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ABSTRACT

English Version

China's eminent rise has re-established as one of the leading drivers of global change in the world today. This impact is being felt not only in the developed north but huge transformation is taking place in the impoverished south as well. Partly due to this meteoric rise, not only is Sub Saharan Africa (SSA) becoming a hub of intense Chinese engagement on the globe but also that China is rapidly displacing traditional Western donors as Africa's biggest development partner. But what does China's aid represent for SSA? Does it only present opportunity or is it laden with hidden threats, which may endanger the continent's progress? Has China's development cooperation the winning formula to engineer and engender economic progress and at the same time ensure greater political development? Will China's development assistance excel where Western aid initiatives have at best produced satisfactory results especially in the areas of socio-economic development and good governance? With a view to answering these questions, using Angola as the theatre of operation, this thesis analyzes and assesses the impact of China's development cooperation and the consequences this ever widening portfolio of development assistance has for the socio-economic and political well being of SSA. It comes to the conclusion that the nomenclature of China's development assistance has generally beneficial prospects for engendering socio-economic progress of Africa but regrettably, unsuitable and inadequate for promoting and addressing political development and challenges in part due to the generally poor state of good governance and democracy in the continent.

German (Deutsch) Version

Einflussfaktoren auf die globalen Veränderungen in der heutigen Welt. Dieser Einfluss wird nicht nur in der entwickelten Welt im Norden gespürt, es vollzieht sich auch eine große Veränderung im verarmten Süden. Teilweise bedingt durch diesen kometenhaften Aufstieg, wurde Sub Sahara Afrika (SSA) nicht nur ein Zentrum des intensiven Engagements von China auf der Welt, sondern auch weil China zusehends Afrikas traditionelle westlichen Geberländer als größter Entwicklungspartner ersetzt. Aber was bedeutet Chinas Hilfe für SSA? Bringt sie nur Möglichkeiten oder ist sie auch mit verborgenen Bedrohungen verbunden, die den Fortschritt des Kontinents gefährden? Besitzt Chinas Entwicklungskooperation die Gewinnerformel um wirtschaftlichen Fortschritt zu erzeugen, zu entwickeln und zur gleichen Zeit größere politische Entwicklung zu garantieren? Wird Chinas Entwicklungshilfe erfolgreich sein, wo westliche Hilfsinitiativen gerade noch mittelmäßige Resultate erzielt haben, speziell auf den Gebieten der sozio-ökonomischen Entwicklung und „Good Governance“? Mit dem Blick auf die Beantwortung dieser Fragen und mit Angola als Operationsgebiet, versucht diese Arbeit den Einfluss von Chinas Entwicklung-Kooperation zu analysieren und zu bewerten, welche Konsequenzen dieses sich immer weiter verbreitende Portfolio von Entwicklungs-Unterstützung für das sozio-ökonomische und politische Wohlergehen der SSA hat. Sie kommt zu dem Schluss, dass die Nomenklatur von Chinas Entwicklungsunterstützung generell positive Aussichten für die Erzeugung von sozio-politischen Fortschritt in Afrika hat, aber leider ungeeignet und inadäquat für die Förderung und Adressierung von politischer Entwicklung und Herausforderungen ist, teilweise wegen dem grundsätzlich mangelhaften Zustand der „Good Governance“ und Demokratie auf dem Kontinent

CHAPTER I

1.1 Introduction

1.1.1 Why focus on China's development Cooperation in Sub Saharan Africa (SSA)

Traditionally, the West has been the premier development partner of the low-income economies of Africa.¹ However, with the sudden “re” emergence of China in today's global political economy, this trend is fast eroding. China's foray into Africa is displacing Anglo French, United States and generally western aid initiatives on the continent. As noted by Naidu et al, “not only has the East Asian giant positioned itself with an overwhelming presence across the continent but it has also been interpreted as a countervailing force and at times is seen as a competitor to the geo-strategic interests of Africa's traditional development partners in the North.”² Most African countries on their part are also turning to this Asian Driver for development assistance, investment, and trade.³ While Sino-Africa relations are nothing new, no other era of Sino-Africa development partnership parallels the huge transformation this current era is ushering. Additionally, China and some African countries have touted this current relationship under the rubric of south south cooperation as one of a ‘win win’ situation. Under the orthodoxy of Neoliberalism and uninterrupted flow of Western aid within the last quarter of the 20th century, Sub Saharan Africa (SSA) not only missed an opportunity to leap out of poverty but also had to postpone its march towards growth and prosperity. It is therefore very legitimate not only to question the continent's burgeoning relationship with China but also to critically assess the prospects and potential of this relationship to engineer development in both socio-economic and political terms. With this in mind, this study seeks to understand what effects China's development aid has on

¹ The international community notably the OECD and the Bretton Woods International Financial Institutions (IFIs), which since independence has viewed the African continent through a prism of deficiency and delinquency have always been the traditional development partners and premium donors of aid to SSA. On the issue of aid, most of the 52 or so African states are beneficiaries of development assistance from the West and some are actually entering into their fourth and fifth decades of receiving substantial volumes of development assistance with pledges of more to come. See for more details (Easterly, 2008).

² (Naidu, Corkin, & Herman, 2009, pp. 87)

³ A number of SSA nations now depend critically on Chinese cash and initiatives. Of China's \$1.5 billion invested in Africa in 2006, half went to resource rich countries. See (Rotberg, 2008, p. 4).

political and socio-economic development in SSA. For such a purpose, Angola has been chosen as the main theatre of operation, where the dynamics of China's development cooperation is assessed on the continent.

1.1.2 Why China?

The spectacular rise of China in the current global political economy is not only having huge consequences for the developed Western hemisphere but also for the emerging world. China's unprecedented economic growth paralleled only by its consumption of natural resources has placed it yet again at the doorstep of SSA. Even though China's preoccupations with Africa goes beyond the hunger for resources, in its quest to secure a steady supply of raw materials, China has employed one of the oldest 'tricks' in international politics, i.e. development cooperation to facilitate this. As noted by van Dijk, China is fast becoming a major player on the continent not only in terms of foreign direct investment (FDI), trade but also in aid.⁴ It is therefore imperative to determine whether the Chinese 'no strings attached' approach will help the African development state regain posture, or in the words of the Friedrich Ebert Stiftung (FES), it is just "another a recipe for closed-door business with autocrats to get a competitive edge over Western economic interests."⁵

Additionally, in the midst of decades long decline in African fortunes associated with traditional development assistance - notably the Washington consensus privatization, liberalization, deregulation, and austerity policies among others - it is necessary to assess the contribution of Africa's 'newly found' development partner. China is also particularly an interesting case because she is neither a member of the Development Assistance Committee (DAC) or the Organization of Economic Cooperation and Development (OECD). More pertinently, she is an emerging economy (rapidly industrializing country) from the more impoverished South and considering the special nature of her aid,⁶ raises interesting questions about the motives and sustainability of her cooperation with the continent of

⁴ According to (Jacoby 2007, p. 34) cited in (Dijk, 2009, p. 9), in 2008, China replaced the European Union (EU) and the United States (US) as Africa's leading trade partner.

⁵ (FES, 2005) cited in (Guerrero & Manji, 2008, p. 90)

⁶ The special nature of China's aid, which is usually entwined with other financial flows, will be discussed extensively in the chapters that follow

Africa.

Last but not least, with a view to assessing whether SSA is on the verge of another massive ‘(neo) colonial invasion’, analyzing China’s development cooperation gives us a clue whether Sino–Africa relations are guided by the true spirit of South–South cooperation or,⁷ is a façade, which replicates ”?⁸

1.1.3 Why Angola?

Contrary to conventional thinking, Africa is one of the most diverse continents in the world. The continent is home to more than fifty states with a dozen of languages, religions, cultures, and colonial heritage among other cleavages. It would not only be academically inexpedient but unthinkable to critically assess China’s engagement with the whole continent on a project as abridged as this. Factoring these complexities and many others into account, this study limits itself to Angola. This prompts the question: why Angola? In its own right, Angola is a unique case. Angola is a center of high-level intensity of China’s influence and engagement in SSA in terms of trade, FDI, and aid. One would also recall a decade ago, this Southern African nation emerged out of protracted conflict to become, one of the fastest growing economies in SSA. It is a country that is bent on post conflict reconstruction and fast tracking its progress after years of political and economic turmoil. The government of Angola has therefore made this a priority and the People’s Republic of China (PRC) is playing an important role in assisting these efforts. Besides the high-level bilateral trade relationship between the two, “Chinese financial and technical assistance has kick-started over 100 projects in the areas of energy, water, health, education, telecommunications, fisheries, and public works”.⁹ In a nutshell, China’s tenuous hold on Angola makes it an intriguing vantage to assess its developmental impact in SSA.

⁷ The dominant rhetoric of South South partnerships is the mutual development of the countries or continents in question. Sino-Africa development partnership is a classical example of this new formation. Chinese rhetoric on the matter also supports the view current Sino-Africa relations as one with mutual beneficial outcomes.

⁸ Friedrich Ebert Stiftung (FES) Panel on China: China in Africa: Focus on Trade and Investment” leaflet distributed at WTO NGO forum, Hong Kong, 13 Dec 2005, cited in (Sautman & Hairong, 2008, p. 5)

⁹ (Compos & Vines, 2008, p. 1)

1.2 Research Questions

The main research question is why are the prospects of China's development cooperation at best a mixed blessing for SSA? In specific terms, the study also aims at finding plausible answers to the following questions:

1. What is the current nature and context of China's development assistance to SSA?
2. What has been the nature of China's development agenda with SSA?
3. Is China's development cooperation a replication of age-old Western/traditional development aid with the continent?

1.3 Hypothesis

As far as the political and socio economic progress of SSA is concerned, China's development cooperation is more likely to be beneficial to SSA in the socio-economic sector than in the arena of governance and politics. By combining all three vectors of development - namely aid, trade, and FDI, - Chinese development cooperation presents SSA with unprecedented opportunities for economic growth and development. However, on the other end of the continuum, Chinese development assistance (DA) presents the continent with a governance conundrum. In a continent grappling with good governance and other capacity deficits, China's DA presents SSA with severe political and governance related challenges owing to its policy of non-interference in the domestic affairs of recipient countries and lack of conditionality- which has the tendency to promote corruption, cronyism, lack of transparency and accountability, misallocation of resources among other negative outcomes. Summing this, the paper reckons that China's development assistance although having the potential to spur socio-economic growth has the latent propensity to generate some detrimental outcomes at least in the arena of governance and politics in SSA.

1.4 Objectives

The principal aim of this enquiry is to highlight the growing importance and impact of China's development assistance on the continent of Africa. By dwelling on the subject

matter, the paper will also inadvertently fulfill the objective of serving as a basis for analyzing the difference in approaches and impact of aid administration by both East and West since it will focus on China's distinctive approach to development cooperation. In another light, Africa stands at the crossroad of aid now. Nowhere in its history has it been offered mouthwatering aid deals as in this present hour by both East and West.¹⁰ It is therefore advantageous to carefully map the selective outcomes of the relationship that Africa is developing with China in order to identify policies, which will mitigate the negative outcomes and maximize the potential benefits of this partnership. In addition, this perhaps the first time Africa is being aided by a fellow developing country at such monumental levels, so that this study aspires to assess whether this will have any bearings on the quality of progress.

1.5 Methodology

This study seeks to examine the potential effects of China's development cooperation on economic and political development in SSA. Dirk Messner and Robert Kaplinsky, Ademola et al, and Ali Zafar are some of the authors who have conducted similar studies.¹¹ Their main goal however has been to assess the impact that the rise of China and other Asian Drivers has or will have on developing economies. Alternatively, most of these have concentrated on examining the effects of China's trade with SSA. Messner and Kaplinsky's work on *Introduction: The Impact of the Asian Drivers on the Developing World* provides a methodological approach for this study. In this article, their focus was on the rise of China and India and what developmental outcomes, complementary and competitive as well as direct and indirect this had on developing countries especially those in SSA. The interest of this study diverges from the rise of China to consider the impact of its development cooperation with SSA which in many instances also embody its trade relationship. Drawing inspiration from this

¹⁰ The closest case to this claim is the ideological battle between the former USSR and the USA but even then the aid levels received from both China and the West (traditional donor of the Africa including the US and Japan/OECD countries) dwarfs what was received during the Cold War

¹¹ (Ademola, Adewuyi, & Abiodun-S, 2009) analyzed the impact of China–Africa trade relations both at the aggregate African and at the national level of a selected sample of countries while (Kaplinsky & Messner, *Introduction: The Impact of the Asian Drivers on the Developing World*, 2008) focused on the rise of India and China and the challenges and opportunities they posed for developing countries. (Zafar, 2007) on the other end focused his attention on the growing relationship between China and Africa by examining the macroeconomic trade, investment and aid links.

seminal work, the study will therefore weight the positive and negative as well as the direct and indirect impacts fewer than two broad aspects namely the economic and the political. The study does not make a wedge between direct and indirect impacts but in cases where complementarities and competitiveness exist, one will be established, as this is seen as relevant for exploring the general context in which Sino-Africa development cooperation is occurring. As the paper seeks to be empirical as possible, greater attention and emphasis will be paid to the case study, Angola. Nonetheless relevant empirical evidence will be occasionally drawn from across the continent to buttress arguments.

Since neither fieldwork nor any interviews have been conducted, this study will rely solely on secondary data for analysis. More often than not, the validity and objectivity of secondary literature is often in doubt. Bearing this in mind, the study will try in most cases to cross-examine literature to ascertain their academic quality. To avoid any bias and subjectivity, the study will refrain from questionable sources or propaganda material.

1.6 Scope and Limitations

This research is constrained on two fronts, organizational and analytic. Starting with the organizational aspects, the study looks at China's development cooperation, which as we shall encounter, bundles all three vectors of development - trade, FDI and aid - into one capsule with regards to its development partnership with SSA. This makes it difficult to gauge the level of development assistance China gives to SSA. For the sake of clarity however, the research will make clear distinctions between these vectors where necessary. Nonetheless, since the subject matter is on China and not Western development assistance, the term development cooperation in the parlance of this paper will be expanded to cover, all three vectors (FDI, trade and aid), which are in any case always blurred. This should not necessarily be misconstrued as an oversimplification of the facts, but should be seen from the viewpoint that the primary purpose of this paper is to unpack China's aid (in whatever form it is) and its development impacts in the context of SSA.

Geographically, it would have been better to focus on more than one case in order to give a

truly comprehensive picture but already, the scope of this paper is too broad to allow for a detailed analysis of more than one country. Taken into consideration this research is limited to a master thesis, bloating the paper unnecessarily for the purpose of satisfying spatial distribution may not only result in diminishing the quality of detail but is also unworkable within the time framework and space allotted for the study.

Besides these organizational challenges, the analytical side the paper is hampered by certain inherent challenges, which are unavoidable in a research of this nature. Generally these are challenges that have to do with assessing the impact of aid/development cooperation. As Roger C. Riddell recognizes, assessing the impact of aid, especially the relationship between aid and broader outcomes (long term economic and political impacts, emphasis mine) faces three particular challenges: data problems, attribution problems and the difficulty of finding a reliable counterfactual.¹²

Beginning with the issue of data, to properly assess the developmental impact of aid, one needs robust and reliable data. However, this study for the most part will rely on secondary literature, which in some cases may be laden with bias, and inaccuracy, which may not only compromise the results and findings but the drawing of firm conclusions. The second challenge involves the difficulties in being able to accurately trace the precise relationship between the aid provided and the outputs and outcomes achieved. Riddell terms this the attribution problem: he argues that it is difficult to establish a causal relationship between aid and intended impacts because more often than not, a host of other factors such as the price of oil, demand for a country's leading exports, the rate of inflation, the tax regime, the state of a country's infrastructure, the changing perception of investors and potential foreign investors, the weather, and what happens in adjacent countries all influence the growth rate and development of a country besides development aid.

The last challenge according to Riddell is the problem of the counterfactual. This is the difficulty in assessing or determining the extra or additional benefits aid brings. He argues there is difficulty in comparison;

¹² (Ridell, 2009,pp. 47-70)

“...What happens with aid with what would have happened without aid either by examining the situation before and after aid was provided, or by comparing one context, community or country where aid was provided with a similar one where aid was not provided – in more technical terms finding a reliable counterfactual against which to assess the difference that aid makes”¹³

For him, what is critical is to assess the additional benefits that aid brings. The study reckons the above challenges as potential stumbling blocks to a truly accurate and compelling picture in gauging the developmental effects of Chinese aid in SSA.

1.7 Organization of Study

The study flows in five chapters. Chapter one is an introduction where thematically, the paper examines the rationale for looking at China’s development assistance with SSA, specifically Angola. It also sets the tone for the rest of the research by detailing the organizational aspects of the paper. This chapter is closely followed by the second, which principal aim is to define main concepts and provide theoretical framework for the ensuing reflections and discussions of the paper. In this segment too, some vignettes are dedicated to discussing the changing modality of Western aid as well as unpacking China’s aid architecture. This chapter is succeeded by the third, which specifically deals with China’s development partnership with SSA. This chapter is divided into main two parts. As a prelude to examining the case study, part one constructs China’s development cooperation with SSA from a historical context and the proceeds to assess its current nature and rationale. The second part delves into the main case study of Angola, where China’s development assistance with the country is investigated in all its forms and logic. The socio-economic and political effects of this relationship are also discussed and analyzed in this section. The fourth chapter then goes further to evaluate the different perceptions of China’s engagement in SSA. Here, the rhetoric and realities of China’s developmental agenda with SSA are examined through the eyes and prism of three different geographical regions: China, SSA

¹³ (ibid, p. 53)

and the West.¹⁴ The logic here is to capture a sense or notion of the current discourse of China in Africa and how different actors perceive China's growing footprints on the continent. The last chapter discusses the main findings in light of the hypothesis. It then goes on to draw the curtains for the study.

¹⁴ The West here is a loose term referring to Western Europe and the North America including Canada and the United States.

CHAPTER II

DEFINITIONS, CONCEPTS AND THEORETICAL FRAMEWORK

2.1. What Is Development Cooperation?

Development cooperation is a very slippery concept, one that has no universally agreed definition owing to a number of issues at stake, including the wide variety of actors (bilateral and multilateral), the logic, objectives, operational mechanisms and processes involved. In the lexicon of international development, development cooperation is synonymous with foreign aid, development assistance, official aid, emergency aid, humanitarian aid and Overseas Development Assistance (ODA). Sometimes these terms are used loosely; sometimes they are used more technically to denote particular types of aid, around which a precise definition has been agreed. When the term is expanded, it consists “of all resources—physical, skills and technical know-how, financial grants (gifts) or loans (at concessional rates)—transferred by donors to recipients.”¹⁵ As noted by Riddell, this would also include resources to address humanitarian, development and poverty needs of poor countries. It would also embrace resources channeled to realize the strategic and political objectives of donor and recipient countries including military ones.¹⁶

However, to avoid ambiguity, there is a need for a clear delineation of what constitutes development cooperation. The Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC) is one organization, which has placed on itself the onus to develop operational definitions of development cooperation.¹⁷ This influential committee “defines ODA as consisting of flows to developing countries and multilateral institutions provided by official agencies including state and local governments, or by their executive agencies each transaction of which meet the following two criteria: (1) it

¹⁵ (Riddell, 2007, chapter 2)

¹⁶ (ibid)

¹⁷ Formerly known as “Organization for European Economic Cooperation (OEEC), the OECD was established in 1947 to run the US-financed Marshall Plan for reconstruction of a continent ravaged by war”. Today, it has 34 members with some coming outside Europe including the US, Australia and Japan. The “Development Assistance Committee is a forum for selected members to discuss issues surrounding aid, development and poverty reduction. It describes itself as being the ‘venue and voice’ of the world’s major donors” (see the DAC website for all related information)

is administered with the promotion of economic development and welfare of developing country as its main objective and (2), it is concessional in character and contains a grant element of at least 25% (calculated at a rate of discount of 10%)”.¹⁸ In order to reduce the scope for subjective interpretations and promote comparable reporting, member states of the OECD have agreed to limits on ODA reporting, which exclude military aid, peacekeeping, civil police work, social and cultural programs, assistance to refugees, nuclear energy, research and anti-terrorism.¹⁹

2.2 Motives and Changing Regimes of Traditional Development Cooperation

One would ask what are the motives for giving aid? The motives and interest for giving aid vary from country to country and from actor to actor and are also contingent on time. Historically, the rationale for giving aid has changed considerably over the last fifty years. A brief excursion back into history will allude to this fact. Degnbol-Martinnussen and Engberg-Perdersen record that the Marshal Plan of 1948, which given to rebuild the war-ravaged economies of Western Europe as the first bold attempt at offering development assistance. The essence of this assistance could be found in the national security and commercial concerns of American foreign policy,²⁰ which remained so until the 1990s. West Germany on its part bolstered by the Hallstein doctrine up until the 1980s only gave out aid to countries that refused to recognize the Democratic republic of Germany (East). In comparison, Great Britain and France were motivated in the immediate postcolonial era by moral reasons and also “on a kind of reparation for their former colonies, while the Nordic countries clearly expressed their foreign aid rhetoric with reference to humanitarian and moral obligations.”²¹

From this brief historical account it can be ascertained that Western aid is given for a wide range of reasons with the most important ones being security, political, economic and trade

¹⁸ First agreed by DAC in 1969 and refined in 1972, (Fuhrer 1994, p. 25) cited in (Riddell, 2007)

¹⁹ See “Is it ODA? (DAC Factsheet, November 2008).

²⁰ These had to do with America’s national interest in strengthening Western European countries against Communist expansion in Eastern Europe and the Soviet Union, and benefits of the reconstruction of free Europe conducive enough for conducting American business ((Oya, 2006, p. 5) cited in Martinussen & Engberg-Petersen, 2003,p. 8)

²¹ (Ibid)

considerations and humanitarian. In recent times, these objectives have not changed much, but the focus for dispensing aid has undergone profound changes. Carlos Oya states for example from the 1950s-1970s, a 'Project Approach' was dominant with emphasis on large investment plans, post war reconstruction and "...links with long term planning exercises common in many developing countries in their first decade after independence" (especially those in SSA).²² According to Degnbol-Martinnussen and Engberg-Perdersen, in the 1970s, one could hardly talk about development aid without mentioning poverty. The goal of development cooperation was not to eradicate poverty but to reduce disparities and inequities and move poorer countries like those in SSA in their own way forward, into the industrial and technological age so the world would not be divided between the haves and the have-nots.²³ In the 1980s, gender and participatory dimensions of development eclipsed the preoccupation with poverty. Here the development world, including the OECD, responded by prioritizing the transfer of technical skills to accompany the wide portfolio of aid that was delivered into recipient countries. During this same period right to the mid 1990s, as a result of the many economic hiccups that affected developing countries, structural adjustment²⁴ entered into the lexicon of development assistance. Carlos Oya records that;

"The Washington Consensus era for a strategy of aid induced economic reforms, ex-ante conditionality and shift from projects to programme aid allocated to stabilizing and structural adjustment programmes mostly in the domain of trade liberalization, internal deregulation, public sector reforms and privatization. There is increasing 'multilateralization' of aid. i.e. growing dominance of multilateral organizations on the international development policy debate thus growing influence of these organizations on bilateral aid policies. These trends, which affected mostly Latin America and SSA, were especially marked in Africa, where the poorest countries became soon

²² (Oya, 2006, p. 5)

²³ (Ibid)

²⁴ Virtually all of SSA came under the International Monetary Fund (IMF) and World Bank Structural Adjustment Programs (SAPs) in the 1980s and early 1990s. Developing countries were required to undertake certain policy changes such as privatization, liberalization and deregulation. Generally, "these policy changes were conditions for getting new loans from the [International Monetary Fund](http://en.wikipedia.org/wiki/International_Monetary_Fund) (IMF) or [World Bank](http://en.wikipedia.org/wiki/World_Bank), or for obtaining lower interest rates on existing loans. Conditionalities were implemented to ensure that the money lent would be spent in accordance with the overall goals of the loan. The SAPs were also created with the goal of reducing the borrowing country's fiscal imbalances" http://en.wikipedia.org/wiki/Structural_adjustment_program. In SSA SAPs proved unpopular, as they were very harsh because of the huge social cost of adjusting.

extremely dependent on multilateral aid agreements and grew increasingly indebted.”²⁵

Degnbol-Martinnussen and Engberg-Perdersen are of the view that SSA countries were obliged to adopt this stringent set of regulations and conditionalities under the rubric of the neoliberal orthodoxy not only as a remedy for their ailing economies, but also as a mechanism of ensuring greater aid effectiveness.²⁶ However, as the continued poverty and poor developmental record within these areas show, the painful adjustments these poor African countries had to endure did not yield the desired results of economic recovery or greater aid effectiveness. To the discredit of the Bretton Woods International Financial Institutions (IFIs), who pushed through draconian measures of austerity in return for aid, and to the utter dismay and disappointment of Western creditors, the 1980s was effectively the ‘lost decade’ for most countries in SSA in terms of economic development. SAPs and other forms of western development assistance continued well in the 1990s but registered no real gains or improvements.²⁷

From the mid 1990s to this day, growing emphasis on good governance and institutional capacity building, both as a precondition and a goal, has taken center stage in Western development assistance. As Carlos Oye confirms, since 1995 to present day,

“...There has been broadened and enhanced conditionality, a sort of ‘augmented Washington Consensus’ (Rodrik 2004, 2006), characterized by a political combination of economic and political benchmarks, an obsessive focus on governance and institutional issues, increasing donor alignment and coordination around ex-post selectivity, which is allegedly based on ‘good policy environments and national (ownership in the eyes of donors).”²⁸

In terms of the share of aid, SSA has been the largest recipient of Western development assistance since the 1970s. SSA’s share of aid doubled from around 15% of total net aid in

²⁵ (Oye, 2006, p. 5)

²⁶ (Martinnussen & Engberg-Petersen, 2003)

²⁷ Brautigam opines that “in Africa, structural adjustment policies with their focus on growth, and demands for liberalization and privatization, continued to frame aid during the 1990s, even as aid officials and recipients alike grew increasingly weary of the failure of adjustment to foster economic recovery. Critics described the process as an elaborate charade: aid recipients pretending they would reform, and donors pretending to believe them. (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 76).

²⁸ (Oye, 2006, p. 6)

the early 1970s to over 30% in the late 1980s (See fig. 1). Oyo reckons that this trend in shares reflected in part the imperatives of Cold War and its manifestations in Africa, the perception of increasing impoverishment in this region and increase in the number of donors who have had geo political and historical links with the continent. In the 1990s, as was the case with other continents, there was a drop in ODA for the region partly for the reasons cited above and the diversion of funds to former socialist bloc in Eastern Europe.²⁹

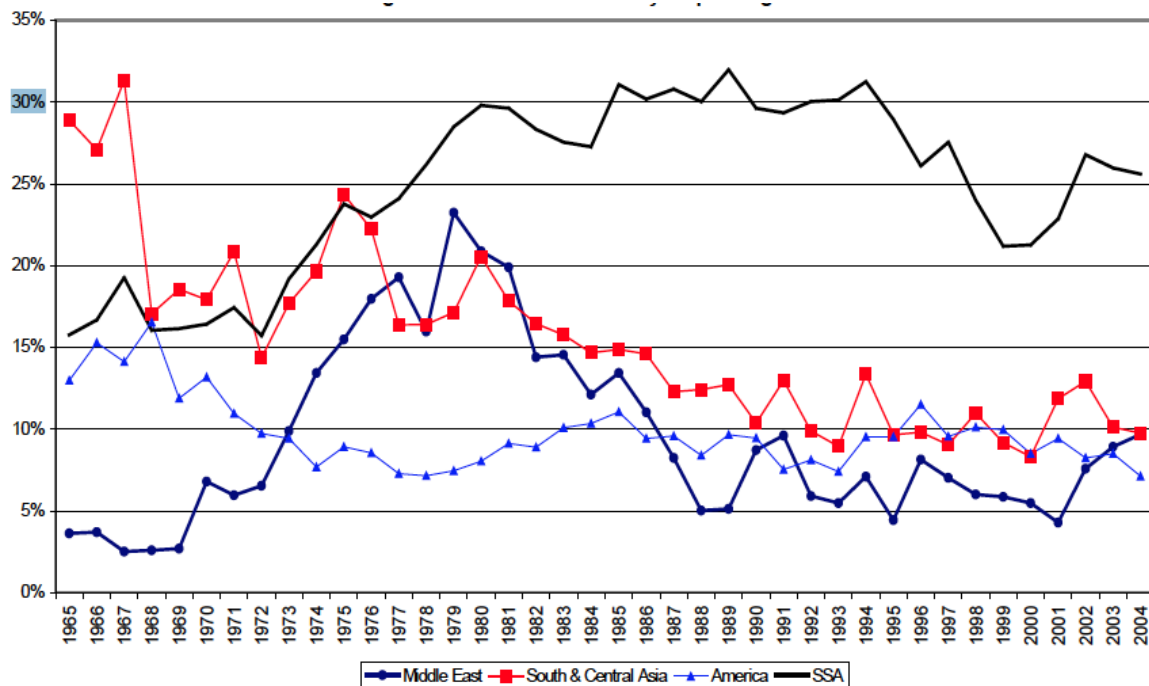


Figure 1: Share of Net Aid in % by Recipient Continent

Source: World Development Indicators 2006³⁰

As can be deciphered from this brief historical background, the aid regime of the West has changed frequently but the use of conditionality has remained a central feature. The exercise of conditionality by development agencies particularly from the OECD and the IFIs is still very much an important component of development cooperation. However, it is important to state after the events of 9/11, the use of aid for geopolitical aims and security has resurfaced. It is therefore not uncommon for aid to be given to areas and countries where democratic credentials and sound aid management, for instance, are absent.

²⁹ (Hopkins 2000) cited in (Oye, 2006, p. 7)

³⁰ Courtesy (ibid, p. 33)

2.3 China's Development Cooperation: What Are We Talking About?

2.3.1 Types and Nature of Chinese Aid to SSA

There are conflicting reports in the media and intellectual discourse about the quantity and nature of China's aid to SSA. It has therefore become very necessary to define China's assistance to Africa in order to understand its modus operandi and consequently its impact. AFRODAD reckons that Chinese assistance "goes beyond the concept of aid/ODA as defined by traditional donors. It includes various types of economic and political cooperation, such as aid, loans, export credits, trade and investments, some of which are equivalent to the ODA concept, while others are not. China's definition of aid is broader, cannot be analyzed using the same parameters as those in the OECD. It is also difficult to separate China's aid from other types of economic cooperation".³¹ Qi Guoqiang, a researcher at the Chinese Academy of International Trade and Economic Cooperation (CAITEC) suggest a typology to clarify things. According to Qi, Chinese development assistance consists of the following:

- "Grants (~~China's Ministry of Commerce~~ (MOFCOM)). Mainly used to help recipient countries to implement small social projects, such as: hospitals, schools, low cost housing, provision of clean drinking water etc.
- Interest free loans (MOFCOM). Not always reimbursed - Chinese authorities estimate that around" 90% of these debts are cancelled".³²
- Preferential rate loans for industrial and infrastructure projects. These are implemented by the Export-Import Bank of China (Exim Bank), which was established in 1995. The government subsidizes the difference between the preferential rate and the basic rate of the central Bank of

³¹ (AFRODAD, 2008, p. 17), available online at : <http://www.africafiles.org/article.asp?id=19101>, last accessed 08.11.13

³² Since 2000, the PRC has taken significant steps to cancel the bilateral debt owed by 31 African countries. In 2000, it wrote off US\$ 1.27 billion in debt and forgave another US\$ 750 million in 2003 (Herman and Jansson, 2008, p. 15). The exact amount of bilateral debt that has actually been cancelled to date is difficult to approximate. China's debt relief in Africa has been mostly the cancellation of interest free loans, and to a lesser extent, the write-off of concessional loans. By relieving these governments of the principal (and interest) payments of preferential loans, these effectively are converted into grant aid (AFRODAD, 2008, p. 21).

China. Unlike other loan types, these loans do have to be paid back; bankers of Exim Bank, who are present from the initial negotiations of the loans, are particularly exacting and vigilant regarding the profitability of the projects they finance. The annual interest rate and the length of the loan vary according to the country and the project considered: on average, this is about 2% interest for loans over 10 to 15 years, without any grace period, and loans are in Chinese currency, yuan or Renminbi (RMB).³³

In addition to the concessional loans, the Exim Bank also grants another credit facility known as the Chinese Export Buyers credit. This “Credit facility is meant for creditworthy foreign borrowers to support the export of Chinese capital goods and services overseas including construction projects”.³⁴ They are usually issued at a “competitive” commercial “interest rate and have a longer repayment period”, thus enabling “foreign importers to make prompt payment to Chinese exporters for the exported products and services”³⁵. Most of the goods financed by this facility are “Chinese capital goods such as mechanic and electronic products and complete sets of equipment. The credit facility is also available for financing the export of Chinese-built ships, high and new-tech products and services, and overseas construction projects contracted by Chinese companies”.³⁶

2.3.2 Logic, Modalities and Conditionalities of China’s Development Assistance

In the last segment, the study tried to produce a typology of China’s development assistance. However, in practice, this typology neither helps to fully understand the *modus operandi* nor does it shed light on other equally important aspects of China’s aid with special reference to SSA. “In terms of the practice of aid delivery, much of China’s rationale for its development cooperation has been to place it in a distinctive relation (often in opposition) to Western aid

³³See Qi Guoqiang : “Chine : Aide sans condition”. *Courrier de la Planète* n°84 : Le temps des émergents cited in (Guerin, 2008, p. 3)

³⁴ (AFRODAD, 2008 , pp. 20-21; Brautigam, 2009, pp.112-113). (AFRODAD, 2008) also downloadable at: <http://www.africafiles.org/article.asp?id=19101>, last accessed 08.11.13

³⁵ (AFRODAD, 2008 , pp. 20-21; Brautigam, 2009, pp.112-113). (AFRODAD, 2008) also downloadable at: <http://www.africafiles.org/article.asp?id=19101>, last accessed 08.11.13

³⁶ (Ibid, p. 21). The Credit facility is usually guaranteed by the national bank of the partner country. In Angola for instance, it’s the National Bank of Angola, and secured by Angola’s oil production. This constitutes the highest form of Chinese aid to Angola. A total of US\$10.5 billion has been extended to Angola since 2004

logics and practices”.³⁷ Chinese aid modalities and approaches are diverse and are also rapidly changing.³⁸ However, there are some features one can point to that underline the *raison d'être* of China's development cooperation with Africa. In official terms, the principles of equality, mutual respect and benefit, sovereignty and non-interference defines China's approach to development cooperation with SSA.³⁹ Chris Alden is of the view that China's logic for placing emphasis on sovereignty, equality and non-interference stems from the reasoning that these are “seen to be a bulwark for weakly legitimated regimes coming to power in the wake of colonialism and the competing claims to recognition both within and without the territorial boundaries of newly formed states.”⁴⁰ Additionally, on the issue of mutual benefit, Alden asserts that this developmental principle allows China to break with the donor recipient model of development dominant amongst OECD countries, whilst employing a mix of practices from socialist era barter trade to complex project financing in its developmental agenda with SSA. It is noteworthy to add that China regards itself as a developing country just like any other African nation and, as such, it structures its developmental relations with SSA “... such that they may remain asymmetrical in economic content but equal in terms of recognition of economic gains and political standing.”⁴¹

As Tan-Mullins et al. on their part also reason that China's insistence on these core values reinforces the projected image that China is ‘non-ideological,’ pragmatic and ready to engage Africa on the bases of commercial interest and altruism rather than seeking to transform the hearts and minds of African countries like the West has tried to do. However, to conclude that China's aid is overtly without strings is an oversimplification of the facts.⁴² China

³⁷ Tan-Mullins, Mohan & Power, 2010, p. 862)

³⁸ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009)

³⁹ See (Alden & Large, 2010; Brautigam, 2008)

⁴⁰ (Alden & Large, 2010, pp. 27-28)

⁴¹ (Ibid)

⁴² A political condition China attaches to its aid policy is the ‘One China’ Policy where recipient countries are requested to diplomatically recognize only China/Beijing following its diplomatic row with Taiwan/Taipei. Since the end of the Cold War a number of African countries have switched recognition of Taiwan to China, “amongst them Chad, the Central African Republic, Lesotho, Liberia, Niger, Nigeria, Senegal and South Africa. Only Burkina Faso, Gambia, Malawi, Swaziland, Sao Tome and Principe have retained their recognition of Taiwan”. On the economic side, a conditionality of special economic significance and consequence to the African sub region is the procurement clause that is attached to issuance of concessional loans. According to the China Exim Bank, the “concessional loan is designed to “fund manufacturing projects, infrastructure construction projects and social welfare projects in the borrowing country, which can generate promising economic returns or good social benefits” and “finance the procurement of Chinese mechanical, electronic products, complete sets of equipment, technology and service and other goods by the borrowing country.”

attaches political and even, at times, certain economic conditions to its aid. These however, are not brazen and do not constitute official development policy or operate in the same fashion as traditional development cooperation from West.

Moving on to modalities, one important feature of Chinese development cooperation is the bilateral manner in which it is conducted. On the surface China's offensive on the continent appears to be on a multilateral level, as manifested by periodic forums, such as the Forum on China-Africa Cooperation (FOCAC).⁴³ However, Emmanuel Guerin counters this view by stating multilateral forums, such as FOCAC, are only smokescreens for bilateral relations between China and the different African countries. He maintains that:

“The collective dynamic at a continent scale struggles to emerge, as China prefers to keep up privileged bilateral relations with politically or economically important countries. It hides behind FOCAC's multilateral screen in order to give the impression of diplomatic support to Africa as a whole. The monitoring of FOCAC itself remains largely bilateral, with each different African delegation going in turn to attend talks in China to review the situation.”⁴⁴

If the above holds true, then it is not out of place to suggest that China's engagement in Africa is framed on the basis of false multilateralism allowing it not only to deal individually with African countries it considers important but also gives it the advantage when it comes to bargaining and the negotiation of deals.

“According to China Exim Bank's concessional loan requirements, Chinese contractors must be awarded the infrastructure contract financed by the loan. Furthermore, in principle no less than 50 per cent of the contract's procurement in terms of equipment, materials, technology or services must come from China (Corkin, 2011, p. 69). Also see (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009; Tan-Mullins, Mohan & Power ~~Marcus~~, 2010)

⁴³ “FOCAC is an official forum between the People's Republic of China and the states in Africa. There have been four summits held to date, with the most recent meeting having occurred from November 8 to 9, 2009 in Sharm el-Sheikh, Egypt. “Previous summits were held in October 2000 in Beijing, December 2003 in Addis Ababa, and November 2006 in Beijing”. In terms of significance and impact the November 2006 Beijing FOCAC summit was the most important. At this summit, the Chinese government made numerous commitments for the period 2006 - 2009, which included: the doubling of aid to Africa (MOFCOM); a pledge to deliver to Africa US\$ 5 billion: in preferential loans (US\$3 billion) and in credit for exports (US\$ 2 billion) (Exim Bank); to provide up to US\$ 5 billion in support to Chinese businesses seeking to invest in Africa (China Development Bank); to cancel the debt of the African Highly indebted poor countries (HIPC); to create 3 to 5 Special Economic Zones (SEZ) ; to increase from 190 to 440 the amount of African products exempt from custom duties when exported to China; to reinforce technical cooperation in the fields of agriculture, science and technology; to build a conference center for the African Union in Addis Ababa.

⁴⁴ (Guerin, 2008, pp. 5-6)

Another important modality of China's aid is the fact that it is usually shrouded in secrecy. China neither clarifies the nature of her aid nor is willing to reveal the precise amounts she doles out to SSA. There are some plausible explanations for this. First, Brautigam, Tan Mullins et al., and Lum et al. surmise Chinese leadership is reluctant to be perceived as a major aid donor, since the People's Republic of China (PRC) herself "continues to be a recipient of foreign assistance and more importantly, the government fears that its citizens may object to lavish spending on economic projects abroad"⁴⁵ when there are pockets of poverty in China. It is therefore not always easy to discuss the subject of its foreign aid and justify it to its own poor citizens.⁴⁶ Secondly, the government faces the real problem of how to centralize its aid statistics. This is not an easy task considering the fact that it must overcome the resistance of a highly compartmentalized public administration (as we shall see in the next segment) as aid is given by different ministries as well as by provinces and cities.⁴⁷ Without exact figures, the result is that it becomes difficult to assess the amount of aid China disburses. Quite crucially, it is also impossible for comparisons with other donors and even with previous levels of China's aid to be made. Furthermore, this also makes it highly problematic to determine the effectiveness and efficiency of China's development assistance.

In the overall scheme of things, what is even more important than levels of aid per se is the nature (components) of China's aid. There is a blurring of the boundaries between trade, FDI and aid as far as China's development cooperation with SSA is concerned.⁴⁸ As Kaplinsky notes, these three vectors are very important to the economic development of low-income countries, such as those in SSA. Against such a realization, Western donors and institutions have attempted to move away from this practice of bundling all three vectors in aid packages to recipients.⁴⁹ Guerin also notes with pessimism that Chinese aid is unique for

⁴⁵ (Lum, 2009, p. 1)

⁴⁶ (Brautigam, *China's Foreign Aid to Africa: How Much do we Know?*, 2008; Guerin, 2008; Tan-Mullins, Mohan, & Power ~~Marcus~~, 2010; Lum, Fischer, Gomez-Granger, & Leland, 2009))

⁴⁷ (Chaponniere, 2009, p. 63). However, it must be pinpointed that China's lack of transparency on aid is slowly changing however. In 2008, Chinese premier Wen Jiabao announced at a high-level meeting on the MDGs that China had disbursed US\$30 billion in aid to all developing countries since 1950, about US\$12 billion of which was in the form of grants. China's aid to Africa from 1956 to 2006 was also confirmed to be just under US\$6 billion (Brautigam, 2010, p. 165)

⁴⁸ See numerous authors on this subject: (Brautigam, *China's Foreign Aid to Africa: How Much do we Know?*, 2008; Guerin, 2008; Kaplinsky, *How Can Sub Saharan Africa Turn the Chinese-Indian Threat into an Opportunity*, 2009; Tan-Mullins, Mohan, & Power ~~Marcus~~, 2010))

⁴⁹ (Kaplinsky, *How Can Sub Saharan Africa Turn the Chinese-Indian Threat into an Opportunity*, 2009, p. 283)

offering what he calls ‘Package deals’ to recipient countries in which it is difficult to distinguish between aid in the strict sense, economic cooperation or simple private interest. It should be noted that the tying of investment, financial and other trade flows involves different amounts of leverage and, hence developmental impacts, which in some cases may be detrimental to the overall growth of low-income countries.⁵⁰

Another crucial element of China’s aid, which seems absent with traditional OECD-DAC official development assistance, is the tendency to integrate or align aid with the needs of the recipient countries. Generally, the impression is that traditional development assistance from the West is always highhanded and patriarchal with the donor assuming to know what the beneficiary requires and then proceeds to provide for these perceived needs. In contrast, China from time immemorial has always insisted on providing only aid, which recipient’s have explicitly requested or is in line with their stated development needs. As recognized by Alden and Chen, “this process of consultation and, indeed, negotiation between Beijing and the host government introduces a strong element of ‘local ownership’ of development projects”.⁵¹ In addition, this increases the likelihood that aid projects will meet the particular need of the recipient country and also increases the support of the African government involved.⁵²

Judging from the foregoing insights, it is not only self-evident that China’s development cooperation is markedly different but also that it is more extensive than traditional Western development assistance. Due to these inherent and distinguishable traits, the expectation is that it will present a new set of prospects as well as challenges in addition to some of the old dynamics, which we already know to be associated with aid in the context of SSA.

⁵⁰ See (ibid) for the effects arising out of the bundling of all vectors of economic development on the economic growth of low-income countries

⁵¹ (Alden & Chen, *Chinese Development Cooperation with Africa: The Case of the Tembisa's Friendship Town*, 2011, p. 107)

⁵² (Alden & Chen, *Chinese Development Cooperation with Africa: The Case of the Tembisa's Friendship Town*, 2011, p. 107). As Alden and Chen admit themselves, the alignment of donor projects with recipient needs does not necessarily guarantee a positive outcome. They cite the example of how China upon insistence abandoned an ongoing agricultural project and proceeded to fund the building of a fifth football stadium in the mid 1970s when Senegal wanted to switch diplomatic gears from Taipei to Beijing. In this classic case, one can say a disservice was done to the economic development of Senegal all in the name of ‘local ownership’.

2.3.3 Coordination And Management Of China's Development Cooperation

For a statist country like the People's Republic of China (PRC), one would have thought a single authority manages its development cooperation with SSA. On the contrary, there is a nebulous of agencies and organs, which manage and coordinate development cooperation in the PRC. This therefore necessitates a brief breakdown of the various components. As can be inferred from Fig. 2 below, the State Council, which is the highest executive organ of the state administration, is essentially the oversight body that oversees all aid programs of the PRC. It decides on the portion of national budget that is designated to foreign aid at the beginning of the budgetary year. Next in this hierarchy are the Ministries of Commerce (MOFCOM), Foreign Affairs, Finance and then the Exim Bank. These together with the exception of the Ministry of finance form China's most important central institutions involved in aid. According to Brautigam, the Ministry of Finance is responsible for allocating donations to multilateral organizations for e.g. grants to United Nations agencies (such as UNICEF) or to the World Bank's International Development Association (IDA). The Ministry of Finance also oversees the cancellation of foreign aid debt owed to China, and it also signs off on the annual aid plans. This Ministry is further tasked with the drawing of the foreign aid budget in consultation with the MOFCOM.⁵³

⁵³ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, pp. 107-109)

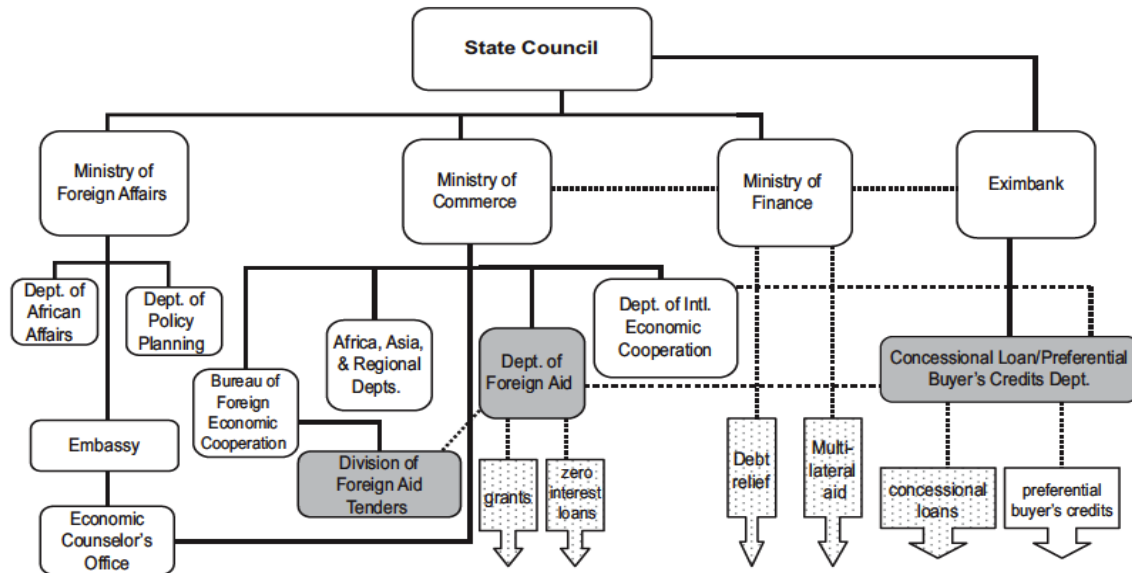


Figure 2: China's System of Development Cooperation⁵⁴

According to Davis et al. the MOFCOM and, more specifically, the Department of Aid to Foreign Countries coordinates China's foreign aid policy including inter-government agreements, and reviewing requests from the Ministry of foreign affairs on foreign aid fund. Other relevant institutions are the respective ministries and local embassies in Africa that are tasked with monitoring the implementation of aid that falls under their jurisdiction and expertise.⁵⁵ It is important to state MOFCOM underwent some reorganization in 2003 and as a direct consequence, the Executive bureau now handles tenders⁵⁶ along with other practical steps for projects funded by grants and zero-interest loans (procurement, quality control, evaluation, training of Chinese staff). The Department of Economic Cooperation manages some areas of support for Chinese companies seeking business overseas, including offshore resource development, investment, "labor services, international contracting, and overseas economic zones. It also coordinates with the China Exim bank on decisions for preferential export buyer's credits and manage other subsidy programs for international engagement that are not part of the foreign aid budget".⁵⁷ The Ministry of Foreign Affairs'

⁵⁴ Courtesy: (Brautigam, *The Dragon's Gift: The Real Story China in Africa*, 2009)

⁵⁵ (Davis, Edinger, Tay & Naidu, 2008) cited in (AFRODAD, 2008, p. 17)

⁵⁶ Brautigam reckons that China learned about tender systems from the World Bank. The country's first tender systems were "established to meet World Bank requirements for its foreign aid after China began to take out loans as a new member in the early 1980s. A decade later, the Chinese began to set up a system of tenders and bidding for their aid projects". (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 110).

⁵⁷ (ibid, pp. 107-109)

role in the scheme of things has in recent times become redundant. Nonetheless, it advises the leadership in Beijing about the quantity of aid it should give to a particular country. It also drafts off the annual plan for aid together with the Department for Aid in the MOFCOM as well as signing off on any changes in the aid plan and decisions on cash aid, along with the Ministries of Commerce and Finance.⁵⁸

A very important artery of China's aid architecture is the Import and Export Bank known as the Exim Bank. Established in 1994, the Bank is one of the three policy banks of China, which now operates primarily as a tool of government. As far as China's development cooperation is concerned, this Bank is responsible for rolling out concessional loans to SSA countries and coordinates with the Department of Foreign aid in that regard. The China Exim Bank defines these concessional loans as "the medium- and long-term, low interest rate credit extended by China Exim Bank under the designation of the Chinese government within the nature of official assistance."⁵⁹ According to World Bank estimates, by 2006 China Exim Bank had disbursed over US\$12.5 billion for large-scale infrastructural projects in SSA alone.⁶⁰ The China Exim Bank's official reported figures however quote a much lower figure of US\$1.7 billion.⁶¹

⁵⁸ (ibid, pp. 110-111)

⁵⁹ (China Exim Bank, 2008) cited in (Corkin, 2011, p. 68). For a comprehensive account of the criteria for China funding a project through a concessional loan in Africa, please refer to (AFRODAD, 2008)

⁶⁰ (Bossard, 2007, p. 2) cited in (ibid)

⁶¹ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 317)

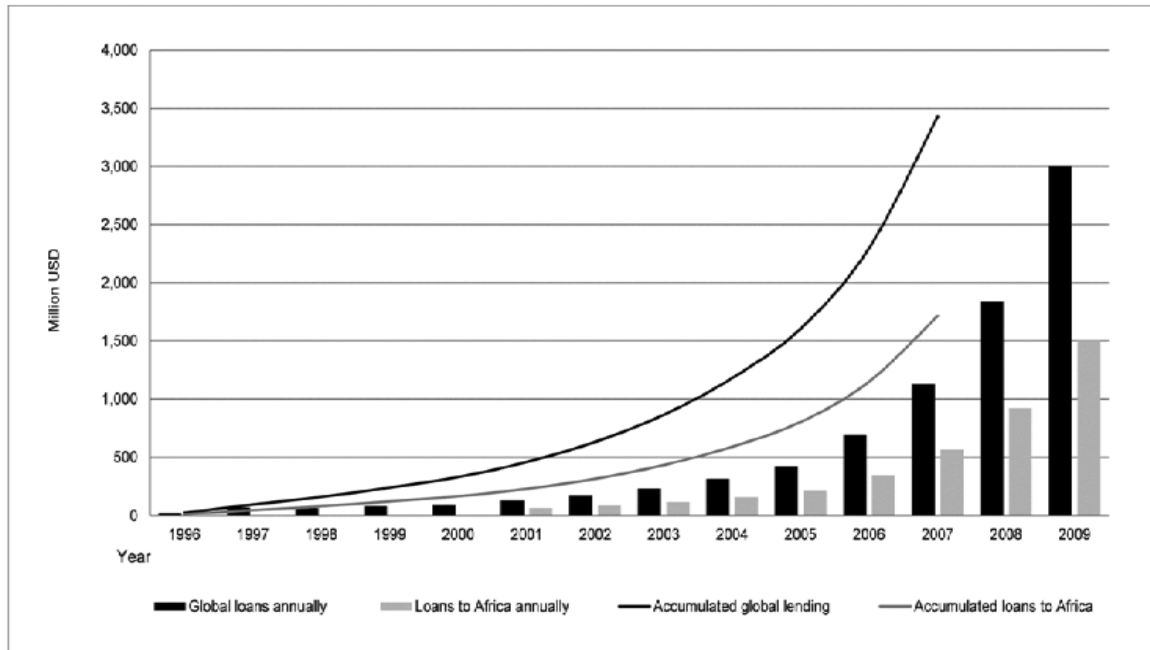


Figure 3: China's Exim Bank Concessional Loan (In millions of USD)⁶²

Even though it remains debatable how much was disbursed, it is very clear that SSA has become an important destination for Chinese concessional loan financing. As Lucy Corkin observes and is depicted in Fig. 3, whereas the volume of China Exim Bank's loans have increased significantly globally, the growth in Africa is particularly strong and by 2009 Africa accounted for half of the accumulated global lending. Similarly, since 2001, approximately half of all China Exim Bank lending per year has gone to Africa.⁶³ Broadman also notes that more than 80 per cent of China Exim Bank loans were made to resource-rich African countries such as Angola, Nigeria, Zimbabwe and Sudan. The China Exim Bank also reportedly accounted for 92 per cent of Chinese finance commitments for infrastructure in Africa between 2001 and 2007.⁶⁴ Corkin however admonishes Exim bank's loans are not contingent on the natural resource state of a country but merely act as collateral for the repayment of loans.

From this brief account, it can be ascertained that China's aid structure is indeed very complicated. The sheer number of different actors ranging from state to private is

⁶² Courtesy (Corkin, 2011, p.70)

⁶³ (Corkin, 2011, pp. 69-70).

⁶⁴ (Broadman, 2007, p. 275; Forster et al. 2008, p. 40) cited in (ibid, p. 69)

overwhelming. The discussion however did not touch on the numerous Chinese firms and corporations littered over the African continent. This is not to underestimate their role in the scheme of things. They are crucial as far infrastructural projects and developments are concerned. However, the importance of what they do is tied to MOFCOM and the Exim Bank.

2.4 Theoretical Points of Departure

2.4.1 China and SSA: Engaging in Postcolonial Interdependency?

There have been many varied opinions on the best way to contextualize China's contemporary development partnership with Africa. Fueled by alarmism, most Western and even African perspectives have characterized China's penetration and expansion of the continent as reminiscent of colonialism or neo colonialism with some critics even labeling it hegemonic.⁶⁵ These allegations may hold may not be further from the case but this study goes by a different persuasion. As argued by Alden, Rupp, Wissenbach and others, the burgeoning relationship between China and Africa is more complex and cannot simply be captured by allegations of (neo) colonialism, imperialism or hegemony.⁶⁶ In place of a colonial or neo colonial relationship, Stephanie Rupp invites us to look at contemporary Sino-African development cooperation through the framework of postcolonial interdependency where there exists a mutual but unbalanced relationship in economic and political terms.⁶⁷ According to Rupp, Chinese involvement in Africa is neither colonial nor neocolonial; rather China is strategically leveraging structural characteristics of African political and economic systems that advance the interests of both the Chinese state and African states most often at the expense of ordinary African people. As a result of the

⁶⁵ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009 ; Rupp, 2008). Also see Shoeman, M.(undated). *China in Africa: The Rise of Hegemony?* Available for download at : <http://repository.up.ac.za/handle/2263/4019>

⁶⁶ (Alden & Large, 2010; Rupp, 2008; Wissenbach, 2011)

⁶⁷ Christopher Dent affirms, at present owing to the significant development capacity deficiencies faced by most African states, a generally imbalanced dialogue exists between China and Africa. By 'capacity' he is referring to the various development-related functions of the nation or economy, namely technocratic, institutional, industry, human capital, and sustainable development capacities. In most of these, China's capacities are stronger than the average SSA country. This makes their relationship more skewed in favor of China.

imbalance in economic power between China and individual African states, these relations echo the dependency typical of colonial relations but are structurally different.⁶⁸

A critical examination of China-Africa relations reveals striking resemblance with European era colonization of the continent. For example, the search and ‘scramble’ for natural resources by China can be compared to the European colonial drive for resources during the early days of the industrial revolution and other geo economic developments at the time. Rival European powers rushed to secure access to natural resources such as ivory, gold, palm oil, timber, and cotton culminating in the carving of Africa among these belligerents in the Berlin treaty of 1885. Today, propelled by the same seismic forces of economic competition, China in league with the EU and the US are once again engaged in a struggle to secure access to Africa’s mineral wealth, in particular crude oil and natural gas.⁶⁹ In this particular instance China can be accused of replicating the same colonial practice of resource exploitation. But quite unlike the colonialist, Naidu et al. assert that China does not wish to be perceived as scrambling for Africa’s resources, therefore she “chooses to eschew any stereotypical labeling by deliberately integrating her resource needs with Africa’s own development requirements.”⁷⁰ Robert I. Rotberg adds voice to such an observation by stating:

“China hardly wants to colonize, but it does have immense mercantilist ambitions. It ravenously seeks raw materials—petroleum, timber, ferrochrome, cobalt, platinum, copper, diamonds, and so on... Sub-Saharan Africa, in turn, welcomes such an insatiable appetite. The Chinese not only purchase Africa’s unprocessed returns of the subsoil, the land, and offshore drilling, but the Chinese “also invest for the long term, thus expanding Africa’s permanent capacity in the mining and petroleum sectors. To service these extractive industries and manufacturing capabilities more generally, China also constructs or refurbishes roads and railways, creates export processing zones, supplies equipment, and builds up national industrial bases.”⁷¹

In addition to this insatiable demand for natural resources mentioned above, China is also keen to exploit and capitalize on the weak industrial base of SSA economies set off by decades of colonial neglect and postcolonial era of abysmal neoliberal economic policies.

⁶⁸ (Rupp, 2008)

⁶⁹ (ibid, p. 67)

⁷⁰ (Naidu, Corkin, & Herman, 2009, p. 96)

⁷¹ (Robert, 2008, p. 1)

These have had the combined effect of undermining African industrialization efforts. China's current industrial rise has resulted in a domestic crowding in of industries competing for markets and new contracts. With the coupling of a choked domestic market with severe competition from other industries and firms on the global market, Africa with its relatively low industrial base becomes a viable outlet or market for China not only to dispose of some of her manufactured goods but also for her numerous firms to find new deals.⁷² From heavy and light manufactures such as ships and mobile phones to traditional Chinese porcelain and wax prints, China supplies all these at very 'competitive' or 'cheap' prices. SSA on the other hand is a destination where a majority of the people cannot afford the pricey and high standard goods produced by Japan, the EU and the US. This then allows for a natural trade relationship to evolve in which China is capitalizing by flooding SSA with its manufactured goods and firms. Ian Taylor however recognizes that this current relationship, which China seems to be exploiting, has root elements dating back to the early years of Africa's postcolonial era where the continent failed to develop as an industrial hub. He posits:

"...With the exception of oil exports to China, Sino-African trade is generally lopsided in favour of Chinese exporters, who are penetrating African markets with cheap household products. Such imports into Africa have been criticized as doing little to encourage indigenous African manufacturing. Yet, on the other hand, it is the failure of African economies to industrialize and to develop post-independence that means that they produce very few processed goods and are a natural target for Chinese exporters."⁷³

That as it may seem, this linkage has two major outcomes; Taylor posits, the continuous influx of inexpensive Chinese merchandise has the potential of displacing local producers and entrepreneurs producing the same or similar products⁷⁴ and on a positive level, it gives the majority of Africans the opportunity to buy goods, which they previously could not afford, thereby raising their standards of living. In this sense, there is interdependency although it may seem lopsided in favour of China.

⁷² Wissenbach asserts, China's inroad into the African market is a part of "a bigger picture, a shift of its global approach founded on the intrinsic dynamics of its emergence as a major economy and manufacturing hub". The African Market is one in which there is far less competition than in the West but should not be seen as a strategic market per se (ibid, p.22)

⁷³ (Taylor, A Challenge to the Global Neoliberal Order? The Growing Chinese Relationship with Africa, p. 192)

⁷⁴ See (Brown, 2012; Moody, 2011; Kaplinsky, 2009; Rotberg, 2008; Rupp, 2008)

In a similar vein, China's development cooperation, unlike Western development assistance and even colonialism, offers Africa distinct socio economic and infrastructural programs that it needs for its development in return for raw materials and other commercial benefits. One will recall that during Europe's colonization of Africa, the bulk of infrastructural development went to areas endowed with rich mineral and natural resources. Even after the era of colonialism had phased out, the international donor community neglected the provision of infrastructural development despite increased trade and aid between Africa and the West. In sharp contrast to this, the PRC can be seen all over the continent building and providing massive infrastructural projects needed to spur on socio-economic development. Much to China's credit, these projects are not only concentrated in resource rich areas but also even in rural and deprived communities of most African states.⁷⁵ This point is well noted by Jean-Raphael Chaponnière who posits that "whereas the poor state of Africa's infrastructure is widely recognized to be a major constraint on its development, only a small proportion of Western aid is devoted to infrastructure improvement... this market failure has opened a window of opportunity for Chinese aid."⁷⁶ So in this vein, it can be concluded that China is not only filling a vacuum created by the failure of Western aid, but crucially, she is also seeking to address the structural deficiency created and deepened by the West. That underlined, it is very relevant to add that these big infrastructural projects that China is erecting all over the continent are not entirely giveaway lunch packages. Rupp is of the opinion that generally, states that invest in Africa typically offer development projects, both infrastructural and socioeconomic, as inducements for African participation in bilateral partnerships. He posits that;

"From the perspective of Africa's external partners, offering development initiatives lubricates their economic negotiations with African political leaders, allowing external partners to claim that their

⁷⁵ See (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009). (Rupp, 2008, p. 83) also rightly pinpoints "Chinese investment in Africa is coupled with the kind of development in financial, commercial, infrastructural, and socioeconomic sectors that is urgently needed for Africa's longer-term growth and eventual self-sufficiency—development efforts that were neglected during the postcolonial decades of the twentieth century"

⁷⁶ Jean-Raphael Chaponnière is of the opinion that after the excesses of the 1960s, when Western donors participated in the financing of many "white elephant" infrastructural projects, donors became increasingly reluctant to finance these types of projects in SSA. During the early nineties, DAC countries especially the Helsinki group refrained from projects that they thought could eventually be realized by the private sector (Paquement, 1998). However, while Western governments have restrained from financing infrastructure projects, the private sector has failed to engage in such projects, thus creating a market failure in which China is now exploiting in Africa (Chaponniere, 2009, p. 68)

engagement with African states is mutually beneficial and certainly not predatory, because ordinary African people stand to benefit by the provision of basic services.”⁷⁷

Such an allegation may hold some truth but one should not lose sight of the fact that these aid packages, which target the refurbishment, reconstruction, or outright development of infrastructure, such as roads, ports, and airports, at the end of the day benefit local African communities for whom these axes of transportation and infrastructure are often insufficient or non-existent.⁷⁸ Additionally, one should also understand that China is still a developing country and also needs resources to facilitate her development. As such, we should not expect her to simply dole out aid to SSA without expecting some form of economic partnership, which will secure her some benefits in return.⁷⁹

Moving on to the more conceptual aspects, Rupp and Large argue that China is taking advantage of popular disillusionment within Africa over its postcolonial development efforts with the West to build mutually beneficial partnership.⁸⁰ Western attempts to redress the economic turmoil and autocratic rule that characterized the landscape of several countries in SSA in the postcolonial era came with a hurricane of preconditions but failed to remedy the illiberal and undemocratic state of African countries. Most countries relapsed into political chaos and economic decline. Against this backdrop, China stepped in with a different approach, one that Large vividly describes as:

“It is explicitly non-prescriptive, employing a language of ‘no strings attached’, equality and mutual benefit. It emphasizes the collective right to development over the rights-based approaches focused on individual rights. It stresses the importance of political stability, internally driven development appropriate to given conditions and promotes a sovereignty-

⁷⁷ (Rupp, 2008, p. 73)

⁷⁸ (ibid)

⁷⁹ Brautigam posits, “Over time, foreign aid has become one tool in a range of economic instruments adeptly managed by China’s state leaders to boost China’s exports and its own development. Aid and other benefits are used not only to support the development of recipients, but to foster trade, help build competitive Chinese multinational corporations, and encourage the upgrading of China’s own domestic firms.” She argues further China is a developmental state, which has its own development challenges including deep poverty. As such one should not expect China to simply give assistance based purely on altruistic motives without expecting some benefits in return. As iterated in previous segment, even developed external partners of SSA have similar motives in the disbursement of aid. (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 25)

⁸⁰ (Large, 2007, p. 160)

based order. Finally, its nonintervention approach publicly separates business from politics.”⁸¹

As can be deciphered from Large’s statement, China is not encumbered by the patronizing moral platitudes of Euro-American nations that decree democracy and transparency as preconditions to its economic engagement with the continent. Fortunately for Africa, China is ready to provide African governments with an unsurpassed opportunity to stabilize their national economies and also develop infrastructure in return for continuous supply of natural resources and other emoluments without any ‘strings’ or political conditionalities such as good governance and democracy attached. It is this type of development discourse, which happens to resonate well with many frustrated African states after more than a generation of western conditionality with little or nothing to show for it. Rupp does well to capture the very essence of this reasoning by positing;

“China has successfully engaged with many independent African states in ways that Euro-American (neo) colonial powers never did and perhaps never could. The very structures of postcolonial African states that Euro-American partners have sought to redress—illiberal economies and undemocratic governments— offer opportunities for China to build mutually supportive partnerships.”⁸²

In close relation to the above, China is also keen to capitalize on Africa’s sensitivity over the right of sovereignty. China recognizes very well the sacredness with which African nations jealously guard sovereignty. The right of sovereignty has for most of the continent’s postcolonial existence been subverted and treated with impunity by Western powers. Being a former colony and bearing this in mind, China’s official diplomacy towards Africa is one of respect for the sovereignty, ‘equality and mutual benefit’ and non-interference.⁸³ As Rupp

⁸¹ (Ibid)

⁸² (Rupp, 2008, pp. 80-81). Daniel Large also explains China gains political capital from those areas where it diverges most from Western development prescriptions and associated conditionalities. Coupled with this, China is also renowned or has a proven reputation for effective implementation of projects. In addition, China is able to work within existing political contours/ frameworks rather than seeking to change them with their own prescriptions and models. All these make China a very likable candidate as far development is concerned on the continent (Large, 2007, p. 160)

⁸³ This logic was first enshrined by China’s premier Zhou Enlai in the “Five Principles of Peaceful Coexistence” during negotiations with India over the Tibet issue, “in 1954:1. These were Mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit and Peaceful coexistence”. Several decades down the line, Chinese leadership still

reckons, this is an indication that China is at least committed to engaging Africa as political and economic equals. Within this framework, China and Africa are able to engage without stepping on the toes of each other's sovereignty or domestic affairs. Additionally, they are able to interact as partners in sharp contrast to the highhandedness and overbearing attitude, which characterize the continent's relationship with the West.

African governments on their part are flattered by this and are therefore very open to partnering with China. As Sarr Johnny, a Sierra Leonean ambassador to Beijing in 2005 attests "We like Chinese investment because we have one meeting, we discuss what they want to do, and then they just do it...There are no benchmarks or preconditions..."⁸⁴ It is relevant to highlight this open embrace of China comes as no surprise considering decades of aid based on economic and political conditionality characteristic of Western aid with very dissatisfactory results.⁸⁵ It is however important to stress regardless of the supposed economic benefits of this non interference/mutual benefit stance of China, considering the reality of the continent's postcolonial political landscape, respect for sovereignty only allows China to focus on its commercial ties while turning a blind eye to some of the insidious effects of its development partnership with Africa.⁸⁶ This is not to say Africa always needs a patriarch (in this case China) to dictate and intervene in its internal affairs. Nonetheless, it is imperative that China pays more attention to the role its continuous apathy and indifference play in the overall progress of Africa, in order for it not to diminish the gains of this potentially mutual beneficial political relationship.⁸⁷

point to these ideas as the bedrock of the aid and foreign policy with special reference to Africa (Brautigam, p. 30)

⁸⁴ Quoted in (Zafar, 2007, p. 103)

⁸⁵ (Hodzi, Hartwell, & de Jager, 2012, p. 80)

⁸⁶For instance, China is able to cut deals with leaders of African states, who may or may not represent the interests of the nation, civil society, or the vast majority of ordinary citizens, domestic political and governance issues are also not given any forethought. Rupp however argues that China neither exemplifies nor promotes these qualities. As such she is absolved from blame for not considering these factors in negotiating partnerships with African countries with huge democratic and governance deficits such as Angola, Equatorial Guinea, the Democratic Republic of the Congo, Gabon, and the Sudan (Rupp, 2008, pp. 81-83).

⁸⁷ On the issue of non- interference, it is relevant to pinpoint that it is not entirely the case that China sits on the fence regarding some domestic issues. In the run up to Zambia's 2006 presidential election, the opposition candidate, Michael Sata after expressing worry over Chinese labor activities and growing presence of traders turned this issue into one key mantra of his campaign. The Chinese ambassador responded by threatening China will break off diplomatic relations with Zambia if Sata was elected. As one analyst remarked " this is hardly a model of non-interference" (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 150)

Last but not least, China and Africa both share some commonalities in their historical trajectory, which make the two ‘natural’ allies. For instance, Africa and China tout themselves as the cradles of civilization, victims of colonization by the West and are also grouped together as a developing continent and a developing country respectively. Realizing the potency and importance of this metanarrative, both mobilize this historical connection in their courtship of each other and alternatively use it to reinforce their ties. However, the hindsight to this rhetoric of a shared past is that China uses it to conceal or counter any sentiments of mistrust and misgivings (for example hegemonic or neo imperialist tendencies or scrambler for resources), which may arise regarding its approach and engagement in the continent in a variety of ways that the West tainted by centuries of imperialism, colonialism, enslavement and economic opportunism. From the point of view of Africa, China is seen as a better friend or alternative to the West and this translates in the way it is increasingly receptive towards her. With this interpretation of a shared past, African governments generally feel comfortable engaging with China because of the feeling that China has similar experiences and, therefore, more likely to understand better the African situation and its challenges. Going by the same logic, China is also likely to develop solutions, which can prove effective in offsetting some of these challenges.⁸⁸ So, from the African perspective, engaging with China is likely to result in mutually beneficial outcomes owing to similar experiences. Only time can tell whether Africans will perceive China as an altruistic and benign postcolonial development partner or not. As of present, much responsibility principally rests with China as to how soon this goodwill will last.

It can be inferred from the ongoing discussions that indeed Sino-Africa relations can best be expressed as a postcolonial interdependency. As can be deciphered from the discussion, there may exist some congruencies between European era colonial domination and current Chinese overtures on the continent. However, it will be a falsification of the facts if China is cast as Africa’s new colonial master. Rather than one side seeking coercive political and economic domination over the other, on both sides of the postcolonial relationship between Africa and China the basic objective is making economic progress and securing or

⁸⁸ Christopher Dent believes China has certain pertinent lessons it can share with Africa. He posits “ China may for the most part be considered a developing country, and hence compared to developed countries is perhaps more likely to empathize with, and appreciate, the development needs of African states having recently itself had to overcome a number of constraints on the path to economic transformation” (Dent, 2011, pp. 4-5)

developing the resources necessary for future economic growth and political stability.⁸⁹ However, as witnessed in most instances, China is capitalizing on the most entrenched colonial legacies or postcolonial realities of the former especially “...features that have contributed to the continent’s precipitous economic decline and political decay to its advantage and to the detriment of ordinary Africans.”⁹⁰ It is these features that ruin what would otherwise be a truly symbiotic relationship between China and Africa. The reins of Africa’s development however are still very much in its own hands. Whether or not it will reap maximum benefits depends on how best it is able to tilt the balance in its favour. It is indeed as Felix M. Edoho frames it:

“China is filling the vacuum in Africa created by Western disengagement from the region since the end of the cold war. That Africa is embracing China is informed by the former’s appraisal of the consequences of its colonial experience and the realities of its postcolonial dependent relationships with the West. China–Africa relations embody opportunities and threats. Africa needs to utilize the new architecture of cooperation to maximize benefits and minimize threats. Africa’s economic interest and quest for development could be in conflict with those of China, yet Africa must determine how to leverage the deepening relationship with China to its own advantage.”⁹¹

2.4.2 Nexus Between Good Governance and Development

The correlation between good governance or democratic governance and people centered development is a matter of great debate in social science circles. Most of these debates center on whether democratic governance precipitates economic development or vice versa. The aim of this study is not to join in this debate but merely to highlight the important link between good governance and development. Before anything else, it is necessary to define some key terms, which are governance and development. Christopher Dent defines

“...Development as a process of various inter-related human activities and endeavors that, in ideal terms, realize certain indivisible goals, these primarily being poverty reduction, rising and equitable

⁸⁹ (Rupp, 2008, p. 83)

⁹⁰ The relative weight and sheer economic might of China vis-à-vis individual African states has also ensured that the otherwise interdependent relationship is heavily skewed in favor of China (ibid, p. 79)

⁹¹ (Edoho, 2011, p.103)

distribution of welfare levels, and the improving competitiveness, efficiency and environmental sustainability of a nation's or society's economic-related activities.”⁹²

For Staudt K, development can be conceived as:

“ A process of enlarging people's choices; of enhancing participatory democratic processes and of providing human beings with the opportunity to develop their fullest potential and lead productive lives in dignity and in accordance with their needs, interests and national development goals.”⁹³

These two definitions correspond with the first Human Development Report (HDR) of 1990, which stated goal “was to put people back at the center of the development process. Going beyond income as a measure of material wealth, the objectives of development are about choices and freedoms”.⁹⁴

On the other hand, the “concept of governance ‘according to the World Bank’ captures the manner in which power is exercised in the management of a country's economic and social resources for development.”⁹⁵ Synthesizing these definitions, some form of organization and governance must be present for development to occur. The process of development is also guided by the invisible hand or instrument of governance. Therefore it can be hypothesized, “ the nature and quality of governance, and the types of policies that a government enacts, have a huge impact... in determining how the economy performs, and whether and how rapidly people will escape from mass poverty or simply put, how a country/economy will develop.”⁹⁶ Generally, transparent and accountable governance has the potential of reducing conflicts, preventing and exposing corruption and mismanagement, and creating the incentives for governments to adopt policies for the benefit of the citizenry. Good democratic governments are also able to channel resources to long-term socio-economic development. In contrast, autocratic governments are pliable to corruption, repression of people's choices, nepotism, neopatrimonialism and other negative tendencies, which are all

⁹² (Dent, 2011, p. 166)

⁹³ (Staudt, 1991, pp. 28-29) cited in (Hodzi, Hartwell, & de Jager, 2012, p. 80)

⁹⁴ (Yiagadeesen, 2010, p. 77)

⁹⁵ (Santiso, 2001, p. 3)

⁹⁶ (Diamond, 2005, pp. 1-12) cited in (ibid)

but inimical to development.⁹⁷

In the context of Africa's development, recipient countries stand to make judicious use of aid in whichever form or from wherever it comes if they have good transparent governments. The influential work of Burnside and Dollar and the World Bank's⁹⁸ *Assessing Aid Report*, found that aid effectiveness depends on the policy environment, one in which good governance plays a fundamental role. Good governance is able to guarantee the following; combating corruption, nepotism, bureaucracy, and mismanagement-and improving transparency, accountability, and proper procedures. With these safeguards, foreign assistance can be effectively managed and used to achieve the objective of reducing poverty and raising living standards.⁹⁹

Recognizing the crucial role of good governance, Western traditional aid initiatives starting from the 1980s began to emphasize this concept as one of the core values towards promoting sustainable development and greater aid effectiveness in reference to SSA. In pursuit of this, development assistance from the IFIs and other traditional donors were packaged or predicated on conditions of good governance and democratic reform.¹⁰⁰ In recent times, SSA after bowing to the whirlwind of democratic waves that blew over the continent as well as bowing to pressure from traditional donors has also began making modest steps aimed at deepening good governance.¹⁰¹ Some African leaders have also learnt, rather belatedly, that good governance is critical to economic development. NEPAD confirms this by stating, "African leaders have learnt from their own experiences that peace,

⁹⁷ (ibid)

⁹⁸ Following this report, the new emphasis has been on rewarding countries with good policies, including good governance by the World Bank and other major donors including the US. (Burnside & Dollar, 1997:2000; World Bank, 1998) cited in (Samy, 2010, p. 84)

⁹⁹ (Nanda, 2006, p. 272)

¹⁰⁰ The World Bank and the international Monetary Fund were at the forefront of this initiative. Aid to SSA was conditioned on a number of reforms including good governance. In recent times, Nanda Veep argues that "donor countries such as the United States are increasingly insisting on performance and good governance as a prerequisite for aid." This practice is known as "selectivity" (ibid, p. 269)

¹⁰¹ This is happening at both the country and continental level. On the continental level, the African Peer Review Mechanism (APRM) set up by the African Union is an example of a continental wide initiative aimed at deepening good governance. The APRM is "voluntary governance self-monitoring system within the framework of the New Partnership of Africa's Development (NEPAD). Originating from and 'owned' by African countries, it provides an opportunity for civil society participation and public dialogue on governance issues". For further details, see Anti Corruption Resource Center. Available online at: <http://www.u4.no/publications/the-african-peer-review-mechanism-aprm/>

and security, democracy, good governance, human rights and sound economic management are conditions for sustainable development.”¹⁰²

As invaluable as good governance is to development, China’s development assistance to SSA has the least regard for issues of governance on the continent. China was for long a socialist and a stark authoritarian regime but has risen to global economic and political prominence. Therefore, as a reflection of this coupled with its dusted clause on non-interference in the domestic affairs of partner countries, China can neither exemplify nor promote democratic governance in the pursuance of its development cooperation with SSA. This implies that the continent’s vulnerable and struggling democracies are therefore excused or acquitted for failing to adhere to the aphorisms of democracy in their partnership with the PRC. Ostensibly, this also means they have the leeway to determine how best development funds from China should be spent.¹⁰³ As far as ‘ownership’ of aid projects is concerned, this may be a welcome relief considering the paternal attitude of Western DA. However, in this particular context, without good governance structures, aid funds could easily be channeled to the pursuit of wasteful ventures far from the wish list of ordinary citizens. Moreover, given the propensity for corruption in the management of natural resources on the continent, China’s lack of attention to matters of resource transparency and mechanisms of oversight among its African partners is likely to exacerbate the situation and provide funds for dissipation.

China’s development cooperation as iterated elsewhere is not transparent. It very difficult to tell how much development aid China disburses to African countries, as this is shrouded in mystery. Additionally, the PRC conducts most of its business on a government-to-government or state-to-state level. As Guerin notes, without proper figures and volumes or even clarifying the nature of china’s aid there would not be any objective conditions for its assessment by other important stakeholders with a stake in national development. More

¹⁰² See ‘NEPAD in Brief’ cited in (Hodzi, Hartwell, & de Jager, 2012, p. 80)

¹⁰³ At least in principle, China’s policy of non-interference in internal affairs implies no requirements on how the aid funds should be spent, and recipient governments cannot also be held accountable by their citizens, as the amounts given are not known. The policy of non-interference could also mean that Chinese aid is not as selective as aid by the traditional donors and this can be especially problematic in countries such as Angola, Sudan or Zimbabwe where governments have a reputation of being corrupt and non-accountable, thus reinforcing concerns that the sums received might not be wisely spent (ibid, p. 85).

crucially, it will also be difficult for parallel oversight structures of state and even independent civic and pressure groups to hold national governments to account. Given the propensity of African governments to be corrupt, there is also the fear that funds will be diverted to other sources. Fortunately, the bulk of China's aid is in the form of tangible infrastructural projects that cannot be easily subjected to misappropriation. Nonetheless the small portion of development aid that comes in liquid cash remains highly susceptible to mismanagement. Furthermore, given the lack of transparency in the negotiation of business deals and other tenders for infrastructural projects and loans, it is also likely laid down bureaucratic procedures will be sidestepped giving room to bribery and corruption.

Many cynics of democracy also often quote China's meteoric rise as proof that a nation does not necessarily need democracy to develop. In this light, China's spectacular rise without reference to democracy and policy reforms from outside may serve to work against the good governance progress being made in some parts of SSA. As Hodzi et al. affirm:

“China's rapid economic development, despite its authoritarian regime, and its success in lifting several hundred million Chinese out of abject poverty in the past 40 years has also contributed to an emerging discourse on the ‘developmental state’, sometimes equated with the ‘Chinese model of development’ a model which resonates within Africa. This Chinese approach to aid seems to be based on the idea that projects, which are aimed at development, are (at least in the short term) deemed more important than concerns about good governance.”¹⁰⁴

By definition, most of the countries in SSA can best be described as fragile, illiberal or pseudo democracies with weak governance as their hallmark. China's spectacular rise is therefore seem like an attractive ‘model’ for those “African leaders who have no real legitimacy or who are tired of having to fend off criticisms from the international financial institutions and the wider donor community” to reverse or stagnate in their efforts to deepen good governance.¹⁰⁵

It is only logical for China's rise and accompanying model (if indeed one exists) of

¹⁰⁴ (ibid, p. 81)

¹⁰⁵ (Taylor, A Challenge to the Global Neoliberal Order? The Growing Chinese Relationship with Africa, p. 195)

development, which has no courtesy for democratic or good governance to fascinate some African states. These states must however be cautious to note that the same conditions, which pertained to China's economic resurgence despite being an authoritarian regime, may or do not apply to progress in SSA. China's industrial rise represents a peculiar case in global political economy and cannot easily be replicated by the average African state even if Sino-African rhetoric espouses so.¹⁰⁶ It is also noteworthy to remind ourselves, China is but one of the rare cases where an authoritarian regime has been able to put development on a firm footing. In contrast, the world is awash with so many democracies that have developed, including the emerging regional powers such as India, Brazil, and South Africa etc. Africa is therefore better off following the democratic and good governance model than clinging to the mirage that the Chinese example presents.

In conclusion, it is discernible from the foregoing discussion that the correlation between good, or democratic, governance and development is contentious. Nonetheless, the importance of good governance for that matter democracy to sustainable development cannot be overruled. China, going by its sacred creed of non-interference and non-conditionality and most crucially, lack of adherence to principles of democracy and good governance in its development cooperation, is definitely bound to have mixed incentives and consequences for political and even economic development within SSA. As far as Africa's development remains the priority, the nexus between good governance and development is

¹⁰⁶ As Samy Yiagadeesen captures it vividly "There is in fact a misconception in Africa that China's development model is necessarily what they need, especially when one considers the dramatic reductions in poverty in China since economic reforms were undertaken in the late 1970s. Obviously, growth and poverty reduction are legitimate aspirations; however, there is a danger in embracing the Chinese model generally, and specifically some of its characteristics through its aid policies and associated conditionalities. African leaders should know better; if there is a lesson that development theory and policy have told us in the last 50 years, it is that context matters... inequality in China was lower at the time that reforms were implemented than it is currently in most of Africa, and given that high inequality can hinder growth, this means that African countries will have to grow even faster if they want to replicate the decline in poverty that has taken place in China—not a likely possibility (Ravallion, 2008) cited in (ibid, p. 87)."

Ian Taylor on his part also asserts, "China's extraordinary economic growth has come about, certainly initially, within the broader context of a capable state and in a region that is itself economically dynamic. Rapid economic growth without democratization as per the East Asian model often required a strong developmental state. Analysis of China within this vein generally confirms such a proposition (Ming Xia, 2000), though with certain caveats (Breslin, 1996). Contrast this with Africa. "Granted even the relative declining reach of the Chinese state as liberalization progresses (Wang, 2003), the type of comparative internal strength and concomitant stability that China is able to draw on is beyond the ambition of most— if not all— current African leaders" (Taylor, *A Challenge to the Global Neoliberal Order? The Growing Chinese Relationship with Africa*, p. 195)

even more critical. The continent's governance and development indicators as well as its institutions are some of the worst on the globe.¹⁰⁷ It will therefore be a disservice if any well-meaning partner either by design or default does not prioritize good governance in its developmental agenda with the continent. That being said, it would be an overstatement to conclude China's aid to SSA reeks of only corruption or is totally out of sync with good governance practices.¹⁰⁸ Some practices of China's aid have the potential of inculcating good governance practices in its developmental agenda with SSA. That underlined, there is the ever-pressing need for good governance to be woven into China's developmental partnership with SSA.

2.4.3 China's Development Cooperation as Hybridization

The last theoretical point of departure is to conceptualize China's DA as a hybridization, which evolved from a combination of pre-existing developmental models and the country's own development trajectory. The concept of hybridization in Global studies comes from Jan Nederveen Pieterse's seminal work on *Globalization As Hybridization*. With special reference to Globalization, "Hybridization is defined as the ways in which forms become separated from existing practices and are recombined with new forms in new practices".¹⁰⁹ Nederveen

¹⁰⁷ In all six dimensions of governance scored by the Worldwide Governance Indicators (WGI) project from 1996-2011, SSA countries had some of the worst scores. These areas include "voice and accountability, political stability and absence of violence, government effectiveness, and regulatory quality, rule of law and control of corruption". For more details, see the WGI project available at: <http://info.worldbank.org/governance/wgi/index.asp>. When one also looks at the regional scores for the United Nations Human Development Index, "after languishing at the back of the pack throughout the 1980s and 90s, sub-Saharan Africa was second only to south Asia in terms of annual average HDI growth in the 2000s (1.47% v 1.6%) – and outstripped the Arab states (1.07%), east Asia (1.43%), Europe and central Asia (0.77%), and Latin America (0.74%)". For further insights, see the Data blog of the guardian. Available at: <http://www.guardian.co.uk/global-development/datablog/2013/mar/14/un-human-development-index-2013-data>. In these two sets of indicators, the picture does not look encouraging, reinforcing the need for Africa and its development stakeholders including China to stress on democracy and good Governance.

¹⁰⁸ For example, instead of channeling aid funds to the recipient country's banks which sometimes presumably ends up in the ruling elite's overseas bank accounts, the Chinese tend to avoid this by contracting Chinese firms who themselves implement the projects (Hodzi, Hartwell, & de Jager, 2012). China's development assistance in this light does a better job of overcoming embezzlement of funds than western aid as far misappropriation and management of development funds are concerned. Nonetheless, China's aid also includes grant elements and even loans, which are not amenable to misappropriation and embezzlement. For further insights, see also (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009)

¹⁰⁹ See (Pieterse, 1994)

argues there are multiple forms of globalization processes at work which gives rise to the emergence of new, mixed forms of cooperation, and cultural hybridization, or the development of trans local *mélange* cultures. This concept recognizes that there is not just one path to modernization but multiple paths and all societies have the propensity to create their own paths to development.¹¹⁰

China's distinct brand of development cooperation in which all vectors of development (aid, trade, Foreign Direct Investment) are mixed is a clear variation or departure from the norms of traditional Western ODA that we are accustomed to. China's DA as described in previous sections is a mix of different facilities ranging from concessional loans to large-scale infrastructural investments. This *nouveau* type of development cooperation that China is practicing can best be conceived as a hybrid formation, which is composed of its internal development experiences and a combination of some elements of Japanese and Western development assistance practices.¹¹¹

When one closely examines the history of China's modern political economy, it is evident that China 'experimented' along the way with several developmental strategies including the 'Great Leap Forward' and the Cultural Revolution, before finding the right progression for its modernization. As Deborah Brautigam underscores "...in between these two extremes, a more pragmatic road prevailed", which transformed China's distinctive core ideas about development. From these experiments in the 1970s came a more gradual and pragmatic preoccupation on building a state led productive, modern socialist society with industry and agriculture as the backbones.¹¹² Brautigam stresses further, China also aspired to become self-reliant. Therefore as early as the 1960's, its development aid was designed to make recipient countries such as those in SSA "mainly to rely on their own efforts."¹¹³ Today,

¹¹⁰ (Pieterse, 1994)

¹¹¹ As Brautigam confirms China's development assistance is a combination of two things: its experience as a recipient of aid, and its own experiments with reform at home (Brautigam, 2009, p. 53).

¹¹² The Great Leap Forward and the Cultural Revolution (1966-1976) had dire consequences in the political and economic sense for China. Besides the countless number of people who lost their lives through famine and arbitrary human rights abuse, Mao Zedong's attempts to accelerate China's industrial growth and modernization in the Great Leap through grassroots socialism failed miserably, further emphasizing the need for caution and pragmatism in future development planning and formulation. See for a detailed analysis (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009).

¹¹³ (Xinhua, February 6, 1964) cited in (Yu Fai Law, *Chinese Foreign Aid*, Fort Lauderdale, TX: Breitenbach, 1984, pp. 47– 8) cited in (ibid, p. 35)

China is still guided by this logic as such in its aid package the PRC continues to recommend a mix of aid instruments that includes technical training, turn key projects in industry and agriculture among others to SSA countries with the broad vision that these will form the foundational stones for the construction and development of self reliant and resilient economies.

As China was learning lessons, its development assistance was changing. Recognizing itself as a developing country following the fiasco and bitter lessons of Mao Zedong's experiments, China felt the need to redesign its aid package to others in a manner that would benefit and complement its modernization efforts in the 1970s. From the Chinese perspective also came the reasoning that economic co-operation between poor countries cannot be sustained...if it is limited to one-way aid."¹¹⁴ China therefore added a commercial dimension (emphasizing economic cooperation) alongside aid in its partnership with SSA. Priority began to switch away from free aid towards a variety of economic or otherwise commercial forms of development assistance. Among these were compensatory trade and investment for resource swaps agreements.¹¹⁵ More than three decades down the road, China's aid relationship with SSA is still dominated by commercial incentives and imperatives to the extent that foreign Aid, trade, and FDI are packaged together making it difficult to tell them apart as economic assistance from China to SSA countries.

That apart, Japan's trade linkages with China in the second half of the 20th century also played a crucial role in shaping the contemporary Chinese approach to development cooperation. In the early 1970s when Sino-Japanese trade was booming, a then underdeveloped China was in need of cutting edge technology, modern industrial plants and materials but did not have the finances to acquire these from a relatively advanced Japan. Japan extended to China interest free loans to finance the export of these inputs in a series of deals in which China agreed to pay by exporting the equivalent in natural resources such

¹¹⁴ (Beijing Review, September 5, 1983, p. 18) cited in (ibid, p. 54)

¹¹⁵ In the 1960s and early 1970s, China's aid to SSA countries was motivated by diplomatic and political imperatives such "as wresting diplomatic recognition away from Taiwan and countering the influence of both the West and, in particular, the Soviet Union. However, commercial motivations began to intermingle with these after China launched its modernization projects after 1978. For further see, (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, Chapter 1)

as coal and crude oil.¹¹⁶ Thus, in exchange for assured access to important raw materials, Japan would provide the necessary equipment, technical training, and financing that China needed for its modernization drive. Brautigam asserts that this arrangement between Japan and China in the 1970s was a ‘win win’ strategic partnership, which satisfied the developmental needs of both nations. Fast-forward to today and one discovers this same model of resource backed concessional loan financing is not only an integral component of current official Chinese aid package but is also used extensively to court resource rich African countries.¹¹⁷ Additionally, SSA’s vast natural resources, lack of finance and dire need of technology also makes her the ideal destination and developmental partner for China as far as concessional loan financing is concerned.

Besides the issue of concessional loans, China’s also inculcated the principle of tied aid where infrastructural investments and loans are woven from Japan and the West. As iterated, China’s modernization project that began (in the aftermath of the ‘experiments’) in the late 1970s required a lot of FDI to finance ambitious projects such as hydroelectric and thermal power plants, urban water supply, telecommunications and highways, fertilizer plants among other things. Realizing this, Japan and later some Western countries including Germany, Britain, Sweden, Australia and the United States “began framing attractive financing deals that could help their companies enter the door now being held open by Beijing.”¹¹⁸ To this end they offered tied foreign aid packages that included low or interest free loans, aid projects and other forms of assistance. Not only was this mix bag of foreign aid offered to enable the West and Japan unlock China’s huge resource reserves at the time, but it also gave their businesses competitive urge in biddings and tenders. Additionally, the parallel projects that came with huge infrastructural contracts were also meant to sweeten

¹¹⁶ In one of such deals, Japan agreed to extend to China US\$10 billion to finance the export of a modern plant, industrial technology and materials in a deal in which China agreed to pay by exporting the equivalent of coal and crude oil to Japan (Tsukasa Takamine, Japan’s Development Aid to China: The Long Running Foreign Policy of Engagement, 2006, p. 97) cited in (ibid, p. 46)

¹¹⁷ As Brautigam affirms three aspects that characterized the early pattern of this Sino-Japanese aid/trade relationship would later be repeated in China’s courtship of resource-rich countries in Africa. These included investment-for-resource swaps, “compensatory” trade, and media hype” (ibid, Chapter 2)

¹¹⁸ Following the economic downturn in the aftermath of the Great Leap and Cultural revolutions, China embarked on an ambitious 10 year modernization projection, which required massive infrastructural developments and colossal amounts of capital to finance. Since China was reeling from the downturns of her experiments and also lacked capital, Japan and other Western countries saw this an opening to enter China whose market had been locked to the outside world

deals on offer from China.¹¹⁹ Although Western aid is slowly abandoning this practice of tied aid, China however is deepening and replicating this in SSA. As Brautigam confirms;

“Over time, foreign aid has become one tool in a range of economic instruments adeptly managed by China’s state leaders to boost China’s exports and its own development. Aid and other benefits are used not only to support the development of recipients, but also to foster trade, help build competitive Chinese multinational corporations, and encourage the upgrading of China’s own domestic firms.”¹²⁰

In sum, the study has sought to highlight the fact that China’s development assistance to SSA is to a great extent influenced by the experiences encountered as a recipient of aid from the West and Japan in addition to home bred ideas about development. While China’s implicit lack of democracy makes her a unique or lucky case of a developing nation leaping out of poverty, its history of development and aid relations with foreign powers has led it to develop an interesting spin on traditional development assistance. Brautigam asserts that Japanese and Western aid initiatives worked well to China’s advantage. China was able to harness Japanese and Western aid not only to leap out of poverty but crucially, to fast track its industrial and economic growth.¹²¹ The crucial question is, can SSA make good out of this hybrid formation that China is bringing especially in the face of China’s democratic and good governance deficits. Hybridity in itself can have beneficial effects but China’s implicit lack of conditionality and other governance imperatives may prove a difficult test and a bad precept especially when democratic and economic structures in SSA are weak and immature.

¹¹⁹ (ibid, pp. 49-50)

¹²⁰ (ibid, p. 25)

¹²¹ Brautigam is of the opinion that China “used the aid offered by the West and Japan to build a foundation that lifted 400 million people out of poverty” (ibid, p.51)

CHAPTER III

CHINA'S DEVELOPMENT COOPERATION IN SSA

3.1 Historical Introduction To Sino-Africa Relations

Contact between China and Africa dates back to ancient times and there exists several historical accounts and evidences suggesting this. China and Africa came into contact long before the age of exploration in Europe began. Aning and Lecoutre posit that records of bilateral trade between the two date back to the 10th century BC, when the Egyptian city of Alexandria started trading with what was to become the Chinese nation.¹²² When it comes to SSA proper, as early as A.D. 618–907 the ruling T'ang dynasty of China had already established maritime trade links with the 'Po-pa-li' in the East African coast (modern Kenya or Tanzania).¹²³ This contact was somewhat indirect. It was not until the 15th century during "the Ming Dynasty (1368-1644) that the first concrete manifestations of personal Sino-African relations" occurred, which were epitomized by seven epic voyages between 1405 and 1433 embarked upon by the famed Chinese Muslim admiral Zheng Ho to various parts of the world, including the east African coast.¹²⁴

Interaction between China and Africa in the aftermath of this voyage went on a downward spiral. Phrasing it in the words of Rotberg, Sino-Africa relations became episodic, or

¹²² (Aning and Lecoutre, 2008) cited in (Dent, 2011, p. 5)

¹²³ (Robert, 2008, p. vii) writes that by the 11th or 12th centuries, the coastal states "from Pate to Kilwa along the eastern African coast appeared to have been shipping elephant tusks, rhinoceros horn, tortoise shell, aromatic woods, incense, and myrrh directly or indirectly to southern China".

¹²⁴ (Brautigam, 2009; Burnett, 2007; Taylor, 2006). According to (Robert, 2008, p. vii) the "Ming emperors sponsored three large expeditions to "eastern Africa to collect walking proof of the celestial approval of their virtuous and harmonious reigns" exploits: "the arrival of unicorns from distant lands would supply the propitious signs of heaven's mandate, and only in Africa could unicorns—giraffe—be found." Judging from" this, it is highly plausible that Admiral Zheng Ho's expeditions were part of the Ming's Dynasty grand scheme to seek further legitimation for their reign. More relevant is the fact that these efforts by Zheng Ho came to be regarded as the 'climax of China's efforts to develop relations with Africa' in the pre-Revolutionary era (Gao, 1984, pp. 245-246) cited in (Taylor, 2006, p. 16)

declined, not to be resurrected again until the middle of the 20th century. Some internal developments in China, as well the subjugation of the Africa to European imperialism and colonialism, effectively shut down China's relations with Africa.¹²⁵ Relations between the two were reignited in the middle of the 20th century. Many scholars point to the 1955 Bandung conference as the landmark event that reinvigorated Sino-Africa relations in the modern era. Keeping in mind most of the countries of SSA were still under the yoke of colonialism, only six African nations, namely Ghana (the Gold Coast), Liberia, Egypt, Ethiopia, Libya and Sudan made it into the 29-member delegation of Asian and African countries of this conference.¹²⁶ At Bandung, China adopted the *Five principles of Peaceful Co-existence* already discussed in previous sections. In terms of significance to Sino Africa relations, Larkin asserts Bandung was certainly the first time that Africa figured on China's agenda and an attestation of a definite interest in Africa by the People's Republic. Taylor goes further to argue Bandung laid the grounds for China's later involvement in the anti-colonial struggles of some African nations.¹²⁷

In the post Bandung era, China increasingly became involved in the anti colonial and freedom struggles of most African countries. China's premier Zhou Enlai declared Africa 'ripe' for revolution. Therefore, during most of the middle years of the twentieth century, Maoist China funded and educated sub-Saharan African anticolonial liberation movements

¹²⁵ Kwesi Kwaa Prah attributes the enormous hiatus in Sino-Africa relations to a number of internal and external factors. One was the "distance and difficulty of communication and the colonial interlude, which both China and Africa encountered. China also went through a cycle, which is not too different from the African cycle in terms of its encounter with the West and colonialism", during which it experienced a number of upheavals including the opium wars and the Boxer rebellion, the period of about a half-century, which ended in 1902-03. And then there was the period before China became a republic in 1912; and the era of the warlords, post 1912 to the beginnings of the Chinese revolution in the early 1920s; and then on from the early 1920s to 1948 when China, in the words of Mao Tse Tsung, 'stood up' in 1949 (Burnett, 2007, p. 58). Taylor is also of the view that Qing Dynasty adopted a closed door policy further alienating China from the rest of the world (Taylor, 2006, p. 16)

¹²⁶ Taylor asserts that the Central African Federation (now Malawi, Zambia and Zimbabwe) was initially invited but was forced to turn down the invitation because it was still under the rule of Great Britain (ibid, p. 20). Several scholars on Sino-Africa affairs view the Bandung conference in Indonesia as a seminal event in China-Africa relations

¹²⁷ (Larkin, 1971, p. 19) cited in (ibid, p. 20). It was at Bandung that the provisional contacts first established in 1950 between China and members of the South African liberation movement were established. China even ahead to create a West European and African Affairs department which was renamed Asian and African Affairs Department by the Ministry of Foreign Affairs in 1956. Taylor argues that the change in nomenclature reflected the perceived growth in strength of anti-colonialism and the importance China attached to this development (ibid)

and leaders.¹²⁸ It is important to stress that at this point there was ideological fallout between Beijing and Moscow, which had some repercussions for Sino-Africa relations. As Kwesi kwa Prah affirms, the position China took vis-à-vis SSA was not always “beyond the tussle of its own tussles with the Soviet Union.”¹²⁹ Taylor on his part asserts;

“Beijing constructed a theoretical position that implicitly posited the developing world and China together and inferred an antagonistic relationship with the two Superpowers. Seeing the future as being deprived of Soviet aid and support, Beijing sought to construct linkages with what at the time was viewed as an emerging power bloc – the new Africa.”¹³⁰

Notwithstanding the increasing commitment of China to deepen ties with the developing or newly independent nations, its relations suffered a series of set backs from the ‘excesses’ of the Cultural Revolution starting from 1966. Generally, the Cultural Revolution was a disaster not only for Sino-Africa relations but its ties with the rest of the world. In Africa, the strong diplomatic ties and interest between the two that was beginning to solidify suffered serious cracks. Taylor notices that, for example, Beijing recalled all of its ambassadors out of Africa with only the one exception in Egypt. SSA countries responded to what they deemed as ‘Chinese provocations’ by expelling or breaking diplomatic ties with China. The number of foreign delegations visiting China from Africa also dwindled from 116 in 1966 to a mere 12 in 1968.¹³¹ Despite this temporary disruption, China was able to easily restore diplomatic relations with Africa after the episode.

Sino-Africa relation registered an upward swing in the round up to the 1990s. This was partly a result of the events and aftermath of the Tiananmen Square in 1989. While the West

¹²⁸ For example from 1957 until Algerian independence in 1962, China issued propaganda on behalf of anti-French rebels and supplied the FLN with weapons and training in their fight against the French colonial power. During the same period, China also began to develop a fairly strong relationship with Nasser’s Egypt (ibid)

¹²⁹ (Burnett, 2007, p.58)

¹³⁰ Indeed, the years 1960-1965 saw Beijing achieve great diplomatic success, with the PRC entering into relations with 14 newly independent African states including (Ghana; Mali; Somalia (1960); Zaïre (1961); Uganda (1962); Burundi; Kenya (1963); Benin; Central African Republic; Congo (Brazzaville); Tanzania; Tunisia; Zambia (1964); and Mauritania (1965)(Taylor, 2006, p. 23)

¹³¹ During this time China adopted a closed-door policy reminiscent of the one adopted by the Qing Dynasty. It withdrew its ambassadors from Africa and replaced them with chargé d’affaires- a move that did not simmer down well a lot of African nations. Coupled with this, China lost an important ally in the person of Kwame Nkrumah of Ghana in a coup who accidentally was on an official visit to China (ibid, p, 32-33). On the other hand, the issue of official visiting delegations, which kept plummeting shows the limited interaction that was occurring between China and Africa during this period

lambasted the Chinese state for this insidious Human Rights violation incident (deteriorating further what was already a fragile relationship), SSA in contrast remained mute and even went ahead to offer China ‘sympathy’ and ‘support’.¹³² The then Chinese Minister for Foreign Affairs, Qian Qichen is quoted to have said “it was...our African friends who stood by us and extended a helping hand in the difficult times following the political turmoil in Beijing, when Western countries imposed sanctions on China.”¹³³

China in turn, reciprocated this ‘friendly’ gesture by redirecting its attention and putting more effort in ... “developing relations with these old friends (including SSA countries).¹³⁴ To which end, China began to increase its foreign aid and deepen its diplomatic ties with Africa.

According to Rotberg, China and Africa are now presently immersed in their third era of engagement. This era is more transformative than the previous eras as the ensuing sections will try to highlight.¹³⁵ As can be seen, China’s footprint on the continent is traced back to ancient times although this relationship has been very erratic and unstable. There were periods of high intensity and periods of low intensity with European colonization with Cold war imperatives and the Cultural revolutions as contributory factors. Notwithstanding the inconsistency, which characterized Sino-Africa relationships up till this point, one issue, which is evident, is that both recognize the need for more positive engagement-especially in political and economic terms.

¹³²(Ming, p. 3, quoted in Taylor, 2004) cited in (Naidu, Corkin, & Herman, 2009, p. 90). According to (Taylor, 2006) cited in (ibid, p. 89), until this incident, the “West remained largely unconcerned about China’s Human Rights record. Tiananmen was the breakpoint, in which the West began to focus more intently on China’s human-rights abuses”, consequently creating tensions in Beijing’s relations with the West. On the issue of African solidarity, Taylor notes that Angola’s Minister of Foreign Affairs, for example, expressed support for the suppression of the ‘counter-revolutionary rebellion’, while Namibia’s Sam Nujoma sent a telegram of congratulations to the Chinese army (Taylor, *A Challenge to the Global Neoliberal Order? The Growing Chinese Relationship with Africa*, p. 188)

¹³³ (Qian 2005, p. 200) cited in (ibid)

¹³⁴ As noted by Gu “the events of June 1989 ... did not affect the PRC’s relations with the Third World as it did with the Western world ...what changed [was] the PRC’s attitude towards the Third World countries, which ...turned from one of benign neglect to one of renewed emphasis” (Gu, p. 125, quoted in Taylor, 2004) cited in (ibid)

¹³⁵ (Robert, 2008, p. viii)

3.2 Evolution of China's Development Cooperation In SSA

“Thus, over the past fifty years, China's development cooperation with Africa has gradually shifted from a preoccupation with the promotion of self-reliance, liberation and South–South solidarity to economic concerns, with the increasing integration of its economy into the capitalist world economy.”¹³⁶

In today's milieu of international development, the PRC is regarded as an emerging donor but a brief incursion into history suggest otherwise. With special respect to SSA, China's record as a donor extends back to the middle of the 20th century. Li Ashan for instance recounts, China began rolling out aid to Africa in the early 1950s precisely after the Bandung Conference of 1955 more or less the same time Western aid programs began to take shape. It is on record that China first signed a cooperation agreement with Algeria and later with Egypt during the Suez crisis in 1956. Four years later, Guinea and Ghana followed suit and were among the first countries in SSA to develop an aid partnership with China. In 1964 the Ghanaian Capital, Accra, became the venue for Chinese Premier Zhou Enlai during his ten-nation tour of the continent to lay the foundations for China's development assistance, where he set forth the “eight principles”, which became the guiding principles for Chinese aid.¹³⁷

In terms of rationale, during the entire course of the 1960s, China's aid was mostly used as a tool to realize overt ideological and political goals i.e. countering Soviet revisionism and wrestling diplomatic recognition from Taiwan.¹³⁸ It was also geared towards fueling and

¹³⁶ (Haifang, 2010, p. 58)

¹³⁷ These principles were: equality between partners, mutual benefit, respect for sovereignty, the use of grants or zero-interest loans and easy rescheduling, emphasis on building the self-reliance of the beneficiary and respect for obligations. Jean Raphael Chaponnière is of the opinion that although these principles still govern much of China's aid policy, their interpretation has changed over time. With special regards to the nature of aid, Zhou Enlai also emphasized, “Loans would be non-conditional, interest-free, or low-interest, and easily rescheduled. Projects would use high-quality materials, have quick results, and boost self-reliance” (Chaponnière, 2009, p. 58)

¹³⁸ In the 1960s, China adopted the policies of anti-revisionism and anti-imperialism, which set it on a collision course against the Soviet Union and the United States. According to Li Ashan, this stance of China attracted hostility from the two superpowers forcing the PRC to “seek more ‘diplomatic room to survive as a sovereign state’” (Anshan, 2008, p. 22). Furthermore, the PRC had to battle with Taiwan for official diplomatic recognition. This was particularly important in light of the fact that Taiwan was making major inroads in securing the support and recognition of many newly independent African countries in exchange for substantial economic aid and investment (Taylor 2002a; Rawnsley, 2000) cited in (Haifang, 2010 p. 53). Considering of the above, it comes as no surprise that China's aid was motivated by these objectives. On this score also see

fanning revolutions and liberation movements in certain African countries including Angola, Tanzania, Rhodesia (Zimbabwe) among others.¹³⁹ To this end it provided direct state-to-state aid on a grant basis to many African countries to realize these goals. Despite these seemingly political motives, Kwesi Kwaa Prah reckons that China's aid to Africa also had some economic undertones and inducements.¹⁴⁰

Up to the 1970s, China's rationale for dispensing aid remained unchanged, however it began in earnest to rethink its aid program shifting it from a narrow focus on production and infrastructure to direct support for rural development, basic needs, and poverty. It also began to increasingly reflect China's domestic ideas about development: centrally planned interventions to boost production, health, and infrastructure¹⁴¹ One defining principle during this time was China's emphasis on using its development assistance as a tool for making countries self-reliant. To this end, China supported a lot of state led programs in many Africa countries including Ghana, Mali, Sudan, and Congo-Brazzaville, Tanzania among others with the aim of making them self reliant. To which purpose, Chinese development experts to Africa "recommended a mix of aid to meet "urgent and long-term needs," and offered a balance of technical training and modest turn-key projects in industry and agriculture."¹⁴²

Despite some turbulence resulting from the Cultural Revolution, China managed to complete about 470 aid projects worldwide, many of which were in SSA, including the great

(Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 32)

¹³⁹ China was committed to fighting against what it called 'racist enslavement and national liberation' in places like Angola, Mozambique, Rhodesia, South Africa and South West Africa (New China News Agency, May 25, 1972) cited in (Taylor, *China and Africa, Engagement and Compromise*, 2006, pp. 40-41). It therefore employed both covert and overt means ranging from military support to conferences in an attempt to achieve these. For example, in February 1961 the Afro-Asian Solidarity Fund Committee met for the first time in Conakry, Guinea with the aim of providing support for African liberation organizations. This organization was largely a precursor to the Liberation Committee of the Organization of African Unity. Also in Tanzania, the PRC stationed about 20, 000 Chinese soldiers to train the nation's armed forces and other irregular liberation movements in Southern Africa (ibid, p. 41)

¹⁴⁰ (Burnett, 2007, p. 59). For example, total Chinese exports in the 1960s were small (half of African exports) and as China was adamant to run into debt, it tried to compensate its trade deficit with Western countries by running a surplus on developing countries (Chaponniere, 2009, pp. 58-59)

¹⁴¹ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, pp. 34-35)

¹⁴² According to Brautigam, the emphasis on self-reliance was borne out of the lesson learn from the withdrawal of aid from China by the USSR earlier in the 1960. This ignited the realization that developing countries such as China needed to rely primarily on themselves (Ibid)

Tazara (Tanzania-Zambia) railway line.¹⁴³ Statistics wise, by 1973, China increased the amount of aid and the number of countries, which received development assistance to 30 surpassing the USSR. Between 1973 and 1979, Shi Lin also reports that aid to Africa amounted to 6.92 per cent of China's GDP annually, and forty-four African countries had signed economic and technical cooperation protocols with China.¹⁴⁴ At the same time, Chinese aid to Africa grew from a low of US\$428 million in 1966 to nearly US\$1.9 billion in 1977.¹⁴⁵

Following the aftermath of the Cultural Revolution, China under Deng Xiaoping embarked on an ambitious socialist economic modernization project, which forced it to reexamine its aid practice and priorities. The PRC needed to mobilize every resource at its disposal for this grand project. As such it had to answer the daunting but crucial question: what role was development aid going to play in this modernization scheme? Should China's aid policy remain driven by political/ideological incentives or should it be directed to promote China's economic interest? Liu Hiafang argues that this debate ended with China opting for the latter alternative. This was expressed in the adoption of the 'Four Principles on Sino-African Economic and Technical Cooperation,' which emphasized equality; mutual benefit; pursuing practical results, adopting a variety of means; and seeking common development in 1982.¹⁴⁶ One significant outcome of this new reforms was that China began to "switch from aid, and towards a variety of other forms of economic engagement" that will benefit the PRC and Africa.¹⁴⁷ China also increasingly became concerned about minimizing waste, and increasing the sustainability and performance of its aid projects in Africa. It therefore paid attention to the following benchmarks with regards to its development cooperation with SSA: feasibility

¹⁴³ Aid to Africa witnessed a short period of decline during the Cultural Revolution: China's assistance to Africa during 1976–1980 was estimated at US\$94 million (Kim, 1989) cited in (Anshan, 2008). Chaponnière reckons the building of the Tazara railway line which by modern standards is a very large-scale project employing 15,000 Chinese workers turned China into one of the main donors to Africa

¹⁴⁴ (Shi Lin, 1989) cited in (Haifang, 2010, p. 55)

¹⁴⁵ (US Central Intelligence Agency, 1978)

¹⁴⁶ Chris Alden and Anna Ying Chen argue that the motives behind these changes were the desire on the part of "Beijing to revive its foreign policy in Africa, which had suffered neglect during the Cultural Revolution and its aftermath (when all but the Chinese embassy in Cairo had been shut down), and a concomitant need to bring China's foreign economic co-operation policy in line with the changes in its domestic economic policy and its 'new independent' foreign policy" (Alden & Chen, *Chinese Development Cooperation with Africa: The Case of the Tembisa's Friendship Town*, 2011, p. 105)

¹⁴⁷ (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 54)

studies before aid projects, being responsible for projects to the end, ‘compensatory trade’.¹⁴⁸ According to Haifang, following these policy adjustments, the PRC went ahead to support and implement more than two hundred infrastructure projects in African countries in the 1980s alone. In total, the number of projects in Africa and West Asia exceeded 2,600, amounting to US\$5.6 billion and employing some eight thousand Chinese laborers.¹⁴⁹ Despite this staggering level of development assistance, it is relevant to state, as a direct consequence of China’s preoccupation with its internal modernization during the 1980s, China invested more energy into its economic engagement with Europe and the United States than with SSA. Aid to Africa during the period therefore witnessed some temporary fluctuations.¹⁵⁰

If China’s aid to Africa seems to have taken a downswing in the 1980s, the Tiananmen Square incident in 1989 appears to be the turning point, which saw a resurgence of Chinese interest and development assistance in Africa. As noted in the previous section, Tiananmen forced a major policy reevaluation of China’s foreign relations. Its ‘honeymoon’ relationship with the West came to an abrupt end paving way for her to renew with urgency and vigor ties with the developing world, especially SSA.¹⁵¹ To complement and cement these renewed diplomatic relations and also to reward so-called loyal friends who stood by it during the Tiananmen crisis, China increased its development assistance to SSA.¹⁵² It is important to mention that other geopolitical developments at the time played into the revival of Sino-Africa development relations. From the perspective of Africa, China’s renewed engagement was a welcome blessing since most of SSA nations were not certain what their future development partnership would be with the West, especially with the changing global economy transformed by the end of the Cold War. As Naidu et al. point out “such structural changes brought about a realization amongst African leaders of China’s imminent rise and

¹⁴⁸ See (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, Chapter 2)

¹⁴⁹ (Xie Yixian, 1998, p. 449) cited in (Haifang, 2010, p. 56)

¹⁵⁰ In “1984 China was the eighth-largest bilateral donor in sub-Saharan Africa, with commitments very close to those made by Norway” (Brautigam, 2009, p. 54), and not far below Japan and the United Kingdom

¹⁵¹ Given their numerical weight in international organizations, African states played an essential role in the Chinese stratagem (Tull, 2006, pp. 460-461), which continued into the post-Tiananmen era

¹⁵² Lin highlights that a definite change in aid patterns can be noted in the period immediately before and after Tiananmen Square: in 1988 only US\$60.4 million was disbursed by China to approximately 13 countries, but by 1990 this rose to US\$374 million a year to 43 recipient countries (quoted in Taylor, 2004) cited in (Naidu, Corkin, & Herman, 2009, p. 91)

importance as a development and investment partner.”¹⁵³ On the Chinese side, the PRC also sought to realign its development partnership to take advantage of recent economic reforms on the continent. The SAPs of the 1980s and early 1990s resulted in an almost complete liberalization of most African economies. Coupled with this were the unbridled moves towards privatization and other macroeconomic reforms. Taylor states that as a result of these adjustments the “Chinese government began to believe that the macroeconomic situation in Africa was taking a favorable turn, with resultant opportunities for Chinese commerce.”¹⁵⁴ With these reforms in full swing, Xu Jianping asserts that the PRC began to move away from traditional cooperation between governments towards invigorating private sector development in Africa and greater participation of Chinese enterprises in African markets.¹⁵⁵ China’s new approach to development cooperation was therefore calibrated to create conditions for Chinese enterprises to penetrate Africa. It also started to grant interest-free loans and to subsidize export credits to African countries in order to promote Chinese trade and investment.¹⁵⁶ China also extended to Africa preferential trade agreements, debt relief, and market access for certain African products into China throughout much of the 1990s.¹⁵⁷

In sum, it can be seen that China’s aid partnership with SSA dates back to the continent’s pre-independence days. Also as far as its logic and nature is concerned, it has undergone a series of transformations.

Starting from the early 1970s, we already began to witness China’s development cooperation take an economic and commercial turn. However, as we shall encounter, that is nothing compared to the more aggressive commercial stance China has adopted in recent times with Africa. With the growth of its national economy, China is more than willing to take on more external development commitments by extending various kinds of assistance to African

¹⁵³ (Ibid, p. 90)

¹⁵⁴ (Taylor, *A Challenge to the Global Neoliberal Order? The Growing Chinese Relationship with Africa*, p.188)

¹⁵⁵ (Xu Jianping, 1996) cited in (Haifang, 2010, p. 56)

¹⁵⁶ (Zhang Hongming, 2006, pp. 4-8) cited in (ibid, p. 58). Furthermore, Haifang is of the view the new approach in foreign aid also helped to enlarge China’s market share in Africa by stimulating Chinese export of construction and other heavy equipment and consumer goods, and also allowed her to import strategic resources, such as oil and minerals, that China needs to feed its growing economy (ibid, p. 56)

¹⁵⁷ (Ibid)

countries.¹⁵⁸ Next is a cursory look at its current development assistance on the continent

3.2.1 Overview of Contemporary Chinese Development Cooperation in SSA

As can be ascertained from the previous section, the antecedents of contemporary China's development cooperation can be traced to the period after the Cultural Revolution, when China adopted the 'Four Principles on Sino-African Economic and Technical Cooperation', which shifted emphasis from ideological impetus to mutual commercial benefits. Since then China and Africa have entered into a new pragmatic partnership defined strictly by economic interest.¹⁵⁹ This new commercial partnership has been reinforced further by China's meteoric economic rise. The PRC's GDP from 1983 to 2003 grew by 9.7% annually and over this two-decade period the economy has grown by 9.5%. Coupled with these enviable growth rates, China has transformed from an importer into one of the leading exporters of FDI. It has additionally accumulated a lot of capital surplus because of the favorable balance of payments it has registered during its modernization project. Judging by current growth rates, the OECD estimates China will become the world's second largest economy by 2016.¹⁶⁰ If these levels of growth were to be sustained, however, the Chinese economy would need a steady supply of inputs in the form of raw materials as well as new markets. Factoring the above into account only implies one thing; China needs to attach more seriousness to the burgeoning development partnership with Africa in this present hour than never before.

Recognizing this, China has made Africa a high priority in recent time. Before proceeding to give an overview of this current relationship it is useful to repeat, China's aid is crosscutting, bundling together all the three vectors of development namely aid, trade and FDI together. As such it is difficult to give a full account of contemporary Sino-Africa development partnership without blurring these borders. Nonetheless, it is still possible to give some

¹⁵⁸(Ibid)

¹⁵⁹ (Alden, 2005) quoted in (Naidu, Corkin, & Herman, 2009, p. 92) is of the view that if ideology was the driving force for China's relationship with Africa in the early years of independence and the immediate post-Cold War period, the eve of the twenty-first century was defined by strategic economic interests and this was confirmed during President Jiang Zemin's 1996 tour of Africa where he presented a 'Five Point Proposal', which established the terms of a new pragmatic partnership with Africa

¹⁶⁰ (Kaplinksky, 2006) & (Goldstein et al., 2006) cited in (Ibid, p. 93)

insights into some of the most important highlights of the development assistance China extends to the continent. For the sake of simplicity and clarity, China's development cooperation will be considered in fewer than three sub headings, namely content (or nature), quantity (amount or estimates) and geographical scale (or reach).

3.2.2 Current Content of China's Aid Package to SSA

In terms of content, China's aid as iterated in the previous chapter includes concessional (preferential loans), Chinese export buyers credit, debt relief, official financed infrastructural projects and investments, grants, scholarships for African Students and other professionals as well as health and agricultural related initiatives. As far as the current nature of China's development cooperation is concerned, its significant to mention the Forum on China-Africa Cooperation (FOCAC), first held in October 2000 in Beijing. This forum remains to date the most important platform where Sino-Africa development cooperation is strengthened and institutionalized.¹⁶¹ Since then, four other forums have been held with the most recent one haven taken place in Beijing in 2012. Most China analysts however point to the elaborate 2006 FOCAC conference in Beijing as the watershed event in Sino-Africa development partnership where Chinese premier Hu Jintao unveiled to 43 African Heads-of-State the 2006 Africa Policy document and "a long list of future initiatives of cooperation bundled together with generous financial incentives."¹⁶² According to Rotberg and Naidu et al., the specifics of this landmark event included;

- "A 'New type of China-Africa strategic partnership', characterized by 'political equality and mutual trust, economic win-win cooperation and cultural exchanges', as an overall framework for bilateral relations".¹⁶³

- A proposal calling for "High-level bilateral visits in order to maintain the positive momentum of Sino-African relations. Foreign ministers of both China and the African Countries will hold political

¹⁶¹ On this score, see (Naidu, Corkin, & Herman, 2009). So far, there have been five summits held to date, with the most recent meeting in Beijing, China (July 19-20, 2012). Previous summits were held in October 2000 in Beijing, December 2003 in Addis Ababa, November 2006 in Beijing, and November 2009 in Sharm El-Sheikh, Egypt

¹⁶² (Dent, 2011, p. 6)

¹⁶³ (Wenran 2007)

consultations in New York on the sideline of the UN General Assembly to exchange views on major issues of common interest”.¹⁶⁴

-China and Africa would work to more than double the current trade volumes by 2010 to reach \$100 billion in bilateral trade.

- “In addition, China would encourage investment in Africa by setting up a China- Africa development fund amounting to \$5 billion and establishing 3-5 Special Economic Zones in Africa”¹⁶⁵. Beijing would provide African countries with \$3 billion in preferential loans over three years.

- Beijing would cancel debt of up to \$1billion “in the form of all the interest-free government loans that matured at the end of 2005 and were owed by the heavily indebted poor countries and the least developed countries in Africa, which endorse the One China policy”.¹⁶⁶

- Double China’s 2006 aid commitments by the year 2009

- Trade deals signed between Chinese and African corporations during the summit totaled \$1.9 billion.

-In addition to providing a \$37.5 million grant for artemisinin (an herbal malaria remedy) drugs over three years, Beijing would help construct thirty hospitals and thirty demonstration centers for the prevention and treatment of malaria in Africa.

-Build 100 rural schools in Africa over the next 3 years and double the number of current scholarships given to African students to study in China from 2,000 to 4,000 by 2009. China will also dispatch 300 youth volunteers, “train 15,000 African professionals, send 100 senior agricultural experts to the continent and set up 10 specific agricultural technology demonstration centers in Africa”.¹⁶⁷

As a disclaimer, FOCAC does not fully represent or exhaust the content of China’s development cooperation in Africa as there may be many other projects and country specific programs and initiatives run by the Chinese state and other non-state institutions outside this scheme. Nonetheless, FOCAC still embodies the content and nature of China’s aid initiatives. Also, its agreements emanate and involve the highest echelons of the Chinese state and that of African governments.

3.2.3 Estimates of China’s Aid to Africa

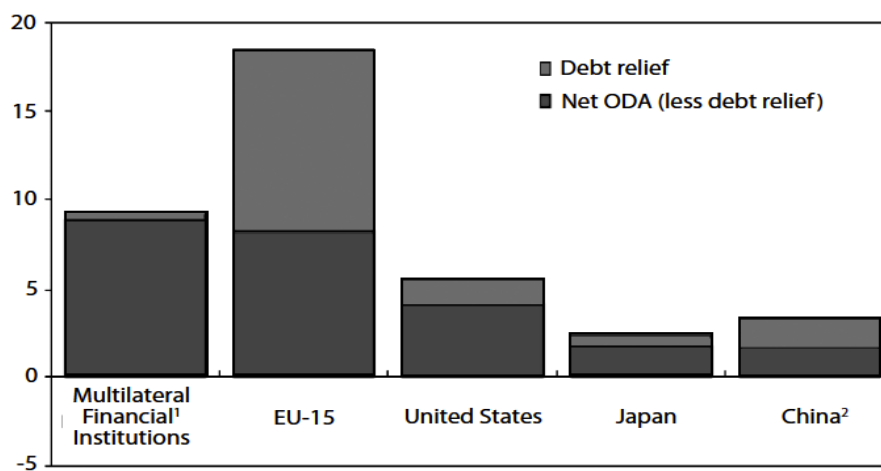
¹⁶⁴ Wenran (2007)

¹⁶⁵ Wenran (2007)

¹⁶⁶ (Naidu, Corkin & Herman, 2009, p.102)

¹⁶⁷ (Dent, 2011, pp. 6-7; Naidu, Corkin, & Herman, 2009, p. 102)

Moving on to the Current levels of estimates of China's development assistance, it must be pointed out there is considerable debate over the actual disbursements or level of assistance the PRC doles out to SSA. As iterated, China does not publish official aid figures and coupled with this, China's aid is intertwined with other vectors of development. As a consequence, most analysts are left to rely on media pronouncements and their own intuitive calculations. Nonetheless, it is still useful to state some of the figures computed by some of the widely recognized China-Africa scholars to give a clue as to how much Aid China gives to the continent. According to Brautigam China's bilateral project aid amounted to US\$1.6 billion between 2000 and 2006. This amount includes loans and grants as well as technical and medical assistance valued at one billion US\$ (though worth much more in "volume" terms). In terms of concessional loan funding and debt cancellation the amount stood at US\$1.5 billion. Another scholar, Kurlantzick, works from African data and estimates Chinese aid to Africa to be US\$ 2.4 billion in 2004 and considers that a substantial share of it was ODA as defined by the DAC. Using China's central government budget data, Qi Guoqiang estimates that aid to Africa rose from US\$300 million a year in 1998 to nearly US\$ 1 billion in 2007. This estimate, which focuses on the "cost to the state" of grants and loans, takes into account neither the provinces' aid activities nor the subsidies granted to Exim Bank for its soft loans. According to one senior official, quoted by Martin Davies it is estimated that approximately US\$4.5 billion in aid had been disbursed in 2006.¹⁶⁸ Jean Raphael Chaponnière, after working with a series of data published for each African country by international development banks and MOFCOM, peg the figure at US\$2 billion. Chaponnière asserts that, in comparison to other donors, China was by the mid 2000s a small donor of aid as figure below depicts.¹⁶⁹ But this reasoning is only valid when one strictly goes by the definition of aid from the OECD-DAC.



ivies, 2008) quoted in

Figure 4: Aid to Africa¹⁷⁰

The most current and comprehensive estimate however comes from AidData, which used a Media Based Data Approach (MBDC) to arrive at some very interesting estimates of China's aid financing to Africa. AidData estimates the number of official Chinese finance projects on the continent to be 1422 from 2000 to 2011. They value China's ODA like commitments to be about US\$12.99 billion, 70% of which is associated with projects implemented or completed (the value for which is estimated at US\$48.61billion) and other financial commitments to be US\$ 74.1 billion for the same period.¹⁷¹ A close assessment will reveal the figures of AidData are very staggering compared to the previous ones cited. This does not however nullify their validity. If anything, it adds weight to the argument that China's aid levels to Africa remains, for the most part, a mystery that will take time to unravel.

3.2.4 Geographical Reach of China's Aid to SSA

In terms of the geographical scale and structure, China currently extends development assistance to 53 or so African States regardless of whether they follow the 'One China principle'. Chaponnière observes however that there has been a growing convergence and increase of aid towards African countries with mineral resources especially crude oil as depicted on the table below.

Aid Per	International Cooperation excluding external Financing in 2004/05 in millions of
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¹⁷⁰ (Jian Ye Wang, 2007) Cited in (Ibid, p. 64)

¹⁷¹ (Strange, Parks, Tierney, Fuchs, Dreher, & Ramachandran, 2013). See their database, available at <http://aiddatachina.org>

Country	\$US	
	1959-1998	2004-2005
Tanzania	534	Sudan 1342
Zambia	372	Algeria 2065
Congo DR	303	Nigeria 787
Mauritania	239	Angola 305
Sudan	230	Egypt 276
Somalia	220	Botswana 265
Congo	205	Tanzania 181
Egypt	193	Mali 169
Guinea	161	Libya 132
Ethiopia	155	Zimbabwe 89
Mali	148	South Africa 82
Madagascar	144	Ethiopia 77
Burundi	125	Mauritius 76
		Equatorial
Cameroon	124	Guinea 75.6
Mozambique	116	Ghana 69
Senegal	108	Congo 68
Algeria	100	Tunisia 65

Table 1: Changing Priority of China's Development Aid¹⁷²

From the table, which shows a list of African countries that receive the most aid between 1959 and 2005, only 7 countries were among the top 17 in 2005 as well as in the period 1959-1998. Countries entering the top seventeen in 2005 include Angola, Nigeria and Botswana, indicating that countries that export oil or raw materials are among the priorities of Chinese cooperation.¹⁷³ This observation is also corroborated by the distribution of infrastructural backed deals in the continent. The biggest Chinese investment deals are concentrated in the countries with the most endowed mineral resources including Nigeria, Angola, DR Congo, Gabon Zambia, Tanzania, South Africa and Ghana. It is also in these countries that China's massive infrastructural projects are concentrated. This observation, while not discounting the fact that China extends its development assistance to less endowed areas in Africa does highlight the fact that China's priorities, logic and aims of giving aid have changed considerably in this current dispensation, where economic/commercial imperatives dominate the agenda for giving aid. This assertion needless to add goes to reinforce the idea dominant idea that current Sino-Africa development partnerships is

¹⁷² Source: Columns 1 and 2, (Brautigam, 1998); columns 3 and 4, author's estimates based on MOFCOM statistics and data from the World Bank and the African Development Bank. Note: Countries where cooperation includes projects financed by private firms are in italic

¹⁷³ (ibid, pp. 66-67)

structured in an inter dependency or some form of economic symbiosis

3.3 Case Study-Angola

3.1 Background

Angola, one of the few Lusophone countries in SSA was racked by intermittent civil war right after independence in 1975. After 17 years of civil war, peace seemed imminent in 1992 when the country held elections but fighting broke out again the following year. Since then several peace accords “failed to end fighting between the rebel National Union for the Total Independence of Angola (UNITA) and the government, controlled by President dos Santos’s Popular Movement for the Liberation of Angola (MPLA)”.¹⁷⁴ It was not until the death of UNITA’s rebel leader Jonas Savimbi in 2002 that peace returned to this Southern African nation.¹⁷⁵ However, the War had already done its damage by causing both immediate and long-term havoc on Angola’s socio-economic and political development. During more than a quarter of century of conflict, it is estimated that more than one million people lost their lives, another four million became internally displaced and half of that number fled to neighboring countries.¹⁷⁶

3.1.2 A Case of Poor Governance

A little over a decade since the return to normalcy, Angola’s political and governance structures are still largely underdeveloped. In political terms, the country since independence has not been an electoral democracy with an entrenched rule of law. Only two elections have been held since independence, in 1992 and 2008, however, President dos Santos, leader of the MPLA, has remained in power since 1979. To consolidate his power, Angola’s National Assembly adopted a new constitution in 2010, which stipulates that instead of holding presidential elections, the majority party in parliament should elect the president.

¹⁷⁴ Angola/Freedom in the World 2012

¹⁷⁵ Only since 2002, following the death of UNITA leader Jonas Savimbi has Angola enjoyed peace (CIA Fact book, 2013)

¹⁷⁶ (Central Intelligence Agency, 2013; Freedom House, 2010)

This constitutional flaw does not only disenfranchise Angolans but, given the dominance of the MPLA in the Assembly, almost guarantees that dos Santos will remain in power for the foreseeable future.¹⁷⁷

Furthermore, it can already be inferred from the opening statement that the political and constitutional structures do not provide an enabling environment for the rule of law. For instance, the constitution guarantees separation of powers but the application of this rule is not enforced. As Bertelsmann Stiftung's Transformation Index (BTI) notes:

“The constitution is articulated in such a way that the president, who is also the head of government, controls in one way or another all political, administrative and judicial organs. As a result, the division of power, fundamental in a democratic system, is massively conditioned, in fact, all but abolished”¹⁷⁸.

Due at least in part to the flaws embedded in the 2010 constitution, the power and autonomy of Angola's parliament and judiciary is severely limited. The duty and responsibility of any well functioning parliament is legislation and initiation of proposals. On the contrary, due to institutional incapacity, most legislation and proposals emanate from the executive branch of government instead of parliament.¹⁷⁹ Angola's judiciary is no better. It has also been subject to extensive political influence, particularly from the executive, though courts occasionally rule against the government notably the executive arm. The president appoints the Supreme Court judges to life terms without the consent of the legislature. According to Freedom House, Angola's legal system in general is “hampered by a lack of training and infrastructure, a large backlog of cases, corruption, and conflicts of interest.”¹⁸⁰

Owing to the inherent structural weakness of these parallel arms of government, Angola's political landscape has been hijacked by elites from the ruling MPLA led by Dos Santos.

¹⁷⁷ The MPLA-dominated National Assembly on the 21st of January 2010 passed this new constitution, which was signed, into law by President dos Santos on 5 February 2010. This new constitution replaced the 1975 interim independence document. The constitution was passed with 186 votes out of 220 parliamentary seats was largely boycotted by the main opposition who accused the dos Santos government of destroying democracy in Angola (Polity IV Country Report Angola, 2010, p. 2)

¹⁷⁸ (Bertelsmann Stiftung's Transformation Index, 2012, p. 3)

¹⁷⁹ (Ibid, p. 15) asserts “almost 90% of proposals – emanated from the government or the president rather than from parliament. A political culture of administrative secrecy, confidentiality, clientelism and favoritism (including the co-optation of political rivals), further weakened the political basis for a democratic parliament.”

¹⁸⁰ (Freedom House, 2010)

Ruling power in Angola is effectively “concentrated in the hands of the President and his Council of Ministers. President dos Santos, through the liberal use of executive decrees and resolutions, dominates policy formulation and implementation in this country.”¹⁸¹ This excessive executive control of the arms of government and apparent disregard for the rule of law has made Polity IV to conclude that Angola’s “political system continues to function more like a one-party state than a multiparty democracy.”¹⁸²

In terms of political participation and individual freedoms and rights, there exist constitutional provisions. As far as political participation is concerned, the main opposition to the MPLA is UNITA, which transformed from a rebel group into a political party in 2008 during Angola’s last political election. Due to its roots as a rebel group, it lacks a strong party discipline and culture one would expect from a main opposition party. More worrying, it lacks the resources, leverage, and leadership to challenge the entrenched power of the MPLA elite.¹⁸³ During the Angola’s last presidential elections, a number of mushroom parties also sprang up but withered as the political tide subsided. Besides political parties, there is also a legion of Non-Governmental Organizations (NGOs) both national and international “with many of them advocating for political reform, government accountability, and human rights protections.”¹⁸⁴ Despite the plurality and important role of these NGOs, the government has occasionally threatened them with closure. The same, if not worse, treatment is meted out to ‘dissident’ media outlets and opposition members, which are critical of the government.¹⁸⁵ As a result of government interference and the general authoritarian climate in which these civil society groups operate, BTI reckons that the development of a vibrant civil society has severely been hampered by the legacy of a one party state controls the NGO domain and also engenders polarization.¹⁸⁶

As a result of this seemingly implicit structural weakness of most state and non-state organs

¹⁸¹ (Polity IV, 2010, p.2)

¹⁸² (Ibid)

¹⁸³ (Ibid, p. 3)

¹⁸⁴ (Freedom House, 2010) The Catholic Church and generally, churches are the most important and outspoken civic society groups in Angola.

¹⁸⁵ According to (ibid) “media restrictions were eased somewhat after 2002, but despite constitutional guarantees of freedom of expression, journalists are driven to self-censorship by the threat of dismissal, detention, and legal sanction by authorities. Defamation of the president or his representatives and libel are criminal offenses, punishable by imprisonment or fines.”

¹⁸⁶ (Bertelsmann Stiftung's Transformation Index, 2012, p. 38)

and institutions that would theoretically check and balance the executive branch of the government, corruption, patronage and other neopatrimonial tendencies have become endemic and institutionalized in Angola. At the head of these corruption scandals is the president himself. Together with other high-ranking members of the ruling MPLA, the president is alleged to have squandered large portions of the country's oil revenue. An IMF report published in December 2010, for instance, reported that a whopping US\$32 million in government funds from 2007 to 2010 could not be accounted for. Literally, billions of dollars in oil revenue have bypassed the country's national bank (Banco Nacional de Angola, BNA).¹⁸⁷ According to Human Rights Watch, from 1997 to 2002, a staggering US\$4.2 billion was unaccounted for. Human Rights Watch asserts these amounts are "roughly equal to the amount spent on the humanitarian, social, health, and education needs of a population in severe distress".¹⁸⁸ Not only is corruption deeply rooted in Angola, but also there is less transparency and citizens are kept in the dark regarding public expenditure. Human Rights Watch reports;

"the Angolan government has refused to provide information about the use of public funds to its population, undermining their right to information. It has failed to establish hundreds of courts and allowed the judiciary to become dysfunctional, undermining Angolan's ability to hold government officials and others accountable. And it has not fully committed to free and fair elections, thus removing another avenue of accountability."¹⁸⁹

As a result of these and many more instances of corruption, opacity and lack of accountability, Transparency International in its Corruption Perception Index ranked Angola 157 out of 176 countries surveyed worldwide in 2012.¹⁹⁰ Angola's corruption perception is also well documented in a study conducted by Chatham House, which cited corruption as the greatest single obstacle to doing business in Angola. It stated "while electricity supply was the biggest obstacle for firms in Angola in 2006 (chosen by around 37% of all firms), by 2010 corruption has become the biggest obstacle (chosen by nearly 30%)."¹⁹¹

¹⁸⁷ (Human Rights Watch, 2004, p. 1)

¹⁸⁸ (ibid)

¹⁸⁹ (ibid)

¹⁹⁰ See Transparency International Corruption Perception Index (CPI). Available online at: <http://www.transparency.org/country#AGO>

¹⁹¹ (Weimer, 2012, p. 13)

From this brief overview of Angola's political landscape, the picture does not look too bright as far as the discourse of good (democratic) governance is concerned. Angola might have held elections and made some efforts at decentralization among other strides but these have neither been far reaching nor have they been pursued with any seriousness. As we shall encounter in subsequent segments, it is as a result of some of these bottlenecks and deficits in governance that the international donor community largely chose to shun Angola.

3.1.3 A Crisis of Development

While the political context is shaky in terms of true democracy, the economic situation in Angola is steadily improving. OECD reports that Angola had one of highest growth rates in the world between 2002 and 2008. Angola's GDP increased from 3.4% in 2010 to an estimated 3.5% in 2011 thanks in part to growing oil revenues.¹⁹² Oil is indeed the backbone of Angola's economy and growth. Oil revenue accounted for more than 40% of Gross National Product (GNP) and constituted 60% of government's fiscal revenue. The non-oil sector, composed of agriculture, construction, manufacturing and financial services, although lagging behind, also performed well.¹⁹³ The Angolan economy is slowly rising from the ruins of war and is "going through an intense process of recovery, with large-scale construction of productive and social infrastructure."¹⁹⁴

However, despite this seemingly commendable outlook, Angola faces dim prospects when it comes to socio-economic development. As noted by African Development Bank (AfDB) et al, "despite steady progress in improving social conditions since 2002, the country still faces massive challenges in reducing poverty, unemployment and increasing human

¹⁹² (AfDB et al., 2012, p. 2). Angola is Africa's second largest oil producer, after Nigeria, producing over 1.9 million barrels per day (bpd)

¹⁹³ "According to the World Bank, "the GDP real growth rate of 22.3% in 2007 reflected the real growth of 20.4% in the oil sector and 25.7% in the non-oil sectors in 2007 including growth of 37% in construction, 32.6% in manufacturing and 27.4% in agriculture" (World Bank 2009, Recent Economic Developments)", cited in (Bertelsmann Stiftung's Transformation Index, 2012, pp. 32-33)

¹⁹⁴ (ibid, p. 33)

development.”¹⁹⁵

Just like any other developing country in SSA, Angola faces huge challenges in poverty reduction and improving Human Development. It ranks as one of the world’s worst countries in terms of the Human Development Index (HDI) currently occupying the 148th position out of 187 countries in the United Nations Development Project’s (UNDP) HDI.

Despite this bleak picture, Angola is registering substantial progress in HDI, partly due to increased government social spending in health and education. Recent data shows marginal gains over the last decade in several HDI indicators. Life expectancy at birth increased from 46 in 2000 to 52. Maternal mortality declined from 880 to 610 deaths in 100 000 live births during the same time whereas infant mortality under-five rate decreased from 21.2 to 16.1%. The prevalence of underweight children under 5 also decreased from 37 to 27.5%.¹⁹⁶

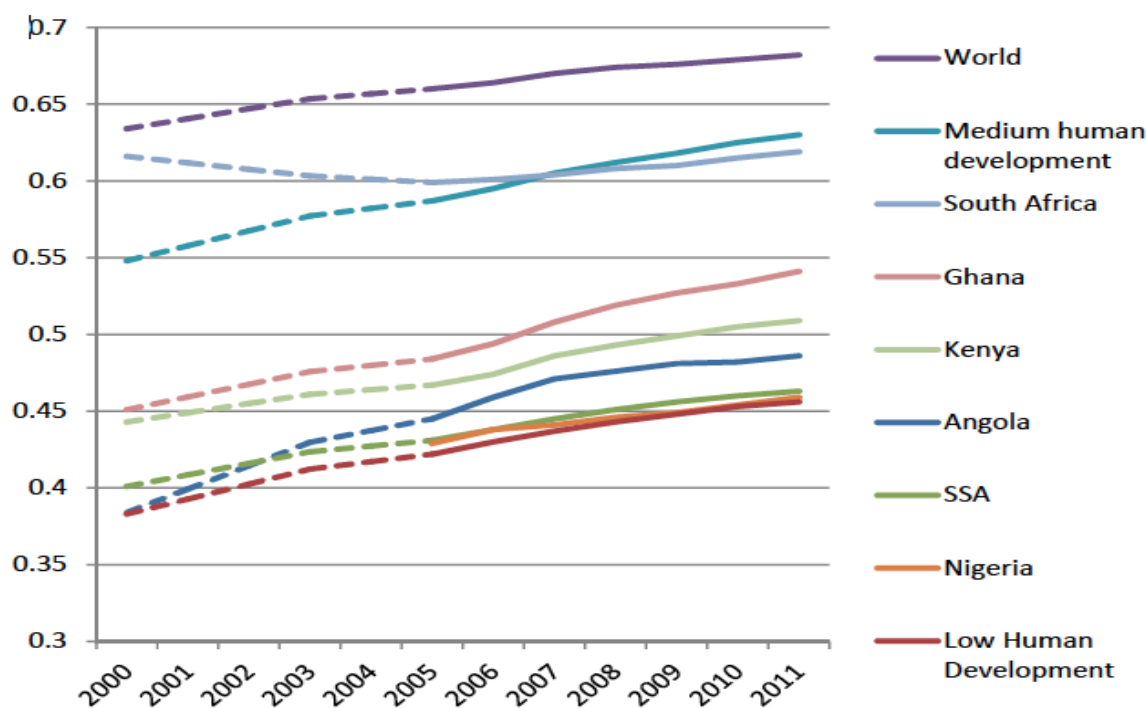


Figure 5: Human Development Index value for Angola and Selected African Countries

Source: HDRO calculations based on data from (UNDESA, 2011), (Barro and Lee 2010), and

¹⁹⁵ (AfDB et al., 2012, p. 2)

¹⁹⁶ (Ibid, p. 12)

(UNESCO Institute for Statistics, 2011), (World Bank 2011a) and (IMF, 2011)¹⁹⁷

It must be pointed out that the increase in social spending is still inadequate. As can be seen from the table, Angola achieved a rapid increase in its HDI value from 2002 to 2007, but progress has slowed down since. The improvement and subsequent slowdown are most likely a result of starting from a low base of development in 2000 and taking advantage of easily achieved gains. After 2007 however, this improvement in HDI has increasingly become difficult to come by and Angola is struggling to stay afloat at the SSA average HDI growth rate. Currently, only 30% of the population has access to government health facilities, only 53% have access to potable water and only 31% benefitted from improved sanitation.¹⁹⁸

Still within the broad scope of HDI, social inequality is another daunting prospect that Angola is facing. A 2008/09 socio-economic survey shows that 36.6% of the population is living at or below the poverty line of US\$2 a day with about 58.3% at or below the poverty line in deprived/rural communities compared to 18.7% in urban areas. Inequality between the rich and the bottom poor is also on the increase and widening.¹⁹⁹ Besides poverty is the issue of human resource development and unemployment. In terms of education, government spending in comparison to other SSA countries is low about 4% of GDP per annum. About 60% of children of school going age have no access to education. According to the United Nations Children's Fund (UNICEF), only 4 percent of Angolan children who attend primary schools reach the fifth grade. Angola's secondary-school enrolment is also below the sub-Saharan African average.²⁰⁰ Generally, due to the breakdown of the educational system during the war and the relative weak structure of education in this current 'transition' or reconstruction phase, Angola's human resource base is largely underdeveloped.²⁰¹ This is strongly reflected in the employment distribution with majority of

¹⁹⁷ Courtesy of (Weimer, 2012, p. 8)

¹⁹⁸ (Bertelsmann Stiftung's Transformation Index, 2012, p. 31)

¹⁹⁹ See (AfDB et al., 2012; Weimer, 2012). Between 1995 and 2000, the richest 10% of the population increased their share of total urban household income from 31.5% to 42.2%

²⁰⁰ (Weimer, 2012, p. 11)

²⁰¹ AfDB et al posit, "An entire generation was adversely affected, deprived of access to basic services (i.e. education, health) vital for social development and economic growth. Education has seen heavy public investment – reform of the curricular program, expansion of the duration of free mandatory primary education to 6 years, and large investment in infrastructure of the school network. However, more than 75% of teachers

Angolans employed in the informal sector. Despite oil being the lifeblood of Angola's economy, the sector employs only 1% of the Angolan populace. Unemployment has therefore remained high averaging about 20-27% in the last decade. As a result of a 'skills mismatch' and a shortage of expertise in the local labor market, expatriate workers mostly from Brazil, Portugal and China have increasingly found it convenient to fill these vacancies in Angola. Reducing unemployment and addressing the acute shortage of technical and managerial expertise in Angola's labor market is however high on the agenda of the government in Luanda. As a response, the government is embarking on technical and vocational training, encouraging internships and contracts with the private sector for Angolan students, enacting legislation that will favor Angolan workers among a series of other noteworthy interventions. It is noteworthy to state some of these interventions have already begun to bear fruits. The AfDB reports that unemployment fell from 39.8% in 2002 to 25.2% in 2006, and has fallen even further in 2009.²⁰² Despite this significant improvement, the 2008 African Economic Outlook maintains Angola's unemployment rate is comparatively still high.²⁰³

Moving further from Human Development, Angola's economic and social infrastructural base is also one of the poorest in the region. Angola's physical infrastructure was completely destroyed and neglected during decades of civil war. This was severest in the countryside, where rebel factions and the war claimed most of the country's infrastructure forcing population movements to the capital, Luanda. Even Luanda was not spared wanton destruction of infrastructure. In recent times, the government spends around US\$4.3 billion per year on infrastructure, equivalent to 14 percent of its GDP. Most of this spending is geared towards power generation, water supply, transport and sanitation sectors. Despite the colossal amounts of financial and capital investments the country seems to be channeling in this direction, Pushak and Foster asserts, this is significantly below the average for Sub-Saharan Africa (14.5 percent) and so more by way of additional financial injections need to

never received the necessary training and only 54% of students enrolled complete primary school. There is still a grave lack of secondary schools especially considering the boom in demand, with an average growth of 18.6% per year in the last ten years in number of students enrolled at this level" (AfDB et al., 2012, p. 14)

²⁰² (Ibid, p. 12)

²⁰³ Overall, Angola ranks poorly in the 2012 DB Report at 178th on Employing Workers, the lowest in sub-Saharan Africa.

be made to improve the country's deplorable state of infrastructure.²⁰⁴

In general terms, it can be deciphered that Angola faces an uphill task regarding its post conflict reconstruction. This is as result of some of the factors described above and many other externalities, which face SSA countries in this current milieu of globalization. One is therefore excused for concluding Angola faces a real crisis of development not only in socio-economic terms despite the abundance of natural resources including crude oil and large diamond reserves but also in governance terms. Despite holding elections and adopting a new constitution, corruption, opacity and the absence of rule of law and a democratic culture seem to be the order of the day. Such a realization is also corroborated by BTI who in a very succinct manner describe Angola's development bottlenecks in not so charitable terms;

"Damaged by 27 years of civil war and the plundering of state resources by the political power holders, Angola faces severe structural constraints in terms of socioeconomic development and infrastructural reconstruction. High rates of illiteracy, the day-to-day fight for survival and a lack of access to information exclude and further marginalize the poor. Extreme poverty, a shortage of skilled labor, and deficient productive and social infrastructures constitute the state's primary structural constraints with respect to management performance. Moreover, the country provides a sobering illustration of how well dominant groups are able to defend their specific interests in societies with such severe social inequality, low average levels of schooling, weak traditions of political participation and low levels of political awareness among the population."²⁰⁵

In sum, Angola is a county in need of repair on both fronts, politically and economically. The foregoing discussion is neither meant to cast a dark cloud over all the gains and efforts the country is making after emerging from the ashes of war nor should this be misconstrued as a deliberate attempt to represent Angola in a very negative light, but merely to illustrate and point to the fact that the country really faces a crisis of development. It is this crisis of development, which has forced the leadership of Angola to enter into strategic partnerships with a host of countries and entities including the IMF, China, USA, Portugal, and Brazil etc. The next segment proceeds to briefly consider Angola's relationship with the West notably the IMF and then the PRC in detail.

²⁰⁴ For a country diagnostic of Angola's infrastructure, see (Pushak & Foster, 2011)

²⁰⁵ (Bertelsmann Stiftung's Transformation Index, 2012, p. 37)

3.4 Angola's Development Relationship with the IFIs and Western Donors

In 2002, Angola ended decades of internecine civil war and managed to install durable peace. However, as iterated above, much of the country's socio-economic infrastructure and what was left of the economy remained in ruins. For a country, which had neither the financial wherewithal nor the expertise to overcome these structural hurdles, the obvious choice was to approach the international community notably the IMF and traditional western donors. For one, Angola expected the huge international sympathy and goodwill (mainly from the West) following the cessation of violence to translate into tangible donations or cash for reconstruction. Secondly, this southern African country also indicted the West as partly responsible for the decades long war and as such should bear responsibility or offer some form of reparation in the form of aid for rebuilding the country.²⁰⁶ Owing to these and many other considerations, Angola on the eve of returning to peace turned to the West to assist it her in the colossal task of rebuilding the country.

In pursuit of this, the MPLA led government made high-powered overtures of soliciting help but Western donors largely rejected these. For example, despite relentless appeal, the government failed to lobby for an international donor conference to secure financing for the county's post conflict reconstruction.²⁰⁷ Three very important reasons account for this apparent inertia on the part of Western creditors. First and foremost, most Western countries perceived the Angolan civil war as internal problem for which they were not culpable. Secondly, most western nations especially the USA argued that Angola's

²⁰⁶ Such a reasoning stemmed from the fact that rebel groups such as UNITA, which inflicted severe damages on Angola for the most part of the conflict received covert support from the West (Malaquias, 2012, p. 35)

²⁰⁷ Most donors especially the US and the IMF were not impressed with governance reforms in Angola prior to the cessation of violence in 2002. As a consequence, they therefore used their opposition to a donor conference as a signal to express their displeasure with the government's management of public finances and apparent lack of transparency (ibid)

reconstruction did not suffer from a lack of funds but from a lack of transparent administration/government.²⁰⁸ Lastly and quite pertinent, the IMF and indeed many other Western creditors “wanted Angola to adopt a staff-monitored program (SMP) demonstrating good performance against certain criteria that would lend credibility to Angola’s economic policies and open the way for a donor conference to raise funds for national reconstruction.”²⁰⁹ Surprisingly, while negotiations were underway, Angola backed out and was no longer willing to conclude this agreement. This set the stage for a prolonged absence and generally low level of activity and engagement with the IFIs and other Western donors in Angola’s reconstruction phase for the rest of the 2000s.²¹⁰

For the remainder of the decade, Angola’s relationship with western donors has been tenuous. Nonetheless, a lot of Western NGOs continued to work on humanitarian basis in Angola. However, in 2008/2009, the global financial meltdown triggered a shock in the economy, which allowed and paved the way for international creditors notably the IMF not only to mark a bold return to the country but also to influence economic policy. Quintessentially, the IMF used this window of opportunity to oblige the Angolan government to adopt albeit under its supervision, “a set of measures combining austerity with structural reforms and increased transparency.”²¹¹ Since then, the IMF has sought to solidify its position and influence in Angola’s economic policy although this has been met with resistance and restriction.

Against this background, it is very relevant to highlight the lack of transparency, corruption and in general terms, Angola’s government’s lack of political will and disinclination to reform in very significant terms, played a huge role in stalling negotiations with the IFIs and other

²⁰⁸ During the war, an estimated US\$2.4 billion over 5 year period (1997-2002) equivalent to roughly the amount spent on social and humanitarian projects by international and domestic donors had disappeared from Angola’s public coffers (Human Rights Watch, 2010) quoted in (ibid, pp. 35-36). These and many more instances of corruption sent the unintended signal that Angola did not suffer from financial hiccups but from a deficit in governance. As such reforming governance will do more than doling out cash. This was the predominant view held by Western creditors especially the United States (Ibid, pp. 35-36)

²⁰⁹ (Tan-Mullins, Mohan, & Power, *Marcus*, 2010, p. 868)

²¹⁰ Angola refused to agree to the IMF conditionalities and announced in 2003 that it no longer wished to go through with the rest of the negotiation. Ian Taylor alleges negotiations with IMF failed because of the offer of a credit line of about US\$2 billion by the Chinese Exim Bank (Taylor, *China and Africa, Engagement and Compromise*, 2006, p. 90)

²¹¹ (Bertelsmann Stiftung's Transformation Index, 2012, p. 8)

major Western donors. Western donors and the IFIs consistently demanded Angola to deepen good governance and engender greater transparency and accountability without success. To worsen matters, Western donors also watched from afar huge amounts of oil revenue disappear from the national coffers of Angola and institutional corruption infest Angola. These developments had the combined effect of eroding donor confidence and largely resulted in shrouding and further alienating Angola from Western creditors. From the Angolan point of view, with an expectant population eager to enjoy the dividends of peace, “Angola was not willing to bear the political cost of responding to western demands.”²¹² Rather, it chose to embark on ambitious economic development and reconstruction projects that will satisfy the short term needs of its war weary population over instituting anti corruption and good governance measures, which dividends will take time to accrue. Effectively, this stance taken by the Angolan government meant the country needed to find other international suitors other than the west. Needless to add, this paved the way for the entry and resuscitation of a mutually beneficial relationship with China.

3.5 Chinese Development Cooperation in Angola: Forms, Continuities and Transformations

3.5.1 Enter the ‘Dragon’: Introducing Sino-Angolan Relations

Sino-Angola relations date back to the 1950s when China supported the various liberation movements waging war against the Lisbon controlled regime in Angola.²¹³ China whose diplomacy at the time was dictated by Cold War imperatives switched allegiance among the three dominant movements namely Movement Popular de Libertação de Angola (MPLA), União Nacional para a Independência Total de Angola (UNITA), and the Frente Nacional para Libertação de Angola (FNLA). Luck was however not on the side of China as it backed the wrong horse at the right moment to succeed in the race to emancipate Angola from

²¹² According to Malaquias, tackling both corruption and the ills of poor governance will take time and require a sustained effort from the Angolan government- a sacrifice, which the authorities were not willing to make in the face of a starved population, which was putting pressure on the government to speedily expedite action on development (Malaquias, 2012, p. 36)

²¹³ (Compos & Vines, 2008, p. 6; Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 17; Taylor, China and Africa, Engagement and Compromise, 2006, p. 75)

colonial rule. Angola's war of independence raged till 1975, during which time China provided military support to the various liberation movements. At first, she provided aid to the MPLA, but later switched to support the rival UNITA and FNLA.²¹⁴ Desperate to counter Soviet influence, China in league with the Apartheid regime in South Africa and the US shifted quickly to offer tacit military support to the rival FNLA and UNITA rebel factions but as later events reveal, this was a wrong bet as the Moscow supported MPLA managed to seize control of Angola in 1975.²¹⁵ Hon et al. captures this quite dramatically as that "China's game of musical chairs came to a halt when the MPLA declared the independence of Angola in 1975, during which time it had been supporting MPLA's rivals. As Taylor notes, this posturing of China with Apartheid South as well as its strong backing for MPLA's splinter and rival factions augured negatively for the image and legitimacy of China beyond Angola. As noted by Wei "China's anti-hegemonic posturing had been exposed as largely rhetorical, incapable of meaningfully extending to Africa, and the PRC was seen as not being capable of playing any major role in any future conflict between South Africa and its Black neighbors."²¹⁶ Taylor adds that, "suffice to say, Beijing emerged from Angola with its reputation in Africa severely tarnished and, perhaps equally galling to the PRC, a pro-Moscow organization secured victory in Angola."²¹⁷ Of greater importance and consequence was the fact that it took a while before full diplomatic relations were established between China and Angola. Beijing's diplomatic misadventure had the effect of postponing the official recognition of Angolan independence by China until the 12th January 1983.²¹⁸

The declaration of independence in 1975 did nothing to restore peace in Angola as the country quickly descended into a state of civil war. China covertly supplied arms to the rebel UNITA, which was later discovered by the incumbent MPLA. This temporarily halted

²¹⁴ For full analysis of China's shifting support of the various rebel factions during and after independence, see (Taylor, *China and Africa, Engagement and Compromise*, 2006, chapter. 4)

²¹⁵ (Compos & Vines, 2008; Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010; Taylor, *China and Africa, Engagement and Compromise*, 2006)

²¹⁶ (Wei, 1982, p. 263) cited in (Taylor, *China and Africa, Engagement and Compromise*, 2006, p. 81)

²¹⁷ China at the last minute realized it had made a wrong move so it withdrew from the conflict but did not stop it from losing credibility and legitimacy all across Africa (ibid)

²¹⁸ This notwithstanding, the MPLA and the Chinese Communist Party (CCP) established political relations in 1980, after (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 17)

whatever fragile relations China had managed to re- establish with Angola.²¹⁹ With China's Cold war impetus waning and the PRC's modernization project gaining momentum, China began in the early 1980s to normalize relations with Angola with to the goal of establishing commercial and economic relations. As noted Naidu et al. with characteristic pragmatism, both governments discarded former ideological paradigms in order to pursue increasingly commercially driven relations.²²⁰ Besides sending an exhibition to the first international trade fair held in Angola in 1984, the PRC in 1988 also set up a Joint Economic and Trade Commission to stimulate bilateral trade between the two countries. In addition to the trade agreements, the PRC also began to provide development assistance with the aim of strengthening ties with Luanda.²²¹ It is noteworthy to state that Angola's willingness to enter into a relationship with Beijing in this period was due to domestic developmental needs and a growing desire to trade with other countries outside the Soviet bloc.²²²

Bilateral relations between the two warmed up in the 1990s and Angola became China's second largest trading partner in the sub region by the close of the decade. During the same period there were a series of bilateral exchanges and visits involving high profile government officials between the two countries. Some of these visits are documented in the table below.

²¹⁹ (Compos & Vines, 2008, p. 3; Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 17; Taylor, China and Africa, Engagement and Compromise, 2006, p. 82)

²²⁰ (Naidu, Corkin, & Herman, 2009)

²²¹ (ibid)

²²² Taylor argues Angola was clearly dissatisfied with Moscow's protection, and given Angola's dependence on markets outside the soviet bloc, it was necessary for Angola to diversify its commercial and political linkages. "Thus the agreement on opening up diplomatic relations with Beijing was just as much part of Angolan foreign policy dynamics as it was of China's" (Taylor, China and Africa, Engagement and Compromise, 2006, pp. 86-87)

Senior Visitors to Angola from China	Senior Visitors to China from Angola
Gong Dafei, vice minister of foreign affairs (May 1983)	José Eduardo dos Santos, president (October 1988 and October 1998)
Qian Qichen, minister of foreign affairs (August 1989)	Fernando José de França Dias Van Dunem, speaker of the National Assembly (November 1993)
Zhu Rongji, deputy prime minister (August 1995)	De Mora, minister of foreign affairs (March 1994)
Li Zhaoxing, vice minister of foreign affairs (April 1996)	Lopo do Nascimento, general secretary of the MPLA (September 1998)
Ji Peiding, assistant minister of foreign affairs (September 1997)	Kundy Payama, defense minister (May 2000)
Tang Jiaxuan, minister of foreign affairs (January 2001)	João Lourenço, general secretary of the MPLA (May 2000)
Li Tieying, member, political bureau, Central Committee of the Communist Party (October 2001)	Roberto de Almeida, speaker of the National Assembly (May 2001)
Wang Wenyuan, vice president, Chinese People's Political Consultative (April 2002)	Manuel Vicente, CEO, Sonangol (March 2004)
Yang Wenchang, vice minister of foreign affairs (July 2002)	Fernando da Piedade dos Santos, prime minister (May 2004 and November 2006)
Zeng Peiyuan, deputy prime minister (March 2004 and February 2005)	João Bernardo de Miranda, minister of foreign affairs (May 2004)
Yang Zilin, president, China EximBank (September 2004)	General Agostinho Nelumba Sanjar, commander of the Angolan Armed Forces (June 2005)
Lü Xinhua, vice minister foreign affairs (July 2005)	Joaquim Icuma Muafuma, minister of commerce (September 2006)
Jiang Yaoping, vice minister of Information Industry (November 2005)	Irene Neto, vice minister of foreign affairs (September 2006)
Wen Jiabao, prime minister (June 2006)	Antonio Burity da Silva, minister of education (October 2007)
Li Ruogu, president, China EximBank (September 2007)	

Table 2: Bilateral Visits of Officials between Angola and China

Source: (Compos & Vines, 2008)²²³

The end of conflict and the installation of a durable peace after 27 years of civil war in 2002 marked China's grand 're-entry' and a transformation of relations from one with political and defense overtones to one with commercial and economic goals. As discussed earlier, Sino-Angola relations were further given a boost by Angola's inability to solicit the help of Western donors and IFIs in its post conflict reconstruction. This opened a window of opportunity for the grand re-entrance of China into Angola. Development relations between the two in recent times have catapulted to new heights especially with the launch of FOCAC in 2002. China Exim bank extended a credit line of US\$2 billion to aid in Angola's rebuilding of shattered infrastructure in March 2004. It followed that with two separate oil backed loans of US\$500 million and US\$2 billion in 2007 and has proceeded to sign various

²²³ "China currently maintains an embassy in Luanda with 17 officials. Likewise, since 1993, Angola maintains an embassy in Beijing. In April 2007, increasing investments in Hong Kong led Angola to open a consulate there, and in November 2007, an Angolan consulate was also opened in the former Portuguese colony of Macau. A new consulate is to open in Shanghai in 2008" (Compos & Vines, 2008, p. 6)

political, diplomatic, economic, cultural, and social agreements with Angola.²²⁴ In July 2010, there were reports that negotiations were underway to conclude the signing of another concessional loan of valued at US\$6 billion (taking the total amount of oil backed loans US\$10.5 billion).²²⁵ Quite importantly, it has also diversified into other sectors including agriculture, education, telecommunications, water, fisheries and health. All these have rendered China the biggest player in Angola's post conflict reconstruction phase. Next is a highlight of some the significant developmental projects and assistance of the PRC in Angola.

3.5.2 Overview of Current Chinese Development Cooperation with Angola

As can be discerned from the ongoing discussions, China returned to Angola in the early 2000s in a major way. Two very significant factors facilitated this: Angola's post war reconstruction program and China's own 'going out' strategy intended to position the country "as a key player in the current phase of globalization by extending and consolidating commercial links throughout the world."²²⁶ Angola with its vast stockpiles of minerals and large oil reserves made it a natural ally of a resource hungry China. This symbiosis has greatly transformed the burgeoning relationship and has taken the development partnership between Angola and China to new levels. A brief overview of the dynamics of this partnership is worth considering.

3.5.3 Management and Coordination of Sino-Angolan Development Cooperation

The management and coordination of Chinese development assistance to Angola involves a nebulous of both private and state institutions (including parastatals) from both China and Angola. At the center of all loans financing to Angola is the China Construction Bank (CCB) and the Exim bank, which together with the Chinese ministry of Commerce (MOFCOM)

²²⁴(Compos & Vines, 2008, p. 3; Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 17; Taylor, China and Africa, Engagement and Compromise, 2006, pp. 90-91)

²²⁵ This was announced by Angola's Ministry of Finance. The loan was to further help in the country's reconstruction (Corkin, Angola's Political Elites' Mismanagement of Chinese Credit Lines, 2012, p. 46)

²²⁶ (Malaquias, 2012, pp. 37-38)

coordinate to make oil-backed loans (at concessional rates) accessible to Angola for infrastructural development. For example the 2002 concessional loan of US\$2billion meant for the financing of public investment projects was officially to be managed by Angola's Ministry of Finance (MOF). Usually, these kind of loans are meant to guarantee China a specific supply or quota of oil (10,000 barrels per day in the case of the example above), which is payable over a given time period (e.g. twelve years) at a deeply concessional interest rate, *Libor*²²⁷ plus a spread of 1.5 per cent, with a grace period of up to three years and divided into two phases, with US\$1 billion assigned to each (applicable to the example to US\$2billion loan).²²⁸ Corkin states that "these loans, which operate like a current account are held in China under the name of the Government of Angola and are paid directly to the Chinese companies responsible for the execution of the work or projects."²²⁹ Campos and Vines also mention "repayment starts as soon as a project is completed... revenue from oil sold under this arrangement is deposited into an escrow account from which the exact amount toward servicing the debt is then deducted..."²³⁰

Both the Exim bank and Angolan ministries largely handle the disbursement of these loans. Corkin is of the view that the mechanism of these loans is intentionally structured such that China Exim bank retains control of the disbursements and is thus responsible for paying Chinese workers and companies that have undertaken projects directly in a measure to isolate the loans from Angola's banking system.²³¹ According to Campos and Vines, project "proposals identified as priorities by the respective Angolan ministries are put forward to the Grupo de Trabalho Conjunto, a joint committee of the Ministry of Finance and the Chinese Ministry for Foreign and Commercial Affairs (MOFCOM)"²³². For each project put to tender, the Chinese government proposes three to four Chinese companies. Third parties not funded by the credit line inspect all projects. A multisectoral technical group created

²²⁷ Stands for London Inter-Bank Offered Rate, which is the benchmark interest rate for international finance

²²⁸ The first tranche of the loan was released in December 2004, and the end of 2007 had utilized nearly US\$837 million. In March 2007, the second half of the loan was made available, with the majority as yet unused. As of December 2007, only US\$237 million of the second phase had been disbursed (Angolan Ministry of Finance, 2008) cited in (Compos & Vines, 2008, p. 6)

²²⁹ (Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, p. 7)

²³⁰ (Compos & Vines, 2008, p. 9)

²³¹ This is done ostensibly to insulate the loans from corruption (Corkin, Angola's Political Elites' Mismanagement of Chinese Credit Lines, 2012, p. 47)

²³² (Compos & Vines, 2008, p. 5)

under Angola's MOF, known as GAT (Gabinete de apoio tecnico de gestão da linha de crédito da China), oversees the implementation of projects financed by the Exim Bank credit line. GAT also performs the role of ensuring fast and efficient completion and delivery of the projects.²³³

With regards to the issue of tender and the execution of projects under the contractual terms of the Exim bank loans, there are specific bureaucratic procedures and clauses, which must be followed by both parties. Corkin explains that

“when the Angolan government wishes to put out a tender for a construction project, this is communicated to the Chinese government, which then launches the tender in China. According to regulations stipulated by the Angolan government, the Chinese government, although it only releases the tender to the 35 preapproved Chinese companies, must allow at least three different companies to tender for the same bid. The Angolan government then selects the winning tender from those submitted.”²³⁴

An important clause within these agreements is that public tenders for the construction and civil engineering contracts tabled for Angola's reconstruction be awarded primarily (70 per cent) to Chinese enterprises approved by the Chinese Government.²³⁵ In principle, at least 50 per cent of all procurement for China Exim bank funded projects (in terms of equipment, materials, technology or services) must come from China, but in practice research shows that most projects are implemented at closer to 70 per cent.²³⁶

As iterated several times, China's development aid is intertwined with its investments. In addition to the loans dispensed by the Exim bank, massive investments by state- led enterprises such as the China International Trust and Investment Corporation (CITIC), the China Road and Bridge Corporation (CRBC) and the privately owned China International Fund Limited (CIF) continue to extend credit and support to Angola's post conflict

²³³ (ibid)

²³⁴ (Corkin, *China's Interest in Angola's Construction and Infrastructure Sectors*, 2008, p. 166)

²³⁵ Tan-Mullins et al. report that to date there are about thirty-five Chinese companies, which have been pre-approved by the PRC government to bid for projects that are put to tender in China in Angola (Tan-Mullins, Mohan, & Power, *Marcus*, 2010, p. 18)

²³⁶ (ibid)

rebuilding efforts. The Hong Kong based CIF in particular, which extended a credit line worth US\$ 2.9 billion to Angola, is being managed by the Gabinete de Reconstrução Nacional (GRN- Angola's Reconstruction office). A military adviser to the president, General Helder Vieira Dias 'Kopelipa', headed the GRN.²³⁷ According to Vines and Compos, the GRN was also created based on the assumption that the ministries would not have the organizational and technical capacity to manage the large inflows of money directed to the GRN. Just like the loan facilities from the Exim Bank, disbursements from this credit line are paid on a project-by-project basis to Chinese contractors and suppliers. Officially, financial flows of the GRN are supposed to pass through Angola's MOF's accounts. However, day-to-day management of projects does not.²³⁸

Although not directly involved in the coordination of China's development assistance in Angola per se, the National Agency for Private Investment (ANIP) of Angola is one important institution that also warrants consideration. This institution is responsible for promoting private investment by both Angolan and private internationals by providing incentives in targeted sectors and development zones.²³⁹ Its importance to China's development assistance stems from the implicit fact that Chinese aid is bundled with its investments and trade strategy. As of December 2007, 51 Chinese firms were registered with ANIP.²⁴⁰ Between 2005 and 2007, 50 projects, valued at \$73.6 million were approved by ANIP and were underway by Chinese companies. Comparatively, Chinese investment portfolio in Angola is somewhat small as compared to South Africa and Portugal. However, this is expected to grow in the coming years as new cooperation agreements are signed between the two countries.²⁴¹

In sum, as far as the management and coordination of China's development assistance to Angola is concerned, credit lines in the form of oil backed or concessional loans dominate all

²³⁷ Quoted in numerous authors. See (Compos & Vines, 2008; Corkin, Angola's Political Elites' Mismanagement of Chinese Credit Lines, 2012; Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008; Tan-Mullins, Mohan, & Power, ~~Marcus~~, 2010)

²³⁸ (Compos & Vines, 2008, pp. 9-10)

²³⁹ (Compos & Vines, 2008; Corkin, China's Interest in Angola's Construction and Infrastructure Sectors, 2008)

²⁴⁰ Chinese companies contracted to projects that are financed by China's Exim Bank are not required to register with ANIP because these are deemed government/state companies or parastatals and not private firms (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 21)

²⁴¹ (Compos & Vines, 2008, p. 14 ; Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, pp. 9-10)

other modes of financing. As we shall see, these credit lines are used to fund a host of projects spanning all major sectors of the Angolan economy. While other forms of development cooperation contribute to the Angolan socio-economic condition, within the specific context of management and coordination, oil-backed loan financing dominates the agenda. Oil backed loan financing has proven so successful that it has acquired a term known as the ‘Angola mode’, which is at moment being replicated by China in other resource rich countries in SSA. Next is a highlight of some the areas, projects and programs of the PRC’s development cooperation in Angola.

3.5.4 Profile and Geographical Scale of China’s Development Assistance in Angola

China’s development cooperation in Angola is very extensive and covers almost all the major sectors of the economy. In terms of geographical scale, it extends beyond the boundaries of the capital, Luanda to include even some of the remotest areas of the country. In this segment, the study will look at some of the latest developments of China’s development assistance to Angola on a sector-by-sector basis.

Infrastructural Development

As iterated in previous sections, Angola is currently implementing an ambitious national reconstruction and development program, of which the Chinese government is a key stakeholder. Chinese companies and parastatals such CCB, Exim bank, China Road and Bridge Cooperation (CRBC), China Railway 20 (China Ferrovia 20), Huawei, and Sinohydro are among the major firms involved in the infrastructural rejuvenation of Angola. Before descending into the various sectors of infrastructural development, it is first of all useful to give a brief impression of how one of the many Chinese oil-backed loans have been earmarked for use in the various sectors. In this case, we take the first credit line of about US\$2billion for infrastructural development provided by the CCB and Exim bank in 2002. This credit line has opened up hundreds of projects in the areas of energy, agriculture, water, health, education, telecommunications, fisheries, and public works and includes key elements

in the governments post-war National Reconstruction. According to Compos and Vines, the first phase of the 2billion credit line involved 31 contracts on energy, water, health, education, communication, and public works. Below is tabular representation of this;

Sector	Number of Contracts	Total Value (US\$)
Health	9	206,100,425.42
Education	8	217,158,670.63
Energy and Water	8	243,845,110.58
Agriculture	3	149,753,214.00
Fisheries	1	13,840,468.00
Post and Telecommunications	1	66,905,200.00
Publish Works	1	211,684,100.65
TOTAL	31	1,109,287,189.28

Table 3: Projects financed by Exim Bank of China Phase I

Source (Angolan Ministry of Finance, 2007)

The second phase of this loan will fund implementation of 17 contracts, involving over 52 new and ongoing projects. Although education remains a priority, the second phase also supports fisheries and telecommunications projects. As announced previously, an extension of \$500 million was negotiated with Exim Bank to finance “complementary actions” to complete the first phase projects that had not been budgeted for by the Angolan government.²⁴²

Sector	Number of Contracts	Total Value (US\$)
Health	1	43,805,500
Education	3	229,642,314
Energy and Water	3	144,902,615
Agriculture	1	54,006,958
Fisheries	3	266,847,509
Post and Telecommunications	4	276,307,189
Publish Works	2	89,490,000
TOTAL	17	1,105,002,085

Table 4: Projects financed by Exim Bank of China Phase II²⁴³

²⁴² This additional credit line has been earmarked for some priority projects including water and energy networks for newly built institutes and schools, the construction of new telecommunication lines, and water treatment plants (ibid)

²⁴³ Cited in (Ibid, p. 8)

Sector	Total Value (US\$)
Health	159,413,272.36
Education	145,648,999.00
Energy and Water	76,450,000.00
Agriculture	1,660,415.00
Fisheries	40,000,000.00
Post and Telecommunications	56,336,500.00
Publish Works	65,500,000.00
TOTAL	545,009,186.36

Table 5: Exim Bank "Complementary" Action Projects^{244*}

Source (Angolan Ministry of Finance, 2007)²⁴⁵

The breakdown of this loan is however inadequate in the light of the additional financing totaling US\$10.5 billion that Angola has received from China. To gain a real assessment of Chinese infrastructural development within the various sectors, which go beyond the US\$2billion loan disbursement tabled above, it is necessary to do a sectoral analysis.

Beginning with electricity and housing, “China National Machinery and Equipment Import and Export Corporation (CMEC/CMIC) signed a US\$ 298 million contract for the Electrification Project for Southern Suburbs of Luanda in Angola”.²⁴⁶ This project entailed the building of substations, transmission lines and power distribution facilities in the municipal district.²⁴⁷ In terms of housing, China International Fund Ltd (CIF) was contracted to build 44 15-floor buildings, a total of 5,000 apartments, in Cabinda City, Cabinda province.²⁴⁸ Other projects earmarked included the Funda Residential Zone, the new Dundo City and Kilamba Kiayi Housing projects. In April 2009, the government launched the ‘National Housing and Urbanization Program’. To generate funds and other resources for this program, the sector minister (Minister of Public Works), Higino Carneiro, led a delegation to China to reinforce bilateral cooperation. As a result of this visit, it was expected that more Chinese companies/ firms and assistance would be added to augment the already

²⁴⁴ (Angolan Ministry of Finance, 2007) cited in (ibid)

²⁴⁵ (ibid)

²⁴⁶ (Kiala, 2010, p. 322)

²⁴⁷ (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 27)

²⁴⁸ This is reportedly part of a drive by the Angolan government to provide 200,000 residences countrywide by 2008 (Guerrero & Manji, 2008, p. 171)

large presence in this sector.²⁴⁹

Moving on to developments in transportation and telecommunication, China's preponderance of activity in these two sectors is overwhelming. An important example of China's involvement in the production of rail networks is the Ango-Ferro 2000 project. Arguably, the single largest infrastructural project awarded to a Chinese company, it involves the rehabilitation of 3100 kilometers (km) of railway, 8000 km of extensions, 36 bridges, and the rehabilitation and construction of 100 stations and 150 substations.²⁵⁰ Another important, earlier rail project was the Luanda railway, which was duly commissioned and handed over to the government by China in 2009. Similarly, the Benguela railway is currently under construction by the CIF, which will link Angola to its eastern corridors and landlocked neighbors of DR Congo and Zambia.

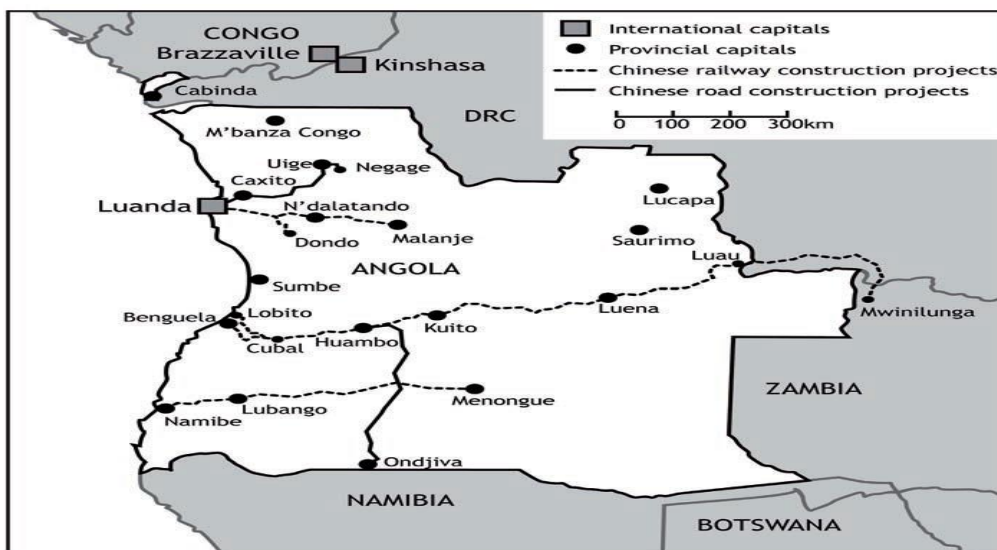


Figure 6: Map of Chinese Railway and Road Constructions

Source: Center for Chinese Studies

Besides these, China is also heavily involved in repairing a couple of railways that were destroyed during the country's long civil war. With regards to roads, China played a

²⁴⁹ (Ibid, pp. 27-28). Angola suffers from a housing squeeze exacerbated by the civil war and in the capital by the huge influx of internally displaced people from the countryside. This has heightened Angola's need for shelter, an area in which China is massively helping. The real problem is whether average Angolans can afford these housing complexes when they are done

²⁵⁰ (ibid, p. 29)

tremendous role in repairing and restoring about 10, 400km of road. In addition, the PRC is engaged in other major road projects. Below are some of the most prominent road constructions involving Chinese funding and parastatals.

Project	US\$ Million	Year awarded	Creditor	Contractor
Road links in Cabinda and Zaire provinces ⁸⁶	3	2007	China EXIM Bank	-
Cunene Bridge ⁸⁷	30	2007	China EXIM Bank	-
City streets of Caxito (Bengo), Uíge and Negage (Uíge) ⁸⁸	56	2008	China EXIM Bank	-
Road, electricity and water systems ⁸⁹	135	2008	China EXIM Bank	-
National roads: Uíge /Quinzala / Damba / Maquela do Zombo / Negage to Bungo	79.6	2008	-	Sinohydro ⁹⁰ and CRBC ⁹¹

Table 6: List of Prominent Sino-Angolan Road Projects²⁵¹

In the rapidly expanding field of telecommunications, Chinese firms are slowly making inroads. Mundo Startel, the Angolan fixed line telecommunications utility, secured a framework agreement with the Chinese company, ZTE Corporation International, for the purchase of telecommunications equipment. ZTE Corporation in turn is to put US\$400 million into the Angolan telecoms industry. According to Corkin, this investment will be used for the construction of Angola Telecom's network; improvements to Angola's telecommunications system, which will involve the construction of a mobile phone factory, a telecommunications institute for the training of Angolan staff and a telecommunications research laboratory.²⁵²

Moving on to education and health, China continues to play a prominent role in these sectors as well. Starting with education, China is to fund the construction of one primary school in Bengo, two secondary schools in Benguela and Kwanza Sul respectively, in addition to the renovation of one primary school in Luanda. In July 2007, China's Sinomach also began working on a US\$93 million contract to build the following: Four colleges - in Luanda, Bengo, Cabinda and Namibe; Five management and administration institutes in

²⁵¹ (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 31)

²⁵² (Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, p. 12)

Benguela, Namibe, Zaire and two in Luanda; Six secondary schools - two each in Luanda, Benguela and Namibe. Sinohydro also won a US\$69million project to build four secondary schools over the period 07/08 - i.e. two schools in Huambo and another two in Huíla. i.e. four junior high schools were built in Luanda's districts of Cacuaco, Panguila and Viana, and six science and technology colleges were built in Luanda's Cacuaao, Cazenga, Pangila, Sambizanga and Viana districts and also in Lobito. This Chinese firm also renovated the Agricultural College in Malanje.²⁵³

In the health sector, China has agreed to provide funding for Chinese firms, such as Sinohydro, to help revamp the deplorable condition in which this sector finds itself now. Among other things, Sinohydro between 2006/2008 accepted to expand and renovate the country's four regional hospitals with US\$148.7 million in addition to procuring 86 ambulances with help from Beijing.²⁵⁴

Realizing the importance of agriculture not only to employment²⁵⁵ but the Angolan economy as a whole, the PRC has also stepped up efforts to support and revamp the sector. In a clear demonstration of intent, China granted Angola an amount of US\$1billion for the development of the sector, sent many agricultural experts, and plans to build irrigation system in Angola. As part of the Ministry of Fisheries "Renewal of Fleet" (*renovação da frota de pesca*) programme, Angola's Fund for Assistance to the Fisheries and Industry and Agriculture (*Fundo de Apoio ao Desenvolvimento à Pesca Artesanal - FADEPA*) and Artisan Fishing and Aquaculture Development Institute (*Instituto de Desenvolvimento da Pesca Artesanal - IPA*) are working closely together to distribute tools and resources to the country's fishing provinces of Bengo, Benguela, Cabinda, Luanda, Kwanza Sul and Zaire. Furthermore, China, in league with other countries, is contributing funding, technical expertise and logistics to help steer the artisan farming into a formal economy, which generate more income for the farmers.²⁵⁶

²⁵³ (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, pp. 35-36)

²⁵⁴ These hospitals are located in Benguela, Huambo, Lubango and Malange (Ministry of Finance, 2008). Cited in (ibid, p. 37)

²⁵⁵ At present nearly 85 percent of the country's labour force is employed in the agricultural sector - i.e. approximately 6.1 million out of a national labour force of 7.2 million but regrettably, the sector contributes only a meager 9.2% to GDP for example in 2009 (CIA Fact book, 2009) cited in (ibid, pp. 20-21)

²⁵⁶ (ibid)

Technical Assistance and Human Resource Development

In addition to these massive infrastructural developments, this ‘Asian Driver’ is also engaged in providing technical assistance and developing human resource across a broad range of sectors in Angola. In concrete terms, Chinese cooperation in Human Resource Development involves the training of Angolan professionals in China where they attend a series of workshops and lectures for periods of between two weeks and two months on average, depending on the specialty.²⁵⁷ In addition to this, the PRC also makes available scholarships for Angolan students to study in Chinese universities such as Beijing University and Zhejiang Normal University.²⁵⁸ With regards to technical assistance (TA), China is demonstrating resolve to help beef up the technical capacity of many Angolan professionals in several fields, including health and agriculture. In the health sector for instance, China in 2008 agreed to send 18 Chinese doctors to Angola and also provided funding for the construction of an US\$8million malaria center at the Luanda regional hospital.²⁵⁹ In the agricultural sector, between 2006 and 2010, Angola benefitted from a Chinese government program to send 10,000 agricultural experts to Africa. To that effect, in April 2007, a delegation was sent to the interior provinces of Moxico, Bié, Huila and Kuando Kubango to provide training for 60 Angolan technicians in this sector.²⁶⁰

Debt Relief

Angola since the early 1990s has received loans from China. Since, 2000 the Chinese

²⁵⁷ Training is offered in a variety of fields not limited to trade, informatics, agriculture, medical botany, distance learning, vocational education, nursery education, economic management, and military administration to journalism, culture and tourism (MOFCOM, 2007) cited in (ibid, p. 35)

²⁵⁸ According to the Institute for Scholarships (Instituto Nacional de Bolsas de Estado - INABE), China award scholarship grants to Angolan Students-an average of 6 students annually. So far just over 50 Angolan students have been granted Chinese government scholarships. In 2010, 23 students received scholarships, which is a significant rise from the 2008 record of 15 students (INABE, 2009) cited in (ibid, p. 36)

²⁵⁹ (Ibid, pp. 36-37)

²⁶⁰ (Macauhub, 2007) cited in (Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, p. 9)

government has also encouraged the issuance of oil-backed loans to Angola. In the same measure of goodwill, the Chinese government has in recent times agreed to cancel the debts of several SSA countries, including Angola to which the PRC agreed to cancel the debt amounting to US\$7million.²⁶¹ The Chinese government has also made available a ‘friendship’ grant of US\$220million. Angola continues to receive hefty credit lines as its partnership with the PRC deepens, with reason to believe that this pattern will continue into the foreseeable future.

(Foreign Direct) Investment

Given that China’s development assistance is intermingled with other vectors of economic development, most notably FDI, the whole spectrum of its development cooperation with Angola will be incomplete without a cursory look at this linkage. China’s investment profile in Angola is grossly low when compared to other countries such as Portugal and South Africa but this is expected to grow as Sino-Angolan relations deepen.²⁶² Currently, Chinese investment is concentrated in fisheries, extractive industries, real estate, transport, commerce and industry. More specifically, according to Corkin, the bulk of Chinese investments are concentrated in telecommunications and extractive industries.²⁶³ Investments in the other (non-oil) sectors are however expected to grow judging by the current tide of Sino-Angola relations as depicted below.

²⁶¹ (Macauhub, 2007;Reuters, AllAfrica.com, Angop) cited in (ibid, p. 19)

²⁶² Corkin reports that “despite a paucity of real investment, ANIP is confident that private Chinese investment will grow over the short term with private Chinese firms being attracted to the high activity of other Chinese firms in Angola due to the credit line” (Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, p. 10)

²⁶³ (ibid, p. 11)

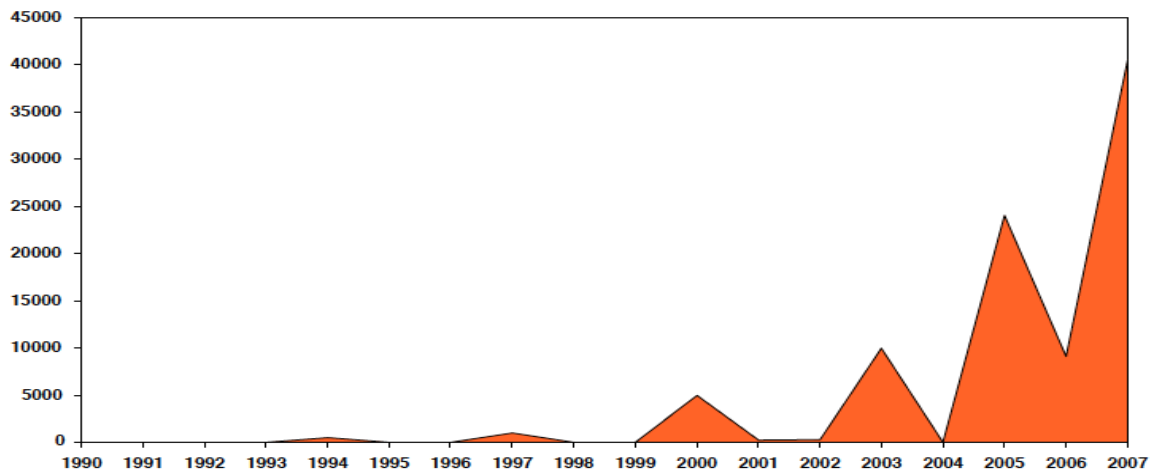


Figure 7: Chinese FDI* in Angola (1990-2007)**

Source: ANIP²⁶⁴

* Not including investments in the oil or diamonds sectors. ** January–September

The most important and tangible form of Sino-Angolan investment co-operation is a joint venture between China's Sinopec and Angola's giant oil parastatal Sonangol to form Sonangol- Sinopec International (SSI). Corkin reports that through this joint venture, Sinopec has managed to acquire stakes in Angola's oil reserves and also plans to build oil and gas refinery at Lobito dubbed Sonaref. It estimated that these initiatives would require an estimated investment capital of US\$3.5billion.²⁶⁵ Besides China's investments in oil, it also has expressed interest in Angola's huge diamond extraction industry. This intent has been given meaning by a joint venture agreement between Angola's state-owned diamond company, Empresa Nacional de Diamantes de Angola, Exploração e Produção (Endiama, EP), and CIF on April 6, 2005.²⁶⁶ Angola's council of Ministers also approved Endiama's participation in the creation of Endiama China International Holding Ltd. (Endiama China) to prospect, produce, and market diamonds, including diamond cutting and production of

²⁶⁴ (ANIP, 2007) cited in (Compos & Vines, 2008, p. 11)

²⁶⁵ According to Corkin "the joint-venture owns 20 percent of Angola's block 15. SSI made the largest bid in May 2006 to develop Angola's oil blocks 17 and 1834, with collective reserves of approximately 4 billion barrels totaling at least US\$2.4 billion, including US\$1.1 billion in signature bonuses for each block and US\$ 100 million in 'social projects'" (Corkin, AERC Scoping Exercise on China-Africa Relations, The Case of Angola, 2008, p. 11)

²⁶⁶ (Compos & Vines, 2008, pp. 17-18) report that according to Angolan Media this joint venture agreement among Endiama, EP, and CIF did not fall through because it was later declared null and void by the Council of Ministers two years after the deal was announced.

jewelry in Hong Kong.²⁶⁷

In a related development, ZTE Corporation International, a Chinese company, signed a framework agreement with Mundo Startel, the Angolan fixed line telecommunications utility, for the purchase of telecommunications equipment. In addition to the construction of physical infrastructure, ZTE is committing US\$400million into Angola's telecom industry.²⁶⁸ China's giant telecommunication company Huawei is also setting up the national backbone for Angola's operators in wireless technology and fourth generation networks. The company's investment profile extends beyond just the installation of fiber optics.²⁶⁹ According Hon et al. with funding from the Exim Bank and in close partnership with the country's sector ministry, Huawei has invested US\$7million to transform the former Instituto Nacional das Telecomunicações (ITEL) into Universidade de Telecomunicações, as well as build a new Telecom Technical Training Centre.²⁷⁰

In sum, it must be highlighted that the range of China's development assistance is very difficult to fully explore or assess. There is reason to believe there more assistance, which China lends to Angola's post conflict rebuilding, which has not been reported here. For instance, the building of four brand new stadia for the country's hosting of the African Cup of Nations (AfCON) back in 2008, irrigation projects, and countless donations of logistics and equipment to various ministries and sectors *inter alia*. That notwithstanding, the study has managed to capture essential and significant contributions of the PRC to Angola's post conflict rebuilding. This then paves the way for doing an analysis of the potential impact of these developments.

²⁶⁷ In September 2005, Angola's Ministry of Geology and Mining authorized a joint venture between Miracel and Endiama China and approved a prospecting, research, and diamond recognition contract between them. (Comissão Permanente do Conselho de Ministros reuniu sob orientação do Presidente da República, 2005), (Angola Press News Agency, September 12, 2005) cited in (ibid)

²⁶⁸ (Corkin, Angola's Political Elites' Mismanagement of Chinese Credit Lines, 2012)

²⁶⁹ Hon et al. report that Huawei has already installed optical fibre cables in Luanda and has moved on to other provinces (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 23)

²⁷⁰ This training center follows a model that Huawei has already employed in five other African countries, namely Kenya, Nigeria, South Africa, Tunisia and Uganda (ibid)

3.6 Main Discussions

3.6.1 Socio –Economic Impacts

China's grand return to Angola in the early 2000s has had significant and wide-ranging impacts on Angola's socio economic development. This stems not only from the intensive nature of her commitment but also because of the ever-widening scope of her engagement with Angola. Within the specific context of development cooperation, China's aid, which by now is renowned for its crosscutting and all encompassing nature, has been instrumental in revamping key sectors of the Angolan economy. In the same vein, there is also the tendency of China's development assistance producing some negative outcomes. For a more coherent perspective, an examination of the balance sheet of China's aid relationship with Angola is done here.

To start with, Angola returned to peace in 2002 by which time the civil war had decimated the populace and severely crippled the economy. Against the backdrop of an economy hemorrhaging and teetering towards eventual collapse coupled with a weary population anxious to enjoy the dividends of a fragile peace, the MPLA government was in need of an economic miracle to salvage its legitimacy and more crucially, resuscitate and put the Angolan economy on a path of growth and progress.²⁷¹ Faced with these daunting prospects, Angola took the initial and natural step of turning to Western creditors including the IMF and other major donors like Paris Club for development finance, like many other African countries have. Unwilling to repeat the gridlock and eventual failure that characterized these negotiations, it soon became apparent that help from the West was not forthcoming and Angola was caught in the quandary of finding alternatives. Fortunately, Angola fitted well into the grand global schemes of a rapidly industrialized China, which

²⁷¹ Dos Santos led MPLA survived as the ruling party as Angola returned to peace in 2002 but was bedecked with an anxious, war weary population eager to enjoy the fruits of their newly found peace. The MPLA confronted with these seemingly difficult challenges and also seeking to consolidate its grip on power was desperate to get things running as soon as possible especially with regards to the economy, which was in serious need of revitalization.

made the calculated move of extending a lifeline to the former. As Malaquias notes, China provided Angola with the vital financial and economic lifeline it needed by extending first a credit line of about US\$2billion, which played no small role in inaugurating a new era of peace and development in Angola.²⁷² Since then the PRC has gone further to extend various amounts of oil-backed and preferential loans with ‘no strings’ attached to Angola. So in a nutshell, it can be argued that China rescued Angola from financial predicaments and crucially resuscitated her economy at a time when very few donors were willing to do so.

Since the extension of this credit line, loans from China to Angola have become commonplace. This continuous ‘benevolence’ on the part of the PRC has however been interpreted by critics as a misstep that could prove fatal for Angola’s economy in the long term. The reason being, China’s unbridled extension of concessional and preferential loans to Angola will result in mounting and unsustainable debt for the war torn economy.²⁷³ Such reasoning is justifiable in lieu of the fact that Angola owed a whopping US\$2billion to the Paris Club and another US\$8billion to Russia among other debts in the early 2000s and continues to incur debts till this day.²⁷⁴ Angola’s debt may be rising but that is not a result of Chinese credit lines.²⁷⁵ In a study conducted by Helmut Reisen, it is noted that China’s lending of credit has not resulted in massive debts or the impairment debt sustainability in Angola. He argues categorically, “what matters for debt sustainability and debt dynamics is not just China’s lending, but also the push that China gives to exports and income growth”.²⁷⁶ As may have already been pointed out, China is one of Angola’s three largest trade partners and plays a very crucial role in stimulating Angola’s exports, infrastructural investment and Gross National Product (GNP), which have the combined effect of strengthening debt tolerance. Reisen adds clout to his argument by documenting, “gross external debt in Angola has grown in the present China-heavy decade at a pace slower than a rate that would imply future debt difficulties.”²⁷⁷ China has also repeatedly granted debt

²⁷² (Malaquias, 2012, p. 38)

²⁷³ This allegation has mostly come from ‘old’ or traditional western donors who accuse China of impairing debt sustainability in low-income countries (Reisen, undated, p. 1)

²⁷⁴ These were the debts Angola owed at the time the war was nearly over with most these debtors demanding repayment. It was in this climate of indebtedness that China still agreed to extend loans to the country (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 274)

²⁷⁵ This is the view held by Helmut Reisen (Reisen, undated, p. 3)

²⁷⁶ (Ibid)

²⁷⁷ (Ibid)

reprieve to Angola and has very flexible terms of payments.²⁷⁸ So in reality, Chinese loans do not contribute to unsustainable debts. Quite to the contrary, they grant Angola the finance it needs to resuscitate its economy with oil as collateral.

Quite significantly, the provision of an antidote to the immediate financial problems of Angola has not been the only preoccupation of China's development cooperation. The country faced the enormous difficulty of a shortage of labour to man the re-ignition of its economy. This is where the PRC continues to play an even greater and important role. Angola did not only lack the financial wherewithal to put its economic development on track but also the human resources to do so. With a whole generation immersed in war coupled with the wartime destruction of educational infrastructure, it is inconceivable to expect this Southern African Country to have human resources with the capacity to help rebuild the country. Chinese labor and expertise came in handy, which continues to be utilized in rebuilding most of the infrastructure that Angola needs. In terms of assisting the development of Angolan human capital, in addition to the granting of internships and scholarships to Angolan students mentioned previously, China also sends a number of experts in different fields including health professionals, agricultural experts, and engineers among others for short courses back home. The PRC also embarks on the training programs all in bid to improve the human resource base of Angola.²⁷⁹

Despite these seemingly benign initiatives on the part of China to develop the human resource potential of Angola, there is evidence to suggest some aspects of its development cooperation undermine the development of the country's human resources. This stems from the implicit reasoning that China's resource backed Exim Bank loans (which happen to be the principal mode of development assistance to Angola) does very little to facilitate the

²⁷⁸ Brautigam is of the view that China Exim bank loans have very flexible terms of payments. First, they cost less. "Angola is a relatively high-risk country, which borrows at a premium of up to 2.5 percent over LIBOR (the London Inter-Bank Offered Rate, the benchmark interest rate for international finance). Chinese loans are at LIBOR plus 1.5 percent" and seldom exceed that. Secondly, they allow for repayment over longer period of time say seventeen years, with a grace period, far longer than the European banks' normal term of four or five years, without any grace period (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 275)

²⁷⁹ Compos and Vines report that according to the Chinese embassy in Luanda, 23 scholarships were offered to Angolan students in 2007 to pursue undergraduate and postgraduate studies in China, while more a 100 Angolan employees in the field of health, education, enterprise management and administration went to China to pursue short term course (Embassy of China in Angola, 2007; *Jornal de Angola*, 2007) cited in (Compos & Vines, 2008, p. 19)

transfer of skills and local participation. This is particularly due to the nature of financing and contractual obligations of these loans. In principle, according to the conditions stipulated by the Exim bank, between 50 and 70% of the project procurement should come from China and the remaining 30% subcontracted to local Angolan firms. However, in practice Angolan firms rarely get close to that amount.²⁸⁰ Even more worrying is the fact that very few Angolans have been able to find work at Chinese construction sites. The few that have managed to secure jobs work as security guards rather than on equal terms as wage laborer.²⁸¹ As Corkin recognizes, “given the potential for local skills development and linkages to embryonic industrial activity in the war-torn African country, recognized as important for economic growth”²⁸², this trend is very worrying. Undeniably, employment opportunities may be limited for Angolans in Chinese firms, but this however does not prevent Angolans and indeed local firms from benefiting from Chinese technical knowledge transfers. As noted by Compos and Vines, China also offers Angola cheap technological transfer opportunities, which “... tend to be more suitable for Angola than those from Europe or the United States, where the technological gap is bigger and more expensive there other avenues where Angola.”²⁸³ It is also important to note, the limited opportunities for Angolans to work in Chinese firms is not entirely the fault of Exim Bank conditionalities. The Angolan government is partly to be blamed “for it has not actively promoted and may have deliberately weakened, the circumstances under which local participation in national reconstruction through the Chinese financed construction projects might occur.”²⁸⁴ In addition, there exist very few competent local companies to work with and a huge pool of unskilled labor with issues of communication between Chinese and Angolan workers.²⁸⁵ Despite this grim outlook, it is believed that with sustained effort from government and with systemic as well as institutional changes with regards to disbursement of Chinese credit lines,

²⁸⁰ Corkin asserts that this is due to a number of reasons including the fact there are rarely enough competent Angolan companies to sub contract to, Chinese companies not willing to work with local companies among others (Corkin, *Chinese Construction Companies in Angola: A Local Linkages Perspective*, 2012, p. 476)

²⁸¹ (Tan-Mullins, Mohan, & Power, *Mareus*, 2010, p. 870)

²⁸² (Corkin, *Chinese Construction Companies in Angola: A Local Linkages Perspective*, 2012, p. 475)

²⁸³ (Compos & Vines, 2008, p. 12)

²⁸⁴ (Corkin, *Chinese Construction Companies in Angola: A Local Linkages Perspective*, 2012, p. 476). Corkin explains further that “for the time being, however, both the Angolan government and Chinese companies appear to prefer the security offered by the China Exim Bank loan mechanism dependent on oil repayments, to the detriment of greater space for local procurement and participation in the reconstruction process” (ibid, p. 477)

²⁸⁵ (Ibid, pp. 479-40)

the picture will change for the better.

In a classical tale of interdependency, China's development cooperation with Angola is characterized by 'give and take,' where, principally, in return for oil and other natural resources, China extends Angola the finance and donor assistance it needs. Angolan President Dos Santos who remarked, "China needs natural resources and Angola wants development", underscores this dynamic.²⁸⁶ This symbiotic relationship has not only been demonstrated by the increasing volume of trade between the two but also in the quantity of concessional loan financing the PRC has doled out to Angola (amounting to about US\$10.5 billion in the space of a decade). It is worth mentioning that this mutualism has positive benefits for both parties. For China, aside from securing oil and other resources, it is also able to find contracts for the innumerable Chinese firms and parastatals, which have been encouraged to 'go out' of China.²⁸⁷ From the Angolan perspective, this war torn nation is able to secure the much-needed funds for its post conflict reconstruction. Chinese financing was particularly significant during the return to peace, when Angola failed to secure major funding from the Paris Club of creditors and the IFIs including the IMF.

That apart, in a war torn country in dire need of infrastructure and physical development, China's development assistance which has the intrinsic feature of providing massive infrastructure within short periods of time and at relatively cheap cost, is simply too tantalizing an opportunity for Angola to ignore. As showcased in the previous section, China is playing the all-important role of building, rehabilitating and refurbishing infrastructure in all key sectors of the Angolan economy. Apart from satisfying the urgent infrastructural needs of Angola, the delivery of infrastructure also provides the Launchpad for rejuvenating and fast-forwarding Angola's economic development. In socio-economic terms and as far as human development are concerned, Chinese assistance (especially infrastructure development) has the potential of reducing poverty and improving livelihoods.²⁸⁸ Although not easily quantifiable, the rehabilitation and building of roads, bridges, railways, hospitals, schools, irrigation systems and what have you grant ordinary Angolans access to potable

²⁸⁶ Quoted in (Compos & Vines, 2008, p. 11)

²⁸⁷ With the relatively low level of competition in Angola, China finds the country particular favorable for its construction and other extractive firms.

²⁸⁸ (Compos & Vines, 2008, p. 12)

water, health care, transportation and education and also has the potential of increasing their agricultural productivity. Quite importantly, with China's assistance, improvements in the transportation network will also help in knitting the country together and even do more to facilitate commercial activities and interaction within the country. All these will directly and indirectly help improve the socio economic well-being of ordinary Angolans.

Whatever benefits this symbiotic relationship may accrue, some observers have decried Chinese oil backed loans on the grounds that it creates a sort of mono economy, which has negative consequences for the recipient country. In the context of Angola, the continuous export of crude oil to China and China's focus on extractive industry to the neglect of other vital sectors has the potential of inhibiting the diversification of the economy. With the fluctuating, instability and volatility of commodity prices on the world market coupled with the current global economic meltdown, continuous reliance on oil exports could spell economic doom for Angola. Angola needs no reminder of the consequences of such an eventuality as the fiscal impacts of low oil prices in late 2008 and early 2009 left a growing recognition that over reliance on oil exports is not the most prudent way to trek.²⁸⁹ Cast from this light, China's hunger for oil and encouragement of oil-backed loans is therefore seen as an anathema with significant short and long-term economic consequences for Angola.

Irrefutably, there is an iota of truth in this line of argument but such a representation is far from being a complete picture as far as China's development cooperation is concerned. For one, Angola's economic growth has received tremendous resurgence partly due to oil revenue from China. Quite relevant, China's DA is not encouraging a monoculture. Compos and Vines report that Angola is keen to diversify into the non-oil sectors and has therefore encouraged investments from Japan, Britain, Turkey and India, and Pakistan.²⁹⁰ Moreover, the need to diversify sources of financing and at the same time sustain existing dependence on Western technology has also triggered the Angolan government to strengthen its relationship with the Paris Club. Another significant argument is that despite the country's seemingly rosy oil ties with China's, Angola has largely stymied the latter's efforts to enter

²⁸⁹ (Global Witness, 2009) cited in (Tan-Mullins, Mohan, & Power, ~~Marcus~~, 2010, p. 871)

²⁹⁰ (Compos & Vines, 2008, pp. 12-14)

the oil sector, which is still largely dominated by Western firms including Chevron, Total, BP, and ExxonMobil.²⁹¹ The aforementioned measures go to debunk the idea that China's DA is encouraging a mono cultural economy or, rather, preventing Angola from diversifying.

In close tandem to the issue of a mono cultural economy is the contribution of China's aid to Angola's industrialization efforts. Historically, there is a clear correlation between countries with high per capita income and developed industrial structures. China's own rise to global economic prominence and progress is a glowing tribute to this fact.²⁹² SSA nations generally, have not been able to get their industrial sectors running and a majority of these have a low manufacturing base that makes insignificant contributions to GDP. Among the litany of reasons given for this, China's commercial foray (specifically, its continuous bombardment of SSA with 'inexpensive' industrial wares) has been singled out for weakening African industrialization initiatives.²⁹³ On the contrary, as Brautigam recognizes, "a closer look suggests that these grim visions may not capture the full reality of China's role in African manufacturing."²⁹⁴ The PRC has a laudable track record of strengthening the industrial and manufacturing sector in SSA. In Angola, where the government itself is making conscious effort to develop the industrial and manufacturing base, China is making significant contributions to this. For example, China is investing heavily in many sectors aside from its main focus on the extractive sector. For the sake of avoiding repetition, these are not mentioned but a few examples like China's Huawei's investment into Angola's ICT sector and plans to set up car manufacturing plants in the Viana's industrial zone in Angola go further to illustrate this point.²⁹⁵ One important advantage is the fact that the PRC is well

²⁹¹ Compos and Vines report that "in late 2006 and early 2007, Angola paid the bulk of its principal interest estimated at around \$2.5 billion to Paris Club creditors. In November 2007, the issue of overdue interest arrears of about \$1.8 billion was also resolved with the government pledging to repay the outstanding amount in three tranches by 2010." This according to them has paved the way for Angola to rekindle its development partnership with the West and some Western donors like Germany, Italy and France are already showing interest in investing the country (ibid, pp. 13-14)

²⁹² See (Kaplinsky, *How Can Sub Saharan Africa Turn the Chinese-Indian Threat into an Opportunity*, 2009)

²⁹³ Among the litany of reasons, government policies, structural adjustment and trade liberalization, weak educational structure, low level of expertise and poor maintenance of infrastructure have been highlighted. Nowadays, China is principally blamed for driving small and medium firms to bankruptcy as a result of cheap export. See for more details (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, Chapter 7)

²⁹⁴ (ibid, p. 189)

²⁹⁵ This is a joint venture between China's Dongfeng and Japan's Nissan and Angola's CGS Automovel and it is expected to produce 30,000 vehicles annually and over 300 jobs during the initial stages (Hon, Jansson, Shelton, Haifang, Burke, & Kiala, 2010, p. 23)

noted for its industrial prowess in both high and low technologies. Therefore as far as Angola's industrial development is concerned, China could prove a valuable catalyst in spurring industrial activity in Angola. Already, some of the industries China plans to erect in Angola's special economic zones do not utilize advanced technologies, which make them easily replicated by locals and include a 'spill over' effect in terms of skills transfer. More crucially, these industries will also have the potential of 'backward and forward' linkages, which are necessary for the growth and development of sister firms and other factories in the value chain. These industries could also sub contract to local firms, which may end up boosting their capacity.²⁹⁶

Despite these generally optimistic prospects, some observers argue that some local firms may be displaced in the process, especially those producing similar products. Such fears may have been justified by isolated cases of Chinese products, namely textiles, displacing local firms in places like Lesotho, Ghana etc. Nonetheless, they lose sight of the fact that the presence of many firms can take competition to new levels and even enhance innovation as happened with Ethiopia's shoe manufacturing industry.²⁹⁷ All these could prove a valuable catalyst for greatly transforming Angola's low industrial base and further enhance the diversification of an economy that is dangerously dependent on oil.

3.6.2 Governance and Political Impacts

As was done in the previous segment, it is relevant to situate things in a historical perspective to set the tone for the discussion. Fundamentally, it is significant to recall that Angola failed to secure loans with the Paris Club and other Western financiers back in the early 2000s. The important question is: Why did Angola fail to get assistance from the West, despite vigorous attempts and unrelenting overtures? Among the many reasons given, Malaquias

²⁹⁶ (ibid, pp. 193-194)

²⁹⁷ Ethiopia shoe industry is booming and Chinese firms have taken advantage of this especially, the cheap supply of labour and leather to build shoe-manufacturing firms in the country. Most of these firms have the vision of transforming Ethiopia into global shoe manufacturing hub, building the capacities of local firms and increasing employment. Additionally, despite the multiplicity of these Chinese firms, they have not succeeded in displacing the resilient local manufacturers who are touted to make high quality shoes and still command a footprint on the market

posits that Western nations found it difficult to justify the spending of taxpayers' money to rebuild a resource rich nation that developed a reputation of being one of the world's most corrupt regimes. The United States in particular is said to have gone to the extent of suggesting that Angola's problem did not reside with the lack of funds but had to do with issues of transparency and accountability.²⁹⁸ Indeed, Angola back at the dawn of the millennium was notoriously a stark dictatorial regime. It therefore comes as little surprise when western nations distanced themselves from it her hour of need.

Nonetheless, it is hard to ignore the fact that some multilateral financial institutions like the IMF, despite all the misgivings they had about the government in Luanda, were still willing to offer Angola some reprieve, albeit on some negotiable terms, which was surprisingly rejected by Angola. The IMF as a precondition for organizing a donor conference that will chart a roadmap for recuing a supposedly cash strapped Angola, pushed for greater fiscal transparency.²⁹⁹ However, as the IMF was in the midst of negotiating an agreement, the Angolan government abruptly pulled out. Why? As Taylor asserts, Luanda had received a counter-offer of a \$2 billion loan from China's Exim Bank. "The deal came with very low rates of interest and a generous payback period. But more importantly, none of the IMF's meddlesome conditionalities regarding corruption or graft were included."³⁰⁰

Judging from this background, it can be seen that right from the onset, China's 'no strings' and non-interference policy had the indirect effect of tuning Angola's mind away from instituting reforms, deepening transparency and improving governance. While it is understandable that tackling the ills of corruption and poor governance would take some considerable period of time and some sustained effort, not to mention genuine commitment on the part of Angola's political elites, with a considerable amount of time before the dividends of all these painstaking conditionalities could be enjoyed, in lieu of the long term political and even economic benefits of these supposedly stringent measures, these painful 'sacrifices' at the time would have the power to inject some sanity into the political and even

²⁹⁸ The United States further withdrew support for a donor conference all in bid to send a clear signal to Luanda about its displeasure over the spate of its governance and democratic reforms (Malaquias, 2012, p. 35)

²⁹⁹ (Taylor, China and Africa, Engagement and Compromise, 2006, p. 90)

³⁰⁰ Taylor asserts because of the appalling corruption and malgovernance, the IMF saw it well placed include measures, which will improve transparency and curb economic mismanagement (ibid)

economic stream while paving the way for more meaningful growth in the future. In analogous terms, these conditionalities are likeable to swallowing bitter pills in order to get well. Regrettably, rather than instituting these reform measures, Angolan politicians, buoyed up by the presence of Chinese loans, sacrificed these much-needed good governance reforms for short term hedonistic gains. Brautigam, in defense of China, points to the fact that the PRC was not the only country at the time offering oil backed loans to Angola. She implicates a host of credit institutions including banks from the Paris Club countries, namely Germany and France, as making similar overtures of oil-backed loans to Angola.³⁰¹ That as it may be does not obliterate the fact China's Exim bank loan did not have the effect of shutting down negotiations between the IMF and Angola and as well inhibiting the modest democratic reforms of other western countries like the US in Angola.³⁰² To her credit, one fundamental issue Brautigam brings to light in this particular context is exposing the double standard nature and lack of harmonization of most Western aid initiatives including democracy promotion.

Despite these conflicting interpretations, one underlining factor, which can be inferred from the above, is the limited capacity in the use of leverage by Western nations to deepen good governance and democracy in Angola as result of China's growing influence and presence. Most Western aid comes with strings attached, which usually border on transparency, accountability and indeed good governance reforms. Whatever reservations one may have regarding Western efforts to deepen good governance and democracy using aid as leverage in recipient countries, there is enough reason to believe that aid can be instrumental in leading some countries down the path of democracy and good governance. This is even more effective when there exist no other alternative sources of funding or donor assistance. However, with the presence of an alternative lender who places no premium on issues of governance, it is highly plausible that the only leverage Western donors exercise loses its

³⁰¹ Global Witness cited in (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 275) report that between September 2000 and October 2001, international banks provided Angola up to US\$3.55 billion in seven secretive, high-cost, oil-backed loans. Western banks like US Exim bank, Barclays and Royal Bank of Scotland and Société Générale are also reported to have offered Angola various sums of oil backed loans

³⁰² Malaquias asserts while disapproving of corruption and encouraging good governance in the 1990s in Angola by the US before the end of the war, things took a dramatic turn when Angola started to backslide on a number of these reforms governance reforms. Angola chose rapid reconstruction with support from international backers like China over governance and anti corruption measures (Malaquias, 2012, p. 36)

effect and potency. In Angola this was clearly manifested when it pulled out of the IMF negotiations. Since then, western donor influence in Angola has been curtailed. This reflects greatly in Angola's democratic transition since returning to peace in 2002. Despite holding elections in 2008 and adopting a 'flawed' constitution in 2010, Angola is still effectively a one party government with the executive hijacking all other organs of government and the state in a climate where openness, accountability and transparency are ominously deficient.

Even though there is no substantial evidence linking the limited democratic gains to China's growing development partnership with Angola, it is convenient to hypothesize that the complexion of Angola's political landscape would have been slightly better than the degenerate state in which it is now had Western donors exercised greater influence in Angola within the last decade. This logic is substantiated by the fact that, when fiscal crisis hit Angola between 2008/2009 as result of the global economic meltdown, the government in Luanda had no choice but to turn to the IMF, which in turn used the opportunity to institute a set of measures including austerity and other structural reform, which had the effect of increasing transparency.³⁰³ This also goes to reinforce the earlier idea that, given greater leverage, donor countries committed to democratic development can play a greater role in engineering good governance. But until the China muscle is weakened, international efforts aimed at doing this will remain limited in scope and effect.

A very important dynamic is also the unintended tendency of China's development assistance to promote corruption and further shut the valve on transparency and accountability. Comparatively, China's development assistance is better insulated against corruption than Western development cooperation owing to the simple reason that actual disbursements of physical cash into recipient bank accounts rarely take place and most of it is channeled into infrastructure development. Nevertheless, Angola's political elites have found mechanisms of hijacking the whole process to suit their whims and caprices most of the time to the detriment of ordinary Angolans. One of the pitfalls of China's aid, which has been exploited, is its opacity, which Tan Mullins et al. tout as the defining characteristic of Sino-Angola development cooperation.³⁰⁴ Top government officials most of the time behind

³⁰³ (Bertelsmann Stiftung's Transformation Index, 2012, p. 8)

³⁰⁴ (Tan-Mullins, Mohan, & Power, *Mareus*, 2010, p. 870)

close doors usually carry out aid negotiations between Angola and China to which Angolan citizens and civic society are not made preview. As a result exact details are fuzzy and rarely made public. As Tan Mullins et al note:

“Thus in several cases a rather opaque clique of interests lies at the heart of this ‘partnership’ dominated by informal and personal relations between Chinese and Angolan investors that have proven difficult to trace and document. It is also not clear how Chinese loans are related to the government’s incoherent vision of the future development of Angola or to wider poverty reduction strategies.”³⁰⁵

That aside, in what Corkin phrases as the ‘Angolanization’ of Chinese Exim bank loans, Angola’s ruling elites, namely the presidency, have also managed to secure direct access to credit lines. As explained before, Angola’s ministry of finance is officially designated to handle credit lines from China. However, President dos Santos and the Finance minister, in consultation with China, established the GRN ostensibly to stave off corruption, which was headed by a military general. GRN performs a parallel function to the finance ministry but, quite interestingly, falls under the jurisdiction of state security organs and reports solely to the presidency. This clever move by Angola’s political elites has meant that information regarding GRN dealings cannot be made public and it remains accountable to none other than the presidency. This subversion of the system has made it possible for funds meant for development to be diverted into private pockets. Owing to the rampant cases of corruption and mismanagement, GRN has been dismantled and its mandate duly transferred to Sonangol. Corkin is not optimistic that this parastatal will fare any better, as its audited finances have revealed a lot of irregularities and discrepancies raising concerns over its integrity as an ‘island of competence’.³⁰⁶ As discernible from this angle, despite attempts by China to immunize its development cooperation from corruption, the implicit lack of transparency and the handing over of discretion in the usage of funds to Angola is inadvertently enabling Angolan officials to engage in financial impropriety and embezzlement.³⁰⁷ In Angola’s case, it can even be argued that the presence of Chinese loans

³⁰⁵ (Interview with Allan Cain, Development Workshop) cited in (ibid)

³⁰⁶ (Corkin, *Angola's Political Elites' Mismanagement of Chinese Credit Lines*, 2012, pp. 47-48)

³⁰⁷ For example, General ‘Kopelika’ was removed from office and put under investigation for alleged mismanagement of credit lines who accordingly had “unfettered access to Chinese credit lines as head of GRN”(ibid, pp. 47-48)

is exacerbating existing institutionalized corruption among other governance challenges.

In what might appear to be a positive development for Angola but on the flipside has negative consequences for political development, is the presence of Chinese financing, which has boosted donor confidence in Angola once more and has led to a remorseless influx of donors ready to dole out similar oil backed loans to Angola. A once cash handicapped Angola is now awash with donor funding buoyed by China's success with oil-backed loans with Angola. China's track record seems to have restored donor confidence in Angola. As noted by Corkin, Angola has begun again to attract some interest from IFIs, notably the World Bank, and old and new donor countries, like Brazil, US and some others in European. The World Bank for example has tabled an offer of about US\$1billion for the period 2009-2013, while Brazil "has already disbursed \$1.5 billion to fund the purchase of Brazilian construction equipment in Angola in the first five months of the 2009 and has also offered \$250 million to fund projects in Angola."³⁰⁸ Some other western countries, including Spain, Germany, Britain, Portugal and the US have also offered varying amounts of credit lines to Angola. On the surface, this is a welcome development for a country, which supposedly is in dying need of cash to speed on reconstruction and development. However, given the notoriety of Angola's political elites to misappropriate funds and the endemic corruption that engulfs the state, it is very difficult not to be disillusioned about the chances of this systematic torrent of funds flowing into Angola being put to judicious use for development and the benefit of ordinary Angolans.

More depressing is the fact the Angola is a classic example of a pseudo-democracy, a mockery of democracy at best where the government has not demonstrated any serious signs of transparency and accountability. With this unending stream of funds flowing in, one is left to wonder who Luanda will be more accountable to? Is it to the international donors or to the citizens, the majority of who are too poor to even fulfill their tax obligations? There is no vibrant civic culture besides the Church in Angola, and, as such, it also remains to be seen how and if citizens will indeed be able to hold the government to ransom in wake of this tsunami of donor and international finance. If this is not bad enough, the sustained injection of funds from abroad also has the latent potential to weaken domestic revenue collection

³⁰⁸ (Corkin, *Uneasy Allies: China's Evolving Relations with Angola*, 2011, pp. 175-176)

systems. Politically, a government that does not mobilize revenue from its citizens will not in any effective way be accountable to them.³⁰⁹ Thus, in the case of Angola's political development, this diatribe will have very sinister repercussion.

In all fairness, though China bears no direct responsibility for the sudden influx of donor funds and the virulent dynamics, such a development spawns, it remains a big player and a prominent member of the entourage of donors in Angola in addition to its supposed role as an extension of huge credit lines that has played no small role in emboldening the confidence of the majority of donors in Angola. For these reasons, its starring role as a 'harbinger of cash' does not absolve it of total blame for deepening Angola's woes of accountability and transparency.

One other distressing effect of China's aid is that, despite its all-encompassing nature, it provides no assistance to support government or non-state actor capacity in Angola. As noted by Hackenesch, the PRC has apparently not set up specific projects or technical assistance to support government capacities and the policymaking process, nor is it supporting civil society organizations.³¹⁰ This ostensibly stems from China's philosophy of 'non- interference' and the strict commercial centeredness of its overseas engagement in recent times. However, seen from the point of this study and from a good governance perspective, this is a missing dimension that does not augur well for Angola's political development. China can be excused on the grounds that its aid differs from traditional development assistance but the fact remains that the capacity of many of Angola's state and non-state institutions are weak and in desperate need of some form of governance and institutional support from development partners. Despite this dire need for rejuvenation, none is expected to come from China, as the country itself lacks credible democratic institutions, does not exemplify this, and has brazenly expunged governance and political concerns from its list of priorities. Therefore, within the specific context of this debate, Angola's political development does not and will not get any boosting from the PRC. If anything is to be expected, China can only help Angola strengthen and consolidate

³⁰⁹ For full insights on the aid institution paradox of development aid including the relationship between revenue mobilization and state capacity and accountability, see (Moss, Petersson, & van de Walle, 2006)

³¹⁰ (Hackenesch, 2011, p. 19)

authoritarian institutions and structures, but not democracy.

CHAPTER IV

DIFFERENT IMAGES OF CHINA IN SSA

4.1 The Discourse of China in Africa; A Problem of Perception

Cursory incursions into academic literature on the discourse of China in Africa readily reveal the many dissenting voices, stereotypes, realities and rhetoric about the role of China in SSA. Generally, most opinions emanating from Western literature and discourses are very disconcerting as they are pessimistic about the chances of China to make a meaningful contribution to Africa's political and economic development, while views from the African continent itself are slightly favorable or can best be said to be nuanced. Not surprising, the Chinese have a very positive self-reflection of their engagement in SSA. While a host of reasons account for these varied opinions of a seemingly homogenous actor, most often than not most observers fall prey to equating Africa and China as unitary set of actors, while downplaying or ignoring the diversity of interest, actors and players embodied in each which tends to produce varying outcomes for Sino-African development partnership. Needless to state, this reductionism results in conclusions and generalizations, which are usually neither representative of the fact nor the complex interface of Sino-African relations.

Using China as a starting point, Dent recognizes there is always the inclination to “equate China with ‘China’ exclusively with the actions and policies of its central government”. But this is not the case for there is a broad spectrum of important Chinese foreign economic policy actors who are pursuing competing or contradictory interests in the nation's relations with Africa.”³¹¹ This is well noted by Li Ashan who is of the opinion, there are also:

“...the tensions between the interests of Chinese corporations that are primary oriented by maximising short-term economic gains, and the more long-term public good-oriented objectives of the Chinese central government laid out in the 2006 Africa Policy document. Inter-ministerial and inter-agency frictions have also arisen within the Chinese state apparatus itself as a consequence of

³¹¹ (Dent, 2011, p. 14)

competing economic and strategic interests”³¹²

With regards to Africa, the continent is an embodiment of diversity. Its multiplicity in terms of language, culture, religion, climate, history, race and ethnicity *inter alia* needs no introduction or further elaboration. As a result, Chinese engagement in one region may not necessarily hold true for other regions. This argument does not undermine the essence of making generalizations on the discourse of China in Africa, but specifically to highlight the logic that representing China and Africa as unitary set of actors often blurs the lines between reality and rhetoric and cast dark shadows over the true images of China in Africa. Thus, for all intents and purposes, China and Africa should be seen as differentiated set of actors pursuing a variety of interest, which may at times be at variance with each other. That underscored, it is relevant at this point to dedicate some vignettes to some important assessments of three principal regions, all, which possess significant interest Chinese engagement in Africa, namely the West, China and SSA.

4.2 Chinese Self Evaluation of their Engagement in SSA

Overall, China’s impression of its activities in Africa is very positive. The PRC sees itself as a central and a valuable stakeholder in Africa’s development on the basis of its self-proclaimed developmental logics/virtues of ‘win-win’ cooperation, ‘mutual beneficial cooperation’, and ‘non-interference’, among other mantras. China perceives its development assistance as possessing the right mix of incentives for promoting Africa’s development. The PRC touts its development as more effective than western aid as it finances concrete infrastructural projects such as constructing buildings and roads. Chaponnière notes “ from the Chinese point of view, effectiveness should be appreciated at the project level...projects are carried out quickly and at lower cost than those financed by other donors, and the financing methods they use obviate corruption problems” rampant in traditional development assistance.³¹³

³¹² (Li, 2007) cited in (Dent, 2011, p. 14)

³¹³ (Chaponniere, 2009, p. 70)

The PRC also identifies its developmental ‘model’ as the most suitable approach for engaging Africa. This sentiment is not only shared within China but indeed in Africa, where political elites believe the former’s meteoric rise has valuable lessons from which the poor nations of SSA could distill useful lessons for their own development. Besides this, China relishes in the belief its shared historical past with Africa (colonialism or imperialism) makes it a natural development ‘ally’ and champion of African rights so to speak. Stimulated by this, it views its role in Africa as benign, one that involves approaching Africa with all sincerity and equality in contrast to the arrogant approach of the West.³¹⁴ Very relevant is also the belief that, its present foray offers SSA with fresh opportunity and prospects in both political and economic terms thus helping to break the historical dominance and monopoly as well as Africa’s subservience to the West.

4.3 Western Perceptions about China in SSA

To state it leniently, China’s expansion into Africa in recent decades has received less applause from Western media, scholars and policymakers. In very blunt terms, China has been severely reprimanded and criticized for its unorthodox ‘actorness’ in SSA for reasons, which range from genuine concerns for Africa’s well being to reasons, which smack of outright bigotry and double standards. Generally, most of the accusations leveled against China border on her donor practices, mode of conducting business and even motives for being in the continent. It is very fashionable for the West to engage in China bashing, accusing it of many atrocities and practices. For example, China is referred to as a ‘rogue donor’, a resource hungry behemoth whose main aim is to devour African resources, an imperialist or neo colonialist and or even a reckless ‘scrambler’ of resources with no regards for the environment. These are very critical allegations and a close interrogation on some of these is worth considering.

Some Western commentators label China as a ‘rogue’ donor, who provides additional

³¹⁴ Abdoulaye W. Dukulé asserts that Africans “are also drawn by the respect China shows to them. Although it may be exploitative in the end, Sino-Africa relations do not carry the patronizing attitude of the West. Many African leaders say openly that they are tired of “receiving lessons” from the West, as none other than Mr. Ping, Minister of Foreign Affairs of Gabon said: “We are tired of receiving lessons!” (Dukule, 2006)

funding for propping up African dictators and also rolling back modest progress made by traditional donors. Dent for example notes “the relative lack of conditionality attached to Chinese loans for African nations (especially to pariah states such as Sudan and Zimbabwe) has drawn much criticism from Western governments”.³¹⁵ Mawdsley and Brautigam also report that China has also received bashing from European governments and the United States for “undermining Western efforts to support transparency and accountability in Africa through a lack of an ‘ethical’ dimension to its business dealings on the continent.”³¹⁶

Besides this, the West also accuses China of exploiting African natural endowments to the disadvantage of Africans. Countless headlines in Western media, academic and even institutional circles capture stories of Chinese exploitation of African minerals mostly diamond, oil and any other precious natural resources underneath the earth. China is particularly vilified and accused of making overtures and investments in only those ‘resource cursed’ African countries and has largely neglected those without any commercial significance. For example, a “World Bank study concluded, most Chinese government funded projects in Sub-Saharan Africa are ultimately aimed at securing a flow of Sub-Saharan Africa’s natural resources for export to China”, while a European Parliament study made the observation that China “seems confined to resource-rich countries, bypassing a large number of other African nations.”³¹⁷ Inferring from some of these high profile reports, as far as the dominant Western perception is concerned, China is a ‘scrambler’ for African resources with less motivation for the economic welfare of the continent. In the same vein, China is also labeled as a neo-colonist power due to its search and hunger for resources, which according to most Western and even African interpretations is reminiscent of the ‘scramble of resources’ that characterized European colonization and present American imperialism.³¹⁸

One other strident criticism is that China’s commercial imperatives have overshadowed its

³¹⁵ For example, Gill et al. (2007) cited in (Dent, 2011, p. 12) “report that in September 2006 the US Department of the Treasury labeled China as a ‘rogue creditor’ practicing ‘opportunistic lending’”

³¹⁶ (Mawdsley, 2007) cited in (Ibid). Also see (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, chapter 11, *Rogue Donor: Myths and Realities*)

³¹⁷ “Africa at Risk or Rising? The Role of Europe, North America, and China on the Continent,” summary of a May 4–6 conference co-organized by the Stanley Foundation and the Aspen Atlantic Group, Berlin, Germany, Stanley Foundation, Policy Dialogue Brief, p. 8 and Gomes, “Report on China’s Policy.” Cited in (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, pp. 277-281)

³¹⁸ (Chan-Fishel, 2007, p. 140)

concerns for the environment in SSA. China's well-known abysmal domestic ecological record has not helped matters. This coupled with its so-called voracious appetite for resources including timber and earth minerals have left many Western critics to presume it is compromising on ecological standards in its operations in SSA. The harmful activities and operations of Chinese firms and investors mostly in the extractive sector in numerous countries across the continent have also reinforced such a perception. Western governments and IFIs have therefore not spared China any courtesy in this regard and have repeatedly "censured its apparent undermining of Western sustainability policies towards Africa."³¹⁹

Objectively speaking, most of these allegations and criticisms emanating from the West are fair and well founded. Nonetheless, they are cached in language, which reflect their own standards, norms and expectations of how China should behave in Africa. For instance, traditional donors are insisting on China to inculcate democracy, human rights, transparency, good governance and accountability in its development cooperation with SSA. As noted by Antony Otieno Ong'ayo, "these criteria in themselves are just and valuable but they have a high ideological character if combined with the concrete practices and consequences of Western developmental aid and the one-sided policies of the World Bank and the IMF as exhibited in the disastrous outcomes of the SAPs."³²⁰ This does not only strip Western criticism of neutrality but also represents a blatant attempt by the West to superimpose their comprehension of development and progress on Sino-Africa development partnership.

Additionally, these concerns expressed especially over China's exploitation of African resources may be genuine but is also reflective of Western fears to lose certain privileges over Africa's natural endowments. Prior to China's commercial drive on the continent, it would be recalled that Western countries enjoyed virtually a monopolistic control and access to Africa's natural resources. With the entry of China, most Africa countries now have an alternative market for their goods provoking fears that the West will lose its preferential treatment and in fact sole access to African resources. As such, by constantly bashing China for its supposed voracious appetite and exploitation, not only is the West voicing benign concern, but also expressing anxiety over the consequences of such a dynamic. Arthur P.J

³¹⁹ (Mol, 2011, p. 790)

³²⁰ (Ong'ayo, 2010, p. 230)

Mol corroborating this view states:

“Such complaints reflect not only moral indignation and environmental consciousness, but even more their progenitors’ fear of losing their preferential position and sphere of influence on – and thus access to – natural resources from Africa.”³²¹

More worrying is the fact most of the allegations are not in any particular way limited exclusively to China. Western governments and even firms have been seriously implicated in the same donor sacrileges and other malpractices they accuse China of intensifying. For instance, China has been accused of propping up dictators but no mention is made about the huge chunk of funds Western donors have given to Africa’s ‘big men’ including Paul Biya of oil rich Cameroon, who has been in power since 1982, and the likes of Yoweri Museveni of Uganda and the deceased Meles Zenawi of Ethiopia both of whose democratic credentials are appalling.³²² As Sautman and Hairong also assert, “less is also said about US support for authoritarian African states, especially oil producing ones like Gabon, Chad, Angola and Equatorial Guinea.”³²³ Not only is West implicated in propping up dictators but also its democratic records outside Africa are as appalling and sometimes even worse than China’s record with Africa’s pariah states. Dent in recognition of this asserts, the West role in conflicts and regime changes outside Africa is as damaging as China’s role in pariah regimes such as Sudan and Zimbabwe. In very clear terms, he argues “... the West’s, and particularly the US’s, support for the ‘undemocratic monarchical regimes in the Middle East, the fiasco of Iraq, American uneven handedness in the Israeli-Palestinian issue are just as questionable as Chinese insensitivities in the Sudan.”³²⁴

³²¹ Mol backs this by saying for example the US has a large interest in african natural resources. 80% of Africa’s exports to the US is made up of natural resources. Eventhough the EU is less resourced in the continent, it still reacted strongly the PRC’s ever growing interest in African resources by developing in 2010 a ‘raw material diplomacy’ and a raw material strategy, strongly based on infrastructure-for-resources deals (Mol, 2011, p. 790)

³²² According to Brautigam, Paul Biya’s Cameroon was ranked by Freedom House as one of the fourteen worst countries in Africa for political and civil liberties, received aid estimated to be about US\$1.7 billion in 2006, while Western donors gave Ethiopia an estimated amount of US\$5.6 billion in aid between 2004 and 2006 (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, p. 285). The most-praised African US ally, Yoweri Museveni, who incarnates ‘competitive authoritarianism’, having tried his main opponent for rape and treason and changed the constitution to stay in office after 20 years as Uganda’s president has also received donor support despite the stock of democratic deficits (Economist, 2006; Levitsky, 2002) cited in (Sautman & Hairong, 2008, pp. 88-89)

³²³ (Sautman & Hairong, 2008, p. 89). The US for example is also accused of providing covert intelligence and military support to the regime in Sudan (Economist, 2005; Hari, 2005) cited in (ibid)

³²⁴ (Dent, 2011, p. 15)

Outside the conundrum of governance, Western firms engage in much environmental degradation as China. They have compromised a lot of safe ecological standards in Africa and beyond. For instance, both China and the EU engage in substantial illegal African timber trade just as Western corporations' engagement in biopiracy has been a persistent practice on the continent.³²⁵ These are no mere isolated cases considering the catalogue of reported incidences and scenarios, where the West compromised on its own norms and standards. Reminiscent of the Biblical allusion, the West has simply chosen to concentrate "on the speck in its friend's eye while ignoring the log in its own eye."³²⁶ In the grand scheme of things, the current status quo does not only compromise Western concerns regarding the way China approaches Africa but also exposes the double standards in both rhetoric and implementation regarding donor engagement and development partnership with the continent.

4.4 African Voices

Unlike China and the West, African voices have been discordant regarding Chinese 'actorness' on the continent. Broadly speaking, most African political elites and governments are quite positive about the incipient role of China in the economic and political lifeblood of the continent, while civil society organizations, entrepreneurs, merchants and ordinary Africans have mixed feelings about the Dragon's dominant presence in the region.

Beginning with African governments, the central question to be posed is why they are more embrative and approving of China? A variety of explanations can be given for this. One reason is the belief China presents an alternative model of development. Ndubisi Obiorah opines:

"China is living proof of 'successful' alternatives to Western political and economic models. The semi-colonial Western domination of pre-revolutionary China is often cited as being analogous to

³²⁵ (Sautman & Hairong, 2008, p. 89)

³²⁶ <http://theparablesOfJesus.blogspot.de/2008/06/speck-and-log-matthew-71-5-luke-641-42.html>

Western colonialism in Africa in the early to mid-20th century while China's status as a developing country in the 1950s through the 1990s is also cited as coterminous with Africa's post-colonial experience.”³²⁷

Indeed, many African policy analysts are fascinated by this and are keen to embark on similar march to progress. Senate President Ken Nnamani of Nigeria for example is quoted as saying:

“China has become ... a good model for Nigeria in its quest for an authentic and stable development ideology ... China [is] a lesson to Nigeria on the enormous good that a focused and patriotic leadership can do to realize the dreams of prosperity and security for the citizens ... in embracing China ... it should not only be in [the] field of economic prosperity since ... [China's] steady and gradual democratization confirms the lesson that no nation can sustain economic development in the long run without democracy”.³²⁸

Another reason is Africa's growing frustration and disenchantment with Western approach to development. Commenting on the issue Rocha posit that;

“[Africans] feel that traditional relations and partnerships with the West have not helped Africa overcome the structural obstacles to eradicating poverty and reversing its economic marginalization. Rather than develop, Africa is hemorrhaging while the rest of the world accumulates wealth at its expense through the unbalanced exploitation of its natural resources and the enforcement of a distorted international economic system.”³²⁹

In this particular context, African leaders' enchantment with China goes beyond the quest for an alternative model to development. Most African governments generally like the non-conditionality, no interference, quick access to funds and no moral teaching or patronizing conduct of Chinese development cooperation, which is a clear departure from Western *modus operandi*. Modestly stated, African governments have been pressurized to initiate various donor demands and reforms although the benefits of such painstaking conditions have been abysmal and in some cases the funds for development projects have not been

³²⁷ (Obiorah, 2007, p. 42)

³²⁸ (Akunna, 2006) quoted in (Obiorah, 2007, p. 42)

³²⁹ (Rocha, 2007, p. 17)

forthcoming, paving the way for a lot of frustration.³³⁰ In stark contrast, China is ready to sign lucrative deals with Africans without compromising their sovereignty, pressurizing them or stating any strenuous demands. African politicians who jealously guard their sovereignty are greatly enthralled by this ‘showcase of respect’ by China. From an alternative angle, one can argue Africa’s politicians also favour China because of their inherent disregard for democracy and principles of good governance. As it were, China does not require of them any political conditions neither does it meddle in their domestic affairs. It is therefore only logical for African dictatorships and pseudo-democracies to be very receptive of China’s aid.

Whatever positive image African political elites may have towards China, the same cannot be said of civil society organizations, entrepreneurs and ordinary Africans. Chinese business and employment standards, environmental practices, human rights record, governance and issues of transparency have elicited very negative remarks from civil society organizations and a cross section of the public, who view Chinese activities as injurious to the long term well being of the continent. Most civil society organizations are particularly alarmed about China’s Human Rights record and lack of democratic ethos, which they say may contribute to a reversal of democracy and good governance in the continent.³³¹ Many other organizations express frustration over the sustainability and supposed environmental degradation of China’s presence in the region and are taking various measures to curb and raise attention on the issue.³³²

³³⁰ Africa has been a theatre of operation for Western invented social and economic programs. With these, billions have poured in but the impact of these initiatives has generally been minimal. This has made many Africa leaders come to the realization that western aid programs are not benefiting them creating an atmosphere of disenchantment and disillusion. For instance, on Liberian political analyst, Mr. Nat Galarea Gbessagee venting his frustration on a Liberian website had this to say “ The \$520 plus million dollars collected with fanfare in New York under the Transitional Government disappeared in thin air without Bryant knowing how the money was spent, and millions of dollars more are being collected in the name of Liberia and spent without President Sirleaf knowing anything about it” (Dukule, 2006)

³³¹ Fears over China’ Human Rights record have particularly been heightened by its role and support for the pariah regimes in Zimbabwe and Sudan, while the nature of its trade, political and security cooperation is also generating concerns that this will enable repressive regimes to avoid or ignore modest constraints imposed by western conditionalities and local safeguards (Obiorah, 2007, p. 47)

³³² Mol reports that civil society groups like African Forum and Network on Debt and Development is sponsoring research and workshops on a variety of themes including “the introduction of substandard and damaging, environmental labour and other practices” of Chinese companies operating in Africa, while others like Fahamu have developed a China-Africa Watch as part of its Pambazuka News publications, with ample attention to environmental degradation (Mol, 2011, p. 790). Besides these, there are many NGOs and CSOs in almost every country in SSA that are mounting pressure on Chinese companies to improve their environmental standards.

Ordinary Africans have very mixed perceptions about China's development cooperation. Chinese labour standards and influx of 'inexpensive' Chinese goods has particularly drawn fire from the public and entrepreneurs. Quite on the contrary, most Africans are appreciative of the new consumer items and goods brought in by Chinese and African traders, which they could not previously afford. However, Africans are also increasingly becoming uncomfortable with the 'inferior' quality of Chinese products, which they claim are not durable. This sentiment mirrors the wider held belief that Chinese compromise quality and durability in their quick completion and delivery of goods and services including infrastructural projects. Such a negative perception does not augur well for the reputation and long-term ambitions of China.³³³ As a matter of fact, some entrepreneurs are not also happy about the influx of 'cheap' Chinese wares especially textiles, which they blame for displacing them on the local market. Writing on the subject Fantu Cheru and Cyril Obi state;

"While African consumers have benefited from cheap(er) Chinese imports of consumer goods, China's hyper-competitive manufacturing sector has negatively affected African local industries. The real effect is felt in few African export sectors, namely textiles, footwear, and leather that were already under threat from Vietnam and Bangladesh long before the Chinese entry into Africa. The displacement of local manufacturing firms has aroused growing anti-Chinese sentiment and popular antipathy across the continent."³³⁴

Thus, in all respects, African perception of China is a kaleidoscope of opinions and images. As a general conclusion for this chapter, Western perceptions are generally inclined to be negative for genuine and sometimes suspicious reasons. Chinese self-evaluation is generally good while Africa; the prime focus of this study is a cacophony of dissenting voices. The contrast between China and the West can be attributed to the differences in opinion regarding which developmental 'model' is best for Africa. As Dent highlights, the West prefers to go with "good governance and Human Rights issues that fit in perfectly with the neo-liberal discourse on economic development as opposed to the "no economic and political conditions" development paradigm fostered by China."³³⁵ Africa is therefore caught

³³³ China on the other hand blames Africans for not being able to properly maintain facilities long after Chinese contractors. See (Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009)

³³⁴ (Cheru & Cyril Obi, *Decoding China-Africa Relations: Partnership for Development of (Neo) Colonialism by Invitation?*, 2013)

³³⁵ (Dent, 2011, p. 12)

yet again in a quandary of ‘choosing’ between two ‘competing’ development creeds reminiscent of the ideological clash of the Cold War era. At the end of this spectrum is Africa with a medley of perceptions. Africa’s nuanced interpretation of the perceived role of China is more of a reflection of the current trend and widespread activism of numerous Chinese actors on the continent besides the Chinese state than an internal ideological divide. Nonetheless, it would be propitious for African policy makers to harmonize both the positive and negative perceptions of Sino-African Development cooperation into sustainable policies in the long middle to long term.

CHAPTER V

CONCLUSION

5.1 Summary of Main Findings

The foregoing discussions have revealed quite a number of interesting findings concerning China's burgeoning development cooperation in SSA and in most cases with specific reference to Angola. In general terms, it can be inferred that China's development cooperation is extensive in terms of distribution, characteristics and logic. Needless to reiterate, the PRC's mode of assistance is in some respects at variance with Western aid initiatives especially in the exercise of conditionalities and its preoccupation with infrastructure and concessional loan financing. Nonetheless, some of the current forms of China's DA such as tied aid, concessional loan financing and even the emphasis on infrastructural development, as recognized by Brautigam are age old Western and Japanese aid practices that traditional donors have only begun to discard. Also worthy of mention is the revelation that contrary to conventional wisdom, China is not a recent donor. However, it is important to add, its incentives for giving assistance have changed over time and have also been very much contingent on its internal development. Generally speaking, as elaborated in the study, China's DA mutated from overtly political and ideological paradigms to increasing commercial and economic considerations. This development without gainsaying has altered the nature of its development assistance, with 'win win' economic imperative providing the current *raison d'être* for Sino-Africa relations. In particular, China's domestic economic revitalization after the Cultural Revolution and 'go out' policy at the dawn of the millennium as well as SSA's growing disenchantment with Western development approach causing a need for 'alternative' financing 'models' around the 1990s, all laid fertile grounds for the embryonic economic relationship which started after the 1960s to develop into the huge partnership that it is now.

Within the specific context of Angola, Sino-Angolan development partnership in many ways reflect or typify the overarching relationship the PRC has had with the continent. Strictly

defined by Cold War and ideological concerns at the beginning, Sino-Angolan partnership transformed to one of a commercial and mutual beneficial exchange beginning in the 1980s. As Lucy Corkin noted elsewhere, both countries discarded former ideological paradigms in order to pursue increasingly commercial driven relations. Of special significance is the underlying fact that Angola's oil and natural endowments fitted perfectly in the grand scheme of a rising industrial China, which in return gesture offered oil-backed loans, which became the thrust of Angola's post conflict reconstruction program. Quite relevant, is also the finding; oil backed concessional loan financing proved so successful in Angola to the extent that it acquired the term 'Angola Mode' to refer to similar Chinese overtures across the continent.

Another important finding is the fact that paucity of western aid as well as Angola's desire to resuscitate its economy after decades of civil war also drove it remorselessly into the embracing hands of China. From a Western point of view, Angola's inertia with various governance and economic reforms did well to destroy whatever aspirations Western donors had for its post conflict reconstruction. From an Angolan perspective, the MPLA led government saw it justified to pursue a short-term hedonistic agenda (sacrificing reforms for infrastructure and socio-economic development) on the grounds, it had the immediate needs of a starving population to feed.

5.2 Discussion of Hypothesis

Regardless of whichever perspective holds true, from the lens of this study, one can vividly see that China did not only literally salvage Angola from potential economic deprivation but did so when very few donors were willing to. Calling to mind the precarious but delicate situation in which that was the Angolan political situation at the time, one can be excused for hypothesizing; China singlehandedly saved Angola from socio-economic deprivation, which and there prevent what could have possibly been a relapse to civil war.

Besides extending Angola an economic lifeline, the PRC proceeded to help it rebuild its infrastructure and also contributed immensely to its socio economic progress. Even though

in socio economic terms, China's DA has occasionally had some negative outcomes and backlashes including labour issues, ecological concerns, durability of Chinese built infrastructure among other challenges, in general terms, China's aid has contributed significantly to poverty alleviation, knowledge and skills transfer, and infrastructural development among other things. In most of the instances where China's aid has produced negative outcomes, these are partially attributable to the loose vision and incapacity of Angola's government. For instance, the bleak employment prospects of indigenous Angolan labor force in Chinese firms and sponsored projects are partly as a result of weak institutional policies of Angola's government. Apart from these supposed pitfalls, the general prospects of China's engagement in socio economic terms are laudable. China through the issuance of oil-backed loans has afforded the Angolan government the opportunity to direct, own and foster progress, which is a significant departure from Western centered aid initiatives.

In political and governance terms, China did not score very good marks. It directly and indirectly contributed to deepening Angola's governance woes. Also distressing is the fact that it has no portfolio for strengthening civil society organizations and as a result did not make or take special initiatives in this regard. China did not also make any strides at improving the governance and capacity of Angola's state institutions. In these instances, the PRC's overly commercialization motivations seem to have blinded it to the overwhelming importance of good governance initiatives. China's poor performance in governance and politics as a matter of fact stems from its unbending stance of 'non-interference' and non-conditionality embedded in its development assistance and foreign policy. As the foregoing discussions have tried to reveal, China, as a nation does not espouse democratic principles, as such it is not encumbered when it does not demand or exemplify them in its development partnership with Angola. China's lackluster performance therefore emanates from the intrinsic nature or perhaps the peculiarity of its development cooperation rather than an after effect of it. Nevertheless, it is still culpable for the (potential) negative outcomes of such a diatribe.

As far as Angola is concerned, it is also very important not to lose sight of the fact that the country has always been a 'farce' of democracy even before the advent of the Chinese.

Government capacity is weak, corruption is rife and governmental accountability and transparency is low. Parallel structures of state are dysfunctional to even act or check executive power and an incipient civil society has also not matured to effectively play the role of a citizen vigilante. These factors in their own right coupled with China's indifference towards governance and democratic reform have had the combined effect of exacerbating the country's governance woes.

On a balanced scale, China's abysmal showing in the arena of governance can be attributed not to what it has done but what it has failed to do or should consider doing before any political progress can abound from its DA with Angola. As it were, the only direct ill effect reeking from China's development cooperation is its tendency to promote corruption. Even in this rare case, it is not out of place to shift blame to Angola's political elites, who have invented innovative mechanisms to hijack Chinese development funds, which under 'normal' circumstances are insulated from corruption.

In light of all the above, the study will tentatively have to agree with the preliminary hypothesis that China's aid has potentially beneficial outcomes in socio- economic terms and generally, very poor effects and prospects as far as democratic governance is concerned. The onus is therefore on the Angolan government and indeed African governments to find the right sequence and balance in their development partnership with the PRC.

Given the inherent limitations of the study such as the absence of primary data, the problem of attribution and the difficulty encountered in finding a reliable counterfactual among others, the potential of further debate and research remains very huge as far Chinese DA in SSA is concerned. By way of suggestion, it would be most convenient if future research on the topic can trim it down to specific aspects of Chinese aid and the impact this has economic or political progress on the continent. As a point of departure, since infrastructural development and oil back loans are seen as pivotal parts of China's DA, future research could begin by examining the prospects of China's infrastructural development on socio economic progress or the correlation between oil backed loan financing and corruption in SSA. These could lead to more insightful analysis about the true nature and impact of china's footprints in Africa and more importantly, break new grounds

as far as scientific research of Sino-Africa relations is concerned.

5.3 Conclusion

As things stand, China and Angola and indeed the entire continent are locked in a symbiotic relationship and it is conceivable this relationship will linger well into the future. African governments therefore have the huge responsibility of identifying policies, which will mitigate the harmful effects and maximize the gains of this partnership. As vividly portrayed in this study, it is very clear China is well aware of what it seeks from Africa, but SSA as a continent has no organized interests of the Red Dragon. Coherent policies and strategies have to be formulated in order to engage China properly. As noted by Kaplinsky:

“The Challenge is therefore to confront the threat arising out from the rise of the Asian driver economies in order to minimize the potentially harmful outcomes. At the same time, the impact of the Asian Driver provides substantial opportunities. Left to the market alone, the likelihood is an adverse impact on Africa. Thus, there is an urgent imperative for SSA economies to develop an appropriate policy response, and perhaps for traditional western aid donors to assist the African - defined assistance to the Asian Driver challenge.”³³⁶

Overall, the prospects are very bright for Africa and China to reap maximum benefits from their engagement. If ever Africa lost its reins of development, with China’s renewed interest and development cooperation in the continent, these have been firmly restored. The set backs of yesteryears economic mishaps associated with Western aid should not be repeated in this fledging partnership with China, if the continent is indeed keen on securing progress and material prosperity that previous generations missed at the dawn of independence. As China has shown, real progress comes from inside. Any assistance from outside only serves as a catalyst. China is already playing catalyst, but it up to SSA to effect real permanent changes. The time to be more decisive and assertive with our choices and policies is now. Either this, or an honest declaration of surrender in the face of decades long missteps to engineer progress since political independence.

³³⁶ (Kaplinsky, 2009, p. 292)

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Academic Background

09/2011 – 08/2013	Master of Arts: Erasmus Mundus Global Studies Program – A European Perspective Master Thesis: „ China’s Development Cooperation with Sub Saharan Africa, A Mixed Blessing? A Case Analysis of Angola“ 01/03/13-30/09/13 University of Vienna, Austria 06/09/12 – 14/12/12 Exchange Semester, University of California, Santa Barbara, USA 01/10/2011 – 01/09/12 University of Leipzig, Germany
01/2010 – 09/2011	Master of Arts: Development and Governance University of Duisburg/Essen, Germany. Master Thesis: „ State Fragility: Assessing the Impact of Development Cooperation on State Capacity Building in Sub-Saharan Africa, Case Study of Zambia“
01 -09/2010	German Language School: Deutsch als Fremdsprache Carl Duisberg Centrum, Köln (Cologne) , Germany.
08/2004 – 04/2008	Bachelor of Arts, Geography & Resource Development and Political Science (Combined Major) University of Ghana, Legon, Accra -Ghana.
2000-2003	Senior Secondary School Examination Certificate (SSSCE), St. Francis Xavier Junior Seminary ,Wa-Upper West Region, Ghana.

Work Experience

07/2013-Present	Intern- Acquisition of External Project Funding Officer Hanns Seidel Foundation West Africa, Ghana
02– 05/2011	Intern, Institut für Entwicklung und Frieden (INEF), Germany.
09/2008-08/2010	National Service Person, Office of Parliament, Accra-Ghana.

08/2003 – 07/2004

Pupil Teacher, Dan-Ibu International Junior High School, Wa-Ghana

Additional Qualifications (Soft Skills)

Language Skills	Akan, Waale and Kasem(Native Dialects), Deutsch(Basic User A-/A2), English (Official Language & Proficient User, C 2)
Computer Skills	Microsoft office Suite
Communication Skills	Proven Interpersonal skills with respect and sensitivity for diversity
Project Management	Responded to daily enquiries about the Parliamentary Select Committee on Communication Coordinated logistical and planning aspects of activities, meetings and sittings of the Select Committee on Communication Organized field trips, press briefings for the Select Committee on Communication Organized and attended meetings with funding organizations Conducted Extensive research for applicable tenders Prepared applications in form and content for external funding Prepared the daily agenda of the Committee on Communication Facilitated bureaucratic matters for potential cooperation Modified Junior High School curriculum and activities Scheduled and planned excursions and cooking out contest for Junior High School
Programme Development	Developed concepts for application for external project funding Established and maintained contact with potential funding organizations Authored various research and seminar papers on a variety of themes including Democracy, State Building, Human Rights, Good Governance and international Development Cooperation Co-authored a paper on Aid Harmonization and Alignment in three African Countries-Ghana, Kenya and Uganda Monitored and evaluated programs and projects in constituencies and sector ministries under the supervision of the Parliamentary Select Committee on Communications Contributed to the publishing of a booklet on youth engagement with the Millennium Development Goals in Dundee, Scotland Attended a workshop on mediation as a conflict resolution tool Attended an international conference on the Youth engagement with the MDGs, Dundee, Scotland Attended the annual Deutsche Welle Global Media Forum on the Media's role in Governance, Bonn, Germany
Other Skills	Excellent sportman especially in Association Football (soccer)
Interest & Hobbies	Travel, movies, music and current affairs

Additional Information

Honours and Awards

09/2011-Present	European Union Erasmus Mundus Global Studies Scholar
04/2010-09/2011	Deutscher Akademischer Austausch Dienst (DAAD) –German Academic Exchange Service Scholar
14/06/2008	First Class Honours, University of Ghana, Legon-Ghana
08/2003	Senior Secondary School Certificate Examination, Completed with Distinction (Best Graduating Student, 2003 Year Group, St. Francis Xavier Junior Seminary School, Wa-Ghana)

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