

## Taking advantage of Development opportunities offered by Chinas Aid entry in Africa's Market as Balancing the Act to Western Aid

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### Abstract

*There is rich evidence that foreign assistance in the development of economies of Africa is widespread. Africa receives a greater share, at 36% of total global aid to than any other part of the world. Over the past four decades, aid to Africa has quadrupled from around US\$11 billion to US\$44 billion, with a net increase of almost US\$10 billion during the period 2005-2008 alone. However, the debate on how aid can be effective in Africa's development is, still ongoing without any clear way forward. There is a high volume of literature on the impact of foreign aid on development in Africa, yet not many of them recognize the importance and contributions of China in terms of Aid and development in Africa. A lot of publicity has focused on Western Aid in the development of African economies. This paper recommends that Africa should take advantage of the development opportunities offered by Chinas entry into Africa's economic space and shun the raging negative debate on her irrelevance in terms of democratic growth. China's role in Africa is dynamic, with deep historical roots and a wide range of ever-changing engagements and models that do not lend themselves to black-and-white categorization.*

Key words: Development Opportunity; Balancing; China; Western; Aid; Entry; Africa's Market

### 1 INTRODUCTION

Since the incorporation of the Third World nations into the world capitalist system, the underdevelopment process seems to have commenced through the use of liberal economic principles instituted by the western economies. In spite of the obvious pauperization of these nations, it seems as if there is no alternative even when indigenous governments are in control of affairs. This paper attempts to show the contributions of Chinese development Aid to Africa as a balancing act to western Aid to the region because underdevelopment has persisted in the region even with a long tradition of capitalism entrenched in the garb of globalization.

With forty-eight countries, a population of over 700 million, and an average per capita income of roughly US\$1 a day, Africa remains, in economic terms, the poorest region in the world while its Sub-Saharan region has been represented as a subject of prolonged development crisis in much of international development literature (Coyne and Lesson, 2006). Despite the recent remarkable development gains by some sub-Saharan African countries as a result of a combination of factors like- increasing democratization and transparency, strengthening and reform of governance institutions, and the adoption and implementation of more effective macro-economic policies Africa still faces daunting sustainable development challenges. In 2006, \$103.6 billion dollars of foreign aid flowed to developing countries. Over the past 50 years, the amount of foreign aid dispersed totals over \$2.3 trillion dollars in 2006.(Easterly,2006 a). However, despite a large amount of time and resources devoted to development assistance, a lack of theoretical consensus surrounding the effectiveness of foreign aid remains.

Notwithstanding Africa's development crisis, the continent is endowed with abundant renewable and non-renewable natural resources. In the context of sustainability, especially the often complex links between environment and development (Africa Policy No 1, 2010). Africa has been associated with unclear mechanisms of how best her natural

resources can be harnessed to advance sustainable development. Africa's governance and institutional frameworks and policies needs to be strengthened to respond to the emerging and re-emerging sustainability challenges facing the continent and its people. This paper recommends that Africa should not be restricted to play to the ideological constraints placed by the post cold war contest playing over Africa and other third world economies between the west and China. This should be in disregard to the contention that China is a rapacious neocolonial oppressor, but a miraculous alternative to decades of failed Western aid. It's no secret that some Chinese activities in Africa have prompted concern and even hostility, particularly the long-standing support of leaders linked with claims of impunity and abuse of human rights like Sudan and Zimbabwe, as well as questions about worker safety, community engagement, dumping of cheap industrial products in local markets and environmental degradation.

China has mainly ventured on technical assistance as a major form of Aid in order to provide certain skills or technical knowledge to developing countries. Without taking note of the long term benefits of technical Aid, critics of development relevance of Chinas Aid in Africa have emphasized that technical assistance is worse than other forms of Tied aid because donors usually require these technicians to be from the donor country and that what follows is recipients handing the aid back to consultants in the donor country that may or may not understand the local problems (Easterly, 2006a). Nevertheless, all forms of tied aid, food aid, and technical assistance regardless of the providers have to provide for the special interests groups(donors) thus enabling them to shape donor incentives in different ways. In an IMF seminar publication in 1995, Jaycox argues that although "the destiny of Africa lies in the hands of Africans," Africa will still need international support to overcome its macro-economic challenges (Davis and Woetzel, 2010).

Overall, however, the paper suggests that many African countries should welcome the involvement of China in the development of their economies because of the scale of its resources, commitments and her credibility. Other factors adding to China's credibility are its pragmatic, business-like approach to development and focus on much-needed infrastructure projects. Also, Chinese workers are generally well-respected because they are prepared to work in Africa's fields or factories, often at the locals' salaries, in contrast to the wages, housing, and approaches of Western aid organizations or commercial enterprises. China still ranks 97th in the world for GDP per capita, according to the International Monetary Fund (IMF) and has already become an indisputably significant force in Africa's development, with substantially increased commitments and engagement just in the past few years. The international aid architecture for Africa has to change to allow for non-traditional donors to take on a bigger role; South- South Co-operation to become more pronounced; and innovative funding mechanisms be brought to bear on Africa's development plans.

The development agenda for Africa should focus on key opportunities that China development strategy addresses These includes, first the strengthening Africa's economic-development strategies and capabilities at the national and regional levels, China's willingness to undertake additional strategic-development projects in Africa, including the recent emphasis on sustainable and results-driven models, should be supported and finally, collaboration between Chinese institutions working in Africa and other donors or partners ought to be developed and encouraged.

## **2. DISCUSSION AND CONCLUSION.**

### **China's Historical role Model**

The People's Republic of China started engaging with African countries not long after it was founded. Since the Bandung Conference, in 1955, its activities in Africa have been rooted in their common experience as developing regions. From then onward, China has committed aid and support to various African leaders and countries, despite its own economic and political challenges and upheavals. With inventive packages of aid, loans, and investments, the People's Republic, in return, secured votes to take China's seat at the United Nations (held by Taiwan's government until 1971), opened up channels for much-needed oil and mineral resources, mitigated its food-security concerns, and gained a strategic foothold in the continent (Brautigam and Knack, 2004) .

Even in 1978, when China was just emerging from the devastating effects of its Cultural Revolution and was itself one of the world's poorest countries, it provided foreign aid to 74 countries—and to more in Africa than the United States did. By 1984, China was the eighth-largest bilateral donor to sub-Saharan Africa, ranking higher than many members of the Organization for Economic Co-operation and Development (OECD). From 2002 to 2007, China offered over \$33 billion worth of government-sponsored aid and investment, over half for infrastructure projects, to African countries.

Today the continent is dotted with Chinese-sponsored projects, from railways to agricultural centers to clinics to stadiums. These attributes of China's engagement in Africa merit particular attention (Davis and Woetzel, 2010).

Chinese Aid has focused on project-based aid and investment generally on specific projects rather than the large programmatic models familiar to Western donors, such as the President's Emergency Plan for AIDS Relief, a US-sponsored program for HIV/AIDS prevention and treatment. The success of such programmes has been limited because of reliance on broad strategies, operating across several countries, with standardized practices. By contrast, China's health assistance generally involves commitments to build a clinic or hospital in a country or region or to send Chinese medical personnel or medicines to specific countries. These efforts are sometimes associated with a particular investment or a Chinese official's political commitment to a local African leader. Such projects are not part of a broader program to build networks of hospitals instead, the Chinese focus on an immediate need—though sometimes a very large one, such as dams or highways—which they generally execute in a timely, effective way. This has been easily attainable because China often designates different ministries (or, in some instances, provinces) to tackle different projects in different countries. The success of China's development Aid to Africa is rooted in her blended model of development aid which incorporates investment, trade, and technology as levers for development. This model is less common in Western approaches the competitors of China. This evolution of thought has been built from China's own experience as a recipient of aid and investment from the west in the 1970s and 1980s as well as the experience borrowed from her deals with Japan and many Western partners which resulted in the exploitation of its own natural resources and commodities for technologies, tools, and know-how (Davis and Woetzel, 2010).

Even though it is believed that the main focus of China is access to natural resources and consumers in Africa, this can be viewed a narrow perspective of its role against realizing the goals of her commitment. Today, China is involved in almost every African country including the resource-poor ones. While the majority of China's \$107 billion-a-year bilateral trade with African countries still involves extractive industries, China's reach extends to almost every sector. In 2009, the Chinese Ministry of Commerce reported that about 1,000 Chinese enterprises do business in Africa, spanning fields such as trade, transportation, agriculture, and the processing of agricultural products (Davis and Woetzel, 2010).

During the past few years, China has attracted considerable attention for its commitments to Africa. In November 2009, at the Forum on China–Africa Cooperation (FOCAC), Chinese premier Wen Jiabao announced a \$10 billion package of loans and aid, including programs in agriculture, education, and health. In addition, the China–Africa Development Fund has made more than \$5 billion of new money available for private-equity investments in Africa and has an ever-growing presence of workers on the ground to develop an investment pipeline. China's engagement with the region appears to be growing not only in sectors and geographies but also in a broader strategic commitment. For example, Chinese Prime Minister Wen as suggested in his recent focus of support for African development in the fields of agriculture, debt relief, expanded market access, climate change, health, education, environmental protection, and investment. Similarly, African leaders increasingly seek more comprehensive and heavily negotiated packages of aid and investments from China—a preoccupation reflected in recent deals with Ghana, Kenya and Malawi.<sup>3</sup>

New dialogues between China and the aid and development programs of other countries, multilateral organizations, and NGOs are under ways to strengthen African development strategies and capacity. Even collaborative opportunities with other foreign donors have opened up; most recently, the Chinese Academy of Agriculture has partnered with a number of Chinese and African institutions to support an international initiative by the Bill & Melinda Gates Foundation to create green super rice, a new variety that can survive in harsh environments. China has, for example, launched over ten agricultural demonstration centers in Africa to expand Research and Development on African crops, irrigation, agricultural engineering, or other potential drivers of agricultural reform (as suggested by China's own experience) (Kazuhiko and Obijofor, 2011).

In background of development strategies of China in Africa, their approach to aid and investment thrives on a foundation of an effective public sector in the recipient country. However, this has not been the case with most African countries. African countries need to take more responsibility for their development agendas instead of leaving them in the hands of donors. It will therefore be necessary to create more explicit and comprehensive development strategies for agriculture and other areas and develop the skill of planning to make sure that the aid they get from China can be readily used and expanded. China is committed to supporting the development of Africa's economies as confirmed in the FOCAC meetings in Egypt in November 2009. In this meeting, Chinese leaders repeated their commitment to

connecting more closely with host communities, measuring results, and making them sustainable but in order to benefit from these investments, African beneficiaries have to be more programmatic—that is, linked to a development strategy for the relevant country—have clear objectives, and span more than a single project. It is not surprising that China has been sending agricultural experts to Africa since the 1950s, yet Africa’s current agricultural-extension efforts are small, uncoordinated, and unsystematic contributing to a negligible impact. African states may continue benefiting from China’s continued engagement with African national and regional organizations as many NGOs, foundations, and academic institutions in China, Africa, and elsewhere are beginning to work together.

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