Assessing China and India's New Role in Africa

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This dissertation seeks to explore the rise of China and India in Africa. I argue that China and India represent a second generation of donors that are able to free-ride on the previous reforms imposed by Western donors, and are then re-interpreting this to announce a new way of providing assistance, centred around 'non-interference' and respect for state sovereignty. In order to understand this new way of doing things I explore the motivations behind Chinese and Indian foreign policy in the continent, considering internal developments within these two countries; external changes to the international arena in the post-cold war era; the guiding ideologies and principles behind their assistance; and most importantly, internal reforms in African states enforced by Western donors during the structural adjustment period. The latter had two indirect impacts upon Chinese and Indian foreign policy regarding Africa: firstly, they created resentment and hostility amongst recipients towards traditional donors due to the detrimental impacts of shock treatment and the forceful nature of reforms; African countries are therefore attracted to China and India due to the policy autonomy that they allow recipients. Secondly, the neo-liberal reforms in Africa provided a hospitable environment for foreign direct investment, and coincided with the rise of China and India who entered the 1990s and early millennium looking for new markets, new allies, and new resource suppliers.

Abbreviations

AARDO Afro-Asian Rural Development Organisation COMESA Common Market of Eastern and Southern Africa DAC Development Assistance Committee DFID UK Department for International Development DRC Democratic Republic of the Congo FOCAC Forum on China-Africa Cooperation IDI Indian Development Initiative IFIs International Financial Institutions IMF International Monetary Fund IOR-ARC Indian Ocean Rim Association for Regional Cooperation IMF International Monetary Fund IT Information Technology ITEC Indian Technical and Economic Cooperation MNC Multi-National Corporation MOFCOM Chinese Ministry of Commerce NEPAD The New Economic Partnership for Africa's Development NAM Non-Aligned Movement OECD Organisation for Economic Co-operation and Development ODA Official Development Assistance PRC People's Republic of China SADC Southern African Development Community SCAAP Special Commonwealth African Assistance Programme SOE State Owned Enterprise TA Technical Assistance TEAM-9 Techno-Economic Approach for Africa-India Movement UN United Nations UNDP United Nations Development Programme UNDP-SSC Special Unit for South-South Development Cooperation, United Nations Development Programme. UK United Kingdom USA United States of America

Part I: Introduction

Although the total size of the development assistance from China and India is small in comparison to aid from traditional donors, it is increasing rapidly in terms of both quantity and importance. Whilst the actual amount only equates to around 3% of ODA (Panitchpakdi, 2008: 72) recipients are particularly amenable to South-South development cooperation as it is not loaded with conditionalities, giving it enhanced significance. It is therefore providing an increasingly attractive alternative for developing countries, especially for smaller economies, as non-DAC donors "can plausibly bankroll the economy over the medium term" (Manning, 2006: 381) giving recipients leverage against traditional donors. In this manner, China and India's newly found economic might poses the opportunity for them to drastically alter the international development paradigm. And with neither India nor China likely to become incorporated into DAC or OECD in the near future, and as they continue to grow economically and increase their aid flows, it is imperative that these relationships and the effects of them are fully understood.

Within this dissertation, I seek to examine whether China and India are offering an alternative to the Western development paradigm and if so, what it is. In order to answer this I will need to explore what the main drivers of this new relationship are and how they have come to be, as well as what methods and tools are being used to facilitate this process. This evidence should help to provide an answer as to what China and India are doing in Africa, how they are doing it, and what implications this has for Africa's future development path.

I will begin this thesis by exploring the determinants of China and India's foreign aid to Africa. Internal developments within China and India in the late 1970s and early 1980s as well as shifts in the global power compositions that occurred in the post-Cold War era forced a re-evaluation of both China and India's Africa policy. Following these changes there was a shift to more economically driven goals as opposed to purely ideological ones. This has been fundamental in shaping the methods of the current development assistance granted by China and India to Africa. But I argue that this must also be synthesised with an understanding of the internal developments that have taken place in African countries over the past twenty years. Neo-liberal reforms encouraged investment, providing a hospitable environment for new companies to develop (Kragelund, 2009, 2010c). Furthermore, they also created resentment against recipients of aid, who became tired of externally imposed conditionalities that often had extremely damaging consequences. Neo-liberal reforms of African economies and the enhanced liberalisation of global markets coincided with the rise of China and India (Naidu, 2010a), and their demand for new allies, new markets and new resource suppliers. Africa provided an attractive resource base that had been prised open economically by a previous generation of donors, offering ideal conditions for investment from the Chinese and Indians.

I shall also consider the methods and tools used by China and India to provide development assistance to African states, as well as an analysis of where their aid is directed and why. I will explore the nature of Chinese and Indian involvement in Africa, and seek to highlight the similarities between the two countries in their provision of aid, both in terms of the tools they use, and the end results that they hope to achieve.

I then move on to analyse what the evidence I have drawn upon through-out my thesis demonstrates. The approach employed by China and India is centred round their need for resources and new allies. But rather than culminating in an alternative development path for African countries, China and India are replicating the traditional relationships that have always existed (Clapham, 2010; Hattingh, 2010). On the whole, their aid is providing a means of fast-tracking the export of raw materials from African countries whilst they are importing processed goods resulting in an unsustainable trade deficit in the long term for many African states and harming those that are net importers of primary resources through enhanced competition (Goldstein *et al*, 2008). The only fundamental difference is that there is not the need for China and India to impose external reforms enforcing open markets as this has already been done by a previous generation of donors. Instead, through offering infrastructure assistance; transportation development; technical assistance; and energy provision sustainability, China and India are focusing on areas which coincide with the interests of African states whilst enhancing the efficiency and profitability of their own investments in the continent. This is allowing greater policy autonomy in regards to how aid is spent, whilst validating China and India's self proclaimed image as new donors that respect recipient countries sovereignty.

Part II: Literature Review

There has been a proliferation of literature in recent years attempting to explore China and India's most recent advances into Africa. Chris Alden (2007: 5 – 6) states that there are three competing interpretations of China's new role in Africa, seeing China either as: a 'development partner', a 'resource-grabber', or as a 'neo-coloniser'.

The first most optimistic analysis sees China as a development partner, providing knowledge from its own experience to Africa. This view largely emanates from academics of developing countries (e.g. Six, 2009), heads of African states (e.g. Kagame, 2009), and most obviously, Chinese politicians and organisations (FOCAC, 2009;

FMPRC, 2006; State Council of the PRC, 2011). There are also a number of Western scholars who argue that there are some positives to be drawn from China's new involvement with Africa (Brautigam, 2009; Kragelund, 2008; Mohan & Power, 2008; Woods, 2008). Drawing upon evidence of the positive work done by China in Africa, and the pledges made through FOCAC, this interpretation seeks to identify the long-term development assistance that China is providing to the continent. It also emphasises the mutual-benefits for both China and Africa to be secured through this partnership, the long term history between the two sides, and the policy autonomy which China provides for Africa, in comparison to the more imposing Western donors (Martin, 2008). Within this interpretation, much is also made of the hypocrisy of the West's criticisms of China's relations with Africa (Sautman & Yan, 2007), with many parallels being drawn between the two.

The second interpretation sees the Chinese invasion into the continent as a short-term effort to gain access to resources (Taylor, 2006, 2010; Klare & Volman, 2006). This is done, it is argued, with little consideration of African development needs, environmental concerns or human rights records (Jansson, 2010; Ke, 2010; Goodman, 2004). The Chinese state is willing to deal with anyone and everyone in its desire for new markets and energy access, with evidence being drawn from China's interactions with states such as Sudan (Srinivasan, 2008) and Zimbabwe (Taylor, 2006).

The final interpretation, Alden argues, is that of China as a neo-colonialist power in the continent. Through business and diplomatic links, it is argued, China seeks to displace the traditional Western orientation of the continent. Forming long-term partnerships with African elites under the banner of South-South solidarity, China is on a mission in the continent to gain political control over these states, and create a new set of alliances in order to form a multi-polar world. There are fears that this will "delay necessary reforms and waste resources on unproductive investments" (Manning, 2006: 381) which will only result in a "race to the bottom between the continent's former colonial powers and … China, with deleterious consequences, namely Africa's further underdevelopment and marginalization from the processes of globalization" (Naidu, 2007: 41). Whilst some see this as a process of China ousting the West from Africa (Olander, 2010), others believe that China is merely replicating the relationship that Africa has traditionally held with the West, and seeking to insert itself into this (Clapham, 2008; Hattingh, 2010) rather than fundamentally changing it.

On the whole, there is far less analysis of India's moves into Africa in the literature as its involvement is far more limited and of a much smaller scale than that of China's. However, there has been an increased focus upon India's Africa relations in recent years as it has stepped up its involvement in the continent, and increased its publicity through a number of high profile summits. Most of these analyse India's actions in relation to China.

One strand of analysis of India in Africa has commented on both its confusion as to its aims and purpose in the continent (Price, 2004), as well as its focus on a more subdued interaction with Africa (Vines & Sidiropolous, 2008; Naidu, 2010a). These interpretations of India's actions in the continent see a confused, awakening giant, unsure of its goals, and aware of upsetting the traditional hegemonic powers in the continent such as the USA and the UK.

A separate area of the literature focuses upon the extent to which India can be co-opted on board with traditional donors in the continent. It is argued that India has the potential to either swing towards the Western donors and co-operate on governance, security and development projects within the continent, or to follow the Chinese model of development assistance (Mansingh, 2009). India is in the power-seat in this regard (Mohan, 2006), but either way academics within this field believe that India must be engaged with as it is too important a country to be left to its own devices (Pham, 2011). Conversely, other authors seek to demonstrate the similarities that already exist between China and India. Within this, the same three categories can be applied that are labelled on China, viewing India either as a 'development partner', a 'resource-grabber', or, most damningly, as a 'neo-colonialist' (Sahni, 2010; Nelson, 2009). On the whole, the literature in regards to India is not quite as sensationalist as that written about China. Scholars have recognised the similarities between India and China as donors, but on the whole believe that India can be engaged with, and will be a more responsible power in the continent.

Whilst the literature has been useful in demonstrating why China and India are interested in Africa, few scholars have sought to explore why Africa is interested in China and India, or how the rise of China and India in Africa has been made possible. My thesis attempts to move beyond what has been explored already in the literature by considering the indirect effects of neo-liberal reforms, imposed upon African states by Western donors in the 1980s and early 1990s. Within this context the nature of Chinese and Indian involvement in the continent can be understood more broadly, providing a more holistic analysis of why China and India have been so successful in their endeavours despite the many criticisms levelled against their actions.

PART III: The Determinant's of Chinese and Indian Foreign Policy

This section seeks to explore the guiding factors behind Chinese and Indian foreign policy. It will consider how internal developments within these countries and changes to the international arena impacted upon Chinese and India's foreign policy. It will also explore the guiding ideologies and principles articulated in Chinese and Indian foreign policy, as well as the indirect effects of Western reforms.

China

In Post-Mao China under the guide of new leaders, China's Africa policy began to lose its strong ideological leanings. The country instead focused upon a form of 'Communism with Chinese characteristics', assigning "priority to economic modernisation and to maximising access to foreign markets, technology and capital" (Harding, 1995). During this time there was a relative decline in Sino-African relations (Taylor, 1997) as Beijing increasingly viewed Africa as "largely immaterial in its quest for modernization but also saw that the rationale behind its support for anti-Soviet elements in the continent was no longer valid" (Ibid., 1998).

The liberalisation of Chinese markets led to considerable improvements in investor confidence, providing new incentives for businesses and leading to substantial increases in production. It was also coupled with various other reforms: the private sector was allowed to flourish (Brandt & Rawski, 2008: 3) whilst fiscal de-centralisation allowed for the rise of the 'entrepreneurial state', where political patronage was based upon economic performance rather than party loyalty. Market expansion and reductions in state spending brought about considerable improvements in China's economic development. Real GDP growth between 1978 and 1999 averaged 9.7% and in some areas double digit growth occurred in the early 1990s (Gittings, 2006: 255). China has since "become the second largest economy after the USA when measured on a purchasing power parity basis" (Leseure *et al*, 2009: 617). Moreover, economic development since 1980 has lifted an estimated 400 million out of poverty (Aziz & Dunway, 2007), and "rapidly growing middle and wealthy classes now enjoy consumption levels that are approaching First World standards (Whyte, 2009: 372).

These internal developments changed China's external needs forcing it to re-think its foreign policy towards Africa (Eisenman & Kurlantzick, 2006: 219), with increased emphasis on how the continent would be beneficial to China's economic interests as well as its political ones. As China's economy recovered from the initial jolt of adjustment, aid rose again, and by "1984 China was the eighth-largest bilateral donor in sub-Saharan Africa, with commitments very close to those made by Norway" (Brautigam, 2009: 54). But there was a shift in the end goal of development assistance, moving from a "Cold War ideology to a more classical pursuit of economic self-interest in the form of access to raw materials and the construction of spheres of influence through investment, trade and military assistance" (Mohan and Power, 2008: 27). Aid has become part of a larger parcel within this, aimed at facilitating trade and investment, and promoting Chinese exports (Snow, 1995:311).

There was another jolt to the system in 1989 when China was isolated diplomatically following the events in Tiananmen Square. Nations across the world denounced China's authoritarianism, but many African states remained loyal to Beijing (Alden, 2007: 10). These events forced another re-appraisal of who China wanted to deal with and resulted in the developing world becoming a 'cornerstone' of Beijing's foreign policy with a renewed image of African states as 'all-weather friends'.

In the early 1990s China launched its 'Going Global' strategy. During the 1980s Chinese companies had tentatively taken their first steps in terms of FDI. By the beginning of the 1990s, "provinces like Fujian and Guangdong were actively promoting the overseas activities of their companies" (Brautigam, 2009: 74). The 'Going Global' Strategy was formulated in order to counter three major problems to China's future development trajectory:

Firstly, China's vast economic growth has been based upon export growth, averaging over 17% per annum (Taylor, 2010: 15). This has been a major pillar in China's economic development so far, however, "the mounting saturation of China's export markets, combined with a rapid increase in the cost of importing raw materials into China… [made] Africa more and more important to China's economy" (Ibid.). In order to remain successful, the Chinese economy needed to "to expand into new markets, manage the upgrading of its increasingly mature domestic industries, and build its fledgling multinational corporations" (Brautigam, 2009: 78).

Secondly (and related to this), in order to fuel the continuing expansion of China's economy, as well as in order to satisfy its own consumers, China needed to acquire new resource suppliers. China's energy consumption is predicted to rise by 153% between 2002 and 2025 (Klare & Volman, 2006) and forecasts predict it will surpass the US as the world's largest consumer of oil within the next 10 years (Pehnelt & Abel, 2007: 10). As energy competition intensifies between the US, China, and increasingly India, resource producing regions, such as those in the African continent that were previously marginal to global concerns have instead become of critical strategic importance (Lyman, 2005). There was also the need to "secure other primary commodities, which are … fundamental to sustain[ing] heavy investment in infrastructures and the construction sector" (Biggeri & Sanfilippo, 2009: 33). Africa is integral to this strategy, with a high level of natural resources which have been so far largely under-developed. Furthermore, with instability a continual problem in the Middle East, African states appeared far more secure in guaranteeing supply (Alden, 2007: 12).

Finally, "Beijing needed to calm concerns that its rapid rise would pre-empt other developing countries' development prospects. It needed to establish China's reputation as a rising but 'responsible' power" (Brautigam, 2009: 78). This required China to both consolidate relations with its traditional allies, whilst also seeking new friends in Africa. This is also necessary for China to "contain the United States and facilitate the development of a multilateral system, both of which are compatible with the continent's long-term development and political interests" (Habib, 2009: 264). Also important was China's attempts to isolate Taiwan diplomatically in pursuit of its 'One-China' policy (Alden *et al,* 2008). This required China consolidating and strengthening its political relationships with African states in order to win over states that recognised Taiwan.

India

During the Cold War domestic problems had made India extremely inward looking (Kragelund, 2010b: 9). Corruption, governance issues and persistent levels of poverty as well as problematic neighbours had forced India to neglect Africa in its foreign policy in the 1970s and 1980s, with the continent increasingly irrelevant to India's national interests (Mansingh, 2009: 20 – 21). However, a number of transitions, both internal and external, forced India to re-think its Africa policy in the 1990s and early 2000s.

Firstly, changes in the international arena following "the end of the cold war compelled policy mandarins in Delhi to consider how its foreign policy should be reshaped to take into account the new impulses of the global arena" (Naidu, 2008: 117). Secondly, India's economic development began to take off in the early 1980s, and since 1990 India has averaged growth rates of around 6% per annum (Jenkins & Edwards, 2006: 207). This has been a result of the Government of India's pro-business strategy since the 1980s, and its emphasis on investment capital (Kohli, 2006). This was followed by liberalisation reforms in the early 1990s and resulting moves by Indian companies to look for new markets and investment possibilities 'in regions with large Indian diasporas, such as Eastern and Southern Africa' (Kragelund, 2010a: 2) where established relationships could be further consolidated.

With India beginning to resolve its internal problems, achieving impressive growth rates, and becoming too big diplomatically "to lie under the security umbrella of any other power" (Sahni, 2007: 22), it began to appreciate the need to develop a foreign policy "that resonated with its economic ambitions. Opening up to overseas investment also meant strengthening external relations that could help [India] to realise its political and economic potential" (Naidu, 2008: 117). As India's economy began to grow relations with African states began to step up again in the early 1990s. The Government of India increased this involvement further in 2003 following the announcement of the

Indian Development Initiative.

India seeks many of the same economic goals as China in the continent. In terms of energy needs and other primary resources India is in drastic need of finding new suppliers. It is the sixth largest consumer of energy in the world, and its energy dependence is expected to grow fivefold over the next 25 years (Sahni, 2007: 24 – 25). The continued growth of India's economy depends very much upon the ability of the Indian government to secure "imports of raw materials for industrial production and … energy sources to overcome chronic shortages in energy [which are] repeatedly leading to high economic losses" (Jobelius, 2007: 3). As of 2009 India imported "70% of its oil and heavily subsidised domestic prices….leading to double-digit inflation figures after 13 years of being under 6%" (Shrivastava, 2009: 121).

Similarly, with India increasing its exports year on year, it was in need of new markets. Between 1990 and 2002 trade as a share of GDP almost doubled in India (Jenkins & Edwards, 2006: 207). However, India, just like China, seeks new bases for it to export to, and more importantly, invest in, in order for this growth to continue and to improve deficits in the trade balance (Jobelius, 2007: 3).

There are also three more political motivations which have led to a reformulation of India's foreign policy towards Africa. Firstly, since 1991 "India has been friendless in the international system: it has friendly relations with many countries but friendship, in the sense of mutual support in security matters, with none" (Sahni, 2007: 22). Tensions with Pakistan and competition with China has made its own neighbourhood more problematic, with countries that have traditionally been allies of India, such as Nepal, increasingly opening up relations with China. Furthermore, "India's much criticised nuclear tests in 1998… resulted in worldwide condemnation and sanctions and [resulted in] India's reformulation of its foreign policy that came to include (countries in) Africa" (Kragelund, 2010a: 2). Much like China's Tiananmen Square diplomatic crisis, India was forced to fall back on its African partners who demonstrated their importance as 'all-weather friends' in this period, and since then India has strengthened these relationships.

Secondly, with India seeking to become a more powerful global figure it is increasingly in search of new allies. Whilst China has already gained international recognition within institutions such as the UN, India is still seen as far less important. For this reason, it is increasingly relying on Southern backing to provide its diplomatic dealings with more credibility. Aid is now perceived "as a means to get more international political leverage and ultimately obtain a seat in (an enlarged) UN Security Council" (ibid., 2010b: 9). It is following a very similar strategy to China in the early 1960s: providing 'soft' aid in order to receive African backing.

Finally, this is all a part of India's broader strategy to change its global image. The rejection of foreign aid from most of its donors in 2003 was done with the intention of diverting the world's attention away from India's internal problems of poverty, corruption and inequality towards its role as an emerging economy (Agrawal, 2007; Six, 2009; Price, 2004) with lucrative investment opportunities. By emphasising its role as a new donor it has sought to demonstrate its importance amongst the global powers. As part of this "India has begun to extend its development assistance way beyond its immediate neighbours" (Reality of Aid Network, 2010: 11). India is also scaling up its diplomatic initiatives within Africa in order to achieve these aims, increasing the number of Indian embassies in the continent and creating "three joint secretaries, covering the regional divisions of Africa" (Shrivastava, 2009: 131).

As with India's historical relations with Africa, the China factor is still in an important driver of India's foreign policy (Bhattacharya, 2010). With many of the same goals in the continent, in particular in regards to energy access, India is seeking to counter China's interests and limit its effectiveness (Naidu, 2010a: 49).

Ideological Drivers of China and India's African Policies

Another important factor in Chinese and Indian foreign policy is the historical and ideological linkages between these countries and Africa. South-South cooperation emerged in the 1950s in the context of the common struggle of former colonies to attain independence and greater autonomy. This was articulated formerly in the Bandung conference in 1955, bringing together 29 countries from Asia and Africa to promote economic and cultural cooperation in the Asian-African region "on the basis of mutual interest and respect for national sovereignty" (Reality of Aid Network, 2010: 2).

This resulted in the creation of anti-hegemonic groups such as the NAM in 1961 and the Group of 77 in 1964. China and India were both at the fore-front of this movement, and since then have been in competition with each other to become the leading representative of Southern states. During this time, China provided military assistance for African liberation movements and India assisted anti-apartheid struggles in Zimbabwe and South Africa.

In this period, the ‘Five Guiding Principles of Assistance’, set out by Premier Zhou Enlai were the mantra that dictated Chinese aid to Africa. These were (1) Mutual respect for sovereignty and territorial integrity; (2) Mutual non-aggression; (3) Non-interference in each other’s internal affairs; (4) Equality and mutual benefits; and (5) Peaceful coexistence. In 1964 these were expanded upon, with the inclusion of the following principles: (6a) That Chinese technical assistance should build local capacities, and (6b) Chinese citizens working in Africa should have the same standard of living as the local experts; (7) that economic cooperation should promote self-reliance and not dependency; and (8) that respect for the recipient’s sovereignty should mean imposing no ‘political or economic conditions’ on recipient government’s (Haifang, 2010: 55). India’s aid programme, which began in the 1950s, was principled upon “respect for territorial integrity, mutual non-aggression, mutual non-interference in domestic affairs, equality and mutual benefit, and peaceful coexistence” (Woods, 2008: 1217). Also integral to India’s foreign policy were the ideals of Mahatma Gandhi, who had once said that “the commerce between India and Africa will be out of ideas and services, not of manufactured goods against raw materials after the fashion of Western exploiters” (Mahatma Gandhi, cited in Matthews, 1997). This shaped India’s development assistance, culminating in the formation of the ITEC programme which placed training and capacity building ahead of financial assistance.

These historical links with Africa and guiding principles are brought up again and again in both Chinese and Indian official documents, speeches and within international fora. For example, in 2008 at the India-Africa Forum Summit, Mohammed Singh, India’s Prime-Minister announced that:

“The time has come to create a new architecture for our engagement in the 21st Century. We visualize a partnership that is anchored in the fundamental principles of equality, mutual respect and mutual benefit. Working together, the two billion people of India and Africa can set an example of fruitful cooperation in the developing world” (Singh, 2008).

Similar ideals can be found within Chinese international foreign policy regarding Africa. This is based upon principles of equality, mutual benefit and common development (State Council of the PRC, 2011; FMPRC, 2006). This has required a commitment from the Chinese government to operate on “a different basis from the more overtly hierarchical, prescriptive power relations of established external powers” (Alden & Large, 2011: 21). The 3rd FOCAC meeting in 2009 articulated the ideals of this relationship quite succinctly:

“We [China and Africa] reaffirm that the injustice and inequality in the current international system are incompatible with the trend of the times towards world peace and development, hinder the development of the countries of the South and pose threats to international peace and security. We stress that the establishment of a just and equitable new international political and economic order is indispensable for the democratisation of international relations and for the effective participation of developing countries in the international process of decision-making” (FOCAC, 2009).

This rhetoric and historical lineage plays an important role in Chinese and Indian aid to Africa. It offers a way of setting these donors apart from Africa’s traditional partners in the continent, whilst legitimising their refusal to become involved in issues of governance reforms or democracy. Respect of state sovereignty and an equitable partnership where the donor cannot impose reforms upon the recipient tend to take precedence in Chinese and Indian dealings with African states, even where human rights and environmental standards are put into jeopardy.

The Washington Consensus and It’s Impacts on Chinese and Indian Foreign Policy

Whilst the motivations outlined above are important there is a need to look beyond developments within China and India and shifts within the international arena following the fall of the USSR. These changes cannot explain the rise of Africa in China and India’s foreign policy alone. Academics need to synthesise this analysis with an understanding of internal developments within African countries imposed through traditional donors (such as the USA, IMF and the World Bank). These reforms carried out during the structural adjustment period made Africa more hospitable to new investment in the early 1990s, and pushed African governments towards new donors that offered greater policy autonomy, indirectly influencing China and India's foreign policy.

Neo-liberal reforms imposed by these donors in the 1980s and early 1990s had drastic effects on African countries. Structural adjustment policies comprised of trade liberalisation, exchange-rate liberalisation, fiscal and monetary reforms, public enterprise reforms, and deregulation of investments, labour and prices (Bennell, 1997; Cockcroft and Riddell, 1991). They represented a major assault on the state, in favour of a new "model based on the primacy of individualism, market liberalism, [and] outward-orientation" (Onis & Senses, 2005: 263). The end goal of these reforms was "the 'adjustment' of malfunctioning economies in order that they become viable components of a global system" (Riddell, 1992: 53). In many cases the initial 'shock' of these reforms had detrimental consequences on immediate poverty reduction, the degree of inequality in societies and socio-economic growth (Cornia & Court, 2001: 1 – 2). In this period, more and more complex conditions emerged requiring "recipients to adopt policies well beyond those that were thought to be needed explicitly to make *aid* effective" (Riddell, 2007: 35 – 36), and in some instances, changing societies in ways that often ran counter to developmental aid's purported aims (Macamo, 2005).

The neo-liberal reforms imposed by these donors through conditional aid had two major impacts upon Chinese and Indian foreign policy towards Africa. Firstly, they made African countries more hospitable and open for foreign investment, lowering the barriers to FDI whilst also creating fiscal and financial incentives to attract FDI (Kragelund, 2009). With a drive to improve investor confidence in the continent in the late 1980s and early 1990s increased attention from China and India was almost inevitable. These emerging countries were in need of new markets to invest in as well as low-cost locations to develop their multi-national companies in, whilst Economic Recovery Programmes in Africa were persuading foreign investors to invest in the continent's economies (Ibid., 2010c: 208). This, combined with the more general neo-liberal character of the global economy at the time, coincided with the rise of India and China (Naidu, 2010a: 47).

Secondly, these reforms led to tensions emerging between recipients of aid and donors. There was widespread disillusionment in developing countries surrounding "the conditions Western donors have attached to aid for the past quarter-century… [where] every decade has brought new donor priorities and conditionalities – and none of these have been aligned with their own calls for developing the productive 'supply side' of their economies" (Woods, 2008: 1217). As a result, there was a cry from developing countries for a new model of development assistance that was far less imposing, and instead based around respect for national sovereignty and with less conditional aid. Fundamentally, African states were in search of new donors that allowed the recipient to set the terms of the agreement and the overall purpose of aid. Paul Kagame, Rwanda's President, announced his desire for a different approach in 2009, stating that:

"All would benefit if the world focused on increasing investment in Africa, and if Rwanda and the rest of the continent worked to establish more equitable international partnerships. A trade relationship built on this new approach would be more helpful in reaching what should be our common goal: sustainable development, mutual prosperity and respect" (Kagame, 2009).

Evidence of this can be seen clearly in Zambia, which is now one of China's main partners in Africa. In the 1990s IFIs implemented financial policies with little regard of their social consequences, legal ramifications or long-term impact upon the Zambian mining industry (Larmer, 2005). A major motive of the Economic Recovery Programme employed in Zambia was "to stimulate the interest of foreign investors in investing in African economies and thus bring about the expansion of production capacity, increase foreign exchange earnings and create employment (Kragelund, 2009: 489). In this regard, the IFIs were extremely successful, with liberalisation of investment codes facilitating an enhanced role for FDI in Zambia (Hutchful, 2002, cited in Kragelund, 2009: 489). However, there was also a significant increase in poverty levels following these reforms (Mkandawire & Soludo, 1999), and a renewed authoritarian nationalism that fed on popular resentment of the effects of neo-liberal policies (Larmer, 2005). It is within this context that the rise of Chinese FDI in Zambia has been made possible. And these trends can be seen across African nations in the post-Washington Consensus era. It is within this context that China and India burst into

Africa. The neo-liberal content of the global economy that precipitated India and China's rise was ideal for these economies, and almost invited them to participate in a new chapter of African development. It is paradoxical that the very same reforms that have led to African countries calling for a new set of donors are the very same reforms that encouraged China and India to invest in the continent in the first place.

In order to test this, I need to consider the development assistance tools being used by China and India in African countries. It is important to understand the degree of freedom which China and India allow in the use of their assistance, as well as the overall purpose of their aid, and their modalities of providing assistance.

Part IV: Methods Of Dealing With African Countries

In this section I am going to explore the different ways that China and India provide assistance to Africa. I am going to explore how much they give; who they give to; and the methods they use. Their methods consist of economic assistance for trade facilitation; economic assistance in the form of debt cancellation; infrastructure assistance; and finally, technical assistance.

Quantity:

Estimates of the amount of aid given by China and India to African nations vary wildly. As aid is part of a wider parcel it is difficult to discern how much is actually given. In addition, the Chinese government is very secretive about development assistance (Chan & Frolic, 2007)[1].

Estimates of the amount of money given by China range anywhere between US $970 million and US $27.5 billion (Reality of Aid Network, 2010: 6). The World Bank estimated that by mid-2006 the Chinese Exim-Bank had granted more than US $12.5 billion of financing (including concessional and non-concessional loans) to infrastructure projects in Sub-Saharan Africa (Broadman, 2007). These figures are also separate from China's debt relief packages, which consist of a large part of their assistance to African countries (Davies *et al,* 2008: 7).

Both India's trade levels with Africa and its development assistance to Africa are much smaller than that of Chinas (Agrawal, 2007: 13). Despite this, estimates suggest that the amount of aid, grants and loans provided by India has increased dramatically over the past decade (Kragelund, 2010b: 11), rising from an estimated Rs 9.2 billion in 1999 / 2000 to Rs 26.99 billion in 2008 / 09 (Sahni, 2010: 79). However, "a *significant* increase in Indian development assistance [on a scale to match China]… is not to be expected in the next few years given India's liquidity bottleneck and the country's own huge need for investment" (Jobelius, 2007: 5). A number of other projects and initiatives sponsored by India have provided loans and finance to various countries and regional organisations in order to enhance economic and political cooperation with Africa.

This has included a US $200m line of credit to NEPAD under the India-Africa Fund designed to promote African economic integration; a US $500m line of credit for TEAM-9 which is an initiative with 8 (resource rich) Francophone countries; a US $1bn investment in a joint venture with the African Union to build a Pan African e-Network to provide tele-medicine and tele-education through integrated satellite, fibre, and wireless connectivity; and letters of intent signed between the State of Andhra Pradesh and Kenya and Uganda to send 500 Indian farmers to cultivate land in the respective countries. Also important is the Focus Africa Programme (2002-2007) totalling US $550 million, administered by the Export Import Bank of India. This offers export subsidies to Indian companies trading with African nations and tied lines of Credit to African governments and regional entities (Naidu, 2008: 122 – 124; Kragelund, 2010b: 11; Sahni, 2010: 79 – 90; Chaturvedi & Mohanty, 2007). India also provides a large amount of aid through the ITEC program as well as through the IMF and World Food Programme (Chanana, 2009: 11; Chanana, 2010: 5).

Where is this directed?

China concentrates its assistance in those countries with large possessions of natural resources or of particular geo-strategic importance (Taylor, 2010: 20). In this manner Chinese aid allocations seems to resemble Western donors, whom are largely motivated by personal interests (Alesina & Dollar, 1998). 70% of Chinese assistance goes to just four countries: Nigeria, Angola, Sudan, and Ethiopia (Foster *et al*, 2009: 4), all of which possess large amounts of oil. Other significant recipients are those that are politically important such as South Africa, Egypt and Ethiopia (Davies *et al,* 2008: 5).

India provides aid to fewer countries than China, but uses more criteria in deciding whom to give to. Like China, countries with large amounts of resources and of particular geo-strategic importance are favoured in Indian foreign policy, however there are also a number of other criteria used. For example, countries with historical links to India and countries with high levels of Indian diaspora, such as Kenya and Tanzania also receive higher levels of economic assistance (Bijoy, 2010: 71). These countries are also important in regional organisations such as the IOR-ARC, which seeks to protect India's trade routes. This has resulted in India's relations with Madagascar, South Africa, Tanzania, Kenya and Mozambique becoming more embedded in recent years, as well as further linkages with SADC and the COMESA (ibid.). India also has an aid program targeted at specific African countries that share a similar colonial past: the SCAAP. Within this, "recipient countries include Botswana, Cameroon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe" (Agrawal, 2007: 8).

Both China and India are involved in a number of regional organisations, for example India is a major player in the African Capacity Building Foundation becoming the first Asian country to become a full member of this organisation in 2005, pledging US $1m towards the foundation's sustainable development and poverty alleviation capacity building initiative (Shrivastava, 2009: 131). Both countries are also founding members of the AARDO, and are both heavily involved in the African Development Bank and NEPAD.

Neither China nor India discriminate against states with poor governance, democratic, or human rights standards (Taylor, 2008; Sahni, 2007: 29). It is interesting to note that China has been lambasted over its engagement with states such as "Zimbabwe, Sudan, the Democratic Republic of Congo and (until recently) Angola; yet India has been engaged in similar economic endeavours largely without parallel international or indeed significant domestic political fallout" (Mawdsley & McCann, 2010: 88). Some commentators argue that China and India actually favour these countries as there is far less competition over their markets due to their relative international neglect. For example, whilst China and India have both been involved in oil drilling in Sudan in recent years, this has been at a time when other Western companies have been pulling out due to human rights abuses (Goodman, 2004).

Up until recently China and India have dealt with different African countries. Whilst India has favoured those with which it shares a similar colonial past, or historic trade links, such as Kenya and Tanzania and other East African countries, China has historically dealt with those it has had ideological connections with. However, we are seeing a collision of Chinese and Indian interests, which is increasingly bringing them into competition with each other. For example, India has been striving to make moves in Angola, a traditional ally of China (Vines & Campos, 2010); whilst China has been engaging more and more with Senegal, which until recently was a backer of Taiwan, and a traditional Indian ally (Hazard *et al*, 2009). Furthermore, China and India are increasingly coming into contact through regional organisations, such as the African Development Bank, providing an extension of their competition.

Economic assistance: trade facilitation

In the 1990s Sino-African trade grew by 700%; from 2001 – 2003 trade between China and Africa doubled to US $18.5 billion; and in the first ten months of 2005 it jumped to US $32.16 billion (Woods, 2008: 1215). This has, in large part, been achieved through China's aid policy towards Africa, "combining loans, credits and debt write-offs with special trade arrangements and commercial investments (ibid: 1205). For example, in May 2007, the Chinese government provided US $5 billion to the recently founded "China-Africa development fund to stimulate Chinese investments in Africa" (Reality of Aid Network, 2010: 7). African countries are able to draw resources from this fund to build infrastructure projects and in the process, utilise Chinese companies.

The Chinese government also uses development assistance in order to make Chinese firms more competitive on the global stage. Many Chinese firms in Africa are backed by the government, allowing them to undercut competitors within the continent (Cross *et al,* 2007: 58; Alden & Davies, 2006). Some firms have begun to gain more autonomy, especially as more local enterprises have developed within the continent, but ties between the CCP and large Chinese multinationals still remain strong (Mohan & Power, 2008: 25). Chinese companies thus have a clear advantage in securing contracts "in that they are prepared to undertake projects at very low tenders as a means to ensure future contracts" (Taylor, 2010: 22). This is especially advantageous when dealing with one of their main competitors, Indian firms. Chinese investment has been far more aggressive than their Indian counterparts, with SOEs enjoying both political and financial support to undercut other competitors in the African market (Cheru & Obi, 2010: 3). These methods have been seen in Zambia, "where the Chinese government's position as a prominent donor has helped both large SOEs and smaller Chinese SMEs to expand their market access opportunities" (Davies *et al*, 2008: 4).

As with China, India does not adhere to any standard definition of development assistance, providing "project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the Indian government" (Agrawal, 2007: 4). India's trade with Africa, excluding oil, "surged from US $967 million in 1991 to more than US $10 billion in 2007… During the period April 2006-January 2007, its trade with the continent was estimated at US $19.3 billion (Bijoy, 2010: 71). Furthermore, these relations are likely to burgeon in the coming years (Vines & Sidiropolous, 2008), with estimates suggesting that trade levels are likely to grow to US $150 billion by 2012 (Mawdsley & McCann, 2010: 85). India's imports from Africa have also been on the increase, mainly in primary goods such as oil, gold, phosphate chemicals, nuts and cooper ores (Bijoy, 2010: 71).

Indian development assistance generally comes with "direct investment, trade agreements … technology transfers and the prospect of improved negotiating power in international fora within the context of intensified South-South cooperation" (Jobelius, 2007: 5). As with China, India's aid is "only one element of a broader engagement to boost bilateral trade and gain access to new markets, often appearing together with private-sector participation on the supply or demand sides" (Chanana, 2010: 14). One important tool in achieving this has been the IDI. Through this tool India borrows "in the international capital markets and then will lend on concessional terms to less credit-worthy countries in Sub- Saharan Africa and elsewhere" (Bijoy, 2010: 68). As a result, India's private sector is being "subsumed as an extension of the donor mechanism or, conversely … the donor programme becomes an extension of the private sector's promotion strategy" (Chanana, 2010: 4), and in this regard India is beginning to match China.

An important, more recent development has been the creation of Special Economic Zones in Africa created by China. Whilst these zones are being identified as "important economic interlockers … they also represent an important space for China to move its low cost manufacturing base offshore" (Naidu, 2010b). MOFCOM is "supporting the development of six or seven economic and trade cooperation zones in five or six African countries. Chinese enterprises have also set up a handful of industrial zones outside the MOFCOM programme (Brautigam & Xiaoyang, 2011: 28). These are intended to help African countries develop industries and expand local employment whilst providing a hospitable environment for Chinese investment and production[2]. These projects indicate two things: firstly, that the Chinese are there for the long-haul, with long term leases being signed on land, and secondly, that they are looking to expand further beyond resource extraction and offer medium to long term investments to African countries (Adebayo, 2011).

Another important development assistance tool used by both China and India in order to facilitate trade is debt cancellation. At the first China-Africa Cooperation Forum (FOCAC) in October 2000 in Beijing, "the Chinese government pledged to write off in two years overdue obligations on 156 loans owed by African countries; these totalled 10.5 billion yuan (US $1.3 billion)… In November 2006 China announced that it would cancel another 10 billion yuan (US $1.3 billion) in debt … By mid-May 2007 China had signed debt forgiveness agreements with 11 of these countries and expected to conclude agreements with the other 22 by the end of 2007" (Wang, 2007: 9). And at the 2009 FOCAC conference, the Chinese government announced a further US $10 billion in concessional loans and cancelling of debts (Kragelund, 2010b: 8). Through this process China has effectively been turning its loans into grants over the past decade (Eisenman & Kurlantzick, 2006: 221). India's efforts in this area have been much smaller in comparison. So far India has cancelled "US $24 million worth of debt of seven Heavily Indebted Poor Countries (HIPCs): Ghana, Mozambique, Tanzania, Uganda, Zambia, [and] Guyana (Bijoy, 2010: 68). This strategy assists developing countries in reducing their debt burden, but also frees up the resources of African states meaning that they are able to invest in Chinese and Indian products.

Infrastructure assistance

Chinese and Indian assistance and investment has largely been focused on African supply side problems in an attempt to counter the problems that have plagued African industrialisation. Furthermore, this aid modality provides tangible benefits and quick results (Tan-Mullins *et al,* 2010). Africa's infrastructure deficit needs an estimated US $20 billion of investment per year and has an associated funding gap on the order of US $10 billion per year (Foster *et al,* 2009: 5). China has the ability to plug this gap, with the world's largest and most competitive construction industry and particular expertise in the civil works critical for infrastructure development (ibid.). Since the mid-1990s, under the influence of the World Bank, China has been securing around 20% of all construction contracts in Africa (Taylor, 2010: 22). Whilst this method of development assistance benefits African nations with cheap infrastructure, it also eases the pressures on China and India's own domestic construction industries.

The scale of investment since 2000 has been vast. Chinese enterprises have built more than 6,000 kilometers of roads, 3,000 kilometers of railways, and 8 large and medium-sized power plants in Africa" (Wang, 2007: 12). The two largest beneficiary sectors of Chinese infrastructure investment are power (mainly hydropower) and transport (mainly railroads) (Foster *et al,* 2009: 3). A staggering 133 out of around 800 Chinese aid projects have consisted of infrastructure development (Wang, 2007: 10). This assistance is often conditional, with Beijing requiring that "70% of infrastructure construction and other contracts are awarded to "approved", mostly state-owned, Chinese companies and the rest handed to local firms, many of which are also in joint ventures with Chinese groups. Many [of these] projects have been undertaken with imported Chinese labour" (Reality of Aid Network, 2010: 14). Whilst this is a problem often associated with Western development assistance, the Reality of Aid Network (ibid.) note that "a number of program countries indicate that the goods and services provided by tied aid from Southern donors such as China and India are in fact better priced and of appropriate quality".

Whilst India's infrastructure investments do not compete at present with the amount of money that China is putting in, their quantity and significance are both on the rise (Bijoy, 2010: 72). For example, at the most recent India Africa Forum Summit in May 2011, India's PM, Manmohan Singh, announced an extra US $300 million to be added to the African Development Banks' funding of the Ethiopia-Djibouti railway line (Maasho, 2011), for which India has already provided significant investment. In addition, Indian firms are also heavily involved in Africa's energy production. Kalapataru Power Transmission Ltd. already has a presence in Zambia and is expecting to acquire a major contract worth US $35m in Algeria. Indian firms are also involved in a rural electrification project for the Ministry of Energy in Kenya and are supplying material to the Tanzania Electricity Company (Tanesco). They are also undertaking a project for the Ethiopian Electric Power Corporation which links to the Ethiopia-Dijbouti interconnection (Naidu, 2008: 124).

Technical assistance

As mentioned earlier the ITEC programme has been a central part of India's development assistance to other countries since the 1960s. India's own growth is based on its higher education and high-technology sectors, and the knowledge that the country has garnered through this process is imparted through the ITEC programme, in the form of education and training opportunities (Agrawal, 2007: 9). The ITEC programme uses a slots system to allocate aid. Countries are provided with a certain amount of 'slots' and then these can be exchanged "into five different aid modalities, namely: training of personnel in India, project aid, technical assistance, study trips and humanitarian assistance" (Kragelund, 2010b: 10). India provides "5,000 vocational training slots annually in over 200 courses at 42 leading institutions, many of which specializing in technology such as IT (Reality of Aid Network, 2010: 3) and in the 2011 India Africa Forum Summit India increased its technical assistance, announcing an extra US $700 million of financing for training programmes and institutional building in Africa (Maasho, 2011).

Technical assistance and capacity building initiatives allow the Indian government to provide assistance to Africa that ensures a large amount of donor control, and results in a more appropriate and therefore sustainable approach for empowering other developing countries than Western donors can provide (UNDP-SSC, 2009a). Their approach also reflects "the expertise and high quality provision available in many Indian universities, training centres and institutes" (Mawdsley & McCann, 2010: 86). Through this approach India can offer advice from its own development experiences, drawing upon its "vast array of knowledge and language skills, and human capital" (Agrawal, 2007: 13). It also means that "India focuses on smaller interventions, allows recipient countries to define their own priorities and encourages mutual economic growth and long-term trade linkages rather than purely a development impact" (Chanana, 2010: 3). With India unable to always compete with China, it uses this modality to emphasise the fact that to a certain extent it can provide both financial assistance and technical assistance. Furthermore, by building domestic capacity and staying small scale, India's technical assistance efforts try to avoid the problems "traditionally associated with Western aid programmes (most notably, that they undermine local institutions by diverting resources away and reduce a country's competitiveness through large scale transfers)" (ibid., 2009: 13).

China's technical assistance programs receive a minute amount of funding in comparison with their financial assistance and infrastructure projects, yet they are still important. Between 2003 and 2006 "China trained more than 10,000 Africans in many sectors, including 3,700 government officials and 3,000 professionals" (Haifing, 2010: 59). Both China and India run technical assistance programs and institutional capacity building initiatives in association with the UNDP. China's partnership with UNDP was established in the early 90s, and since its initiation has created "about 20 regional centres through the years in a variety of technical fields, such as small hydropower, solar energy, aquaculture, sericulture, biogas, acupuncture, primary health care, integrated rural development etc." (UNDP-SSC, 2009b: 38 – 39). Both China's 'Lighten-Up Africa' Project and India's 'Pan African e-Network Project' have been highly commended for being demand driven, highly applicable to the needs of developing countries, and highly participatory, ensuring sustainability (Ibid: 50).

Part V: Analysis

China and India, alongside Brazil, Russia and South Africa, are beginning to offer a new approach to the Western dominated trade and aid system. Aid, loans, grants and infrastructure and technical assistance are all providing them with a way in, fast-tracking this process. But the more fundamental question is what are China and India replacing the traditional relationship with? The above section explored their methods of interaction with Africa and demonstrated the kind of development assistance that China and India are offering. I now seek to analyse these methods and approaches.

China and India's investments in Africa are primarily driven by their need for resources and their demand for new markets to invest in. Whilst their projects are aimed at assisting African state's development problems, there is a focus upon China and India's relative strengths within this. China has emphasised its position as an efficient and cheap infrastructure builder. One of its main ways of providing assistance is through the provision of roads, railways, or energy plants. Similarly, India has sought to develop aid projects round its own strengths in the IT sector. Projects such as the Pan African e-Network and the TEAM-9 initiative are built round such skills. There is however, a significant amount of overlap between the donors: China offers training and technical assistance, such as its projects in association with the UNDP, whilst India's own MNCs have invested heavily in infrastructure, energy and transportation projects.

In return, as stated above, they are receiving preferential access to Africa's resources. In this regard both China and India have been extremely successful in achieving their aims. China has been offered exploration rights in important Nigerian oil fields and is already heavily involved in Sudan's, Angola's and Algeria's oil industries (Eisenman & Kurlantzick, 2006: 222). Major Indian companies have also increased their dealings with other African states, including Nigeria who OMEL, an Indian MNC, entered into a US $6 billion infrastructure deal with in exchange for two off-shore acreages (Naidu, 2008: 118). Indian MNCs have also secured significant stakes in blocs in the Ivory Coast, Libya Egypt and Gabon (Ibid: 119).

However, this emphasis on resource access means that China and India are doing little to improve Africa's trade balance. As argued by Goldstein *et al* (2009: 1539) "the African export mix remains dominated by raw materials, merely a small share of FDI supports diversification into new manufacturing and services activities and the risk of a rapid appreciation of the real exchange rate lingers behind the prospect of higher commodity prices". African "imports from China comprised mainly manufactured products (45%) and machinery and transport equipment (31%)" (Wang, 2007: 5). In contrast to this, "the bulk of African exports to China are minerals, petroleum and timber. Angola, Cameroon, Democratic Republic of Congo and Sudan are significant exporters of crude petroleum to meet China's demand for energy. Cameroon and Congo, along with Mozambique and Tanzania are exporters of wood, while Ghana, Namibia and Zambia supply non-ferrous base metals, which are important raw materials for China's booming industrial sector. In all cases the exports involve very limited processing within the African countries" (Jenkins & Edwards, 2006: 213 – 214). The same problems are occurring with Indian – African trade, although to a lesser extent: "Mozambique is important as an exporter of fruit and nuts to India as are Ghana, Nigeria and Tanzania. Sudan is primarily important as an exporter of cotton. Zambia and Tanzania export precious stones. Senegal has large exports of phosphoric acid while South Africa's main export to India is gold" (ibid: 214). Furthermore, through direct investment China and India are directly entering into competition with their African counterparts, and mostly winning (Brautigam, 2009: 190). Textiles and garments offer easy steps on the ladder for industrialisation, but with Chinese and Indian competitors increasingly flooding the market, many African companies are being displaced (Goldstein *et al*, 2009: 1539).

Whilst this renewed emphasis in Africa from China and India is assisting in helping Africa's supply side problems and bringing desperately needed capital to the continent, it "will lead to increased energy prices for net oil importers in Africa and a worsening of their terms of trade" (Zafar, 2007: 126). In this regard, it appears as if these new donors are merely replicating the traditional relationship that Africa holds with Western powers (Hattingh, 2010; Clapham, 2008). All that they are "seeking to do is … insert themselves into an existing bilateral relationship between Africa and the West… This does not however involve any change in Africa's role within either system as a supplier of raw materials" (Clapham, 2008: 368).

But if this is the case, then why are China and India *so* attractive as new partners? In order to understand this, we need to recognise that there have been fundamental changes in the *way* that China and India deliver aid, even if the end result is relatively similar. In-keeping with their rhetoric and official announcements of respect for sovereignty, African countries are provided with a significant degree of autonomy as recipients of Chinese and Indian aid. Furthermore, China and Indian aid provides recipients with leverage against traditional donors. This occurred most recently in Angola when Chinese aid and development assistance allowed the government to delay IMF reforms (Vines & Campos, 2010) and push for a better deal. In this regard, we are witnessing a second generation of donors that do not seek to impose reforms, but instead focus upon Africa's supply side problems.

Most importantly, I argue, that this new of delivering aid has been made directly possible through the actions of a previous generation of Western donors. The first generation of donors, such as the IMF, World Bank, and Western bilateral donors significantly changed African state's internal policy. With an emphasis first upon the removal of the state, and then a shift towards good governance reforms, traditional donors in the continent provided the necessary conditions for foreign direct investment in Africa. This coincided with the rise of China and India who were seeking new markets, new resource suppliers, and new allies. Not only did these reforms provide hospitable locations for investment, it also left African economies in demand of a new way of doing business that allowed a more equitable partnership where the recipient could set the terms of engagement and the purpose of aid. China and India have been able to maximise the potential that this offers. Development assistance subsidises Chinese SOEs and Indian MNCs in the continent (Kragelund, 2009; Sahni, 2010), making them competitive investors with cheap prices. This, combined with their stance of few questions asked makes them attractive partners. Yet there has not been the need for them to impose reforms and conditionalities as, to put it bluntly, the work has already been done for them. This neatly dovetails with China and India's rhetoric, centred round an equitable relationship that does not interfere with either side's sovereignty, and instead emphasises an equitable partnership where neither side calls the shots. China and India are focusing upon what needs to be done to make their FDI in the continent more efficient and more profitable. Focusing on transportation, energy sustainability and technical training, China and India are more concerned with making Africa a long-term investment opportunity than anything else, and in many instances their needs in the continent in the supply side sector coincide with the needs of African states.

Part VI: Conclusion

In this dissertation I have sought to understand the motivations and methods of China and India in Africa, and what differences and similarities exist between them. I have also sought to explore how this new relationship can be put into context of the previous development efforts practised by more traditional donors within the continent. I have tracked how internal developments within China and India, external developments in regards to the balance of power within the world, and internal developments within African states influenced these relationships, right up until the present day.

The evidence suggests that China and India are seeking many of the same goals in the African continent. As a result of this there are a number of similarities in their foreign policy. Both use development assistance as means of facilitating trade and investment, as well as helping to secure access to resources. Whilst their project assistance is centred (to an extent) around different areas (China offers its expertise in infrastructure delivery whilst India's aid programmes are more designed around its own relative strengths in IT and services), their way of delivering aid is very similar. With an emphasis upon mutual respect and sovereignty articulated in both of their foreign policies, neither China nor India seeks to impose aid conditionalities upon other countries. They have attempted to distance themselves from the formal terms of recipient and donor, and instead offer a significant degree of policy autonomy in their aid delivery. In this manner we are witnessing the rise of a new generation of donors that do not attempt to transform the societies they are investing in. They are instead looking at offering aid in a manner which improves the efficiency and sustainability of their own investments in the continent. By improving energy provision, infrastructure, transportation and IT services, these donors are making their investments in the continent more profitable, and more durable.

I have also attempted to demonstrate that China and India's success in infiltrating the continent can only be perceived through an understanding of traditional development assistance. Both China and India have been able to thrive in Africa as a result of liberalisation reform policies imposed by the IFIs during the Structural Adjustment period of the 1980s. This has allowed China and India to penetrate African markets and resource sectors whilst increasing both their imports and exports with the continent exponentially. Furthermore, by contrasting their motives of 'solidarity', 'mutual-benefits' and a fairer international trade system with a more negatively viewed West with neo-imperialist intentions China and India have been able to portray themselves in a positive light whilst validating their rhetoric of 'mutual gains', 'respect for sovereignty' and 'equality' between recipient and donor.

By understanding the nature of Chinese and Indian development assistance in the continent it is possible to identify areas where traditional assistance from Western donors may be complementary to the assistance of these emerging donors. Tri-angular partnerships between Western donors and China and India have been trialled recently in the DRC combining China's expertise in infrastructure provision with DFID's assistance in helping the national government introduce important social and environmental safeguards. Tri-angular partnerships have also been utilised in the treatment of Malaria and HIV / AIDS, combining the relative expertises of India, DFID and The Clinton Foundation (Mitchell, 2011). Whilst the impact and effectiveness of these are yet to be realised, it signifies a productive move by both China and India to develop their development assistance beyond their own economic interests, and into more beneficial areas that promotes longer-term social, environmental and political development. Whether this is being done in order to counter Western and African criticism, or in order to make Chinese and Indian aid more productive for the recipient, it recognises that there is the possibility for traditional donors to engage in development assistance projects with non-DAC donors, even if they are not co-opted formally into the international development community. Other progressive steps include China and India's technical assistance programs. These are highly commended by the UNDP Special Unit for South-South Cooperation, and avoid problems commonly associated with traditional donor's technical assistance programmes. China and India's assistance in these areas is regarded as highly applicable to the needs of developing countries, highly participatory and demand driven. Seeing as there is much overlap in regards to the countries that emerging donors and traditional donors deal with, a tri-angular approach that emphasises their different strengths could be formulated, producing development programmes which are applicable and relevant to developing countries whilst maintaining effective standards for reforms.

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[1] In April 2011 the State Council of the PRC released a White Paper entitled 'China's Foreign

Aid' detailing where its assistance is directed and what form it takes. This represents a major shift in the Chinese government's foreign aid policy, indicating a move towards greater transparency.

[2] The success of these Special Economic Zones is not yet known as they have only began to be implemented, although some in-depth studies can be found already which identify potential pitfalls with them (Brautigam & Ziaoyang, 2011; Mthembu-Salter, 2009; Davies, 2008).

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