Cross-Currents: An International Peer-Reviewed Journal on Humanities & Social Sciences
ISSN 2394-451X (Print)
http://crosscurrentpublisher.com/
DOI : 10.36344/ccijhss.2016.v02i01.001

Challenges of Capacity Building and Development from Chinas' Aid Model; a Case Study of the East African Community Countries

Umar Kabanda*
Pan African University (African Union) Thematic Area: Governance humanities and social science,

*Corresponding Author's Email: kabandaumar97@gmail.com

Abstract: There is an increase of Chinese partnership to African development through loans and grants which are directed to African infrastructural development for capacity development. This development has been implemented on the continent through numerous constructions of infrastructural projects in the form of roads, railways, dams, installation of fibre wires across the East Africa community. This approach to development through aid for infrastructural development is opposed to the former colonial masters' approach that based on capacity building in their former colonies with a focus of their contribution to African transformation that was directed to the promotion of human rights, democracy and transfer of administrative skills to the African counterparts. This experience of the colonial masters and the new comers the Chinese, their interest as evident in Africa, the same is true for their existence in the East African community. This transformation of the aid model from former colonial masters to Chinese domination of the donor relations inspired the selection of this topic to explain in this paper the challenges the new aid model of Chinese to East African countries contribute to promoting capacity development as it down plays capacity building. A case presentation of the implemented projects in Uganda and Kenya are presented to illustrate the experienced challenges of this Aid model for Africa from the case of the Regional Economic Community of the East African Community
Keywords: African development, skills, Chinese domination

INTRODUCTION

Historical Background of the study

The East African Community (EAC) was revived in 2000 after its initial collapse in 1977 that is 10 years after it was first established and included Kenya, Tanzania, and Uganda. This integration move was aimed at becoming a common market for capital, goods, and labor, with an ultimate goal of establishing a common currency within 10 years. This was in accord with a 2013 protocol that was signed to lay out the Community's plan [1]. On the institutional framework, the EAC comprises of the Summit, Council of Ministers, Coordination Committee, Sectoral Committees, East African Court of Justice, East African Legislative Assembly, and the Secretariat [2].

Currently, the East African Community includes Uganda, Kenya, Tanzania, Rwanda, and Burundi and South Sudan as the new comer to the community. Historically the Community involved only three countries which makes the old members of the Community and these included Uganda, Kenya and Tanzania as mentioned above. The formation of the Community was from the drive force to ensure shared benefits of regional integration in the region such as promotion of trade, migration and cooperation in all forms to ensure peace and security of all people in the region [3].

Fortunately all these first three countries where colonized by the British than the other two of Rwanda and Burundi which were colonized by Belgium. These colonial legacies played a big role in shaping the foreign relations which were all inclined to their colonial masters system of administration. These western countries approach especially the British was more inclined to capacity building and development focus was on the evolving aspects of management styles in the world where governance and human Rights where being emphasized for capacity building in the form of offering trainings and soft skills to public servants. As marked by the generations of capacity building as dating from 1960 and 1970, it focused more on individual capacity training and skills during the time just after independence in most in African with no exception to the East African Community [4].

Late in 1980s the need to transform inherited government systems during the transition times of independence across the African countries and organization function was at its pick in Africa. The aim was to restructure and reorganize the systemic setup of organizations. In addition in 1990 with the evolution of governance and human rights need for enforcement this promoted advocacy for institutional reforms, policy changes in public services from Public management model of managing people where individual citizens had less impact to public services to governance where citizens had a role to play in ensuring efficiency in government services [5].

With a gradual change in the evolution of the dynamic changes in the East African countries and the wider African society, In 2000 and above the need to ensure an integrated approach through partnerships such as the implementation of Public Private Partnerships of Government and private sector to meet goal 8 of the millennium Development Goals of Collaboration and

Partnerships for development, motivated the need to of this paper to address the foreign partner aid role in advancing the process of capacity building and development as illustrated in the consequent sections of the work bellow.

Current status of the foreign Aid partnerships with Chinese

Currently there is a paradigm shift of focusing on capacity building as a process that develops and strengthens the skill instincts, abilities, processes and resources that government institutions need for general development and proper adaptation to the fast changing world as promoted by the former colonial masters for now 50 years to capacity development by the Chinese. This has been evident in the Foreign Aid model used by the new comer China, in the region of East Africa Countries as opposed to the former European Countries whose focus was on capacity building to advance skill sharing, trains of staff for efficiency in promoting Human rights and Good Governance.

The new shift led by this new comer on the continent, the Chinese is expanding their partnership to the region and to the rest of the other countries in Africa. There focus is directly on capacity development in areas of infrastructural development ranging from roads, railways, ship, hospitals and markets as opposed to capacity building. This is evidenced in the community of East Africa and proves to change the dynamics of capacity building for development partners in contributing to the development of the region. This however has proved to fail the sustainability or transfer of skills to the local experts from the Chinese contractors.

In this study focus will be put on the Chinese aid model to the East African countries. East African countries have transformed the partnership arrangement for foreign Aid from their colonial masters and the new relations with china have continued to promote capacity development than building of the countries capacity that receive the aid as it will be demonstrated in the next parts of the work.

Research Question

How does the Chinese Aid Approach to East African Countries contribute to Capacity development and undermine capacity building through the financing of infrastructural development?

Selection of the above question for this study is with a focus of significantly evaluating the ways through which the direct financing of infrastructural development inhibits skill transfer. Since financing of many projects in the community is a direct fund to infrastructure and its Chinese companies that take up the contracts of executing the projects. This investigation is significant to explain how practically the Chinese model of Aid to capacity development knocks off the built capacities of local engineers through rejection their local companies in the bidding process. Furthermore it's significant to understand how in the long run this leaves the locally built capacities in engineering to be handicaps and out competed by the foreign Chinese grown companies in the East African Region.

This all above, pose a need to understand in detail through this study how the Chinese approach to the development of partner countries and its foreign aid model contribute directly to Infrastructure development for capacity development and also understand how the direct financing and implementation of the projects in relation to how the limited transfer of skills also limit local engineers to remain incapacitated and inactive in areas where they may have developed to contribute to capacity development.

METHODOLOGY

This study relies significantly on a desktop research method and data gathered from secondary sources online such as books, articles from scientific journals, international and domestic instruments that have supporting literature to topic of the study.

Content analysis is the technique used to retrieve information from the documents found from the above secondary sources to provide an analytical and descriptive presentation in the whole study.

The study is limited to the discussion of the contradiction between capacity building and development approach in relation to the Chinese model of foreign aid to the member countries of the East African Region.

A case project implemented with Chinese partnership arrangement from Uganda and Kenya as selected countries in the East African country will be presented to draw differences in the experiences of the countries in relation to this Chinese model of financing. Focus will be put on demonstrating the role played by the aid in contributing to capacity development and illustrate how it undermines capacity building.

LITERATURE REVIEW

Literature has been developed by scholars with the focus on explaining the link between Chinese aid and development. Among the different literature, it was estimated that 800 Chinese companies were active on the African continent, engaged in a variety of sectors [6]. However the Infrastructure projects undertaken by Chinese companies are often financed by soft loans from the Chinese government, on the condition that the projects to be implemented by the aid are carried out by Chinese companies. This is in line with the "go out" strategy driven by the Chinese government to promote the internationalization of Chinese companies and kick out local companies out of contracts [7]. In addition

Chinese government concessional loans are disbursed by China Exim Bank, currently one of the largest such institutions in the world not any other bank [8].

According to the China Exim Bank's concessional loan requirements, it's established that the Chinese contractors must be awarded the infrastructure contract financed by the loan. In addition to this, in principle no less than 50 percent of the contract's procurement in terms of equipment's, materials, technology or services must come from China [9].

The government selects construction companies for these projects through a competitive tendering process conducted in China and Provincial governments as well as primary shareholders in many of the larger state-owned construction companies partake in lobbying activities in Beijing in attempts to influence project allocation decisions over the local competitors [10].

After out competing the local contractors, the Chinese contracted companies upon winning a tender for a government-endorsed contract, enables the Chinese company to secure low-lost capital from China's central banks to deal with the expensive start-up costs associated with moving the necessary equipment into place [11]. Before leaving China, these companies regularly engage a host of private Chinese sub-contractors specializing in different areas of construction such as plumbing, electrical engineering and air-conditioning. Once the project is undertaken within the respective country, the company will use the opportunity to gain first-hand knowledge and experience of the local environment in an attempt to identify additional opportunities. Due to intense competition in the home market, project profitability is mostly higher in the recipient African economy than in the Chinese economy [12].

One of their biggest advantages however is the facilitation of their access to capital, often through PRC Government concessional loans. Chinese companies, predominantly SOEs can secure the necessary funds for advance payment and performance bonds from their head offices in China and make full use of their access to competitively priced capital from Chinese banks [13].

They and other smaller private companies can also secure loans at flexible rates from Chinese banks such as the Bank of China, the China Development Bank and the China Exim Bank over the disadvantage of the host country competing contractors [14].

Chinese companies may occasionally undercut competitors by up to 50 percent on the price of the overall bid While this may not be a hard a fast rule, it is clear that Chinese companies' entry into Africa's construction sectors has intensified market competition and putting off the African developed capacities from work [15].

Chinese worksites are usually highly organized and all the personnel, from the executive down, invariably live and work on the site full time. This "hands on" style of management saves considerable time and provides management with a profound understanding of the project and the ability to handle challenges as they occur. This is also attributes to their closed door to their operations which would in other wards promote skill sharing or transfer for capacity building for sustainability in case of their absence in related projects on the continent [16].

Exclusion of local workers for capacity development is attributed to many factors among which include the rate of absenteeism, which is not a common practice of Chinese in a Chinese contracted construction work. The majority of contractors using local labour in some African countries reported that absenteeism to be less than 20 percent of the local workers. This effectively increases labour costs by one fifth for the companies yet the Chinese workers by contrast from china have absentee rates of practically is nil [17].

Chinese workers often live on-site in basic accommodation. Chinese managers, engineers and laborers usually live together with little visible difference between them. This facilitates understanding and communication, drastically reducing costs and keeps the skill set among them without transferring them to the host country local workers for efficient capacity development. A number of Chinese managers interviewed suggested that the low cost of labour was the main advantage they had over other foreign companies that paid expatriate engineers exorbitant salaries and provided them each with their own housing and transport.

Without exception, all the Chinese construction companies commented on the lack of skills and extremely high turn-over of the local workforce and expanded their preference of Chinese workers an aspect that promotes capacity development through implementing the project but limit capacity building due to the inability to have room for skill sharing [18].

With a focus on capacity building, where there is a lack of skilled labor and no local procurement sources that promotes the majority of the Chinese companies to import all their requirements for project implementations in terms of materials and labour directly from China, the Chinese construction companies in some countries continue to argue that they provide employees with on-the-job training, focusing particularly on machines operation on construction sites [19].

Few local construction engineers also reported that they often learnt new techniques on visiting Chinese sites engineers along with consultants and suppliers who are also exposed to new work practices and developments in the industry introduced by the Chinese. Another important area in need of development cited by several respondents, including Sierra Leone's Minister for Housing and the President of the Chinese-Sierra Leone Friendship Society, is the transfer of work practices and discipline that is lacking in finding the best models of doing it since Chinese existence on a project is always limited to their completion of the projects contracted [20].

With the Rise of African Special Economic Zones, In November 2006 at the Forum on China Africa Co-operation (FOCAC) summit held in Beijing, Chinese President Hu Jintao committed to establishing three to five special economic zones (SEZ) in Africa within the next three years [21]. China's first SEZ in Africa, announced in February 2007 was established in Chambishi, Zambia's copper belt region where the Chinese Government has committed US$800 million in investment credit for Chinese firms to tap into. The zone's anchor investment will be a US$200 million copper smelter for local beneficiation. It is claimed that up to 60,000 jobs will be created in the SEZ that will enjoy duty and tax incentives for Chinese firms [22]. China's strategic supply line of copper will be secured through the investment. Other commodities that Chinese mining firms seek to secure in the region are cobalt, diamonds, tin, and uranium. This new approach of contributing to development across Africa through constructing Economic Zones will substitute the aid that was given in the form of financing to capacity development.

As presented from the literature, the evolution and experiences of the Chinese model to aid demonstrates a link between their aid given and perceived development however the developments sustainability is hindered for future transformation of other related projects due to lack of capacity building in the form of skill transfer from the Chinese to the local work force. This all in the long run makes the developed capacity repairing to be dependent on the Chinese companies as opposed to consideration of the capacity built in the region.

An illustration of China's Role in promoting capacity Development through Infrastructure development as opposed to capacity building

China's development assistance to Africa in the form of infrastructure boasts a long history, dating back to the Tanzam railway, completed and handed over to the Zambian government in 1976. During the Cold War, such projects, under Mao Zedong were distinctly more ideological in purpose [23].

Chinese relations with Africa have grown exponentially over the past decade. During the 1990s Sino-African trade grew by 700 percent [24] and many high-level visits occurred from 1995. The Forum for China Africa Co-operation was established in 2000 and its culmination has been the release of China's African Policy Paper in January 2006. The Africa Policy Paper emphasized infrastructure as one of ten key sectors for economic collaboration [25].

More recently, the Beijing Action Plan [26], (2007- 2009) makes specific reference to co-operation in the construction and infrastructure sectors. Indeed, many Chinese companies, particularly state-owned enterprises (SOEs) have recently invested heavily in the continent's road and railway rehabilitation, as well as in several other large infrastructure projects as evident in Ethiopia as one of their demonstration countries.

It is not coincidental that some of the most extensive infrastructure operations are in the more resource-endowed African countries, such as Angola and Zambia. Indeed, critics have commented on China's newfound mercantilist attitude toward Africa, in the global race for energy security and in the procurement of raw materials to fuel China's burgeoning economy [27].

Recent events further confirm the growing intended role of China in rebuilding Africa. Significantly, the annual meeting of the African Development Bank was held in May 2007, in Shanghai, only the second such meeting to take place outside of the African continent. Following this meeting, the Chinese State Council approved the creation of US$ 5 billion China-Africa Development Fund, to be administered by the China Development Bank directly to capacity development [28].

The investments of the fund are to be targeted at providing capital for Chinese enterprises engaged in financing the development of capacities through investment, economic and trade activities in Africa. The fund is also to provide support for African countries' agricultural, manufacturing and energy sectors, as well as support for urban infrastructure and the extractive industries [29]. With few commitments made as illustrated above towards capacity building but more to capacity development prove to provide a ground for analysis and conclusion that more infrustatructural financing to capacity development is emphasized as opposed to capacity building. For clarity about the Chinese financing situation in Africa, the active implementation of their financing of projects in the East African countries is the focus of the paper as demonstrated bellow;

Chinas' Foreign Aid Sectorial preference across the East African Countries

The table below illustrates the prioritized and funded projects across the East African Countries for Uganda, Kenya, Tanzania, Burundi and Rwanda. Focus is put on projects that where categorized to be highly financed through Interest-free loan to boost trade as shown on the next page.

Table-1: East African Countries Foreign Aid acquired in the forms of Loans

Country	Sectors and areas of Capacity Developed	Category of Aid from china	No of projects
1. Tanzania	Government and Civil Society	Interest-free loan to boost trade	12
2.Uganda	Forestry and Fishing	Interest-free loan to boost trade	**11**
3.Kenya	Energy Generation and Supply	Interest-free loan to boost trade	12
4.Rwanda	Trade and Tourism	Interest-free loan to boost trade	**10**
5.Burundi	Communications	Interest-free loan to boost trade	**3**

Retrieved from the Aid Data's Chinese dataset tracks 2,648 development finance activities in Africa from 2000 to 2013

Interpretation of the table

According to the Aid Data's a Chinese dataset for 2000 displayed above, it states that the dataset was generated using a novel, open-source data collection methodology (TUFF). This generation of data triangulates project information across a range of data sources including media reports, Aid Information Management Systems, scholarly articles and recipient or provider Ministry websites. It's because of this approach of generating the data that it was adopted to be used in this study that is aiming at understanding the Challenges of Capacity Building and Development from Chinas' Aid model for the case of the East African Community countries.

A statistical presentation of the sectorial prioritization of the Chinese aid to the East African Countries

Pie chat presentation of the sectorial preference to capacity building and development in the East African Region

Table-2: Computation of Degrees of projects on Loan from China Aid in East African COuntries

Country	Capacity Developed	No of projects	Pie chat computation (No of projects/ Total No of Projects × 360)
Tanzania	Government and Civil Society	12	81.5
Uganda	Forestry and Fishing	**11**	**74.7**
Kenya	Energy Generation and Supply	12	81.5
Rwanda	Trade and Tourism	**10**	**67.9**
Burundi	Communications	**3**	**20.4**
Total		**53**	

Interpretation of the table

The above table generates the degree of financing made to the highly prioritized sectors by the Chinese financing programs through loans in the category of Interest-free loan to boost capacity development in the East African Region.

However the presentation of the Chinese funded projects in this paper is limited to the financed projects that were to be implemented and after a period of time pay back to the china Ministry of Finance with no interest attached. This study recognize other prioritized areas of Chinese interest in East Africa which are however rejected for investigation since they are in the category of grants and do not obligate the recipient countries in the region to pay back the funds.

For the findings generated from the Aid Data's Chinese dataset tracks 2,648 development finance activities for capacity development and building in Africa from 2000 to 2013. This clearly illustrates the direct financing directed to infrastructural development. This is not limited to installation of physical infrastructure for Energy Generation Supply for Kenya but also installation of fibre wires for internet distribution in the area of communication as the case is for Burundi, Construction of infrastructure in the areas of tourism interest to the host country as the case is for Rwanda and lastly construction of infrastructure in the production of forestry product for Uganda. An illustration of a pie chat is made bellow to present a pictorial variation of projects in degrees across the East African countries.

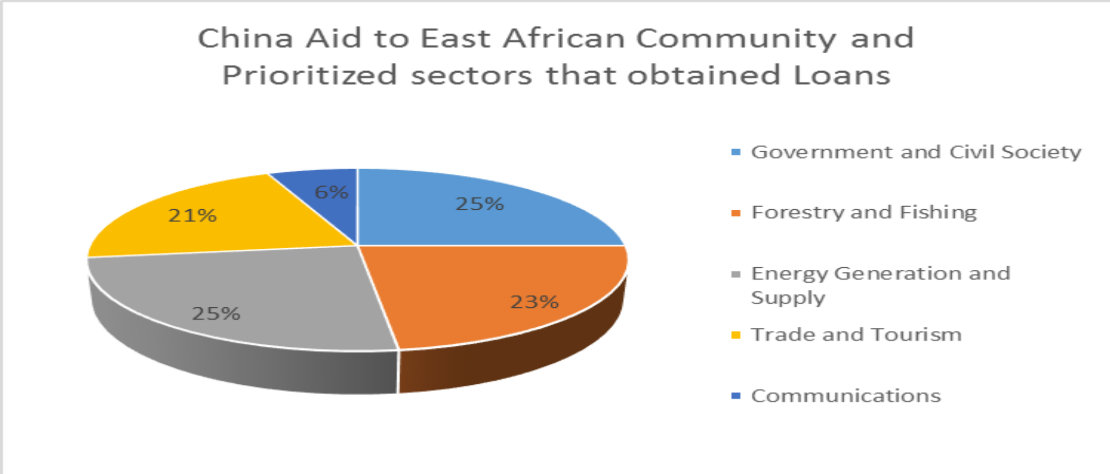


Diagram-1: East Africa Sectors Financed by China Loans

Interpretation of the pie chart

Energy and Government Services for Kenya and Tanzania are higly loaned sectors in the East African Communtiy with a 25% China Financing each . This is followed by Forestry and Fishing in Uganda at 23% and Trade and Tourism in Rwanda at 21%. Lastly is Burundi as the least loaned country in the East African Community with 6% with financing for its higly prioritzed area fibre wire installation to advance Communication.

Frequency Computations for China Financing to the East African Countries countries projects through loans

This section presents the computation of the various china funded projects across the east african community in percentage which are transfromed into a bar graph to furthermore present the distribution of financing and projects funded per each country in the Region. This is illustrated in the next page.

Table-3: Presenting Frequency Computations

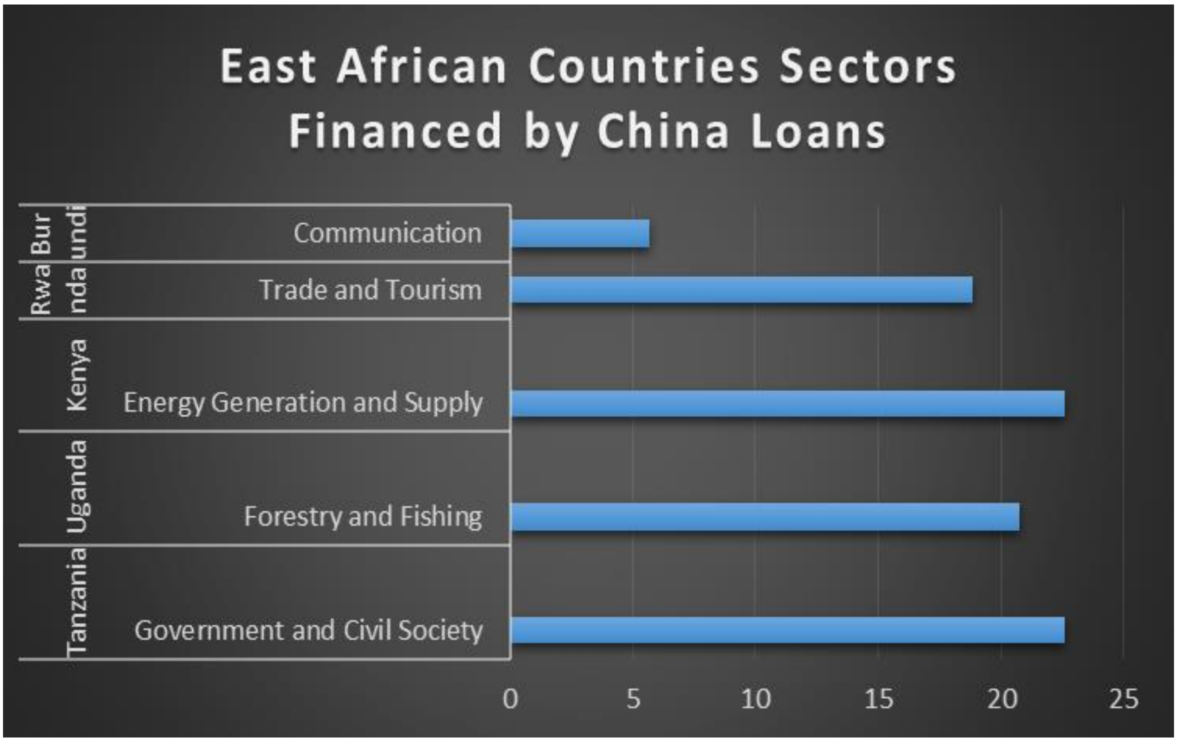
Country	Capacity Developed	China loans to EAC in degrees	China Loans in Percentage
Tanzania	Government and Civil Society	81.5	22.6
Uganda	Forestry and Fishing	**74.7**	**20.75**
Kenya	Energy Generation and Supply	81.5	22.6
Rwanda	Trade and Tourism	**67.9**	**18.86**
Burundi	**Communication**	**20.4**	**5.7**

Interpretation of the table above

In percentages, Tanzania and Kenya obtained more loans from the Chinese financing program to the East African countries in the year of 2000 to 2013 and Burundi Received few loans as compared to othere countries in the region.

Diagram 2: Presenation of the percentage of China Financing to the East African Countries countries through loans between thears of 2000 to 2013

This section presents the bar chat to illustrate the distribution of percentages developed from the Presented Frequency Computations above in 3.4.1 table 3. This is illustrated bellow;



Interpretation of the graph

With the above statistical presentation in degrees and percentatges of Chinese financing to the East African countries, Its evident that the Financing is targeted to Infrustructural development of the Region in the form of consturction of builings, installation of fibre wires, installation of dams for electrictiy generation and builings for Tourism industry.

However the focus on capacity building is never well integrated in the development approach of Chinese funding since all projects builing is directly under the contracts managed by companies from china to implment all these projects as opposed to the developed of Capacity in the areas of chinas intervention that limits trasfer of skills in the process.

From the various sectors, It is evident that there is less education or skill transfer to the African countries where chain gets to operate. In the East African community some credit is granted to China for its loan directed to Government services and Civil society. From the angle of Civil society, its hoped that the process of skill transformation to build more capacity of Tanzanian citizens to be more efficient in the development process is enhanced in Tanzania than any other East African country. However the funding to Tanzania to Civil Society from China is low as compared to the Infrustructural development finance as selected for this study for Tanzania.

Reported challenges of Capacity Building and Development from Chinas' Aid in In Uganda and Kenya as a selected countries in this study in the East African Community countries

Uganda and its Forestry and Fishing

As part of the Aid given to Uganda in the focus year of study in this paper (2000 to 2013), Wakawaka landing site located in the eastern part of Uganda in Iganga District is among the projects which the peoples' Republic of China has been involved in. It was built as part of Chinese Development Assistance to the Republic of Uganda and also to enhance Social economic and political cooperation between the two countries.

According to Guloba [30], he made a case study on the above project implemented by the Chinese in Uganda to full fill the target of improving Uganda's Forestry and Fisheries through a loan and his study is selected for this work to illustrate capacity developed over capacity building gaps that remain in the process. He states that in an interview with the Chairman of Wakawaka Beach Management Unit (BMU), the development of the beach by the Chinese Government started on 30th, June, 2005 up to 15th, January, 2006 under the project name: Wakawaka fish landing site with a Chinese contractor known as China Jaiangxi Co-op for International Economic and Technical Co-operation (CJIC) was successful. The project was valued at US$1.1 million.

The components of the project include the following: A generator, an ice plant, water purifier, administration block, a perimeter fence, 2 fish shades, underground fuel tank, water pump plus a pier and a water treatment which were implemented illustrated in pictures bellow;

Picture set 1: Wakawaka landing site-features as presented by Guloba.
Picture set 2: Wakawaka landing site-features as presented by Guloba.

Limitations in project implementation to Capacity Building

Guloba states that the project was mainly developed for fish collection, cleaning, freezing and selling. All construction was undertaken by Chinese expatriates, including the largest portion of construction materials. Due to this implementation process that was wholly dominated by Chinese highlights some of the limitations of Chinese development assistance to Africa, with regard to employment creation, and technological transfer; including skills transfer for capacity building. In the same study the chairman of the area where the project was implemented was reported that the local residents only provided labor on a marginal scale.

This specifically had to do with mixing the construction materials and lifting the loads of materials. Because of the limitations in skills transfer and technology transfer, it was reported that this had made the operation of the landing site equipment very costly and a daunting task. Its argued in the study that if there was a breakdown in the equipment, however minor the breakdown would be, this would inevitably call for the need to contract a Chinese expatriate from Beijing to come up for the repair.

This in the end may prove less beneficial to the country receiving Chinese aid in this case in relation to capacity building despite the capacity developed of the infrastructure put in place.

Benefits arising from Capacity Development through the project implemented Wakawaka landing site.

Guloba M, [30], states that it was reported that despite these short comings, the development of the landing site has led to the realization of a number of benefits which include the following;

Increased revenue generation from the fish movement permits which prior to the development of the project were not smoothly operational.

The site has become a fully-fledged business center for fish products. Guloba states that business people find it easy and convenient to transact their business because of the facilities which were put in place as a result of China's development assistance.

In a similar capacity development, the farm-gate prices of fish have increased as a result of the increased competition. In addition the surrounding fishing community has benefited as a result of this, through increased incomes, hence a reduction in the level of poverty. In line with this, the fishing community has greatly benefited from the advent of investors in the sub sector. He stated an example of the Gomba fishing company which used to employ the local community but had to close only recently as a result of the declining fish catch in the area.

Lastly he stated in the study that the development of the project has made the landing site a gazette area for fishing activity there by making it easy for the area Beach Management Unit enforce and regulate fishing standards.

Challenges being faced from Capacity Development through the project implemented Wakawaka landing site.

Despite the above benefits obtained from the project implemented, the development of the fishing community has not been without challenges. From the study cited above of Goloba in 2010 he states that whereas it was reported that there has been increased revenue generation as a result of the development of the landing site, the mandatory 25 percent retention by the local community had not been realized as anticipated [31].

The local government has not been cooperative in remitting these funds for further development of the community. This has proved a loss to the community which would be the primary beneficiary. In addition, the local communities around the landing site were displaced in order to make way for the development of the landing site. These residents, however; were not compensated [32].

The community is yet to benefit from the piped water from the project. Goloba, 2010 states that there hasn't yet been realized because the equipment which was installed to provide electricity by the Electricity Distribution Company was faulty and yet no attempt has been made by the company to have this faulty equipment replaced.

Similarly, whereas the project development provided an underground fuel tank to facilitate the running of the project equipment, there is no funding available from the MAAIF to provide for this fuel, let alone providing facilitation in terms of Boats, allowances to the BMU for surveillance on the lake's waters to enforce fishing standards and to curb illegal fishing [33].

In conclusion, the development of Wakawaka landing site has led to welfare improvement on the surrounding community in terms of employment, increased incomes and water facilities which are all benefits of capacity development. However in relation to capacity building less was achieved in relation to the transfer of the skills from Chinese to the local operators on the plant. In case of any fault its Chinese supposed to come from china to work on it.

Kenya Energy Generation and Supply A Project Under China Loan.

China's Tianpu Xianxing Enterprises and Kenya's Electrogen Technologies entered into a Sh9 billion ($140 million) partnership to build a solar panel factory in Nairobi considered to be the first in the Horn of Africa. In the period of 2000 to 2013 [34].

The above move as part of the Chinese aid project implementation to the project of electricity generation was expected to position solar power as a key source of energy in Kenya by making it more affordable to millions of consumers who do not have access to the national grid and also to those who depend on the unreliable national electricity grid for their energy needs.

The company that won the contract over the Kenyan companies was Tianpu Xianxing Enterprises. This is a Chinese company specializing in research, development, design, manufacturing and marketing of solar energy products such as water heaters, semi-finished pipes, vacuum pipes, heat pipes and air heat pumps. According to Tsidiso, 2009 it is also strong in technology and advanced in its manufacturing methods. Its products have been awarded the Certificate of Operating High Technology and ISO9001–2000 certification. Furthermore its annual production capability was established to equal to 300 000 luxury solar energy water heaters; three million glass vacuum pipes, super-conducting heat pipes and double vacuum-glass super-conducting heat pipes; 100 000 m2 super-absorbing platmodules; and 200 000 million vacuum pipes and super-conducting heat pipes modules [35].

The company contracted in Kenya from china enjoys a good reputation in the manufacturing of solar energy swimming pool, solar energy light-heat, photo-electricity, air heat pump and ecological architecture products. Furthermore, it has been constantly improving its production technology and is researching new products. Its products have been sold to countries such as the US, Japan, Germany, Holland and South Africa [36].

It is common knowledge that a developing economy requires large quantities of affordable, good-quality energy to effect a prudent pace of transformation and economic development and Kenya is no exception.

The minimal strides that Kenya has made toward sustainable energy provision for its population are commendable. However, the PV panel industry has not penetrated more than half of the potential market in Kenya. There is a need for additional investment in energy infrastructure, institutional capacity building, and research that are greatly missing in the implementation of the whole project [37].

Discussion about China Aid model in relation to the faced challenges and progress in the East African Community to the member countries.

To achieve capacity development, it is generally argued that both the quantity and the quality of aid to developing countries have to be increased for infrastructural installations. With regards to quality, it has also been generally argued that more emphasis should be placed on aid effectiveness, as declared by the Paris Declaration on Aid Effectiveness in 2005. However, how to fully achieve the desired improvement in aid effectiveness is still an open question [38].

The Western countries relating with African countries answer to aid question has been conditionality and selectivity. Burnside and Dollar [39] argues that it has been here that there is a fundamental problem with this approach. He adds that aid only works in countries that adopt the "right" policies (conditionality), and therefore should only be given to such countries (selectivity). However the countries needing aid the most are often precisely those that cannot fulfil these conditions, because development and governance are endogenously related as advocated by the former colonial masters relational and aid model to the African countries.

Furthermore developed countries with higher GDPs per capita tend to be better governed, less developed countries with lower GDPs per capita tend to be less well governed. If the goal is development, then aid should be targeted to remove the constraints to development as well as promote capacity development in the host countries, rather than making the removal of those constraints a prerequisite for the receipt of aid [39].

Poverty, corruption and inefficiencies in government management are interdependent. In relation to this, underdevelopment and poor governance are two sides of the same coin, it is theoretically flawed to make receipt of capacity building aid conditional on good governance. If countries did not have these governance problems, foreign private capital would flow into them more freely and there would be less need for aid. Aid should be used to help solve such problems, but instead African countries are told by the World Bank and its followers that they must first commit to solving the problem in government first, otherwise aid will not be forthcoming. This partly explains the failure of Western aid in Africa and boost of china aid that limits capacity building while promoting capacity development as presented above.

Conditionality and selectivity have created a dilemma for the Western approach to aid that cannot be solved owing to the endogenous nature of development and good governance. With the contemporary Chinese aid, however, does not face this dilemma, as China does not impose such conditions on aid donations. Instead, the Chinese approach involves capacity development in form infrastructure building together with Chinese finance, technology, engineers and workers. Although this approach may seem rather old-fashioned in Western eyes, harking back as it does to its own aid programmes of the 1950s and 1960s, and though it may create less direct employment in the recipient countries, the indirect positive externalities associated with Chinese aid projects can have a huge impact, kick starting and energizing local economies [40].

For it is widely agreed that infrastructure plays a crucial role in economic and capacity development and that lack of physical infrastructure has been one of the main reasons why economic growth has been so slow in much of the African countries. It follows that by reducing transportation costs (roads) and transaction costs (communication networks) and enabling domestic and international trade (through increased specialization). Hence China's major investments in infrastructure in Africa are helping to boost capacity development and generate economic growth and thereby create more indirect employment than is possible following the West's approach that promotes capacity building instead as the case is presented in the case of Uganda. Some argue that the recent economic development in Africa is, at least in part, a result of its increased trade with and infrastructure building by China through the aid that is given. And African countries are responsible for introducing policies that enable capacity building in the process of infrastructural development without which lack of these policies would promote only Capacity development [41].

Although the Chinese approach has been criticized for it's unconditionally, we argue that it is capable of tackling the hard core of the vicious circle of underdevelopment in Africa, which the West's approach to aid is unable to address. Moreover, China's approach is effective largely due to its own comparative advantage in manufacturing and the compatibility of its resource endowments (in particular, abundant labour) with African nations, advantages that it is impossible for the West to mimic.

Africa was colonized and its markets were monopolized by the West, but now China has stepped in and competition for aid and investment in Africa is increasing however the biggest challenge remains the inability of the Chinese to transfer skills to the African hosts through capacity building processes such as training on site and sub-contracting locally developed capacity. Donors are vying with each other to provide aid to African countries, perhaps in the expectation that China aid will lead to increased capacity development, there is need to improve access to skill transformation of Africans to later on take on the contracts from the African markets and, utilize their natural resources. As evidenced from the china project implemented in Uganda for the landing site and Kenya Electricity generation that faced numerous challenges among which include capacity building [42].

Conclusions

In conclusion, with the increase in the financing of African projects as illustrated above, capacity development is promoted by china Aid in the East African Countries. This is done through the financing of numerous projects as presented for the East African Countries in this paper. This all in the nutshell have contributed to African infrastructural development for capacity development as opposed to capacity building.

Capacity building in most china financed projects has continued to be underestimated in the process of developing capacities across the region through the experiences of infrastructural installation for the case of Kenya and Uganda. This experience of Chinese financing in the East African community have all proved to limit sustainability of promoting capacity building. As a result it has promoted more dependence of the recipient country to the aid to solicit for technical assistance in maintaining the installed infrastructure from china.

Lastly, the transformation of the aid model partnership among the East African countries from the former colonial masters to Chinese donors inspired this selected this topic that expanded on the challenges the new aid model of Chinese to East African countries contribute to promoting capacity development as it down plays capacity building. This all tasks the recipient countries in the East African Community to strategize on developing policy that would permit the financing of capacity development to pave way for capacity building which has continued to be a big challenge perceived from the China Model of Financing the region. If done both capacities development and Building will be equally promoted for progressive development.

REFERENCES

1. Treaty For The Establishment Of The East African Community, 2007
2. Ibid
3. Treaty For The Establishment Of The East African Community, 2007
4. Nicola Jones 2007Research capacity strengthening in Africa Trends, gaps and opportunities in a A scoping study commissioned by DFID on behalf of IFORD, p. 16
5. Nuyens, Y. (2005) No Development Without Research – A Challenge for Research Capacity
6. He, ""China- Africa Relations Moving into an Era of Rapid Development", *Inside*, pp. 6
7. Corkin, "Chinese Multinational Corporations in Africa" *Inside,* pp. 10
8. Moss & Rose, "China Exim Bank and Africa: New Lending, New Challenges", p. 1-3
9. *China Exim Bank*, "Chinese Government Concessional Loan"
10. Bossard, Peter, "China's role in Financing African Infrastructure" *International Rivers* Network, Berkeley, May 2007, pp.1-19.
11. Bavier, Joe, "China seeks DRC minerals stake with $5bn loan", *Business Report,* 19 September 2007: http://www.busrep.co.za/index.php?fArticleId =4041108 [27 September 2007]
12. Bosten, Emmy *China's Engagement in the Construction Industry of Southern Africa: The Case of Mozambique*, Paper for the Workshop: Asian and Other Drivers of Global Change, St. Petersburg, Russia, January 19-21, 2006, p.
13. Until 1979, one bank, the People's Bank of China, fulfilled the function of both a central and a commercial bank. During Deng's reforms, within 5 years this bank had ceded its commercial responsibilities to several other newly created sector-specific institutions, known as China's 'big four': the China Construction Bank, the Bank of China, the Agricultural Bank and the Industrial and Commercial Bank. These banks remain state-owned and dominate roughly 60% of the industry, but have been transformed into modern financial enterprises handling currencies. Three state-owned policy banks, China Development Bank, Agricultural Development Bank of China, and China Export Import Bank, have since been set up to assume the previous policy-lending role of these banks.
14. According to *China Daily* (11 April 2004), with regards to overseas investments by Chinese firms, People's Bank of China benchmark rate for one-year RMB loans was

lifted to 5.58 per cent from 5.31 per cent and the rate on one-year deposits to 2.25 per cent from 1.98 per cent.

15. Bosten, "China's Engagement in the Construction Industry of Southern Africa: The Case of Mozambique" p. 5.
16. Burke & Corkin "China's Interest and Activity in Africa's Construction and Infrastructure Sectors", pp 78
17. Traub, New York Times*:* p 12
18. Broadman, Harry, *Africa's Silk Road: China and India's New Economic Frontier,* Washington*: World Bank,* 2007.
19. 32 Burke & Corkin "China's Interest and Activity in Africa's Construction and Infrastructure Sectors", pp 80.
20. Interview with Bobson Sesay, Freetown, Sierra Leone 26 July 2006.
21. Hu, "Presidential Address at the Opening Ceremony of FOCAC", pp 10.
22. *International Herald Tribune*, "Chinese president to inaugurate copper mining investment program in Zambia"
23. Taylor, "China's foreign policy toward African in the 1990's", pp. 444.
24. Barbé, Alain, "Coopération Sino-Mauricienne", *La Sentinelle*, 17 November 200.
25. Ibid
26. This document was drawn up during the Forum on China-Africa Co-operation (FOCAC) Beijing Summit in November 2006.
27. Jaffe & Lewis, *Survival*, pp 115; Naidu & Davies *South African Journal of International Affairs*, pp. 80.
28. *People's Daily*, "China approved China-Africa Development Fund".
29. Xinhua, "ADB Meetings Promote Financial Co-operation between China and Africa".
30. Guloba. M, 2010, *Impact of China-Africa Aid Relations: A Case Study of Uganda*; Economic Policy Research Centre (EPRC) p. 17. He presents a case study of Chinese aid to Uganda's' Forestry and Fisheries Loan Between 2000 to 2013.
31. Guloba. M, 2010, *Impact of China-Africa Aid Relations: A Case Study of Uganda*; Economic Policy Research Centre (EPRC) p. 17. He presents a case study of Chinese aid to Uganda's' Forestry and Fisheries Loan Between 2000 to 2013.
32. Op Cit p .7.
33. Ibid.
34. Tsidiso. D 2009, Interview with Joel Imitira, Economic Regulation Department, Energy Regulatory Commission,Nairobi, August 2008.
35. Tsidiso. D 2009, Interview with Joel Imitira, Economic Regulation Department, Energy Regulatory Commission, Nairobi, August 2008.
36. Ibid
37. *Bank Information Centre*, "IFC and China Exim to co-finance investments in Africa", 18 June 2007: http://www.bicusa.org/en/Article.3403.aspx [16 January 2008]
38. Burnside, Craig, and David Dollar. 2004. "Aid, Policies, and Growth: Reply."*American Economic Review*, 94(3): 781–784.
39. Burnside, Craig, and David Dollar. (2000), "Aid, policies, and growth", *American Economic Review*, Vol. 90 pp.847-868.
40. Brautigam, Deborah., 2010, "Africa's Eastern Promise: What the West Can Learn From Chinese Investment in Africa", *Foreign Affairs*.
41. Brookes, Peter and Ji Hye Shin, 2006, "China's Influence in Africa: Implications for the United States", *Backgrounder*, No. 1916.
42. Pilling, David, 2009, "Africa Builds as Beijing Scrambles to Invest", Financial Times, December 14.