



**China's Development Finance for Cross-Border Infrastructure: An
East African Perspective on its Role in Advancing Developmental
Regionalism and Regional Integration.**

**Master's Dissertation presented for the Degree of Master of Philosophy
in Development Policy and Practice at the Nelson Mandela School of Public
Governance
University of Cape Town**

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Dedication and Acknowledgements

This dissertation is dedicated to my parents, Augustine and Brenda Seyuba, my Siblings, Nieces and Nephews. I would not have completed this research without your support. I love you all.

I would like to acknowledge the support of my supervisor Professor Faizel Ismail and the academic and administrative staff at the Nelson Mandela School of Public Governance. This dissertation would not have been possible without your guidance, encouragement and support.

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Acronyms and Terminology

ADR	Addis-Djibouti Railway Standard Gauge Railway
AfCFTA	African Continental Free Trade Area
APRM	African Peer Review Mechanism
AU	African Union
CDE	Chemin de Fer Djibouto-Éthiopien
COMESA	Common Market for Eastern and Southern Africa
CEN-SAD	Community of Sahel-Saharan States
EAC	East African community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
FOCAC	Forum on China Africa Cooperation
GVC	Global Value Chains
IGAD	Intergovernmental Authority on Development
LDC	Least Developed Countries
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisations
OUA	Organisation of African Unity
SADC	Southern African Development Community
TAZARA	Tanzania-Zambia Railway
UMA	Arab Maghreb Union

Abstract

This study explores whether China's development finance has contributed to regional integration in East Africa. The main research question is: has China's development finance of infrastructure projects contributed to developmental regionalism? This was supported by the sub question: has China's development finance of the Addis-Djibouti railway contributed to regional/development integration in East Africa? The study used a qualitative method and a single case study design. The Addis-Djibouti Railway (ADR) was facilitated by Chinese concessional loans to construct a cross-border railway project. The project addresses Ethiopia's landlocked status and enhances trade connectivity with Djibouti. A thematic analysis of the findings derived from six participants resulted in three themes: a) the African and Chinese approach to development finance; b) the contribution to regional integration in East Africa, and c) the contribution to developmental regionalism. The findings derived from these themes illustrate that the Addis-Djibouti Railway supports economic ties between these two nations. However, its broader impact on regional integration is limited by political instability, fragmented financing, and governance challenges. The study highlights that while China's infrastructure investments align with regional goals like the East African Railway Master Plan, they face significant barriers such as co-financing complexities and inadequate local capacity. Ultimately, the research reveals that while the railway enhances transportation and economic connectivity, the effective implementation of developmental regionalism requires the integration of both hard infrastructure—such as physical transportation networks—and soft infrastructure, including the institutional frameworks, governance mechanisms, and social systems necessary to support and sustain these physical assets. The study finds that the theoretical framework of developmental regionalism and its four pillars would allow for strategic planning and alignment with long-term regional goals which would maximize developmental benefits and foster deeper integration in East Africa.

Chapter 1 Introduction

1.1 Overview

This chapter introduces the study, and its broad purpose is to situate the problem at hand by presenting the identified research gap and then presenting the main and sub research questions. The chapter points out that there is an infrastructure deficit on the African continent and that China has developed into Africa's largest external development finance provider for infrastructure projects. The chapter argues that there is a gap in the existing literature of China's development finance's contribution towards developmental regionalism and development integration. The chapter presents the research methodology, research design, data selection, data collection, and the analysis process. A rationale for the study is also provided while the study's limitations and scope are briefly mentioned before the overall structure for the rest of the dissertation is provided.

1.2 Context and background

In the broader context of Africa's efforts to achieve continental integration, the establishment of the African Continental Free Trade Area (AfCFTA) in 2018 marked a critical moment in Africa's historical journey toward economic and political integration (African Union, 2015). The AfCFTA aims to reduce trade barriers, enhance intra-African trade, and increase industrialization across the continent, offering a significant opportunity for regional integration. However, prior to the establishment of the AfCFTA, gains in regional integration had been limited by several challenges, despite the work of regional economic communities (RECs) across the continent. These challenges include economic disparities, political instability, trade barriers, poorly managed borders, economic nationalism, and a lack of institutional capacity (UNECA, 2010; UNECA and NEPAD Agency, 2016; Schiere & Rugamba, 2011).

In recent decades, China has become a key player in financing infrastructure development across Africa, positioning itself as a significant partner in the continent's economic transformation. China's development finance, often associated with its Belt and Road Initiative (BRI), has focused on infrastructure projects that aim to foster trade, connectivity, and economic growth (Gallagher & Ray, 2020). These projects, which include railways such as Kenya's Standard Gauge Railway

(Brautigam et al, 2022), roads, ports, and energy infrastructure, are seen as central to Africa's regional integration and economic development. However, a critical and underexplored question in the existing literature is whether these infrastructure investments are contributing to the deeper integration of African economies and regional development – what can be described as developmental regionalism (Ismail, 2021; 2024).

Developmental Regionalism refers to the integration of both economic and political processes aimed at fostering long-term development through cooperative efforts among neighboring countries (Ismail, 2021; 2024). This concept involves not only the physical integration of infrastructure but also the alignment of governance, policy frameworks, and institutional capacity (Ismail, 2021; 2024). While infrastructure projects like those funded by China undeniably enhance connectivity, there is limited evidence on whether these projects lead to meaningful and sustainable regional integration across the African continent. The literature lacks sufficient analysis of how China's infrastructure financing contributes to or hinders the broader goals of developmental regionalism and integration in sub-Saharan Africa (Alden, van Staden & Wu, 2018; Bruton, 2020).

This study aims to explore whether Chinese development finance in infrastructure projects like the Addis-Djibouti railway can promote developmental regionalism in East Africa. By focusing on the specific case of the Addis-Djibouti railway, the research will assess how Chinese financing impacts both the physical and institutional integration required for broader regional development goals. The findings will contribute to a deeper understanding of the role of Chinese development finance in shaping Africa's development trajectory and the potential for regional integration on the continent. Existing literature and discourse surrounding who is in the driver's seat of these Sino-African engagement and, developmental agenda exists (Alden, van Staden & Wu, 2018; Bruton, 2020). Thus, this study seeks to bridge the gap in this existing literature and discourse by analyzing the complex interplay between infrastructure development finance and regional integration in Africa and the leading financier of these investments (Gallagher & Ray, 2020). This study seeks to address this gap by investigating whether Chinese development finance, exemplified through the Addis-Djibouti railway project, contributes to regional integration and developmental regionalism in East Africa. The Addis-Djibouti railway is a vital infrastructure project financed by

China to enhance connectivity between landlocked Ethiopia and the port of Djibouti, offering a concrete example of China's role in African infrastructure development (Chen, 2021).

Despite the evident economic benefits, such as improved trade flows and regional connectivity between Ethiopia and Djibouti, questions remain about the broader impacts of this project on East African regional integration. Governance challenges, political instability, and fragmented project financing have raised concerns about the sustainability and effectiveness of Chinese-financed infrastructure in achieving regional integration. These obstacles suggest that while the physical infrastructure is being built, the "soft" elements of governance, political stability, and institutional capacity necessary for successful regional integration are still underdeveloped (Chen, 2021).

The effective realization of AfCFTA and regional integration requires overcoming these obstacles, with infrastructure projects like the Addis-Djibouti railway playing a potential role in addressing some of these challenges.

1.3 Research Objectives/Aims

There is a lack of consensus over China's ongoing participation in infrastructure development projects on the continent and these projects' contribution to integration efforts (Brautigam, 2019; Cissé, 2013). The primary objective of this study is to utilize a case study of the Addis-Djibouti railway, to gain insight into the effect of Chinese development finance on development integration and developmental regionalism in East Africa.

As this research offers a partial view in the context of the ongoing debate on the effect of Sino-African relations in development finance, the study highlights the complexity of addressing integration on the continent. This partial view focuses on infrastructure challenges faced and relies on developmental regionalism whose definition includes fair trade; industrialization and regional value chains; cross-border infrastructure and good governance (Ismail, 2021; 2024). These four pillars highlight that Africa has both a hard and soft infrastructure deficit (Hoekman and Njenque, 2016; Portugal-Perez and Wilson, 2012). For this study, hard infrastructure is defined as the physical structures and facilities essential for the functioning of a society or economy, including roads, railways, airports, power plants, water supply systems, and telecommunications networks. These tangible assets enable the movement of people, goods, energy, and information. In contrast,

soft infrastructure refers to intangible assets such the institutions, policies, systems, and frameworks that support societal and economic activities, such as governance structures, healthcare systems, educational institutions, financial systems, and social services like welfare and public safety. While hard infrastructure provides the physical foundation for operations, soft infrastructure facilitates the systems and services necessary for sustainable development integration.

Additionally, a sub-objective includes establishing the motivations and intentions behind Chinese development finance and to answer why there has been a preferred differentiated bilateral approach to this development finance of infrastructure between China and African states. This objective is explored through a literature review due to the scope of this study.

1.4 The Research Gap and Question.

The research gap I have identified from a preliminary literature review is whether Chinese development finance of infrastructure projects contributes to development integration and developmental regionalism on the African continent.

Thus, this study's research question is *“has China’s development finance of infrastructure projects contributed to developmental regionalism?”* A sub question to this is, *“has China’s development finance of the Addis-Djibouti railway contributed to regional/development integration in East Africa?”*

1.5 Methodology

This study employs a qualitative methodology under the interpretivist/constructivist paradigm which views reality as socially constructed and emphasizes understanding the meanings individuals assign to their experiences within specific cultural and historical contexts. It rejects the notion of a single objective truth, focusing instead on multiple, subjective realities shaped through human interaction (Creswell & Creswell, 2018). This is used to examine the effects of Chinese financing and development of cross-border infrastructure on regional integration in East Africa. A qualitative approach is chosen as it is best suited to address complex contextual research questions like this study’s investigation into the impacts of the Addis-Djibouti Standard Gauge Railway. Utilizing critical realism, as conceptualized by Rose-Innes (2016), is a philosophical framework

that posits an objective reality exists independently of human perception, yet acknowledges that access to this reality is mediated through social, cultural, and historical lenses. This approach seeks to move beyond mere empirical observation by identifying and analyzing the underlying structures and causal mechanisms that generate observable phenomena within the social world. As this study seeks to explain outcomes of regional integration without establishing universal rules, this approach acknowledges a social reality shaped by both objective and subjective factors, where human actions—particularly those of state actors—are meaningful and motivated by specific intentions.

1.5.1 Research design

The study employs a case study research design to conduct an in-depth analysis of a phenomenon within its real-life context, as recommended by Creswell and Creswell (2018). Case studies are especially effective when boundaries between the phenomenon and context are not clearly defined, allowing the research to incorporate diverse data sources like interviews, historical narratives, and direct observations (Skarbeck, 2020; Yin, 2018). The case study method enables the use of an established theoretical framework, ‘developmental regionalism’, which posits that to be effective and successful regional integration in Africa should be based on four pillars; a) fair trade; b) industrial development and regional value chains; c) cross -border infrastructure, and d) good governance and security (Ismail, 2021; 2024).

Furthermore, this research design allows for qualitative data to be supplemented by quantitative data in areas such as trade volumes or transport costs, enhancing the study’s ability to assess the current and potential future impacts of Chinese-financed infrastructure on African regional integration (Trampusch & Palier, 2016). The methodology thus combines qualitative insights with relevant quantitative measures to explore the contribution of cross-border infrastructure projects to regional development.

1.5.2 Data selection

To ensure data validity, the study targeted participants involved in the Addis-Djibouti Standard Gauge Railway, including current or former officials from China, Djibouti, and Ethiopia, as well as representatives from relevant institutions and academic experts. However, participants might

have hesitated to share sensitive information due to confidentiality requirements. To address these challenges, the researcher leveraged networks through the Nelson Mandela School of Public Governance, South African-based embassies and consulates, and personal connections to enhance access to primary data. Informed and continuous consent was prioritized, with participant anonymity strictly maintained to mitigate any risks associated with disclosing information.

1.5.3 Data collection

Six online interviews were conducted. All participants were asked 10 standard questions. Three participants were of an academic background with an expertise on the study's area of interest - China-Africa relations. One participant was from the private sector/civil society, specifically from the trade and logistics industry. The final two participants represented research institutes focusing on China's involvement in various sectors across the African continent.

1.5.4 Data analysis

This data gathered was analyzed thematically. Questions from the interview schedule were categorized into three distinct themes aligned to address the main and sub research questions mentioned earlier. Participants responses to each question were collated per question and then synthesized under each theme. These themes were then compared to, analyzed and cross referenced to the literature in the literature review to derive insights to the overall and sub research question. In cases where reference to direct insight provided by a participant is made the ID from Table 1 is used (see page 19).

1.6 Rationale/Importance of study/research

While there may be several other factors that contribute to success of integration efforts, the African infrastructure deficit is a key hinderance to the successful integration of African states. This is the case at both the sub-regional and continental levels (Hartzenberg, 2011). Understanding the effects of external factors such as China – a leading development financier contributor to addressing this infrastructure gap - will be important to the continent. China's increased influence on the continent over recent decades has been illustrated by the establishment of the Forum on China-Africa Cooperation (FOCAC).

These increased economic and political engagements illustrated through regular FOCAC summits (Sun, 2021) have largely resulted in the funding of numerous infrastructure projects as well as the construction of these projects by Chinese construction agencies (Gallagher & Ray, 2020; Zhang, 2021). However, these investments in Africa (and their negotiations) remain largely at a bilateral level illustrated by the Dakar Action Plan - which sidestepped African debt sustainability for several African states (Sun, 2021; Chen & Cao, 2021). This study provides an opportunity for insight into an infrastructure finance and development project that at face value deviates from the bilateral negotiation norm as it involves a project built in two nations as opposed to one.

Africa has seen a recent retrenchment by China to fund further projects on the continent (Olander, 2020; Sun, 2021). While acknowledging China's growing global influence within the evolving geopolitical landscape this study provides an opportunity to prioritize the continental goal of successful development integration (Botha, 2006) and contribute meaningfully to shaping Africa's engagement with external development financiers (Bagwandeem, 2024). Furthermore, the advancement of developmental regionalism as a non-linear approach to development, as proposed by scholars such as Ismail (2021), combined with debates around who is driving the development integration agenda (Alden, van Staden & Wu, 2018; Bruton, 2020), positions this research paper to explore the immediate effects of Chinese cross-border infrastructure development finance on the continent, particularly given that infrastructure is a key pillar of developmental regionalism.

1.7 Limitations of study

This research faced several limitations, primarily related to feasibility, regional scope, and data validity. Primary data collection occurred immediately after the COVID-19 pandemic when lockdowns and restrictions affected accessibility. Consequently, interviews with participants were conducted virtually, which introduced challenges such as participant availability, internet access, and reliance on technology. Additionally, since the study focused on East Africa, specifically Ethiopia and Djibouti, the researcher's inability to travel to the region further constrained data collection.

1.8 Structure of the Dissertation

Following this introductory chapter, the study's methodology is presented. A brief distinction between qualitative and quantitative research is provided with a rationale for a qualitative study

being provided. The design and chosen case study, the Addis-Djibouti Standard Gauge Railway, is presented and justified before fieldwork and analysis process is presented. This chapter is followed by a literature review of contemporary discussions on the study. This forms part of the methodology. This review includes literature on Developmental Regionalism, China-Africa Development Finance, Transport/Economic Development Corridors and Regional-Economic Integration in Africa. The fourth chapter presents and analyses the study's findings through a thematic lens. Three main themes are identified, cross-referenced and discussed. The fifth and final chapter puts forward potential impacts to current and future policy practices. Recommendations for future research due to the gaps in study and scope are provided along with some policy recommendations.

Chapter 2 Methodology

2.1 Overview

In this chapter, I outline my methodological approach and provide an overview of my research design. To address the research question, it is essential to consider approaches and methodologies relevant to the social sciences to understand the epistemological framework of this study. I begin with a brief discussion on the distinction between qualitative and quantitative research designs in the context of social science research. Next, I will describe the selected case study, explaining its value and relevance. Finally, I will detail the fieldwork process that underpins the arguments presented in this dissertation.

2.2 Methodology

Led by the aims detailed above, this study falls under the interpretivist paradigm and makes use of qualitative rather than quantitative research methods. A qualitative study is better suited for complex contextual research questions such as this study's - how Chinese financing and development of a cross-border infrastructure project has contributed to regional integration in East Africa.

This study seeks to explain the outcomes of regional integration without attempting to establish universal rules due to the study's limited scope. Instead of relying on general laws, the research acknowledges a social reality shaped by both objective and subjective factors, with human beings, including state actors, acting as meaningful agents (Rose-Innes, 2016). The research aims to explore the motivations behind these actions, focusing specifically on infrastructure financing and development projects by an external actor and their contribution to regional integration, despite the external actor being physically distant. With these parameters in mind, the study adopts a case study design focusing on the Addis-Djibouti Standard Gauge Railway.

With the primary aim of this study being to establish what, if any, contribution an external actor's participation in domestic development projects has on a broader objective, a case study allows for the in-depth investigation of a phenomenon within its real-life context (Creswell & Creswell, 2018) and is also particularly useful when the boundaries between the phenomenon and the context

are not clearly defined (Yin, 2018). In addition to emphasizing the presentation of historical narratives a case study also allows for the incorporation of additional sources of evidence, such as interviews with individuals directly involved in the events under study and direct observation of these events and their outcomes (Skarbeck, 2020).

Finally, this research design leverages an established theoretical framework to contextualize and analyze the relationship between the financing and development of cross-border infrastructure and its potential contribution to regional integration (Creswell & Creswell, 2018). Conducting research without an appropriate guiding framework, risks compromising the quality of results, either through the application of an ill-suited or poorly fitting theory, or through the misapplication of the selected theory, as highlighted by Della Porta and Keating (2008) in Rose-Innes's study (2016).

2.3 Qualitative Research Design

This study adopted a qualitative research design (Creswell & Creswell, 2018). Qualitative research utilizes historical records, diverse data sources, and personal perspectives, often criticized for lacking quantitative rigor. On the other hand, quantitative research relies on axiomatic assumptions, mathematics, and statistics, but is often criticized for lacking realism and excluding a richer array of (qualitative) human motivations and phenomena as purported by Shapiro, Smith & Masoud (2004) in Rose-Innes' study (2016).

Despite their differences, it is agreed that all research approaches must be underpinned by three core elements. Firstly, an ontological base, which involves the existence of the object of investigation and how it is encountered, analyzed, and understood. This base influences how researchers conceive knowledge, regulate the study of specific questions, and present objects or events (Rose-Innes, 2016). Secondly, an epistemological base is necessary for organizing and presenting findings in a way that enables understanding of the object of investigation. Since events may not be self-explanatory, presenting knowledge coherently to others is crucial and may involve predicting similar future outcomes or general characteristics, categorizing, and conceptualizing to support references to material/immaterial objects and events. The approach to investigation and interpretation of data gathered may evolve over time, affecting how references are organized (Rose-Innes, 2016).

Finally, a methodological base is essential for selecting and using instruments and techniques to acquire knowledge about the object of investigation. If all knowledge is to be correctly considered partial, incomplete, and fallible then theorized phenomena and observations may not fully encompass what exists, and unobservable entities might influence the investigation beyond what is intentionally or unintentionally assessed. Thus, research methods often overlap between 'hard' data and the discovery of regular rules, and 'softer' methods that involve recollections (such as interviews), which are inherently ambiguous and contingent on context. It is difficult to attain a single 'correct' understanding of the world that is independent of any viewpoint as put forward by Della Porta and Keating (2008) in Rose-Innes' study (2016).

Making use of critical realism (Rose-Innes, 2016), this study aims to explain regional integration outcomes without developing universal rules, given the limited scope of my study. Rather than relying on universal laws to arrive at a conclusion, the study acknowledges the existence of a social reality inherently influenced by objectivity and subjectivity and places human beings, including state actors, as meaningful agents. The aim of this research is to explore the underlying motivations behind infrastructure financing and development projects initiated by an external actor, and to assess how these projects contribute to a regional or domestic objective—namely, regional integration—despite the external actor being geographically and, to some extent, contextually removed from the region. With this understanding of my study's boundaries, I approach my research through a case study.

2.4 Research Design: Case Study

This research aims to explore the nature of and extent to which Chinese financing and development of cross border infrastructure affects and contributes to regional integration. Thus, the research will be largely qualitative, better suited for complex contextual research questions such as that of this study which aims to investigate the institutional framework of Chinese investment in African infrastructure development projects, the motivations for African actors to seek Chinese investment in infrastructure projects and how this relationship affects regional integration. This research is of the interpretivist/constructivist paradigm and focuses on contemporary phenomena I have no influence on nor control over (Yin, 2018). Specifically, the relationship between Chinese financing

and the development of cross-border infrastructure and regional integration. Moreover the purpose of this study is to explain how and why this relationship emerges and its impact on a broader objective.

Given these characteristics, the researcher needed to select and design an appropriate methodology from various research methods, each with its own approach to collecting and analyzing empirical evidence, and each with distinct advantages and disadvantages. I opted to design my research as a case study which allows for the in-depth investigation of a phenomenon within its real-life context (Creswell & Creswell, 2018). As stated before a case study is also particularly useful when the boundaries between the phenomenon and the context are not clearly defined (Yin, 2018).

As my study investigates the causes and consequences of an external or international actor's involvement in an internal or domestic actor's development and integration agenda, the use of the case study method often emphasizes the presentation of historical narratives but allows for the incorporation of additional sources of evidence, such as interviews with individuals directly involved in the events under study and direct observation of these events and their outcomes (Skarbeck, 2020). I believe these domestic and international actors possess independent but mutually beneficial desires and beliefs, and the case study approach can effectively present the reality that phenomena and their contexts are not always clearly distinguishable, characterized as they are by complexities, contradictions, and causal relationships.

The case study design also allows for the use of an established theoretical framework to situate and analyze the relationship between the financing and development of cross-border infrastructure and, whether and how this contributes to regional integration (Creswell & Creswell, 2018). Undertaking research without a suitable guiding or reference framework poses a significant risk to the quality of results, either due to the application of an inappropriate or poorly fitting theory, or the misuse and inappropriate application of the selected theory as put forward by Della Porta and Keating (2008) in Rose-Innes' study (2016).

In this study the theoretical framework of analysis is developmental regionalism, which according to Ismail (2021; 2024), incorporates the adoption of a regional integration strategy based on the

incorporation of heterodox economic values and solidarity as an essential ingredient for successful integration. This dissertation aims to understand the collaborative motivations and outcomes of China's contribution to infrastructure finance and development in East Africa through the four interconnected and interrelated pillars namely; cooperation on building mutually beneficial trade integration (fair trade integration); cooperation on industrial development and upgrading in regional value chains (transformative industrialization); cooperation on investment in cross-border infrastructure and trade facilitation; and cooperation on the building of democracy, good governance and peace and security (Ismail, 2021; 2024).

Keeping the above in mind, a case study approach is particularly useful for this research. The variables or units of measurement related to levels of regional integration are largely quantitative—for example, trade volume as a percentage of Gross Domestic Product (GDP), or variations in the pricing and transportation costs of goods. In contrast, the extent to which Chinese-financed infrastructure development is structured to promote integration through cross-border projects will be examined qualitatively (Creswell & Creswell, 2018). This design will allow primarily for the use of qualitative data supplemented by quantitative data in a complementary manner rather than substituting the two to inform the reader of the current effect, if any of the infrastructure development and future effects this or additional cross-border infrastructure development on the African continent may have on integration efforts (Trampusch & Palier, 2016).

2.5 The Addis-Djibouti Standard Gauge Railway

Although a correlation between transport infrastructure and economic development is commonly accepted, previous studies have primarily focused on similar projects within a single nation. However, conducting studies that directly assess the impact of an infrastructure project spanning two countries in Africa and its broader effects on the region would provide valuable insights to policy development and practice (Trampusch & Palier, 2016).

Illustrated in figure 1 below, the case to be studied is on one infrastructure project across two East African countries, the Addis-Djibouti Standard Gauge Railway (ADR). The railway stands as a landmark infrastructure project in East Africa, exemplifying the transformative potential of international cooperation in regional development. Spanning 759 kilometers, this standard gauge

railway connects Ethiopia's capital, Addis Ababa, with Djibouti's capital, Djibouti City, and its critical maritime hub, the Port of Doraleh.

Figure 1. Map of Addis-Djibouti Railway.



Source (Global Infrastructure Hub, 2020)

The ADR provides landlocked Ethiopia with crucial access to global trade routes via the Red Sea and the Gulf of Aden. Initiated to replace the old, inefficient meter-gauge railway built in the early 20th century, the ADR was constructed with modern engineering standards and aims to significantly enhance the transport capacity and efficiency between the two nations. Constructed with substantial financial and technical support from China, the railway embodies the broader geopolitical and economic dynamics shaping Africa's infrastructure landscape and regional plus continental wide integration efforts.

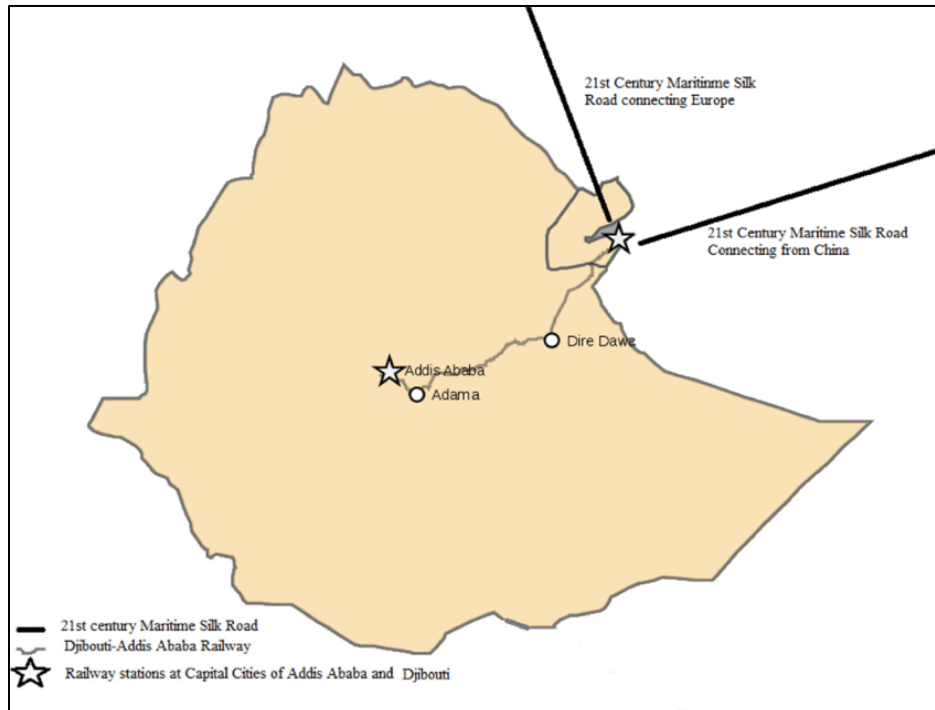
This case study explores the multifaceted dimensions of the ADR, examining its development, operational challenges, and the socio-economic and socio-political impacts on the region. Through a detailed analysis, the study aims to provide insights into the complex interplay between international financing, domestic ambitions, and regional aspirations, highlighting the railway's

role in shaping the future of East African connectivity and economic resilience. By analyzing the ADR, the case study seeks to understand the complexities and outcomes of large-scale infrastructure projects in developing regions, exploring the challenges encountered during construction and operation, the economic benefits realized, and the broader implications for regional cooperation and development. Additionally, the case study highlights the critical role of international financing and partnerships, particularly China's involvement, in bringing this ambitious project to fruition.

In choosing to conduct a case study, I acknowledge that focusing on a single example of this nature may present challenges in terms of scalability and applicability to existing and/or future projects across the continent. However, I argue that the case study of the Addis-Djibouti Railway is relevant beyond its specific context as it aligns with the broader 'development corridor' strategies observed in sub-Saharan Africa and reflects evolving norms and expectations in development theory, policy, and practices.

In essence, the Addis-Djibouti Railway's project aims of boosting regional integration, facilitating efficient logistics, and reducing transportation costs in the hope of fostering economic growth and development in both Ethiopia and Djibouti, is the perfect case for a study of this nature. Not only does the project offer valuable insights into the interplay between infrastructure, economic policy, and regional geopolitics in the Horn of Africa as it spans two countries in a largely geopolitically conflict prone region, it also serves as a vital artery for trade and development between the two countries, within the region and between the rest of the world (illustrated in figure 1.2 below).

Figure 1.2. Map of Addis-Djibouti Railway and 21st Century Maritime Silk Route



Source: Global Infrastructure Hub (2020)

While this study does not aim to develop new theories due to its limited scope and timeframe, it adopts an interpretive approach within an existing theoretical framework derived from literature. This methodology has the potential to refine existing theories and may also contribute to the development of new theoretical perspectives if applied to larger or additional projects across the continent. Additionally, I recognize that a specific challenge of case study research is confirmation bias, wherein information that aligns with preexisting beliefs is favored while contradictory evidence is overlooked. To mitigate this risk, I have collected additional secondary information from various sources to complement my primary qualitative data. This approach allows for ongoing review and evaluation of the findings obtained during the fieldwork. Therefore, although primarily qualitative, detailed in the fieldwork section, this study constitutes a comprehensive empirical investigation employing various data collection methods and procedures. It involves gathering primary data through interviews with individuals who have directly or indirectly utilized the railway, academic scholars specializing in China's role in infrastructure financing and development across the African continent, and secondary data obtained from previous academic studies, journal articles, news media and social and economic metrics. This approach offers added

value beyond what purely quantitative methods can achieve, particularly in analyzing the impact of infrastructure within the context of regional integration.

2.6 The Fieldwork

Qualitative primary data was collected through virtual interviews conducted between 2022 and 2024 as illustrated in Appendix F (to be read in conjunction with appendix A). Participants were initially targeted via cold-call emails sent to individuals in both the public and private sectors. In the initial email I introduced myself and my study and referenced how I met them or by whom I was referred. Attached to the mail were the following documents: an interview brief, a signed ethical clearance certificate from my university's ethics committee, an informed consent letter requiring their signature, acknowledgment and return, an organizational consent letter (when applicable), and the interview schedule (see Appendix B, C, D and E). This email also invited participants to schedule an interview and ask any questions they might have about the study before the interview.

Targeted participants were sought from a variety of organizational backgrounds, including development finance institutions, regional governance bodies, research institutions, governments and embassies of China, Djibouti and Ethiopia, and academic institutions. The criteria for participation included individuals who were knowledgeable about or directly or indirectly involved in the negotiations, financing, construction, development, and operation of the ADR.

Responses, both positive and negative, to these initial emails led to further sampling through snowballing from the generated leads. From the positive responses, six participants agreed to be interviewed. My interview schedule comprised of 10 questions, which were derived from and informed by the aims of the study and the main research question. During these interviews, I selected the questions most appropriate to the role and experience of each interviewee. To maintain uniformity among the participants, all questions were asked in some form or another and participants were given an opportunity to provide any additional information, contact or resource they felt relevant to the study.

Risks to this fieldwork included concerns about the validity of interviewees' answers and the possibility that they might feel compelled to alter or limit their responses due to concerns about the confidentiality of their statements. To manage these risks, several measures were implemented. Firstly, all interviews were audibly recorded and transcribed. Secondly, it was clearly stated in my introductory email that I would be the sole interviewer and note-taker. All notes taken would be used exclusively for recalling points made or missed during the interviews and for cross-referencing responses with other participants and secondary sources. Most importantly, I assured participants that their real names, organizational positions, or any other personal identifiers would not be used when analyzing and presenting the data from their responses and that they had the right to at any point of the interview or after, revoke the consent of their use of the responses provided.

This approach was instrumental in creating a calm and engaging environment for the interviews which allowed the participants to speak freely and openly both in their professional and personal capacities. Additionally, the ability to cross-reference responses revealed and demonstrated significant overlap between the primary data from participants and secondary data sources. This not only facilitated the immediate documentation of responses but also aided in the preparation and planning for subsequent interviews. It underscored that data analysis should be an ongoing process throughout the study and identified potential gaps for future exploration.

Most of the interviews were conducted with participants from research institutions. These participants were officials from privately or publicly funded research organizations with a mix of specialist areas and interests including finance, energy infrastructure, economic development, public policy experts and import and trade experts. The second category of participants were academics and included experts on regional integration, economic policy of development in Africa and infrastructure development policy on the continent.

The final category was the private sector/civil society. This category includes members of the public such as students, businesspeople, tourists, and employees of private companies that make use of the rail i.e. logistics companies. The sole participant from the category was from the trade logistics industry, providing vital input on the daily use of the ADR and its direct and indirect implications on trade integration.

As previously mentioned, none of the personal information of this study’s participants will be included or disclosed in this dissertation, in accordance with the assurances of confidentiality provided and as guided by my ethical clearance certificate. However, the participants can be grouped into three distinct categories, which will be useful for analyzing the data collected in the data analysis, findings/discussion, and recommendations for future research chapters to follow. The professional category in which each participant is from, an identification marker, and a brief description of their role and organization are provided in Table 1 below.

Table 1 Respondents’ Profile

Category	ID	Description
Research Institutions	RSI 1	Senior Researcher, Overseas Development Institute London.
	RSI 2	Director, Global Insights.
	RSI 3	Director, Centre for Africa-China Studies, University of Johannesburg.
Academics	ACD 1	Professor International Relations, London School of Economics and Political Science.
	ACD 2	Professor Addis Ababa University, Ethiopia.
Private Sector/Civil Society	CIV 1	Head of Commercial, CMA/CGM, Djibouti.

I will reference these categories when presenting and analyzing my findings in the subsequent chapters. If necessary and where possible, and without compromising anonymity or confidentiality, I will provide additional insight, information, and descriptions of specific perspectives from the interviews.

2.7 Analysis of data

This data gathered was analyzed thematically. Questions from the interview schedule were categorized into three distinct themes aligned to address the main and sub research questions mentioned earlier. Participants responses to each question were collated per question and then synthesized under each theme. These themes were then compared, analyzed and cross referenced to the literature in the literature review to derive insights/findings to the overall and sub research question. Where reference to direct insight provided by a participant is made the ID from Table 1 above is used.

2.8 Conclusion

This chapter outlines the methodological approach used in this study. It discusses the epistemological considerations that guided the research, explores the unique value of the case study method and highlights the opportunity it offers for theory use and development. An overview of the research design, focusing on the case study of the Addis-Djibouti Standard Gauge Railway was provided. The process of conducting fieldwork and its analysis, which forms a substantial part of the evidence supporting the research findings, is also detailed. The chapter highlights that the research will not develop universal rules to explain the outcomes of this study into the relationship between Chinese financing and development of cross-border infrastructure and its contribution regional integration efforts.

Chapter 3 The Literature Review

3.1 Chapter Overview

This section provides a review of contemporary discussions and literature on the primary themes of this study. Firstly, the chapter presents the theoretical framework of Developmental Regionalism. Developmental Regionalism simultaneously serves as a tool and lens to analyze the interconnectedness of regional economic integration, infrastructure development, and international finance. This approach emphasizes coordinated economic policies, robust institutional frameworks, and equitable, inclusive development outcomes.

Secondly, the theme of China-Africa Development Finance examines the increasing financial and economic ties between China and African countries. This includes analyzing China's role as a major investor and development partner in Africa, the nature and scope of Chinese investments, and the implications for African economic development. The literature covers aspects like infrastructure financing, trade relations, and the socio-economic impacts of Chinese-funded projects. Scholars debate the benefits and drawbacks of this relationship, considering issues such as debt sustainability, economic dependency, and the transfer of technology and skills.

Thirdly, the concept of Transport/Economic Development Corridors focuses on the strategic development of transport networks, such as roads, railways, ports, and airports, which connect various regions and countries within Africa. This section is crucial for understanding how infrastructure development can facilitate economic growth and regional integration with corridors aiming to enhance trade efficiency, reduce transportation costs, and promote industrialization by linking resource-rich areas with major markets. Corridors such as the Northern Corridor, the Maputo Development Corridor and the Ethiopia-Djibouti Corridor (where this study is situated) are drawn upon to illustrate similarities in objectives and their impact on regional trade and economic development. Lastly a few common bottlenecks to the success of these corridors will be presented with a focus on the East African region.

Literature on Regional-Economic Integration in Africa explores the efforts and challenges of creating cohesive economic policies and frameworks among African countries. This includes

examining the historical evolution of regional integration initiatives, the role of institutions like the African Union (AU) and the African Continental Free Trade Area (AfCFTA), and the impact of integration on trade, investment, and economic growth. This section will also situate regional-economic integration in East Africa analyzing both the successes and shortcomings of past and current integration efforts, providing valuable insights into the potential for future progress.

Reviewing contemporary discussions and literature on these themes provides a solid foundation for understanding the complexities and opportunities associated with economic development in Africa. Integrating these themes within the framework of developmental regionalism offers a perspective on how Africa can achieve sustainable and transformative economic growth, realizing the vision of a peaceful, prosperous, and integrated continent.

3.2 Developmental Regionalism

The terms "conceptual framework" and "theoretical framework" both provide a comprehensive understanding of a phenomenon or research problem. Although they are often used interchangeably, they have distinct meanings and serve different purposes in research (Varpio, Paradis, Uijtdehaage, & Young, 2020). A conceptual framework's purpose is to provide a coherent structure that guides the research process. They are often based on or derived from the researcher's understanding and synthesis of existing literature and serve as a map to explain the main ideas and variables that are being studied and how they are presumed to relate to each other. Typically, a conceptual framework is broad due to its ability to include a wide range of concepts resulting in a flexible research process. These frameworks are common in, but not limited to, qualitative studies (Imenda, 2014).

On the other hand, a theoretical framework's purpose is to provide a specific and organized way to investigate a phenomenon by offering a coherent explanation of the relationship among variables based on the chosen theory. Derived from an existing theory (or theories) relevant to the research problem, these frameworks provide a specific lens through which the research problem is viewed and are typically narrower resulting in a more rigid research process. Theoretical frameworks are based on established and validated theories from the onset of the research process and are common in, but not limited to, quantitative studies that aim to evaluate a specific hypothesis (Imenda, 2014).

Globalization, free trade, and regional integration remain major topics and key components of global geopolitics. There is an absence of standardized norms, values and practices to guide the integration/globalization process as different regions of the world have achieved relative success via different pathways. The traditional mainstream neo-classical approach to integration puts forward the following process: preferential trade agreements, the establishment of free trade areas followed by the creation of customs unions, the formation of common markets and lastly, the creation of economic and monetary unions. Stiglitz (2016) defines regional integration as more than simply trade but rather to include more social and economic development as a complementary definition to Lamy's (2010) assertion that the global socio-economic, socio-political, and physical geographic landscape is extremely diverse, and this is particularly evident on the African continent. Africa has an estimated population of 1.4 billion (the second most populous after Asia) spread across 55 states. 34 states are classified as Least/Less Economically Developed and 16 of which are landlocked. The continent has a wide and rich array of natural resources, diverse climates, landscapes and crucially, has broad similar but unique socio-economic challenges ranging from infrastructure deficits, extensive differences in economic diversification, political instability, migration and displacement, unemployment, and education/literacy challenges (United Nations Economic Commission for Africa, 2024).

The African continent also consists of at least eight recognized regional economic communities. These RECs include the Arab Maghreb Union (UMA), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), Community of Sahel-Saharan States (CEN-SAD) and Southern African Development Community (SADC). These RECs often consist of member states with overlapping membership/participation which is an impediment to coordination to integration efforts as these sub-regional organizations have varied independent mandates and criteria aimed at promoting integration among their member states (Schiere & Rugamba, 2011). This illustrates the inadequacy of the linear integration approach for African countries conditions. For this reason, this study makes use of a theoretical framework, Developmental Regionalism. Developmental regionalism is described as cooperation among countries across various sectors beyond just trade

and trade facilitation. This includes investment, research and development, and policies designed to speed up regional industrial development and infrastructure provision, such as improving road and railway networks (UNCTAD, 2013). This framework encourages African countries to cooperate on four parallel and interconnected pillars; fair trade integration (cooperation on building mutually beneficial trade integration), transformative industrialization (cooperation on industrial development and upgrading regional value chains), cooperation on investment in cross-border infrastructure and trade facilitation, and cooperation on the building of democracy, good governance and peace and security (Ismail, 2020; 2024).

Fair trade integration (cooperation on building mutually beneficial trade integration).

Regarding the development of mutually beneficial trade cooperation, it is imperative that Africa's member states, with their diverse levels of infrastructure development, prioritize the establishment of trade agreements favoring small and less developed economies (LDCs). Such an approach will contribute to more equitable outcomes under the African Continental Free Trade Area and foster a balanced and mutually beneficial regional integration process. This is particularly achievable if African governments ensure the inclusion of a wide range of stakeholders, including civil society, non-governmental organizations (NGOs), and the private sector, in the negotiation and implementation process. Their involvement will enhance both the quality and sustainability of the AfCFTA agreements.

The private sector can play a pivotal role in driving regional integration, as evidenced by the experiences of European and Asian integration (Ismail, 2020; 2024). Among the 55 African member states, which include 34 least developed countries, 16 landlocked developing countries, and six small island developing states, only a limited number of countries possess a substantial private sector that actively contributes to the regional integration process. According to Vickers and Cawood (2018), significant regional multinationals from South Africa have expanded rapidly across the continent, driven predominantly by private sector initiatives with minimal government facilitation (Ismail, 2018). This expansion has been controversial, with some perceiving these firms as exploitative or neo-colonial, while others contend, they positively contribute to industrial capacity, infrastructure, and services in Africa (Ismail, 2020; 2024).

Critics of the AfCFTA argue that the primary beneficiaries will be economies capable of expanding their exports across the continent, such as South Africa, Nigeria, Kenya, and Egypt, rather than least developed countries (LDCs). This has led to skepticism regarding whether the dominance of major economies' private sectors can yield balanced and positive outcomes. Dani Rodrik (2018) cautions that trade agreements could lead to redistributive outcomes under the guise of freer trade at the expense of LDCs, underscoring the necessity for government intervention to ensure the equitable distribution of AfCFTA benefits (Ismail, 2020; 2024).

This pillar advocates for the establishment of asymmetrical trade agreements that favor small and less developed economies. It also emphasizes the importance of encouraging African firms to invest within the African region and to drive the regional integration process in a way that supports the development of local capacity. Such measures will contribute to more equitable outcomes under the AfCFTA, fostering a more balanced and mutually beneficial regional integration process.

Transformative industrialization (cooperation on industrial development and upgrading regional value chains).

In the 21st century, many African countries have experienced rapid economic growth. However, this growth has not been accompanied by corresponding structural transformation. Development economists, including Dani Rodrik (2013), argue that while economic growth is crucial for poverty reduction, transforming the economy's structure is essential for increasing incomes and improving living standards in less developed countries. This transformation entails shifting the economy from reliance on low value-added primary products towards higher value-added and knowledge-based production (Ismail, 2020; 2024).

This transformation encompasses agricultural reform, diversifying exports, enhancing technological capabilities in firms and agriculture, upgrading, and deepening industrial sectors. These steps are crucial for promoting social inclusion and enhancing Africa's intra-continental integration and integration into the global economy through global value chains (GVCs) (Lopes & Willem Te Velde, 2021). Currently, Africa primarily supplies raw materials and low-value goods, occupying the lowest levels of GVCs. Despite this, Africa's export profile, dominated by commodities to developed nations and China, presents opportunities in several industrial sectors

such as agro-processing, pharmaceuticals, iron and steel, capital goods, textiles, and automotive industries, show potential for developing regional value chains (Ismail, 2020; 2024).

In promoting regional trade integration across these sectors, African policymakers should prioritize fostering cooperation among the continent's emerging entrepreneurs and industries to establish regional value chains. This approach aims to enhance competitiveness in global markets, drive transformative industrialization, ensure equitable distribution of value derived from commodities and labor, and ultimately improve the livelihoods of African populations. The AfCFTA stands poised to facilitate this process, leveraging a backdrop of globalization dynamics characterized by reduced transport costs, advancements in information and communication technology, and diminished trade and investment barriers since the turn of the century.

Production has become increasingly globalized, driven by cost efficiencies, access to cheap labor, and market expansion motives, prompting transnational and multinational corporations to relocate segments of their value chains to developing countries. This phenomenon has fueled the proliferation of global value chains GVCs, where these corporations procure raw materials and intermediate inputs abroad, often through outsourcing production partially or entirely (Ismail, 2020; 2024). This trend, accompanied by rising foreign direct investment inflows, offers African countries opportunities to industrialize and transform their economies.

With this pillar in mind Lopes and Willem Te Velde (2021) identify three major opportunities for African transformational industrialization. Given Africa's abundant natural resource wealth, green industrialization - embracing renewable energy sources such as solar, wind, and hydroelectric power - can enable the continent to develop sustainable industries that minimize environmental impact while fostering economic growth. This approach not only addresses the global challenge of climate change but also positions Africa as a leader in sustainable development, allowing it to bypass the traditional carbon-intensive industrialization pathways of the Global East and West. Additionally, the integration of digital technologies is critical in this green industrialization process. Digitalization enhances efficiency, reduces waste, and enables the implementation of smart grids and advanced manufacturing techniques. Addressing the constraints to digitalization can unlock significant opportunities for African countries, including improved productivity,

output, and exports; job creation; reduced production costs; market entry for small medium enterprises; and lowered trading costs, thereby enhancing participation in GVCs. Lastly, regional integration through initiatives like the AfCFTA facilitates the sharing of resources, knowledge, and technology across borders, amplifying the benefits of green industrialization. By collectively harnessing these opportunities, African countries can leapfrog the traditional, polluting industrial stages, setting a global precedent for sustainable development (Lopes & Willem Te Velde, 2021).

This pillar builds on the developmental regionalism approach, emphasizing the necessity for transformative industrialization of African economies. It explores the opportunities presented by the emergence of global value chains and highlights how cooperation in establishing regional value chains can promote both regional integration and industrial transformation, particularly for smaller African economies.

Cooperation on investment in cross-border infrastructure and trade facilitation.

Hoekman and Njinque (2016) highlight the critical role of infrastructure and trade facilitation in lowering trade expenses. They assert that trade costs in Africa remain elevated, largely due to substantial infrastructure deficiencies identified in assorted studies, such as the Africa Infrastructure Country Diagnostic (Ismail, 2020). These deficits are evident across key sectors including transportation, telecommunications, and energy throughout the continent. With an estimated \$20 billion infrastructure development deficit on the continent, African governments are tasked with strategically financing infrastructure and development efforts at an individual, regional and in turn continental level (Ismail, 2020; 2024). The 16 landlocked nations specifically encounter distinct challenges with regards to trade facilitation due to their geographical isolation from maritime access points. This isolation poses significant barriers to accessing global markets and results in higher transit costs. UNECA (2010) estimates that landlocked LDCs spend twice and three times more of their export earnings on transport costs than their non-landlocked fellow LDCs and developed countries respectively thus, thereby impeding their overall socio-economic progress and development.

Ismail (2018) notes that, according to Carlos Lopes and Ibrahim Assane Mayaki in the *Programme for Infrastructure Development in Africa*, industrialization is central to Africa's structural

transformation, with infrastructure acting as the key driver (UNECA & NEPAD Agency, 2016). Ismail(2018) further states that their assertion is synonymous with the African Union's Agenda 2063 which advocates for accelerating the AfCFTA negotiations and enhancing regional integration (AU, 2012).

Thus, this pillar suggests that African countries should be actively addressing these challenges by investing in both hard and soft infrastructure development and enhancements. Hard infrastructure improvements include the development of communication facilities, ports, road networks, and railways aimed at enhancing inter-regional as well as intra-regional trade and connectivity. According to Kingkombe (2017) in addition to hard infrastructure, African nations ought to also be developing and enhancing soft infrastructure elements as a variety of soft infrastructure barriers impede the regional integration process. These include the absence of harmonized policies, regulations, and procedures governing trade and infrastructure development, differences in degrees of customs cooperation and efficiency at border crossings throughout the continent which present logistical bottlenecks along major transport routes. These combined infrastructure initiatives are crucial in streamlining trade processes, reducing costs, and improving the overall business environment across the continent (Ismail, 2020; 2024).

Overall, Africa's commitment to infrastructure development and institutional reforms underscores its determination to overcome historical barriers and foster sustainable economic growth. By actively cooperating on investments in cross-border infrastructure and trade facilitation improvements in connectivity, reductions to trade barriers and enhancing logistical efficiency, African nations would position themselves more competitively in the global economy while promoting inclusive and resilient development across diverse landscapes (Ismail, 2020; 2024).

Cooperation on the building of democracy, good governance and peace and security.

To achieve successful economic development and structural transformation in Africa, it is essential to foster cooperation in democracy, governance, peace, and security across all nations on the continent. These pillars of good governance should be developed concurrently with the three discussed above. Brown et al. (2007) argue that peace, security, and democratic governance are essential conditions for socio-economic development and economic transformation. While there

are instances where non-democratic systems such as in China have achieved socio-economic development and transformation, there is a strong relationship between democracy, good governance, peace and security, and socio-economic development.

Since the end of the Cold War, African states have increasingly adopted multi-party systems of governance, embracing constitutionalism, the rule of law, and human rights. The transformation of the Organization of African Unity (OAU) into the African Union (AU) in 2002, the adoption of the visionary Agenda 2063 in 2013, the creation of the New Partnership for Africa's Development (NEPAD), and the subsequent establishment of the African Peer Review Mechanism (APRM) demonstrate considerable progress in democratic governance, peace, and security across the continent. The signing of the AfCFTA agreement in 2018 further underscores the commitment of African states to advance inclusive growth and economic development, catalyze transformative industrialization, strengthen democracy, good governance, and peace and security, and benefit all countries in Africa through integrated hard and soft infrastructure (Ismail, 2020; 2024).

Additionally, developmental regionalism encompasses six key features: a robust institutional framework to drive regional integration, clearly defined goals and benefits of integration, the importance of peace and security, equitable benefits for all member states, prioritization of regional public goods and development areas such as infrastructure and trade and fostering a common regional identity to mobilize human capital (Adejumobi & Kreiter, 2016). This theoretical framework coupled with implementation of the AfCFTA could mark a significant milestone and transition to a new phase in Africa's historic journey to realize the dreams of Pan-African leaders for a peaceful, prosperous, and integrated continent. Policymakers need to establish the necessary linkages, both conceptually and in practice, to achieve these goals (Ismail, 2020; 2024).

3.3 Transport and/or Economic Development Corridors

The concept "transport/economic corridor" consists of both physical and functional dimensions. Physical dimensions include one or more transport routes connecting one or more centers of economic, social or political activity. These routes may also connect these centers to other areas along or around the route. Thus, transport/economic development corridors are strategic routes or networks of infrastructure designed to facilitate the movement of goods, services, and people between regions or countries. These corridors typically consist of roads, railways, ports, airports,

and other transportation infrastructure, as well as associated logistics and trade facilitation services. The primary goal of transport corridors is to promote economic development by improving connectivity, reducing transportation costs, and facilitating trade and investment flows (Hope & Cox, 2015).

According to the African Development Bank (AfDB), the development of a corridor facilitates and progressively enhances social and economic development. Initially, a basic transport corridor primarily affects the immediate vicinity. However, as infrastructure such as facilities, border crossings, industrial areas, and urban zones develop along and adjacent to the corridor, its influence extends further. Economic activities may flow from peripheral areas into the corridor and subsequently along its length, or in the reverse direction. This bidirectional flow results in increased trade and social development (Hope & Cox, 2015).

Development corridors are strategic areas that combine infrastructure investments and collaborative frameworks to boost economic growth and regional connectivity (Hope & Cox, 2015). At their core, these corridors prioritize robust transport infrastructure, including roads, railways, ports, and airports, to create an efficient physical backbone. Complementing this, logistics and trade facilitation services—such as customs clearance, warehousing, and transport management—streamline the movement of goods and people, reducing delays and enhancing trade efficiency. Along these routes, industrial zones and economic hubs emerge, acting as centers for manufacturing, distribution, and trade activities, which in turn attract investment and create employment opportunities. Because corridors often span multiple countries or regions, cross-border cooperation and institutional frameworks are essential to coordinate infrastructure development, align regulations, and facilitate trade. Multimodal connectivity further enhances corridor efficiency by integrating various transport modes—road, rail, maritime, and air—into a cohesive network, with hubs and terminals facilitating smooth transfers between modes. Additionally, supporting infrastructure such as telecommunications, energy, and water supply sustains economic activity and supports local communities along the corridor. By coordinating these components, development corridors create conducive environments for regional economic growth, aiming to improve trade, attract investment, and foster sustainable development (Hope & Cox, 2015).

One such example of these developmental corridors is the Ethiopia-Djibouti Corridor which connects landlocked Ethiopia to the port of Djibouti. This provides a vital trade route for Ethiopia's import and export activities. It includes road, rail, and port infrastructure projects aimed at improving logistics efficiency and reducing transportation costs. This corridor is where this research inquiry is situated and its contribution to integration and developmental regionalism will be assessed further on in this study.

Common bottlenecks to the success of integration and transport/economic corridors include regional political instability which poses a significant barrier to the development and efficiency of transport infrastructure. Political unrest and conflicts disrupt the continuity of projects, deter investment, and create an uncertain environment that hampers long-term planning and implementation of transport initiatives (Adero & Aligula, 2012). Secondly, the underperformance of crucial transport modes or in some cases the complete absence of essential transport modes, particularly rail, has led to a surge in private vehicle ownership. This shift not only increases road congestion but also places additional strain on infrastructure, resulting in inefficiencies and higher transportation costs for goods and passengers (Adero & Aligula, 2012).

Thirdly, inefficiencies in policy, planning, and management significantly impede the progress of transport infrastructure projects. Ineffective policies and poor planning lead to misaligned priorities, while inadequate management results in delays and the suboptimal allocation of resources, further hindering development. These inefficiencies lead to infrastructure maintenance and financing challenges as securing funding for the maintenance, enhancement, and development of infrastructure is a considerable challenge. Both public and private funding sources are often insufficient, leading to deteriorating infrastructure that fails to meet growing demands and limits economic growth and development (Adero & Aligula, 2012).

Fourthly, institutional and regulatory frameworks often hinder the execution of capital budgets and the opportunity to redress these issues, causing substantial cost overruns. Inefficient regulations and bureaucratic obstacles delay project timelines and increase expenses, making it difficult to achieve timely and cost-effective infrastructure development. Lastly, there remains a substantial

gap in the link between regional transport infrastructure development and human capital development. Attracting and retaining advanced and relevant skills is essential to addressing the challenges of transport infrastructure development and in turn regional/economic corridors (Adero & Aligula, 2012).

Transport and/or economic development corridors play a vital role in promoting regional integration, trade facilitation, and economic growth. By improving connectivity and reducing transportation costs, corridors can stimulate investment, enhance competitiveness, and unlock the economic potential of regions and countries along their routes. Additionally, corridors can contribute to poverty reduction, job creation, and sustainable development by promoting inclusive growth and fostering closer economic ties between regions and crucially, be a foundation to the successful participation of the African continent in global value chain creation (UNCTAD, 2021).

3.4 China-Africa Development Finance

Although often referred to and viewed as an emerging lender, China has demonstrated a reinvigorated interest in the African continent since the end of the Cold War and has maintained an aid program since the 1950s. This program is organized by the Department of Foreign Aid in the Ministry of Commerce, in cooperation with the Ministry of Foreign Affairs. Under the direction of the Ministry of Commerce, China's Export-Import Bank (Eximbank) administers China's concessional foreign aid loan program, using subsidies from the foreign aid budget to soften the terms of its concessional loans. China Eximbank is one of three policy banks, along with China Development Bank and China Agricultural Development Bank, established in 1994 to better enable the government to directly finance its development goals as it transitioned to a market economy (Brautigam, 2010; 2019).

China's grant aid and zero-interest loans typically promote broad diplomatic objectives, while the concessional foreign aid loans administered by China Eximbank blend diplomatic, development, and business goals. Due to China's commitment to diplomacy, which predominantly takes a bilateral format between China and individual African states, Chinese aid is distributed across nearly every country on the continent, encompassing both least developed countries (LDCs) and non-LDCs. Simultaneously, China utilizes concessional lines of credit to promote exports of goods

and services to creditworthy countries capable of repaying the loans, or for bankable projects in less creditworthy countries. Consequently, China has developed its own definition of foreign aid, which diverges from that used by most Bretton Woods institutions. This definition includes military aid and loans for foreign-aided joint ventures and cooperative projects. Additionally, it encompasses three primary instruments: preferential export buyer's credits, mixed credits, and natural resource-backed lines of credit. These instruments are among the key reasons critics often challenge China-Africa development finance relations (Brautigam, 2010).

Although China's definition of aid differs from that of other lenders, similarities exist, such as the positive correlation between a country's level of democracy and the increase in the amount of financial assistance it receives from both China and the World Bank (Tang, 2021). While there are differing viewpoints on the contribution of China's increasing involvement in the socio-economic, socio-political and geopolitics of the continent, there is no doubt that China's increased involvement in Africa has become one of the most contentious topics in the literature and discourse around the development of the continent. Trade between Africa and China has risen to record highs placing China as Africa's largest trading and investment partner. With Chinese international construction and engineering contractors achieving a dominant position in the African infrastructure market as developers of numerous mega infrastructure projects (Zhang, 2021), China has invested significant amounts to African infrastructure projects undoubtedly making China an active and interested stakeholder in the integration efforts of the continent particularly (Gallagher & Ray, 2020; Sun, 2021).

China's relations with their African counterparts regarding trade, investments, security assistance, financial aid and diplomatic activities has significantly increased with its emergence as a world power. The year 2000 saw the establishment of the Forum on China-Africa Cooperation (FOCAC) - a platform established for collective dialogue and cooperation between China and African countries, focusing on strengthening economic and political ties – resulting in the Asian state becoming an increasingly more important partner to African states and their various socio-economic and socio-political development paths (Grimm, 2011; Gallagher & Ray, 2020).

The rising prominence of China on the continent has been met with both enthusiasm and concern within development circles. Some are of the view that Chinese practices in official aid, preferential export credits, and other forms of development finance pose a significant challenge to the norms governing the international aid architecture. These are due to concerns of debt trap diplomacy and predatory lending (Brautigam & Wang, 2021; Brautigam 2019) and non-environmentally friendly or considerate practices to name a few concerns (Chen, 2021). Those on the other side of the developmental coin welcome the rise of a new development partner on the global landscape particularly as the continent has several developmental needs, with vast amounts of natural resource wealth but remains chronically underdeveloped in terms of infrastructure, technology and in other crucial areas (Alves, 2013). Simply put, China is viewed as a welcomed alternative to the conditionality-based aid advocated by traditional donors such as the Bretton Woods institutions (Brautigam, 2010).

Despite China's increased presence on the African continent (Gallagher & Ray, 2020), which has attracted significant internal and external polarized interest, debates over China's role as a donor and financier, and more importantly for this study, as a developer of infrastructure projects, have largely occurred in the absence of comprehensive and conclusive information (Brautigam, 2010). Critics such as Cissé (2013) argue that China's presence in Africa's construction sector has raised questions about norms and standards due to the speeds and practices of construction, the deterioration of this infrastructure shortly after delivery and lack of transparency in financing. This raises major concerns about China's sustainable contribution to infrastructure development in Africa – i.e., debt trap diplomacy and predatory lending - an issue that was not entirely addressed at FOCAC 2021 (Sun, 2021). Furthermore, scholars such as Brautigam (2010; 2019) have questioned China in Africa's affairs largely due to their facilitation of poor governance and corruption; lax borrowing rules that increases the debt profile of African countries and dependence; the dumping of Chinese goods in African markets; the employment of Chinese workers over African local labor, and environmental concern (Chen, 2021).

Luongo (2020) posits that to understand the effect of Chinese activities on the African continent, one must first understand Chinese intentions. Globally perceived as an autocratic state, China's African pursuit seems to be motivated by a combination of ideology and interest with its foreign

policy objective to achieve its domestic objectives without necessarily countering democratization. This is achieved through coordinated military, economic and political exchanges which have largely taken the form of financial assistance and infrastructure development.

It is important to recognize that China's rise occurs within the context of a complex global aid architecture, which comprises a set of rules, norms, and sometimes competing institutions. Consequently, while criticism of China's approach may be valid and empirically supported, it may also reflect a resistance to change within this established framework (Brautigam, 2010).

3.5 Conclusion

In this chapter, I provided an overview of the literature on the theoretical framework and key concepts that this study will use to answer the main and sub-question. This framework and literature are crucial to the methodology and will be utilized to discuss the research findings in the proceeding chapters.

Chapter 4 Findings and Data Analysis

4.1 Overview

This chapter presents the findings of this research from synthesizing the data of the interviews conducted with participants of the study. This also analyses this data in the context of the literature in the review conducted above. The chapter will provide a descriptive overview of the findings followed by detailed reporting of the findings and results along the lines of the questions in the interview schedule. These responses to the questions will then be organized into common themes allowing for a thematic analysis in the chapter to follow. Lastly, the chapter will summarize the findings connecting them to the research question and sub-questions without interpretation.

The research question, “*Has China’s development finance of infrastructure projects contributed to developmental regionalism?*” was guided by the sub-question; “*has China’s development finance of the Addis-Djibouti railway contributed to regional/development integration in East Africa?*”

In turn the objectives of the study were as follows, primarily to identify the contribution (if any) of Chinese financing and development of cross-border infrastructure to regional integration in East Africa, to establish the effect of the ADR line on trade integration in the East African region, to establish the intention and motivations behind Chinese willingness to invest in infrastructure development in East Africa, and establish why there has been a differentiated bilateral approach to financing of infrastructure developmental between China and African states.

4.2 Presentation of Data

4.2.1 Descriptive Overview

The interview schedule consisted of 10 questions, see Appendix A. The data gathered was primarily qualitative. The responses to these questions were complemented by the categorization of the study’s participants using descriptive statistics such as their institutional and organizational background. Participants were grouped into three distinct categories namely, academics, private sector civil society and research institutions (refer to Table 1). The participants’ categorizations and their responses to the questions, combined with the sub-question and objectives of the study

in the context of developmental regionalism allowed for common themes to be identified illustrated in table 2 below.

Table 2 Themes and Questions

Themes	Questions
Theme 1: <i>The African and Chinese Approach to Development Finance.</i>	What were the main factors that led to the development of the Addis-Djibouti railway?
	What interests and motivations influenced China to finance and construct the Addis-Djibouti SGR.
	Why did Ethiopia and Djibouti choose to partner with China to develop this cross-border railway?
	Why has China been reluctant to further expand the rail network in Ethiopia?
Theme 2: <i>The Contribution to Regional Integration in East Africa.</i>	What was your role in this project?
	To what extent is the Addis-Djibouti railway well-built, efficiently operated, and managed, and who is currently responsible for its management? Additionally, what infrastructure and management challenges or concerns have impacted its operations to date?
	To what extent have the Chinese, Ethiopians, and Djiboutians benefited from the development of the railway project? How has it impacted business operations and improved the mobility of locals in Ethiopia and Djibouti?
	Has the railway line contributed to regional integration efforts? If so, how? If not, why?
Theme 3: <i>The Contribution to Developmental Regionalism.</i>	Based on this project, would you say that China’s financing of cross-border infrastructure development projects is advancing, or undermining African integration efforts? Please elaborate.
	Is there any information you feel these questions have not asked but you feel would be of use to the study?

4.2.2 Detailed Reporting and Analysis of Results

Theme 1 *The African and Chinese Approach to Development Finance*

This theme critically examines the alignment between China’s development finance model and Africa’s developmental priorities, with a particular focus on the principles of developmental

regionalism. It analyzes whether China's infrastructure financing strategy fosters cross-border cooperation, capacity-building, and regional economic integration. The Addis-Djibouti railway serves as a case study to assess the extent to which Chinese investments contribute to interconnectedness and shared growth, key tenets of developmental regionalism and regional integration in East Africa. Questions under this theme interrogate the motivations for collaboration between the three countries on this project. See questions 1, 2, 3 and 7, in Appendix A.

The study found that the Addis-Djibouti railway was developed in response to several pressing needs, primarily Ethiopia's landlocked status and the deteriorating infrastructure inherited from the colonial era. After Eritrea's independence, Ethiopia was left without direct access to international seaports, making Djibouti a crucial trade gateway. The existing French-built Chemin de Fer Djibouto-Éthiopien (CDE) infrastructure was outdated and inadequate for modern transportation demands, leading to the need for a new solution (RSI 1; ACD 2; CIV 1). In response to these challenges, Ethiopia developed a national railway plan, with the Addis-Djibouti line serving as its centerpiece. This project was largely funded by China, which provided financing that was unavailable from Western lenders due to Ethiopia's creditworthiness issues. China's involvement aligned with Ethiopia's broader modernization goals under the leadership of Meles Zenawi, who sought to replicate successful East Asian development models (RSI 1). This project also exemplified China's growing role in financing infrastructure development across Africa, as it increasingly became an active partner in addressing the continent's vast infrastructure needs issues highlighted by both Brautigam (2010) and Grimm (2011).

China's interest in financing the Addis-Djibouti railway stemmed from a mix of strategic and economic factors, notably its Belt and Road Initiative (BRI). The BRI has been central to China's foreign policy, seeking to expand trade routes, secure access to resources, and enhance its global influence (ACD 2). The Horn of Africa, with its proximity to the Red Sea, is a key region for global trade, and China recognized the strategic value of investing in infrastructure that would bolster regional trade connectivity. Additionally, the railway project was seen to strengthen China's economic ties with Ethiopia, a country that presents a growing market for Chinese goods and services. By funding major infrastructure projects like this railway, China was able to foster goodwill, create long-term economic interdependencies, and solidify its position as a key partner in Africa's development. The financing also allowed China to promote the use of its technology

and standards in African infrastructure, securing long-term markets for Chinese enterprises (Bräutigam, 2010; Zhang, 2021).

Ethiopia and Djibouti chose to partner with China for the development of the cross-border railway primarily due to the lack of alternative financing sources and the favorable loan terms offered by China (ACD 2; RSI 1). Both countries, being among Africa's least developed nations, faced significant challenges in securing financial support from Western institutions. The political instability in the Horn of Africa further deterred traditional Western donors. China, on the other hand, provided concessional loans through China Eximbank, with less stringent political conditions and better debt repayment terms (RSI 1). Moreover, the partnership allowed Ethiopia to gain greater control over its transportation infrastructure, as it could directly oversee the project's execution without relying on foreign interests. This decision was also motivated by the need to enhance regional connectivity, foster economic growth, and integrate the economies of Ethiopia and Djibouti more closely. By working with China, both nations hoped to strengthen their infrastructure and economic ties, facilitating broader regional integration and trade (Brautigam, 2010; Ismail, 2021; 2024).

Despite the initial success of the Addis-Djibouti railway, the expansion of the network has faced significant challenges. One of the primary obstacles is Ethiopia's financial difficulties, particularly its debt burden, which has made it difficult to secure further loans from China. After defaulting on a Chinese loan in 2018, Ethiopia had to renegotiate the terms of its debts, which led to hesitancy among Chinese financial institutions like China Eximbank (ACD 2). This debt renegotiation aligns with China's overall writing off debt of several African countries (Benson, 2022; Bagwandeem, Edyegu & Otele, 2023). However, the failure to secure additional funding has been exacerbated by Ethiopia's internal governance and economic constraints, which include a worsening foreign exchange crisis and issues with loan repayment. The segmented nature of financing for the railway, with separate funding for different sections, has also hindered the development of a cohesive and efficient transportation network (RSI 1). This fragmented approach is seen as a broader issue with China's infrastructure financing strategy in Africa, which has led to questions about the long-term sustainability and economic viability of such projects (Bräutigam, 2010; Ismail, 2021; 2024).

China's growing involvement in Africa's infrastructure sector has sparked significant debate and raised concerns among critics. Some participants argued that China's financial practices,

particularly its concessional loans and export credits, may be leading to a "debt trap" for many African countries, increasing their dependence on China while burdening them with unsustainable debt (RSI 3). This issue has since proven to be flawed (Olander, 2020). However, additional critical and concerning light has been shone by scholars such as Chen (2021) who point to the lack of transparency and environmental considerations in many Chinese-funded projects, as well as the employment of Chinese labor over local workers, which reduces the potential economic benefits for African countries (ACD 1; CIV 1; RSI 1). Furthermore, concerns have been raised about the long-term quality of Chinese infrastructure, with allegations of rapid deterioration shortly after completion (ACD 2). However, supporters of China's involvement argue that it offers a much-needed alternative to the conditionalities imposed by traditional Western donors like the IMF and the World Bank, which often hinder African development efforts (ACD 2). Despite these criticisms, China's infrastructure investments in Africa remain a key element of its strategy to expand its influence and foster economic growth across the continent (Cissé, 2013; Alves, 2013; Luongo, 2020).

Theme 2 The Contribution to Regional Integration in East Africa

This theme evaluates the role of China's infrastructure financing in advancing regional integration within East Africa. It focuses on the Addis-Djibouti railway as a critical infrastructure project that enhances connectivity, facilitates trade, and reduces logistical barriers between Ethiopia and Djibouti. The theme explores how this railway contributes to fostering economic interdependence and industrial development, positioning it as a cornerstone of regional integration and a practical example of developmental regionalism in action. Questions in this theme interrogated the contribution of the project to development integration in East Africa. See questions 4, 5, 6 and 8, in Appendix A.

The study found that the Addis-Djibouti railway has played a pivotal role in enhancing regional integration in East Africa by improving transportation connectivity between Ethiopia and Djibouti. This is essential for fostering trade and economic cooperation in the region. Within the context of developmental regionalism, the railway is a crucial component of cross-border infrastructure investment, one of the core pillars of the framework (Schiere & Rugamba, 2011; Ismail, 2019). This infrastructure project is a practical endeavor at addressing the region's significant infrastructure deficit (CIV 1), promoting smoother trade routes that are vital for integrating less

developed economies into both regional and global markets. However, while the railway has bolstered connectivity between Ethiopia and Djibouti, its impact has been limited to a narrow geographical corridor mainly between the two countries raised by several participants to the study. This has prevented the railway from contributing more broadly to regional integration across East Africa and may be linked to findings in theme 1 regarding the reluctance and subsequent halting of the expansion of the railway in accordance with the initial 5000km nationwide plan (RSI 1). Furthermore, some participants indicated that this development finance investment was primarily motivated by Chinese geopolitical considerations, rather than one intended to aid regional integration (RSI 3; ACD 1).

The study also found that political instability, governance challenges, and the financial burdens associated with large infrastructure projects have further hindered the railways full potential in fostering a more integrated and cohesive East African region (ACD 2; RSI 1). This is directly in opposition to the peace and security pillar of developmental regionalism (Ismail, 2020). This underscores the need for a more comprehensive approach to regional integration, incorporating not just infrastructure, but also industrialization and governance reforms as emphasized by the developmental regionalism framework promoted by Ismail (2021; 2024).

Although the ADR represents a significant infrastructure investment, its operational effectiveness is limited by inefficiencies that prevent it from fully aligning with broader regional integration goals (Chen, 2021) (RSI 1). Developmental regionalism emphasizes that successful integration requires both "hard" infrastructure, such as transportation networks, and "soft" infrastructure, including regulatory frameworks and governance systems (Portugal-Perez & Wilson, 2012 (ACD 2)). In the case of the railway, challenges like poor management practices, a shortage of spare parts, and high operational costs have compromised its efficiency and hindered its contribution to regional markets (ACD 2; RSI 1). Furthermore, a lack of effective governance mechanisms and institutional capacity in both Ethiopia and Djibouti complicates the management of the railway, limiting its ability to promote transformative industrialization and support wider regional integration. The broader underdevelopment of East Africa's infrastructure network, including poor linkages to other regional markets, also highlights the fragmented approach to integration across

the continent, which poses a significant barrier to achieving the intended goals of regional cooperation (Schiere & Rugamba, 2011).

The ADR has contributed to regional integration by improving connectivity and facilitating trade between Ethiopia and Djibouti. This is illustrated by the reduction of travel time of goods from 3-4 days to a minimum of 10hrs (CIV 1) provided the rail is fully operational with no challenges. However, its impact on broader regional integration in East Africa has been limited due to several factors. Most notably, the railway's infrastructure only links these two countries, making its contribution to regional integration narrow in scope (RSI 2; ACD 1). This is illustrated by the comparison of the average cost of moving a 20-foot container from Addis to Djibouti vs from Djibouti to mainland China 800USD to 300USD, respectively (CIV 1). While this reflects a comparison between land and ocean transport, it is still a useful insight illustrating differences in soft and hard infrastructure. According to the developmental regionalism framework (Ismail, 2021), successful regional integration requires a multifaceted approach that includes infrastructural development, industrialization, and governance reform (Hartzenberg, 2011). The lack of coordination between regional economic communities (RECs) such as IGAD and COMESA, as well as overlapping membership in these bodies, has further hindered the railway's integration into a larger East African network. Additionally, political instability and governance challenges in Ethiopia and Djibouti have weakened the railway's capacity to contribute effectively to regional integration (RSI 3; RSI 1; ACD 2). These obstacles emphasize the need for stronger institutional capacity, governance reforms, and better coordination among regional bodies to realize the full potential of infrastructure investments like the ADR (Ismail, 2020; 2024).

China, Ethiopia, and Djibouti have all benefited economically from the Addis-Djibouti railway project, particularly in terms of trade facilitation and infrastructure development (ACD 2; ACD 1; RSI 1). For China, the project has been a key part of its broader strategy to increase its influence in Africa, especially in East Africa, through significant financial investments (ACD 2). Ethiopia has gained improved access to global markets through Djibouti's port, while Djibouti benefits from a more reliable trade route, enhancing its position as a regional logistics hub. However, these benefits are tempered by challenges, particularly the financial sustainability of the project (ACD 2; RSI 3). Ethiopia's heavy reliance on Chinese financing has led to a significant debt burden (ACD 2), and the railway's underperformance, due to management inefficiencies, has further

complicated its ability to generate the expected economic returns. The developmental regionalism framework underscores the need for equitable trade integration and governance reforms to ensure that the benefits of such infrastructure projects are distributed and contribute to sustainable, long-term growth. Ethiopia's limited capacity to manage the railway, combined with the financial and political instability associated with such large-scale projects, has hindered the realization of the railway's full economic potential (RSI 1). This point speaks to insight from Chen (2021) regarding management and technology transfer of these projects either immediately or a few years following the project's completion and becoming operational.

The Addis-Djibouti railway fits into the broader regional integration frameworks in East Africa but faces significant barriers that limit its contribution to deeper integration across the region (RSI 2; ACD 2). While it strengthens trade between Ethiopia and Djibouti, the railway's narrow geographical scope restricts its role in fostering wider regional integration (RSI 2). Ismail (2020; 2024) advocates for a holistic approach to integration, where infrastructure, industrialization, governance, and cross-border investment are all interconnected. However, in East Africa, fragmented infrastructure networks, overlapping memberships in multiple RECs such as COMESA and IGAD, and inconsistent policy frameworks create inefficiencies and confusion, hindering the development of a cohesive regional strategy (RSI 1). These challenges highlight the need for broader policies that promote interconnectivity between regional infrastructures, support industrial growth, and facilitate governance reforms. To realize the potential of the Addis-Djibouti railway and achieve deeper regional integration, East African countries must overcome these barriers through greater collaboration, investment in both hard and soft infrastructure, and the creation of a more unified regional integration agenda as argued by Ismail, (2020; 2024).

Theme 3 The Contribution to Developmental Regionalism

This theme investigates the broader implications of Chinese development finance on the achievement of developmental regionalism in Africa. It examines whether Chinese-financed infrastructure projects, including the Addis-Djibouti railway, address critical infrastructure deficits and promote collective regional advancement. By situating the railway within the wider context of Africa's development landscape, the theme interrogates the extent to which China's financing model supports regional self-reliance, policy harmonization, and sustainable regional integration. While the extent of the effect of Chinese development finance is a topic of current discourse,

questions in this theme interrogated the contribution of the project to developmental regionalism in East Africa. See questions 9 and 10, in Appendix A.

The study found that the ADR is a prime example of how infrastructure developments improve regional connectivity (RSI 1; RSI 3; ACD 1). By providing a key transport link between Ethiopia, a landlocked country, and Djibouti's port, this infrastructure project facilitates smoother movement of goods, reduces transportation costs, and enhances trade. It also complements existing regional plans, such as the East African Railway Master Plan, which seeks to create a unified transport network across the region (Hope & Cox, 2015; EAC, 2019).

Participants in discussions about the project were generally positive about its realized and untapped potential to foster integration, with many emphasizing that standardized infrastructure projects, like the Addis-Djibouti railway, demonstrate China's commitment to enhancing regional connectivity (CIV 1). These investments align with the goals of regional economic corridors, which aim to not only improve transportation networks but also stimulate economic growth by facilitating trade, attracting investment, and creating jobs along the corridor (ACD 2; RSI 1). The Ethiopian-Djibouti corridor, for instance, is part of a larger regional framework designed to integrate neighboring countries more effectively into the global economy (RSI 1) crucially highlighted by Hope & Cox (2015).

However, some participants raised concerns about the challenges these projects pose to true regional integration. Issues such as complex co-financing agreements, cross-border coordination, and the reliance on external funding from China could undermine the long-term sustainability of these projects (ACD 1; ACD 2; RSI 1). Furthermore, the lack of effective coordination between African governments could result in a scattered approach to infrastructure development, hindering the broader goal of regional integration. A key concern was whether these investments are strategically aligned with regional development goals or whether they serve more to meet immediate needs, potentially limiting their broader impact (Adero & Aligula, 2012).

The development of transport and economic corridors, as highlighted in the discussion of the Addis-Djibouti corridor, emphasizes both the physical and functional dimensions of these infrastructures. These corridors are designed to foster economic development by improving

connectivity and facilitating trade. Successful corridors, like the Maputo Development Corridor or the LAPSET, show how multimodal connectivity, cross-border cooperation, and the development of industrial zones along transport routes can transform simple transport corridors into vibrant economic zones (Hope & Cox, 2015). In this context, China's investments could significantly contribute to regional integration, provided they are complemented by strong local and regional planning (ACD 1; ACD 2; RSI 1).

Nevertheless, there is consensus that certain barriers remain, such as political instability and inefficiencies in policy and management, which could limit the success of these corridors. For example, political unrest in some regions could disrupt the continuity of projects and deter investment (ACD 2; RSI 1). Developmental regionalism strongly advocates political stability and good governance as key pillars to successful development integration on the continent (Ismail, 2020). Additionally, the absence of adequate rail networks or the underperformance of existing infrastructure may cause inefficiencies that hinder economic growth. The need for effective institutional frameworks and robust regulatory coordination is also critical to ensure that these infrastructure projects serve their intended purpose of fostering regional integration (Adero & Aligula, 2012; Bagwadeen, 2024).

While the China-funded infrastructure projects are seen as a positive force for regional integration, their full potential can only be realized through careful, strategic planning and effective coordination across African governments and regional bodies (RSI 1; RSI 3). If managed well, these projects could unlock significant economic benefits and contribute to deeper integration across the African continent, especially within frameworks like the African Continental Free Trade Area (AfCFTA). However, a scattered or poorly coordinated approach could undermine the long-term goals of Developmental Regionalism (UNCTAD, 2021).

4.3 Conclusion

This chapter presents the findings derived from the interviews conducted, offering a detailed analysis in relation to the literature reviewed in the earlier literature review chapter. The interview responses have been carefully categorized into three overarching themes, which will serve as a basis for a thematic comparative analysis in the following chapter. These themes have been specifically chosen by grouping the interview schedule questions to answer both the primary

research question and the sub-question. This ensures that the analysis is directly relevant to the study's objectives.

In the next chapter, a deeper comparative analysis will be carried out, where the findings and themes will be examined in terms of their similarities, differences, and any emerging gaps within the data. This analysis will offer valuable insights into the research topic, providing a clearer understanding of the dynamics at play. Additionally, the chapter will reflect on how these findings contribute to the broader field of study, highlighting key patterns and offering recommendations based on the conclusions drawn from the research.

Chapter 5 Conclusion

5.1 Overview

The Addis-Djibouti railway project serves as a key example of Chinese African development finance, addressing critical infrastructure gaps while enhancing trade connectivity between Ethiopia and Djibouti. As a landlocked country, Ethiopia faced significant challenges in accessing international seaports, and the outdated colonial infrastructure exacerbated these difficulties. The project, financed primarily by concessional loans from China, highlights a strategic collaboration aimed at overcoming these issues and supporting Ethiopia's modernization ambitions, aligned with China's BRI. This initiative not only responds to Ethiopia's pressing needs but also strengthens China's growing influence in Africa. However, reliance on Chinese financing raises concerns about debt sustainability and dependency, highlighting the complexities of such partnerships in the context of limited access to traditional funding sources.

5.2 Key findings

5.2.1 The African and Chinese Approach to Development Finance

In this theme, the Addis-Djibouti railway underscores the importance of strategic collaboration between China and African nations to address infrastructure deficits. The concessional loans provided by China served as a solution to Ethiopia's credit limitations, circumventing the conditionalities often imposed by Western financial institutions. While this partnership has accelerated infrastructure development, it has also raised issues regarding debt sustainability and the potential for overreliance on Chinese financial support. This mirrors broader debates about China's role in Africa and the long-term implications for African sovereignty and economic independence.

5.2.2 Contribution to Regional Integration in East Africa

While the railway has enhanced trade between Ethiopia and Djibouti, facilitating smoother movement of goods and reducing transportation costs, its impact on broader East African integration remains limited. The project's scope is primarily confined to the Ethiopia-Djibouti corridor, which restricts its potential to foster deeper regional integration across East Africa. Governance challenges, political instability, and inefficiencies in railway management have further hindered its success. These challenges are compounded by fragmented efforts among RECs such as IGAD and COMESA, whose overlapping memberships create confusion and hinder coordinated

regional development. The limited scope of the railway in promoting broader integration is further evident in its failure to fulfill the ambitious 5000km expansion plan initially outlined. As such, the railway highlights the need for not only physical infrastructure but also institutional reforms, such as stronger governance and coordinated policy frameworks, to achieve comprehensive regional integration in East Africa.

5.2.3 Chinese-African Development Finance and Developmental Regionalism

This theme highlights the role of Chinese development finance in fostering regional integration through infrastructure projects like the Addis-Djibouti railway. The railway complements regional frameworks such as the East African Railway Master Plan, contributing to the development of economic corridors designed to stimulate trade and industrial growth. However, the project's success is critically dependent on effective governance and strategic alignment with broader regional development goals. While Chinese investments have the potential to enhance connectivity and drive economic growth, they also risk underperforming if African governments fail to align these projects with long-term regional objectives. The challenges of political instability, cross-border coordination, and insufficient regulatory frameworks underscore the need for stronger institutional capacity and collaboration between African countries and regional bodies. Without these, the potential for the Addis-Djibouti railway to contribute to sustainable developmental regionalism remains limited.

5.3 Key Similarities and Differences Across Themes

Across all three themes, there is a shared understanding of the Addis-Djibouti railway's potential to promote economic development and regional integration in East Africa, but the scope and focus of each theme diverge. Theme 1 focuses on the financial aspects, particularly the role of China's concessional loans and Ethiopia's modernization ambitions within the BRI framework. It highlights the bilateral financial dynamics between China, Ethiopia, and Djibouti, examining how Chinese financing fills a gap left by traditional Western lenders. Theme 2 broadens the analysis by evaluating the operational aspects of the railway, acknowledging its role in facilitating trade but criticizing its narrow impact on regional integration, primarily due to governance issues and political instability within the region. Theme 3 takes a broader perspective on the role of Chinese-African development finance in regional economic corridors, stressing the need for coordinated planning and alignment with broader African integration goals such as developmental regionalism.

The similarities across the themes include concerns about the Addis-Djibouti railway's potential to address infrastructure gaps and its alignment with regional development goals. All themes acknowledge the importance of the railway in enhancing connectivity, trade, and economic growth in East Africa. However, they differ in emphasis: Theme 1 highlights the financial dimensions and modernization goals, Theme 2 critiques the operational challenges and political constraints, and Theme 3 stresses the importance of coordinated regional planning to ensure long-term success. The critiques from all three themes converge on issues of governance, debt dependency, and operational inefficiencies, with Theme 1 focusing on Ethiopia's growing debt burden, Theme 2 highlighting the narrow scope of regional integration, and Theme 3 stressing the need for stronger institutional frameworks and African ownership to avoid over-reliance on external funding.

5.4 Limitations of Study

This study encountered several limitations that negatively impacted its research process and findings. A major limitation was the timing of primary data collection, which occurred shortly after the COVID-19 pandemic, during a period of lockdowns and restrictions that hindered participant accessibility. As a result, interviews had to be conducted virtually, which introduced challenges such as participant unavailability, inconsistent internet access, and the reliance on technology, all of which may have led to incomplete or less in-depth responses as illustrated in Appendix F (to be read in conjunction with appendix A). It is important to note that while each participant was asked all ten questions, not all participants had responses to each question. However, each question was answered by at least one participant, making each question relevant. Additionally, the study's geographical focus on East Africa, specifically Ethiopia and Djibouti, was constrained by the researcher's inability to travel to the region. This limited direct engagement with local stakeholders and field data collection, which could have provided richer insights and a deeper understanding of the regional dynamics. Furthermore, while six interviews were conducted with a mix of academic, private sector, and research institute participants, the relatively small sample size negatively impacted the study's ability to capture a broad range of perspectives. The diversity of participants' backgrounds, while offering varied insights, may have also led to inconsistencies in the data, making it difficult to draw a cohesive conclusion on certain aspects of the research. These limitations reduced the depth of the findings and may have affected the generalizability and comprehensiveness of the study's conclusions.

5.5 Gaps Identified in Study

The research uncovers several significant gaps in China's development finance of infrastructure projects, particularly with the Addis-Djibouti railway. One key gap is the Governance and Institutional Capacity Deficit, as both Ethiopia and Djibouti face weak governance structures that undermine the railway's effective management and broader regional integration. This institutional weakness limits the project's ability to contribute to cohesive regional economic development. Another critical gap is debt sustainability and financial dependency. While the concessional loans from China have facilitated the project, there is increasing concern about Ethiopia's over-reliance on Chinese funding, which could undermine the long-term economic sustainability of the railway. The coordination and strategic planning gap is also evident. Although the railway is part of the East African Railway Master Plan, fragmented policies and insufficient cross-border coordination hinder its integration into the wider regional infrastructure network. Finally, the Limited Impact Beyond Bilateral Ties is a crucial gap, as the Addis-Djibouti railway primarily benefits Ethiopia and Djibouti, with limited contribution to broader regional integration in East Africa due to its narrow operational and geographical scope.

5.6 Further research opportunities

Based on these studies limitations and the gaps identified, several further research opportunities emerge that could deepen our understanding of China's development finance and its impact on regional integration and developmental regionalism in East Africa and the continent at large. These opportunities include:

5.6.1 Comparative Studies of Infrastructure Projects Across Africa

A comparative study of other large-scale infrastructure projects funded by China, such as the LAPSSET Corridor or the Mombasa-Nairobi railway, could help assess the broader impact of Chinese financing on regional integration in Africa. Research could look at the successes and challenges of these projects in promoting regional economic corridors and trade networks, offering valuable lessons for future infrastructure development.

5.6.2 The Role of Local Stakeholders in Shaping Developmental Regionalism

Another potential area for research could involve exploring the role of local stakeholders, including governments, businesses, and civil society organizations, in shaping the success or failure of development projects. Research could examine how local ownership, participation, and

capacity influence the sustainability and effectiveness of regional infrastructure projects and the broader process of developmental regionalism in East Africa.

5.6.3 Impact of External Funding on Regional Policy Coordination

Analyzing how external funding from China and other international actors influences regional policy coordination and the integration of infrastructure projects could provide insights into the governance challenges of development finance. Research could explore the extent to which China's BRI influences policymaking and cooperation within regional economic communities (RECs) in East Africa, with a focus on the implications for long-term regional cooperation

5.6.4 Regional Integration and the African Continental Free Trade Area (AfCFTA)

Future studies could examine the relationship between infrastructure projects like the Addis-Djibouti railway and the implementation of the African Continental Free Trade Area (AfCFTA). Research could investigate how these infrastructure investments support or hinder the goals of AfCFTA, especially in terms of improving connectivity, reducing trade barriers, and fostering industrialization across the continent.

5.6.5 *Examining the Drivers of Africa's Developmental and Integration Agenda*

A potential area for further research stemming from this work is the examination of the leadership dynamics shaping and influencing the primary drivers underpinning Africa's developmental and integration agenda. Specifically, future research could investigate whether these processes are predominantly internally driven—anchored in shared regional interests, capacities, and the agency of African states—or whether they are externally induced, reflecting dependencies on development financing and strategic investments from external actors, notably China. Furthermore, such research could aim to delineate the policy frameworks and normative best practices required to bolster African states' capacity for sustained bilateral and multilateral engagements, with a particular focus on optimizing partnerships with China and other influential global actors. This line of inquiry holds significant potential to advance understanding of the interplay between internal agency and external influences in shaping Africa's developmental trajectory.

Research in these areas could provide a deeper, more nuanced understanding of the complexities involved in infrastructure development finance and its role in fostering regional integration and sustainable development in East Africa and on the rest of the continent.

5.7 Policy Recommendations

Based on the findings and analysis above, the following recommendations and implications for policy were derived.

5.7.1 Enhance Governance and Coordination:

To enhance the effectiveness of the Addis-Djibouti railway and ensure its long-term success, several key policy recommendations can be made. First, strengthening governance and coordination is essential. Institutional capacities in Ethiopia and Djibouti must be bolstered to ensure effective management of the railway and its related infrastructure. Collaboration between regional economic communities, such as IGAD and COMESA, should also be fostered to align infrastructure investments with broader regional integration goals. Additionally, improving governance mechanisms will help sustain the infrastructure projects over time.

5.7.2 Diversify development Finance Sources:

Another key recommendation is to diversify financial sources. Reducing dependency on Chinese financing is crucial, and this can be achieved by promoting alternative funding mechanisms such as regional development banks or public-private partnerships. Developing sustainable debt-management frameworks will help mitigate financial risks, ensuring that the financing model is more resilient and less prone to external shock

5.7.3 Integrate Infrastructure and Governance:

Integrating both hard and soft infrastructure is also necessary for improving the operational efficiency and regional connectivity of the railway. Investments should not only focus on “hard” physical infrastructure like railways and ports but also on the development “soft” infrastructure such as regulatory frameworks and institutional capacities. Harmonizing trade and transport policies will enable seamless cross-border movement, facilitating regional economic activity and integration.

5.7.4 Align with Regional Frameworks:

Aligning the railway project with broader regional frameworks is another critical step. The Addis-Djibouti railway should be positioned within initiatives like the East African Railway Master Plan and AfCFTA to maximize regional benefits. By integrating industrial

zones and trade hubs along the railway corridor, the project can contribute to the development of economic corridors that stimulate wider economic growth.

5.7.5 Promote Political Stability and Sustainability:

Finally, promoting political stability and sustainability is essential for the success of such large-scale infrastructure projects. Strengthening peace-building initiatives will minimize disruptions caused by political instability, while a unified regional approach to infrastructure development will ensure strategic alignment with long-term goals. Mechanisms for cross-border dialogue and conflict resolution should be strengthened to maintain continuity in regional development efforts and minimize risks associated with political unrest.

These policy recommendations provide a comprehensive approach to enhancing governance, financial sustainability, infrastructure integration, and regional stability, all of which are necessary for ensuring the railway's success in fostering economic development and regional integration.

5.8 Conclusion

Overall, reflecting on this research, it becomes evident that implementing the recommendations for enhancing the Addis-Djibouti railway and aligning it with broader regional integration efforts necessitates navigating a complex interplay of institutional capacities, political dynamics, and socio-economic realities. While the proposed measures—such as strengthening governance, diversifying finance sources, integrating infrastructure systems, aligning with regional frameworks, and promoting political stability—provide a comprehensive roadmap, their realization will inevitably involve tensions, trade-offs, and difficult prioritization decisions among stakeholders.

One major source of tension lies in the balance between national autonomy and regional coordination. Ethiopia and Djibouti, though critical actors in the railway's operational success, must align their infrastructure and governance decisions with the strategic objectives of regional bodies like IGAD, COMESA, and continental initiatives such as the AfCFTA. These multilevel governance arrangements often have competing mandates or timelines, which can lead to institutional fragmentation or policy inertia. Coordinating across such frameworks requires both political will and administrative capacity, and sequencing reforms appropriately—prioritizing

foundational institutional strengthening before engaging in broader regional harmonization—is essential for long-term coherence and functionality. As Khan (2018) argues, such efforts must be understood within the context of political settlements, where the relative power of dominant organizations influences whether institutional reforms are likely to be implemented, resisted, or distorted. This underscores the importance of going beyond formal rules to account for the actual power relations shaping institutional behavior.

Financial sustainability introduces another set of trade-offs. While reducing reliance on Chinese development finance is desirable for mitigating debt risk and increasing strategic autonomy, building the capacity to attract, negotiate, and manage alternative sources of finance—such as through regional development banks or blended public-private partnerships—poses significant challenges. Policymakers must weigh short-term project viability against long-term financial resilience, particularly in contexts where immediate infrastructure gains are politically prioritized. This also involves fostering transparent, accountable debt management systems, which may require deep structural reforms within domestic institutions. Here too, the policy implications of Khan’s (2013) analysis are clear: development strategies—especially those involving technology or infrastructure—must align with prevailing political settlements if they are to be feasible and effective. In other words, successful financing frameworks are not just technical questions but also political ones, shaped by the incentives and capacities of elites.

Furthermore, the integration of “hard” and “soft” infrastructure underscores a critical prioritization dilemma. While investments in visible physical assets like tracks, terminals, and industrial corridors generate political capital and economic momentum, the equally vital “soft” components—such as harmonized trade regulations, efficient customs procedures, and cross-border transport governance—are often more complex, less visible, and more politically sensitive. A successful infrastructure strategy must therefore adopt a dual-track approach, sequencing visible development wins with deeper institutional reforms that enable sustainable cross-border functionality. Khan (2018) emphasizes that these kinds of institutional changes require a dynamic application of political settlements analysis: reforms that may be blocked today could become viable if organizational power configurations evolve—whether through new coalitions, shifts in external support, or learning processes.

Political instability remains an overarching risk that can derail even the most well-intentioned infrastructure investments. The recommendation to promote peace-building and regional conflict-resolution mechanisms highlights the need for a conflict-sensitive approach to infrastructure development. Large-scale infrastructure can exacerbate underlying tensions if not embedded within inclusive, equitable development strategies. Strengthening regional dialogue platforms, building trust among historically tense actors, and ensuring participatory decision-making are critical for mitigating such risks. As Khan (2013) warns, if the rents and benefits from infrastructure are captured by narrow coalitions or misaligned with the underlying political settlement, the outcome is often instability rather than development.

In light of these complexities, this research underscores the necessity of moving away from standardized or one-size-fits-all approaches to development integration. Africa's political, economic, and cultural diversity demands adaptive strategies that respond to specific local and regional conditions. Rather than imposing external blueprints, development interventions should work "with the grain"—engaging existing institutional dynamics, socio-political configurations, and development pathways. Such context-sensitive regionalism not only improves the likelihood of policy success but also fosters local ownership, sustainability, and legitimacy in integration efforts. It affirms the importance of tailoring interventions to the unique structural and institutional realities of different regions, thus supporting more effective and equitable development outcomes.

Ultimately, the success of the Addis-Djibouti railway and similar regional infrastructure projects depends not simply on engineering or financing, but on the capacity of stakeholders to navigate and reconcile these tensions through inclusive, context-specific, and strategically sequenced policy choices. As Khan's body of work illustrates, understanding and engaging with the deeper political logic—rather than merely reforming technical systems—offers the most realistic pathway to sustained regional integration and institutional transformation.

Annexures

Appendix A – Interview Schedule Questions

(The questions below are informed by the aims of the study, are indicative and subject to change)

1. What were the main factors that led to the development of the Addis-Djibouti railway?
2. What interests and motivations influenced China to finance and construct the Addis-Djibouti SGR.
3. Why did Ethiopia and Djibouti choose to partner with China to develop this cross-border railway?
4. What was your role in this project?
5. To what extent is the Addis-Djibouti railway well-built, efficiently operated, and managed, and who is currently responsible for its management? Additionally, what infrastructure and management challenges or concerns have impacted its operations to date?
6. To what extent have the Chinese, Ethiopians, and Djiboutians benefited from the development of the railway project? How has it impacted business operations and improved the mobility of locals in Ethiopia and Djibouti?
7. Why has China been reluctant to further expand the rail network in Ethiopia?
8. Has the railway line contributed to regional integration efforts? If so, how? If not, why?
9. Based on this project, would you say that China's financing of cross-border infrastructure development projects is advancing, or undermining African integration efforts? Please elaborate.
10. Is there any information you feel these questions have not asked but you feel would be of use to the study?

Appendix B – Ethics Clearance Certificate

30 May 2022

Student Name: Samukumba Seyuba

Student Number: sybsam001

REF: REC2022/05/0042022

Degree: Master of Philosophy in Development Policy and Practice

Thesis Topic: Change or capture? A case study of the contribution of Chinese infrastructure investment in Ethiopia and Djibouti on regional development integration in East Africa

Supervisor: Prof Faizel Ismail

Co-supervisor: Dr Mandira Bagwandeem

We are pleased to inform you that your ethics application has been approved. Unless otherwise specified this ethical clearance is valid until July 2023.

Please be aware that you need to notify the Research Ethics Task Team immediately should any aspect of your study regarding the engagement with participants as approved in this application change. This may include aspects such as changes to the research design, questionnaires, or choice of participants.

The ongoing ethical conduct throughout the duration of the study remains the responsibility of the principal investigator.

We wish you well in your research.



Dr Marianne Camerer

Chair: Research Ethics Task Team

The Nelson Mandela School of Public Governance

For any queries, please contact Ms. Zikhona Sikota on +2721 650 1769; zikhona.sikota@uct.ac.za

Appendix C - Informed Consent Letter

(To be read out by researcher before the beginning of the interview.)

My name is Samukumba Mbanje Seyuba; I am a Masters student at the University of Cape Town (UCT) currently studying towards an MPhil in Development Policy and Practice (SYBSAM001). As part of the requirements for my degree, I am conducting a research study titled “Change or capture? A case study of the contribution of Chinese infrastructure investment in Ethiopia and Djibouti on regional development integration in East Africa.” The purpose of the study is to investigate and understand whether Chinese financing of infrastructure development projects is advancing or undermining African integration efforts. This study has been approved by the Departmental Research Ethics Task Team. Please take note of the following:

- Your participation in this research study is voluntary, and you may opt to withdraw from the research at any time.
- The interview will take approximately forty-five (45) minutes to complete, and you are free to decline to answer any questions you may not feel comfortable with
- As part of the interview proceedings, you will not be requested to provide any identifiable information. This is to ensure the anonymity of your responses.
- The interview responses will be kept strictly confidential and will be available only to members of the research team. Excerpts from the interview may be made part of the final research report, but no specific details with respect to respondents’ names, addresses, contact numbers or organization will be disclosed.
- Should you desire a copy of the final research report to be shared with you, this can be arranged. If you should require additional information or have any questions regarding the research, please feel free to contact the researcher, Samukumba Mbanje Seyuba via e-mail on SYBSAM001@myuct.ac.za.

Please verbally acknowledge that you have understood the information shared and provide your informed consent to participate in the study.

Appendix D - Organizational Consent Letter

(To be shared with Embassies, Honorary consulates, and other relevant organizations)

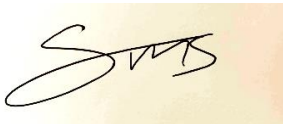
My name is Samukumba Mbanje Seyuba; I am a Masters' student at the University of Cape Town (UCT) currently studying towards an MPhil in Development Policy and Practice (Ssybsam001). As part of the requirements for my degree, I am conducting a research study titled "Change or capture? A case study of the contribution of Chinese infrastructure investment in Ethiopia and Djibouti on regional development integration in East Africa." The purpose of the study is to investigate and understand whether Chinese financing of infrastructure development projects is advancing or undermining African integration efforts. This study has been approved by the Departmental Research Ethics Task Team.

As part of data collection for the study, I am required to interview any and as many relevant individuals such as trade officials involved in the negotiations, building/development and running of the Addis-Djibouti railway. Thus, I am seeking your permission to interview any such person(s) you can put me in contact with beginning with but not limited to your trade attaché. Please take note of the following:

- Participation in this research study is voluntary, and participants may opt to withdraw from the research at any time.
- Interviews will take approximately forty-five (45) minutes to complete.
- Participants will not be requested to provide any identifiable information. This is to ensure the anonymity of their responses.
- Interview responses will be kept strictly confidential and will be available only to the researcher. Excerpts from the interview may be made part of the final research report, but no specific details with respect to respondents' names, addresses, contact numbers or organization will be disclosed.

Your co-operation in the study will be most appreciated. Should you desire a copy of the final research report to be shared with you, this can be arranged. If you should require additional information or have any questions regarding the research, please feel free to contact the researcher, Samukumba Mbanje Seyuba via e-mail on SYBSAM001@myuct.ac.za.

Yours sincerely



Samukumba Mbanje Seyuba

Appendix E - Interview Brief



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Interview Brief

Contact Details of Researcher

Name: Samukumba Seyuba

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Telephone no.: +27732548809

Information Regarding the Interview and Associated Questions

My MPhil research explores how China's financing and development of Cross-Border infrastructure projects has contributed to integration efforts in Africa. I have chosen the Addis-Djibouti railway in East Africa as a case study.

The interview consists of 10 questions. Depending on your responses these questions are intended to provide insight into the contribution of the railway to regional integration, i.e., whether or not the project has advanced or undermined African integration efforts. The answers that you provide will be used to supplement my desktop research. As such, insightful and detailed answers would be much appreciated.

Please be aware that you will not be financially compensated for your participation.

If you do not want your identity to be revealed in my write-up, please notify me and I will take every necessary precaution to ensure that your identity remains confidential.

Thank you for taking the time to contribute to my study.

Appendix F – Table 3 Uninterpreted Participants Interview Responses

Question	
ID	1
RSI 1	<p>Strategic Shift and Djibouti’s Role: Ethiopia's dependence on Djibouti as a critical port grew following the Eritrean war, which cut off Ethiopia's direct seaport access. With limited infrastructure options, Ethiopia needed reliable transport routes, making modern connections like the Ethiopia-Djibouti railway essential for trade and economic stability.</p> <p>Vision for Modernization and Chinese Partnership: Under leaders like Meles Zenawi, Ethiopia aimed to modernize its infrastructure using East Asian development models, including a planned national railway network of 5,000 kilometres. This vision aligned with a 2007 framework agreement with China, facilitating substantial Chinese involvement in railway development, especially on the Ethiopia-Djibouti line.</p> <p>Integrated Industrial and Financial Cooperation: The Ethiopia-China partnership extended beyond railways to broader industrial projects, such as sugar plants, supporting Ethiopia’s growth and regional integration. Djibouti financed part of the railway with a loan backed by a sovereign guarantee from Ethiopia, highlighting the strategic and financial ties that underpin this cross-border infrastructure initiative.</p>
RSI 2	N/A
RSI 3	N/A
ACD 1	N/A
ACD 2	3 factors: 1 - the previous railway line is over 100 years old, 2- the politics of Ethiopia being landlocked following Eritrean independence. Djibouti provides a feasible way to connect to the rest of the world and international markets. 3 - Chinese willing to fund the project unlike western lenders.
CIV 1	N/A

Question	
ID	2
RSI 1	<p>Chinese Infrastructure Investment and Export Strategy: China invested heavily in Ethiopia and Djibouti's infrastructure, including Djibouti’s port and free trade zone, often through companies like the China Civil Engineering Construction Corporation (CCECC). This partnership fit China’s broader export strategy by embedding Chinese standards (STR) into African infrastructure, securing long-term markets for Chinese locomotives, parts, and technologies.</p> <p>Role of Chinese Companies in Railway Construction: Chinese corporations such as the China Railway Engineering Corporation (CREC) and CCECC played key roles in building the Ethiopia-Djibouti railway. With experience from projects like Addis Ababa's Light Rail, these companies were integral to Ethiopia’s transportation infrastructure development.</p>

RSI 2	Intersection between Instrumental reasons and principle. To support Ethiopia's development as Djibouti handles about 90% of Ethiopia's export freight. The rail advertised as Chinese success (FOCAC Story).
RSI 3	Outward Belt and road initiative, Global geopolitical war - closeness to Africa's 1.4 billion and youngest Global population (potential future market). Expand alternative trading partners.
ACD 1	China Bilateral Development Banks promote and support projects in order to grow Chinese economy and state-owned enterprises.
ACD 2	Chinese strategy interests are typically access to resources. In this case it was access to market and soft power in the global economic structure. ETH is a big market for Chinese firms particularly through the BRI.
CIV 1	Chinese foreign Policy. Strategically important for the Horn as 60-70% of global trade passes through the red sea corridor.

Question	
ID	3
RSI 1	N/A
RSI 2	Geo-strategic issues at work - IGAD unstable conflict region in which the two countries are members of. China paid 70% of the finance in concessional loans. Chinese Exports, imports and military base drawing substantial rents for Ethiopia and Djibouti.
RSI 3	Poor, unstable political countries. Cheaper debt ratios put in bad standing from western lenders.
ACD 1	Often if there is a project western lenders cannot fund, China steps in.
ACD 2	Finance was readily available. Finance was not available from the west or from African institutions
CIV 1	Low GDP countries in need of foreign direct investment. 300,000 per annum pass through Djibouti with more than 90% of those moving (to and from) Ethiopia. ETH population of 100 million while Djibouti is 1 million.

Question	
ID	4
RSI 1	Academic researcher, travelled to Ethiopia in 2018 and 2019.
RSI 2	N/A
RSI 3	N/A
ACD 1	N/A
ACD 2	Conducts research on Chinese firms in Ethiopia.

CIV 1	Works in a leading logistics company whose clients make direct use of the railway line and port.
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Question	
ID	5
RSI 1	<p>Initial Operational Issues: The Ethiopia-Djibouti railway faced significant operational problems in its first few months, as observed in mid-2018. While many issues had been largely resolved by the time of use, some new problems emerged.</p> <p>Electricity Supply Challenges: The electrified railway experienced recurring electricity supply problems, particularly "over voltage" in the eastern section, which sometimes halted service mid-route for hours, affecting reliability.</p> <p>Operational Speed Constraints: The railway was unable to operate at full speed, running at approximately 40 kilometres per hour in some sections. This was largely due to animals on the track, requiring frequent slowdowns or stops to avoid collisions, especially as it passed through rural communities.</p> <p>Low Ridership and Service Frequency: Initially, only one train per day was in operation, with low passenger attendance. Service frequency has since increased as ridership gradually improved. At the time of observation, the delays were minimal and within normal limits.</p> <p>Design Choices and Community Impact: To save costs, the Ethiopian Railway Corporation (ERC) opted not to elevate the railway or erect fencing along its route, despite Chinese design recommendations. This decision aimed to avoid creating barriers in rural communities. Instead, animal crossings were created, but local residents often did not use them. In some cases, there were reports of community members intentionally placing livestock on the tracks to claim compensation from the ERC after collisions.</p> <p>Inconvenient Station Locations: The railway stations are located far outside the city, making it difficult for passengers to reach them. At the time, there were no well-established roads or public transport options from central Addis Ababa to the train station, requiring an hour-long taxi ride.</p> <p>Design for Freight Over Passengers: Following the Chinese model, many new railway stations were designed primarily for freight transport, not passenger convenience. This design focus has led to inefficiencies in passenger transport, contributing to low ridership.</p> <p>Challenges in Freight Transport: Despite being designed for freight, the railway has struggled to attract industrial zones and exporters. Many find it too expensive and logistically challenging to transport goods to the dry port for loading onto the train, relying instead on trucking for their logistics.</p> <p>Logistics Sector Monopoly and Costs: The main trucking companies are state-owned monopolies, which charge high prices to transport goods to the dry port. As a result, it is often more efficient for exporters to rely on trucking for door-to-door service, as the train can introduce delays that affect timely delivery to market.</p> <p>Impact of Civil Conflicts: From 2018 to 2019, increasing civil conflicts, particularly in the eastern region, led to blockades of the railway. Protesters placed rocks on the tracks, effectively halting</p>

	operations and demonstrating local discontent against the central government, making the railway a casualty of these tensions.
RSI 2	Externalities not considered in the building of the rail i.e. passengers and freight 21 stations for the former but 6 for the latter. Revenue generation dynamics have improved (2015 and 2016 freight and passenger) all the way electrified. However, 1. revenue income did not meet operational costs differentials, 2. stations are inaccessible with little access roads to passenger stations, 3. spur or artery lines are needed for freight to be loaded - can only be loaded in Addis, 4. lack of perishable vs non-perishable freight storage facilities, no dry ports. There are technical and management problems that undermine the efficacy and efficiency of the rail.
RSI 3	Well-built railway, issues involved are internal political working conditions between the two nations.
ACD 1	N/A
ACD 2	Well-built but not well planned on the Ethiopian Djiboutian sides with regards to Human Capital development. No serious technology or managerial transfer to locals. Example, Light Rail Train (LRT in Addis) is collapsing. Ethiopia not good in negotiation and implementation. Estimates 60-million-dollar cost to acquire human capital and keep the LRT running. This must be avoided for the EDR.
CIV 1	Ethio-Djibouti Railway Corporation - Has been Chinese management but now 100% Locally managed. Shortage of spare parts for the wagons due to a shortage of foreign currency. Charge to use the train is quite pricey compared to other countries. E.g. a 20-foot container from ETH to Djibouti is \$800, BUT Djibouti to China is \$300(Ocean transport).

Question	
ID	6
RSI 1	<p>Ambiguity in Benefits: It is difficult to determine who benefits more from the Ethiopia-Djibouti railway project, as the benefits are not equal.</p> <p>Chinese Contractors' Profits: Chinese contractors benefit significantly from lucrative infrastructure contracts backed by state-owned banks, allowing them to operate with relatively low risk.</p> <p>Ethiopian State's Risk: The Ethiopian government bears the risk and responsibility for repaying loans related to the project, facing increasing challenges with its overall sovereign debt, with the railway being one contributing factor.</p> <p>Chinese Banks' Concerns: Chinese banks financing the project have concerns about loan repayments, feeling that they may be at a loss, especially after Ethiopia defaulted on its loans.</p> <p>Mixed Outcomes for Chinese Companies: While some Chinese companies gain financially from the project, not all are profiting, particularly in light of ongoing operational and management challenges.</p> <p>Operations and Management Challenges: Chinese contractors continue to manage the railway under a six-year operations and management contract, which may be extended. However, Ethiopia has struggled to develop local capacity for management, leading to ongoing arrears in payments to Chinese contractors.</p>

	<p>Mutual Dependency and Trap: Both parties find themselves in a mutually challenging situation, where a poorly performing project does not yield expected returns, trapping them in a cycle of dependency.</p> <p>Operational Complexity of Railways: Managing a railway is significantly more complex than expected, requiring bureaucratic expertise, extensive maintenance, and technical knowledge, which Ethiopia currently lacks.</p> <p>Strategic Gains for China: Despite challenges, the railway establishes a market for Chinese goods and services, allowing China to expand its influence in the region.</p> <p>Infrastructure Improvement for Ethiopia: The project provides Ethiopia with a railway system, filling a previous gap in its transport infrastructure. However, the operational success of the railway remains a major hurdle.</p>
RSI 2	Benefits are equally shared as it adds economies of scale following the deterioration of the old rail line which led to an overreliance on road transport. It has lowered transport costs. Material management and technical know how come from China, at what stage does this get handed over to the African states completely and what happens then? Like TAZARA – comparative examples are important.
RSI 3	Debt Trap issue - no scientific study to prove whether true or false. China is an alternative to western lenders.
ACD 1	Reports and studies similar to the rail in Kenya, state the rail has underperformed. Economic Case not strong enough.
ACD 2	It is financial loss but still paying the debt - so Chinese are benefitting.
CIV 1	Benefit is not always direct. However, locals have benefited more as the general economy should/has grown. IF total exports increase then yes, otherwise no. Mentioned shortages of foreign currency and the ability to repay - it is not easy to repay infrastructure projects. Yes - truck used to take 3-4 days from ETH to Djibouti cut down to 10hr travel time. Also 4 trains/waddles per day each can carry 106 containers - mostly full daily. There is also provision for pedestrian travel.

Question	
ID	7
RSI 1	<p>Initial Plans for Expansion: There were plans for the Export-Import (Exim) Bank of China to fund additional segments of the railway project, including a section from Awash to Hara Gebeya and then to Mekele, which would be constructed by the China Communications Construction Company (CCCC).</p> <p>Financing Issues: The financing for the planned segment did not materialize, either due to a lack of signed contracts or because funds were not disbursed despite contracts being in place. The Ethiopian Railway Corporation (ERC) attempted to build it using local currency but faced significant challenges.</p>

	<p>Foreign Exchange Constraints: By 2017, Ethiopia was already facing foreign exchange constraints, which worsened by 2018. This led to negotiations with Chinese contractors and the Exim Bank regarding deferral of loan repayments, including interest.</p> <p>Cautious Approach from Exim Bank: In light of Ethiopia's financial difficulties and the halted project, Exim Bank decided not to provide further financing until they had evidence that the first train line would be successful. They typically prefer a proof-of-concept approach before committing to additional funding.</p> <p>Inefficiency of Piece-meal Financing: The segmented approach to financing railway projects leads to inefficiencies, as the economic productivity of railways relies on achieving economies of scale. Simply building sections without ensuring connectivity is not as beneficial.</p> <p>Comparison with Other Countries: Similar fragmented financing strategies have been observed in other countries like Kenya and Nigeria, where segments of railway lines are built separately rather than as a cohesive network.</p> <p>Ethiopia's Loan Default: After Ethiopia defaulted on a Chinese loan in 2018, it renegotiated the terms in early 2019. Following this, it is likely that Exim Bank became unwilling to provide additional loans or guarantees for further projects in Ethiopia.</p> <p>Impact on Future Projects: As a result of these financial constraints and the default, there is a significant reluctance from Exim Bank and other Chinese financial institutions to continue lending for further railway expansions in Ethiopia.</p>
RSI 2	<p>Does not want to bare the marginal costs itself and increase the loan burden on Ethiopia and Djibouti. Railway lines can be catalyst of developmental regionalism – cannot do this by road. Sovereignty and political will are the last commodity Africans have and cannot wait on China. The rail line has great developmental potential to expand but what are the negatives and positives of this?</p> <p>If the region were more stable China would expand the network thus it would not make sense to expand the network currently. Peace security and development go hand in hand.</p>
RSI 3	N/A
ACD 1	N/A
ACD 2	Initiative must come from Ethiopia and Djibouti first. Change of governments from an infrastructure focused government to one that is not. Current government is preoccupied with debt repayment rather than infrastructure development. Previous government borrowed a lot.
CIV 1	N/A

Question	
ID	8
RSI 1	Original Design for Regional Integration: The railway was initially intended to support regional integration efforts, connecting Ethiopia to Somalia, Sudan, and potentially extending to Kenya.

	<p>Increased Integration with Djibouti: The railway has succeeded in integrating Ethiopia and Djibouti more closely, both financially and through physical infrastructure.</p> <p>Limitations of a Single Railway Line: The reliance on a single railway line has significantly hindered the broader regional integration plan, as it does not facilitate extensive connectivity beyond that route.</p> <p>Unfulfilled Intentions: Despite the original intentions for regional connectivity, in practice, the railway has not achieved the expected outcomes in this regard.</p>
RSI 2	N/A
RSI 3	It has: the major problem of integration is the history of colonisation and aged infrastructure. Agenda 2063 cannot be met with different standards thus the railway has standardized integration. First approach on the continent and shows expansion potential.
ACD 1	Last port to sea has helped agricultural good move. Has created and enhanced a logistics hub, supply chains and secondary related activity. Basic inter vs substantive integration.
ACD 2	Yes, facilitating trade between Ethiopia and Djibouti which are part of the region and therefore integrating. Secondly it is promoting green technology development, in this case electricity. The rail is electrified all the way through.
CIV 1	Helping economic integration however, it already somewhat existed due to ETH being landlocked. Mentioned IF the rail contributed if it increases ETH to Kenya/Sudan/Other countries.

Question	
ID	9
RSI 1	<p>Alignment with Regional Integration: The railway projects align with African regional integration strategies, such as the Kenyan railway's connection to the broader East African Railway master plan.</p> <p>Chinese Bids for Regional Projects: Chinese companies have shown interest in railway projects in other countries, including Tanzania and Uganda, indicating their commitment to regional infrastructure development.</p> <p>Pre-existing Plans: The railway initiatives were based on pre-existing plans developed by African governments and regional cooperation efforts aimed at creating a cohesive regional network.</p> <p>Opportunities for Infrastructure Ties: There are opportunities for Chinese infrastructure investments to integrate with broader regional plans, like the African Continental Free Trade Area (ACFTA).</p> <p>Role of African Governments: For infrastructure projects to effectively support regional integration, African governments must take the initiative to strategically select and leverage projects that align with regional strategies, avoiding a scattershot approach.</p>
RSI 2	Yes, infrastructure development at a national level – China has compensated more than any other country in the world. Thus, the net has been positive. Criticism of this is it is not China's responsibility and African states must regain some agency in their development.

RSI 3	Cannot answer without statistics. It has - better than nothing and moving forward from ground zero. However there needs to be a standard yardstick to measure integration.
ACD 1	It is advancing integration through the standardized gauge railway.it exposes the problem of growing across a border, exposes integration lip, exposes challenges around co-financing.
ACD 2	Participant referred to answer from previous question.
CIV 1	The Chinese movement, and this project, (opposed to European/western investment) is positively contributing to integration efforts.

Question	
ID	10
RSI 1	<p>Shift from Rehabilitation to New Construction: Ethiopia opted to build a new railway instead of rehabilitating the old Chemin de Fer Djibouti-Éthiopie (CDE) line due to the global financial crisis, which affected the capacity of the French Development Agency (AFD) to issue loans for the rehabilitation.</p> <p>Political Motives: Beyond financial considerations, political motives influenced the decision to construct a new railway. The CDE line had a 50-50 ownership stake between Ethiopia and Djibouti, managed by a company closely tied to Ethiopia's military-owned state-owned enterprise (SOE).</p> <p>Power Dynamics: The construction of a new railway serves as a strategy to sideline the existing institution managing the old railway. By creating a new railway and company, Ethiopia aimed to bypass the old institution's monopoly and gain greater control.</p> <p>Creation of a New Institution: The new railway, Ethiopia Railways Corporation (ERC), was established to enable a stronger central control under the Ethiopian federal government, particularly during Meles Zenawi's leadership.</p> <p>Renegotiation of Ownership: The ownership of the Ethiopia-Djibouti Railway (EDR) was renegotiated to a 75-25 split in favour of Ethiopia, enhancing Ethiopia's influence over the railway operations and its economic relationship with Djibouti.</p>
RSI 2	N/A
RSI 3	N/A
ACD 1	N/A
ACD 2	N/A
CIV 1	N/A

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