UI Occasional papers

NO 5

2011

Published by The Swedish Institute of International Affairs. www.ui.se

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ISBN 978-91-86704-14-8

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Case study on South Korea by Dr. Gabriel Jonsson

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April 15, 2011

UTRIKESPOLITISKA
INSTITUTET

List of abbreviations

CASS – Chinese Academy pof Social Sciences

CDB – China Development Bank

CIC – China Investment Corporation

CMI - Chr. Michelsen Institute

CTPD – Centre for Trade Policy and Development (of Zambia)

CUTS – Consumer Unity and Trust Society (of Zambia)

DAC – Development Assistance Committee (OECD)

DFID – Department for International Development (of UK government)

EDCF – Economic Development Cooperation Fund

EU FDI – Foreign Direct Investment

FTA – Free Trade Agreement

FOCAC – Forum on China-Africa Cooperation

FRELIMO - Frente de Libertação de Moçambique

GNI – Gross National Income

ICT – Information and Communication Technology

IMF – International Monetary Fund

JICA – Japan International Cooperation Agency

JOGMEC – Japan, Oil, Gas and Metals National Corporation

KOAFEC – Korea-Africa Economic Cooperation

KOICA – Korea Overseas International Cooperation Agency

MDG – Millennium Development Goals

MFEZ – Multi-facility exporting zone

MOU – Memorandums of Understanding

NFC Africa Mining

NGO – Nongovernmental organizations

ODA – Official development assistance

OECD – Organization for Economic Cooperation and Development

TICAD – Tokyo International Conference on African Development

UBS - Union Bank of Switzerland

UIA - Uganda Investment Authority

UNAC - União Nacional de Camponeses

UN – United Nations

USD – United States Dollar

WWF – World Wildlife Fund

ZLA – Zambia Land Alliance

1. Introduction[1]

China's rulers, foreign ministry and state-controlled newspapers all say that Africa is ripe for take-off. This optimistic slogan is refreshing after so many decades of so-called Afro-pessimism, which focused on the tragedies of the resource curse, war, disease and incompetent governance. The siren song is performed with enthusiasm by China's Communist Party leaders, stock markets and fund managers alike. To a large extent the new optimism is the result of the search by Chinese state-owned companies and other Asian multinationals for raw materials in Africa. It is arguable that China's financing and implementation of Africa's construction boom contributes to better development prospects for the world's poorest continent. New South-South cooperation, and particularly Asian-African partnerships in various forms, is clearly deepening economic and political relations with African countries, leading to a redrawing of geo-economic boundaries and the geopolitical map of Africa.

Testifying to both the increasing importance of and also its profound lack of knowledge about how South-South aid practices and cooperation actually work, the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC) in 2009 set up its *Task Team on South-South Cooperation*. A project is under way to collect case histories on South-South development cooperation that can inform the next High-Level Forum on Aid Effectiveness to be held in South Korea in November 2011.[2] These intercontinental transformations have far-reaching consequences for a world order long dominated by Euro-Atlantic and Japanese military and economic power. China's growing importance for Africa's development is arguably by far the most important game-changer in the foreign relations of African countries

[1] The authors are grateful to the Swedish Ministry for Foreign Affairs which provided financial support for this study.

[2] See http://www.southsouthcases.info.

since gaining independence and the collapse of the Soviet Union. For China, Africa has special importance linked to political loyalties and the mutual support exchanged in multilateral forums focusing on climate change and human rights, as well as its abundant natural resources and emerging markets for inexpensive goods.

Inroads by Asian countries such as China and India, but also South Korea and Malaysia, portend a new era of South-South cooperation and a remarkable shift in both trade relations and aid paradigms. As can be deduced from the title of this paper, the increasingly prevalent Asian aid is of a strategic nature. It is not about philanthropy, but it would also be grossly inaccurate to call it neo-colonialism or plunder. It is about increasing trade and business, expanding markets and gaining access to natural resources. Development assistance is certainly a good entry point for these endeavors. The presence in Africa is meant to provide two-way benefits: South-South Cooperation is not unidirectional. Several Asian nations have organized forums and summits together with African countries to enhance mutual goals. These new Asian-African architectures and frameworks are fundamental to the building of consistent bilateral and multilateral relations. China, Japan and India, but also South Korea, are all putting considerable efforts into vying for influence. Japan's Tokyo International Conference on African Development (TICAD) process began this type of cooperation in 1993. Although China's Forum on China-Africa Cooperation (FOCAC) started later, in 2000, it has been the most successful. The First Korea-Africa Forum was held to strengthen cooperation with African countries in November 2006.

1.1. Methodology, purpose and questions

A note on methodology is necessary at the outset. This paper is based primarily on interviews with selected informants across several sectors of Zambian, Mozambican and Ugandan society: business, government officials, activists in non-governmental organizations (NGOs) and academics. This was a conscious choice since the issue area studied is a rapidly moving target, and statistics from both China and African countries often lag behind developments and are often non-transparent. In this way it differs from many reports on “Asia in Africa,” which are studies that primarily use secondhand sources, such as statistics, investment flows, Memorandums of Understanding or reports in the mass media. This paper has unique access to valuable informants.

It was also a deliberate decision to focus on civil society, the local state and national responses to the increasing presence of aid providing, trading, and loan-giving East Asian countries in these three sub-Saharan nations. The summit on aid efficiency to be held in Busan, South Korea, in 2011 will focus on how the Paris Agenda and Post-Accra agreement on the efficiency of aid delivery should be understood and implemented in the light of the rise of new donors and the prospects for a new aid paradigm – especially from the vantage point of civil society and efforts from “old donors” of the OECD DAC to improve good governance in countries receiving official development assistance (ODA).

In order to gain a deeper understanding of popular views in both civil society and the state bureaucracy on the Chinese, Japanese, and South Korean presence, the main author of this research paper conducted fieldwork in Zambia in August 2010, in Mozambique in December 2010 and in Uganda in March 2011. In all, 26 informants, leaders of civil society organizations, academics, business people, aid workers, diplomats and government officials – targeted because they have extensive knowledge about and experiences of East Asian investors coming to sub-Saharan Africa– were interviewed on a one-on-one basis for between one and two hours. One reservation is that although some of these interviewees were leaders of NGOs that represent marginalized or resource-poor people, they all belonged to various elite groups in society and were more representative of their elite stratum than the population at large. Therefore, their, at times variegated, views on the inroads made by Asia’s emerging economies into African countries resonate with both broader groups in society and show insight into the deliberations offered by state bureaucrats on both foreign policy and national economic policy, that is, the policy areas that are most affected by the inroads. A final caveat is that any writer (and reader) on a topic as vast and expansive as the title of this paper would be wise to remember the words of the Polish writer and "Africa hand" Ryszard Kapuscinski: "The continent is too large to describe. It is a veritable ocean, a separate planet, a varied, immensely rich cosmos. Only with the greatest simplification, for the sake of convenience, can we say 'Africa'" (Kapuscinski, 2001).

Why have the relations between these particular Asian and sub-Saharan African countries been singled out for analysis? China is quite an obvious choice, because since 2009, a short period of time, it has become the continent's largest bilateral trading partner. Japan is interesting to make comparisons with, since it has an aid model that is similar to China's and yet is a member of the OECD-DAC. South Korea was chosen because it has recently begun to target African countries as trading and development partners and, as of 2011, it is also a member of the OECD-DAC group of donor countries.

Mozambique, Uganda, and Zambia were chosen for this paper because they have long been viewed as African success stories, due to their liberal economic policies, low tariffs, and "welcoming attitude" toward foreign investments. They make for ideal cases to study perceptions of East Asian business and national interest in sub-Saharan Africa. Mozambique is interesting also because of the issues of land rights and the illegal procurement of timber resources, the latter of which is a problem with a significant Chinese component. Uganda is an interesting contrast because it is more densely populated, which makes it harder to make shady land deals without encountering resistance. Zambia is studied because the potential contributions of especially Chinese foreign direct investment (FDI) to the national economy. In the mass media and in research articles, the establishment of mulitfacility exporting zones (MFEZ) in Chambishi and Lusaka has often been portrayed as promising for advancing industrialization, job creation, and poverty reduction.

The purpose of this paper is to investigate the new challenges that foreign aid, an investor presence and investment from East Asian countries present to Western governments, and local civil societies and politics in Africa as seen through the prism of Zambia, Mozambique and Uganda. The three questions that this project seeks to answer are:

- How does the increasing presence of Chinese, Japanese and South Korean private and state-owned companies and state interests affect local politics and civil society? Is good governance as a policy goal in any way undermined?
- Do the company investment, and government credits and aid from these Asian countries work against or in accordance with decisions taken in international forums, such as the Paris Declaration of 2005 and the post-Accra agreement of 2008? In particular, this paper focuses on the new multi-facility exporting zones (MFEZ) established by China in Zambia.
- Does the expansion of East Asian countries' interests in Africa contribute to sustainable development and poverty reduction in Africa? This paper focuses on issues concerning the prospects for job creation and land use rights.

Section 2 presents the research setting and introduces the nature of the inroads made by established and emerging East Asian economies. It explains the scope and context of China's and Japan's aid and presence in the three sub-Saharan countries where fieldwork has been conducted. The emphasis in this section is on China's engagement more than Japan's; owing to the rapid expansion and role of this non-OECD DAC donor and the challenges it poses to the OECD-DAC regime. Section 3 examines and analyses the views and responses of civil society.

In section 4 a case study by Dr Gabriel Jonsson describes and explains South Korea's new engagement with Africa. Dr Jonsson has conducted a content analysis of the research literature on this topic as well as a reading of key documents in Korean. South Korea has started to engage with African countries in a dynamic way but it would be a mistake to view Seoul as a newcomer on the continent. From the 1950s through the 1980s it waged a diplomatic battle for influence with North Korea in African capitals, opening many new embassies. After South Korea achieved victory, however, several embassies and consulate generals were closed only to reopen today.[3]

1.2. Shifts in the media, policy and research terrains on Asia-in-Africa

As WikiLeaks has revealed, the US State Department's top Africa official, Johnny Carson, believes that China is a "pernicious economic competitor" behaving with "no morals" in its African dealings. Such statements illustrate the emerging struggle over African natural resources and political loyalties. They also echo sensationalist press coverage of Chinese activities in Africa in recent years. "Overpopulated China exports peasants to China," "China's new slave empire in Africa" and "China sells arms and ammunition to Sudan's government guilty of genocide in Darfur" are just some of the headlines in the Western news media on China's ventures in Africa. There are many modern myths about the Chinese presence in Africa. That political prisoners constitute at least a part of the Chinese labor force on construction sites is one such myth. Another contends that China's one-party state deliberately corrupts African leaders in its quest for oil.

Researchers such as Deborah Brautigam and Barry Sautman have sought to dispel many of the myths that circulate in reports in the mass media that seek to explain China's increasing influence in Africa. Brautigam in particular goes a long way to convincingly unpack and debunk many of these myths in her book *The Dragon's Gift: The True Story of China in Africa* (Brautigam, 2009). On corruption, for example, she argues that the Chinese banks and the one-party state are quite intent on making sure that its preferential loans and financial assistance do not end up in bank vaults in the European Alps. In a

[3] Author interview with the director of KOICA, Kampala, 29 March 2011.

typical case, an African government sees none of the money earmarked for infrastructure projects because financing is steered directly to the Chinese company in charge of construction. Brautigam's analysis shows that China's ventures in Africa are judged according to different standards to the ventures of the Western democracies. There is seldom any mention of neither positive aspects, nor any comparison with Western support for African autocrats or the dismal operations of Western companies in the extractive industries and the defense sectors.

The research field and policy debates are full of conflicting arguments and contradictory evidence, especially on African appraisals of the Chinese presence in African countries. This paper is therefore both timely and important. It is also important to critically analyze African and Chinese government rhetoric, as well as the views of some Western donor agencies, that South-South cooperation is inherently of mutual benefit, small-scale and sustainable (DFID, 2006; Pupavac, 2010) against practices on the ground. The findings presented in this paper contribute to a deeper understanding of how East Asian, and especially Chinese and African, connections are developing. While debunking lingering myths about China's negative influence on the poorest continent, it is important to remember that there are downsides to the Chinese engagement too and this paper discusses some of these negatives based on face-to-face interviews with interlocutors in the civil societies of Zambia, Mozambique and, to a lesser extent, Uganda.

2. Chinese, Japanese and Korean aid to African countries

The friendship between China and Africa goes back a long time. This fact is often referred to in official meetings and during state visits. During the post-war era of decolonization, the newly founded People's Republic of China supported "anti-imperialist" struggles and revolutionary movements across the continent. China's first

Prime Minister, Zhou Enlai, visited Africa in 1956. His visit marked the beginning of Chinese development assistance in social sectors such as health, agriculture and education. Between 1956 and the outbreak of the Cultural Revolution in China, Beijing cooperated with more than 20 African countries. According to the Chinese government, these efforts were instrumental to the People's Republic securing a permanent seat on the United Nations Security Council in 1971. After China embarked on its program of economic reform in 1978, relations with African countries started to shift to a stronger focus on economic cooperation, trade and mutual benefit. When the then President of China, Jiang Zemin, visited several African countries in 1996, the rhetoric hailed a "new strategic partnership" between China and Africa.

Japan also needed the support of African countries to obtain membership of the United Nations in the immediate post-war era, but Africa has for a long time been a marginalized continent in the eyes of Tokyo. Only for a brief period at the beginning of the 1970s, when Japan was acutely hit by the oil crisis, did any African countries catch the attention of Japanese leaders. As the crisis receded, however, so did Japanese interest in resource diplomacy. If Premier Zhou Enlai wanted to show socialist solidarity with the developing countries in Africa by visits early on, the first visit by a Japanese Prime Minister, Mori Yoshiro, was in January 2001. When Japanese development assistance was directed to Africa, five countries were first targeted: Ghana, Kenya, Nigeria, Tanzania and Uganda (Edström, 2010:7).

Japanese aid to Africa increased year-on-year from the 1960s, due to foreign pressure, a fear of condemnation, prestige issues and the result of Japan's continuous economic growth. Some scholars argue that the steady trend for a decline in Japanese aid for Africa is likely to continue (Adem, 2008:894). The underlying reason seems to be Japan's stagnating economy, which received yet another blow when the massive earthquake and tsunami struck in March 2011. The Japanese ambassador to

Mozambique, Susumu Segawa however, when interviewed for this paper, argued that aid previously destined for China would now go to Africa.[4]

Although its foreign aid started out from the perspective of socialist solidarity and fraternal assistance between the world's poor, China nowadays has a similar philosophy and practices to those of its forerunner, Japan, especially before Japan became integrated into the OECD-DAC. Latecomer South Korea is also following in the footsteps of both its larger neighbors.

Although China had delivered development assistance since the early 1950s, only when the late Chinese leaders Deng Xiaoping and Zhao Ziyang changed tracks and started to focus on economic cooperation did Japan become the tacit inspiration for Chinese aid, with a focus on mutual benefit and economic development, most notably with a strong emphasis on infrastructure and the construction of basic facilities. The history of Japanese aid is a process of trial and error, and at the start there was no clear goal. It started out as post-war reparations and later was first and foremost used to promote trade and exports (Söderberg, 2010: 2011). Officials in Tokyo and the Japanese public have essentially viewed aid as something that is used to help others so that they may help themselves (Lehman, 2005). While it is obvious that aid has long been a tool for both foreign policy and domestic economic development, in China it is the latter factor that rules. It is no coincidence that China's foreign aid is masterminded and planned by the Ministry of Commerce and not the Ministry for Foreign Affairs.

Regarding aid diplomacy, both Western and Japanese aid have been challenged and their efficiency questioned in the light of China's more concrete aid to African countries (Ampiah, 2008). The conditionality of aid, and a Western politico-moral foreign aid agenda based on the outdated Washington Consensus and post-Washington consensus,

[4] Author interview, Maputo, 8 December 2010.

is measured against China's emerging role as a major donor and what has been termed the "Beijing Consensus" (Ramo, 2004). According to China's Africa Policy, Beijing's aid model focuses on broader economic cooperation and mutual benefit, and it proudly carries a "no-strings-attached" policy for projects and concessional loans. The loan component in China's development cooperation programs is increasing. At the ministerial meeting of FOCAC in Egypt on 9 November 2009, China's Premier Wen Jiabao pledged to double concessional loans to Africa, in all 10 billion USD over a three-year period. These concessional loans, the lack of conditionality in aid projects, and the traditionally strong emphasis on sovereignty by the Chinese government has proved attractive not just to undemocratic governments and leaders with lingering hostility toward former European colonial powers, but also to populations affected by the structural adjustment programs of the IMF and the World Bank (Mawdsley, 2007). Chinese policy functions as a way to exert pressure on European governments, the World Bank and the International Monetary Fund (IMF) to take a softer, perhaps less "arrogant" approach to conditionality that might lead to new standards that are palatable to developing world governments. It has been argued, however, that the Chinese State Council has no strategy for tackling corruption connected to aid, due to its lack of transparency which may become a thornier problem as the volume of foreign aid grows. By contrast, Chinese officials at the Ministry of Commerce and foreign scholars argue that because China gives aid not in cash but in kind, there is less risk of corruption (Davies, 2007; Brautigam, 2009).

According to a September 2010 report by Standard bank, the volume of Japan-Africa trade doubled between 2001 and 2009. Although this is clearly very positive, the pace is still sluggish compared with China-Africa growth of almost 1000 percent in the same period. By 2009, China's trade with Africa was five times that of Japan's with Africa.[5] The leaders of some African countries have argued that the Chinese efforts have

[5] Adam Lewis, "Bric trade with Africa overtakes Japan," 22 September 2010, www.fundstrategy.co.uk.

outpaced Japan. They have tried to urge what they see as a conservative Japan to engage more in trade and investment. Yoshikatsu Nakayama, deputy minister of the economy, trade and industry, responded to such exhortations in February 2011 when he said that Japan was looking for sound projects in which to invest, either through its state-owned oil and mining company, Japan Oil, Gas and Metals National Corporation (JOGMEC), or in joint ventures between local companies and Japanese firms.

However, Nakayama also seemed to reiterate Japan's cautious approach when, in response to questions from Zambia about why it was not pushing into Africa as aggressively as China, he said that Japan wanted to move into Africa gradually. In an interview, Japan's ambassador to Mozambique explained that about 80 percent of Mozambique's farmers are small subsistence farmers. Japan sees it as its mission to provide them with technical assistance, training and education. In rather defensively countering the argument that Japan was too passive, he compared Japanese and Chinese development strategies:

> Whereas China is doing the big stuff: offices, airports and foreign affairs buildings, they are self-interested in the hunt for resources. Japan, on the other hand, is listening intensely to the views of Mozambique's government. So, we are doing training for the fisheries sector and other small-scale projects, not the huge, massive and eye-catching projects.[6]

Naturally, the argument that it is important to discuss with Mozambique's people and government what they really want is exactly what Chinese or any other country's diplomats would also say. Anything else would be to break protocol.

It might be argued that Japan's longstanding focus on infrastructure development and trade to spark economic growth has been given a new impetus because China and South Korea have "inherited" this focus in their development aid efforts. TICAD statements

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[6] Author interview, Maputo, 8 December 2010.

emphasize: “the importance of South-South cooperation, especially the development of trade and investment between Asia and Africa. Infrastructure development, including road networks construction and energy sector development, is critical to economic integration and support to the promotion of trade and investment in Africa.”[7] In Zambia, as in most other African countries where Chinese infrastructure projects have been launched, the impression is that of a fast, aggressive mover that knows what it wants. Love Mutesa, the Board Chairman of the NGO, Consumer Unity and Trust Society, explained that Chinese investors and state-owned companies are attractive to the local state because they act so fast.[8] Several informants in Zambia, Mozambique and Uganda differentiate between the fast-moving China and the slower, less flexible and more cautious Japan. In the words of Maria Gustava, Asia desk director at the Foreign Ministry in Mozambique: “The Japanese are slow at making decisions – so bureaucratic. But when they eventually do something, it will be good and very efficient in the end.”[9]

Along the same lines is the analysis of Clifford Banda, a local official in the city of Ndola, who argued that the Japanese were very conservative, and that the Japanese government was more stringent in its work with partners. The Chinese, on the other hand, were “more progressive and aggressive.”[10] A representative of the Uganda Investment Authority (UIA) also compared China and Japan. She said that the Chinese embassy in Kampala was very active. Both it and individual Chinese investors were in touch with UIA on a weekly basis. By contrast: “Japan is slow, not as aggressive as China. They have all their feasibility studies and environmental assessments to adhere to.”[11] On the role of Japan in Mozambique, Antonio Branco, a Portuguese business

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[7] See http://www.ticad.net/practice.shtml

[8] Author interview, Lusaka, 30 August 2010.

[9] Author interview, Maputo, 8 December 2010.

[10] Author interview, Ndola, 6 September 2010.

[11] Author interview, Kampala, 28 March 2011.

consultant, sees Japan as of minor importance as an investor. Japan's role in development assistance was slightly more significant, but not much:

> Japan is involved with assistance in the soft sectors, such as health. It does not have so many private interests or companies in the market here. Exceptions are the Mozal smelter plant, and Japan used to be engaged in the fisheries sector. It is also helping out a bit in the agricultural sector. Japan provides some budget support, but not much.[12]

In December 2010, the Chinese Ambassador to Uganda, Sun Heping, said at a public occasion in Kampala that: "being transparent, open and inclusive, China-Africa cooperation is an important part of South-South cooperation."[13] From the perspective of foreign civil societies, journalists and researchers, however, China's delivery of foreign aid and its deals with host governments are far from transparent. It is certainly not transparent in the way that official development assistance (ODA) delivered by OECD-DAC countries is. Because China's aid system is not transparent to the outside world, there are widely circulating myths about the enormous size of Chinese aid to Africa. In fact, Chinese aid to African countries is not enormous. To arrive at a reasonable understanding of the size and direction of Chinese aid it is necessary to examine different sources and make guesses about some figures.

The China Statistical Yearbook provides information on the official aid budget from the Ministry of Finance, but earlier information on Eximbank's concessional loans is also required, and this is difficult to find because the bank stopped issuing annual reports in 2005. It is also necessary to try to extrapolate increases on the last published figures, which is what Deborah Brautigam did in her book for data up to 2007. Moreover, the Chinese government's debt relief efforts must also be added because China uses different categories to OECD ODA and does not count debt relief as aid, which the

[12] Author interview, Maputo, 9 December 2010.

[13] Tian Ye and Chen Jing, Xinhua News Agency, Kampala, 2 December 2010.

OECD countries do. China's approach to developmental aid, however, is not entirely unique. In many ways, it resembles the road taken by Japan and simultaneously by South Korea (Söderberg, 2010; Söderberg and Nissanke 2011). That said, the goodwill "return on investment" of Chinese aid and concessional loans is significant, as it has to a large extent been geared to visible infrastructure in general, as well as symbolic buildings such as airport terminals, soccer stadiums, ministry buildings and presidential residencies.

Table 2.1. Top ten recipients of ODA, China, Japan and South Korea

Top ten recipients of Korean Gross ODA (USD million) 2008-2009	**Top ten recipients of Japanese Gross ODA (USD million) 2008-2009**	**African Recipients of Chinese Gross ODA (USD million) 2008-2009**
1. Vietnam 60	1. Indonesia 1370	All Africa: 4287
2. Indonesia 27	2. India 1240	
3. Angola 27	3. China 1200	
4.Cambodia 26	4. Vietnam 1104	
5. Philippines 25	5. Iraq 974	
6. Mongolia 25	6. Philippines 580	
7. Sri Lanka 23	7. Bangladesh	
8. Turkey 19	8. Turkey	
9. Laos 18	9. Sri Lanka	
10. Afghanistan 14	10. Malaysia 229	
Sub-Saharan Africa in regional percentage (of whole world): 13.7%	Sub-Saharan Africa in regional percentage (of whole world): 10.2 %	Sub-Saharan *and* North Africa in regional percentage (of whole world) about 33 %

Source: OECD-DAC and Brautigam (2009)

A decade ago, Japan was the biggest donor country and disburser of ODA to developing countries. Thereafter, Japan entered a long period of a post-bubble economic crisis and stagnation. As a result, although its aid budget remains one of the world's largest, it began to shrink. Nevertheless, although it does not show in the above table, Japan has actually increased the amount of aid it gives to African countries both in absolute terms and as a proportion of the aid budget.

The first secretary at the Japanese embassy in Zambia, Horiuchi Toshihiko, stressed that "Africa is prioritized in Japanese foreign aid,"[14] and it is true that five or six years ago only nine percent of the Japanese aid budget was earmarked for Africa, whereas in 2009 this had risen to 30 percent. According to Japan's ambassador to Mozambique, however, this significant change is to some extent due to the phasing out of Japan's foreign aid to China. A Japanese aid worker with the Japan International Cooperation Agency (JICA) in Uganda believed that there would be "a transfer from the China account." In addition, many of Japan's outstanding loans to developing countries would be repaid over a number of years, to go back into the aid budget with a stronger focus on Africa.[15]

2.1 East Asia, poverty reduction and industrialization in Africa

To sustain their industrialization, Chinese, Indian and Malaysian oil companies such as Sinopec, Indian Oil Corporation and Petronas are competing for access to existing and untapped oil reserves, primarily located in Angola, Equatorial Guinea, Nigeria, Sudan and Uganda. South Korea is increasingly targeting African countries for joint exploration of energy and natural resources. Foreign aid is an important tool when vying for influence and to create business opportunities in the extractive industries. South Korea has just embarked on a solar energy aid program in Mozambique that is set to bring power to the countryside. The amount of aid it delivered to African countries made

[14] Author interview, Lusaka, 31 August 2010.

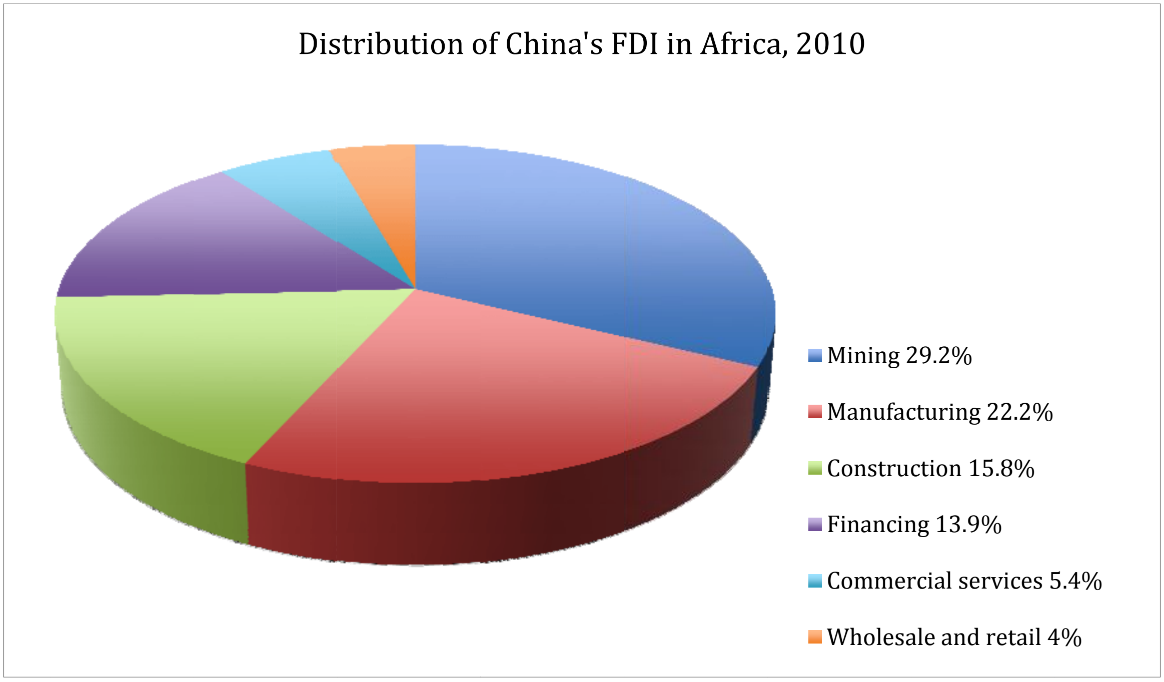
[15] Author interview, Kampala, 29 March 2011.

Japan an important actor in the development of infrastructure, agriculture and health standards, but its multinational energy companies never targeted Africa in the same way that Western companies such as Shell and Exxon have done – and China and India are doing now.

In recent years, investments, foreign aid and loans to African countries from China and other Asian countries have generated a lot of attention in the mass media and the policy and research communities. The fashionable argument is that the world's foreign aid regime is undergoing a paradigmatic shift (Sörensen, 2010). That this South-South corridor is expanding has only been reinforced in the aftermath of the 2008 global financial crisis. In 2009, China surpassed the USA as the African continent's major trading partner. In 2010, total Sino-African trade reached an all-time high of USD 127 billion. According to the latest World Bank forecast, economic growth in Africa as a whole is projected to be 5.3 percent in 2011. Chinese foreign direct investment (FDI) in Africa in 2009 amounted to USD 9.3 billion.[16] Figure 2.1 gives an overview of the target sectors.

[16] "China investment in Africa to slow this year: ministry," Reuters, 14 October 2010, http://af.reuters.com/article/topNews/idAFJOE69D06X20101014.

Figure 2.1 Distribution of China's FDI in Africa, 2010



Source: China's white paper on China-Africa Trade Cooperation, December 2010

To a large extent, the investments that fuel economic growth are rooted in the voracious Asian appetite for natural resources. As can be seen from Figure 2.1, however, investments are made in the manufacturing sector too. Investments by Asian emerging economies in the mining sectors of African countries have triggered rises in the prices of raw materials.

Currently, as of early 2011, the price of copper stands at an all-time high, which contributes to economic growth and employment in copper-rich Zambia. But several Zambian development economists, such as Kelvin Kamayoyo, are critical and want Chinese FDI to move from the mining sector to manufacturing and, even more importantly, to the agricultural sector. Kamayoyo argues that the agriculture sector is critical for Zambia's economic growth and development, and that whether the Chinese-run MFEZ will improve Zambia's export capabilities and lead to poverty reduction should be carefully examined. Critics have highlighted how China's foreign aid is tied to Chinese construction companies, and that FDI is not trickling down to the poorest groups in society, and thus not contributing to real job growth.

According to the scholars Wang, Li, and Ren, the number of poor Chinese dropped from 490 million in 1981 to 88 million in 2002 – a phenomenal and unprecedented decline in poverty that reduced the proportion of poor people in China from 29 percent to 6.9 percent of the population (quoted in Zheng and Fewsmith, 2008: 7). Thus, it is not surprising that the United Nations and the World Bank regard China's success as a paradigm for other countries (Zheng and Fewsmith, 2008: 2). Recently, much of the interest from the United Nations, the World Bank, the OECD and African countries has focused on the issue of Africa's industrialization and the potential to attract FDI to the manufacturing sector to contribute to employment and poverty reduction.

In these discussions, the Chinese government's promise at the 2006 FOCAC meeting to set up MFEZs in select countries in Africa occupies center stage. Five years have passed, and what is the current status of the zones set up in Algeria, Egypt, Mauritius, Nigeria and Zambia? This paper concludes, based on observations from Zambia, that the lofty goals set in 2006 have yet to be fulfilled. Moreover, it finds that official Chinese statements on the operation of the Chambishi MFEZ, made in the 2010 white paper on Sino-African cooperation, are either misleading or incorrect, and at odds with reality on the ground.

China's first white paper on China-Africa relations was published in September 2010. Shortly after, China's Embassy in Uganda stated that African countries would become increasingly important to Chinese companies as bases for outsourced manufacturing operations. As is mentioned above, the World Bank forecasts that economic growth in Africa will be 5.3 percent in 2011. To a large extent, this growth is due to trade with China, India and other countries of the global South. The economic and commercial counselor at the Chinese embassy in Kampala, Zhou Xiaoming, argues that "Labor costs in China have been rising. This has increased the cost of manufacturing. We plan to relocate small, light industries to undeveloped countries where the cost of labor is low. The economic environment here is also good and competitive, which will build business confidence."

The promise and magic of the outsourcing of Asian industries to Africa looks good on paper – but will it materialize? Even though the foreign aid arms of Japanese and South Korean officialdom, JICA and KOICA, are doing important work in Uganda, it is China that really matters and for China it is almost all about trade and loans rather than grant aid. Investment from and trade with Japan and South Korea are minuscule in comparison with the Chinese juggernaut. In 2010, Chinese investment in Uganda amounted to USD 65 million, which went into 33 projects. The scene changes at high speed. In 2008, the volume of trade between Uganda and China was at USD 247 million, in 2009 it was USD 251 million and by 2010 it had increased to USD 284 million. The balance is in China's favor, as it last year exported USD 258 million and imported Ugandan goods to the value of a mere USD 26 million. When the author asked an aid officer with JICA if she knew of any Japanese investors in Uganda, she said they were very few:

> There is a man who has been here running a textile mill for 40 years. He was here even during Dictator Idi Amin's brutal regime, when almost all other foreign capitalists and merchants were thrown out. But he's kind of special.[17]

Counselor Zhou Xiaoming in Kampala explained that the "new" Chinese industries would create jobs for the local people and spur investment in Africa, creating stable and sustainable economic growth. Will the Chinese industries that go to Africa really create jobs? Needless to say, it is difficult for any state, including the Chinese, to promise job creation, given the volatility of international markets and the difficulties in predicting national and global macroeconomic conditions far ahead of time. Economic

[17] Author interview, Kampala, 29 March 2011.

fundamentals rule. If such promises are not delivered after being announced in the media, however, populist political parties will readily pick up on the "broken promises" in election campaigns. As Counselor Zhou argues, Chinese labor costs are rising and in addition to the factor of increasing costs, there are also demographic factors at play. China's population will peak by 2025 and its labor force will grow older. This is likely to contribute to overseas outsourcing by Chinese industry. According to Africa's largest bank, Standard Bank of South Africa, investment from China into Africa is likely to hit USD 50 billion by 2015, which means an increase of 70 percent from 2009.[18] This is consistent with the ambitions of the Beijing Action Plan, which was issued after the FOCAC meeting in Beijing in 2006 and stipulates that mutual investment between China and African countries will be further encouraged.

An important question for Western aid donors is China's lack of any "strings-attached," that is, political conditionality, in its foreign aid projects. The increasing volume of Chinese aid constitutes a challenge to Western aid paradigms, be they packages that are state-centric, new packages focused on NGO-led sustainable development, or those with economic policy conditionalities from the World Bank and the IMF. Some see a dark Chinese hand at play, working with unaccountable third world dictators and endorsing "bad governance" because, as the development economist Paul Collier has argued, China fears democratization per se (Collier, 2007: 183).

In his statement to the Seventeenth Congress of the Chinese Communist Party in 2007, party leader and President Hu Jintao sent a clear message to the developing world: "We respect the right of the people of all countries to independently choose their own development path. We will never interfere in the internal affairs of other countries or impose our own will on them." His words reflect China's longstanding principles on state sovereignty and non-interference in the affairs of other countries. The rhetorical

[18] See http://blogs.wsj.com/chinarealtime/2011/02/22/bank-china-africa-investment-to-jump-70-by-2015/

nuts and bolts of this principle boil down to: sovereignty is a sacrosanct principle never to be compromised, China does not strive for regional or global hegemony and China as a large developing country holds that there are alternative paths to modernization and development.

2.2 Beyond the Paris Declaration: Prospects for broader coordination

The 2006 United Nations Millennium Project Report characterizes the world's existing development aid regime as suffering from incoherence and being 'in need of a much more focused approach." In the light of the increasing importance of emerging donors, the implication was obvious – an already complicated issue could become even more complicated and politicized. China's economic rise and foreign aid programs have put pressure on existing foreign aid and development paradigms of decades-long importance to North-South relations in the international system. The 2005 Paris declaration, which China signed, targeted the dismal levels of efficiency of ODA. As such, it was an indictment of, and indicated reduced confidence about, Western aid provision. Since 2005, the measures set out in the Paris Declaration and other OECD mechanisms to combat overlaps between various Western aid programs have once again started to fragment.[19] This renationalization has several causes, including new policies due to the outcome of elections in several EU countries. Thus, national interests and foreign aid as a tool for industry and product promotion have re-emerged left, right and center. Arguably, however, the impact of Chinese preferential loans and the seeming success of "tied aid" based on "mutual benefit" as well as a longstanding principle of non-interference in the national affairs of others have been tremendous. Thus, a new policy discourse and a new paradigm are also taking hold in the West (Lagerkvist, 2010; Sörensen, 2010).

[19] Author interview with Swedish aid officer, Lusaka, 2 September 2010.

There is a growing awareness that cooperation between Western and Chinese donor organizations is crucial to avoid competition that may turn out to be more harmful than beneficial to the long-term interests of Africa. Chinese observers of Sino-African relations, such as Xu Weizhong, are very conscious of the concerns of Western aid bureaucracies. He argues that:

> […] while having to acknowledge that China is more popular than the West, and jealous of the results obtained through Sino-African cooperation, the Western nations want to strengthen cooperation with China on African issues – hoping that China will join the Western track, play by Western rules and share the costs in African affairs (2007: 318).

This quote indicates what the Chinese government and its analysts and diplomats think about the complaints and exhortations directed at them by Western governments, and that they clearly sense that they have the upper hand in Africa.

There seems to be a growing consensus in the West that some sort of cooperation is necessary on a development agenda for Africa's development that focuses on complementarity and a division of labor. This consensus has yet to meet with a response from China. It is also contradictory, as the Paris Declaration commitments seem to be unraveling and we are witnessing a return to more national interest-based aid and development policies.

This was one of the justifications that Portuguese diplomats gave for holding the first EU-African summit for seven years in Lisbon in December 2007: "The Chinese don't ask questions in Africa and we cannot ignore their growing presence."[20]According to some scholars, China's government has been reluctant to participate in the established Western donor-led groups, "in part because they generally do not see aid from the West as having been very effective in reducing poverty in Africa" (Brautigam, 2010).

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[20] Jon Swain, "China's new frontier," *Sunday Times Magazine*, 10 February 2008.

It is a matter of some concern that Beijing's foreign policy has become more assertive since 2009. Chinese policymakers and academics have been more reluctant to cooperate with Western governments on African development and poverty reduction than they were only a few years ago. How can international cooperation between actors be achieved on development when agendas fall apart, and realism and pragmatism as well as geopolitical interests rule? It may appear positive when China's Ambassador to Libya, Wang Wangsheng, says at a development forum in December 2010 that Beijing would be willing to work with the EU in Africa if that was what African governments wanted, but what does this mean in a context where African governments are embracing a look-east policy? One may wonder if that is not flagging with false pretenses. The first secretary at Japan's embassy in Zambia was hopeful that some of the tentative initiatives that have been taken would come to fruition:

> China's Ministry of Foreign Affairs has indicated that it wants to cooperate with Japan on foreign aid and development. In my eyes, however, South Korea wants to keep close to the West and Japan, more than China. Of course, we hope that China will be more constructive. We need that.[21]

China is clearly choosing its own track on how to conduct its foreign aid policy. In particular, its no-strings-attached approach to aid provision means that it leans much closer to the interests of the local state than the interests and opinions of local civil society. According to the Chinese commerce attaché in Uganda: "If we can cooperate together with the Western donors and Japan, we certainly will, but if it does not work out – we do it our way. There are different ways of doing aid."[22]

Almost as a direct response to this argument, the Japanese third secretary, responsible for aid programs, at Japan's embassy in Lusaka argued that: "To my mind, the Chinese

[21] Author interview, Lusaka, 31 August 2010.

[22] Author interview, Kampala, 28 March 2011.

are very different. They always have it their way. They always believe that they are right in what they do."[23] Similarly, demonstrating a disconnect between the Japanese diplomatic corps and China's almost unilateral approach to the provision of development aid, Japan's ambassador to Mozambique observed that: "Yes, definitely, a new aid architecture is now emerging. And there have been calls to meetings. China was also invited, but China declined, since it has it has no interest in issues pertaining to good governance." The Sino-Japanese rivalry dates back at least as far as the scars of the Second World War. The rise of China as a global economic power and the prospect of China as the political and military hegemonic power in East Asia add to an underlying discourse of friction. For Japan, with its bearish economy, it is obvious that it cannot compete with the Chinese economic juggernaut in its method, scope or areas of activity, such as providing infrastructure at low cost.

In Maputo, the first sight that meets the visitor arriving by air is the shiny new airport terminal, which was constructed with assistance from the Chinese government. A Chinese construction company also built the Foreign Ministry Office in Maputo with financial support from China. According to Mozambican researcher Mariamo Abdula, Japanese aid workers complained that such large, eye-catching Chinese projects were all about "bragging" and "showing off."[24] An interesting observation was made by the economist and businessman Yusuf Dodia, who had noted a shift in Japan's approach to aid:

> The Western donor club in Zambia has a common donor strategy. Japan, however, is slowly breaking out of that club, as it senses the efficacy of China's ways. Japan is now betting on two horses. JICA has its *triangle of hope* project together with Zambia and

[23] Author interview, Lusaka, 31 August 2010.

[24] Author interview, Maputo, 7 December 2010.

> Malaysia. Apparently, they will build two industrial zones. Surely, this would not have happened if the Chinese had not planned the MFEZ.[25]

It is important to realize, however, that despite longstanding good relations with China, the government of Mozambique does not want to put all its eggs in one basket by becoming too dependent on China. As Maria Gustava, at Mozambique's foreign ministry, argues: "There are different kinds of friends, and a need for all of them. China can never replace the Europeans. It is a complementary relationship. We need many strong partnerships."[26]

2.3 China as an alternative development model

Very few African government leaders have criticized China's way of engaging with African countries. As a local official in Zambia's Copperbelt province, Clifford Banda, conceded: "The Chinese are very aggressive and flexible. There is government-to-government help. They give concessional loans, and all that is very important for the Zambian government."[27] Only occasionally has apprehension been voiced that it is South-South cooperation and mutual benefit in rhetoric but competition and growing dependency in practice, as when former President Thabo Mbeki of South Africa warned about "neo-colonialism" and the leaders of the largest opposition parties in Zambia and Angola criticized the use of Chinese labor instead of local labor in large-scale construction projects.[28] The former Minister of Health in Ghana, Elizabeth Ohene, was also an exception when she reminded Africans that: "The Chinese are here and

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[25] Author interview, Lusaka, 31 August 2010.

[26] Author interview, Maputo, 8 December 2010.

[27] Author interview, Ndola, 6 September 2010.

[28] See the remarks made by the South African President, Thabo Mbeki: "China faces charges of colonialism in Africa," *International Herald Tribune*, 28 January 2007, http://iht.com/articles/2007/01/28/news/sudan.php. Mbeki's apprehension was also relayed to the author in an interview in Stockholm with South Africa's Ambassador to Sweden in June 2007.

everywhere else to make money and let no-one forget that – ever."[29] In recent years some observers have wondered whether China should perhaps be viewed as a new model for development, in addition to its role as a catalyst for economic growth.

In addition, some, to some extent contradictory, arguments have been made in the Western mass media that African state officials and officialdom believe China is a "gigantic good" offsetting the "evil" conditionalites of Western financial institutions and ODA. This view is shared among at least some government officials. Others, however, see it differently:

> We do not see China as a model to copy. We can learn some things from their development, but we cannot copy. First, they have a different line of command; from the top down. They have only one party.

This view is echoed by other informants, such as the Zambian businessman and economist, Yusuf Dodia, who has adopted a pragmatic but skeptical approach to Chinese aid and trade. Dodia described Zambia as having gone through its own transition from a socialist economy to a market economy, and he was certain that China was no economic, cultural or political model to follow for Zambia.

Like China's Africa watchers, the Chinese government's State Council Leading Office of Poverty Alleviation and Development also stresses the importance of formulating policies that are context-specific as opposed to a fixed model. Because the factors that cause poverty vary, different approaches are needed in different regions of China. Gradual reform is seen as the key, and introducing pilot projects on a small scale to test different development ideas at the local level (Davies, 2007: 34) together with a multidimensional approach to poverty reduction, a focus on the capacity building of farmers and a long-term focus where growth is coupled with poverty reduction were said

[29] Elizabeth Ohene, "African view: China's new long march," *The Guardian*, 21 October 2009.

to be key lessons. Similarly, the Chinese Africanist, Li Zhibiao, advises African nations that they must consider their own situation and not mechanically copy others. While Li does not want to paint an overly rosy picture of the results brought about by the post-Mao economic reforms, he still believes that there are lessons from the Chinese reform experience that Africa can study.

First, he argues that it is important to undertake gradual economic reform in order to avoid the outbreak of severe unrest. Second, he believes an opening up to the outside world is necessary as the Chinese reforms were carried out against the background of rapidly developing globalization. Without such an opening up, China could not have made use of FDI. Randy Peerenbom, an American law scholar, has argued that China's developmental path does not provide a detailed roadmap that Beijing urges other developing nations to follow in a mechanic fashion (2007:21). Rather than buying advice wholesale from the World Bank and the IMF, China has adapted basic economic principles according to its own circumstances and perceived needs. The question now is whether China will continue to reduce poverty on a global scale by actively engaging in other third world countries, through investing, becoming an important donor of foreign aid and making loans on favorable terms.

2.4 China's policy banks and corruption

During the much-discussed FOCAC meeting of 48 African heads of state and China's leaders in Beijing in November 2006, the People's Republic promised to increase its foreign aid to Africa. China was to sign debt relief agreements with 33 African countries by the end of 2007. Beijing also stated that it would double its aid and interest-free loans, and provide preferential loans worth USD 3 billion in order to develop infrastructure. President Hu's announcement one year earlier that China would provide the developing world with USD 10 billion in preferential loans raised eyebrows among OECD countries. According to Chinese officials with the Ministry of Commerce, all the new aid packages and loans destined for African countries are offered selflessly and there “were neither political strings attached nor interference in internal affairs.”

China has a lot of financial muscle to make good on its promises. Its staggering foreign exchange reserves, currently standing at USD 2.85 trillion, are channeled into the world’s largest sovereign wealth fund, China Investment Corporation (CIC). Significant amounts from CIC and the China-Africa Development Fund as well as concessional and preferential loans from the Chinese state-owned policy banks, the Eximbank and the China Development Bank (CDB), go into package deals to build the crucial infrastructure that connects markets and people. They are policy banks because they serve the Chinese government to effectively carry out policies regarding development cooperation. In fact, according to figures collected by the *Financial Times*, by sifting through public announcements by the banks, borrowers or the Chinese government, China provided more loans to the developing world than the World Bank in 2009–2010. CDB and China EximBank signed loans of USD 110 billion during that time.[30] There is no transparency from the Chinese policy banks about the amount that is committed annually to developing countries but, according to an analyst with the CDB, this was probably a conservative figure. In comparison, the World Bank agreed loans of a value of USD 100.3 billion from mid-2008 to mid-2010. Many African countries look to China, and it has almost become the new “world bank.” As Maria Gustava, director of the Asia Desk at the Foreign Ministry in Mozambique, admitted:

> We’re looking for investment, and China is now giving us lines of credit, concessional loans for investment to support the building of infrastructure. But actually, the Chinese are in a tight spot. They have undercut other bidders for large projects by promising cheap,

[30] Geoff Dyer, “China’s lending hits new heights,” *Financial Times*, 17 January 2011.

> fast construction and prompt delivery within a neat deadline. What they did not anticipate was the problem of strikes leading to delays.[31]

China is benefiting from the loans it provides. Concessional loans for the construction of infrastructure are guaranteed by repayments in natural resources. Some observers have called these types of conditionality the Angola mode. The Angola mode may now be out of fashion in Angola, where the quasi-Marxist government dislikes the connotations of colonialism associated with the practice, but it continues to have implications for those developing countries that agree to such conditions because it diminishes a country's flexibility to use future profits from, for example, oil extraction on other more acute problems.

Another problem is related to the fact that the same Chinese company is often involved in both the resource extraction and building the infrastructure. There is no open international tender, so there is no way to compare the quality and cost of the Chinese bid. On a positive note, and somewhat counterintuitively, however, the loans from Chinese policy banks may reduce the level of corruption. In contrast to World Bank, IMF and OECD country loans, China Eximbank, for example, does not send the money agreed for construction projects to the host nation's bank account. Instead, the money earmarked for a particular project goes straight to the Chinese contractor.

It must be remembered that preferential loans are made to the Chinese companies that are often the real initiators of a project. Many of these companies are in the construction sector, under China's "go global strategy." For this reason, African countries might not always get a better deal from the open market as companies from OECD nations are no longer subsidized in this way and Chinese companies can undercut the competition. There are agreements in effect that see to that. In this sense, Chinese preferential loans may be bad for both African countries and Western business interests because,

[31] Author interview, Maputo, 8 December 2010.

particularly when it comes to China's concessional loans, especially resource-backed loans, there can be a downside for the African country in question.

In contrast to most Western observers, Chinese analysts do not necessarily see endemic corruption as inherently a problem of autocratic politics. He Wenping at the Chinese Academy of Social Sciences (CASS) argues that many power holders "utilize the loophole of having democracy but not the rule of law," making it possible for them to engage in large-scale corruption (He, 2005). One thing is obvious, however – Chinese aid specialists are definitely concerned about how Chinese money is spent. They certainly do not see the squandering their resources as unproblematic. At least in this regard, although definitely not in other aspects, their focus on "effective governance" is bound soon to amount to pretty much the same as anti-corruption principles of good governance. The methods and content of the aid packages still differ, of course, and have different socio-political implications, not least when it comes to the issue of human rights.

Chinese officials in the Ministry of Commerce argue that the fact that China provides aid not in cash but in kind means that there is less risk of corruption (Davies, 2007:64). This method of avoiding corruption may be feasible some of the time and in some places. A more proactive strategy is needed by African governments, however, to develop native African industries rather than just rely on income and support from Indian and Chinese companies and government agencies. Many representatives of civil society organizations in, for example, Zambia and Tanzania are very concerned about deals being made behind closed doors between their governments and China. As the Zambian development consultant, Stephen Muyakwa, argued when I met him in 2008:

> The main problem really is transparency as the deals are not open to scrutiny. They are signed with the government, and we have serious problems with corruption. You know: how can we know that Chinese aid is not being pick-pocketed by officials?[32]

Muyakwa's irritation about deals made in the dark was shared by an overwhelming majority of other informants working with NGOs interviewed in Zambia in both 2008 and 2010.

3. Civil society's perceptions of China, Japan and South Korea

One problem for China's African venture is that it is constantly being judged in the Western mass media using a different standard to other actors such as India, South Korea or Malaysia. Perceptions differ and this is a fundamental problem for a Leninist one-party state trying to woo followers using Chinese soft power. Carefully state-orchestrated Chinese soft power will score only marginal long-term successes among Western countries and their people.

In African countries, hard economic power encourages political leaders to look east. Quantitative surveys conducted in recent years show remarkably strong support for China's presence and engagement in Africa, given the bad press Chinese companies and products receive in newspaper reports and from anecdotal evidence on the ground. Table 3.1 shows the views on China held by respondents in Mozambique, Uganda, and Zambia in 2008.

[32] Author interview, Lusaka, 23 July 2008.

Table 3.1 Views on China of respondents in Mozambique, Uganda and Zambia, 2008

Views of China		Mozambique (2008)	Uganda (2008)	Zambia (2009)
How much help from China	Missing	-	-	0.1 %
	Does nothing, no help	6.4 %	17.5 %	4.6 %
	Helps a little	13.7 %	21.1 %	11.8 %
	Helps somewhat	15.5 %	16.2 %	17.4 %
	Helps a lot	33.0 %	5.9 %	34.4 %
	Don´t know	31.4 %	39.3 %	31.7 %
	Total	**1200 (100%)**	**1200 (100%)**	**1200 (100%)**

Source: Afrobarometer[33]

Of the three, Uganda has the largest percentage of respondents who hold the view that China does little or nothing to help. The overwhelming majority of Mozambicans and Zambians, however, believe that China helps a lot. In a 2007 Pew Institute survey, 23 percent of respondents in Uganda viewed China "unfavorably" whereas 45 percent viewed it favorably."[34] Compared to the Pew study, what is striking about the Afrobarometer data is how many respondents, roughly 30 percent across the three countries, "don't know" what to think. It is possible to believe that this is due to some sort of selection bias, that is, a skewed ratio between urban and rural respondents in the two studies. Popular perceptions of the Chinese presence and its behavior also need to be factored into the equation of how Sino-African relations will develop in the future.

[33] See http://www.afrobarometer.org.

[34] See http://pewresearch.org/pubs/656/how-the-world-sees-china.

Surveys in recent years have shown great support among African populations for China's investment, presence and aid (Sautman and Yan, 2009).[35] That there are huge discrepancies between quantitative survey results and qualitative ethnographic studies, such as this paper, is a methodological problem that needs to be better understood and dealt with in future research.[36]

There are, however, signs that the positive trend could be reversed as Chinese companies in Africa under-hire workers, in contrast to more hopeful estimates, and those who have been employed complain about bad treatment, low or non-payment and terrible working conditions in mines or textile factories. Despite the favorable views of China in opinion polls conducted in African countries, it is evident that China's presence is not making everyone happy. Critics highlight that China's foreign aid is tied to Chinese construction companies, and therefore does not contribute to genuine job growth. In addition, there are many Africans who view Chinese immigration and temporary residence in their countries as a problem, because many Chinese out compete them as sellers of merchandise in the local market. One such market is Kariakoo in Dar es Salaam, where, in 2008, the author met many Chinese shop vendors and discontented Tanzanian businessmen and officials. In January 2011, Tanzania's Deputy Industry Minister, Lazaro Nyalandu, gave a group of Chinese traders 30 days' notice to cease trading in the Kariakoo market or be forcefully displaced, stating that "the government will not tolerate people who came to the country from abroad as investors only to end up as vendors or shoe-shiners, undertakings which can be carried out by locals." Many Africans are impressed by the Chinese work ethic, however, and China's aid and trade projects lead to the construction of much needed infrastructure in Africa. New roads,

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[35] See the also the 2007 Pew Global Attitude Project, http://pewglobal.org/database/?indicator=24&group=5.

[36] The 2007 Pew Institute study of African countries showed that populations across the continent were very positive about Chinese investments and the increasing presence of Chinese companies. A survey by Sautman and Yan (2009) also showed positive results among university students. Much ethnographic evidence, however, points in the opposite direction.

parliament buildings, bridges and sports arenas are tangible projects that dwarf similar OECD projects—and make Western efforts to improve governance even more invisible than they already are.

3.1. Zambia's Multi-facility exporting zones

After South Africa and Angola, Zambia is China's third largest trading partner in Southern Africa. Total trade between China and Zambia amounted to USD 2.85 billion in 2010. Thus, trade increased by a staggering 97.5 percent from 2009.[37] Of this trade volume, most consisted in mineral resources, such as copper, imported by China to a value of USD 2.5 billion. Chinese exports to Zambia pale in comparison, standing at USD 350 million. Many people in Zambia are discontented due to continued problems with labor relations between Chinese managers and Zambian miners. A study conducted by Zambian labor unions in 2009 concluded that: "Chinese FDI has had a modest impact on national development but overall negative impacts on the labor market."[38] Adding to the negative view, there have in recent years been number of serious accidents and violent incidents in the mining sector. The latest incident occurred in October 2010, when two Chinese company bosses at the Collum coal mine in Maamba opened fire on a group of Zambian mine workers who were demanding wage increases. Thirteen people were injured but, so far, the managers have escaped trial.

The MFEZ in Chambishi, Zambia's Copperbelt province, which is operated by NFC Africa Mining, a state-owned Chinese company was praised in the Chinese government's 2011 white paper on economic and trade cooperation with Africa: "So far 13 companies have moved in; they engage in mining, prospecting, nonferrous metals processing, chemical engineering, and construction, having made investment worth

[37] See World Trade Atlas data and Chinese Embassy in Zambia, http://www.focac.org/eng/jlydh/t804405.htm.

[38] Austin C. Muneku, "Chinese investments in Zambia," Chinese Investments in Africa: A Labour perspective, p. 201."

USD 600 million, and providing more than 6000 jobs for local people." When I asked ministerial-level officials in the Lusaka and local officials in the province about the progress of the Chambishi zone, however, their opinions ranged from cynicism and skepticism to despondency and irritation. One economist argued: "well, on paper the zone looks good, and if implemented it would also be good. But the initial Chinese contractor for the zone said that it was no longer feasible – it was too expensive. So now they want Zambia to borrow money from China to pay for the set-up." According to a local official in the city of Ndola, capital of the Copperbelt:

> I can tell you that everyone is in the dark. No one seems to be in charge – that's the problem. You know, even if you are a boss from Cabinet Office they still won't let you into their zone! Even when the Minister of the Copperbelt was to attend an enterprise presentation, the Chinese delegation did not bother about translation.

Should these remarks be dismissed as trivial complaints from sidelined local officials? Or do they indicate that China, commonly perceived as an alternative to the West that expands the policy space in Africa, may also contradict local policy and impact negatively on state sovereignty? Due to the political and strategic risks involved, this issue is likely to increase in importance in the future, as is how China interacts and engages with African civil societies in the future. In recent years, development aid policy has incorporated security policy, and there has been a structural change in the methods of operating with non-state actors such as NGOs. China is now the largest contributor of men and women in uniform to UN peacekeeping forces among the five permanent members of the Security Council, and is therefore increasingly working with local communities in post-conflict settings. Thus, Chinese actors are now more engaged with civil society, whereas actors of the Chinese one-party state have been quite uncomfortable about working with foreign NGOs (Hilsum, 2008: 138).

When asked about the status and progress of the MFEZ in Chambishi, a local official in the Copperbelt province answered:

> The MFEZ will start in 2011, but the cake is less for the Chinese now – they have their smelter – so it is really more important for the government to attract FDI. You know that progress is very slow because it gets entangled in local politics. It is just the same in Lusaka, because right now the government is very cautious about evicting people and tearing down buildings in Lusaka as it could be used by the opposition.[39]

A Member of Parliament, Given Lubinda, who represents a Lusaka constituency for the main opposition party, was blunt about what he saw as the negative outcome of the whole MFEZ project.

> It is a clear example of a rip-off. We the Patriotic Front Party must be careful not to have them create enclaves and segregated communities. […] The MFEZ in Chambishi is already up and running now. However, they said it would be open for all, but only the Chinese companies go there.[40]

Government officials at both the national and the provincial levels confided in interviews that the progress of the MFEZ was slow and quite contested at the local administrative level. An official at the Ministry of Labor said that the area chosen for the Chambishi MFEZ had barely been cleared from the bush. Moreover, he believed that the slow pace of establishing it as an industrial zone for exports was because the Chinese mining company in charge of the operation of the zone was quite satisfied once the large copper smelter was functional. Closer to the zone, the state administrators became even more critical. A local official complained about the de facto lack of oversight and the role of the local officials in handling business matters related to the MFEZ development scheme:

> I have repeatedly voiced my concern: no one is in charge of these zones as there are no clear-cut rules. Therefore, there will be problems between us Zambians and the Chinese.

[39] Author interview, Copperbelt province, 1 September 2010.

[40] Author interview, Lusaka, 30 August 2010.

> They don't care about the local people. They don't deal with us local officials. It all goes on above our heads.[41]

According to informants from both the governmental and the NGO sector, there was serious concern and disappointment about the MFEZ because it had not led to any significant progress, growth or job creation. One informant shook his head in disbelief, saying that the entrance barrier to the zone was USD 500,000 – a very high figure for Zambian companies. Eyebrows were raised at the policy of letting MFEZ companies enjoy a "tax holiday" of zero percent for five to ten years. It was argued that Chinese companies could use the tax breaks to undercut prices and more easily compete with local companies and smaller smelters. NGO representatives at the Consumer Unity and Trust Society (CUTS) and the Centre for Trade Policy and Development (CTPD) attributed the slow progress of the MFEZ to shifting Chinese priorities. Their main concern was whether the Chinese FDI sought by Zambia's government would really be beneficial for local employment and poverty reduction.[42] According to several informants, there was a difference in terms of response time between investors. The development policy officer of CTPD, Linda Banji Kalima, argued that Indian investors were better in this regard as they responded faster than the Chinese:

> Yes, they do pollute, but they are faster in their response to civil society, much better than the Chinese. You know at one time we had even scheduled an appointment with the Chinese, but they never came.[43]

Since 2006, there has been an increased focus on the behavior of Chinese companies in Chinese foreign policy journals and articles on Africa. There has been notable anxiety that the image of China could become more negative if local African concerns are not

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[41] Author interview with Kitwe official in Ndola, 5 September, 2010.

[42] Author interviews, Lusaka, 30 August and 2 September 2010.

[43] Author interview, Lusaka, 2 September 2010.

taken seriously by Chinese companies. The Chinese Africa researcher, Liu Hongwu, has argued that China must acquire a deeper understanding of African civil societies because their importance is set to increase and have a greater impact on Sino-African relations (2009: 74). Nonetheless, he is defensive in his book *African NGOs and Sino-African Relations*, arguing that it is only a few Chinese companies that are behaving badly. Nor does it bode well for the future handling of Sino-Zambian relations when he argues that African NGOs' criticisms of Chinese companies are masterminded by the Western financiers of such NGOs (2009: 74).

3.2. Land acquisitions for industrial zones and agribusiness

China, Japan and South Korea are all dependent on food produced overseas to feed their populations. This is a matter of food security. As in so many other areas, Japan has led the way. Japan owned as much as 12 million hectares of foreign farmland in 1995 (Yamauchi, 2002). According to the Chinese White Paper:

> At the Fourth Ministerial conference of the FOCAC it was agreed that "In order to further strengthen agricultural cooperation and improve African countries' capacity for food security, China will increase to 20 the total number of agricultural technology demonstration centers built for African countries, send 50 agricultural technology teams to Africa and help train 2000 agricultural technicians for African countries.[44]

Yet, as actual research and documentation about the progress of these centers are quite scarce, little is known about these programs and how they relate to the business of the agricultural sector.

A 2010 report from the World Bank, *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?*, contains empirical data on Zambia and Mozambique. The views of civil societies and officials in these countries presented in

[44] White paper on China-Africa economic and trade cooperation, Appendix II, point 5.

this section help to fill gaps in the research field. Uganda is more densely populated than both Zambia and Mozambique, and competition for fertile land is therefore already quite intense. It is therefore more difficult to make deals in the dark, because more people are likely to be affected. According to the Chinese embassy in Uganda, there are currently two large Chinese companies that invest in Uganda's agriculture sector: NAM and Hanhe Investment. NAM rents 500 acres for planting maize and Hanhe rents about 400 acres for planting grains and vegetables.

3.2.1. Zambia

The Zambian economist, Kelvin Kamayoyo, has argued that it would be better for Chinese investment to go into the agricultural sector than into the manufacturing sector, that is, predominantly in the MFEZ areas planned for Chambishi and Lusaka. He was concerned that the MFEZs were no more than plans on paper. Instead, he wanted to follow China's own model of economic growth, by investing first in the agricultural sector where most people currently earn a living. As many NGO representatives in both Zambia and Mozambique will testify, however, the acquisition and large-scale cultivation of land is a very thorny legal issue. Several informants spoke about problems related to transparency, such as the lack of up-to-date statistics and registers on land deals. Henry Maola of the Land Alliance of Zambia argued that:

> There is the problem of secrecy. The government is reluctant to release information and details. The information coming out is very dependent on investigative journalists. The Ministry of Land has not yet finalized a land policy, so we don't have a proper system for accommodating foreign investors.[45]

A local state official from Kitwe who was interviewed about the progress of the Chambishi MFEZ also spoke about the complaints of locals concerning land use rights:

[45] Author interview, Lusaka, 3 September August 2010.

> The smelter in Chambishi has received a lot of complaints. The local people [in Mbulaculima] have seen a lot of pollution pouring into the river. The YMCA in Kitwe tried to speak to the unhappy and discontented farmers about their grievances. Apparently, the Chinese are refusing to pay for the land rights.[46]

Chinese companies are subjected to criticism for their handling of local complaints regarding both pollution and relocation in the area of the Chambishi MFEZ. Japan's embassy in Zambia has been keen to initiate a project on the problems of both legal acquisitions of land and illegal so-called land-grabbing. Asked if he believed that land issues are becoming more problematic and sensitive in Zambia, as in the rest of Africa, he replied: "Yes, land-grabbing is an issue now. The Japanese Ministry of Foreign Affairs has set up a taskforce together with Zambia's Ministry of Agriculture to investigate this phenomenon." It is important to note that complaints have also been made about the practices of Western firms, as well as the acquisitions of oil-rich Saudi Arabia and of North African and Gulf States. According to Love Mutesa of CUTS: "An Australian mining company bought land and relocated people, but they did not compensate people for their lost income after relocation."

In Zambia, land-grabbing is seen by opposition parties and NGOs as an increasing problem. They would like more journalists to investigate land acquisitions and place these in the context of Zambia's weak and inconsistent laws and policies on land. Today, Zambia has three land tenure systems: first, the President holding land for all Zambians; second, 93 percent of all land is held under customary law, that is, on behalf of the local tribes in the districts; and, third, land is owned by the state, but is managed either by local operators or agents of the state.

One case illustrates how leaks to the mass media and NGOs are effective means for remedying the non-transparent deals made between Zambia's government and foreign

[46] Author interviews, Lusaka, 3 September 2010.

countries. The case concerns a secret deal with Libya on the leasing of an area of land of around 50, 000 acres. News of the deal reached the media and the public when the Land Alliance of Zambia (ZLA) got a leak from a government source, and the agreement with Libya was aborted. According to Henry Maola of the ZLA, the official explanation for the Libyans' change of mind was the lack of water. However, the underlying problem was the local people's dissatisfaction that their chief had not reported the Libyan deal to them.

> We also had a case involving a Chinese investor. It was in the Pica district. It was leaked through a media report in 2007. They wanted to lease 2 million acres. We have not heard any more of it since, but for sure they are interested.[47]

The land rights problem is not only about the procurement of large areas of fertile farmland. The MFEZs in Chambishi and Lusaka are also problematic from the perspective of legal rights to land. According to Henry Maola: "We heard of victims in Chambishi. And here in Lusaka there are environmental issues. Since the ground water runs there, the zone may have implications for the local water supply."

Thus, there are governance and transparency problems at both the national and the district levels regarding the sensitive issue of land. In the eyes of Henry Maola, the major problem is the government's obsession about enticing investors to Zambia without taking the necessary steps for a review process that takes account of the environmental impacts and the social and economic consequences for local communities. Maola was disappointed in the government and blamed government ministers for traveling abroad to attract FDI and then bulldozing people on their return.

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[47] Author interview, Lusaka, 3 September 2010.

3.2.2. Mozambique

Just as with other sub-Saharan countries, China's trade with Mozambique has also increased in recent years. In 2009, Sino-Mozambican total trade volume amounted to USD 517 million, an increase from the previous year by 22.5 percent. Of this trade, USD 339 million were Chinese exports, whereas China imported Mozambican goods, mainly natural resources, timber, and agricultural products to a value of USD 178 million.[48] China is continuing to sweep emerging markets for energy deals. Wood Mackenzie, an Energy consultancy, says that demand for diesel, gasoline and gasoil in China is rising by about 8 percent per year. According to UBS, China's demand for oil will not peak until 2025.[49] China's quest for global energy resources is shifting into a higher gear as its giant oil companies complete bigger and more complex deals to help fuel their country's economic boom. Bankers help China's national oil producers to buy companies and assets, and use their deep pockets to acquire technology to extract harder-to-reach resources.

This may mean additional risks to the environment in areas such as Mozambique's Cabo Delgado Province and the area in northwest Uganda where an Anglo-Irish, French and Chinese consortium are beginning to extract oil.[50] There are doubts about the true extent of oil resources in the province. What is obvious, however, is that there is new and increasing demand for Mozambican territory, both on land and at sea. The reason is that commercial interests want to develop agribusinesses, fisheries, and coal and oil extraction. The land issue is becoming especially important in Mozambique. According to Antonio Branco, the agribusiness sector is expanding because Mozambique is a stable

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[48] On Chinese-Mozambican trade data, see: http://mz.chineseembassy.org/chn/

[49] Alison Tudor, "China's Relentless Hunt for Energy," 3 January 2011, http://blogs.wsj.com/deals/2011/01/03/chinas-relentless-hunt-for-energy/.

[50] In March 2011, the Anglo-Irish company Tullow Oil sold part of its oil wells in Uganda to Total of France and CNOOC of China. The value of the deal was USD 2.93 billion. *Uganda Daily Note*, 31 March 2011.

country today. It therefore attracts investors, which could mean food security and food production both for the investor countries and the local market. Like the development economist, Kelvin Kamayoyo, in Zambia, Branco believes that the agricultural sector is where the Chinese experience could prove especially valuable: “small-scale farming will never make the economy take-off in Mozambique, it was not what jump-started the Chinese economy.” University lecturer Mariamo Abdula has noted a Chinese agribusiness venture in the district of Boane, near Maputo. She deduced that China’s objective was probably to make Mozambique a supplier of cereal crops.

Not surprisingly, a contrary view to that of the economists and business consultants comes from NGOs. Daniel Ribeiro of Justiça Nacional in Maputo argues that land-grabbing is a serious problem due to the illegal use of land rights. In fact, he describes the whole system as corrupt: “every cog of it.” The community leaders who pass on the land use rights are corrupt, as sometimes are the communities themselves. According to Ribeiro, the logging sector and bio-fuels agribusinesses in the north of the country are especially problematic. He referred to a meeting held by the national farmers union União Nacional de Camponeses (UNAC) in November 2010, during which hundreds of stories were told of local abuses of land rights. The meeting concluded that the government was not taking care of poor farmers anymore. According to Ribeiro:

> There is a new xenophobic component toward outsiders, especially against the Chinese. The communities out there are very worried. In the north there is widespread talk of the negative Chinese impact on the environment due to uncontrolled logging.

In Mozambique, researcher Eduardo Namburete sees the depletion of forests in the north and of the timber sector as a problem of mutual collusion, where state officials and retired generals ask for a 10 percent commission and there is nothing that the people, the media or NGOs can do to stop it: “the Chinese companies are not playing by the rules, and they are very much engaged in these practices.”

The director of UNAC, Diamantino Nhampossa, emphasized that it may seem as if a lot of land is not being cultivated, but that does not mean that people do not use it. In its communications with foreign investors, the government says that there is plenty of unused land. Hiding the truth means that investors may end up in messy conflicts about land with local farmers and communities that seldom understand the deals they have signed. Communities may not understand, for instance, that a company may want to use a certain piece of land for 25 years. Diamantino also describes how the situation has become more unstable and volatile in the north of Mozambique, especially in Niassa Province.

The friendly relations between Mozambique and China date back to the early 1960s, the early days of the liberation movement and the struggle of the Liberation Front of Mozambique (Frente de Libertação de Moçambique, FRELIMO) against Portuguese colonial power. Official diplomatic relations with China were established soon after independence was won in 1975. During the 1980s and 1990s, cooperation was cemented through the provision of a line of credit to purchase equipment, raw materials and consumer goods. After the launch of FOCAC in 2000, China increased its presence in Mozambique through loans, FDI and infrastructure projects. As is mentioned above, many of these are visible to the visitor as they are high-profile buildings.

The researcher Eduardo Namburete has observed two parallel shifts in the politics of Mozambique in the past decade. When President Joaquim Chissano left office in 2004, it marked the beginning of a new era and a rapid shift toward courting China. At the same time, there was a clear shift away from Chissano’s more consultative way of dealing with the opposition and civil society and back toward the old one-party system. Namburete is quite pessimistic about Mozambique’s future, as well as the potential role of civil society as NGOs are weak, and controlled and financed by the government. It is evident that NGOs in Mozambique are having a more difficult time and are under more pressure than before. Some of those interviewed gave examples of harassment if they tried to investigate corruption or illegal deals made by politically well-connected people.

When asked about the role of Western donors in this context, different informants had different answers. Some believed that the outside world could do little. Donors earmark funding for NGOs, which is distributed through the government budget, but they want to have a good relationship with the government in Mozambique. Western governments want to maintain their influence and to hold up Mozambique as an African role model that has been lifted out of misery. They are therefore likely to be reluctant to finance a confrontation with the government. Other informants thought that confrontation should be avoided, but that, given the stresses that civil society organizations face, foreign governments and aid organizations should consider directly financing some NGOs in Mozambique. At present, these NGOs dare not campaign on popular issues as they are dependent on the government for funding. Daniel Ribeiro was not optimistic about trends inside the top echelons of Frelimo:

> It seems that the younger generation inside the Party is more adherent to the business faction. They also have China as an authoritarian capitalist model, which to them stands out as an inspiration that they can follow.

China likes working with Mozambique because it is a de facto one-party state. It is easy for China to understand and cooperate with a government that is intent on controlling civil society. To some extent, however, it is still a learning process. China's policy banks, Eximbank and China Development Bank, held a meeting with WWF in Maputo at the beginning of 2010 to gain a better understanding of how foreign investors are perceived by civil society. The underlying reason for the meeting was that workers in Mozambique have been treated harshly by Chinese companies. The Chinese have a hard work ethic and do not accept employees who are late for work or break the rules. As a result, there is a perception in civil society that "the Chinese" are not learning from, improving or adapting to the local situation in Mozambique.

The volume of trade between China and Africa in 2003 was USD 18.5 billion, by 2007 it amounted to USD 73 billion, by 2008 total trade had reached USD 106.8 billion and for 2010 the figure stood at USD 127 billion. China is the African continent's single biggest trading partner, and it looks set to surpass the EU as a whole. Are the benefits of trade with China and the effects of its FDI trickling down to all Africans? Does it lead to poverty reduction or reinforce income disparities? Linda Banji Kalima at the Zambian NGO, the CTPD, was quite definite: "No, foreign investment is not beneficial to all. According to local actors, it was only initially helpful. Our assessment regarding the Asian investors is that incoming FDI does not give back more than peanuts to local communities."

4. South Korea in Africa

South Korea's Trade and Investment Promotion Agency will open 11 new Korea Business Centers in 2011, of which three will be in Africa.[51] New diplomatic representation will be opened in Madagascar, Rwanda and Uganda. Since the beginning of 2011 the Korea National Oil Corporation has been busy with natural gas extraction operations in Mauretania. All this is indicative of how Africa is increasing in importance for Seoul both for natural resources and as a growing market for its exports. However, as Mozambican consultant Antonio Branco put it: "Vietnamese Telecom won a tender three weeks ago, and they are also involved in agricultural research and support. They are actually a much bigger actor than South Korea."

Maria Gustava, the director of the Asia department at the Mozambican foreign ministry argues that:

[51] "Building without BRICs," *Africa-Asia Confidential*, Vol.4, No.3.

> Cooperation is picking up speed with South Korea. You ask what they are interested in? I guess they are also interested in natural resources. They wanted to meet with the Minister for resources. But we suspect that their main interest might lie in land.

South Korea has only recently become an aid donor, having itself been an aid recipient for many years. According to the South Korean scholars Park Young Ho, Jeong Jisun and Hur Yoon Sun (2009), it was the first country to achieve this – and the international community's expectations of how South Korea will share its development experiences are great. (Curry, 2010: 56; Park et al., 2009: 171–2).[52] South Korea's emergence as an aid donor raises questions about the possible impact on local politics, the effects of donors' aid and how aid contributes to reducing poverty.

To shed light on these complex issues, this chapter investigates the characteristics of its development grants in the mid-2000s. Section 4.1. discusses South Korea's development aid to Africa and evaluates its impact. Section 4.2. reviews the Korea-Africa Economic Cooperation Action Plan, which provided an overview of the areas for which support was planned in 2009–2010. South Korea's land acquisition policies in Madagascar and Tanzania are investigated in section 4.3. Section 4.4 provides some conclusions.

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[52] The writing by Park et al. is incorrect. Kangho Park, Director-General at the South Korean Ministry of Foreign Affairs and Trade, writes that China was the first developing country to establish an aid program (it has also long been an aid recipient). The aid program began in ad hoc fashion in 1950 with the provision of grain, medicine, cotton and other industrial materials to North Korea during the Korean War (1950-1953). Afterwards, China provided aid to socialist countries and Marxist independence movements. Somewhat contradictory, Park also writes that India has provided development assistance since its independence (in 1947). On South Korea, Park writes that "Korea made a full transition from aid-recipient to aid-donor over the space of a single generation - a result of rapid and sustained economic growth and poverty elimination" (Park, 2010: 43–45)

4.1. South Korea-Africa Economic Cooperation

A 2006 study of development grants published by the Korea Institute for Development Strategy and the Korea International Cooperation Agency (KOICA) showed that the level of South Korea's development assistance was below international standards. In 2004, ODA amounted to USD 420 million, which, at 0.06 percent of Gross National Income (GNI), was one-fourth of the average level of the OECD Development Assistance Committee (DAC) members. South Korea became a member of the DAC on 1 January 2010. On a per-capita basis, the average level of ODA was USD 69. Norway's ODA per capita was the highest at USD 281 but South Korea's was just USD 8. The grant element was 86.7 percent which was one of the lowest among DAC members. The grant share was 39.8 percent against the DAC average of 89.7 percent. Only 19.4 percent of the aid was untied, against a DAC average of 92 percent (Chôn et al., 2006: 5).

Table 4.1. South Korea's ODA, 1998–2009 (USD millions)

Year	**'98**	**'99**	**'00**	**'01**	**'02**	**'03**	**'04**	**'05**	**'06**	**'07**	**'08**	**'09**
Total ODA	182.7	317.5	212.1	264.7	278.8	365.9	423.3	752.3	455.3	699.1	802.3	815.8
Grants	37.2	39.0	47.8	53.0	66.7	145.5	212.1	318.0	259.0	361.3	368.7	366.1
Loans	87.5	92.4	83.4	118.6	140.1	99.7	118.7	145.3	117.1	132.2	170.6	214.1
ODA as % of GNI	0.06	0.08	0.05	0.06	0.06	0.06	0.06	0.10	0.05	0.07	0.09	0.10

Source: Ministry of Foreign Affairs, http://www.mofat.go.kr, cited from OECD International Development Statistics Online DB. The home page does not record figures on the geographical distribution of ODA.

Table 4.1. shows the pattern of South Korea's total ODA from 1998 to 2009. Although the volume of ODA fluctuates, it is obviously increasing. Grants have substantially

exceeded loans since 2003 but the share of GNI made up by ODA has risen only marginally.

The same study rated South Korea negatively on the efficiency of its ODA, recipient country ownership, the alignment and harmonization of its aid, managing for development results and levels of mutual accountability. In 2004, the amount of development aid provided to 73 countries outside Asia was on average not more than USD 100,000. There was no country programming, which reduced efficiency and meant that South Korea's unique development experience could not be utilized effectively. Aid grants were divided into: manpower cooperation, development cooperation projects, civil international cooperation projects and infrastructure for development cooperation projects. Manpower cooperation was delivered by inviting trainees to South Korea. This was popular among developing countries but did not fully meet their aspirations, in part because the content of the training did not reflect the countries' needs. In addition, the content of development cooperation projects was not sufficiently related to country programming, reducing its efficiency. These deficiencies can be explained by lack of knowledge about the recipient countries and their particular needs.

South Korea provided ODA to meet its obligations as a member of the international community. At the same time, however, there were financial restrictions linked to lower rates of economic growth, lower levels of economic vitality due to its ageing population and the high financial burden of North-South Korea relations. South Korea has unique experience and know-how of relevance to assisting developing nations to overcome poverty as it was a typical underdeveloped country until the early 1960s and has since eradicated poverty and developed into a modern industrial state. South Korea is also one of the few countries to have reached the middle-income level and at the same time become a democracy (Chôn et al., 2006: 5–12; Park et al., 2009: 171). These are favorable starting points for providing development aid, but the main reason for the low level of efficiency of its ODA is most probably South Korea’s limited experience as a donor.

South Korea began to establish diplomatic relations with African countries in the early 1960s but relations have since been less active than with any other continent. When President Roh Mu-hyon visited Africa in March 2006, it was the first visit by a South Korean head of state since 1982. He used the visit to launch Korea’s Initiative for Africa’s Development, and in November 2006 the First Korea-Africa Forum was held to formulate a plan for strengthening cooperation with Africa.

Nonetheless, in 2007 the extent of economic cooperation fell behind that with other continents. Although trade was increasing, the 2006 trade volume was just USD 12.1 billion, or 1.9 percent of the volume of total trade. Until 2006, only 1.7 percent of South Korea’s total FDI went to Africa. In 2006, 20 investments were made in Africa and the share of FDI in monetary terms was 2 percent (Chôn et al., 2007: 2). Table 4.2. shows the low share for Africa in South Korea’s FDI. In contrast, the great importance of Asia and North America is striking.

Table 4.2 South Korea's Outbound FDI by Region (USD millions)

	1995		2000		2005		2006		2007	
Region	**Cases**	**Value**	**Cases**	**Value**	**Cases**	**Value**	**Cases**	**Value**	**Cases**	**Value**
Asia	1,045	1,703	1,186	1,576	2,990	3,932	3,472	6,059	3,966	11,000
North America	139	549	714	1,420	1,099	1,277	1,334	2,142	1,331	3,557
Latin America	31	122	51	1,505	45	307	60	527	86	1,201
Africa	7	42	7	156	19	113	20	214	38	239
Middle East	1	32	4	30	16	130	34	391	97	194
Europe	71	613	67	291	140	645	166	1,195	278	4,027
Oceania	38	39	53	90	80	153	99	202	107	513
Total	**1,332**	**3,102**	**2,082**	**5,069**	**4,389**	**6,557**	**5,185**	**10,731**	**5,903**	**20,734**

Source: *Ahn, Choong Yong, "New Direction of Korea's Foreign Direct Investment Policy in the Multi-Track FTA Era: Inducement and Aftercare Services," table 7, OECD Global Forum on International Investment, 27–28 March 2008.*

Another indicator of South Korea's limited presence in Africa is that 8399 South Koreans were living in African countries in 2007 – just 0.1 percent of all its residents abroad. In 2005, 8.4 percent of South Korea's ODA, that is USD 39 million, went to Africa.[53] The share for Asia in 1991–2005 was 70.8 percent, for the Middle East 13.9 percent, for

[53] The figure of USD 39 million is based on the total ODA of USD 752 million recorded in Table 1 of Ahn, Choong Yong (2008), a share of 5.2 percent. It is unclear why the figures differ but the low share for Africa is indisputable.

Africa 9.9 percent (North Africa 2.2% and sub-Saharan Africa 7.7%), the Americas 2.7 percent, Europe 2.7 percent and Oceania 1.1 percent. In contrast, in 1991–2005, 33 percent of the ODA of the member countries of the OECD DAC went to Africa. In 2008, South Korea spent 56 percent of its total development aid, which amounted to USD 802 million, in Asia. According to Kangho Park, Director-General of the Ministry of Foreign Affairs and Trade (Park, 2010), South Korea each year hosts 4000 trainees from developing countries and sends experts and volunteers abroad to transfer development know-how. The country of origin of the trainees and the destinations of the experts and volunteers are not recorded. Development aid is provided through technical cooperation grants, project/program grants, other grants and bilateral loans.

Since its foundation in 1987, the Economic Development Cooperation Fund (EDCF) has supplied 10.3 percent of its credit assistance to Africa in the fields of health, education, energy and transport. Recipients include Ghana, Kenya, Tunisia, Angola, Nigeria and Uganda. Between its foundation in 1991 and 2005, KOICA supplied 10.7 percent of its total cooperation funds to Africa. Support has included materials, training and sending medical teams to 52 countries but, with the exception of Egypt, Ethiopia, Tanzania and Morocco, the amount of support has been very minor (Chôn et al., 2007: 2–3; Park, 2010: 42, table 1, 46, 48, table 2).

The basic targets for South Korea's development cooperation with Africa are:

- To reduce poverty in Africa, which is a core global issue;
- To contribute to global peace and welfare and improve South Korea's global position;
- Through development cooperation, to create confidence and develop economic cooperation that both parties can benefit from.

Notably, since the possession of natural resources and demand for them supplement each other, there are significant opportunities for economic cooperation between South Korea and Africa. There is a strong tendency in Africa to regard South Korea as a model for modernization. At the same time, there is a need to strengthen the domestic foundations for economic development in Africa (Chôn et al., 2007: 4).

Chôn et al. (2007) makes a number of interesting evaluations of South Korea's economic cooperation with Africa:

- Africa has until recently been regarded as an important area not for investment but for building infrastructure, the exploitation of natural resources and enlarging export markets. It has the potential to become an area for new investment.

- There is a need for cooperation with Africa on an efficient strategy that could be connected with economic cooperation.

- The amount of aid to Africa has been low and it has not been based on long-term cooperation on a country basis. Since credit assistance and grants have not been efficiently connected, efforts to reduce poverty and achieve economic development have been ineffective.

- There is a need for economic cooperation to reduce the risks and uncertainties in the African market, thereby reducing poverty and simultaneously laying the long-term foundations for deeper economic cooperation for mutual benefit (Chôn et al., 2007: 3–4).

In addition to the 2006 study cited above, other criticisms have been expressed about the inefficiency of South Korea's development assistance, reflecting South Korea's limited experience. In 2009, a comprehensive study of South Korea's rural development cooperation with Africa was published by the Korea Institute for International Economic Policy. In 2009, more than 300 million people lived in absolute poverty in Africa, which corresponds to more than 40 percent of the population. More than 70 percent of the poorest people in Africa live in rural areas and are dependent on agriculture to maintain their livelihoods, and there is a widely held opinion that agricultural and rural development should be prioritized to alleviate poverty and initiate economic development. Subsistence farming is the main characteristic of the underdeveloped patterns of agriculture linked, for instance, to land degradation, limited market access and reductions in foreign aid. South Korea focuses its aid on project assistance and technical cooperation.

In 2004, South Korea launched the Millennium Village Project in Kenya as a new way to eliminate rural poverty in Africa. The purpose was to achieve the UN MDGs in villages by taking an integrated community development approach. It was the first attempt to combine the MDGs with rural development and included agriculture, health, infrastructure and education. In this way, it resembled the successful community-based Saemaûl Movement (New Community Movement) in South Korea, which was initiated in the early 1970s and was based on diligence, self-help and a cooperative spirit and contributed to improved living standards in rural areas. By 2009, there were 79 Millennium Villages with around 400,000 beneficiaries in ten countries. The project is thought to have great potential to lift rural villages out of poverty.

Until 2009, South Korea had not paid much attention to Africa's agricultural development due to the geographical distance and its lack of understanding of rural Africa. Consequently, the aid budget for agricultural and rural development remained insignificant, leading to ad hoc assistance on a case-by-case basis without a long-term development strategy. However, its Saemaûl Movement meant that South Korea had valuable experiences and expertise that could be adapted to the African context, although conditions on South Korean farms in the 1970s and in African rural communities today are very different and the significance of sharing the experiences of the Saemaûl Movement should not be oversimplified. Political, socio-economic and cultural factors in each community must be assessed and integrated into a new model in order to make aid work.

Technology transfers and the establishment of agricultural infrastructure are the major means that South Korea uses to promote agricultural development cooperation in Africa. Rural development was the main issue at the second Korea-Africa Forum, held in Seoul in November 2009. In 2008, ODA to Africa exceeded USD 100 million but assistance was still minimal from a global perspective. The share for Africa among total ODA had risen from 6.2 percent in 1996 to 19.8 percent (Park et al., 2009: 5, 10, 27, 149–150, 249–250, 252–2535).

In 2008, South Korea provided USD 797 million in development assistance, which made it number 14 among donors. Nonetheless, the ratio of ODA to GNI was only 0.09 percent in comparison to the DAC average of 0.3 percent. From 1991–2008, South Korea provided USD 470 million in ODA to Africa. In particular, the 2006 South Korean initiative for Africa's development mentioned above led to a decision to expand aid threefold. Emphasis was put on transferring agricultural technology to develop agriculture and the infrastructure for agriculture. As follow-up measures, the first and second Korea-Africa Forums were held in 2006 and 2009, respectively, and in 2009 it was decided to double ODA from the 2008 level. In addition, 5000 trainees would be invited to South Korea and 1000 volunteers sent to Africa. Development cooperation in agriculture and rural areas were among the main issues of the forums.

By 2008, Africa received 19.8 percent of total ODA compared to eight percent in 2003 but support to agriculture in 2008 was just 2.1 percent of this amount. In contrast, the shares of Asia and Asian agriculture in the same period were 78 percent and 52 percent, respectively. Among the grants provided by KOICA in 2008, USD 54.5 million, that is, 20 percent of all grants, was provided bilaterally to 48 countries in Africa, but only USD 8.5 million, that is, 16 percent, went to rural and fishing areas. Among the recipients, Algeria, Senegal and Tanzania received 20 percent each. Assistance was provided through project aid and support for trainees and delegations. Program-based assistance through sector support and financial support was not provided. Areas of support were raising productivity, transmission of processing technology, development of irrigation facilities, reconstruction, the residential environment, rural development and technical education. The remainder was distributed between environment and [non-specified] others (8 percent), industrial energy (10 percent), information technology (15 percent), administrative systems (13 percent), health and clothing (20 percent), education (16 percent) and emergency relief (2 percent).

Grants to Africa totaled USD 236.1 million in 1991–2008, which was 13.1 percent of the total amount provided. South Korea's support to rural areas in Africa focused on increasing productivity, improving access to markets and the residential environment, and integrated development. Recipients in 2007–2009 were Senegal, Algeria and Tanzania; and in 2008–2010 were Senegal and Zimbabwe, as well as Nigeria in 2007–2009 and 2008–2010, Tanzania in 2008–2010 and Morocco in 2007–2008. The amount of aid in the first round was USD 45.4 million, concentrated on Senegal (16.8 million) and Algeria (15.4 million), and for the second was USD 1.66 million, focused on Nigeria (1.04 million). Morocco received USD 880.000.

In spite of the existing plans, in 2009 they were not properly implemented undermining organic connection between projects. The reason was an insufficient sector-based approach. It was desirable to adopt South Korea's comparative advantages to match with circumstances in Africa and improve the way in which assistance is provided to raise efficiency. Both in terms of size and length, South Korea has less experience and know-how than other donors reducing its capacity. Consequently, it was necessary to raise the efficiency of assistance (Park et al.: pp. 161-5, 170, 171, 175).[54] Again, the lack of efficiency is raised.

Of the credit assistance provided through the Economic Development Cooperation Fund, about 10 percent was provided to Africa for projects on health, education, social infrastructure, energy, and the transport sector. In 2005, USD 31.4 million was lent to Angola to modernize its agriculture and in 2007 USD 30 million to Egypt to modernize farming. In 2007, there were consultations with the Mozambique government on a plan to utilize agricultural land more efficiently, reform agriculture and transfer agricultural technologies, improve the marketing of agricultural products and activate agricultural credits. In 2007, South Korea donated USD 5 million to the African Development Bank from the Korea Africa Economic Cooperation Trust Fund. The money was used to transfer South Korea's development experience, for the management of infrastructure and natural resources, and on information and communications technology (ICT), the development of human resources, the development of agriculture in rural areas and green growth.

In 2007, workshops were held in Tunisia and South Africa on the transfer of development experience. In 2008, the workshops were followed by a ministerial conference. In the Korea-Africa Economic Cooperation's (KOAFEC) action plan approved for 2009–2010, it was emphasized that the development of infrastructure, increasing productivity and reform in rural areas were important for agricultural development. After the success in Kenya in 2004 noted above, South Korea's experience of rural development gained from the Saemaûl Movement was applied in experimental

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[54] Park et al. write on p. 161 that from 1991-2008 aid was provided to Africa's 53 countries but do not record how it was distributed between them. On p. 163, they do s not say which five countries did not receive aid in 2008. The figure of total aid provided in 2008 differs slightly from that above that is from Kangho Park, op. cit., p. 42: table 1. Note that Park (ibid., p. 46) records that the share of Asia in total development aid in 2008 was 56 percent whereas the figure 52 percent above (Park et al., ibid.: p. 163) refers only to ODA.

villages in the Democratic Republic of the Congo and Côte d'Ivoire. On the basis of the outcome of these experiments, the program was expanded to the whole African continent. In addition to Kenya, KOICA had recently implemented experimental projects based on the Saemaûl Movement in Vietnam, Cambodia, Laos and Nepal and these had been assessed as comparatively successful.

As part of its multilateral assistance, since 2006, the South Korean government has used the Millennium Village Project to transfer South Korea's development experience. The project received USD 8 million over five years to promote integrated regional development on the basis of the Saemaûl Movement, and a second phase is planned. The movement received praise both nationally and internationally for its crucial role in developing South Korea's agriculture and now serves as a model for developing countries. Many countries have shown an interest in applying the experience. As is noted above, the experiences of the Saemaûl Movement would be an efficient way to provide development cooperation but since conditions in South Korean rural areas in the 1970s and those facing African rural communities today are very different, the South Korean experience should not be overemphasized. KOICA will provide 80 percent of the funding to Tanzania and Uganda.

Despite the fact that it was agreed in the 2008 Accra Action Plan that efficiency should be increased through the division of labor between aid donors, South Korea's cooperation and consultation with other donors remain insufficient (Park et al., 2009: 149–50, 166–68, 178–79, 186–88, 217, 235). This indicates that South Korea's emergence as a major aid donor has not affected the efficiency of other donors.

4.2. The South Korea-Africa Economic Cooperation Action Plan

The Korea-Africa Economic Cooperation (KOAFEC) Action Plan provides an indication of the targets of South Korea's economic development aid. The Action Plan for 2009–2010 set out its development objectives for fostering creative cooperation between Africa and South Korea in the areas of infrastructure and natural resources development essential to achieving sustainable economic development. In its implementation strategy, KOAFEC committed to consult extensively with African countries on infrastructure development and to provide finance for many projects in transportation, telecommunications, sanitation, energy and sustainable resource development. Financial support of approximately USD 750–800 million would be provided to Angola, Ghana, Madagascar, Mozambique, Senegal, Tanzania, Nigeria and Egypt. Ghana and Madagascar would be the largest recipients.

According to the KOAFEC plan, South Korean expertise in ICT would enable it to provide substantial support to bring about significant ICT development in Africa. Financial support of around USD 120 million would be provided for ICT projects, almost all of which would be provided to Angola and Tanzania. Other recipients would be Algeria, Mozambique and Senegal, and projects would be implemented "in a continuous and steady manner."

Under Human Resources Development, the aim was to help provide young and unskilled workers with greater access to training and education in order to raise the quality of the labor force. The level of education in the workforce is far lower in Africa than in other continents. Vocational training centers were planned in areas with high demand. A primary aim was to nurture the next generation of leaders by, for example, providing courses in ICT and economic development policy, areas in which South Korea has global expertise. Financial support amounting to about USD 150 million would be provided to Angola, Ghana and Cameroon as well as Mozambique and Ethiopia (Chôn et al., 2007; KOAFEC, 2009).

KOAFEC outlined that South Korea's economic performance was of great interest to its African partners. Workshops had previously been held on the topic and new workshops on ICT and rural development were planned. The first meeting in a series of "tailor-made invitation workshops," for Mozambique, was held in May 2010. In addition, the plan argued that “More sustainable measures for agriculture reform should be developed and spread.” Financial support for this would amount to USD 46.8 million, of which USD 25 million would fund an irrigation rehabilitation project in Mozambique. Almost all the remainder would be provided to Mali, while Côte d’Ivoire, the Democratic Republic of the Congo, Senegal and Tanzania would receive much smaller amounts.

In line with South Korea’s vision of “low carbon, green growth,” the KOAFEC plan outlined how energy industries could become a new driving force for economic growth. Financial support of USD 130 million would be provided to support wind power in Kenya (KOAFEC, 2009).

KOAFEC held four workshops between December 2009 and July 2010. On 16–18 December 2009 the South Korean government, the Korea Export-Import bank and the African Development Bank organized a second series of on-the-spot workshops in Cape Town, South Africa. Thirty-two government officials attended from Botswana, Cameroon, Kenya, South Africa and Tanzania from the field of ICT planning and development. The workshops aimed to provide an overview of South Korea’s experience in ICT and to introduce cutting-edge ICT technologies and explore opportunities for cooperation in the sector between Africa and South Korea.

The conference was followed by tailor-made invitation workshops for Ghana (26 April to 5 May) and Ethiopia (15–25 June), which were both held in Seoul. In the first case, 20 government officials participated from 12 ministries engaged in development planning and management. In the second case, 15 government officials took part from seven ministries engaged in development planning and management. Finally, an on-the-spot Workshop for Agricultural and Rural Development was held on 13–15 July in Nairobi. The workshop was attended by 38 government officials in agriculture- and rural planning- and development-related departments from 19 countries (Benin, Burundi, Côte d’Ivoire, the Democratic Republic of the Congo, Djibouti, Egypt, Equatorial

Guinea, Ethiopia, Gabon, Ghana, Kenya, Liberia, Mozambique, Malawi, Nigeria, Rwanda, Tanzania, Uganda and Zimbabwe) (KOAFEC, 2009).

At the Third Korea-Africa Economic Cooperation Conference, held in Seoul on 15 September 2010, participants included ministers from African countries, the president of the African Development Bank and the South Korean Minister of Strategy and Finance. The participants expressed their opinion that since its foundation in April 2006, KOAFEC had made "substantial progress in promoting economic cooperation between Korea and Africa." Progress had been made in supporting Africa's economic growth in infrastructure, ICT, human resources development, sharing of development experience, rural development and green growth. Both sides agreed to develop close cooperative ties and to promote good relations and economic development.

More specifically, co-prosperity in South Korea and Africa, and the sharing of South Korea's development experience to meet Africa's demand for economic cooperation as well as cooperation in infrastructure development, human resources, agriculture and rural development, small and medium-sized enterprises and green growth would all be promoted. Cooperation was also requested at the G-20 level to support development in Africa. The Joint Declaration consists of 40 points on the targets to be implemented. In an initiative called "RISING Africa together with Korea" the South Korean government pledged USD 1.09 billion in ODA to Africa from 2010–2014 – a not insignificant amount and double the amount provided in 2005–2009. The government also promised to share South Korea's development experience by designing tailor-made economic development programs for 12 African countries by 2012 (Joint Declaration; *Korea Herald*).[55] The initiative implies that South Korea is willing to share its development

[55] The Joint Declaration on the Korea-Africa Economic Cooperation does not set out which 12 African countries that will receive tailor-made economic development programs.

experience and in this way contribute to Africa's development while, perhaps, at the same time improving its reputation in the global donor community.

As a latecomer to economic cooperation in Africa, South Korea has no regional connections and its financial capacities are weak in comparison to its competitors, such as China, Japan, the United States and the EU. South Korea's comparative advantage lies in the experience and know-how gained from its development trajectory since the 1950s. It can therefore act as a suitable model for African countries. To support such a role, South Korea has a world-class capability in ICT and modern manufacturing techniques, and its global companies possess a worldwide marketing network. As a country that has been colonized and experienced civil war, South Korea has an emotional and cultural affinity with Africa, and this enables cooperation based on mutual trust. An indication that Africa is regarded as an important partner for economic cooperation is that the Korea Export-Import Bank, the Korea Institute for International Economic Policy and the Korea Trade Investment Promotion Agency all undertake research on Africa (Kungmu ch'ongnisil, 2010: 8, 10).

4.3. Land acquisition policy

South Korea has recently attempted to secure large areas of land in Madagascar and Tanzania for agricultural purposes. This policy reflects its concerns about food security as well as about China's ambitions and influence. As is noted above, South Korea has limited experience as well as a limited presence in Africa. Volatile international commodity markets since 2007 have led South Korea to attempt to secure cheap agricultural land.

In March 2009, two days after he took power, Madagascar's new president, Andry Rajoelina, annulled an agreement negotiated with Daewoo Logistics. He argued that "the will of the people had not been endorsed." The deal, brokered under the previous government of Marc Ravalomanana, would have allowed Daewoo Logistics the right to lease 1.3 million hectares – approximately half the country's arable land – for 99 years. The plan was to produce palm oil and corn for livestock feed, instant noodle production and bio fuels. Daewoo Logistics was unable to service its debts and declared bankruptcy in Seoul in July and in New York in September 2009. The Daewoo deal had been hastily arranged, and its designers and brokers believed it to be relatively uncontroversial and unproblematic.

Following a visit by the Prime Minister of Tanzania, Mizengo Pindai, to South Korea in September 2009, the Korea Rural Community Corporation and the Tanzanian government reached agreement on a land deal. The plan envisaged an initial investment of USD 83 million to develop 100 square kilometers near the coast for mining, agriculture and the processing of agricultural products such as canned foods, wine and starch. The 100-year lease is partly provisional and the costs of development are to be borne by the Tanzanian party. Other investment costs will be agreed in the light of mineral extraction rights. Agricultural know-how and irrigation expertise will be provided for Tanzanian farmers. The development costs are to be offset by mining rights for iron, gold and copper in other parts of Tanzania (Curry, 2010: 56–60, 72).

4.4. Conclusions: South Korea's new engagement with Africa

South Korea is a comparative latecomer as an aid donor. Its level of ODA in recent years has been below the average of DAC members and it is concentrated on Asian countries. The level of its aid to Africa has been tiny in comparison, but has been rising significantly since 2005. South Korea has comparative advantages in terms of its development experience and the know-how generated from this process that can be transferred to Africa, where some countries view South Korea as a model for economic development. However, many believe that South Korea's development aid has been inefficient due to deficiencies in its implementation strategy and its limited experience as a donor. There are no indications that South Korea's aid has had any impact on the amount or type of assistance provided by other countries.

The holding of joint South Korea-Africa conferences on development issues in recent years indicates a willingness on both sides to expand cooperation. This is reflected in recent pledges to expand South Korea's development aid, the setting up of new KOICA offices and the re-opening of embassies in several African countries. Africa had until recently not been regarded as an important continent for development cooperation and trade had been limited. There are no indications that South Korea's development aid has yet made any significant contributions to reducing poverty. The decision in 2009 by the incoming government in Madagascar to break the land acquisition agreement with Daewoo Logistics demonstrates that some of the economic policies of South Korea could conflict with local African politics.

5. Implications: The challenges and opportunities ahead

Economic relations between developing countries in the global South are growing at an unprecedented pace, as witnessed by the rising trade volumes and investment flows in the first decade of the 21st century. Cooperation and partnerships in various forms are deepening between the largest emerging economies – China, India and Brazil – and their economic and political relations with African countries are redrawing geo-economic boundaries and the geopolitical map of Africa. The South-South corridor is expanding as connections become broader. This tendency has been reinforced in the aftermath of the 2008 global financial crisis, illustrated by soaring trade and the intense summitry under existing Asian-African cooperation frameworks. According to the United Nations Millennium Project Report, foreign aid is one of the most important components for helping developing countries to achieve the UN Millennium Development Goals (MDGs). Therefore, the contributions of emerging donor countries such as China, India, Saudi Arabia and South Korea have become increasingly important. Thus, in the light of the MDGs, and the objectives of the Paris Declaration on aid efficiency and the Post-Accra agreement that oversees the implementation of the Paris document, it is imperative to assess the evolving aid paradigm that is emerging due to the arrival of new donors.

Do the programs of the “old” donors still contradict and overlap? Do the programs of old and new donors complement or contradict each other? When the playing field transforms as emerging donors become more important for developing countries, how will this transformation affect the aid policies and priorities of traditional donors? Not unlike traditional donors, emerging donors such as China, India and South Korea view aid as a valuable foreign policy tool, to a large extent based on nationalistic policies (Kragelund, 2008: 580). In a similar vein, after the resource poor Japan of the 1960s rose to economic superpower status, it also looked instrumentally to Africa in the 1980s, driven by the same hunt for natural resources as China is today. The delivery of foreign aid can be used both to contribute to economic and social development and to gain a foothold in the energy and food markets.

6. Conclusions: A preliminary assessment of future challenges

To return to the three overarching questions posed in the introduction above: first, how do Chinese, Japanese and South Korean private and state-owned companies and state interests affect local politics and civil society? Is good governance as a goal of policy in any way undermined? It is beyond doubt that they contribute to economic growth in African countries. At the same time, it is extremely uncertain that growth will trickle down in any way that is beneficial to all social groups in society. Needless to say, inequality in society is first and foremost a priority of the local state. Yet, if they are serious about reducing poverty, donor countries have a role to play in resolving this dilemma. Despite the promises of East Asian FDI and the potential outsourcing of manufacturing, illustrated by China’s push to set up new MFEZs in the mining concession of Zambia’s Copperbelt province, the results remain meager.

Second, do government credits and aid from Asian countries work against or in accordance with the decisions taken in international forums such as the Paris Declaration and the post-Accra agreement? In the case of China, the answer is against. Although China signed the OECD-DAC Paris Declaration on aid efficiency, it has not in practice supported its goals. On the other hand, the declaration itself contains a striking contradiction between local state "ownership" of donor aid and continued conditionalities on the part of donors to further the aim of good governance. China's impact on the global foreign aid regime is not that it brings an authoritarian political agenda to Africa and the developing world. It does not, and there is no evidence of a direct Chinese ideological imperative. Nonetheless, China's principles of non-interference and that there should be no-strings-attached to its foreign aid mean that the grip of authoritarian ruling parties on civil society could become stronger in the short term. China's increasing economic presence does affect local politics or civil society. It is a legitimate question to ask what the Chinese presence, in particular, means for economic development, democratization and poverty reduction. Democratic politics and processes of accountability may indeed weaken as an indirect consequence of China's presence, without the People's Republic in any way playing the role of an authoritarian ideologist, promoting a "China model" of authoritarian state capitalism.

Third, what are the challenges concerning sustainable development and issues related to land rights? The answers here are a mixed bag. In the views of local civil societies, there are problems related to the local state's lack of transparency in concluding deals on land acquisition, and the existence of illegal logging and fishing. However, there is an increasing risk of increased income disparities in many sub-Saharan countries and, hence, that the conditions for civil society may become harsher. In the short run, the local African state is bolstered by the new policy space made possible by China. The African governments now need to make the best of all the existing opportunities and suitors. But it would be wrong to place the entire burden for good governance on African host governments. It will become increasingly important to demand, including from actors in the global South such as India, China and Brazil, a contribution to local employment, tax revenues, education and capacity building, sustainable development – and most of all – transparency in the economic affairs conducted between the states involved.

To further promote principles of good governance, it may become necessary for Western governments to return to the agenda of the Paris declaration in order to avoid further "balkanization of the Western aid agenda." The splintering effects currently under way are a non-starter if there is to be any serious engagement with the Chinese government on development cooperation in Africa. Japan's ambassador in Mozambique hinted at longstanding differences of opinion within the established donor community of countries:

> The Europeans and the EU always want us to do more about corruption – thinking we have double standards in talking about good governance, yet supporting our companies under the table. We are more pragmatic than European partners in terms of good governance.[56]

If civil societies in sub-Saharan Africa face a more difficult time due to indirect Chinese involvement in local economic *and* political affairs in the future, Western financial support may have to increase, even if this runs the risk of being viewed as supporting enemies of the local state, and de facto contributing to a brain-drain of talented people from industry to higher paid jobs in the non-profit NGO-sector.

As China becomes more involved in the economies of African countries, its policy of non-interference in the political affairs of other countries will be difficult to adhere to in practice. It could be argued that for a rising authoritarian-capitalist power such as China, the principle of non-intervention is preferable to an interventionist approach. On strictly

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[56] Author interview, Maputo, 8 December 2010.

moral and humanitarian grounds, however, the trend to protect human rights has been consistently going in the other direction. The principle of the “responsibility to protect” is now part and parcel of approaches to global and regional governance, as witnessed by statements and documents issued by both the United Nations and the African Union.

New alternatives to Western ODA have arrived on Africa’s shore, and the decades-long dependency on Western aid is diminishing – albeit at a slower pace than might be deduced from newspaper articles. Compared with ODA from the EU, Japan and the United States, Chinese foreign aid and South Korean ODA are still small. EU development assistance and aid in particular will continue to be important for many years to come. The loan component is much more important than the aid part of the economic cooperation of China and other Asian countries, because it contains the risk of resulting in a new vicious cycle of foreign debt. China’s much touted expansion into Africa is arguably by far the most important development in the foreign relations of African countries since the fall of the Berlin wall, and perhaps even since they gained their independence. In the long term, bilateral and international political loyalties and security-related cooperation will surely be affected too. China, and to some extent India, will have a particularly large impact on the future of Africa – and on the continent’s position in the multipolar world order of the coming decades.

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UI Occasional papers

NO 5. 2011

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