

# Understanding the Emerging Relationship Between China and Africa: The Case of Nigeria

Kimairis Toogood  
Peacebuilding Practitioner<sup>1</sup>

*Changing Landscape of Assistance to Conflict-Affected States: Emerging and Traditional Donors and Opportunities for Collaboration Policy Brief #4*

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## Introduction

China currently has one of the fastest-growing foreign aid programs in the world and is considered to be one of the top donor countries in the foreseeable future.<sup>2</sup> To date, Sino-African relations have focused on economic recovery and assistance. The African continent is not a priority for China's foreign policy per se. However, China has expanded its economic investment and has sought to have greater influence based on the market potential in Africa to support China's own economic needs.<sup>3</sup> Some analysts round out this economic argument by claiming that China's emerging interest in Africa is also about extending China's geopolitical reach.<sup>4</sup> Etyang and Panyako argue that, "China seeks to position itself as a hegemon in the international arena..." and "to position itself as an alternative powerhouse to America that has largely dominated international relations for decades."<sup>5</sup> The South African Institute of International Affairs (SAIIA) identifies China's emerging role in Africa as much broader than economic investment, one that reflects wider changes globally as China is attempting to be a major player in international policies in the 21st century in terms of not only economic investment, but also military expenditure and peacebuilding across the numerous post-conflict environments in Africa.

As a 2011 Saferworld report points out, "Since the end of the Cold War, China's bilateral relations with African states have been largely determined by the principles of non-interference and respect for state sovereignty."<sup>6</sup> However, through a number of steps including diplomacy with African leaders, investment in domestic economies to boost growth and livelihood opportunities, and military cooperation more broadly, China's policies and approach to relations with Africa have shifted from its traditional non-interference posture to one of engaging with the political context in the country in order to protect and greater expand its investment.

Therefore, it can be said that we are embarking on a new chapter in international relations more broadly and development assistance specifically, with China playing a new role in Africa's security challenges. In the case of Nigeria, China is an emerging donor with policy areas overlapping with those of more-traditional donors such as the European Union, United Kingdom Department for International Development (DIFD), United States Agency for International Development (USAID), and the World Bank. Chinese development assistance in Nigeria has focused on economic investment and reconstruction with specific projects for infrastructure and economic livelihood recovery in post-conflict areas such as the Niger Delta. Chinese investment also focuses on the electric power and energy sector in Nigeria, but investment in this area comes with great risk of violence and instability undermining development investment. Given Nigeria's open and violent conflict in the Niger Delta region specifically, it is not surprising to see that China has been acknowledging the need to support more military and peacebuilding efforts in order to protect its investment and interests. Therefore, as in other countries in Africa, such as Angola and Liberia, it is likely that China will continue investing in more military and peacebuilding-related efforts in Nigeria, acknowledging that the domestic peace and security needs to be supported when attempting to maximize economic investment in development.

This policy brief will discuss the rationale for China providing assistance in Africa, with a specific focus on Nigeria as a post-conflict country. It will attempt to answer two main areas of inquiry: What is driving the growing involvement of emerging powers such as China in post-conflict reconstruction assistance in Nigeria; and what are the consequences of these changing assistance patterns for reconstruction and peacebuilding dynamics? Through these lines of inquiry, the policy brief will accomplish two goals: It will provide additional information to support the new research agenda in post-conflict studies focused on the presence and role of new donor nations; and it will contribute to policy debates on post-conflict reconstruction policies, especially for those who are working at the nexus between security and development.

## **Evolution of Chinese Development Assistance in Nigeria**

### *Chinese International Development Assistance in Africa*

There has been significant growth of Chinese international development assistance in Africa over the last decade. According to Van Tuijl and Van Dorp, China's overseas assistance to conflict-affected countries has increased significantly over the last few years, with the majority of the efforts being focused on infrastructure-related endeavours.<sup>7</sup> Over a 10-year period, China's trade value with Africa grew from \$6 billion to \$107 billion annually.<sup>8</sup> Of that five top partner countries are Nigeria, Angola, South Africa, Sudan, and Egypt.<sup>9</sup>

The first China-Africa Civil Society Forum on Peace and Development was organized by Saferworld, the Chinese People's Association for Peace and Disarmament (CPAPD), and the Africa Peace Forum (APFO) in Beijing in June 2010. The Forum brought together more than 60 African, Chinese and international experts with the aim of exchanging views and perspectives on effective ways for China to assist African countries facing security challenges.<sup>10</sup>

Chinese foreign assistance resembles official development assistance (ODA) as defined by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). However, while China recognizes the OECD-ODA process, it has not adopted the rules and regulations of the OECD-DAC ODA processes in its engagement with development partner countries. Although China may not have adopted the OECD-DAC ODA aid reporting requirements, it has attempted to tailor these international standards to its own policies. As Xu and Carey point out, “transparency is now a key principle in China’s own domestic reform program. And China’s move to create new international institutions and to work with others on ambitious new development investments carries the implication of transparency, synergy, and collective impact evaluation at the country and regional levels.”<sup>11</sup>

However, traditional donors have critiqued these standards for not being appropriate for the aid reporting requirements because they still lack transparency and evaluation of aid data.<sup>12</sup> It appears unlikely that China will adopt the DAC system in the same way that traditional Western donors have. However, it does appear that China is open to strengthening its internal auditing systems and refining its existing standards for transparency and evaluation due to internal, domestic public pressure in China stemming from the growing scale of Chinese foreign aid. This thinking aligns with the mission of the New Development Bank (NDB), formerly referred to as the BRICS Development Bank, which is the multilateral development bank established by the BRICS states: Brazil, Russia, India, China, and South Africa. Through the NDB, it appears that China will find greater “convergence” with more-traditional donors when it comes to development policies.<sup>13</sup>

China’s investment in Africa has moved away from being a purely economic engagement, as China has taken a more strategic approach to building partnerships in Africa.<sup>14</sup> A 2014 Saferworld report on Sino-African relations claims that China’s relationship building with Africa is part of a broader agenda to diplomatically isolate Taiwan as well as to strengthen China’s own international position.<sup>15</sup> This is supported by the example of China’s strong lobbying of South Africa’s government to oppose the Dalai Lama’s visit last year.<sup>16</sup> African leaders themselves appear to welcome Chinese investment in Africa, as they view this investment as “an opportunity to fuel economic growth, to put them into a better negotiating position with traditional Western donors and to amplify Africa’s voice in international forums.”<sup>17</sup>

However, China's priorities regarding peace and security matters are changing in the contexts where it has been investing. China's growing presence in Africa means that its investments are sometimes at risk because of conflicts on the continent. China now acknowledges that the continued insecurity and violent conflict requires it to respond in more direct ways.<sup>18</sup> Traditional donors, including the United States, appear to welcome China's greater involvement in peace and security investment in Africa as outlined in the 2013-2015 Action Plan of the Forum on China-Africa Cooperation (FOCAC).<sup>19</sup> "With China's growing role in the United Nations Security Council, coupled with continued protracted conflicts in Africa – Somalia, Sudan, South Sudan, the Democratic Republic of Congo (DRC), Central African Republic (CAR), Libya and the escalation of transnational crimes such as terrorism and piracy, China has tended to shift from its traditional principle of non-interference or what we call 'no-strings attached' kind of engagement to a more 'strings attached engagement' with African states. This shift has been more prominent in the area of peace and security."<sup>20</sup> Therefore, China has committed to playing a larger role in overall peace and security matters throughout the continent.<sup>21</sup> According to the 2011 Saferworld report, China focuses its activities on support for military infrastructure and de-mining as well as training of African armed forces.<sup>22</sup> This is because China has no military presence on the continent, and therefore, tries to leverage its support through other mechanisms. However, China is seen as potentially becoming a large player in peacekeeping forces in the future. Its position, therefore, should continue to shift over the next few years as trade and investment increases and with it the need to protect those interests. These opportunities and challenges for China in Africa play out in the context of Nigeria, and will be discussed in the next section.

## *Chinese International Development Assistance in Nigeria*

The Chinese Ambassador to Nigeria, H.E. Gu Xiaojie, claims that Nigeria is "China's number one engineering market, number two export market, number three trading partner and major investment destination in Africa."<sup>23</sup> It is reported that China's foreign direct investment into Nigeria was \$85.8 million in 2013 and increased to \$116.87 million in 2014.<sup>24</sup> The Nigerian Investment Promotion Commission (NIPC) reports over cumulative \$3 billion received from China for investment in economic growth areas such as power-sector development, solid minerals, agriculture, rail transportation, and housing infrastructure.<sup>25</sup> For example, a China-Nigeria memorandum of understanding (MOU) was signed for investment in railways, refineries, agri-industrialization, the Mambilla hydro-electric project, and a general increase in trade on September 13, 2016. Likewise, in November 2014 China signed a contract for a \$12 billion Nigeria railway project. And most recently, on September 15, 2016, Nigeria and China signed a \$23 billion deal for three refineries in Kogi, Lagos, and Bayelsa states.

This relationship resulted in the establishment of the Nigeria-China Business Council following the First Nigeria-China Trade and Investment Forum held in Abuja in September 2016. This

forum's participants discussed Chinese investment in Nigeria that has reached over \$80 billion. Nigeria views its relationship with China as one that also benefits its own export needs and its international negotiating prowess. The country is now affectionately known as "Africa's China" among international investors. This relationship will enable Nigeria to become a major player in both Africa's and now Asia's markets.

As China has become more involved in electric power and energy support in Nigeria, it has, by association, become a party to the ongoing conflicts over the control and maintenance of natural resources, particularly in the Niger Delta. It can be said that China's "quest for resource security has drawn China into internal conflicts surrounding natural resources."<sup>26</sup> Specifically, a 2011 Saferworld report indicates that armed groups have targeted Chinese oil installations in several countries, including Nigeria. "China's demand for natural resources has meant that it has not only become an involved actor in internal affairs, but that in some cases it has reinforced and fuelled pre-existing conflict dynamics."<sup>27</sup> This growing involvement is also putting Chinese citizens themselves at risk. "Most Chinese citizens in Africa are employed by enterprises pursuing commercial objectives, and nowhere else have they come under more threat than in the energy sector. Chinese citizens working for oil companies have been directly and frequently targeted in Ethiopia, Sudan and Nigeria. Chinese sailors have been kidnapped by Somali pirates in the Gulf of Aden. Given these developments, the security of its citizens in Africa is of increasing concern to the Chinese government."<sup>28</sup> In light of the growth in Chinese investments in Nigeria and the resulting security challenges encountered by those investments in Nigeria's post-conflict areas, it is important to understand how China will manage to shift its posture toward greater military involvement and peacebuilding activities in the country.<sup>29</sup>

## **The Next Frontier: Chinese Investment in Peace and Security in Nigeria**

Conflict and insecurity in can undermine development since they damage infrastructure, lead to the loss of lives, and contribute to the lack of access to and functionality of social and public services. "For example, between 1990 and 2005, conflict cost African countries almost \$300 billion – roughly the same amount as these countries received in aid during the same period."<sup>30</sup> China used to have a strict and dogmatic "non-interference" posture as its modus operandi. It focused its support on economic investment without addressing any challenges in the domestic context itself.

However, since 1999 China has began retreating from its more rigid resistance to interference in domestic affairs, and as a result, despite continued differences, it has moved closer to the position of more-traditional donors such as the United States. For example, China is the largest contributor of noncombat troops of the permanent five members (P5) of the United Nations Security Council. It provides support to peacekeepers serving as military observers, civilian police, and units that provide infrastructure, medical, logistics, and transport support without putting its own forces on the ground.<sup>31</sup>



China's peace and security efforts in Africa, including in Nigeria, are also focused on military diplomacy through the bilateral military cooperation between China and various African countries, including Nigeria. The exact levels of assistance are difficult to ascertain. However, it is clear that "China offers at least modest quantities of military assistance or training to nearly every African country with which it has diplomatic relations." Shinn argues that 10 countries have more established military ties with China, including Algeria, Angola, Egypt, Ghana, Nigeria, South Africa, Sudan, Uganda, Zambia, and Zimbabwe.<sup>32</sup>

Sino-Nigerian cooperation has led to the launch of the Initiative on China-Africa Cooperative Partnership for Peace and Security that aims to provide additional technical support to the African Union for peace and security operations. This will include more efforts put toward conflict prevention, management, and resolution in Africa as well as post-conflict reconstruction and development.<sup>33</sup> The Chinese have also begun selling more military equipment to Africa, with the value of defense transfers rising by more than 63 percent in real terms between 2006-2010 and 2011-2015.<sup>34</sup> Nigeria purchased \$251 million on 15 F-7 Fighters from China in 2005, for example, and later bought CH-3 unmanned aerial vehicles to use in the fight with Boko Haram.<sup>35</sup>

However, while China appears to be more willing to move away from classical "non-interference" policies and provide more support to stabilize domestic situations in Africa, including Nigeria, it has remained critical of donor-driven policy prescriptions and aid conditionalities. For example, China "views US development funds spent on issues like governance and countering violent extremism as inappropriate."<sup>36</sup> This will present a challenge in a context such as Nigeria, where traditional donors have been striving to have an impact on these issues through development assistance conditionality for decades with mixed results. Therefore, it would be in the best interests of traditional donors to convince emerging donors, including the Chinese, to also advocate for improvements in governance and human rights as well as to establish and enforce global aid reporting systems.

## **Policy Recommendations**

There are two different approaches for emerging donors like China and more-traditional donors such as the European Union, World Bank and U.S. Agency for International Development when it comes to "interference" in domestic affairs, transparency and accountability in donor aid reporting, and the importance of investing in peace and security dynamics. In Sino-Nigerian relations, the strategic investment opportunities for both parties are clearly defined, and China has shown its flexibility in regards to adapting its posture vis-à-vis Nigeria's changing security context. These dynamics present hope for continued advancement of China's role in peace and security affairs in Nigeria and its alignment with the position of more-traditional donors on this issue.

One way to greater align China's efforts with those of more-traditional donors is to support partnerships between OECD countries' development agencies and Chinese actors, especially investment development banks like the NDB. Greater synergies between best practices regarding development aid could be found here, and it would be a good way to align these efforts at an institutional, structural level. In this capacity, traditional donors could also find leverage to pressure China to push in particular areas such as good governance and human rights. This would further enable traditional donors to make progress with the Nigerian government on these issues without creating a gap between the "asks" of traditional donors and emerging donors in the future.

Also, given China's growing portfolio in Nigeria, it is important for China to adopt more conflict-sensitive policies toward Nigeria, specifically in its engagement in conflict-prone areas such as the Niger Delta. As China works in areas like natural resource management, there are conflict-sensitive business practices that it can uphold such as conducting conflict analysis, engaging in multi-stakeholder meetings in local communities, and building in grievance-redress mechanisms to assure that community grievances have a channel to reach key decision makers. And if this can be adopted at the regional level within Nigeria, it should also be considered for all Chinese agencies working in Africa more broadly on overseas development assistance such as the China Export-Import Bank, the China Development Bank, and the Ministry of Foreign Affairs. If this aspect of conflict- and gender-sensitive practices is not adopted more broadly, China may find itself doing harm by fueling more violent conflict.

Lastly, China will need to prove itself when it comes to civil-society engagement on social and environmental safeguards in Nigeria, as its track record with engaging with civil-society organizations remains unclear. Given the important role a vibrant civil society plays in post-conflict contexts, it is essential for China to commit to investing in greater partnerships with civil-society organizations, particularly in areas where it is directly engaging with conflict dynamics, such as in the Niger Delta.

<sup>1</sup> Kimairis Toogood is currently the senior adviser for Africa Programme with International Alert in London. She served as the acting county manager for Nigeria, as well as the peacebuilding advisor to the British Council's Nigeria Stabilization and Reconciliation Programme (NSRP) in Nigeria. Previously, she served as a peacebuilding consultant with UNHCR in the Kyrgyz Republic. She also facilitated workshops for UNHCR and U.N. partners on conflict analysis, for World Bank staff and implementing partners on conflict sensitivity, and for Eurasia Foundation for Central Asia's (EFCA) Women Peace Banks trainers. She also served as a conflict prevention officer with the U.S. State Department's Bureau for Conflict and Stabilization Operations (CSO), formerly known as the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). Dr. Toogood also served as a conflict prevention specialist with the United Nations Development Programme (UNDP) Peace and Development Programme (PDP) in Osh, Kyrgyzstan. She worked as an analyst with the Department of Defense (DoD), specializing in political, economic, and military analysis in Arabian Peninsula countries (Saudi Arabia, Yemen, Oman, Qatar, UAE, Kuwait, Bahrain, and south-west Iraq). Dr. Toogood was a University of Illinois Urbana-Champaign Research Fellow 2010-2011, and a National Security Education Program (NSEP) David L. Boren Fellow in Tajikistan studying civil society in competitive authoritarian regimes between 2009 and 2010. She is also a former Katherine Davis Russian Language Fellow 2009 and a Hunt Inclusive Security Fellow 2009. Dr. Toogood has published several opinion editorials in U.S. News & World Report and The Washington Times on Central Asia in 2013 and Ukraine in 2014, a Resolutions Quarterly article titled "Room for Reconciliation? Post-Conflict Reconstruction in Kyrgyzstan" in 2011, as well as a Springer Publications' book chapter titled "Civil Society in Central Asia" in 2010. Dr. Toogood has a Ph.D. from the School for Conflict Analysis and Resolution (S-CAR) at George Mason University.

<sup>2</sup> Xu, Jiajun and Richard Carey. "China's Development Finance: Ambition, Impact and Transparency." IDS Policy Briefing, Issue 92. April 2015, 2.

<sup>3</sup> Saferworld. "Building Constructive China-US Cooperation on Peace and Security in Africa." Briefing, June 29, 2015, 1.

<sup>4</sup> Etyang, Oita and Simon Oswan Panyako. "China and Africa's Peace and Security Agenda: The Burgeoning Appetite." Journal of African Conflicts and Peace Studies, Vol. 3: no. 1, 2016, 2. <http://scholarcommons.usf.edu/jacaps/vol3/iss1/4>.

<sup>5</sup> Ibid, 1-3.

<sup>6</sup> Saferworld. "China's Growing Role in African Peace and Security." January 2011, II.

<sup>7</sup> Saferworld. "Building Constructive China-US Cooperation," 7.

<sup>8</sup> Saferworld. "China's Growing Role," I; "China-Africa Trade Up 45 Percent in 2008 to \$107 Billion." China Daily, February 11, 2009.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.



<sup>11</sup> Xu and Carey, 4-5.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Saferworld. “China’s Growing Role,” I.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> The Fifth Ministerial Conference of The Forum on China-Africa Cooperation Beijing Action Plan (2013-2015). <http://www.focac.org/eng/zxxx/t954620.htm>.

<sup>20</sup> Etyang and Oswan Panyako, 1.

<sup>21</sup> Saferworld. “China’s Growing Role,” III.

<sup>22</sup> Ibid.

<sup>23</sup> Africa Today’s Conference on Nigeria-China Relations and Implications for Nigeria’s Foreign Policy Concentricism May 8, 2016. This Day. [www.thisdaylive.com/index.php/2016/05/08/Africa-todays-conference-on-nigeria-china-relations-and-implications-for-nigerias-foreign-policy-concentricism/](http://www.thisdaylive.com/index.php/2016/05/08/Africa-todays-conference-on-nigeria-china-relations-and-implications-for-nigerias-foreign-policy-concentricism/).

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Saferworld. “China’s Growing Role,” Viii.

<sup>27</sup> Ibid.

<sup>28</sup> Saferworld. “Building Constructive China-US Cooperation,” 24.

<sup>29</sup> See for example, “China seeks big stake in Nigeria oil,” Financial Times, September 28, 2009; Obi, Cyril I. “Enter the Dragon? Chinese Oil Companies and Resistance in the Niger Delta,” Review of African Political Economy, no. 117, 417–434; “Nine kidnapped Chinese workers safely released in Nigeria,” People’s Daily, February 5, 2007.

<sup>30</sup> IANSA, Oxfam, and Saferworld. “Africa’s Missing Billions: International Arms Flows and the Cost of Conflict,” Oxfam Briefing Paper 107, 2005, 9. See also, Saferworld, “China and Conflict Sensitivity,” 1.

<sup>31</sup> Saferworld. “China’s Growing Role.”

<sup>32</sup> Shinn, David. “Chinese Involvement in African Conflict Zones,” China Brief, Vol. 9 no. 7, 2009; Saferworld, “Building Constructive China-US Cooperation,” 37.

<sup>33</sup> Etyang and Oswan Panyako, 4.

<sup>34</sup> Stockholm International Peace Research Institute, 2016.

<sup>35</sup> “Nigeria Spends \$251 Million for Chinese F-7 Fighters After Oil Deals’, Defence Industry Weekly, September 30, 2005; “China Making Big In-Roads in African Defence Sector,” Defense web, February 28, 2016.

<sup>36</sup> Saferworld. “China and Conflict Sensitivity: An Introduction,” August 29, 2013, 2.

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