Master Thesis

MA Politics, Society and Economy of Asia

Academic Year 2024-2025

Economic Statecraft and Debt Sustainability in the BRI: A Comparative Analysis of Sri Lanka and Kazakhstan's Strategies

Floor van den Brink

s2358107

Supervisor: Dr. Jue Wang

Second Reader: Dr. Pralay Kanungo

Date of Submission: 05.01.2025

Word Count: 14.775 words

Abstract

This thesis examines how Sri Lanka and Kazakhstan employ economic statecraft strategies to influence debt sustainability outcomes in their engagements with China's Belt and Road Initiative (BRI). Adopting a comparative political economy approach, the study challenges the debt-trap diplomacy narrative by emphasizing recipient countries' agency. Through thematic analysis across four dimensions—strategic project selection and negotiation, diversification of funding sources, leveraging BRI for economic integration, and capacity building—the research highlights the contrasting strategies of Sri Lanka and Kazakhstan. Sri Lanka's reactive approach differs from Kazakhstan's proactive strategy, illustrating diverse ways countries exercise agency within the BRI framework. The study reveals how these economic statecraft tools serve broader strategic goals: for Kazakhstan, establishing itself as an independent regional power and Eurasian transit hub; for Sri Lanka, becoming a key Indian Ocean trade hub and achieving greater economic resilience. This research expands the application of economic statecraft theory to recipient countries, providing insights into how nations actively shape their engagement with large-scale economic initiatives while managing debt sustainability concerns.

Keywords: Belt and Road Initiative, Economic Statecraft, Debt Sustainability, Recipient Agency, Comparative Political Economy

Table of Contents

Chapter 1: Introduction

The Belt and Road Initiative (BRI), launched by China in 2013, has emerged as one of the most ambitious and far-reaching economic initiatives of the 21st century. This massive infrastructure and development project, spanning multiple continents, has sparked intense debate about its implications for participating countries, particularly concerning debt sustainability and economic development. While much of the discourse has focused on China's motivations and strategies, this thesis shifts the spotlight to the agency and economic statecraft of recipient countries within the BRI framework.

Research Question and Expectations

This research aims to challenge the prevailing narrative of recipient countries as passive actors in the BRI, instead examining how they actively shape their engagement to advance national interests and manage debt sustainability. By focusing on the cases of Sri Lanka and Kazakhstan, this study explores how countries with different economic profiles and geopolitical contexts employ economic statecraft strategies to influence the outcomes of their BRI participation. At the core of this thesis is an examination of recipient country agency within the BRI, viewed through the lens of economic statecraft. The research question guiding this investigation is: *How do Sri Lanka and Kazakhstan employ economic statecraft strategies to influence debt sustainability outcomes in BRI projects?* This focus allows for a nuanced exploration of how smaller and middle-power states leverage economic tools and relationships to shape their participation in large-scale international initiatives.

Sri Lanka's status as a small state with limited global political influence and economic diversification suggests it would adopt more reactive strategies in its BRI engagements, potentially increasing vulnerability to debt sustainability challenges. The country's limited bargaining power in negotiations and fewer alternative financing sources could impact its ability to secure favorable terms for BRI projects.

In contrast, Kazakhstan's position as a regional power with a more diversified economy suggests it may adopt more proactive economic statecraft strategies. Its significant natural resources and strategic location provide leverage in negotiations with China and other partners, potentially leading to better terms in BRI projects and more options for managing debt sustainability. Kazakhstan's regional influence also allows it to consider broader geopolitical implications in its BRI engagement, potentially using these projects to enhance its regional standing while balancing economic benefits and risks.

These differences in size and influence significantly shape each country's approach to BRI projects and their capacity to manage associated debt risks, offering a valuable contrast for analyzing the relationship between economic statecraft and debt sustainability outcomes in the BRI context.

Methodology and Approach

To address this question, the thesis employs a qualitative research approach, utilizing cross-case comparison and thematic analysis. This methodology enables a systematic examination of how Sri Lanka and Kazakhstan navigate their BRI participation across four themes selected for this analysis: (1) strategic project selection and negotiation of terms, (2) diversification of funding sources, (3) leveraging BRI for economic integration, and (4) capacity building and knowledge transfer. These themes were selected as economic statecraft tools through which these two countries shape BRI outcomes.

Theoretical Contribution

A key theoretical contribution of this research is the introduction of the proactive versus reactive agency framework. This framework provides a more nuanced understanding of how countries navigate complex international economic initiatives. The analysis reveals that Kazakhstan demonstrates a more proactive and consistent approach, aligning its national development plans with BRI objectives and focusing on high-tech industries and strategic infrastructure. This approach supports Kazakhstan's ambition to establish itself as an independent regional power and secure its position as a crucial Eurasian transit hub. In contrast, Sri Lanka's approach has evolved from an initially reactive focus on large-scale infrastructure projects to a more diversified portfolio. While this evolution reflects Sri Lanka's vision of becoming a key Indian Ocean trade hub and achieving economic resilience through maritime commerce, changing political landscapes have significantly influenced project selection. These differing strategies directly impact debt sustainability outcomes. Kazakhstan's consistent policy approach and focus on economic diversification potentially lead to more sustainable debt management, as projects are aligned with long-term economic goals. Sri Lanka's evolving approach, while showing increased efforts to negotiate favorable terms, has faced challenges in ensuring debt sustainability due to political volatility and initial focus on large-scale infrastructure projects.

The thesis makes several important contributions to the academic literature on economic statecraft and international development. First, it expands the application of economic statecraft theory to recipient countries, demonstrating how smaller states can leverage economic tools strategically in their engagement with larger powers. Second, the proactive versus reactive agency framework offers a comprehensive view of how recipient countries actively shape project outcomes and manage debt sustainability whilst challenging simplistic narratives about the BRI. By comparing Sri Lanka and Kazakhstan, this study reveals how each country's unique economic structure and geopolitical position influences its ability to deploy economic statecraft tools for achieving its strategic vision - whether establishing regional power status or becoming a maritime trade hub. These insights advance the theoretical framework of economic statecraft by providing a nuanced understanding of the interplay between recipient agency and debt sustainability within the BRI, contributing to broader discourse on international development finance and the evolving dynamics of the BRI.

Chapter 2: Literature Review

The BRI has sparked intense debate about its implications for debt sustainability in recipient countries. A prominent narrative that emerged, particularly in Western policy and media circles, is the notion of "debt-trap diplomacy" - the idea that China deliberately uses unsustainable loans to gain leverage over BRI participant countries (Brautigam, 2020, p. 2; Singh, 2021, p. 240). This framing portrays China as a predatory lender seeking to extract strategic concessions through debt.

The debt-trap diplomacy argument gained traction following events in Sri Lanka, where the government granted a 99-year lease of the Hambantota port to a Chinese company in 2017 after struggling to repay its loans. This was widely interpreted as China seizing a strategic asset due to Sri Lanka's inability to service its debts. The case became a cautionary tale, with analysts warning that other countries could face similar fates if they accepted large Chinese loans for economically unviable projects (Chellaney, 2017, p. 2). Proponents argue that China targets vulnerable countries with offers of easy financing, knowing that borrowers will struggle to repay. When countries face repayment difficulties, China can then extract concessions such as equity in projects, long-term leases on strategic assets, or increased political influence. This donor-centric framing casts China as the primary architect, deliberately creating debt problems to further its geopolitical aims. However, a growing body of research challenges this narrative as overly simplistic (Hameiri & Jones, 2020).

Debt-trap Narrative

Brautigam (2020) argues that the debt-trap diplomacy narrative lacks empirical evidence, particularly regarding the Hambantota port case. The port was not seized by China, but rather leased for 99 years in a transaction proposed by Sri Lanka to raise foreign exchange for debt repayment to other creditors. Furthermore, Hambantota's loans were not a major contributor to Sri Lanka's debt distress (Brautigam, 2020, pp. 8-10). A comprehensive study by Gelpern et al. (2023) analyzing 100 Chinese loan contracts found no evidence of deliberate debt traps, arguing that stringent terms reflect China's status as a new commercial lender rather than a strategy to gain advantage through debt distress (p. 47). Hurley et al. (2019) found that while eight countries were at particular risk of debt distress, most BRI countries have sufficiently low debt levels to absorb new BRI-related debt without entering distress (pp. 139, 156). Caskey (2024) argues that the BRI is primarily driven by economic factors rather than geopolitical strategy, aimed at addressing crises within the Chinese economy by unlocking overseas demand (p. 3).

Furthermore, researchers note that instances of debt distress in BRI countries often have roots in broader economic issues beyond Chinese lending. Domestic policy choices, external economic shocks, and structural economic weaknesses frequently play a larger role than Chinese loans in creating debt problems. The narrow focus on Chinese lending obscures these complex factors. Brautigam (2020, p. 4) contends that the narrative gained traction because it aligns with preexisting negative views of China's international involvement, serving to delegitimize China's development finance model. Wong (2021, pp. 51-53) argues that China's economic statecraft has often been self-defeating rather than strategically effective, with attempts at economic coercion frequently backfiring and failing to translate into long-term strategic influence.

Recipient Countries in the BRI

Critics of the debt-trap argument contend that this donor-centered perspective ignores the agency and decision-making of recipient countries. In line with this, Horn, Reinhart & Trebesch (2021) highlight that China's overseas lending often involves direct engagements with recipient governments, state-owned enterprises, or special purpose vehicles for large infrastructure and resource projects. The process includes bilateral agreements, which suggest significant input from both China and the recipient countries, depending on their needs and negotiation capacities. Similarly, Hameiri and Jones (2020) argue that BRI projects are primarily shaped by recipient countries, and not unilaterally imposed by China. They demonstrate that domestic political economy factors in recipient countries, such as the interests of local elites and patronage networks, play a crucial role in driving project selection and implementation (2020, pp. 11, 23, 30). Through detailed case studies of Sri Lanka and Malaysia, Hameiri and Jones (2020) show how controversial BRI projects were initiated by recipient governments pursuing their own domestic agendas, rather than being part of a Chinese grand strategy. For instance, in addition to Sri Lanka's negotiation of the Hambantota port, countries like Malaysia renegotiated their East Coast Rail Link project, securing better terms that aligned more closely with domestic needs. These renegotiations were aimed at reducing the financial burden and ensuring sustainable debt management (Hameiri & Jones, 2020, p. 26). This shows how smaller states are not merely passive but exercise agency, using negotiation to influence the outcomes of BRI projects and meet their domestic needs.

A more nuanced understanding recognizes the complex interplay between Chinese lending practices, recipient country agency, and broader economic factors in shaping debt outcomes in BRI participant countries. Moving beyond the donor-centric debt-trap framing allows for a comprehensive analysis of BRI's multifaceted impacts on debt sustainability and economic development in recipient nations.

Recipient Economic Statecraft

Economic statecraft is often employed as a theoretical framework to analyze China's motives and goals related to the BRI. However, this approach can also be valuable for examining how recipient countries exercise their own agency within the BRI framework. Given that the BRI is fundamentally an economic initiative with potential geopolitical implications, economic statecraft provides an appropriate lens through which to examine not only China's use of economic tools but also how recipient countries strategically engage with and shape BRI projects to pursue their own foreign policy and development objectives.

Economic statecraft refers to the use of economic tools to achieve foreign policy objectives. In the field of economic statecraft, Baldwin (2016) is often cited: “Economic statecraft, the use of economic means to pursue foreign policy goals. Foreign aid, trade, and policies governing the international flow of capital can be used as foreign policy tools and are considered the most common forms of economic statecraft”. Blanchard & Ripsman (2008) take a broader view of economic tools used for foreign policy purposes. They propose a "political theory of economic statecraft" that focuses on how domestic political factors in target states mediate the effectiveness of economic sanctions and incentives (Blanchard & Ripsman, 2008, p. 371). Their key contribution is arguing that a target state's level of "stateness" - comprised of autonomy, capacity, and legitimacy - determines its ability to resist or comply with economic statecraft (2008, p. 372). Norris (2016, p. 13) defines economic statecraft as: "the state's intentional manipulation of economic interaction to capitalize on, reinforce, or reduce the associated security externalities". The concept of economic statecraft can be applied to recipient countries, particularly smaller or weaker states, as argued by several scholars. Kahler & Kastner (2006) emphasize the importance of examining how recipient countries exercise their own forms of economic statecraft, noting that these states are not merely passive targets but can employ strategies to shape outcomes and manage relationships with donor countries. This aligns with Handel's (2006) assertion that weak states can leverage economic tools and relationships strategically despite their limitations. Long (2017) further develops this idea by proposing three categories of power available to small states: particular-intrinsic, derivative, and collective power, which can be applied to economic statecraft (pp. 186-187). These perspectives challenge the traditional focus on donor countries in economic statecraft literature and highlight the agency of recipient states in international economic engagements.

Economic Statecraft and Recipient Agency

This thesis contributes to the academic literature by shifting the focus of economic statecraft to recipient countries, particularly in the context of the BRI. While traditional economic statecraft literature has primarily focused on donor countries, scholars like Ingebritsen (2006), Kahler & Kastner (2006), and Neumann & Gsthöl (2006) have highlighted how smaller or weaker states can also employ economic tools strategically. This research builds on their work by demonstrating how recipient countries strategically deploy economic statecraft tools to shape their BRI participation through project selection, funding diversification, economic integration, and capacity building. The data analysis of this thesis reveals strategies such as aligning BRI projects with national development frameworks (e.g., Kazakhstan's Nurly Zhol initiative) and diversifying funding sources to reduce dependency (e.g., Sri Lanka's engagement with multilateral institutions). These examples demonstrate how recipient countries employ economic statecraft tools to align investments with national development goals while managing debt sustainability risks. Economic statecraft is uniquely suited to this thesis as it highlights the agency of countries like Sri Lanka and Kazakhstan in negotiating terms, aligning projects with national goals, and managing debt risks. Unlike dependency theory or realist approaches, it accommodates the comparative and multi-faceted nature of this research, offering a nuanced understanding of how BRI projects unfold in practice. By examining how recipient countries actively shape their BRI engagement, this thesis challenges narratives that portray them as passive recipients. It addresses the research question: *How do Sri Lanka and Kazakhstan employ economic statecraft strategies to influence debt sustainability outcomes in BRI projects?* This approach not only contributes to the broader discourse on international development finance but also offers novel insights into how smaller states negotiate and manage large-scale infrastructure initiatives like the BRI.

Chapter 3: Theoretical Framework

Economic Statecraft: Passive vs. Active Agency

Economic statecraft provides a valuable theoretical framework for analyzing the BRI, as it illuminates the complex interplay between economic tools and foreign policy objectives of both China and recipient countries. While much attention has been paid to China's use of economic statecraft through the BRI to pursue its geopolitical and strategic goals, this thesis argues that recipient countries also employ their own forms of economic statecraft to advance national objectives while managing crucial concerns like debt sustainability. As Kahler and Kastner (2006, pp. 527, 539) emphasize, recipient states are not merely passive targets but capable of leveraging economic relationships to their advantage. The cases of Pakistan, Kazakhstan, and Bangladesh demonstrate how recipient countries exercise agency in their engagement with BRI initiatives. For instance, Pakistan sought to modernize its stock exchange and curtail the influence of existing members by bringing in Chinese exchanges as strategic investors (Petry, 2023, pp. 330-332). Kazakhstan leveraged its partnership with Chinese exchanges to develop the Astana International Financial Centre, aiming to become a regional financial hub connecting Central Asia, the Arab World, Russia, and China (Petry, 2023, pp. 333-336). Bangladesh's stock exchange acquisition process highlighted how recipient countries can play potential investors against each other, as evidenced by the competition between Chinese and Indian consortiums (Petry, 2023, pp. 336-338).

The degree and nature of agency exercised by recipient countries can vary, ranging from actively negotiating terms and selecting projects to more reactive responses to Chinese initiatives (Kuik & Rosli, 2023, pp. 45-46, 53). Countries that lack strategic engagement may find themselves more vulnerable to debt traps or unfavorable terms. This vulnerability often stems from limited capacity to assess the long-term implications of agreements or to balance competing offers from different donors. The distinction between active and reactive approaches typically depends on factors such as the recipient country's institutional capacity, economic and geopolitical leverage, internal political dynamics, and access to alternative funding sources (Kuik & Rosli, 2023, pp. 37-38, 50). Countries with stronger institutions and more diverse economic partnerships are generally better positioned to exercise active agency in their BRI engagements, while those with fewer options may adopt more reactive stances.

Economic Statecraft: Proactive vs. Reactive Agency

This thesis contributes to the existing scholarship on economic statecraft by proposing a refined framework of *proactive versus reactive* agency for recipient countries engaged in the BRI. Building on existing literature on recipient agency in economic relationships, this research advances the understanding of how countries navigate their BRI engagements. While previous literature has highlighted the importance of active engagement, this thesis introduces a distinction between proactive and reactive strategies. The term proactive captures the forward-looking, deliberate nature of strategies such as Kazakhstan's alignment of BRI projects with its *Nurly Zhol* national development plan, distinguishing it from merely active behaviors. By expanding this framework, the thesis enhances the analytical precision of economic statecraft theory and offers a clearer lens through which to examine how recipient countries navigate their engagement with the BRI. For example, Sri Lanka's negotiation over Hambantota, which exhibited a more reactive approach, differs significantly from Kazakhstan's proactive funding diversification strategies. The distinction between reactive and proactive strategies not only underscores varying levels of recipient agency but also highlights how these approaches influence project outcomes and debt sustainability (Kuik & Rosli, 2023). Proactive strategies—such as aligning projects with national development goals, diversifying funding sources, and prioritizing governance reforms—tend to result in more favorable outcomes. Conversely, reactive strategies often leave recipient countries more vulnerable to fiscal risks and external dependency, as seen in Sri Lanka's earlier engagements.

This expanded framework, emphasizing the reactive-proactive spectrum, allows for a deeper examination of recipient strategies and their implications for debt sustainability within the BRI. It also broadens the applicability of economic statecraft, showcasing its utility in analyzing recipient countries' inward investment and industrial policies within large-scale international initiatives.

Conceptualizing Economic Statecraft in Recipient Countries

Economic statecraft, broadly defined, refers to the strategic use of economic tools by states to achieve foreign policy objectives. Drawing on Norris's (2016) definition, I conceptualize economic statecraft as "the state's intentional manipulation of economic interaction to capitalize on, reinforce, or reduce the associated strategic externalities" (Norris, 2016, pp. 13, 25). This definition benefits the analysis as it allows for a broader range of economic tools and strategies, including those employed by recipient countries. It also acknowledges the complex interplay between economic and strategic considerations, which is crucial for understanding the multifaceted nature of initiatives like the BRI. The emphasis on "strategic externalities" enables an examination of how recipient countries use economic statecraft to protect their long-term economic stability and sovereignty while pursuing broader development goals. By focusing on the "intentional manipulation of economic interaction", this framework allows for analyzing how recipient countries actively engage with the BRI, balancing development needs with debt sustainability concerns. Furthermore, this definition aligns with the insights of scholars like Kuik & Rosli (2023) and Neumann & Gsthöl (2006), who emphasize the importance of examining recipient country agency in economic statecraft. This inclusive definition enables analysis of how recipient countries strategically deploy various economic instruments—from negotiating investment terms to diversifying funding sources—to advance their interests within the BRI framework.

Recipient economic statecraft differs from donor economic statecraft due to its reactive and adaptive nature. While donor countries like China often initiate strategies to extend influence or achieve economic benefits, recipient countries must balance external pressures with internal economic and political objectives. As Blanchard & Ripsman (2008, p. 372) highlight, domestic political factors in recipient states play a significant role in mediating the effectiveness of economic statecraft. Smaller states like Sri Lanka and Kazakhstan, for instance, navigate economic statecraft in a dynamic, often defensive manner. Their ability to negotiate terms, leverage external financing, and influence project selection reflects a strategic effort to secure domestic political gains while managing debt obligations.

Economic Statecraft Tools and Strategic Goals

Although recipient countries may employ various economic statecraft tools, this thesis focuses on four key themes that directly impact debt sustainability. The first tool, strategic project selection and negotiation of terms, enables recipient countries to align investments with national development priorities, directly influencing financial viability and debt burden. This includes decisions about which projects to accept, modify, or reject, as well as the ability to negotiate favorable terms. The second tool, diversification of funding sources, allows states to reduce dependence on a single lender and enhance bargaining power by maintaining multiple financing channels. The third tool, economic integration, leverages BRI projects to stimulate economic growth and advance regional objectives, ultimately improving capacity to service debt through enhanced trade and connectivity. The fourth tool, capacity building and knowledge transfer, equips countries with the institutional frameworks, technical expertise, and infrastructure necessary to manage projects effectively, reducing exposure to future debt risks.

The deployment of these tools reflects broader strategic goals beyond merely responding to donor initiatives. For Kazakhstan, these tools serve its ambition to establish itself as an independent regional power and secure its position as a crucial Eurasian transit hub. For Sri Lanka, they align with its vision of becoming a key Indian Ocean trade hub and achieving greater economic resilience through maritime commerce. These strategic goals demonstrate how recipient countries employ economic statecraft tools as part of comprehensive national strategies rather than merely as reactive measures.

The success of these strategies largely depends on a country's stateness—the combination of autonomy, institutional and financial capacity, and political legitimacy. Autonomy refers to the ability to make independent decisions; capacity encompasses institutional and financial strength; and legitimacy reflects political stability. Moreover, domestic political factors play a significant role in shaping recipient countries' economic statecraft, including the influence of interest groups, electoral cycles, and bureaucratic politics on BRI-related decisions. While a country's stateness and its domestic considerations are not the primary focus of this thesis, they do also critically influence BRI project outcomes and debt sustainability.

This theoretical framework moves beyond seeing states as passive recipients, emphasizing their agency in leveraging economic tools to influence outcomes. The distinction between proactive and reactive approaches provides insight into how countries with varying levels of institutional capacity and economic structures navigate their BRI engagements, setting the foundation for the methodological approach that follows.

Chapter 4: Methodology

Case Study Selection

This thesis examines Sri Lanka and Kazakhstan as case studies to explore how recipient countries employ economic statecraft to influence BRI project outcomes and debt sustainability. These countries were selected for their significant involvement in BRI projects, which provide rich contexts for analyzing strategic decision-making. Sri Lanka serves as a critical case study due to its high-profile BRI projects, such as the Hambantota Port, which have sparked international debate about debt sustainability and strategic concessions (Brautigam, 2020; Hameiri & Jones, 2020). Despite its economic vulnerabilities and limited diversification, Sri Lanka's engagement with the BRI highlights how smaller states navigate complex financing arrangements. The focus will be on how Sri Lanka's economic statecraft decisions impact its debt outcomes, providing insights into strategies employed by economically constrained countries.

As a key transit hub in the BRI, Kazakhstan's projects, like the Khorgos Gateway, demonstrate how middle powers can leverage their geopolitical significance to negotiate favorable terms (Bitabarova, 2018, pp. 158-159). This case examines how Kazakhstan's proactive economic statecraft decisions enhance its ability to manage debt sustainability while pursuing broader economic objectives.

By comparing Sri Lanka and Kazakhstan, this research highlights diverse strategies employed by countries with different economic profiles. This approach aligns with George and Bennett's (2005) advocacy for selecting cases that offer diverse contexts to explore how different variables interact. The selection of these countries, with their contrasting economic structures and geopolitical contexts, enables analysis of how varying levels of economic development and regional influence shape BRI engagement. This focus contributes to understanding recipient country agency within the BRI framework, moving beyond traditional narratives of passive acceptance of Chinese investments.

Primary Methodology: Cross-case Comparison

Cross-case comparison serves as the primary methodology for conducting the comparative analysis between the two case studies of Sri Lanka and Kazakhstan. As defined by Yin (2018, pp. 175-198), cross-case synthesis is a structured method that enables researchers to compare multiple case studies under a consistent set of themes or categories. This approach facilitates the identification of common patterns, unique variations, and overarching trends across different cases. By applying the same analytical framework to each case study, cross-case synthesis enhances the robustness and generalizability of findings (Eisenhardt, 1989, p. 540; Yin, 2014, p. 164). In this thesis, cross-case synthesis will be employed to analyze how Sri Lanka and Kazakhstan engage with BRI projects across four key themes as discussed in the theoretical framework: strategic selection of projects and negotiation of terms, diversification of funding sources, leveraging BRI for economic integration, and capacity building and knowledge transfer.

By examining these themes systematically across both cases, we can identify common strategies employed by recipient countries regardless of their size or economic structure, unique approaches influenced by each country's specific context, and the relative effectiveness of different economic statecraft strategies in managing debt sustainability. This structured comparison allows for a nuanced understanding of how countries with different economic and geopolitical profiles navigate their engagement with the BRI. It enables us to draw broader conclusions about the relationship between economic statecraft and debt sustainability outcomes, while also acknowledging the importance of country-specific factors which is in line with Cunningham's (1997) emphasis on considering the unique context of each case when conducting multiple-case-study research.

Analytical Framework: Thematic Analysis

Thematic analysis (TA) has been chosen as the primary analytical framework for this research due to its flexibility, accessibility, and suitability for cross-case comparison of qualitative data. TA, as outlined by Braun and Clarke (2006) and built upon by Terry, Hayfield, Clarke, & Braun (2017), is not tied to a specific theoretical framework, making it highly adaptable to complex, multifaceted research like the analysis of economic statecraft within the BRI. This flexibility is essential for examining qualitative data such as policy documents, official statements, and project agreements from Sri Lanka and Kazakhstan, which vary widely in context and content.

Thematic analysis is particularly valuable for identifying patterns and themes across diverse datasets, as is stressed by a range of scholars, including Cunningham (1997), Eisenhardt (1989), Orosz (1997), and Terry et al. (2017). Given the comparative nature of this study, it allows for the recognition of both common strategies and unique variations in how Sri Lanka and Kazakhstan engage with China's BRI. The predefined themes outlined in the theoretical framework will serve as the primary coding categories in the thematic analysis. This structured approach will allow for systematic comparison across cases, focusing on how economic statecraft strategies shape debt sustainability outcomes. The coding process will involve identifying relevant patterns, strategies, and outcomes within the context of each theme, thereby linking the theoretical foundation directly to the empirical analysis.

The structured, iterative process of TA enhances the rigor and reliability of the analysis, providing a step-by-step approach from familiarizing oneself with the data to generating codes, refining themes, and producing a cohesive narrative of findings. Its adaptability to comparative studies (Terry et al., 2017) further underscores its suitability for this research, enabling nuanced interpretations of how recipient countries actively influence their BRI engagements.

Qualitative Data: Data Selection

This research employs a comprehensive approach to data collection, utilizing a wide range of primary and secondary sources to ensure a thorough and nuanced analysis of Sri Lanka and Kazakhstan's economic statecraft strategies within the BRI framework. The data collection process spans from 2013 to 2024, covering the period from the BRI's inception to recent developments. For Kazakhstan, over 150 primary sources were analyzed. These included legal documents from the Government of the Republic of Kazakhstan, such as agreements concerning the construction and exploitation of infrastructure projects, resolutions on special economic zones, and various decrees related to national development strategies. Press releases from the Ministry of Foreign Affairs of the People's Republic of China were also examined, with notable examples including the *List of Deliverables of the Second Belt and Road Forum for International Cooperation* (2013) and joint written interviews with media from Central Asian countries. Official data on Kazakhstan's external debt was sourced from the National Bank of Kazakhstan, providing insights into the financial implications of BRI engagements. Furthermore, information from the Prime Minister's office highlighted Kazakhstan-China cooperation and summarized the implementation results of the Nurly Zhol program. In terms of primary sources for Sri Lanka, more than 100 documents were reviewed. Key documents from the Government of Sri Lanka were analyzed, including the *Domestic Debt Optimization Investor Presentation* (2023) and the *Colombo Port City Economic Commission Act* of 2021. Additional sources included statements from the Ministry of Foreign Affairs of the People's Republic of China regarding China-Sri Lanka relations and BRI cooperation, as well as reports from the Board of Investment of Sri Lanka and the Central Bank that provided context for economic conditions and investment climates. National policy frameworks and budget speeches contributed to understanding Sri Lanka's strategic priorities in relation to BRI projects. Press releases detailing loan agreements with China further illustrated the financial dimensions of these engagements.

The analysis is supplemented by a diverse range of secondary sources. For Kazakhstan, 13 key secondary sources were consulted, including reports from international organizations like the International Monetary Fund (IMF) and World Bank, academic articles focusing on Sino-Central Asian engagement, and policy analyses produced by think tanks. For Sri Lanka, approximately 50 secondary sources were reviewed, encompassing academic literature on China-Sri Lanka relations, as well as IMF press releases and country reports that provided insights into economic conditions. Analyses from institutions such as the Asian Development Bank, FitchRatings, and the World Bank Group offered additional perspectives on debt sustainability issues.

This extensive collection of qualitative data ensured methodological triangulation, enhancing the validity and credibility of the findings through cross-verification of information from multiple perspectives. The combination of official government documents, international organization reports, academic literature, and reputable media coverage provides a comprehensive view of BRI engagements in both countries.

Qualitative Data: Coding and Analysis

The data analysis process involves a systematic review of the collected materials, with relevant information extracted and categorized according to the predefined themes of strategic project selection, negotiation of terms, diversification of funding sources, and capacity building. This analysis follows the six-step thematic analysis process outlined by Braun and Clarke (2006), involving familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final analysis. During the thematic analysis process, the initial set of themes and sub-themes underwent several iterations. The themes were refined from an initial broader set to the final four main themes, with sub-themes ultimately eliminated to enhance clarity and facilitate more direct comparison between the two cases. The combination of cross-case comparison and thematic analysis provides a robust framework for exploring how

Sri Lanka and Kazakhstan employ economic statecraft to influence debt sustainability outcomes in BRI projects. This approach aligns with Yin's (2018, p. 288) assertion that case studies can serve both exploratory and explanatory purposes, allowing us to explore how recipient countries shape their BRI engagements while also explaining the outcomes of these strategies on debt sustainability. By systematically analyzing policy documents, official reports, and academic literature through these predefined themes, this study not only identifies common patterns but also recognizes unique variations in economic strategies across both countries.

Chapter 5: Main Analysis

The main body of this thesis explores how Sri Lanka and Kazakhstan employ economic statecraft strategies to influence debt sustainability outcomes in BRI projects. By examining these two case studies, I aim to provide a nuanced understanding of the recipient country agency within the context of large-scale economic initiatives. The analysis is structured around four key themes, as laid out in Table 1., that illuminate different aspects of economic statecraft and their impact on debt sustainability.

Table 1

Key Themes in Economic Statecraft Analysis of BRI Projects

Theme Number	Theme Topic	Theme Purpose
Theme 1	Strategic Selection of Projects and Negotiation of Terms	Examines how recipient countries choose BRI projects and negotiate their terms to align with national development goals while managing debt risks
Theme 2	Diversification of Funding Sources	Explores strategies used by recipient countries to reduce dependence on Chinese financing, enhancing their economic resilience and bargaining power
Theme 3	Leveraging BRI of Economic Integration	Examines how recipient countries utilize BRI projects to advance broader economic integration goals, potentially improving their debt management capacity
Theme 4	Capacity Building and Knowledge Transfer	Explores efforts to enhance local capabilities through BRI engagements, which can influence long-term project sustainability and debt management

Note. These four themes illuminate different aspects of economic statecraft and their impact on debt sustainability.

Before going into the main analysis, let me provide some more context to the case studies and their relationship with the BRI. Kazakhstan and Sri Lanka, despite their geographical and economic differences, have both become significant participants in China's BRI over the past decade. While both countries had existing economic relationships and investments from China prior to 2013, the BRI framework was officially announced that year, providing a new structure for their economic engagement.

Sri Lanka has been an important stop on the Maritime Silk Road since ancient times, which highlights its long-standing strategic importance for China’s BRI endeavors. The country's participation in the BRI is closely tied to its post-war development strategy, seeking to leverage its strategic location in the Indian Ocean to become a key maritime hub. This alignment with the BRI framework has provided a more structured approach to the ongoing economic relationship between Sri Lanka and China. By the end of 2017, Chinese companies had completed over $15 billion worth of infrastructure projects in Sri Lanka (Ministry of Foreign Affairs of the People’s Republic of China, 2018). Additional negotiations were ongoing for projects such as LNG power stations, petroleum refineries, and manufacturing facilities in the Hambantota area (Wijayasiri & Senaratne, 2018, p. 390; Ministry of Foreign Affairs of the People’s Republic of China, 2018). For Sri Lanka, the BRI represents both economic opportunities and challenges. Economically, it offers access to much-needed infrastructure investment and the potential for enhancing its role in global trade

Table 2

Major Belt and Road Initiative Infrastructure Projects in Sri Lanka (2013-2024)

Project Name	Project Description
Hambantota Port Development	This controversial project has become emblematic of Sri Lanka's BRI engagement, involving a $1.12 billion Chinese investment and subsequent 99-year leasing arrangement
Colombo Port City	A $1.4 billion urban development project creating a financial and commercial hub spanning 269 hectares of reclaimed land in South Asia
Southern Railway Development	A comprehensive railway modernization project enhancing connectivity between Colombo and Matara to facilitate trade and passenger transport
Norochcholai Power Station	A 900MW coal power plant addressing Sri Lanka's growing energy needs through three phases of development
Southern Expressway Extension Project	A 96km highway extension project connecting Matara to Hambantota, improving transportation infrastructure in southern Sri Lanka

Note. Project information compiled from South China Morning Post (2017) for Hambantota Port Development; Port City Colombo (2024) for Colombo Port City specifications; AidData (2024) for Southern Expressway Extension Project; Environmental Foundation Limited (2020) for Norochcholai Power Station details; and AidData (2024) for Southern Railway Development data.

networks. As seen in Table 2., the development of ports, highways, and industrial zones aims to boost economic growth and create employment opportunities. Strategically, Sri Lanka seeks to leverage its location to become a key node in the Maritime Silk Road, enhancing its geopolitical significance. However, Sri Lanka's experience also highlights the potential risks associated with BRI engagement. The country has faced debt sustainability challenges, partly attributed to some BRI projects, with 10,6% of its external debt being to China as of 2017, leading to complex renegotiations and concerns about economic sovereignty (Carrai, 2019, p. 1072).

Table 3

Major Belt and Road Initiative Infrastructure Projects in Kazakhstan (2013-2024)

Project Name	Project Description
Western Europe-Western China International Transit Corridor	This ambitious transportation project spans 2,787 km in Kazakhstan, connecting China to Russia through key cities including Almaty, Shymkent, Kyzylorda, and Aktobe
China-Kazakhstan crude oil pipeline	A strategic energy infrastructure project spanning 2,228 km from Atyrau to Alashankou with a maximum capacity of 20 million tonnes per year
China-Central Asia gas pipeline	A crucial energy project with 1,833 km of pipeline network and a capacity of 55 billion cubic meters per annum, connecting Turkmenistan through Uzbekistan and Kazakhstan to China's Xinjiang region
The Khorgos Gateway	A major logistics hub spanning 129.8 hectares on the Kazakhstan-China border, equipped to process up to 540,000 containers annually as a crucial transfer point between Chinese and Kazakh rail systems
Aktau and Kursk port developments	These port development projects enhance Kazakhstan's maritime connectivity in the Caspian Sea with a combined throughput capacity exceeding 17 million tons annually

Note. Project information compiled from Western Europe-Western China International Transit Corridor (2017) for transit corridor details; China Daily (2005, 2006) for pipeline projects; Lowy Institute (2023) for gas pipeline specifications; Astana Times (2016) for Khorgos Gateway data; and Astana Times (2024) for Aktau and Kuryk port developments

Both Kazakhstan and Sri Lanka have seen their BRI involvement evolve over time. Initially focused on large-scale infrastructure projects, there has been a gradual shift towards more diverse sectors, including high-tech industries, renewable energy, and digital technology. This evolution reflects both countries' efforts to align BRI projects more closely with their national development goals and to address concerns about debt sustainability. The first theme examines how both countries strategically select projects and negotiate terms within the BRI framework. This analysis will reveal how their different approaches to project selection and negotiation influence debt sustainability outcomes.

Theme 1: Strategic Selection of Projects & Negotiation of Terms

The strategic selection of projects and negotiation of terms is a critical aspect of economic statecraft in the context of BRI engagements. This theme encompasses how countries choose which projects to pursue and how they negotiate the terms of these projects to align with their national interests and manage debt risks. For Sri Lanka and Kazakhstan, we observe different approaches and priorities in this process, reflecting their unique economic and geopolitical contexts. While Sri Lanka's approach reflects its changing economic needs and political dynamics, Kazakhstan's strategy emphasizes leveraging BRI for specific sectoral development and economic diversification.

Sri Lanka: From Infrastructure Focus to Strategic Planning

Based on the analysis of Sri Lanka's strategic selection of projects and negotiation terms within the BRI framework, several key developments emerge. Sri Lanka's approach to project selection has shifted significantly from an initial focus on large-scale infrastructure projects to a more diverse portfolio. The Hambantota Port development exemplifies the early infrastructure-centric approach. However, recent years have seen a move towards projects in sectors such as IT and tourism, as highlighted by Attanayake (2023). This evolution is evident in the National Policy Framework 'Vistas of Prosperity and Splendour', which emphasizes aligning projects with broader national development goals beyond infrastructure (Government of Sri Lanka, 2019). Alongside this diversification, Sri Lanka's negotiation strategies have evolved from primarily focusing on securing financing to negotiating more favorable terms. Carrai (2019) notes efforts to prioritize domestic supply agreements in energy projects and include local content requirements in contracts. The *Colombo Port City Economic Commission Act* exemplifies this trend, empowering the Commission to approve a wide range of businesses within the Special Economic Zone (SEZ) and allowing it to lease and transfer land and property, potentially providing more control over project implementation (Government of Sri Lanka, 2021).

Political changes have significantly impacted these developments in project selection and implementation. The suspension of the Colombo Port City project under President Sirisena in 2015 illustrates how changes in administration can affect project priorities (Ramachandran, 2015). Dunsby (2023) notes that Sirisena's administration took a more cautious approach towards Chinese investments compared to Rajapaksa's earlier focus on rapid infrastructure development. This political influence is also reflected in the changing priorities evident in budget speeches from 2014 to 2019, showing a shift from infrastructure focus to more diverse sectors (Ministry of Finance, 2014-2019).

In response to these challenges, efforts to enhance governance and transparency in project selection have been implemented. The National Policy Framework outlines the establishment of a *National Policy, Planning and Implementation Commission* to ensure transparency in economic policy formulation (Government of Sri Lanka, 2019). Kelegama (2014) and the country report by the IMF (2023) highlight these mechanisms as reflective of efforts to enhance governance, emphasizing public participation and anti-corruption measures. These findings demonstrate Sri Lanka's evolving approach to managing its engagement with the BRI, showing a learning process in economic statecraft and highlighting the complex interplay between economic strategies and domestic political dynamics in shaping Sri Lanka's BRI engagement.

Kazakhstan: Proactive Project Alignment and Development

Kazakhstan's approach to strategic selection of projects and negotiation of terms within the BRI framework demonstrates a proactive and multifaceted strategy, focusing on infrastructure development, high-tech innovation, and energy sector management. The country has strategically aligned its national development plans with BRI objectives, particularly through the Nurly Zhol program's integration with the Silk Road Economic Belt (Bitabarova, 2018; Schagerl & Soldo, 2023). This alignment focuses on developing transport corridors and logistics capabilities, exemplified by the Western Europe-Western China corridor project, which had a total cost of 6.6 billion USD for the Kazakhstani part (Aminjonov et al., 2019). Kazakhstan’s pivotal geographic position makes it crucial for connecting China to European and West Asian markets (Satubaldina, 2023). The 527 km development supports Kazakhstan's pivotal role in BRI land routes (Office of the Prime Minister of Kazakhstan, 2020, 2021). The rapid integration of the Nurly Zhol program with the Silk Road Economic Belt indicates Kazakhstan's strategic approach to aligning national projects with BRI objectives (Laruelle, 2018; World Bank, 2020). Kazakhstan's commitment to infrastructure development is further demonstrated by projects such as the Kuryk port development, valued at 280 million USD, which aims to increase marine transit capacity and stimulate freight shipments to Europe and the Middle East (Aminjonov et al., 2019). Overall, Kazakhstan’s long-term commitment to infrastructure development is evident from its early heavy investments in the transport network since the 2000s, particularly in cross-border rail routes (World Bank, 2020). Kazakhstan's project selection strategy extends beyond traditional infrastructure to include a focus on high-tech and innovative industries (Government of Kazakhstan, 2018a). The creation of special economic zones like the innovation hub “Astana-Technopolis”, aims to attract investments in innovative and high-tech sectors (Government of Kazakhstan, 2017b; Office of the President of Kazakhstan, 2019; IMF, 2024). This approach is further reinforced in the Nurly Zhol program, which emphasizes developing highly efficient, including high-tech and competitive productions (Office of the Prime Minister of Kazakhstan, 2020, 2021; World Bank, 2020). This focus on innovation and high-tech industries demonstrates Kazakhstan's strategy to leverage BRI investments for economic diversification and technological advancement (Jash & Gokireddy, 2024).

In the energy sector, Kazakhstan's project selection and negotiation strategies reflect a balance between leveraging export opportunities and safeguarding domestic interests. The industrial cooperation between Kazakhstan and China has resulted in 52 projects valued at over $21.2 billion, with half either completed or being implemented (Satubaldina, 2023). The Sarybulak-Zimunay gas pipeline agreement with China exemplifies strategic energy infrastructure development (Government of Kazakhstan, 2013; OSCE Academy, 2020). Notably, Kazakhstan has negotiated terms that prioritize domestic gas supply, demonstrating its commitment to protecting national interests in its BRI engagements. The focus on balancing export opportunities with domestic energy needs is evident in various gas pipeline agreements (Government of Kazakhstan, 2013, 2015). Additionally, Kazakhstan's energy sector strategy includes a focus on developing renewable energy as part of its climate strategy (IMF, 2024), exemplified by significant projects such as the 100-megawatt wind farm in Zhanatas and the Turgusun hydropower plant (Satubaldina, 2023), indicating a forward-looking approach to energy infrastructure development within the BRI framework.

These findings highlight Kazakhstan's sophisticated approach to project selection and negotiation within the BRI. The country leverages its strategic geographic position and existing development plans to maximize benefits from BRI investments while ensuring alignment with national interests. The focus on infrastructure, high-tech industries, and strategic energy development demonstrates Kazakhstan's efforts to use BRI engagement as a catalyst for economic diversification and technological advancement. The negotiation strategies reveal Kazakhstan's ability to secure favorable terms that protect domestic interests while participating in large-scale international initiatives.

Comparative Analysis of Selection Strategies

The analysis reveals both similarities and differences in how Sri Lanka and Kazakhstan approach strategic selection of projects and negotiation of terms within the BRI framework. Both countries have evolved their project selection criteria over time, moving from a focus on large-scale infrastructure to more diverse sectors. They have also implemented strategies to align BRI projects with national development goals and shown efforts to negotiate more favorable terms in their BRI engagements, particularly in protecting domestic interests. However, significant differences are apparent in their approaches. Kazakhstan demonstrates a more proactive and strategic approach, aligning its national development plan Nurly Zhol with BRI objectives from the outset. In contrast, Sri Lanka's approach appears more reactive, evolving in response to challenges and changing political landscapes. Kazakhstan's focus extends beyond traditional infrastructure to high-tech and innovative industries, while Sri Lanka's diversification is more recent and less technologically oriented. Kazakhstan's negotiation strategies, particularly in the energy sector, show a consistent focus on balancing export opportunities with domestic needs. Sri Lanka's negotiation strategies, on the other hand, have evolved more dramatically over time. Political influence on project selection is more pronounced in Sri Lanka, where frequent changes in leadership—typically every four years—lead to shifts in policy and approach regarding BRI engagements. In contrast, Kazakhstan has experienced greater political stability, having had only two presidents over the past 20 years. This continuity contributes to a more consistent policy approach towards

BRI projects. Thus, while Sri Lanka's democratic processes allow for reassessment and potential redirection of BRI engagement, Kazakhstan's political stability enables a sustained focus on long-term strategic goals associated with the initiative (Akhatay, 2024; Schagerl & Soldo, 2023). These differences reflect the countries' distinct economic profiles, geopolitical contexts, and levels of economic development, influencing their capacity to shape BRI engagements.

Implications for Debt Sustainability

The contrasting approaches to project selection and negotiation reveal how these economic statecraft tools directly influence debt sustainability. Kazakhstan's proactive strategy demonstrates three key mechanisms for managing debt: First, systematic project selection through the Nurly Zhol program ensures investments generate sufficient revenue to service associated debt. Second, the focus on high-tech industries creates diverse income streams rather than relying solely on infrastructure returns. Third, consistent negotiation practices, particularly in energy agreements, secure favorable terms that prevent excessive debt accumulation while protecting domestic economic interests.

Sri Lanka's experience provides clear evidence of how project selection and negotiation directly impact debt burden. The initial focus on large-scale infrastructure projects like Hambantota Port created immediate debt obligations without corresponding revenue streams to service them. Political instability further complicated debt management by disrupting project implementation and renegotiation efforts. However, recent developments like the *Colombo Port City Economic Commission Act* show an evolution toward more carefully structured projects with clearer revenue generation mechanisms and stronger negotiating positions.

This comparison reveals that effective debt management through project selection and negotiation depends on three critical factors: institutional stability to maintain consistent negotiating positions, strategic vision to select financially viable projects, and technical capacity to evaluate long-term debt implications. Countries that proactively assess revenue potential and negotiate favorable terms from the outset are better positioned to manage debt sustainability than those taking a reactive approach to project selection and negotiation.

Theme 2: Diversification of Funding Sources

The diversification of funding sources is a crucial aspect of economic statecraft in the context of BRI engagements. This theme examines how countries seek to reduce reliance on Chinese financing and enhance their economic resilience through various strategies. Sri Lanka's approach focusses on enhancing domestic resource mobilization, engaging with international financial institutions, and implementing export-led financing strategies to address debt sustainability concerns stemming from heavy borrowing. In contrast, Kazakhstan emphasizes domestic resource mobilization, a multi-vector foreign policy to balance relationships with major powers, and sector diversification strategies that extend beyond natural resources, reflecting its broader economic development goals.

Sri Lanka: Evolution of Financial Management

The analysis of Sri Lanka's diversification of funding sources within the context of the BRI reveals significant shifts in strategy aimed at enhancing economic resilience and managing debt sustainability. Historically, Sri Lanka has relied heavily on foreign loans, particularly from China, to finance major infrastructure projects such as the Hambantota Port (Carrai, 2019, pp. 1068, 1072). This reliance has resulted in substantial debt accumulation, prompting the need for a strategic shift. In 2014, Sri Lanka was grappling with significant economic challenges, including a fiscal deficit of 5.9% of GDP and a current account deficit of 2.6% of GDP (IMF, 2015). These issues were exacerbated by the need to service substantial external debt, which stood at 59.6% of GDP in 2013 (IMF, 2014; World Bank, 2015). The economic struggles during this period prompted the government to seek new strategies for financing and managing its debt. The 2014 budget speech highlights efforts to diversify funding sources by mentioning that “The Government and banks have mobilized funds with 5 -10 year maturities through internationally traded bonds”, indicating an early recognition of the need to enhance domestic financial capabilities (Ministry of Finance, 2014). As the country has moved through the BRI years, recent reports indicate a gradual shift towards domestic resource mobilization, with an increasing emphasis on improving tax collection as part of broader fiscal reforms (IMF, 2023). Sri Lanka faced significant economic challenges in 2014, necessitating a change in its funding strategy. This need was underscored by the growing debt burden and reliance on foreign loans. By 2016, Chinese loans comprised 9% of Sri Lankan government debt (excluding SOE borrowing) (Hameiri & Jones, 2020, p. 16), and 15% of all Sri Lanka public entity external debt (Sautman & Hairong, 2019). In 2016, Sri Lanka engaged with the IMF for a $1.5 billion Extended Fund Facility to address balance of payments issues (IMF, 2016). By 2023, the IMF approved a $2.9 billion Extended Fund Facility aimed at crisis management (IMF, 2023). The evolution of budget speeches reflects this transition from seeking diverse funding sources in 2014 to more explicit engagement with multilateral institutions like the IMF in subsequent years, highlighting the importance of multilateral partnerships in addressing economic challenges. Despite these diversification efforts, Sri Lanka's reliance on Chinese financing has actually increased, with Chinese debt reaching US$ 7.4 billion by the end of 2021, representing 19.6% of Sri Lanka's total public external debt of US$ 37.6 billion (Moramudali & Panduwawala, 2022).

Sri Lanka's focus on export diversification is evident in strategic documents that outline plans for developing new export sectors beyond traditional commodities. The National Export Strategy (NES) initiated in 2018 emphasizes diversifying into sectors such as IT services and boat building to improve foreign exchange earnings and reduce vulnerability to external shocks (Sri Lanka Export Development Board, 2018). Earlier initiatives, such as the Export Development Act of 1979, laid the groundwork for these strategies by promoting export-oriented industries. The NES reflects a long-term vision that aligns with BRI objectives and is indicative of Sri Lanka's commitment to enhancing its export capabilities as a means of achieving financial stability (Sri Lanka Export Development Board, 2018).

The urgency for debt restructuring has become increasingly pronounced as Sri Lanka faces significant economic challenges stemming from its borrowing practices. Early concerns about debt sustainability were raised during the BRI project negotiations, particularly regarding projects like

Hambantota Port. Reports indicate ongoing negotiations with creditors to manage existing debts effectively (Ministry of Finance, 2023). This reflects a shift in approach towards more proactive debt management strategies that emphasize restructuring and renegotiating terms for existing projects. Recent agreements with bondholders and official creditors demonstrate an increasing emphasis on debt restructuring as part of crisis management strategies (IMF, 2023), indicating a growing awareness of the need to balance economic integration goals with sustainable debt management.

The findings indicate that Sri Lanka's approach to diversifying funding sources has transformed in response to mounting economic pressures and the need for sustainable financial management. Sri Lanka has made efforts to shift to a more balanced strategy that emphasizes domestic resource mobilization, which reflects a growing recognition of the importance of enhancing local financial capabilities. Engagement with international financial institutions, particularly the IMF, highlights Sri Lanka's proactive efforts to secure multilateral support, which is crucial for crisis management and long-term economic stability. While Sri Lanka has attempted to shift from heavy reliance on foreign loans, Chinese debt has actually increased to 19.6% of Sri Lanka's total public external debt by 2021, indicating persistent and growing dependence on Chinese financing despite diversification efforts. However, the focus on export-led financing strategies underscores Sri Lanka's commitment to improving foreign exchange earnings through diversification into new sectors, such as IT services and boat building. This strategic pivot aims to bolster economic resilience and aligns more with broader national development goals. This shift in approach over the past decade indicates a strategic effort to improve economic resilience while addressing pressing debt sustainability concerns, despite not always being successful.

Kazakhstan: Multi-Vector Financial Strategy

Kazakhstan's approach to diversifying funding sources within the BRI framework reflects a strategic effort to enhance economic resilience and reduce reliance on external financing. The country has emphasized attracting both foreign and domestic investments as part of its Nurly Zhol program, which aims to develop infrastructure and enhance economic growth (Office of the Prime Minister of Kazakhstan, 2020). Recent government documents indicate efforts to reduce the budget deficit and increase state budget revenues, showcasing a commitment to domestic resource mobilization (National Bank of Kazakhstan, 2024). Notably, Kazakhstan has not relied heavily on Chinese financing for BRI projects, with approximately $9.5 billion owed to China as of 2024, which represents only about 5.7% of its total external debt (National Bank of Kazakhstan, 2024). This relatively modest level of Chinese financing indicates a diversified funding strategy that includes various international partners and domestic resources (World Bank, 2020). By 2019, the country's total public debt was approximately 20% of GDP, with only half being external debt, suggesting a concerted effort to rely more on domestic funding sources (World Bank, 2020). Additionally, the implementation of fiscal consolidation measures, including reductions in capital expenditure, further illustrates Kazakhstan's focus on strengthening its domestic financial base (World Bank, 2020).

Kazakhstan's multi-vector foreign policy plays a crucial role in its approach to diversifying funding sources. This strategy aims to balance relationships with major powers such as China, Russia, and the United

States while maintaining national sovereignty (Clarke, 2015). By engaging with various international partners—including the European Union and other regional players—Kazakhstan enhances its negotiating position and reduces dependency on any single country for financing (Sim & Aminjonov, 2024; Laruelle, 2018; IMF, 2024). This multi-faceted approach allows Kazakhstan to secure diverse funding opportunities while fostering a stable geopolitical environment conducive to economic growth.

Kazakhstan's diversification strategy extends beyond funding sources to include investments in various sectors beyond natural resources. The Nurly Zhol program emphasizes developing transport, energy, and industrial infrastructure as part of a broader economic diversification effort (Office of the Prime Minister of Kazakhstan, 2020, 2021; World Bank, 2011, 2023). The focus on developing non-oil sectors is particularly critical for reducing vulnerability to fluctuations in global oil prices (World Bank, 2020). Furthermore, Kazakhstan is investing in high-tech industries and innovation as part of its strategy to move up the value chain in the global economy. Government documents from 2013-2018 highlight initiatives aimed at fostering high-tech development and creating an environment conducive to innovation (Government of Kazakhstan, 2013, 2015, 2017a, 2017b, 2018a). The establishment of the Astana International Financial Centre also reflects Kazakhstan's commitment to becoming a regional financial hub that attracts diverse investments and enhances its economic profile (IMF, 2024). By promoting sector diversification alongside funding diversification strategies, Kazakhstan aims to build a more resilient economy capable of withstanding external shocks.

The analysis of Kazakhstan's diversification of funding sources within the BRI framework reveals a proactive approach that underscores the country's agency in managing its economic and debt sustainability. By emphasizing domestic resource mobilization, Kazakhstan aims to enhance its financial independence and reduce vulnerability to externalities. Kazakhstan's multi-vector foreign policy further enhances its negotiating power, enabling it to balance relationships with major powers while securing diverse funding opportunities. This strategy mitigates risks associated with over-dependence on any single partner, including China. The focus on sector diversification, particularly in high-tech industries and infrastructure development, indicates a long-term vision for economic resilience that goes beyond natural resource dependence. Overall, these economic statecraft strategies reflect Kazakhstan's capacity to shape its engagement with the BRI actively. By strategically managing its relationships and diversifying funding sources, Kazakhstan demonstrates a commitment to sustainable economic growth and a nuanced understanding of the complexities involved in international partnerships. This approach not only supports its immediate financial needs but also positions Kazakhstan favorably within the broader context of regional economic integration and development.

Comparative Analysis of Funding Approaches

The analyses of Kazakhstan and Sri Lanka reveal both similarities and differences in their approaches to diversifying funding sources within the BRI framework, with significant implications for debt sustainability. Both countries emphasize domestic resource mobilization as a key strategy. Sri Lanka has enhanced tax collection and improved local financial capabilities, whilst still relying heavily on loans from China.

Similarly, Kazakhstan has focused on attracting both foreign and domestic investments through initiatives like the Nurly Zhol program, aiming to strengthen its financial independence. However, Kazakhstan has maintained a more balanced external debt profile, with only about 5.7% of its total external debt in 2024 owed to China, while Sri Lanka's dependence on Chinese financing has been much higher with 19.6% of its total public external debt in 2021. In terms of engagement with international financial institutions, Sri Lanka has increasingly relied on multilateral support, exemplified by its $2.9 billion Extended Fund Facility from the IMF in 2023. This shift highlights a proactive approach to managing economic challenges. In contrast, Kazakhstan's multi-vector foreign policy allows it to engage with various international partners, reducing dependency on any single country and enhancing its negotiating power. Both countries prioritize sector diversification; however, Kazakhstan's strategy extends beyond natural resources into high-tech industries and infrastructure development, reflecting a long-term vision for economic resilience. In contrast, Sri Lanka's focus on export-led financing strategies is still developing, with recent initiatives aimed at diversifying its export base. Overall, while both countries recognize the importance of diversifying funding sources to enhance economic resilience and manage debt sustainability, Kazakhstan's approach appears more robust due to its balanced external debt profile and proactive multi-vector foreign policy. Sri Lanka's ongoing efforts to shift from reactive to proactive strategies indicate a recognition of the need for sustainable financial management in an increasingly complex economic landscape.

Implications for Debt Sustainability

The contrasting approaches to funding diversification reveal distinct mechanisms for managing debt sustainability. Kazakhstan's proactive strategy demonstrates how multiple funding channels strengthen debt management capacity. Through fiscal consolidation, the country has enhanced its domestic revenue generation, reducing reliance on external borrowing. Its multi-vector diplomacy creates flexibility in financing options, allowing Kazakhstan to negotiate better terms and avoid over-dependence on any single lender. Most importantly, comprehensive sector diversification beyond natural resources generates sustainable income streams that strengthen the country's debt servicing capability.

Sri Lanka's experience highlights both the challenges and opportunities in transitioning funding strategies. While initiatives like the National Export Strategy and IMF engagement show promise for expanding funding options, the country faces structural constraints in implementing these changes effectively. The persistence of high external financing needs, despite diversification efforts, demonstrates how initial funding patterns can create path dependencies that require broader economic reforms to overcome. Sri Lanka's ongoing fiscal and current account challenges underscore how funding diversification must be accompanied by fundamental improvements in revenue generation and economic structure.

This analysis reveals that effective funding diversification shapes debt sustainability through three key mechanisms: creating multiple revenue streams through domestic resource mobilization, enhancing negotiating power through balanced international partnerships, and developing new income sources through sector diversification. The success of these mechanisms depends on strong institutional frameworks and consistent policy implementation, highlighting how funding diversification serves as a fundamental tool for long-term debt management rather than just a means of varying funding sources.

Theme 3: Leveraging BRI for Economic Integration

Leveraging the BRI for economic integration examines how Sri Lanka and Kazakhstan utilize BRI projects to advance their broader economic integration goals, potentially enhancing their capacity to manage debt and foster sustainable development. This theme is crucial for understanding how recipient countries employ economic statecraft to maximize the benefits of BRI participation beyond individual projects, reflecting their unique geographical advantages and economic aspirations. Both countries aim to leverage their strategic locations to become regional hubs and integrate into global value chains. However, their strategies diverge based on their distinct geopolitical contexts and economic structures. Sri Lanka's focus on balancing international relations reflects its need to navigate complex regional dynamics, while Kazakhstan emphasizes regional cooperation, leveraging its position in Central Asia. These strategies demonstrate how countries with different economic profiles and geopolitical contexts actively shape their BRI engagements to enhance economic integration and resilience, ultimately influencing their debt sustainability outcomes.

Sri Lanka: Maritime Hub Development

Sri Lanka's approach to leveraging the BRI for economic integration focuses on three key strategies: establishing itself as a regional hub, balancing international relations, and integrating into global value chains. Through major infrastructure projects, Sri Lanka aims to position itself as a logistics and trading hub in South Asia. The Colombo Port City and Hambantota Port developments are central to this strategy, designed to enhance Sri Lanka's role in regional maritime trade (Wijayasiri & Senaratne, 2018). The *Colombo Port City Economic Commission Act* explicitly promotes the SEZ as a leading economic zone in the region, underscoring the government's commitment to this vision (Government of Sri Lanka, 2021). This strategy aligns with Sri Lanka's geographical advantage as an island nation strategically located along major shipping routes. By leveraging BRI investments and partnerships to develop major infrastructure projects like the Colombo Port City and Hambantota Port, Sri Lanka aims to transform these initiatives into catalysts for broader regional economic integration. Particularly, the development of the Colombo Port City is intended to facilitate regional trade routes and establish Sri Lanka as a key logistics and trading hub in South Asia, potentially increasing its economic influence and integration within regional and global trade networks (Belt and Road Forum for International Cooperation, 2023).

Sri Lanka's approach to international relations within the BRI framework has evolved significantly over time. Initially, the country heavily focused on attracting Chinese investment for large-scale infrastructure projects, which raised concerns about over-reliance on a single partner. Recognizing these potential risks, Sri Lanka has shifted towards a more balanced engagement strategy that includes strengthening ties with other regional powers, notably India and Japan (Kelegama, 2014). This strategic pivot is reflected in budget speeches that illustrate a transition from a heavy reliance on Chinese investments in 2014-2015 to a more diversified approach in subsequent years (Shetty, 2022; Ministry of Finance, 2014-

2019). By fostering relationships with multiple partners, Sri Lanka aims to maximize the benefits of BRI participation while mitigating geopolitical risks and enhancing its strategic autonomy. This balancing act not only supports Sri Lanka's economic integration efforts but also positions the country to navigate complex regional dynamics effectively, ensuring that it can leverage its geographical advantages while maintaining diverse international partnerships.

Sri Lanka's strategy for leveraging the BRI extends beyond physical infrastructure to include efforts to integrate into global value chains. This approach focuses on developing key sectors that can enhance Sri Lanka's position in international trade networks. Initiatives targeting sectors such as Information Technology-Business Process Management (IT-BPM) and tourism are seen as critical for moving up value chains (Dunsby, 2023). The NES initiated in 2018 emphasizes the development of these export-oriented sectors to facilitate Sri Lanka's integration into global value chains (Sri Lanka Export Development Board, 2018). This focus on service-oriented and high-value sectors represents a strategic effort to diversify Sri Lanka's economy beyond traditional exports and capitalize on emerging global economic trends.

Sri Lanka's efforts to leverage the BRI for economic integration began in earnest around 2014, with significant investments in infrastructure projects like the Hambantota Port and Colombo Port City. Initially, these projects were seen as pathways to enhance regional connectivity and establish Sri Lanka as a logistics hub. However, the rapid accumulation of debt from these projects has led to serious economic challenges, including concerns about debt sustainability and strategic concessions, such as the 99-year lease of Hambantota Port to China in 2017 (Carrai, 2019). As Sri Lanka has sought to diversify its international partnerships and integrate into global value chains, the early focus on heavy Chinese investment has evolved into a more balanced approach. This shift reflects an awareness of the potential risks associated with over-reliance on a single partner. Ultimately, while Sri Lanka's BRI engagements have provided opportunities for economic development, they have also highlighted the need for careful management of debt and strategic partnerships to ensure sustainable economic integration moving forward.

Kazakhstan: Eurasian Connectivity Development

Kazakhstan's approach to leveraging the BRI for economic integration focuses on developing as a transit hub, fostering regional cooperation, and integrating into global value chains. The country aims to position itself as a *transcontinental bridge between Europe and Asia* (Bitabarova, 2018; Schagerl & Soldo, 2023; IMF, 2024; World Bank, 2020). This strategy is exemplified by the development of the Western Europe-Western China corridor, which enhances Kazakhstan's role as a key transit hub. The country is also expanding port capacities at Aktau and Kuryk to facilitate trans-Caspian trade routes (Office of the Prime Minister of Kazakhstan, 2018a, 2020, 2021; World Bank, 2020). These infrastructure developments are crucial for Kazakhstan's ambition to become a central node in Eurasian trade networks.

Kazakhstan actively participates in regional initiatives to strengthen its economic integration. The country is a member of the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Union (EEU) (Clarke, 2015; Laruelle, 2018; OSCE Academy, 2020). Kazakhstan has proposed linking the SCO, EEU, and EU into a single regional prosperity area through the Silk Road Economic Belt (Office of the

President of Kazakhstan, 2017). This proposal demonstrates Kazakhstan's vision for comprehensive regional integration. The World Bank (2020) notes Kazakhstan's active participation in regional initiatives and efforts to improve connections with neighboring countries, further emphasizing its commitment to regional cooperation.

Kazakhstan's strategy for global value chain integration focuses on developing competitive and high-tech industries to integrate into higher-value segments of global production (Office of the Prime Minister of Kazakhstan, 2018b; World Bank, 2020; Office of the President of Kazakhstan, 2023). The country has entered into agreements in sectors such as automotive, metallurgy, and high-tech industries to enhance local capabilities and global competitiveness (Ministry of Foreign Affairs of the People's Republic of China, 2015, 2016, 2023). The World Bank (2020) highlights Kazakhstan's potential in exporting high-value, differentiated downstream 'worked' metal products, indicating a shift towards more sophisticated manufacturing and export capabilities.

Kazakhstan's active engagement with the BRI demonstrates its strategic approach to leveraging international initiatives for economic integration. By aligning BRI projects with its national development goals and positioning itself as a key transit hub, Kazakhstan showcases how countries can proactively shape their participation in large-scale economic initiatives. This approach not only enhances Kazakhstan's role in Eurasian trade networks but also exemplifies how nations can utilize economic statecraft to maximize the benefits of international partnerships while pursuing broader economic integration objectives. Kazakhstan's active participation in regional organizations like the SCO and EEU, as well as its proposal to link these with the EU through the Silk Road Economic Belt, demonstrates how the country leverages the BRI framework to enhance its economic integration. By aligning its regional cooperation efforts with BRI initiatives, Kazakhstan aims to maximize the benefits of infrastructure development and trade facilitation projects, positioning itself as a key player in Eurasian economic networks and enhancing its ability to shape regional economic dynamics. Kazakhstan's focus on global value chain integration through the development of high-tech industries and strategic sector agreements aligns closely with BRI objectives, allowing the country to leverage BRI investments and partnerships to enhance its position in international production networks. By utilizing BRI resources and connections to upgrade its industrial capabilities and export potential, Kazakhstan aims to transform its economy from a primarily resource-based model to a more diversified and globally integrated one, thus maximizing the economic integration benefits of its BRI participation. These strategies demonstrate Kazakhstan's proactive approach to leveraging the BRI for broader economic integration.

Comparative Analysis of Integration Strategies

Sri Lanka and Kazakhstan leverage BRI projects differently based on their unique contexts, reflecting their distinct economic profiles, geopolitical positions, and development priorities. Sri Lanka's approach has been more reactive and focused on immediate economic gains, initially relying heavily on Chinese investments for large-scale infrastructure projects. However, challenges with debt sustainability and strategic concessions, such as the 99-year lease of Hambantota Port, have led to a more cautious and balanced approach over time.

This evolution demonstrates Sri Lanka's learning process in managing international partnerships and highlights the complexities smaller nations face in leveraging large-scale initiatives. In contrast, Kazakhstan's engagement with the BRI has been more strategic and proactive from the outset. Its approach aligns closely with national development goals and regional cooperation initiatives, reflecting a more comprehensive vision for economic integration. Kazakhstan's focus on becoming a key transit hub and its efforts to integrate into global value chains through high-tech industries showcase a more diversified strategy for leveraging BRI investments. Kazakhstan's more diversified economy allows for a broader range of BRI engagements, while Sri Lanka's limited economic diversification has led to a narrower focus on infrastructure and service sectors. Furthermore, Kazakhstan's central location in Eurasia provides more opportunities for regional cooperation and transit hub development, while Sri Lanka's island status focuses its strategy on maritime trade. Kazakhstan's proactive approach suggests stronger institutional capacity to manage complex international initiatives, whereas Sri Lanka's evolving strategy indicates a need for capacity building in this area.

Implications for Debt Sustainability

The contrasting approaches to economic integration reveal direct impacts on debt management capabilities through distinct mechanisms. Kazakhstan's comprehensive strategy strengthens debt sustainability in three ways: First, its position as a transit hub generates immediate revenue through transit fees and logistics services, providing steady income streams for debt servicing. Second, participation in multiple regional organizations like SCO and EEU diversifies financing options and strengthens negotiating leverage with creditors. Third, integration into global value chains through high-tech industries creates higher-value exports, improving foreign exchange earnings essential for managing external debt obligations.

Sri Lanka's economic integration journey demonstrates the relationship between integration strategies and debt management outcomes. The initial focus on infrastructure-led integration created immediate debt servicing pressures without generating sufficient revenue streams. While maritime hub development remains capital-intensive, recent strategic shifts show promise for debt sustainability: diversification into IT-BPM services provides higher-margin income sources with lower capital requirements, and balanced international partnerships have expanded access to varied financing options, reducing dependence on single-source borrowing.

The evidence demonstrates how economic integration directly influences debt sustainability through three primary channels: revenue generation capacity, access to diverse financing sources, and foreign exchange earnings potential. Kazakhstan's multi-faceted integration approach has created robust mechanisms for debt management through diversified income streams and strong institutional frameworks. Meanwhile, Sri Lanka's evolution toward balanced partnerships and sector diversification shows growing recognition that sustainable debt management requires integration strategies that generate reliable revenue streams while minimizing capital-intensive dependencies.

Theme 4: Capacity Building and Knowledge Transfer

Capacity building and knowledge transfer examine how Sri Lanka and Kazakhstan leverage BRI engagements to enhance their domestic capabilities. This is a crucial aspect of economic statecraft that directly impacts long-term debt sustainability. This theme explores how recipient countries actively seek to maximize the developmental benefits of BRI projects beyond immediate infrastructure gains. The similarity in approach for both countries reflects the universal importance of human capital development, technology transfer, and institutional capacity building in fostering sustainable economic growth. By analyzing how Sri Lanka and Kazakhstan approach capacity building and knowledge transfer, we can gain insights into their long-term strategies for enhancing economic resilience. This theme highlights how countries use economic statecraft to transform BRI engagements into catalysts for domestic capacity enhancement, ultimately influencing their ability to manage debt and pursue sustainable development.

Sri Lanka: Targeted Institutional Development

Sri Lanka's approach to capacity building and knowledge transfer within the context of the BRI focuses on three key areas: human capital development, technology transfer, and institutional capacity building. The country has placed significant emphasis on enhancing local workforce capabilities, particularly in export-oriented sectors. This focus is evident in the NES, which outlines skills development programs tailored to these sectors (Sri Lanka Export Development Board, 2018). The government's commitment to specialized education is further demonstrated in the 2019 National Policy Framework, which mentions establishing a Police University and a Sports University to enhance skills in specific sectors (Government of Sri Lanka, 2019). These initiatives reflect Sri Lanka's recognition of the importance of developing a skilled workforce to support its economic integration goals and maximize the benefits of BRI projects.

In terms of technology transfer, Sri Lanka's efforts are primarily focused on promoting innovation and entrepreneurship, especially in key sectors. The NES emphasizes promoting innovation and entrepreneurship, especially in IT-BPM, and the boating industry. This strategic focus indicates Sri Lanka's intent to leverage BRI engagements to enhance its technological capabilities and move up the value chain in global markets (Sri Lanka Export Development Board, 2018). Dunsby (2023) notes the promotion of research and development through partnerships with international firms, suggesting a concerted effort to facilitate technology transfer and boost domestic innovation capabilities.

Sri Lanka has also undertaken several initiatives to strengthen its institutional capacity, particularly in areas related to trade facilitation and project management. The IMF (2023) documents reforms aimed at improving public sector management, which are crucial for enhancing trade facilitation capabilities. These reforms emphasize better governance practices, indicating Sri Lanka's commitment to creating a more efficient and transparent institutional framework. A significant development in institutional capacity building is the establishment of the Colombo Port City Economic Commission through the Colombo Port City Economic Commission Act (Government of Sri Lanka, 2021). This Commission represents an effort to create specialized institutions capable of managing complex economic zones and international engagements effectively.

These findings demonstrate Sri Lanka's multifaceted approach to capacity building and knowledge transfer within the BRI framework. By focusing on human capital development, technology transfer, and institutional capacity building, Sri Lanka aims to enhance its ability to leverage BRI projects for long-term economic development. The emphasis on export-oriented skills development and sector-specific innovation suggests a strategic alignment with Sri Lanka's broader economic integration goals. Meanwhile, efforts to improve institutional capacity, particularly in public sector management and specialized economic zones, indicate an awareness of the need for robust governance structures to effectively manage and benefit from BRI engagements. The success of these initiatives will depend on their consistent implementation and the ability to adapt to changing economic circumstances. The focus on specific sectors like IT-BPM and the boating industry in technology transfer efforts suggests a targeted approach, which may need to be balanced with broader capacity building across various economic sectors to ensure comprehensive development.

Kazakhstan: Comprehensive Capability Enhancement

Similarly, Kazakhstan's approach to capacity building and knowledge transfer within the BRI framework also focuses on human capital development, technology transfer, and institutional capacity building. The country has placed significant emphasis on developing its human capital through various initiatives. The Nurly Zhol program, a key component of Kazakhstan's BRI engagement, has created over 400,000 jobs, indicating a strong focus on employment and skills development (Office of the Prime Minister of Kazakhstan, 2019). This program also includes investments in schools and kindergartens, suggesting a long-term strategy to develop human capital from an early age. The country's focus on education and human capital development extends to plans for improving higher education and vocational training (IMF, 2024). Additionally, Kazakhstan has initiated programs to develop digital skills and promote innovation, addressing the evolving needs of a modern economy (Government of Kazakhstan, 2018b). These efforts are partly aimed at addressing issues like brain drain, as noted by Laruelle (2018), highlighting Kazakhstan's proactive approach to retaining and developing talent.

Kazakhstan has actively pursued technology transfer opportunities through its BRI engagements. The country has entered into agreements involving technology transfer and local production in sectors such as automotive and metallurgy (Government of Kazakhstan, 2014a, 2014b). These agreements aim to enhance Kazakhstan's technological capabilities and foster domestic industry development. The proposal to establish an International Silk Road Academy of Sciences for scientific cooperation and knowledge transfer further demonstrates Kazakhstan's commitment to acquiring advanced technologies through international partnerships. However, Laruelle (2018) notes potential gaps in “soft infrastructure” development, including fostering high-level human skills, suggesting areas for improvement in Kazakhstan's technology transfer strategy.

In terms of institutional capacity building, Kazakhstan has made significant efforts to enhance its capabilities, particularly in managing complex international economic relationships. The country's involvement in intricate financial arrangements within the SCO indicates efforts to build capacity in managing international economic relationships (Government of Kazakhstan, 2018c). There is also a strong emphasis on improving governance and transparency to enhance Kazakhstan's creditworthiness, as evidenced in presidential speeches on national strategy (Office of the President of Kazakhstan, 2023). The IMF (2024) reports on Kazakhstan's plans to reform public administration and improve governance, while the World Bank (2020) notes efforts to strengthen the public investment management framework. These initiatives demonstrate Kazakhstan's commitment to developing robust institutions capable of effectively managing BRI projects and international economic engagements.

Overall, Kazakhstan's approach to capacity building and knowledge transfer within the BRI framework is comprehensive and forward-looking. The focus on creating highly efficient, high-tech productions in the Nurly Zhol program underscores the country's ambition to leverage BRI engagements for long-term economic development. Agreements for localized production and technology transfer, such as the assembly of trucks with Sinotruk International, exemplify Kazakhstan's strategy to combine foreign expertise with local capacity building (Office of the Prime Minister of Kazakhstan, 2024). These efforts across human capital development, technology transfer, and institutional capacity building reflect Kazakhstan's proactive stance in maximizing the developmental benefits of its BRI participation.

Comparative Analysis of Development Approaches

The analysis of capacity building and knowledge transfer strategies reveals both similarities and differences in Sri Lanka's and Kazakhstan's approaches. Both countries focus on three key areas: human capital development, technology transfer, and institutional capacity building. In human capital development, both prioritize skills enhancement, though Kazakhstan's approach through Nurly Zhol is more comprehensive, creating over 400,000 jobs and investing in education from early stages, while Sri Lanka focuses more specifically on export-oriented sectors and specialized institutions.

In technology transfer, both countries target strategic sectors - Sri Lanka emphasizing IT-BPM and maritime industries, Kazakhstan focusing on automotive and metallurgy. However, Kazakhstan's approach demonstrates broader integration with its national development framework, linking technology acquisition to industrial development goals. Both countries have also strengthened institutional capacity, with Sri Lanka establishing specialized bodies like the Colombo Port City Economic Commission and Kazakhstan implementing reforms in public administration and investment management.

The key distinction lies not in the tools themselves but in their implementation. Kazakhstan's systematic alignment of capacity building with national development goals reflects a more integrated approach, while Sri Lanka's targeted strategy, though promising, faces challenges in consistent implementation due to economic constraints and political volatility. Both countries must address the risk of creating isolated pockets of capacity without achieving broader economic transformation, though Kazakhstan's more comprehensive framework may provide greater resilience against this challenge.

Implications for Debt Sustainability

The analysis of capacity building and knowledge transfer strategies reveals concrete mechanisms through which domestic capabilities influence debt sustainability. Kazakhstan's comprehensive approach demonstrates three key pathways: First, systematic human capital development through the Nurly Zhol program has created technical expertise for evaluating project viability before taking on debt. Second, technology transfer agreements in strategic sectors have enhanced revenue-generating capacity, strengthening debt servicing ability. Third, institutional frameworks like the Astana International Financial Centre have improved Kazakhstan's capacity to structure complex financing arrangements and monitor debt obligations.

Sri Lanka's experience illustrates how capacity building directly affects debt management outcomes. The Colombo Port City Economic Commission represents an attempt to create specialized oversight of large-scale projects, though its effectiveness has been constrained by broader institutional limitations. The focus on export-oriented skills development aims to generate foreign exchange earnings crucial for debt servicing, but implementation challenges have limited its impact on debt management capabilities. These initiatives demonstrate how institutional capacity directly influences a country's ability to evaluate project risks and structure sustainable financing arrangements.

The evidence reveals that effective debt management through capacity building requires both technical expertise and robust institutional frameworks. Kazakhstan's investment in comprehensive capabilities has enhanced its debt sustainability by improving project selection, strengthening negotiation positions, and creating mechanisms for monitoring financial obligations. Sri Lanka's experience shows that isolated capacity building initiatives, without supporting institutional reforms, cannot effectively strengthen overall debt management capabilities. This comparison demonstrates that sustainable debt management depends on developing integrated capabilities across technical evaluation, project implementation, and financial oversight.

Chapter 6: Comparative Analysis of Economic Statecraft in Sri Lanka and Kazakhstan

Comparative Insights

This thesis has explored how Sri Lanka and Kazakhstan employ economic statecraft strategies to influence debt sustainability outcomes in BRI projects. Both countries pursue distinct strategic visions - Kazakhstan's ambition as an independent regional power and Sri Lanka's goal as a key Indian Ocean trade hub - through four interconnected economic statecraft tools.

Project selection serves as the foundation by determining revenue generation potential and initial debt exposure. Kazakhstan's systematic approach through Nurly Zhol ensures investments generate sufficient income for debt servicing and attract diverse financing sources. In contrast, Sri Lanka's initial focus on large-scale infrastructure projects like Hambantota Port and Colombo Port City created immediate debt obligations without adequate revenue streams, leading to strategic concessions as demonstrated by Hambantota's 99-year lease to China in 2017.

Funding diversification builds upon project selection through multiple channels for debt management. Kazakhstan's multi-vector strategy combines domestic resource mobilization with balanced international partnerships, strengthening its negotiating position with creditors and contributing to a stable debt-to-GDP ratio. Sri Lanka's efforts to diversify funding sources, including engagement with multilateral institutions like the IMF, remain constrained by earlier project choices and structural limitations, with Chinese financing increasing to 19.6% of total public external debt by 2021.

Economic integration amplifies these mechanisms by generating sustainable revenue streams. Kazakhstan's position as a transit hub creates immediate income through logistics services and high-tech industries, while participation in regional organizations strengthens negotiating leverage. This systematic development of transit corridors illustrates how coordinated deployment of tools creates sustainable outcomes, using capacity building to support project selection and leveraging diverse funding for implementation. Sri Lanka's infrastructure-led integration initially increased debt pressure, though recent diversification into IT-BPM services shows potential for more sustainable outcomes.

Capacity building underpins the effectiveness of all other tools through institutional frameworks and human capital development. Kazakhstan's comprehensive approach enhances project evaluation capabilities and creates mechanisms for monitoring financial obligations, enabling it to balance export opportunities with domestic priorities in a self-reinforcing cycle. Sri Lanka's limited institutional capacity and political instability disrupt this cycle, as shifting priorities hamper consistent implementation of strategic approaches, despite efforts to align projects with national development goals.

This integrated approach demonstrates how initial choices in economic statecraft tools create path dependencies that influence subsequent options and outcomes. While Kazakhstan's proactive strategy demonstrates effective coordination of all tools, Sri Lanka's experience highlights how structural limitations and institutional constraints can perpetuate dependency patterns despite efforts to adopt more strategic approaches. The contrast between Kazakhstan's comprehensive strategy and Sri Lanka's sector-specific initiatives emphasizes how fragmented approaches to tool deployment may limit effectiveness without broader institutional reforms and economic stability.

Structural Determinants of BRI Outcomes

The comparative analysis reveals how three key structural factors shape the effectiveness of economic statecraft tools in managing BRI engagement. Initial conditions significantly influence tool deployment capabilities. Kazakhstan's established institutional frameworks and diversified economic base provided a strong foundation for implementing comprehensive strategies from the outset. In contrast, Sri Lanka's pre-existing debt burden and limited institutional capacity constrained its ability to deploy economic statecraft tools effectively, leading to reactive rather than proactive approaches.

Institutional frameworks play a decisive role in enabling or constraining strategy implementation. Kazakhstan's stable governance structure allows for consistent policy execution across all four economic statecraft tools, particularly evident in its systematic project evaluation processes and coordinated capacity building initiatives. Sri Lanka's fragmented political landscape has disrupted policy continuity, compromising the effectiveness of its economic statecraft tools and hindering the development of robust institutional mechanisms for project oversight.

Economic structure fundamentally influences tool effectiveness. Kazakhstan's diversified economy provides multiple channels for deploying economic statecraft tools, from leveraging various sectors for project selection to creating diverse revenue streams for debt servicing. Sri Lanka's narrower economic base limits its strategic options, constraining its ability to negotiate favorable terms and implement comprehensive economic integration strategies. These structural limitations have created path dependencies that continue to shape the country's capacity to manage its BRI engagement effectively. These structural factors not only shape countries' ability to exercise agency within the BRI framework but also determine the effectiveness of specific economic statecraft tools in achieving debt sustainability outcomes.

Research Implications

Building on these structural insights, the evidence demonstrates that successful debt management requires systematic integration of all four economic statecraft tools within appropriate institutional structures. Project selection establishes the foundation through revenue-generating investments while funding diversification enhances negotiating power through multiple financing channels. Economic integration creates sustainable income streams through trade and value chain participation, and capacity building develops the institutional frameworks necessary for effective implementation. Kazakhstan's case shows how strong institutional frameworks enable consistent policy implementation across all tools, while Sri Lanka's experience highlights how structural constraints can limit tool effectiveness despite strategic intentions. These findings challenge the debt-trap narrative by demonstrating how recipient countries actively shape BRI outcomes, though their success depends on both strategic choices and institutional foundations.

Chapter 7: Conclusion

Theoretical Contributions

This research contributes to the theoretical framework of economic statecraft by expanding its application to analyze recipient country strategies within the BRI, moving beyond the traditional donor-centric perspective. Historically, economic statecraft has focused on how powerful states, such as China in the context of the BRI, use economic tools to achieve geopolitical objectives. Building on the work of scholars like Kahler and Kastner (2006) and Hameiri and Jones (2020), who highlight the importance of recipient agency and domestic political factors in shaping project outcomes, this thesis advances the literature by systematically applying these economic statecraft tools to two distinct recipient contexts: Sri Lanka and Kazakhstan. While existing studies focus on donor strategies, this research examines how recipient countries act strategically to advance their national ambitions - Kazakhstan as a Eurasian transit hub and Sri Lanka as an Indian Ocean trade hub. This thesis also makes an original contribution by incorporating and expanding the conceptual distinction between proactive and reactive agency. While prior literature acknowledges the agency of recipient countries, this research operationalizes these concepts through the proactive/reactive framework to provide a more comprehensive analysis of how recipient countries employ economic statecraft tools to achieve their strategic objectives. By framing economic statecraft through this proactive/reactive dichotomy and these four distinct economic statecraft tools, this research reveals how smaller or less powerful states navigate asymmetric relationships within global economic initiatives like the BRI. This research also makes a significant theoretical contribution by providing empirical evidence that challenges the debt-trap diplomacy narrative in BRI scholarship. While existing literature often portrays recipient countries as passive victims of Chinese debt-trap diplomacy, this study's economic statecraft framework reveals how recipients actively shape outcomes. The findings advance economic statecraft theory by demonstrating that recipient countries, regardless of their economic strength, exercise agency in ways that traditional debt-trap narratives fail to capture.

Ultimately, this thesis enriches the theoretical framework of economic statecraft by demonstrating that recipient countries are not passive targets of donor strategies but are capable of leveraging a comprehensive set of economic tools to advance their strategic objectives while managing debt sustainability. This adaptation of economic statecraft to include recipient strategies not only fills a critical gap in the literature but also broadens the framework's applicability, offering new insights into the dynamics of global economic statecraft. By foregrounding recipient agency, this research challenges the prevailing donor-dominant narrative and underscores the importance of analyzing both sides of economic engagements to fully understand their outcomes.

Limitations and Future Research

This research faces several methodological and theoretical limitations. The comparative case study approach, while providing rich insights, encompasses only two of the many BRI recipient nations. Although these cases were selected for their contrasting contexts, the findings' generalizability to other recipient countries requires further investigation. Also, the reliance on publicly available information, while ensuring verifiability, may not capture the full complexity of decision-making processes in economic statecraft deployment.

The research faces three significant theoretical limitations. First, the ongoing nature of BRI projects constrains our ability to assess the long-term implications of economic statecraft strategies. Second, the research faces challenges in measuring success and establishing causality. While this research identifies different economic statecraft strategies and their apparent outcomes, establishing detailed metrics for measuring success and demonstrating direct causal links between specific strategies and debt sustainability outcomes lies beyond its scope. The complex interplay of multiple factors affecting debt sustainability makes it challenging to isolate the precise impact of individual economic statecraft tools. Thirdly, the study does not explore in depth the role of domestic political factors, such as interest groups and electoral cycles, which likely influence economic statecraft decisions. These aspects, as seen in Sri Lanka's political challenges, merit further investigation.

These limitations suggest promising directions for future research. Theoretical advancement requires expanding the analytical scope to diverse recipient contexts and developing more sophisticated metrics for evaluating economic statecraft effectiveness. Methodological innovations could help isolate the impact of specific tools on debt sustainability outcomes, particularly through longitudinal studies that capture evolving strategic approaches. Future research could also explore how domestic political economies shape the deployment of economic statecraft tools, enriching our understanding of recipient agency in international economic initiatives. These directions would build on the foundation laid by this research, contributing further to the study of economic statecraft and the evolving dynamics of the BRI.

Bibliography

AidData. (2024a). *China Eximbank provides $663.9 million preferential buyer's credit for Section 1 (Matara to Beliatta) Extension of Southern Expressway Project*. Retrieved from https://china.aiddata.org/projects/38337/

AidData. (2024b). *China Eximbank provides RMB 862.6 million government concessional loan for Phase I of the Hambantota Port Development Project*. Retrieved from https://china.aiddata.org/projects/33409/

Akhatay, B. (2024). Problems and prospects of development of public-private partnership in the Republic of Kazakhstan: Political analysis. *Scientific Herald of Uzhhorod University Series Physics.*

Aminjonov, F., Abylkasymova, A., Aimée, A., Eshchanov, B., Moldokanov, D., Overland, I., & Vakulchuk, R. (2019). *BRI in Central Asia: Rail and road connectivity projects. Central Asia Regional Data Review, 21*, 1-8.

Astana Times. (2016, November 23). *Khorgos dry port to process more than 500,000 containers by 2020.* Retrieved from https://astanatimes.com/2016/11/khorgos-dry-port-to-process-more-than-500000-containers-by-2020/

Astana Times. (2024, September 26). *Kazakh PM assesses logistic potential of Aktau, Kuryk seaports.* Retrieved from https://astanatimes.com/2024/09/kazakh-pm-assesses-logistic-potential-of-aktau-kuryk-seaports/

Attanayake, C. (2023). Unveiling Sri Lanka's agency: Empowering infrastructural transformation in China-Sri Lanka relations. *Journal of Contemporary East Asia Studies, 12*(1), 59-86.

Baldwin, D. A. (2016, January 21). Economic statecraft. In *Encyclopedia Britannica.* Retrieved from https://www.britannica.com/topic/economic-statecraft

Belt and Road Forum for International Cooperation. (2023, October 23). *List of deliverables of the third Belt and Road Forum for International Cooperation.* Retrieved from http://www.beltandroadforum.org/english/n101/2023/1023/c124-1311.html

Bitabarova, A. G. (2018). Unpacking Sino-Central Asian engagement along the new silk road: A case study of Kazakhstan. *Journal of Contemporary East Asia Studies, 7*(2), 149-173.

Blanchard, J. M. F., & Ripsman, N. M. (2008). A political theory of economic statecraft. *Foreign Policy Analysis, 4*(4), 371-398.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology, 3*(2), 77-101.

Brautigam, D. (2020). A critical look at Chinese 'debt-trap diplomacy': The rise of a meme. *Area Development and Policy, 5*(1), 1-14.

Carrai, M. A. (2019). China's malleable sovereignty along the belt and road initiative: The case of the 99-year Chinese lease of Hambantota port. *NYU Journal of International Law and Politics, 51*, 1061.

Caskey, G. W. (2024). The political economy of China's Belt and Road Initiative. *Journal of Institutional Economics, 20* (31), e31-e31.

Chellaney, B. (2017, January 23). China's debt-trap diplomacy. *Project Syndicate.* Retrieved from https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01

China Daily. (2005, December 15). *China-Kazakhstan oil pipeline opens to operation.* Retrieved from https://www.chinadaily.com.cn/english/doc/2005-12/15/content_503709.htm

China Daily. (2006, July 30). *China-Kazakhstan gas pipeline starts operation.* Retrieved from https://www.chinadaily.com.cn/china/2006-07/30/content_652854.htm

Clarke, M. (2015, July 13). Kazakhstan's multi-vector foreign policy: Diminishing returns in an era of great power pivots. *The Asan Forum.* Retrieved from https://theasanforum.org/kazakhstans-multi-vector-foreign-policy-diminishing-returns-in-an-era-of-great-power-pivots/

Cunningham, J. B. (1997). Case study principles for different types of cases. *Quality and Quantity, 31*(4), 401-423.

Dunsby, I. J. (2023). Empirical case studies on the economic and political effects of the Belt and Road Initiative in Pakistan, Kenya, Sri Lanka, and Montenegro. *Education, 3*(7), 1394-1407.

Environmental Foundation Limited. (2020). *Norochcholai Coal Power Plant.* Retrieved from https://efl.lk/portfolio/norochcholai-coal-power-plant/

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review, 14*(4), 532-550.

George A. L., & Bennett, A. (2005). Case studies and theory development in the social sciences. *Belfer Center for Science and International Affairs.*

Gelpern, A., Horn, S., Morris, S., Parks, B., & Trebesch, C. (2023). How China lends: A rare look into 100 debt contracts with foreign governments. *Economic Policy, 38*(114), 345-416.

Government of Kazakhstan. (2013). *On approval of the Agreement between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China on cooperation in construction and exploitation of "Sarybulak - Zimunay" gas pipeline (No. 277).* Retrieved from https://adilet.zan.kz/eng/docs/P1300000277

Government of Kazakhstan. (2014a). *On the innovation cluster "Park of innovation technologies" (No. 207-V)*. Retrieved from https://adilet.zan.kz/eng/docs/Z1400000207

Government of Kazakhstan. (2014b). *On official development assistance (No. 263-V)*. Retrieved from https://adilet.zan.kz/eng/docs/Z1400000263

Government of Kazakhstan. (2015). *On approval of the list of goods, works, services procured in accordance with international treaties of the Republic of Kazakhstan (No. 1165).* Retrieved from https://adilet.zan.kz/eng/docs/P1500001165

Government of Kazakhstan. (2017a). *On approval of the Agreement on cooperation of the member states of the Commonwealth of Independent States in mining and metallurgical industry (No. 515).* Retrieved from https://adilet.zan.kz/eng/docs/P1700000515

Government of Kazakhstan. (2017b). *On some issues concerning special economic zones (No. 772).* Retrieved from https://adilet.zan.kz/eng/docs/P1700000772

Government of Kazakhstan. (2018a). *On approval of the State Program of Support and Development of Business "The Business Road Map 2020" (No. 522)*. Retrieved from https://adilet.zan.kz/eng/docs/P1800000522

Government of Kazakhstan. (2018b). *On approval of the Concept of development of the manufacturing industry of the Republic of Kazakhstan for 2023-2029 (No. 846)*. Retrieved from https://adilet.zan.kz/eng/docs/P1800000846

Government of Kazakhstan. (2018c). *On approval of the Agreement on procedure for formation and execution of the budget of the Shanghai Cooperation Organization (No. 712)*. Retrieved from https://adilet.zan.kz/eng/docs/U1800000712

Government of Sri Lanka. (2019). *Vistas of prosperity and splendour: National policy framework.* Department of Government Printing. Retrieved from https://www.doc.gov.lk/images/pdf/NationalPolicyframeworkEN/FinalDovVer02-English.pdf

Government of Sri Lanka. (2021). *Colombo Port City Economic Commission Act, No. 11 of 2021.* Parliament of Sri Lanka. Retrieved from https://www.parliament.lk/uploads/acts/gbills/english/6218.pdf

Hameiri, S., & Jones, L. (2020). Debunking the myth of 'debt-trap diplomacy': How recipient countries shape China's Belt and Road Initiative. *Chatham house*, *19*(2020), 657-671.

Handel, M. (2006). Weak states in the international system. In C. Ingebritsen, I. Neumann, S. Gstöhl, & J. Beyer (Eds.), *Small states in international relations* (pp. 149-192). *University of Washington Press.*

Horn, S., Reinhart, C. M., & Trebesch, C. (2021). China's overseas lending. *Journal of International Economics, 133*, 103539.

Hurley, J., Morris, S., & Portelance, G. (2019). Examining the debt implications of the Belt and Road Initiative from a policy perspective. *Journal of Infrastructure, Policy and Development, 3*(1), 139-175.

Ingebritsen, C. (2006). Learning from Lilliput. In C. Ingebritsen, I. Neumann, S. Gstöhl, & J. Beyer (Eds.), *Small states in international relations* (pp. 286-291). *University of Washington Press.*

International Monetary Fund. (2014). *Sri Lanka: Article IV consultation (Country Report No. 14/285)*. Retrieved from https://www.imf.org/external/pubs/ft/scr/2014/cr14285.pdf

International Monetary Fund. (2015). *Sri Lanka: Third post-program monitoring discussion (Country Report No. 15/335)*. Retrieved from https://www.imf.org/external/pubs/ft/scr/2015/cr15335.pdf

International Monetary Fund. (2016, June 3). *IMF executive board approves three-year extended arrangement under EFF for Sri Lanka (Press Release No. 16/262)*. Retrieved from https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr16262

International Monetary Fund. (2023). *Sri Lanka: Request for an extended arrangement under the Extended Fund Facility (Country Report No. 2023/088).* Retrieved from https://www.imf.org/en/Publications/CR/Issues/2023/03/20/Sri-Lanka-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-Facility-Press-Release-530593

International Monetary Fund. (2024). *Republic of Kazakhstan: 2023 Article IV consultation (Country Report No. 24/46).* Retrieved from https://www.imf.org/en/Publications/CR/Issues/2024/02/07/Republic-of-Kazakhstan-2023-Article-IV-Consultation-Press-Release-Staff-Report-and-544618

Jash, A., & Gokireddy, H. B. (2024). China's BRI in Central Asia & Its Impact: An Appraisal of the 10 Years. *F1000Research, 13*, 1178.

Kahler, M., & Kastner, S. L. (2006). Strategic uses of economic interdependence: Engagement policies on the Korean Peninsula and across the Taiwan Strait. *Journal of Peace Research, 43*(5), 523-541.

Kelegama, S. (2014). China–Sri Lanka economic relations: An overview. *China Report, 50*(2), 131-149.

Kuik, C. C., & Rosli, Z. (2023). Laos-China infrastructure cooperation: Legitimation and the limits of host-country agency. *Journal of Contemporary East Asia Studies, 12*(1), 32-58.

Laruelle, M. (Ed.). (2018). *China's belt and road initiative and its impact in Central Asia*. George Washington University, Central Asia Program.

Long, T. (2017). Small states, great power? Gaining influence through intrinsic, derivative, and collective power. *International Studies Review, 19*(2), 185-205.

Lowy Institute. (2023, December 23). *Beijing Digs Deep in Central Asia: China Gas Pipeline.* Retrieved from https://www.lowyinstitute.org/the-interpreter/beijing-digs-central-asia-china-gas-pipeline

Ministry of Finance. (2014). *Budget Speech 2014.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/a7003424-abde-4173-a687-e1e6c20f8674

Ministry of Finance. (2015). *Budget Speech 2015.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/08ef3734-78af-47f9-a4c7-91c37edca007

Ministry of Finance. (2016). *Budget Speech 2016.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/4a95ce12-f0f6-41c7-a20f-401a144a34fe

Ministry of Finance. (2017). *Budget Speech 2017.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/52172dca-c11e-457c-b1a2-9b1272097742

Ministry of Finance. (2018). *Budget Speech 2018.* Parliament of Sri Lanka. Retrieved from https://www.parliament.lk/files/pdf/budget/2018/budget-speech-2018.pdf

Ministry of Finance. (2019). *Budget Speech 2019.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/501d2a03-a90d-4f36-ac60-30c194d367c2

Ministry of Finance. (2023, July 7). *Domestic Debt Optimization Investor Presentation.* Government of Sri Lanka. Retrieved from https://www.treasury.gov.lk/api/file/125879b7-87df-4d3f-961f-06e9dc0cf984

Ministry of Foreign Affairs of the People's Republic of China. (2015). *Li Keqiang Holds Talks with Prime Minister Karim Massimov of Kazakhstan Deciding to Comprehensively Carry Out Cooperation in Production Capacity and Push for Important Results.* Retrieved from https://www.mfa.gov.cn/eng/zy/jj/2015zt/xjpcxbayzlt2015nnh/202406/t20240606_11381651.html

Ministry of Foreign Affairs of the People's Republic of China. (2016). *Xi Jinping Meets with President Nursultan Nazarbayev of Kazakhstan.* Retrieved from https://www.mfa.gov.cn/eng/zy/jj/2016zt/xjpdsrwyblwzbkstjxgsfwbcxshzzcygyslshdschy/202406/t20240606_11380860.html

Ministry of Foreign Affairs of the People's Republic of China. (2017). *Wang Yi Talks about Four Firsts in Joint Construction of the "Belt and Road" by China and Kazakhstan.* Retrieved from https://www.fmprc.gov.cn/eng/gjhdq_665435/3265_665445/3301_664560/3303_664564/202406/t20240611_11421627.html

Ministry of Foreign Affairs of the People's Republic of China. (2018). *Jointly Building the Belt And Road.* Retrieved from https://www.fmprc.gov.cn/eng/xw/zwbd/202405/t20240530_11360631.html

Ministry of Foreign Affairs of the People's Republic of China. (2023). *Xi Jinping Holds Talks with President Kassym-Jomart Tokayev of Kazakhstan.* Retrieved from https://www.mfa.gov.cn/eng/wjb/zzjg_663340/dozys_664276/xwlb_664278/202305/t20230520_11080742.html

Moramudali, U., & Panduwawala, T. (2022). *Evolution of Chinese lending to Sri Lanka since the mid-2000s: Separating myth from reality (No. 08/2022).* Briefing Paper.

National Bank of Kazakhstan. (2024). *External debt statistics.* Retrieved from https://nationalbank.kz/en/news/vneshniy-dolg

Neumann, I. B., & Gstöhl, S. (2006). Lilliputians in Gulliver's world? In C. Ingebritsen, I. Neumann, S. Gstöhl, & J. Beyer (Eds.), *Small states in international relations* (pp. 3-36). *University of Washington Press.*

Norris, W. J. (2016). Chinese economic statecraft: Commercial actors, grand strategy, and state control. *Cornell University Press*.

Office of the President of Kazakhstan. (2017). *Participation in Belt and Road Forum for International Cooperation.* Retrieved from https://www.akorda.kz/en/events/international_community/foreign_visits/participation-in-belt-and-road-forum-for-international-cooperation

Office of the President of Kazakhstan. (2019). *Meeting with representatives of French business.* Retrieved from https://www.akorda.kz/en/events/akorda_news/meetings_and_receptions/the-head-of-state-held-a-meeting-with-representatives-of-french-business

Office of the President of Kazakhstan. (2023). *President Kassym-Jomart Tokayev's State of the Nation Address: Economic Course of a Just Kazakhstan.* Retrieved from https://www.akorda.kz/en/president-kassym-jomart-tokayevs-state-of-the-nation-address-economic-course-of-a-just-kazakhstan-283243

Office of the Prime Minister of Kazakhstan. (2018a). *Kazakh-Chinese cooperation under One Belt, One Road initiative discussed in Astana.* Retrieved from https://primeminister.kz/en/news/17096

Office of the Prime Minister of Kazakhstan. (2018b). *Askar Mamin holds a meeting with Vice Premier of State Council of China Han Zheng in Beijing.* Retrieved from https://primeminister.kz/en/news/17189

Office of the Prime Minister of Kazakhstan. (2019). *Government summed up implementation results of Nurly Zhol State Program for five years and sets goals for 2020-2025.* Retrieved from https://primeminister.kz/en/news/pravitelstvo-podvelo-itogi-pyati-let-realizacii-gosprogrammy-nurly-zhol-i-postavilo-celi-na-2020-2025-gody

Office of the Prime Minister of Kazakhstan. (2020). *Five-year results of Nurly Zhol program: Construction of toll roads, creation of new jobs and freight traffic growth.* Retrieved from https://primeminister.kz/en/news/reviews/five-year-results-of-nurly-zhol-program-construction-of-toll-roads-creation-of-new-jobs-and-freight-traffic-growth

Office of the Prime Minister of Kazakhstan. (2021). *How Nurly Zhol program is changing Kazakhstan: Modern highways and new directions.* Retrieved from https://primeminister.kz/en/news/reviews/how-nurly-zhol-program-is-changing-kazakhstan-modern-highways-and-new-directions

Office of the Prime Minister of Kazakhstan. (2024). *Olzhas Bektenov meets leading Chinese companies in Shanghai: $2.5bn agreements signed*. Retrieved from https://primeminister.kz/en/news/olzhas-bektenov-meets-leading-chinese-companies-in-shanghai-25bn-agreements-signed-29270

Orosz, J. (1997). Resources for qualitative research: Advancing the applications of alternative methodologies in public administration. *Public Administration Review*, *57*(6), 543.

OSCE Academy. (2020). *Belt and Road Initiative in Central Asia and the South Caucasus: A view from the region.* Retrieved from https://www.osce-academy.net/upload/file/BRI_08_07.pdf

Petry, J. (2023). Beyond ports, roads and railways: Chinese economic statecraft, the Belt and Road Initiative and the politics of financial infrastructures. *European Journal of International Relations, 29*(2), 319-351.

Port City Colombo. (2024). *About Port City Colombo*. https://www.portcitycolombo.gov.lk/port-city-colombo

Ramachandran, S. (2015, July 17). China and Sri Lanka: In choppy waters. *The Jamestown Foundation.* Retrieved from https://jamestown.org/program/china-and-sri-lanka-in-choppy-waters/

Satubaldina, A. (2023, September 9). Kazakh and Chinese experts reflect on first decade of Belt and Road Initiative. *The Astana Times*. Retrieved from https://astanatimes.com/2023/09/kazakh-and-chinese-experts-reflect-on-first-decade-of-belt-and-road-initiative/

Sautman, B., & Hairong, Y. (2019). The "Chinese Debt Trap" and its Sri Lanka Example. *HKUST IEMS Thought Leadersh. Briefs, 29*, 1-4.

Schagerl, C., & Soldo, L. (2023). The impact of the Belt and Road Initiative on Kazakhstan. *MAP Social Sciences*.

Shetty, S. (2022, July 14). Why is Sri Lanka in crisis and what comes next? *Brookings Institution.* Retrieved from https://www.brookings.edu/articles/why-is-sri-lanka-in-crisis-and-what-comes-next/

Sim, L. C., & Aminjonov, F. (2024). Statecraft in the steppes: Central Asia's relations with China. *Journal of Contemporary China*, *33*(148), 618-633.

Singh, B. (2021). China's Belt and Road Initiative and its concerns for India. In *Rebalancing Asia: The Belt and Road Initiative and Indo-Pacific Strategy* (pp. 119-132).

South China Morning Post. (2017, July 25). *China Merchants Port to invest up to US$1.12b in Sri Lanka's Hambantota Port in revised deal*. Retrieved from https://www.scmp.com/business/companies/article/2104080/china-merchant-port-invest-us112b-sri-lankas-hambantota-port

Sri Lanka Export Development Board. (2018). *National export strategy of Sri Lanka 2018-2022.* Retrieved from https://www.srilankabusiness.com/pdf/nes/sri-lanka-nes-4-3-web.pdf

Terry, G., Braun, V., Hayfield, N., & Clarke, V. (2017). Thematic Analysis. In *The SAGE Handbook of Qualitative Research in Psychology* (pp. 17–37).

Western Europe-Western China International Transit Corridor. (2017). *Development of road section in Kazakhstan*. Retrieved from https://europe-china.kz/en/node/12160

Wijayasiri, J., & Senaratne, N. (2018). China's Belt and Road Initiative (BRI) and Sri Lanka. *Institute of Industrial Development and Economic Growth*.

Wong, A. (2021). How not to win allies and influence geopolitics: China's self-defeating economic statecraft. *Foreign Affairs, 100*, 44.

World Bank. (2011). *Kazakhstan - Debt management performance assessment (DeMPA).* Retrieved from https://documents1.worldbank.org/curated/en/293161468272383812/pdf/Kazakhstan-Debt-management-performance-assessment-DeMPA.pdf

World Bank. (2015). *Sri Lanka – Country snapshot*. Retrieved from https://documents1.worldbank.org/curated/zh/589271468184775424/pdf/100118-WP-PUBLIC-Box393225B-SriLanka-country-snapshots.pdf

World Bank. (2020). *South Caucasus and Central Asia: The Belt and Road Initiative Kazakhstan country case study.* Retrieved from https://documents1.worldbank.org/curated/en/471731593499938164/pdf/South-Caucasus-and-Central-Asia-The-Belt-and-Road-Initiative-Kazakhstan-Country-Case-Study.pdf

World Bank. (2023). *Kazakhstan public finance review: Towards more effective and sustainable public finances.* Retrieved from https://thedocs.worldbank.org/en/doc/90dbef81d187b403bbb2a9acc2f460d8-0080062024/original/Kazakhstan-PFR-full-Report-January-2024-en.pdf

Yin, R. K. (2014). Case Study Research and Applications: Design and Methods (5th ed.). *Thousand Oaks, CA: Sage*.

Yin, R. K. (2018). Case Study Research and Applications: Design and Methods (6th ed.). *Thousand Oaks, CA: Sage*.