CHINESE LOANS TO AFRICA IN THE AGE OF COMPETITION AND PROPAGANDA: CASE STUDIES FROM WEST AFRICA

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Abstract

Following an untrodden path, China emerged as an economic behemoth on the global scene. Neither a traditional socialist nor a capitalist economy, its emergence and particularly the means it employs to secure its achievements have created palpable fears and tensions for Western capitalist societies. In 2013, China enunciated its Belt and Road Initiative (BRI), which committed China to greater economic partnerships with developing countries. This further exacerbated the discomfort of the United States and its Western allies, for whom China represents the worst iterations of the zero-sum game. China continues to burrow into Africa, and based on the BRI, it expanded its development lending to several African states between 2015 and 2022. China's loans to Africa have, in mainstream Western scholarship, been characterized as debt-trap diplomacy. Reality is socially constructed and thus, many scholars have adduced seemingly plausible evidence to buttress the contention that China is in Africa for economic exploitation. Somewhat swimming against this assumption, we produce evidence to challenge the contention that China's intentions in Africa are based only on economic exploitation and self-interest. Using Chinese development lending as the dependent variable, we employ four independent variables across four West African countries. Our findings show that Chinese loans to West African countries are conditioned by many factors, among which are support for China's foreign policy, the needs of the recipient state, and the interests of Chinese commercial banks and corporations, among others. We argue that China's cancellation of huge debts owed by African states is a significant demonstration of China's aims in Africa. Our position is that China is mostly interested in creating allies in Africa in preparation for the inevitable day of reckoning between it and the capitalist West.

Keywords: Debt-Trap Diplomacy, Chinese Loans, Belt and Road Initiative, Lending Behavior, and Africa.

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Introduction

The emergence of China's Belt and Road Initiative since 2013 has continued to attract several debates from scholars, policy analysts, journalists, and even politicians. On China's part, this is simply an initiative geared toward promoting shared prosperity and international cooperation. However, most Western states disagree with this sentiment and instead, see China as being predatory by making deals that involve extending excessive credit to another debtor country to extract economic or political concessions from the debtor country when it becomes unable to honor its debt obligations (Tiboris, 2019; Moss and Ross, 2006).

To develop their infrastructure, African nations look towards lenders for development funding, as most of the critical infrastructure needed cannot be financed by the poor, internally generated revenue. For African states, there is the notion that accessing Chinese infrastructural loans is less encumbering, especially since there are no moral or governance model prerequisites attached to these loans.

Though we agree on political concessions as incentives for China's financial outreach to developing countries, we argue here that China's relationship with smaller states is not based on debt-trap diplomacy, as not all states receive the same level of funding as others. While the debt owed to China by developing countries is great in many cases, China is not the sole country to which they are indebted to even though in most of these developing nations, there is visible proof of Chinese infrastructural lending.

In the extant literature, China's infrastructural lending to African countries is mostly seen as some sort of 'debt-trap' diplomacy. However, in this research, we hope to provide evidence that questions this normative view of Sino-African relations. We posit that it is teleological to assume that Chinese intentions in Africa are solipsistic. We contend that though China seems to be pouring in infrastructural investments in some countries, some other countries seem not to be receiving these loans. Discovering why some African countries do not receive as much investment as others from China helps scholars find answers to the intentions behind the Chinese form of lending. Is it strictly a development lending free of state prejudice? Are there any geostrategic considerations in offering these loans to African states? What are the determinants employed by China in offering these loans? Do such loans have clauses that could undermine the sovereignty of borrowing nations? Have some countries failed to meet their debt obligations in the past, leading to Chinese resentment? Answers to these questions guide and goad the research; they are also significant contributions to the discourse.

Since we are approaching this work from the perspective of understanding Chinese lending behavior, we have chosen to trace such behavior to the broader Chinese state foreign policy behavior. This is because both are intrinsically intertwined. One cannot understand why China has decided to embark on an international lending spree (Belt & Road Initiative) without understanding the CCP's political thoughts and posture. Therefore, this work draws insights and shines a light on the operation of defensive realism in international affairs. As William Wohlforth argues, states in an anarchical system are expected to find ways of "signaling peaceful intentions" and defending themselves without threatening others. Based on China's past experiences, there has always been an awareness and a sense of insecurity within the Chinese Communist Party. The collapse of the Soviet Union further increased this sense of vulnerability, and this has continued to influence China's domestic and foreign policy focus on political stability and regime survival. "There is a constant fear of being singled out and targeted by the leading powers led by the United States and an increasing realization that there are growing problems of political legitimacy and governance in a rapidly developing and diversifying market economy" (Wang, 2007). As a result, a debilitating impact of this beleaguered mentality has effectively constrained the foreign policy of a rising Chinese power, resulting in a conservative foreign policy from the PRC, which is sometimes exclusively, focused on the CCP's political preservation (Wang, 1998). This is the reason behind this study's argument that China's economic statecraft is more of an attempt to secure itself from any form of external aggression. Security in this sense could be seen in several ways.

Economic Security involves primarily having unrivaled access to markets for its exports and access to raw/natural resources for its industrial development. This is one way to view the CCP's increasing commitment to the African continent. The African continent offers China access to critical natural resources and offers it access to virgin markets for its goods. China seems to be focused on securing these supplies, which makes it less dependent on volatile Western markets. As RAND researchers, Hanauer & Morris, highlighted, "To guarantee future supply (of critical natural resources like Oil & Gas), China is heavily investing in the oil sectors in countries such as Sudan, Angola, and Nigeria. (Hanauer & Morris, 2014)." From a Chinese perspective, lending to Africa gives it political capital and legitimacy in the international realm of relations. With China increasingly facing backlash about issues like its human rights practices and with Great power competition intensifying with the United States, it is imperative that Beijing secures as many allies as possible, and that economic statecraft is the perfect tool to employ.

Swimming against the assumption that the Chinese lending spree in Africa is borne out of exploitative tendencies, we employ four independent variables across four West African countries to argue that Chinese loans to West African countries are conditioned by many factors amongst which are support for China's foreign policy, the needs of the recipient state, and the interests of Chinese commercial banks and corporations, among others. We assert that China's cancellation of huge debts owed by African states is a significant demonstration of China's aims in Africa. Our position is that China is mostly interested in creating allies in Africa in preparation for the inevitable day of reckoning between it and the capitalist West. The study is organized into six sections, and the introduction is followed by a review of relevant literature. The third section overviews the Chinese lending behavior to Africa. The fourth section attempts to operationalize the variables that undergird the research. The fifth section presents the empirical case studies: four countries in West Africa from which we draw the conclusions reached in the study. The study is concluded in the sixth section.

Methodology and Review of Literature

To discuss China's development lending in Africa in more nuanced detail, we employ the use of case studies. For our case studies, Nigeria, Gambia, Ghana, & Niger, all West African states were selected. These four countries mirror the diversity of the rest of West Africa in terms of size, economy, and political ideology. We also employ narrative analysis in discussions throughout the paper. This is because, to understand China's lending behavior, it is important to understand China's narrative about development and specifically, China's narrative of the Belt and Road Initiative. It is also equally vital to understand the West's narrative about China and the context under which such narratives are being made in terms of goals and motivations (narrative warfare in the context of the Great Power Competition).

In addition, we also employed discourse analysis because for great nations like China that have lasted for several centuries, history, legacies, and memories are some factors that influence behaviors. Because this work is interested in exploring and analyzing Chinese lending behavior, it is important to understand how China's history and experiences play a huge role in its lending behavior. The history here deals with China's experiences as a colonized state and its experiences as a developing country that had to depend on foreign direct investments and infrastructural loans from states like Japan and Russia. This research also sees a link between China's experiences as a member of organizations such as BRICS, South-South Cooperation, Third-world/developing country relations, etc., and its interest in assisting and supporting the development of its South-South colleagues (Ugwuja, Ubaku, Ibekilo, and Obiakor, 2014).

This research is qualitative, hence the case selection. The four countries selected represent the big, small, resource-rich, and resource-poor countries of West Africa. They are thus a justifiable representative sample of West Africa. Also, the choice for the African continent is because, first, most African countries still depend on foreign aid from developed countries. These methods of case selection, although it does not account for the largest possible number of states, are not perfect mainly because few of the states included have had little foreign aid contact with China.

The scholarship on Sino-African relations has grown in leaps and bounds, and on the determinants of Chinese foreign aid allocation, scholars with realist worldviews have argued that the strategic self-interests of China drive its aid policies to recipient nations. For these scholars, recipients' need for economic development plays little or no role in determining foreign aid allocation, as large states only commit to agreements that preserve or further their interests in the international system. Many scholars in the West have adopted this lens of analysis to examine China's foreign aid program in less developed countries like those in Africa (Harchaoui et al, 2020; Clegg, L. et al, 2007; Dreher, A., Fuchs, A. et al, 2018. Another way to look at recipient needs as a determinant of donor state behavior is to examine the recipient state's needs. Schraeder, Hook & Taylor (1998), for example, highlight the neorealists' assumptions that "the recipient's economic potential is critical to understanding changing global balances, and therefore serves as one of the several factors potentially affecting northern aid priorities."

Realists' proposition on why states enter into alliances with each other also offers insight as to why some African countries receive more infrastructural loans than others. Keohane, (2005), posits that states form alliances out of shared interests and "even with the emergence of rival great powers, alliances are full of incentives that encourage cooperation among states. Dwivedi (2012), also supports this argument when he wrote that "economic ties can create or reinforce strong alliance relations, particularly when one partner is heavily dependent on the other." From the above, we can infer that China may offer more loans to African states whose interests align with theirs. China's interests here could include a search for natural resources and larger markets for its burdened domestic industrial markets. It could also include political considerations of bandwagoning with other states for power projections and the extension of its influence. Hence, it is plausible that African countries that vote in favor of China's interests on major issue areas in the UN General Assembly receive more loans than others that do not. A related literature that buttresses this assumption is Ilyana & Werkers (2006) study, which discovers that as a country, "U.S. aid increases by 59% and its UN aid by 8% when it rotates on the Security Council as ten of the fifteen seats on the UN Security Council are held by rotating members serving two-year terms (Ilyana & Wreckers, 2006)." According to them, this effect increases during years in which major diplomatic events take place and members' votes become especially valuable (Ilyana & Weckers, 2006). Although this addresses only the United States, we know that it is in the character of great powers to reward the "good behavior" of small states in their international relations.

Alesina & Dollar (2000) identify determinants of the volume of foreign aid allocation. Though their work recognizes that colonial past and political alliances influence aid behavior, they highlight an important variable that is of value to our study. To wit, "foreign direct investments are more sensitive to economic incentives, particularly 'good policies, and protection of property rights in the receiving countries (Alesina et al, 2000)." However, all or most of the literature cited above concentrates mainly on Western donor behaviors. Narrowing the literature down to China, Hoo Tiang Boon and Charles Ardy identify “proximity to bigger markets, closeness to the seas, strategic geographical locations, regional hub positioning, and abundance of specific resources” as some of the incentives for China’s interests in small states. Dreher and Fuchs (2019), in their work, “Rogue aid? An Empirical Analysis of China’s Aid Allocation,” examined China’s aid allocation behavior spanning over five decades to arrive at the following conclusions on some determinants of China’s aid: China favors countries with low per-capita income when giving aid. They also find that China favors countries whose UN voting pattern aligns with their interests and countries that share and recognize China’s jurisdiction over Taiwan. Lastly, they find that governance models and natural resource endowments are not determinants of China’s foreign aid behavior. However, this is somewhat conflictual because, according to David Landry, when “other official flows (OOF) from China are examined, they submit that China’s OOF-like flows are strongly associated with natural resource wealth, and commercially driven in general (Landry, 2018, 8).” As Landry further posits, “The unavailability of accurate data on Chinese overseas development activities has also long represented a key bottleneck to the scholarship on the subject”. This still represents a challenge in the ability to do thorough work on this subject matter. In contradistinction to most Western scholars’ argument, it is necessary to highlight Jones’ (2020) argument on foreign investments. Jones contends that one overestimates China if one accuses it of debt-trap diplomacy because the fact is that China’s overseas investment is not strategically coordinated. “Chaos is far more common than conspiracy in Chinese overseas investment practices (Lee, 2020).”

The Development Assistance Committee (DAC) defines official development assistance (ODA) as a transfer of concessional public resources from a government to another government of a poor country, international organization, or nongovernmental entity, with at least a 25 percent grant element (current value) to promote development in the recipient country. This entails ‘humanitarian relief, debt relief, and other activities intended to bring about a betterment of the human condition. Development may not be the only purpose of aid transfers (Lancaster, 2009). For Lancaster, Chinese development aid is usually tied to larger packages of investments and trade deals, and this is mainly because of the Chinese desire to keep information on the volume of loans as a state secret. Lancaster also notes that the price of Chinese labor, which is often used to build infrastructure, also forms part of the cost of these Chinese aids. Lancaster's sources for her work on Chinese aid draw from academic studies, documents, news reports, and a series of interviews with Chinese aid officials in Beijing (Lancaster, 2009). Questions about the methodologies employed by Lancaster are quite understandable, bearing in mind that Lancaster was one of the earliest scholars to attempt operationalizing a non-transparent Chinese loan and had to do so with the resources accessible and available. This gap can also be seen further in Lancaster's work, where she assumes that China's loan to Africa in 2006 totaled $2 billion. Her assumptions are based on news reports and communication with government officials. Lancaster also notes that the Ministry of Commerce (MOFCOM) manages Chinese aid. Every year, MOFCOM draws up an annual budget on the aid levels, which must be approved by the Ministry of Finance. However, state-owned enterprises and the Ministries of Health and Education also provide 'aid-like' transfers abroad (Lancaster, 2009).

Yongzhong Wang while describing the Chinese Development Bank's loan model notes that 'The energy-backed loans generally include an agreement over the loan and the sale of oil.' Chinese oil companies buy the oil and deposit the payments into the CDB account of the foreign company. CDB takes the money it is owed directly from the account. The oil is paid at the market price of the day when it is received, not at a pre-established price. The agreement normally requires the borrower to buy Chinese equipment for infrastructure development (Downs, 2011; Provaggi, 2013). The Chinese Development Bank, home and abroad commercial banks, and financial institutions provide syndicated loans to infrastructure sectors, such as China Construction Bank, Industrial & Commercial Bank of China, Agricultural Bank of China, Bank of China, Bank of America Merrill Lynch, Barclays, BNP Paribas SA, Citigroup, and so on. Additionally, Braughtim debunks the widely held claims about Chinese development loans. Firstly, contends he, it is false that Chinese aid to Africa has totaled as much as $1 trillion, as widely acclaimed by most Western scholars. Rather, the value of finance is estimated to be about $86.3 billion provided to African governments. According to Braughtim, it has also been claimed that China's debt cancellation of Africa's loans totaled about $30 billion; however, the correct figure is $13 billion. However, she agrees with other scholars on the transparency challenge encountered by scholars of flows of overseas Chinese loans.

History and Background to Chinese Development Lending to African States

In September 2013, President Xi Jinping of the People's Republic of China announced the Belt and Road Initiative, first called "One Belt, One Road". This initiative was initially seen as an attempt from China to "leverage China's growing economic power and influence [along its periphery] to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security." (Swaine, 2019, 1). The Belt and Road Initiative extends from Asia and throughout various countries in Europe, Africa, and Oceania. As summarized by Xi Jinping, "China will actively promote international co-operation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development" (Xi, J., 2017b, page 61). China has, from the start, presented the Belt and Road initiative as a chance to give emerging markets the same world-class infrastructure that has helped make China a global economic powerhouse. The BRI is overseen by the "Leading Group" for promoting its work hosted by the National Development and Reform Commission (NDRC), which oversees and coordinates all BRI projects (including inter alia with the Ministry of Commerce (MOFCOM), the Ministry of Foreign Affairs (MFA), and the Development Research Centre of the State Council (DRC) (OECD).

Many Western states, however, disagree with the above sentiment and instead see China as being predatory by making deals that involve extending excessive credit to another debtor country with the alleged intention of extracting economic or political concessions from the debtor country when it becomes unable to honor its debt obligations (often asset-based lending, with assets including infrastructure). These actions have resulted in China being accused of practicing debt-trap diplomacy. By labeling Chinese lending behavior as a sort of debt-trap diplomacy, many of these commentators suggest that China has a strategic and coherent plan to give as many loans to developing countries as possible to get them to the point of being indebted and unable to fulfill their repayment obligations. Hence, leading to a Chinese forceful takeover of said infrastructures. We, however, think that this is just a stereotype, as Chinese loans and foreign direct investment to African countries have been channeled towards the development of critical infrastructures in these countries. This includes the construction of ports and railways, and special economic zones in these states. Although the Chinese have had some 'asset takeover' history with Zambia, it is not enough to dismiss Chinese lending operations in Africa as being only self-interested.

Deborah Brautigam and several researchers at the China-Africa Research Institute (CARI) have found that, contrary to prevailing narratives, China has on several instances offered debt cancellations and debt restructuring packages to countries unable to fulfill their debt obligations. They also found that the narrative of asset seizure is highly false and not rooted in available facts (Deborah Brautigam et al, 2020). Specifically, "between 2000 and 2019, China has canceled at least US$3.4 billion of debt in Africa… and has restructured or refinanced approximately US$15 billion of debt in Africa" within the same timeline (Deborah Brautigam et al, 2020). These experts also found that "there have been no 'asset seizures' and despite contract clauses requiring arbitration, no evidence of the use of courts to enforce payments, or application of penalty interest rates (Deborah Brautigam et al, 2020)."

There have been several discussions about China's increased interest in foreign investment in other countries, especially whether this is borne out of genuine interest or for strategic economic gain, and the overpowering of smaller states to exert their rise in power in the international system. In 2018, the Secretary of State of the United States, Rex Tillerson, also made the same rhetoric when speaking at George Mason University ahead of a trip that would take him to Ethiopia, Kenya, Chad, and Nigeria. Tillerson was known to have averred that "The United States pursues, develops sustainable growth that bolsters institutions, strengthens rule of law, and builds the capacity of African countries to stand on their own two feet, this stands in stark contrast to China's approach, which encourages dependency using opaque contracts, predatory loan practices, and corrupt deals that mire nations in debt and undercut their sovereignty." (Lindberg & Lahiri, 2018). Most analysts have continued to refer to China's takeover of Sri Lanka's port and establishment of a military base at Djibouti as evidence of Chinese debt-trap diplomacy.

Operationalizing Chinese Lending Behavior: The Dependent Variable

We shall use China's lending behavior as the dependent variable. Subsequently, a set of independent variables will be brought to bear on it, and the result will consequently be analyzed. China has, from the start, presented the Belt and Road initiative as a chance to give emerging markets the same world-class infrastructure that has helped make China a global economic powerhouse. The BRI is overseen by the "Leading Group" for promoting its work hosted by the National Development and Reform Commission (NDRC), which oversees and coordinates all BRI projects (including inter alia with the Ministry of Commerce (MOFCOM), the Ministry of Foreign Affairs (MFA), and the Development Research Centre of the State Council (DRC) (OECD). Borrowing from Lancaster's literature on Chinese Infrastructural loans, Chinese development aid is usually tied to a larger package of investments and trade deals, and this is mainly because of the Chinese desire to keep information on the volume of loans as a state secret. Lancaster also notes that the price of Chinese labor, which is often used to build infrastructure, also forms part of the cost of these Chinese aids (Lancaster, 3).

Infrastructural loans measured in this research therefore include all loans assigned and disbursed to select African states to build either any of the following, - Water supply facilities, Transportation and storage, Communication, Energy generation, Education, Health, Electricity, Industry, Mining, road construction, hydropower, ports, and other social infrastructures. We draw this insight from the dataset on Chinese Official Finance to Africa as compiled by Aiddata 2.0, 2000 – 2019, which we sorted for loan flow in the selected countries. AidData's Tracking Under-Reported Financial Flows data collection methodology collects project-level data from media reports and relies on crowdsourcing to build a database for African recipient countries since 2000. For this research, any loans directed to any of the above measures qualify as an Infrastructural loan.

Table 1: Projects with Chinese Financing[1]

Country	Number Projects 2000-2017	Chinese Financing (2017 USD)	Population 2020 (est.)	GDP/capita PPP[2] 2020	% of GDP (2017)
Nigeria	39	$3,300,102,130	208,000,000	$2,097.09	1.2
Gambia	23	$2,320,135,790	2,417,000	$787.01	
Niger	19	$1,030,971,290	24,210,000	$565.06	8.5
Ghana	33	$1,013,154,630	31,070,000	$2,328.53	7.4

Independent Variables

We employ the following as this study's independent variables: (1) The recipient's need determines the volume of aid to be allocated. (2) The quality of a recipient country's national industrial policies and institutions accounts for why some African countries receive more loans from China than others. (3) Commercial interests influence the degree of loans African countries receive. (4) Political interests play a role in determining who receives more loans than others.

In terms of the recipient's needs, the recipient's need is determined by whether it was the recipient country that initiated the ask/request for loans versus whether it was China (& its private sector actors) that proposed the loans/potential projects. China has always emphasized its desire to contribute to the economic development of less-developed nations. China's Ministry of Commerce holds that its aid projects "play a positive role in expanding the national economies of recipient countries and improving the material and cultural life of the people in these countries." It further stated that they (China) are committed to making great efforts "to ensure their aid benefits as many needy people as possible. Brautigam (2009) posits that "China's focus on infrastructure projects meets development needs largely neglected by DAC donors." The second independent variable is the quality and availability of a coherent national industrial policy in recipient African countries. The extant literature on Chinese infrastructural loans indicates that China's aid

[1] The number of projects and the totals for 2017 USD of Chinese financing are taken from each of the subsequent country Tables 2-6. GDP figures are from the IMF *World Economic Database*.

[2] PPP GDP is gross domestic product converted to international dollars using purchasing power parity rates. PPP takes into account the relative cost of living, rather than using only exchange rates, therefore providing a more accurate picture of the real differences in income as opposed to comparing nominal GDP per capita.

policy is independent of the quality of institutions or the regime type in recipient countries. However, we would want to assume that the availability of coherent and feasible national industrial policies in recipient countries is likely to improve confidence in Chinese state-backed donors and enterprises who intend to send foreign direct investment to a recipient country. Though it is known that China's non-interference policy makes it to places less regard for national domestic policies and institutions of recipient countries, it is still a possibility that African countries with a coherent development outlook and plan will receive more infrastructural loans from China than others. National industrial policies of African countries will be obtained from the WTO country trade policy depository. Almost every WTO member nation is required to make available its national trade policies. A perfect national industrial policy will cover property rights, special economic zones, detailed plan for sectoral infrastructural development (health, education, transportation).

The third independent variable is – the commercial interests of the donor country: China is in search of markets for its 'over-capacitated' domestic markets, and at the same time, China is interested in gaining access to markets for the import of natural resources. For this research, we will be focusing on three of those natural resources that have been identified as the core interests of China in Africa – Oil, minerals, and timber. These are often cited as commercial motives for foreign aid (Druher 2016, Tull 2006; Davies 2007; Naim 2007; Harper 2010). It is expected that the size of the market of recipient countries, oil, mineral, and timber, will have a positive correlation with the dependent variable. Economic security involves primarily having unrivaled access to markets for its exports and access to raw/natural resources for its industrial development. This is one way to view the CCP's increasing commitment to the African continent. The African continent offers China access to critical natural resources and offers it access to virgin markets for its goods. China seems to be focused on securing these supplies so that it does not have to depend on volatile Western markets. As RAND researchers, Hanauer & Morris, highlighted, "To guarantee future supply (of critical natural resources like Oil & Gas), China is heavily investing in the oil sectors in countries such as Sudan, Angola, and Nigeria. (Hanauer & Morris, 2014)." The last independent variable is the donor's political interests. We operationalize this by looking at how many of those sub-Saharan African countries recognize the one-China policy.

Research Findings

Case Study 1: Nigeria

Popularly dubbed the giant of Africa, Nigeria gained independence in 1960. It went through a civil war 7 years later, between 1967 and 1970, which birthed ethnic resentment, marginalization, and inter-ethnic conflict. Corruption and leadership failure have made Nigeria incapable of utilizing its vast natural resources to develop. With a population of not less than 208 million, Nigeria is the country with the highest population on the African continent, with 62.5% of this population made up of youths aged between 15 to 54 years. "However, the under-utilization of this potential, coupled with inadequate opportunities, results in a high rate of unemployment and poverty. This has huge security implications needing urgent and sustainable solutions (NSS 2019, 4)." According to data from Statista, as of 2020, Nigeria topped the list of African countries with the highest Gross Domestic Product (GDP) with 442.98 billion dollars, making it the largest economy on the African continent.

The Buhari-led administration of the Nigerian government came into power with three policy priorities: to tackle corruption, improve security, and rebuild the economy. Unlike the year before, the sharp decline in oil prices from 2015 plunged the Nigerian economy into recession. Since oil accounts for most government revenues, the decline in prices impacted export earnings and government revenue. It is in this context that the Buhari-led government rolled out its medium-term plan, 2017-2020, called the Economic Recovery and Growth Plan (ERGP). The objectives of this plan were to restore growth, invest in the people, and make the economy globally competitive. To achieve these, the government set out to invest in infrastructure, improve the ease of doing business, achieve agriculture and food security, invest in social inclusion programs, and youth employment, and invest in human capital. On the Infrastructural development front, the administration has made progress in the last seven years, as a good number of railways, roads, and electric grids have been completed and are currently in use. Infrastructural loans and partnerships with State-owned companies of the People's Republic of China and the China Exim Bank have been instrumental in the construction of these strategic infrastructures.

In terms of political interests, Nigeria supports the One-China policy and votes in favor of China at the UN General Assembly. However. China is not the major source of funding for the Nigerian Government. Of the $33.3 billion in external debt that the country owes, 9.7% or $3.3 billion was owed to the Export-Import Bank of China. The majority of these loans are tied to specific projects, which were all requested by the Nigerian government (demonstrating recipient need).

Table 2: China Infrastructure Loans to Nigeria, 2000 – 2020. (Source: Aiddata dataset 2.0)

Commitment Year	Title	Status	Flow Type	Sector Name	Funding Agencies
2017	$1.35 billion loan for Kaduna-	Pipeline: Pledge	Loan	TRANSPORT AND STORAGE	Export-Import Bank of China

	Kano Section of the Lagos-Kano Railway Modernization Project				
2017	loan for Phase 1 of Ibadan Circular Road Project	Pipeline: Pledge	Loan	TRANSPORT AND STORAGE	Export-Import Bank of China
2017	$4.5 billion loan for acquisition of agricultural machinery	Pipeline: Pledge	Loan	AGRICULTURE, FORESTRY, FISHING	YTO China-Africa Machinery Corporation (CAMACO)
2017	$42.5 million loan for HELIU Residences Project	Implementation	Loan	OTHER SOCIAL INFRASTRUCTURE AND SERVICES	Industrial and Commercial Bank of China (ICBC)
2016	$15 million loan for 50 pilot/demonstration farms	Pipeline: Pledge	Loan	AGRICULTURE, FORESTRY, FISHING	Unspecified Chinese Government Institution
2016	$2 billion loan to Dangote Group for construction of 2 cement plants	Pipeline: Pledge	Loan	INDUSTRY, MINING, CONSTRUCTION	Industrial and Commercial Bank of China (ICBC)

2016	$2.5 billion for Lagos Metro Rail Transit Red Line Project	Pipeline: Pledge	Vague TBD	TRANSPORT AND STORAGE	Unspecified Chinese Government Institution
2016	$325.67 million loan for 40 Parboiled Rice Processing Plants Project	Pipeline: Commitment	Loan	AGRICULTURE, FORESTRY, FISHING	Export-Import Bank of China
2016	$75 million loan for Utorogu Gas Processing Facility Project	Pipeline: Pledge	Loan	ENERGY	Industrial and Commercial Bank of China (ICBC)
2014	$2.59 billion loan for Segment 1 of the Lagos-Calabar Coastal Rail Project	Pipeline: Pledge	Loan	TRANSPORT AND STORAGE	Export-Import Bank of China
2014	$112.5 million to $500 million syndicated loan for Nigeria Telecom Tower Project	Completion	Loan	COMMUNICATIONS	Industrial and Commercial Bank of China (ICBC)
2013	$6 billion for Nigeria's housing sector	Pipeline: Pledge	Loan	OTHER SOCIAL INFRASTRUCTURE AND SERVICES	Industrial and Commercial Bank

					of China (ICBC)
2013	$100 million loan to First Bank of Nigeria Limited for on-lending to SMEs	Pipeline: Commitment	Loan	BUSINESS AND OTHER SERVICES	China Development Bank (CDB)
2013	$500 million loan for Electricity Transmission Network Project	Pipeline: Pledge	Loan	ENERGY	Export-Import Bank of China
2013	China Eximbank pledges loan for Section V of East-West Road Project	Pipeline: Pledge	Loan	TRANSPORT AND STORAGE	Export-Import Bank of China
2012	$30.6 million loan to help Kaduna State transition from analogue to digital broadcasting	Pipeline: Pledge	Loan	COMMUNICATIONS	Export-Import Bank of China
2012	$200 million loan for cassava flour processing plants	Pipeline: Pledge	Loan	AGRICULTURE, FORESTRY, FISHING	Export-Import Bank of China

2010	loan for construction of three oil refineries in Bayelsa, Kogi and Lagos states and one fuel complex/petrochemical plant	Pipeline: Pledge	Loan	ENERGY	Industrial and Commercial Bank of China (ICBC)
2010	$20.1 million loan for NigComSat-1 Communications Satellite Replacement Project	Completion	Loan	COMMUNICATIONS	Export-Import Bank of China
2008	loan for Cassava Ethanol Fuel Plan Construction Project	Pipeline: Pledge	Loan	ENERGY	Unspecified Chinese Government Institution
2008	$500 million concessional loan for unspecified purposes	Pipeline: Pledge	Loan	UNALLOCATED/UNSPECIFIED	Unspecified Chinese Government Institution
2008	$39.37 million of debt financing for Magboro Steel Mill Project	Completion	Loan	INDUSTRY, MINING, CONSTRUCTION	Export-Import Bank of China

2008	$6.7 million loan for Textile Industrial Park Construction Project	Completion	Loan	INDUSTRY, MINING, CONSTRUCTION	Export-Import Bank of China
2006	$20 million loan to Reltel wireless Limited to facilitate its acquisition of Huawei equipment	Pipeline: Commitment	Loan	COMMUNICATIONS	China Development Bank (CDB)
2006	$4 billion for oil-for-infrastructure deal	Pipeline: Pledge	Vague TBD	OTHER MULTISECTOR	Unspecified Chinese Government Institution
2005	$297.8 million loan for Phase 2 of Papalanto Power Gas Turbine Power Plant Project	Pipeline: Pledge	Loan	ENERGY	Export-Import Bank of China
2005	$23 million loan to support the expansion of Starcomms Limited telecommunications network	Pipeline: Commitment	Loan	COMMUNICATIONS	Export-Import Bank of China

2004	China Eximbank pledges to finance agricultural mechanization efforts in Nigeria	Pipeline: Pledge	Loan	AGRICULTURE, FORESTRY, FISHING	Export-Import Bank of China
2003	$600 million loan for Akwa Ibom Refinery Project	Pipeline: Pledge	Loan	INDUSTRY, MINING, CONSTRUCTION	Export-Import Bank of China
2003	Chinese Government cancels N325 million of the Government of Nigeria's outstanding debt obligations	Pipeline: Commitment	Debt forgiveness	ACTION RELATING TO DEBT	Unspecified Chinese Government Institution

As the above table shows, all the loans since 2016, when the BRI began, have been tied to specific projects. The leading funding agency for China's lending to Nigeria has been the Export-Import Bank of China. On one occasion in 2006, China's loan agreement with Nigeria was tied to a natural resource—Oil. The $4 billion oil-for-infrastructure deal was done in 2006. However, details about the loan remain vague, and, according to the available data above from Aiddata, that particular loan is still in the pipeline, meaning that, based on available information, it has not crossed the implementation stage.

Case Study 2: Ghana (China's Commercial Interests)

In terms of the number of projects being funded, China funds more projects in Ghana (39) compared to Nigeria (27). The bulk of China's lending to Ghana is resource-linked. Majorly focused on developing the Mining Industry. Ghana also supports the One-China policy, aligning its political behavior with China's Political interests.

Case Study 3: Gambia (Started supporting the One-China Policy in 2016)

The Gambia case study demonstrates the link between the political interests of China and the amount of Aid disbursed. Infrastructural loans from China since 2016 have only been limited to three (3), and this appears to be directly correlated to the point that Gambia started supporting the One-China policy. The investments have been mainly directed to bilateral cooperation & development of Gambia's port and fishery Industries.

Recipient	Commitment Year	Completion Year	Title	Flow Type	Sector Name	Funding Agencies
Gambia	2017		$177,077,885 government concessional loan for Banjul Port Extension Project	Loan	TRANSPORT AND STORAGE	Export - Import Bank of China
Gambia	2017	2019	$25 million concessional loan for Gambia National Broadband Network (GNBN) Project	Loan	COMMUNICATIONS	Export - Import Bank of China
Gambia	2017		$165 million loan for 62 MW Power Plant Project	Loan	ENERGY	SinoHydro

Table 3: Showing China's Development Lending to the Gambia, 2017 – 2020.

The Project in the table above, which is the Banjul Port Extension Project, has several infrastructural benefits to the country. When implemented, "it would install a new jetty, an approach bridge, channel dredging, maintenance of the dredging rehabilitation container terminal, a head office for use of the port authority, and repairs to the Banjul wharf (Aiddata, on the Gambia, description, 2.0 dataset)." Another vital infrastructural loan agreement was the $25 million loan agreement between the government of the Gambia and China's Eximbank for the Gambia National Broadband Network (GNBN) Project. This project is vital because Gambia Telecom is the only fixed network operator in the country, and with the implementation of the GNBN project, annual income is projected to be as much as $13 million (Aiddata, on the Gambia, description, 2.0 dataset)."

As Aiddata researchers put it, "The completion of the national broadband network will build a more complete information and communication system for the country. The platform provides huge momentum for social and economic development. With more convenient information channels, the Gambia can integrate into the world and reach the world faster, and people from all walks of life in the Gambia will also have more development opportunities." So yet again, this reinforces my argument that rather than looking at China's loans to Africa from a predatory perspective, it is important to approach it from a recipient need perspective. These countries require these infrastructures to develop, and hence they request them. The above loans were all given at the request of the Gambian government. However, this does not mean that there are no issues involved in the loan agreement processes. As AidData researchers rightly pointed out in their description of China's loan to the Gambia, "the Gambian Ministry of Justice questioned the legality of the Government of the Gambia's contract with CRBC because it was issued without following standard bidding procedures. Another concern that arose was the fact that a feasibility study for the project that was carried out by CRBC put the cost of the project at $123,697,885.77, yet the cost of the CRBC contract identified in the government's loan application to China Eximbank was $177,077,885." It is unclear why the Gambian government went ahead to borrow more money than required for this project. However, it gives an important highlight to reinforce the argument that the onus is on policymakers to make the right loan agreements on behalf of their countries.

Case Study 4: Niger (China's Commercial Interests)

Despite the lack of any coherent national industrial Policy for the Niger Republic, China still lends to it. As of 2019, 10 infrastructural loans have been agreed between China and Niger. 4 of those ten projects have been completed. Also, Niger Republic supports the One-China policy.

Alternative Explanations and Conclusion

We hypothesize that national industrial policies, recipient country needs, size of the domestic market, and political support are variables that affect why some African states receive more infrastructural loans than others. And while these have been borne out in the discussions above, alternative explanations may explain our dependent variable. One alternative explanation is that war or civil unrest in recipient countries affects the level of foreign direct investment from China. A 2018 study by Nicolle Labell on ‘the impact of culture and regime change on foreign direct investment in Thailand’ highlighted that political instability in the form of incessant regime change continues to raise fears in China’s state-owned enterprises, who worry over the arbitrary change of legislation on property rights that could impact potential investments. There have been past instances in Malaysia and the Philippines where successive regimes defaulted and pulled out of aid agreements with China over accusations of ‘shady deals.’ So, it may be tested and posited that those African countries experiencing war or civil unrest will tend to receive lower infrastructure loans from China than others.

Another alternative explanation for why some African countries get more loans from China than others is regime type and governance styles. China has an authoritarian regime and practices a socialist system with Chinese characteristics and may be looking to export such socio-political cum economic governance styles to other states. Perhaps, examining the type of political leadership in an African state could reveal whether states with authoritarian regimes or authoritarian tendencies receive more infrastructural loans than their democratic counterparts. Due to China’s long-held foreign policy of non-interference in the domestic affairs of other nations, we reason that this might not be a causal factor as to why some African countries receive more loans from China than others. David Landry (2018), through his comparative research on determinants of Chinese aid and Western aid, insists that governance models play a more significant role in determining the amount of Western aid than Chinese aid. According to him, “Western countries send more development finance than China to African countries with lower corruption levels, better levels of democratic development, and a better human rights track record (Landry, 2018).

In conclusion, this study employed empirical data to ascertain the basis of Chinese lending behavior to African states. We conclude that, despite the popular view, especially advanced by the West, that China uses debt-trap diplomacy against African states, what we discover is that China is mostly interested in building strategic partnerships in Africa, which is consistent with its industrial policy. The evidence of huge debt cancellations would appear to show that China is not for an all-out exploitation of Africa. Nonetheless, African countries are encouraged to exercise due diligence in analyzing the type of investment deals that they receive from donor states, whether it is from China or Western donors. African heads of state and governments should expose themselves to counterarguments and should hire experts who will provide them with verified information before they enter into bilateral agreements not just with China, but with other developed countries, multinationals, and transnationals. There have been numerous cases where a regime accepted infrastructural loans from China only for the next regime to reject such bilateral agreements. We believe that this inconsistency can result in diplomatic tensions between these states and China. Therefore, we advise that state officials and trade representatives thoroughly analyze these deals before they are signed.

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