

FINANCING DEVELOPMENT IN AFRICA: A COMPARATIVE ANALYSIS OF THE WESTERN MODEL AND CHINA'S APPROACH

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Abstract

China is now a major source of development finance for Africa. This paper therefore investigates China and Africa's engagement in the context of development finance. Employing the constructivist analytical framework, specifically Finnemore and Sikkink's norm life-cycle and other norm dynamics literature, the paper inquires into the dynamics of China's approach and compares it with the Western model of implementing development finance in Africa. The findings suggest that China appears to pursue a development financing model which presents an alternative to the Western model, thus demonstrating some form of norm leadership. China does not, however, actively promote its approach. There is, therefore, no evidence of deliberate norm entrepreneurship on the part of China. Yet, China's model seems to mimic some aspects of the Western model, thus exemplifying norm mimicry, taking or following. There is also evidence of other norm dynamics which include norm resistance by citizen of the recipient nations.

I. INTRODUCTION: EMERGENCE OF CHINA AS A SOURCE OF DEVELOPMENT FINANCE FOR AFRICA

Whereas the term development finance is “inherently a contested concept” it arguably is “concerned with the manner in which finance influences the processes and objectives of development.”¹ Development finance can thus be understood to mean “an approach to funding developmental outcomes which covers strategies, principles/processes and instruments employed by multiple development stakeholders to mobilize and align finance for sustainability.”² It is this kind of finance, which has traditionally been provided to African countries by Western nations, but now also increasingly by China, which is the focus of this paper.

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1 Jeremy Dobbins & Hendrik Lloyd, *Development Finance as an Emerging Discipline: Perspectives from the South African Context*, 37 DEVELOPMENT SOUTHERN AFRICA 162 (2020).

2 Abdul Latif Alhassan, *Development Finance: A Conceptual Definition*, 8 DEVELOPMENT FINANCE AGENDA 16 (2023).

Crucially, China and Africa have, for a long time, engaged each other on matters development finance. The said engagement reaches as far back as the period when African countries were emerging from colonialism.³ China is therefore not a new actor in the development finance space in Africa. However, in the more recent past, china's role has been pressed to the fore, particularly in evaluative literature which compares and contrasts the Chinese approach to development finance with the Western model and tends to praise and also vilify China's engagement with Africa in equal measure.⁴

Significantly, ever since the late President Robert Mugabe of Zimbabwe boldly declared that “we have turned East, where the sun rises, and given our back to the West, where the sun sets,”⁵ other African countries were influenced, followed suit, and turned “East” for their development finance.⁶ The result has been that between the years 2000 and 2022, Chinese State and non-State lenders had provided 1,243 loans amounting to \$170.08 billion to 49 African governments and seven regional institutions.⁷ Consequently, China is now a leading bilateral lender to most African nations.⁸

For a long time, the main sources of development finance for Africa were Western nations and the institutions related to them (both international and domestic)⁹.

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- 3 Some of the notable examples of this early engagement include, among others: credits totaling to \$25 million advanced by China to Guinea in 1960; an interest-free loan of £G 7 million advanced by China to Ghana in 1961; and a credit line of \$20 million extended by China to Kenya in 1964. See generally, Jan S. Prybyla, *Communist China's Economic Relations with Africa 1960-1964*, 4 *ASIAN SURVEY* 1135 (1964).
 - 4 Examples of this literature include: Agatha Kratz & Dragan Pavličević, *Norm-Making, Norm-Taking or Norm-Shifting? A Case Study of Sino-Japanese Competition in the Jakarta-Bandung High-Speed Rail Project*, 40 *THIRD WORLD QUARTERLY* 1107 (2019); Hisahiro Kondoh, *Convergence of Aid Models in Emerging Donors? Learning Processes, Norms and Identities, and Recipients* (2015), <https://www.semanticscholar.org/paper/Convergence-of-Aid-Models-in-Emerging-Processes%2C-Kondoh/b6b0d56eb49f6a9f5550206166ca3a5a4edd3f04> (last visited May 31, 2024); and James Reilly, *A Norm-Taker or a Norm-Maker? Chinese Aid in Southeast Asia*, 21 *JOURNAL OF CONTEMPORARY CHINA* 71 (2012).
 - 5 The declaration was reportedly made in a speech given by President Mugabe's during the occasion to celebrate the country's twenty fifth anniversary of independence. See, Andrew Meldrum, *Mugabe Turns Back on West and Looks East*, *THE GUARDIAN*, Apr. 19, 2005, <https://www.theguardian.com/world/2005/apr/19/zimbabwe.andrewmeldrum> (last visited May 31, 2024).
 - 6 Younde argues that Zimbabwe's “Look East Policy” was “pragmatic in nature” and thus “provides an ideal venue for examining the interests of African states in pursuing closer ties with China.” The reasons motivating other African countries to follow in the footsteps of Zimbabwe can also be rationalized, arguably, on the basis of pragmatism. See, Jeremy Youde, *Why Look East? Zimbabwean Foreign Policy and China*, 53 *AFRICA TODAY* 3 (2007), 3-19, at 4.
 - 7 See, A New State of Lending: Chinese Loans to Africa | Global Development Policy Center, <https://www.bu.edu/gdp/2023/09/18/a-new-state-of-lending-chinese-loans-to-africa/> (last visited May 31, 2024).
 - 8 Deborah Brautigam, *Chinese Lending to Sri Lanka: A Factual Cum “Reality” Check*, <http://www.chinaafricarealstory.com/2023/03/chinese-lending-to-sri-lanka-factual.html> (last visited Jun 1, 2024).
 - 9 The traditional sources mainly included the Multilateral Development Banks, including the World Bank, the International Monetary Fund and the major traditional donor countries. See, Chris Humphrey & Katharina Michaelowa, *China in Africa: Competition for Traditional Development Finance Institutions?*, 120 *WORLD DEVELOPMENT* 15 (2019).

Consequently, Western nations had, over time, developed a preferred model for implementing development finance which was primarily informed by neoliberalism¹⁰ and thus emphasized conditionalities. In this regard, as rightly argued by Harris, African countries were “required by the International Finance Institutions to implement major reforms of economic policy, involving cuts in public expenditure, liberalization, and privatization.”¹¹ The conditionalities further included programs for economic stabilization and structural adjustment, intended to reduce the role of the State and ensure the implementation of liberal policy in the management of the economic affairs of the affected nations.¹²

Africa’s turn to the “East” has corresponded with China’s rise as a global power.¹³ This rise potentially creates opportunities for alternative normative projects. Therefore, with the rise of China, its approach to development finance has, arguably, taken a different approach from the Western model. Literature on China’s normative approach has identified certain characteristics which set the Chinese model of development finance apart from the Western one.¹⁴ The most notable features of the Chinese model include: a strong focus on trade and infrastructure; focus on extractives industry; no conditionalities; non-interference in recipient countries’ internal affairs; and respect for State sovereignty of the development finance recipient nations.¹⁵ In addition, China has been keen to present itself as a responsible lender pursuing common goods based on

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- 10 According to Thorsen and Lie, as a political ideology, neoliberalism can be argued to be a “revival of liberalism” which suggests that that liberalism has undergone a process of initial growth, intermediary decline, and finally a recent rejuvenation.” Alternatively, neoliberalism might be perceived of as a “distinct ideology, descending from, but not identical to liberalism ‘proper.’” Under both approaches, however, neoliberalism is usually understood to connote a return and spread of one specific aspect of the liberal tradition, namely economic liberalism, i.e. the belief that States ought to abstain from intervening in the economy, and instead leave as much as possible up to individuals participating in free and self-regulating markets. See also, Dag Einar Thorsen & Amund Lie, *What Is Neoliberalism* (2007), <https://www.semanticscholar.org/paper/What-is-Neoliberalism-Thorsen-Lie/bffcf3fb9537670f97a459649eab6ab181615de> (last visited May 31, 2024).
- 11 John Harris, *Development Theories*, in INTERNATIONAL DEVELOPMENT: IDEAS, EXPERIENCE AND PROSPECTS (Currie-Ader, B., Kanbur, R., Malone, M.D., And Medhora, R. eds.) 43, 35-49 (2014). See also, Alfred G. Nhema & Tawanda Zinyama, *Modernization, Dependency and Structural Adjustment Development Theories and Africa: A Critical Appraisal*, 4 INTERNATIONAL JOURNAL OF SOCIAL SCIENCE RESEARCH 151 (2016), <https://www.macrothink.org/journal/index.php/ijssr/article/view/9040> (last visited Jun 1, 2024). This orthodoxy was ultimately termed, the “Washington Consensus.”
- 12 Etienne Höra, *Norm Entrepreneurship with Chinese Characteristics? Constructing a ‘Green BRI,’* 9 EUROPEAN REVIEW OF INTERNATIONAL STUDIES 458 (2022); See also, David Williams, *The History of International Development Aid*, in HANDBOOK OF GLOBAL ECONOMIC GOVERNANCE 233 (Manuela Moschella & Catherine Weaver eds., 1 ed. 2013), <https://www.taylorfrancis.com/books/9781136582882/chapters/10.4324/9780203156377-19> (last visited Jun 1, 2024).
- 13 Etienne Höra, *Norm Entrepreneurship with Chinese Characteristics? Constructing a ‘Green BRI,’* 9 EUROPEAN REVIEW OF INTERNATIONAL STUDIES 458 (2022).
- 14 See for example, *Id.*
- 15 *Id.*

“win-win” cooperation.¹⁶ This sharply contrasts with the model traditionally utilized by the West which has been criticized as being patronizing towards the development finance recipient nations.¹⁷

Consequently, China’s alternative approach, coupled with the country’s self-assigned identity as a “responsible leader” in global governance¹⁸ and President Xi Jinping’s strong political leadership¹⁹ positions China very well to pursue, if need be, universalization²⁰ of Chinese-specific norms in development finance. This possibility, arguably makes an analysis of China’s engagement with development finance worthwhile.

Employing a constructivist frame of analysis²¹ furnished by norm dynamics scholars such as Finnemore and Sikkink,²² Bloomfield,²³ Wiener,²⁴ and Acharya²⁵ this paper investigates the dynamics of China’s normative engagement with Africa vis-à-vis the other actors in development financing, including: (a) Western actors (countries acting in their individual capacities and/or collectively through the International (Development) Finance Institutions); (b) African Governments (as recipients of Chinese development finance); and (c) non-state actors across Africa (as possible sites

16 The concept of “win-win cooperation” is said to be “rooted in the traditional Chinese cultural values of ‘peace and cooperation’ and is consistent with the principles of peaceful coexistence and mutual benefit. It is also closely related to and reinforces with the theory of peaceful development.” See, Win-Win Cooperation: Formation, Development and Characteristics, https://www.ciis.org.cn/english/ESEARCHPROJECTS/Articles/202007/t20200715_3604.html (last visited May 31, 2024).

17 See, West’s condescending attitude opens doors for China in Africa - The Nordic Africa Institute, <https://nai.uu.se/news-and-events/news/2018-02-12-wests-condescending-attitude-opens-doors-for-china-in-africa.html> (last visited May 31, 2024).

18 See generally, Ayman Al-Barasneh, *China’s Changing Engagement in Global Peace Building and Conflict Resolution: Drivers and Trends*, JORDANIAN JOURNAL OF LAW AND POLITICAL SCIENCE (2023), https://www.academia.edu/118041465/China_s_changing_engagement_in_global_peace_building_and_conflict_resolution_drivers_and_trends (last visited May 31, 2024).

19 President Xi Jinping has been described as “the most powerful Chinese leader since Mao Zedong.” See, Trace China’s Rise to Power, <https://www.cfr.org/china-global-governance/> (last visited May 31, 2024).

20 Meaning, the spread across the globe.

21 Constructivism has been described as “the principal theoretical perspective on norms.” See Amitav Acharya, *Norm Subsidiarity and Regional Orders: Sovereignty, Regionalism, and Rule-Making in the Third World I*, https://www.academia.edu/35903313/Norm_Subsidiarity_and_Regional_Orders_Sovereignty_Regionalism_and_Rule_Making_in_the_Third_World_1 (last visited May 31, 2024), 95-123, at 95.

22 Martha Finnemore & Kathryn Sikkink, *International Norm Dynamics and Political Change*, 52 INTERNATIONAL ORGANIZATION (2005).

23 Alan Bloomfield, *Norm Antipreneurs and Theorising Resistance to Normative Change*, 42 REVIEW OF INTERNATIONAL STUDIES 310 (2016).

24 Antje Wiener, *Contested Compliance: Interventions on the Normative Structure of World Politics*, 10 EUROPEAN JOURNAL OF INTERNATIONAL RELATIONS 189 (2004).

25 Amitav Acharya, *How Ideas Spread: Whose Norms Matter? Norm Localization and Institutional Change in Asian Regionalism*, 58 INTERNATIONAL ORGANIZATION 239 (2004). See also, Hiro Katsumata, *Mimetic Adoption and Norm Diffusion: ‘Western’ Security Cooperation in Southeast Asia?*, 37 REVIEW OF INTERNATIONAL STUDIES 557 (2011).

of norm contestation and resistance). The study does not focus on country-specific engagements with China. Instead, the engagement is analyzed generally, as informed by as many relevant cases as possible highlighting China's engagement with Africa.

Three core arguments are made. First, the picture which emerges from a critical analysis of China's engagement with Africa in the context of development finance indicates that whereas China's approach does differ from the Western one in certain respects, yet in other ways, it merely mimics the Western model. Second, to the extent that China's model contrasts with the Western one, and also given that China is not actively promoting its model and seeking to replace the model based on neoliberal norms, then China's approach cannot be argued to fit the characterization of a norm entrepreneur²⁶ but rather that of a norm antipreneur.²⁷ Third, China's participation in development financing in Africa has evoked responses which exemplify other norm dynamics, particularly norm resistance.

Following this introduction, Part II articulates the paper's analytical framework following which part III introduces the dominant Western model of development finance as encapsulated by: the twin ideas of International Development Aid and International Aid system; the concept of underdevelopment viewed from the perspectives of the main Western actors in development finance; and the Western model's interplay with the Neoliberal World Order. Next, in part IV, China's approach is critically analyzed in the context of the paper's analytical framework after which a fitting conclusion is reached.

II The Analytical Framework: Constructivism, the Norm Life Cycle Theory and other Perspectives on Norm Dynamics

Whereas there are many theories of International Relations, three main theories – realism, liberalism and constructivism – are dominant.²⁸ Realism emphasizes power struggle amongst States, each of which is self-interested, thus creating the potential for conflict between States while liberalism, the “principal challenge to realism,” seeks understand and generate ways to mitigate the potential conflict.²⁹ Realism places great

26 See Part III for a detailed discussion of this concept.

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28 Danny Singh, *Main International Relations Theories*, in *THE TRIPARTITE REALIST WAR: ANALYSING RUSSIA'S INVASION OF UKRAINE 7* (Danny Singh ed., 2023), https://doi.org/10.1007/978-3-031-34163-2_2 (last visited May 31, 2024).

29 One World, Rival Theories – Foreign Policy, <https://foreignpolicy.com/2009/10/26/one-world-rival-theories/> (last visited May 31, 2024), at 30-32.

attention on “survival and self-help” since States, as rational actors, do seek to position themselves so as to gain and obtain advantages over rival States.³⁰ On its part, liberalism focuses on ideals such as democracy, human rights, neoliberalism etc.³¹

Realism and liberalism thus pay close attention to power and interests.³² The two theories have thus not been emphasized in this paper. However, while acknowledging that the realist and liberalist perspectives do inform and explain the interaction between China and Africa with respect to development finance, this paper locates its discussion and analysis within the constructivist paradigm.

According to Adler, constructivism is the view that “the manner in which the material world shapes and is shaped by human action and interaction depends on dynamic normative and epistemic interpretations of the material world.”³³ At a very general level, therefore, constructivism is an approach to social analysis based on the basic assumptions that: (a) human interaction is not shaped by material factors, but primarily by ideational ones; (b) the most significant ideational factors in this context are “intersubjective” beliefs as shared collective understanding; and (c) these beliefs construct the actors’ identities and interests.³⁴ Constructivism is thus useful in helping explain how China constructs its identity and interests in the process of its interaction with African countries in the context of development finance.

Additionally, according to Guzzini,³⁵ constructivism is conceived as, a “metatheoretical commitment on the basis of three important tenets: as an epistemological claim, knowledge is socially constructed; as an ontological claim, social reality is constructed; finally, as a reflexive claim, knowledge and reality are mutually constitutive.”³⁶ The Constructivist perspective thus focuses on the examination of nonmaterial factors such as norms, ideas, knowledge, and culture, stressing in particular the role played by “collectively held or intersubjective ideas and understanding on social life” in IRs (Finnemore & Sikkink, 393). The constructivist paradigm thus emphasizes that

30 Singh, *supra* note 28 at 52.

31 *Id.*

32 One World, Rival Theories – Foreign Policy, *supra* note 29.

33 Adler, E. (1997). Emanuel Adler, *Seizing the Middle Ground: Constructivism in World Politics*, 3 EUROPEAN JOURNAL OF INTERNATIONAL RELATIONS 319 (1997), at 322. See also Katsumata, *supra* note 25.

34 Martha Finnemore & Kathryn Sikkink, *TAKING STOCK: The Constructivist Research Program in International Relations and Comparative Politics*, 4 ANNUAL REVIEW OF POLITICAL SCIENCE 391 (2001) at 393.

35 Stefano Guzzini, *A Reconstruction of Constructivism in International Relations* (2000), <https://cadmus.eui.eu/handle/1814/23699> (last visited May 31, 2024).

36 Cited in VINCENT POULIOT, “Subjectivism”: *Toward a Constructivist Methodology*, 51 INTERNATIONAL STUDIES QUARTERLY 359 (2007) at 361.

the social context in which states operate fundamentally shapes their perceptions, identities, and actions.

Consequently, constructivism takes “a sociological perspective on world politics, emphasizing the importance of normative as well as material structures, and the role of identity in the constitution of interests and action.”³⁷ By focusing more attention on “the nature of social life and social change,”³⁸ constructivism thus contradicts realist and liberal precepts which tend to be particularly concerned with the examination of “how the behavior of agents generates outcomes,”³⁹

Constructivism is especially useful in analyzing China’s engagement with Africa since China has been described as a nation with a “split identity between the Global South and the Great Power.”⁴⁰ Admittedly, in some ways, China is still a developing country yet, at the same time, China’s current identity as a leading source of development finance cannot be gainsaid. This paradox excites curiosity. As Esteban and Olivie have argued, “China has become a key development partner for many countries and therefore its stance towards prevailing norms in the field of development cooperation has attracted close scrutiny.”⁴¹ This cooperation also includes development finance.

In a bid to frame the said scrutiny, Esteban and Olivie identified three main theoretical frameworks employed in the existing literature to analyze China’s participation *vis-a-vis* Western actors: first, *the realist perspective* which sees a difference between China and the West’s normative approach thereby resulting in a “normative clash which predisposes Chinese actors to reject and subvert international aid norms;” second, a *rational pragmatic approach* which perceives China as complying “with the prevailing aid norms only if it is in its interest to do so” and thus resulting in China merely introducing “minor changes in those norms to better fit their interests;” and lastly, *the constructivist paradigm* which sees the possibility of China being “socialized” into the “values underpinning” Western aid norms, thereby resulting in “normative convergence” which “would lead to a cooperative stance towards those norms.”⁴²

37 RICHARD PRICE & Christian Reus-Smit, *Dangerous Liaisons?*, 4 EUROPEAN JOURNAL OF INTERNATIONAL RELATIONS - EUR J INT RELAT 259 (1998) at 259.

38 Finnemore and Sikkink, *supra* note 33 at 39.

39 Alexander Wendt, *Anarchy Is What States Make of It: The Social Construction of Power Politics*, 46 INTERNATIONAL ORGANIZATION 391 (1992) at 391.

40 See Elizabeth McGowan, *Norm-Taker or Norm-Shaper: Is China Socialising into Norms of Intervention?*, INTERNATIONAL RELATIONS.

41 Mario Esteban & Iliana Olivie, *China and Western Aid Norms in the Belt and Road: Normative Clash or Convergence? A Case Study on Ethiopia*, 31 JOURNAL OF CONTEMPORARY CHINA 267 (2022) at 268.

42 *Id.*

This paper focuses more on the constructivist paradigm. The position taken here does not, however, readily take it for granted that China has, as argued by Esteban and Oliivić, been “socialized” into Western aid norms. Instead, this paper problematizes and critically analyzes China’s participation and contribution, albeit from a constructivist perspective.

This paper adopts the definition of norm posited by Finnemore and Sikkink⁴³ who defined norm to mean “standard of appropriate behavior for actors with a given identity.” In their endeavor to explain the process of norm production, acceptance, and further dissemination from a constructivist perspective Finnemore and Sikkink argued that norms “evolve” in a patterned “life cycle,” which comprises three stages: first, the *emergence* of a norm, where the central actors are norm entrepreneurs; second, the “tipping point” followed by a “norm cascade” and broad norm *acceptance* by a critical amount of states; and third, norm *internalization* and specification in legal documents.⁴⁴

The three stages were summarized as norm emergence, acceptance, and internationalization.⁴⁵ Fundamentally, Finnemore and Sikkink emphasize the primary role of norm entrepreneurs (usually based in Europe or North America) in advocating norms which would thereafter be adopted by other actors (usually in the global south) following social learning or persuasion by the norm entrepreneur.⁴⁶ Norm “diffusion” refers to the “protracted process bridging the initial generation of new norms at international level and their eventual adoption by States.”⁴⁷ Diffusion is thus the process via which norms spread from one end of the globe to the other.

To be clear, norm entrepreneurs are not the only possible actors in the three stages of the norm life cycle. Scholars such as Bloomfield⁴⁸ have also identified other relevant categories (or roles) of actors, including “norm antipreneurs,”⁴⁹ “norm contesters,”⁵⁰ “competitor entrepreneurs,”⁵¹ and “creative resisters,”⁵² among others. Bloomfield

43 Finnemore and Sikkink, *supra* note 22 at 891.

44 *Id.*

45 *Id.*

46 *Id.*

47 *Id.* Also, Acharya, *supra* note 25.

48 Bloomfield, *supra* note 23 at 310 - 311.

49 These are “norm entrepreneurs’ opponents” who usually work to ‘defend the normative *status quo* against challengers.’ See *Id.*

50 *Id.* See also, Wiener, *supra* note 24.

51 Bloomfield, *supra* note 23.

52 Bloomfield has also highlighted the need to appreciate a “typology of roles” which players in the various stages of norm life cycle could possibly play. See *Id.* at 311 and 321.

argues that these categories of actors play different roles which present in a “role-spectrum” ranging from, on one end, norm entrepreneurship, to the other extreme end of norm antipreneurship.⁵³ This strand of constructivist literature (especially Acharya⁵⁴ and Wiener⁵⁵) has provided alternative approaches by emphasizing the contribution of non-Western actors in norm contestation, erosion, hybridization, and rejection, among other possibilities. This literature opens a door for studies investigating the contribution of actors like China, in the process of norm-making and norm diffusion. So as to facilitate a comparison between the Western Model and the Chinese approach, the next section first presents a brief synopsis of the Western Model after which the Chinese approach is presented and also analyzed.

III. THE WESTERN MODEL OF DEVELOPMENT FINANCE IN AFRICA

To understand how the internationally sourced development finance has traditionally been implemented in Africa, one would have to look no further than the mutually reinforcing ideas of International Development Assistance (IDA) and the International Aid System (IAS) as well as their interplay with the concepts of underdevelopment and the Neoliberal World Order (NLWO).⁵⁶ These are the issues discussed in this section.

A. The Ideas of International Development Assistance and International Aid System as Implemented in the Context of the NLWO.

IDA can best be understood in relation to the various mechanisms (i.e. forms) through which it is availed. According to Qureshi and Ziegler, “the mechanisms of IDA chiefly comprise of: aid, loans, debt relief, measures to encourage or facilitate investment (for example loan guarantees and the provision of conflict resolution mechanisms), and, finally technical assistance.”⁵⁷ Given that development finance can also be domestic, IDA can thus be summed up as all forms of development finance other than those sourced domestically. Most crucially, whereas it is acknowledged that IDA comprises of more than aid and loans, in this paper, these two mechanisms are emphasized.

On its part, the IAS creates the global infrastructure via which IDA (especially the forms of aid and concessional loans) is availed and the IAS can thus be understood, as Gilpin has argued, to be “a part of the global architecture of development finance”

⁵⁷ *Id.*

⁵⁴ Acharya, *supra* note 25.

⁵⁵ Wiener, *supra* note 24.

⁵⁶ Shaquille Ifedayo Gilpin, *China, Africa and the International Aid System: A Challenge to (the Norms Underpinning) the Neoliberal World Order?*, 58 JOURNAL OF ASIAN AND AFRICAN STUDIES 277 (2023).

⁵⁷ ASIF H. QURESHI & ANDREAS R. ZIEGLER, INTERNATIONAL ECONOMIC LAW. ASIF QURESHI, ANDREAS ZIEGLER (3rd Revised edition ed. 2011) at 643.

which “consists of a donor block, or a ‘cartel of good intentions’ that govern the transfer of concessional resources for international development based on donor alignment and harmonization of certain norms and practices.”⁵⁸ Gilpin continues to argue that the system “comprises both donor and recipient nations; the donors include the advanced countries of the OECD, while the recipients tend to be peripheral countries in the global ‘South.’”⁵⁹

The two ideas (IDA and IAS) thus go hand in-hand and operate in a mutually reinforcing manner with the system (IAS) being employed or deployed to deliver IDA by the traditional Western donor nations (understood to also include the International Financial Institutions (IFIs) which they dominate as well as private enterprises based in these nations) to the recipient nations, majority of which are in Africa. The western model of development finance should therefore be understood in the context of these two ideas.

Regarding their origins, IDA and IAS, though sometimes presented as being of very recent origin, they do in fact, as some scholars have argued, trace further back into history. Taking the idea of IDA for example, some accounts trace its inception to the period after 1945 (the recent history) while other accounts trace its genesis to an even earlier period (the longer history).⁶⁰ It is the recent historical account which is more relevant to this paper. This historical trajectory traces both IDA and IAS to the period immediately after the end of the 2nd World War,⁶¹ and specifically, the United States of America’s emergence as the dominant political and economic power at the time.⁶²

58 Gilpin, *supra* note 56 at 279. The notion of “donor cartel of good intentions” was borrowed from William Easterly, *The Cartel of Good Intentions: The Problem of Bureaucracy in Foreign Aid*, 5 JOURNAL OF ECONOMIC POLICY REFORM 223 (2002).

59 Gilpin, *supra* note 56. OECD is the abbreviated form for the Organization for Economic Cooperation and Development.

60 According to some accounts, some important history regarding aid is often omitted from literature, including, for example, the strategic intergroup gift giving and other forms of exchange between governments and tribes in many primeval societies, the intergroup gift giving in pre-colonial Africa, etc. See for example, Daniel Markovits, Austin Strange & Dustin Tingley, *Foreign Aid and the Status Quo: Evidence from Pre-Marshall Plan Aid*, 12 THE CHINESE JOURNAL OF INTERNATIONAL POLITICS 585 (2019).

61 However, as argued by Rist, the language of development (i.e. “stages of development”) had first appeared in the literature of international organizations via articles 22 and 23 of the Covenant of the League of Nations which created the “Mandate System” and conferred upon certain League member nations administrative responsibility for the territorial possessions of the countries on the losing side of the first World War. The colonial powers received League “mandates” over these territories but had to account for their administrative practices to a Permanent Mandates Commission (PMC) and its secretariat based at Geneva, Switzerland. See, GILBERT RIST, *THE HISTORY OF DEVELOPMENT: FROM WESTERN ORIGINS TO GLOBAL FAITH* (2014) at 59.

62 See generally, David Williams, *The History of International Development Aid*, in HANDBOOK OF GLOBAL ECONOMIC GOVERNANCE 233 (Manuela Moschella & Catherine Weaver eds., 1 ed. 2013), <https://www.taylorfrancis.com/books/9781136582882/chapters/10.4324/9780203156377-19> (last visited May 31, 2024).

As Williams has rightly argued, the United States of America used its victory and dominance to create a global order which “preserved and enhanced its own economic and security interests.”⁶³ This system comprised of formation of the IFIs⁶⁴ as well as America’s leading national Aid Agency, the Agency for International Development (USAID), among others.⁶⁵ In addition to these, there were other multilateral frameworks for US-led international aid initiatives such as the Marshall Plan which was launched by America’s President Truman to help the European economy after the end of the Second World War.⁶⁶ Given that IDA and the IAS are of Western origin, the system continues to preserve and enhance Western interests to date,⁶⁷ as has been powerfully argued, for example, by the World Systems Theory scholars.⁶⁸

The early initiatives of IDA were aimed at helping reconstruct the European Countries whose economies were left dilapidated by the war. However, over the years, through global expansion, the initiatives also come to play a major role in financing development in other parts of the world, including Africa. As Moyo has argued, the efforts to reconstruct Europe through a transfer of resources were so successful that attempts were subsequently made to replicate these efforts in developing countries.⁶⁹ Consequently, in the more recent past, the main recipients of IDA have been the so-called “undeveloped” and “developing” countries, majorly located in the global South. IDA is thus rationalized as a means of financing development in these countries so as to lift them out of the conditions of underdevelopment.

63 *Id.* See also, Gilpin, *supra* note 56 at 279.

64 I.e. the Bretton Wood Institutions. The name arises from the fact that they were founded at the Bretton Woods Conference in 1944. See The World Bank Group and the International Monetary Fund (IMF), WORLD BANK, <https://www.worldbank.org/en/about/history/the-world-bank-group-and-the-imf> (last visited May 31, 2024).

65 Gilpin, *supra* note 56 at 279.

66 On April 3, 1948, President Truman signed the Economic Recovery Act of 1948. It became known as the Marshall Plan, named for Secretary of State George Marshall, who in 1947 proposed that the United States provide economic assistance to restore the economic infrastructure of postwar Europe. Following its enactment, Congress appropriated \$13.3 billion for European reconstruction. See, Marshall Plan (1948), NATIONAL ARCHIVES (2021), <https://www.archives.gov/milestone-documents/marshall-plan> (last visited May 31, 2024). See also RIST, *supra* note 59 at 69; and also, Background of American Foreign Policy, <https://www.cliffsnotes.com/study-guides/american-government/foreign-policy/background-of-american-foreign-policy> (last visited May 31, 2024).

67 Gilpin, *supra* note 56.

68 World Systems Theory is mainly associated with the scholar Immanuel Wallerstein who argued that the world has a system - the capitalist world economy- which comprises of core, peripheral and semi-peripheral countries whereby the core countries are in a relationship of dominance with the peripheral and semi-peripheral countries which relationship enables the exploitation of periphery and semi-periphery countries by the core countries. See generally, IMMANUEL WALLERSTEIN, *WORLD-SYSTEMS ANALYSIS: AN INTRODUCTION* (2004).

69 See generally, DAMBISA MOYO, *DEAD AID: WHY AID IS NOT WORKING AND WHY THERE IS A BETTER WAY FRO AFRICA* (2009).

Most significantly, IDA is implemented in the context of the NLWO. To better understand the NLWO, one would need to first unpack the concept of neoliberalism which has, arguably, largely influenced Western development finance. In addition to the already posited possible definition,⁷⁰ while acknowledging that it is “difficult to pin down a conceptual definition” of the term neoliberalism, Harrison, nonetheless goes on to contend that from a theoretical perspective, neoliberalism is “a set of policies that seek to realize an ideology of the free market into as many aspects of the political economy as possible.”⁷¹ As an ideology, neoliberalism thus emphasizes the primacy of competition above all else within a capitalist market framework, and also seeks to extend this norm to all aspects of society and all actors within it (i.e. norm internalization).

Harrison continues to argue that, “Neoliberalism as a social project is realized through classes, cadres, and epistemic communities dedicated to the universal realization of a more or less coherent neoliberal world.”⁷² Consequently, as administered via the IAS, IDA has been one of the formidable tools employed to realize internalization of neoliberal norms.⁷³ As Gilpin rightly contends, “International aid, guided by neoliberal principles, simply enables Western nations the liberty to maintain their influence and control over the pace and direction of Africa’s socio-economic development.”⁷⁴

Gilpin also argues that “the NLWO then emerges when these neoliberal concepts are enforced by free market enthusiasts in the policies of other countries.”⁷⁵ For this reason, the NLWO connotes an international order in which the dominant power (or powers) not only embraces neoliberalism but also seeks to actively spread neoliberalism around the world and integrate more and more states into the NLWO. In fact, neoliberal policies became so widely accepted by the West that they later earned the label “Washington Consensus.”⁷⁶ This quest for universalization of neoliberal norms fits the characterization of norm entrepreneurial behavior on the part of the proponents of neoliberalism.

70 See Thorsen and Lie, *supra* note 10.

71 Graham Harrison, *Authoritarian Neoliberalism and Capitalist Transformation in Africa: All Pain, No Gain*, 16 *GLOBALIZATIONS* 274 (2019) at 275.

72 *Id.*

73 See Thorsen and Lie, *supra* note 10 for details thereof.

74 Gilpin, *supra* note 56 at 281.

75 *Id.* at 280.

76 See, Douglas A. Irwin & Oliver Ward, *What Is the “Washington Consensus?”* | *PIIE*, (2021), <https://www.piie.com/blogs/realtime-economic-issues-watch/what-washington-consensus> (last visited May 31, 2024).

This claim can be amply substantiated by, for example, the imposition of Structural Adjustment Programs (SAPs) previously forced on Africa by especially the World Bank and the International Monetary Fund.⁷⁷ According to Harrison, these were “credit packages” “conditioned on the adoption of a set of policies which had as their overarching aim the neoliberalization of development strategy.”⁷⁸ Needless to say, SAPs were a spectacular failure since they merely inflicted more misery on economies which were already suffering and in need of rescue.⁷⁹ The SAPs example is however important in exemplifying how adherence to neoliberal ideas has been tied to Western IDA and also how the IAS has been coopted into the neoliberal norm entrepreneurship agenda propagated by especially the so called Western donor cartel.

B. The Concept of Underdevelopment and the Main Actors in Development Finance

The concept of Underdevelopment (i.e. the opposite of development) also has a recent as well as a longer historical account. In its recent form, it is usually said to have been enunciated by President Truman on the day on which he inaugurated his presidency of the United States⁸⁰ with a call for “the improvement and growth of *underdeveloped areas*.”⁸¹ However, as Cowen and Shenton have argued, the notion of underdevelopment had already been developed much earlier (i.e. the longer history of the concept) by the likes of Bourdillon, the then governor of Nigeria, who alluded to the concept when he gave an address to the Royal Empire Society in London in

77 Harrison, *supra* note 69 at 277.

78 *Id.* Harrison also contends that, “SAPs were credit packages designed by the World Bank and International Monetary Fund, disbursed to debt-distressed African countries and conditioned on the adoption of a set of policies which had as their overarching aim the neoliberalization of development strategy. Policy changes included central bank independence, the removal of exchange rate controls, the introduction of technologies to promote fiscal discipline and the reduction of budget deficits, the abolition of quotas and lowering of tariffs on international trade, the opening up of economies to foreign direct investment, the elimination of price controls, the removal of state-owned trading agencies, and the privatization of state-owned enterprises.”

79 Harrison characterizes this failure as the “misfortunes of structural adjustment in Africa” and argues that there is a large body of literature chronicling them. See Harrison (n 68) 278. Odoom, et al also argue that the SAPs masqueraded as poverty reduction strategies but most of them ended up being “bitter pills” instead of “actual antidotes to the many challenges the continent faces.” See, ISAAC ODOOM ET AL., *AFRICA YESTERDAY, TODAY, AND TOMORROW: EXPLORING THE MULTI-DIMENSIONAL DISCOURSES ON “DEVELOPMENT”* (2013) at 3.

80 On 20th January, 1949.

81 Quoted by Esteve, G. (1992) ‘Development’, in WOLFGANG SACHS & ED, *THE DEVELOPMENT DICTIONARY. A GUIDE TO KNOWLEDGE AS POWER-2ND-ED-2010* (2009) at 1. For context, the relevant paragraph read as follows: “We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of *underdeveloped areas*. The old imperialism is dead— exploitation for foreign profit—has no place in our plans. What we envisage is a *program of development* based on the concepts of democratic fair dealing.” Emphasis added.

1937.⁸² Again, similar to the case of the ideas of IDA and IAS, the more recent history of this concept is the one which carries particular relevant for this paper.

That said, and also placing aside the question of whether the concept is of a recent or much earlier origin, the reality is that this concept of “underdevelopment” has been associated with IDA to this date. As Gilbert Rist has rightly argued,

“by defining underdevelopment as a lack rather than the result of historical circumstances, and by treating the ‘underdeveloped’ simply as poor without seeking the reasons for their destitution, ‘development’ policy made of growth and aid...became the only possible answer.”⁸³

IDA has thus continued to be offered as the ultimate cure for Africa’s underdevelopment. Therefore, Western donor countries and other players in the IAS have been able to not only shape the norms which govern the IDA but also seek to actively propagate these norms globally; thus exemplifying the notion of norm entrepreneurship.

Flowing from the foregoing discussion, it is clear that for a long time, the dominant players in the IDA and IAS spaces (i.e. the IDA norm entrepreneurs) have been of Western Origin. Further, whereas official Development Assistance (ODA),⁸⁴ remains, as argued by the OECD, “the main source of financing for development aid,”⁸⁵ the sources of IDA need not be States disbursing bilateral aid. Other possible sources include the IFIs,⁸⁶ regional development banks, the United Nations (UN) agencies; and private enterprises.⁸⁷ These have been the agents tasked with diffusing western

82 In his address, he famously stated, “[T]he exploitation theory...is dead and the development theory has taken its place.” See, MICHAEL COWEN & ROBERT W. SHENTON, *DOCTRINES OF DEVELOPMENT* (1996) at 6. According to Cowen and Shenton, the idea of underdevelopment could even be traced to an even earlier date, i.e. in 1905, the British Liberal Prime Minister, Campbell Bannerman, while presenting his development design for British colonies in Africa had stated that ‘We desire to develop our *undeveloped* estates in this country; to colonize our own country.’ Cowen and Shenton argue that, “The word may be different but the sense is the same.” Additionally, the British Colonial Development Act of 1929 also provided for monies to be spent on development projects in British colonies; rendering credence to the argument that the Concept predates Truman’s address.

83 RIST, *supra* note 61 at 79.

84 Defined as government aid that promotes and specifically targets the economic development and welfare of developing countries. See, Official development assistance (ODA) - OECD, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm> (last visited May 31, 2024).

85 See *Id.* The Organization for Economic Cooperation and Development. This is an International Organization which seeks to promote policies which will improve the economic and social wellbeing of people around the world. For more information, see, About the OECD - OECD, <https://www.oecd.org/about/> (last visited May 31, 2024).

86 For example the World Bank Group, the International Monetary Fund, etc.

87 QURESHI AND ZIEGLER, *supra* note 57 at 643.

IDA norms to development finance recipient nations. Notably though, in recent years, other sources of IDA have emerged from the global South with China being the leader of the pack. This inevitably raises the question of how the Chinese approach differs, if at all, from the Western approach, especially when analyzed from a normative perspective. This analysis is presented in part IV below.

For now, it suffices to note that as implemented by the West, IDA has been a double edged sword.⁸⁸ On the one hand, it is supposedly offered to advance the developmental goals of the recipient countries. On the other hand, however, it also serves to meet the strategic objectives of the source countries. For example, since the period after the Second World War was dominated by the cold war, to counter the threat of Soviet communism, there was the “need to bring peripheral economies closer to Western nations (particularly the United States) and their forms of governance and development”⁸⁹ IDA has thus served as a fitting instrument for achieving the West’s economic agenda. Therefore, as Gilpin contends, “aid is simply a means for Western nations to continuously serve their own economic, political, and strategic interests at the expense of the recipient nations.”⁹⁰

However, with the emergence of China as a major alternative source of development finance, the grip which the traditional western sources have had on recipient countries could be waning. Per Gilpin:

“The China–Africa relationship is challenging the NLWO through Sino–African aid as Chinese aid to the continent is reducing the power of traditional aid donors to shape the development route of African countries. By offering a new set of ideas and practices, China is breaking the monopoly of Western aid to decide how poor countries in the global ‘South’ develop. It is this alternative supply of development finance that challenges the norms underpinning the international aid system (IAS) and, by association, the NLWO itself.”⁹¹

The exact ways in which the Chinese model of development finance challenges the Western one, especially from a normative perspective, is discussed in the next part of this paper.

88 See Nathan Andrews, *Foreign Aid and Development in Africa: What the Literature Says and What the Reality Is*, 1 JOURNAL OF AFRICAN STUDIES AND DEVELOPMENT 8 (2009).

89 *Id.*

90 Gilpin, *supra* note 56 at 281-2. Gilpin however also acknowledges that, “this is not to say that all Western aid given to Africa is ‘bad’” and cites Botswana as one of the Africa countries which has was able, thanks to “good institutional frameworks,” to “thrive from donor aid.”

91 *Id.* at 277-8.

IV. THE CHINESE APPROACH TO DEVELOPMENT FINANCE

A. Overview of China's Role in International Finance and in the African Context

China is a global power and the world's second-largest economy.⁹² With China's recent emergence as a major source of development finance, this raises the question of why African countries turned "turn East"⁹³ for their development finance. In addition to the already alluded to pragmatic reasons,⁹⁴ Chellaney also contends that, "[t]he decision by many developing countries to accept Chinese loans was, in many ways, understandable. Neglected by institutional investors, they had major unmet infrastructure needs. So when China showed up, promising benevolent investment and easy credit, they were all in."⁹⁵ China's participation in IDA therefore emerged at a time when there was a need to plug a real development financing gap. With increased financing, China became so elevated that it has now become "the most important economic partner"⁹⁶ for some of the recipient nations.

In fact, China is currently the largest bilateral lender for public sector loans across the African continent. According to official statistics released by China in 2021:

"Foreign aid from 2013 to 2018 totaled RMB270 billion. Of this sum, 45 percent went to African countries in the form of grants, interest-free loans and concessional loans. From 2000 to 2020, China helped African countries build more than 13,000 km of roads and railway and more than 80 large-scale power facilities, and funded over 130 medical facilities, 45 sports venues and over 170 schools. It also trained more than 160,000 personnel for Africa, and built a series of flagship projects including the African Union Conference Center."⁹⁷

Having already entrenched itself in this space, China's role in IDA can, arguably, only be expected to continue growing in significance. However, whereas the Chinese

92 According to the World Bank, China's \$18 trillion economy accounts for just under 18 percent of global GDP, making it the world's second-largest economy after the United States, which accounts for about 25 percent. See *What Will It Take for China's GDP to Grow at 4–5 Percent Over the Next Decade?*, <https://carnegieendowment.org/china-financial-markets/2023/12/what-will-it-take-for-chinas-gdp-to-grow-at-4-5-percent-over-the-next-decade?lang=en> (last visited May 31, 2024).

93 Meldrum, *supra* note 5 (President Mugabe's statement)

94 Youde, *supra* note 6.

95 Brahma Chellaney, *China's Debt-Trap Diplomacy*, *THE STRATEGIST* (2017), <https://www.aspistrategist.org.au/chinas-debt-trap-diplomacy/> (last visited May 31, 2024). Notably, Chellaney is credited for having coined the term "debt-trap."

96 *ibid.*

97 Full text: *China and Africa in the New Era: A Partnership of Equals* | english.scio.gov.cn, http://english.scio.gov.cn/m/whitepapers/2021-11/26/content_77894768_2.htm (last visited May 31, 2024).

government made its first African loan to Guinea way back in 1960,”⁹⁸ academic interest in China’s participation in IDA and IAS in Africa began in the early 2000s.⁹⁹ Many now seek to understand how China’s entry into this space would affect the prevailing Western (neoliberal) norms. This leads to a further question: how does China implement its development assistance? According to Acker, et al.:

“The Chinese government provides overseas loans to developing country governments and their state-owned enterprises using a variety of instruments: interest-free foreign aid loans (offered by the central government), concessional foreign aid loans and preferential export buyers’ credits (only offered by China Eximbank), export buyers’ credits, and other commercial loans.”¹⁰⁰

Regarding the financing modalities, it has been argued that “China has three policy banks that operate as official creditors (China Eximbank, China Development Bank, and China Agricultural Bank), but these banks also provide commercial loans that are not government-to-government.”¹⁰¹ Further that “Chinese companies and commercial banks also provide supplier’s credits and commercial loans.”¹⁰² Notably, most Chinese IDA has been implemented in the context of the Belt and Road Initiative (BRI) which was first proposed by President Xi Jinping in 2013.¹⁰³ The BRI comprises, as Shaffer and Gao have argued, of “an amalgam of multitudinous projects”¹⁰⁴ through which, as critics argue, China aims to project soft power.

98 Guinea was China’s first African borrower. In 1960, China offered Guinea a line of credit worth about US\$25 million which was used to finance the construction of a cigarette and match factory employing 1,800 workers, a tea plantation and factory, a conference center, and a small hydroelectric station. See, Deborah Brautigam, *Chinese Loans and African Structural Transformation, in CHINA-AFRICA AND AN ECONOMIC TRANSFORMATION 0* (Arkebe Oqubay & Justin Yifu Lin eds., 2019), <https://doi.org/10.1093/oso/9780198830504.003.0007> (last visited May 31, 2024).

99 Hans Martin Lundgaard Corneliusen, *Rogue Aid or the Poor Helping the Poor? Making Sense of Chinese Foreign Aid to Africa*, Jul. 2, 2021, <https://bora.uib.no/bora-xmlui/handle/11250/2766580> (last visited May 31, 2024).

100 Joan Acker, *Inequality Regimes: Gender, Class, and Race in Organizations*, 20 GENDER & SOCIETY 441 (2006).

101 *Id.*

102 Acker, *supra* note 100.

103 The BRI’s objectives are to build five types of links among countries lying along BRI industrial corridors: a) to enhance ‘policy coordination;’ b) to improve infrastructure connectivity; c) to reinforce ‘unimpeded trade;’ d) to move forward with ‘financial integration;’ and e) to create people to people bonds. See, Robert Agwot Komakech & Thomas Ogoro Ombati, *Belt and Road Initiative in Developing Countries: Lessons from Five Selected Countries in Africa*, 15 SUSTAINABILITY 12334 (2023).

104 Gregory Shaffer & Henry S. Gao, *A New Chinese Economic Order?*, (2019), <https://papers.ssrn.com/abstract=3370452> (last visited May 31, 2024) at 613. Beyond facilitating the advancement of development finance, the other aims of the BRI are: developing new markets; to enhance security of China’s access to resources; and to facilitate the internalization of the Renminbi while building new institutions and governance mechanisms.

With all these initiatives, the rise of China as an important alternative source of development finance cannot be gainsaid. According to a report by the Boston University Global Development Policy (GDP) Center, between 2013 and 2021, African countries received \$91 Billion from the Belt and Road Initiative.¹⁰⁵ The funds are usually dedicated to projects on energy and resources, general infrastructure, manufacturing, agriculture, technology, financial services, green development, social, consumer goods and services and capacity building.¹⁰⁶

Notable examples of projects financed by China in Africa in the last ten years include: in Kenya, construction of the Standard Gauge Railway and Nairobi Expressway, improvement of Mombasa port and construction of a modern port at Lamu;¹⁰⁷ in Djibouti, construction of the Ethiopia-Djibouti railway, a water pipeline system to transport drinking water from Ethiopia to Djibouti, modernization of the railway line between Ethiopia to Djibouti;¹⁰⁸ in Egypt, expansion of the port of Alexandria, and urban railways;¹⁰⁹ in Angola, the Soyo-Kapary (SK) Power Transmission and Transformation Project, the Caculo-Cabaça Hydropower Station and many other such solar power plants and hydro transmission systems;¹¹⁰ and in Nigeria, major projects such as Lekki Deep Sea Port, Zungeru Hydroelectric project, Lagos-Ibadan train route, Abuja-Kaduna rail line, Abuja-Keffi-Lafia-Makurdi road dualisation, as well as several airport terminals.¹¹¹

B. China's Role in Development Finance analyzed from a constructivism perspective

The question which then arises is whether China can said to be a development finance norm leader or follower? Additionally, questions regarding other norm dynamics presented by China's participation in development finance could also be posed. These issues are addressed in the remaining sections of this paper. The argument made in

105 The BRI at Ten: Maximizing the Benefits and Minimizing the Risks of China's Belt and Road Initiative | Global Development Policy Center, <https://www.bu.edu/gdp/2023/10/09/the-bri-at-ten-maximizing-the-benefits-and-minimizing-the-risks-of-chinas-belt-and-road-initiative/> (last visited May 31, 2024).

106 *Id.*

107 Karoline Eickhoff, "Chinese Mega Projects in Kenya: Public Controversies around Infrastructure and Debt in East Africa's Regional Hub" https://www.swp-berlin.org/assets/afrika/publications/policybrief/MTA_PB04_2022_Eickhoff_Chinese_Mega_Projects_in_Kenya.pdf (last visited 31, May, 2024).

108 Nancy Muthoni Githaiga et al., *The Belt and Road Initiative: Opportunities and Risks for Africa's Connectivity*, 05 CHINA Q OF INT'L STRATEGIC STUD 117 (2019).

109 *Id.*

110 Global Times, *BRI Creates Great Opportunities for Angola and beyond - Global Times*, <https://www.globaltimes.cn/page/202310/1300278.shtml> (last visited May 31, 2024).

111 BRI: A Path towards Common Development and a Blueprint for China-Nigeria Cooperation by H.E. Cui Jianchun, Chinese Ambassador to Nigeria, http://ng.china-embassy.gov.cn/eng/zngx/cne/202310/t20231027_11169250.htm (last visited May 31, 2024).

this paper is not that China has categorically played any of these roles in a direct and incontrovertible manner. Rather the paper's main goal is to inquire into the ways in which China's emergence as a leading source of development finance has interacted with the already existing norms, and thus also the role characterizations which China could arguably fit.

As previously argued, the NLWO which has prevailed as the dominant economic paradigm since the end of the Second World War has seen Western countries dominate the IDA and IAS spaces. With the rise of China, this dominance has been significantly challenged. The recipient countries stand to benefit from this rivalry. As rightly noted by Reisen, “[E]stablished donors’ new rivalry with China is doing more to promote African development...The competition now faced by Western financial institutions may strengthen competition across economic-policy paradigms, with recipient countries freer to choose.”¹¹²

Most importantly, this rivalry and competition is also, arguably, noticeable at the normative level. In this regard, as Gilpin contends, “at a normative level,” there are three “key characteristics which separate Chinese aid from Western aid.” These may be summarized thus: first, China pursues a *‘development effectiveness’ approach* while the West pursues an “aid- effectiveness” approach; second, China employs a *State-led developmental model* while the West emphasizes a neo-liberalist free market approach which de-emphasizes the role of the State and lets the ‘invisible hand’ direct the economy; and third, Chinese loans are *largely without conditions* and this gives recipient countries freedom and policy space to choose their own developmental paths, unlike traditional Western loans which come with a myriad of conditionalities.¹¹³

The above stated norms are worth unpacking. On the issue of “development effectiveness” versus “aid effectiveness,” the argument made is that, “Chinese aid seeks to ‘economically develop a country so that, that country can then be able to continue economically developing itself.’”¹¹⁴ Consequently, Chinese development finance targets areas such as infrastructure and public facilities with the ultimate aim of improving the self-development capabilities of the recipient nation.¹¹⁵ Shaffer and

112 Helmut Reisen, *Is China Actually Helping Improve Debt Sustainability in Africa?* Helmut Reisen, *Is China Actually Helping Improve Debt Sustainability in Africa?* <https://www.oecd.org/dev/39628269.pdf> (last visited 1 Jun 2024) at 4.

113 Gilpin, *supra* note 56.283.

114 *Id.*

115 Yaling Pan, *China's Foreign Assistance and Its Implications for the International Aid Architecture*, 01 CHINA Q OF INT'L STRATEGIC STUD 283 (2015) at 288.

Gao also agree with this characterization of the Chinese model. They argue that, “the Chinese model...supplemented economic reform and liberalization with state-led infrastructure development. The approach starts with the financing of infrastructure through Chinese State-owned banks as part of China's Belt and Road Initiative, involving telecommunications networks, roads, airports, and ports, which Chinese companies construct using Chinese standards.”¹¹⁶ All this is aimed at increasing aid effectiveness.

In contrast, it is argued that traditional Western donors tend to promote aid effectiveness which “focusses more on how aid is planned, managed and deployed, programming it in ways that advocate for conditionality, selectivity, good governance and anti-corruption.”¹¹⁷ The effectiveness of this model to deliver development has been brought to question time and time again.¹¹⁸

Regarding the *State-led model* Shaffer and Gao contend that, “in contrast to a liberal model of development grounded in private enterprise and market competition, the Chinese model emphasizes the key role played by government planning and industrial policy, involving massive investment in infrastructure.”¹¹⁹ This is to be contrasted with the “US-dominated Bretton Woods institutions that rely on private property, markets, and a non-interventionist state.”¹²⁰

Lastly, with regard to the issue of *loan conditionalities*, unlike Western development finance which is tied to the neoliberal conditions, China's development finance is touted to have no attached conditionalities. The broader and more general criticism of conditionalities imposed on aid recipients by Western donors has however been that they are “an instrument for meddling in the domestic policies of developing countries.”¹²¹ Critics of China however argue that there are some condition attached, especially since: China requires recipient countries to not recognize Taiwan as a sovereign nation; and Chinese aid is sometimes also tied to the use of products and services offered by Chinese companies. Further, as Esteban and Olivie have noted, the reason for insisting on the autonomy of the host countries is to exonerate china from any responsibility in case of failure of the funded project while also increasing the perception of a debt of

116 Shaffer and Gao, *supra* note 104 at 608.

117 Gilpin, *supra* note 56 at 283. See also, NGAIRE WOODS, *Whose Aid? Whose Influence? China, Emerging Donors and the Silent Revolution in Development Assistance*, 84 INTERNATIONAL AFFAIRS 1205 (2008).

118 Shaffer and Gao, *supra* note 104 at 610.

119 *Id.*

120 *Id.*

gratitude to China if the project succeeds.¹²² This argument pushes back on the alleged desirability of development finance with no conditionalities.

Further critiquing the no-conditionality finance,¹²³ Chellaney argues that, “[I]t became clear only later that China’s real objectives were commercial penetration and strategic leverage; by then, it was too late, and countries were trapped in a vicious cycle.” Chellaney also argued that, “By integrating its foreign, economic, and security policies, China is advancing its goal of fashioning a hegemonic sphere of trade, communication, transportation, and security links.”¹²⁴

It is also argued that without conditionalities, corruption is enhanced, democracy impaired, and debt tolerance weakened by China’s financing practices.¹²⁵ China is not without self-interest. As argued by Reisen, “China needs, first and foremost, natural resources, oil, industrial metals, and increasingly, agricultural resources. Resource-rich Africa can deliver.”¹²⁶ It therefore seems that, just like the West, Chinese finance also does serve its interests. Some researchers have, however, found no evidence of predatory lending on the part of China. Acker, *et al.*, argue that, “despite critics’ worries that China could seize its borrower’s assets, we do not see China attempting to take advantage of countries in debt distress.”¹²⁷

Finally, the difference between China and the West’s normative approach and thus China’s norm leadership is epitomized by what has come to be termed as the “Beijing model” or ‘Beijing consensus’,¹²⁸ constituting a rival to the so-called neoliberal “Washington consensus.” Western analysts originally coined the term, but the Chinese government adopted it under a new name, the China Model.¹²⁹

121 *ibid.* In an attempt to describe the perceptions of development finance recipients on conditionalities, Esteban and Olivie, they conducted interviews in Ethiopia and the responses received from local responders described this tendency of the part the West as “Western paternalism” which is “well-intentioned but hindered by Western prejudices and a sense of superiority over local population and officials” who feel treated “like ‘children’, ‘little brothers’ and students.” See Esteban and Olivie, *supra* note 41.

122 *Id.* at 276.

123 *Id.*

124 *Id.*

125 Reisen, *supra* note 112 at 1.

126 *Id.*

127 *Id.*

128 Shaffer and Gao, *supra* note 104 at 610. See also, Matt Ferchen, *Whose China Model Is It Anyway? The Contentious Search for Consensus*, 20 REVIEW OF INTERNATIONAL POLITICAL ECONOMY 390 (2013); and, Is the “Beijing Consensus” Now Dominant? | The National Bureau of Asian Research (NBR), <https://www.nbr.org/publication/is-the-beijing-consensus-now-dominant/> (last visited May 31, 2024).

129 Shaffer and Gao, *supra* note 104.

Can the Beijing Consensus therefore be put forth as evidence of China's norm leadership? This question cannot be given a simple "yes" or "no" answer. This is because, China, unlike the West, has not actively sought to champion its model. Differently put there does not appear to be any water-tight evidence to suggest norm entrepreneurial behavior on the part of China seeking to universalize its approach to development finance. On the contrary, to the extent that the Chinese model merely offers an alternative to the Western model, China's approach can, at best, be characterized as development finance norm antipreneurship.

That said, Europe and the USA have noticed and also responded to the Chinese approach to development finance. Specifically, the European Union's Global Gateway Initiative¹³⁰ and the Group of Seven's (G7) Partnership for Global Infrastructure and Investment can be arguably understood as attempts to counter and also compete with the Chinese approach. These projects are largely seen as moves to counter the influence of China's worldwide Belt and Road Initiative (BRI) influence in the world.¹³²

C. China as norm taker and norm follower?

Some literature suggests that China may not be a norm leader but rather, a norm taker and follower. In this regard, China is argued to reshape global norms by reinterpreting the meaning of existing norms according to its own trade and economic interests as well as values.¹³³ In support of this claim, Esteban and Olivie, have for example argued that, "China has modified its stance towards international norms and institutions influenced by changes in its domestic and international contexts."¹³⁴

130 The Initiative is intended to mobilize up to €300 billion of investments for sustainable and high-quality projects between 2021 and 2027. The inaugural milestone of the Global Gateway was the Africa-Europe Investment Package with approximately €150 billion of investment dedicated to bolstering cooperation with African partners. See, Global Gateway - European Commission, (2023), https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en (last visited May 31, 2024).

131 This is an initiative which was announced at the 48th G7 Summit in Germany to fund infrastructure projects in the world. See, for example, The White House, *Memorandum on the Partnership for Global Infrastructure and Investment*, THE WHITE HOUSE (2022), <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/06/26/memorandum-on-the-partnership-for-global-infrastructure-and-investment/> (last visited May 31, 2024).

132 See, Lunting Wu, *The EU's Global Gateway Should Be More Than a 'Belt and Road' Copycat*, WORLD POLITICS REVIEW (Nov. 7, 2023), <https://www.worldpoliticsreview.com/eu-global-gateway-china-bri/> (last visited May 31, 2024).

133 Particularly China's core values of non-interference and State sovereignty.

134 Esteban and Olivie, *supra* note 41. 267.

This “modification” of stance contributes to the claim of ambivalence made in this paper making it difficult to categorically characterize China as either a norm leader or norm taker and follower. To further support this, Shaffer and Gao argue that, China does not “offer a completely new model of finance” for reasons that the “it borrows heavily from Western models.”¹³⁵ Shaffer and Gao continue to argue that, “China’s model mimics and repurposes Western laws and institutions” and also that China is “repurposing” western institutions to as to “advance its interests in ways that are more accommodating of state sovereignty and state involvement in the economy.”¹³⁶ What this suggests is that China’s approach is strategic in nature, enabling China TO borrow and re-purpose norms and institutions to suit its interests.

The Asian Infrastructure Investment Bank (AIIB) which was created in 2013 ostensibly to rival the multilateral Banks (World Bank and IMF)¹³⁷ arguably exemplifies mimicry. Through the AIIB, China seems to seek to develop a reputation as a responsible leader of a multilateral development bank. However, just like the World Bank and IMF have served to advance America’s policy, the expectation is that, the AIIB will similarly advance China’s policy around the world.¹³⁸ The AIIB thus is a good example of how China mimics and repurposes Western Models.¹³⁹

The upshot of this is that China is arguably not aiming to displace existing institutions such as the World Bank and the IMF with its own institutions. Instead, China has created, its own development finance institutions which will exist alongside the institutions already established by the West. Again, this supports the claim of ambivalence made in this paper. By creating its own alternative development finance institutions, China could be demonstrating norm leadership. However, by merely mimicking what already exists, China becomes a mere norm taker and follower.

135 Shaffer and Gao, *supra* note 104.

136 *Id.*

137 The main role of AIIB is to finance infrastructure Projects in the Asian region as well as the countries in the BRI. As of 2013, AIIB has 109 members including major developed countries other than the United States and Japan. See, Members of the Bank, <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html> (last visited May 31, 2024).

138 Shaffer and Gao, *supra* note 104 at 609.

139 *Id.* Further, China has complemented the AIIB with the creation of the New Development Bank (formerly known as the BRICS development Bank), which together with other Chinese lending institutions, provides development financing to recipient countries.

D. Other Norm Dynamics Present in China's Approach to Development Finance: Norm Resistance

Fundamentally, China's model of development finance has also evoked some resistance on the part of some citizen in the development recipient countries.¹⁴⁰ This resistance should be anticipated. This is because, as Shaffer and Gao have argued, China's model, "has its forbearers with those of former colonial empires that built ports, railroads, roads, and bridges around the world to extract natural resources and create new markets for their manufactured products."¹⁴¹ Shaffer and Gao continue to also argue that "as in those earlier times, China will encounter local resistance while working with local allies to create economic ties to advance its interests." Consequently, whereas it is true that Chinese development finance has benefitted Africa, it is also true, as Martorano et al. have argued, that, "Chinese projects often seem to go hand in hand with civil protests."¹⁴² This can, however tangentially, indicate norm resistance on the part of the citizen in countries receiving Chinese development Finance,

V. CONCLUSION

The conclusion reached is that China's normative leadership is ambivalent. On the one hand, whereas there has been some evidence of norm leadership, China has not actively sought to propagate and universalize these norms through norm entrepreneurial behaviour which is usually manifested by the West. China is thus, arguably, at best, an antipreneur with regard to Western neoliberal norms. On the other hand, China does mimic the West in certain regards and this points to norm taking or following. Lastly, China's participation has also provoked norm resistance on the part of the recipient countries' citizen.

140 Eshiwatini is the only African County which has resisted China's development finance. See, China's belt and road initiative: Implications in Africa, ORFONLINE.ORG, <https://www.orfonline.org/research/chinas-belt-and-road-initiative-implications-in-africa> (last visited May 31, 2024). Cases of citizen's resistance are however many. See for example, Kenyan traders protest against Chinese competitors | Africanews, <https://www.africanews.com/2023/02/28/kenyan-traders-protest-against-chinese-competitors/> (last visited May 31, 2024); Resistance growing to Chinese presence in Zambia – DW – 04/09/2019, DW.COM, <https://www.dw.com/en/resistance-growing-to-chinese-presence-in-zambia/a-47275927> (last visited May 31, 2024).