areas where each actor converges most of its financial aid.

Concerning China's approach to investment, it is evident how the focus is directed on infrastructural investments in an attempt to provide the Horn of African countries with the technical tools to participate in international trade and emerge from the marginal position in which it had been placed. The region's integration into global trade plans results from a win-win policy pursued by China to realize the largest and most ambitious trade network project of the last century: the One Belt One Road Initiative. The second strength of the Chinese strategy is certainly China's non-interference in the domestic policy matters of the investment-receiving state, according to the principle of State Sovereignty. Consequent to China's non-interference in the domestic politics of other states is the non-conditionality of Chinese investments. Certainly, the non-conditionality of economic aid results in a lack of monitoring by international institutions on the use of investments for the implementation of projects of global interest. One example analyzed is the negative impact of infrastructure investments on the environment and biodiversity and the marginalization of topics such as renewable energy and climate change.

As far as the European Union is concerned, its goal is to promote long-term sustainable development through an investment policy that supports economic growth and acts on various welfare indicators. In other words, while China uses financial growth to encourage a country's wealth, the EU uses parallel strategies that act on factors such as human rights protection, women's empowerment, the fight against extreme poverty, good governance, and environmental protection. These are precisely the workhorses of European investment that focus on energy transition and the protection of human rights. According to the European approach, development investments that focus on these two aspects, in particular, can guarantee an increase in the region's wealth in the future and, above all, the possibility of maintaining and increasing this wealth in the long term. Development can only last if it includes implementing policies aimed at modernizing the energy resources functional to development and, at the same time, investing in education and equity at a social level. On the other hand, the combination of overly complex objectives and an unduly complex bureaucracy undermines the effectiveness of economic aid. In addition, Europe presents itself as a disunited actor that, unlike China, is highly fragmented and can hardly channel its objectives into clear and unanimous policies.

In answering the problem formulation: 'Why do the European Union and China have different investment approaches in Horn of Africa countries? The main differences between the two approaches emerge. Given the massive investment of both countries in development policies, the first difference concerns the areas on which economic aid is focused. On the one hand, China follows the development model proposed by the Beijing Consensus. In fact, by looking at the Chinese example and concentrating resources on promoting economic growth in the first place, great results can be achieved in the short term. Like China, the countries in the Horn of Africa enjoy a strategic location, resources, and wide population; precisely because of these similarities, Beijing argues that investing in economic growth can also lead to the African region becoming an economic powerhouse. On the other hand, as was the case with China, economic development and the process of achieving it automatically brings with it the basis for future growth. Indeed, on the one hand, a richer country means a country that invests more in its citizens by offering more services. On the other hand, such wealth implies the need for a state to equip itself with institutions to implement capital within the state. In other words, according to Beijing, foreign investment in the Horn of Africa can be the key to bringing more wealth to the region and, as a consequence, lead to general prosperity for the population. The European Union takes the opposite approach, which, following the principles of liberalism, considers that no factor can be given priority over civil society, peace, and governmental stability, not even economic growth. According to liberalist theory and according to European thought, the individual and their well-being are the goals of government, so no progress can be considered successful if it does not have the well-being of the individual as its central focus. Furthermore, Brussels does not believe economic growth can automatically bring well-being to the entire population for several reasons. First of all, higher GDP can only translate into social growth if policies are promoted to make the civilian population participate in this growth. A population with a high illiteracy rate will neither benefit nor contribute to the growth of its state. Furthermore, institutions must be implemented to make this wealth effective and usable.

Secondly, a higher GDP does not translate into an effective distribution of wealth within the country. In a context of political unpredictability and little social protection, there is a risk that a more prosperous economy will increase the economic-social gap within society, creating greater imbalance and less welfare.

One could say that the main difference between Chinese and European investments is that the former focus on massive economic growth in the short term in the knowledge that this will lead to welfare as an externality. In contrast, the EU strives for investment in sustainable and lasting development in the future, but at the same time slower.

As mentioned at the beginning of the chapter, the two approaches to development have different assumptions and focus on other action areas. However, the complementarity of investments should not be summarised solely as competition. Evidence shows that financial aid from China aims to lead to economic growth in the short term, while EU funding implements economic growth indirectly, leading to increased national wealth in the long term. Consequently, complementarity could, if exploited well, become a tool for the Horn of Africa countries in the future.

However, it is necessary to specify that, following what emerged from Namibia's President Hage Geingob's speech, there is a substantial difference in communication between Europe and China concerning African countries that risks impacting diplomatic relations and, consequently, development aid. While China positions itself as the leader of the developing countries on the strength of its dual nature as a world power and a developing country, Europe arrogantly imposes itself vis-à-vis the recipient countries, heavily imposing a Eurocentric vision.In a context in which, since the end of the Cold War, international organizations have followed a Eurocentric approach. They are still predominantly dominated by Western countries, and despite the presence of the totality of countries, there is a lack of effective representation of the latter. The lack of representation becomes even more evident when the subject of International Organisations' policies is precisely the developing countries. As a result, the allocation of investments in development can no longer be an act of dominance by Western countries but cooperation between equals in the identification of common goals and welfare, acting under the principle of state sovereignty.

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