

**CHINA'S AID AND ITS CONTRIBUTIONS TO AFRICA AND NIGERIA
DEVELOPMENT**

BY

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A thesis submitted

**To the college of higher degrees and research in partial
Fulfilment of the requirements for the award of a master of art
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DECLARATION A

I hereby declare that this research work in its original form has been carried out by me, JAIYEOLA MEHIFU EGOGWE with registration number MDS/41752/133/DF of the College of Higher Degrees and Research in Partial Fulfilment of The Requirement for the Award of The Master of Art in Development Studies of Kampala International University.

Signature.....

Date.....10/11/14

DECLARATION B

This is to acknowledge that this thesis has been under my supervision as an academic supervisor and is now ready for submission.

DR OTANGA RUSOKE,

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Date.....10th November 2014

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ABBREVIATIONS

CCECC	China Civil Engineering Construction Corporation
China Exim Bank	China Exports and Imports Bank
CGC	China Geo-Engineering Corporation
CGGC	China Gezhouba Group Corporation
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
DAC	Development Aid Committee
DGPTE	General Department of Post and Telecommunications
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa cooperation
GDP	Gross Domestic Product
NNPC	Nigerian National Petroleum Corporation
NRPT	National Rural Telephony project
ODA	Official Development Aid
OECD	Organisation of Economic Cooperation and Development
SEPCO	Shandong Electric Power Construction Corporation
SEZ	Special Economic Zones
Sinopec	China Petrochemical Corporation
SSA	Sub Saharan Africa
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
ZTE	Zhongxing Telecommunication Equipment Company Limited

ABSTRACT

The analysis of this thesis was done with most reflections on development theories concerning China's development aid assistance to Nigeria and the impact on development. These were dependency and modernisation theories. Further, the dependency theory was found suitable because it enabled the analysis to look critically on the level of interdependent between Nigeria and China concerning China's aid in the development of particular countries according to the findings. While the modernisation theory was found relevant in the analysis as it enabled for critical explanation and understanding of some of its features with regards to Chinese aid particularly with aid geared towards infrastructure development in Nigeria, which is an aspect of modernisation. In all, the thesis drawn its conclusion from the ruling of the above hypothesis, which after a critical look at the findings and as they were analysed, it turned out to be that majority of the findings were that China provides aid to Africa and specifically Nigeria because China want resources. But, China's contribution towards the achievement of development in Nigeria is quite significant and cannot be undermined. However, there remains an open end to this thesis regarding the fact that what will happen in the future when these resources especially the natural resources are depleted of? Will China still continue or will it stop to provide development aid assistance to Africa and specifically Nigeria? This perspective is left for further research on the above area of studies.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This Chapter introduces the key concepts, the background to the study, the research problem, objectives, scope and significance of the study.

1.1 Background of the Study

This thesis focused on China's aid to Africa and will further examine China's aid to Nigeria and its influence on the economic development of this country amongst others. Again, this study will be interested to investigate on both the part of aid provided by the Chinese state and non-state aid to Africa and Nigeria specifically.

Moreover, China has been one of the aid-giving donors to Africa and studies show that Chinese aid to Africa started several years ago, so it is not a new practice (Li Xing, 2010 P: 76). Also, (Jinyuan, 1984) cited in (Power Marcus et al, 2012) supported Li's view above that

there are indications that the indirect exchange of products between China and Africa could go back to two thousand years as Chinese officials were sent to and visited Africa and African magician came to China, thus starting the earliest human contact between the two continents (Power Marcus et al, 2012 P: 29).

1.1.1 Historical Perspective

According to Paul Opoku- Mensah cited in Li Xing (Li Xing 2010), the reason why China has to become part of the development aid assistance could be that '*... China is attracting external capital, and as a balance China wants to help developing countries by financing infrastructure projects*' (Li Xing 2010 P: 71). Also, Chinese aid to Africa as of the 1940s to the 1970s could be describe as having a more political motivation than other wise. Consequently, during the above period China's aid evolved around the following characteristics: ideological, moral, a toll for foreign

policy, that is aid acted as an encouragement to liberation movements amongst others. Furthermore, China's aid at this time had a strategic goal, which was meant to discourage the influence of the Soviet Union in Africa. As a consequence, China could only provide aid to those countries in Africa, which were not in favour of Taiwan independent and sovereignty (Li Xing 2010 P. 75). Further, Dijk Pieter pinpointed that China's Official Development Aid (ODA) dates back to the 1950s meaning that for the last 6 or more decades, China has been giving aid to Africa (Dijk Pieter Miene Van 2009 P: 56-59). Also, China and Africa amongst other countries began to gain a more frequent and increased scale in trade between each other. Further, this was as a result of a significant advancement in China's agriculture, commerce and the handicraft industry. Also, China's knowledge about Africa began to increase as a result of the development of trade and this was during the China's Sung dynasty (960-1279). According to Li Xing (Li Xing 2010), in 2001 over 160 countries around the world received aid that is on the recipient side and a huge portion of this aid was concentrated on poorest countries in sub-Sahara Africa amongst others.

However, as part of trade China also engaged in providing aid to Africa. Further, studies show that during the 1970s Chinese doctors were sent to Africa as aid teams. For example in Tanzania, some of these doctors did not go back, they remain and set up private practices which they carried out both Chinese medical technologies and western medical technologies. Also, in the past China used to send a medical aid team to Africa, which consisted of about 200 medical workers and this medical team, was sent from Chinese province called Guandong to provide medical aid to the Africans. But over time things have changed that the above aid assistance by the Guandong province has greatly reduced. That is in recent times the number of medical workers sent to Africa for medical aid is only about 2 to 4. This shows that the game behind aid giving is changing its form as time evolves (Xiaoyun, Li 2008, Lyakurwa, 2008) cited in (Li Xing, 2010 P: 79 – 80). For example, the situation of China's Aid to Africa nowadays is different from what it was in the 1960s and 1970s. That is in the 1960s and 1970s China was providing aid mostly for political reasons but today it is mostly for trade purposes, that is commercial and economic

reasons. For example, Already in the 1950s and 1960s China was already present in Africa and at that time the Chinese leader were in support of independence movements and anti colonial activities in Africa. Again, things took another turn towards not only the above but specifically the support was tilted to socialist regimes. For example, the support for the destruction at that time and today the reconstruction of the Bequela railway in Angola shows Chinese long-term support to Africa. Another example of the kind above was China's support for the construction of the TAZARA railway linking Tanzania and Zambia. Also, other aid donors found no interest in supporting Tanzania but China because Tanzania was a socialist country.

Nevertheless, the above could be explained that China is relying on African countries for political support thus the reason why China is giving the African countries aid assistance during their own political troubles. However, an example of Chinese aid projects in Africa between 1975– 1978 is shown by the construction of the railway known as 'TAZARA' railway. Again, this railway's construction began in 1970 and by 1976 it was ready for use and all the financing and execution was done by China. However, the purpose of this rail construction was to link up Zambia to other parts, without only using the rail lines that passed through Rhodesia. Also, the purpose of sponsorship of this railway by China was to cut-off the economic dependence of Zambia on South Africa and Rhodesia (ibid P: 76).

Nevertheless, China's aid to Africa between 1988 and 1990 was on an increase. That is it increased from 60 million US dollars to 375 million US dollars respectively (ibid p.77). Also, China made all efforts to encourage and increase in its relationship with Africa so as to be able to satisfy its high demand for resources, markets as well as possibilities for Chinese investment in Africa. Further, this aspect of China's foreign relations with Africa made china to be regarded as coming to Africa just to suck all the natural resources to feed its industries. However, one of African trade minister in a country in West Africa in 2007 said that 'Africa must markets in china and avoid a colonial relationship with Beijing' (Eisenman J. and Shinn D. H. 2012 P: 289), which only attempts to fulfil the above ambition of China.

Nevertheless, it is vital to note the various sources or Chinese departments involved in aid giving decisions with regard to china's aid system. In this light, studies revealed that there exist 6 primary bodies that make decisions concerning china's aid system and they include: Exim Bank of china, ministry of finance, ministry of foreign affairs, ministry of commerce amongst others. Consequently, amongst the above mentioned the sole responsibility for aid is in the 'hands' of the ministry of commerce. Also, China's policy for aid is a combination of social spending and market measures. The reason for this form of aid policy is because China, still seen as a developing country also experience similar challenges like others in this category. As such, the Chinese model of development is a lesson for the other developing countries to copy vital ways in solving the poverty situation and the achievement of development plans. As a result, China does practice a non-invasive approach in its aid policy by recognising the importance of all its aid recipients to Beijing. Furthermore, China's aid policy therefore possess these characteristics: underpinning a historical alignment, fostering market traction, engendering ownership and self-reliance, strengthening the `one China` policy amongst others (Jiyiragira Yves and Abbas Hakima 2009 P: 150).

Moreover, it is the China Exim Bank that provides concessional loans to African recipient countries and on the basis that these loans are to be used for projects identified by the recipient countries as national priorities for development. In this sense, the China Exim bank plays a significant role as a major actor providing financial support across Africa. For example, studies show that the above Bank for projects in Africa had approved more than 6.5 billion US dollars at the end of 2005. Again, these projects in account of the bank's total approval by this time accounted for almost 10%. Also, by mid-2006 and at the start of September 2006, an estimated amount of 12.5 billion US dollars had been approved in loans for infrastructure projects only in Sub Saharan Africa (SSA) and projects by Exim Bank of about 259 in number were carried out in 36 African countries (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 150). In addition, other financial lending institutions in China had also played an active part in infrastructure development in Africa apart from the Exim Bank. For example, the China Development Bank, Bank of

China in the 1960s during the construction of the Tazara railway in Zambia. Also, the industrial and commercial Bank of China is not left out of the list in financing development projects in the continent and this could be seen through its 5.46 billion US dollars stake in South Africa's standard charter Bank (ibid).

Moreover, scholars like the one below pinpointed that, another Chinese principle postulates that the Chinese government assist the recipient countries not to engage in building heavy investment projects but less investment projects, which enable for quicker results and also for the recipient government to realise some increment in income and to accumulate more wealth. Further, best quality equipments are provided by the Chinese government together with materials manufactured in China at prices of international market standards. The Chinese government also assures that if any of their equipment and or material is found below the agreed specifications and quality they could be replaced (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 151).

Furthermore, many scholars have shown concern in this area of China's aid to Africa just like the above. For example, (Paul in Li 2010) pinpointed that China is just a new player in the aid system and China possess qualities, which makes it capable of changing the traditional ways of overseas development assistance. Also, China is one of the bilateral aid donors as opposed to multilateral aid donors like the international financial institutions amongst others. Again, official aid allocated bilaterally to Africa was 70% and this was in 1997, while the remaining 30% was allocated through multilateral aid channels. Nevertheless, apart from economic reasons, China also provides aid for political reasons even though not clearly pronounced. For example, it is portrayed that Chinese aid is constituted by some motivations and one of these is to neutralize assistance from rival nations that obtained help from Taiwan. Again, according to studies China provide aid assistance to recipients in various forms for instance, in the form of concessional loans as had been noted in some previous paragraphs of this investigation.

Moreover, other forms are: grants, investment aid, and government guarantee for investment. In addition, China began providing aid to Africa from the 1940s and has

continued till this time. Moreover, from 1978-1989 Chinese aid to Africa took another dimension, which was the economic pragmatism. Consequently, this dimension of aid led to a start of declining aid to Africa as a result of some dynamics in the Chinese economy at that time (ibid P: 76). Also, from 1989 getting to 2006 China had promising intensions towards its aid policy in Africa and intended to increase its volume of aid during this period. In light of the view above, the discussion of China's aid to Africa was based on a south-south cooperation. Consequently, China did renewed its interest in Africa during the above period of time and aid was increased in 1988 from 60 million US dollars to 375 million US dollars in 1990 making an increasing difference of 315 million US dollars. However, it is still not clear with regards to whether the advantages of Chinese aid overall to African development outweighs the disadvantages or there is a balance (Mahmoud 2008) cited in (Pieter 2009 P. 68). Nevertheless, going back to the 1960s and 1970s, it is shown that China's agricultural assistance had been a priority strategy for China's aid and that Africa amongst other continents was the highest beneficiary. For example, in more than 40 African countries pilot farms were built by Chinese aid, Chinese aid has been engaged in 200 cooperation programmes in Africa, and over 10.000 agro technicians were sent to train local farmers and provide technical consultancy to them. However, infrastructure construction, which is seen as an important aspect to boost development in Africa, is the main area to which Chinese aid is concentrated. That is Africa's poor state of infrastructure had been seen as an impediment to its development (ibid).

Furthermore, it is important to know that China's aid to Africa is not being just for the sake of aid but have other reasons behind it just like other aid donors will have reasons behind aid giving, but China is doing a great job in Africa compared to others. For example (Foster Vivien et al 2009) underpinned that, the share of western aid compared to that of Chinese aid devoted to infrastructure improvement in Africa has been just a small proportion. But it is also vital to note that Chinese aid is not in competition with the OECD countries' aid, it instead appears to be complementary. That is, the amount of Chinese aid to Africa could be 10% of total aid received by Africa without considering debt relief that could be about half of

European aid. Further, the Exim Bank of China financed a number of projects in Africa and elsewhere based on concessional terms. For example, (Hubbard 2007) as cited in (Ibid) shows that 87 projects financed by the above China Exim Bank from 2002 to 2007 were identified. Again, a total of 500 million US dollars in loans was spent in 20 of these projects, which are in Africa. Also, China Exim Bank gives very much in terms of considerations for its loans, for instance, a maturity term of ten to twenty years with 3 to 7 years of grace period and a 2.85% of interest rate.

1.1.2 Theoretical Perspective

This study will be using modernisation theory and dependency theory. Within modernisation theory, savings and investment were considered the principal drivers of growth. Modernisation theory argued that the economy, through industrialisation, could take off, and that the spoils of growth would trickle down to the greater population. Industrialisation would lead to economic growth, and therefore development would follow. The emphasis in the 1950s was on domestic savings, productive investments and a growing economy (Hewitt 2000:293). The only needs of developing countries in this theory were capital and knowledge, which aid would provide to support industrialisation.

The dependency theory emanated from the historical situations of Latin America in the 1960s and founded by Latin American intellectuals; has expanded to North America and managed to be a counter offence to the main stream proponents modernization theory (So, 1990: 91-95) . The failure of U.N Economic Commission for Latin America (ECLA) coupled with the loss of confidence on orthodox Marxism and modernization theories led to the emergence of the dependency theory (So, 1990: 91-102).The important intellectuals figures of dependency theory include Dos Santos, Samir Amin, Andre Gunder Frank (Ibid). The ECLA programme and Modernization theory could not answer the questions related to economic Stagnation, political repression and the huge difference between the rich the poor countries in Latin America (Ibid). Moreover, the success of Chinese and Cuban revolution in toppling their governments has revealed some contradictions to the initial concepts of Orthodox Marxism that Countries should go through to

"bourgeois industrial revolution before moving to a proletarian socialist revolution. Pursuant to dependency theory, the imperialism, the western capitalist nations in particular has imposed external structure and set of conditions which in turn have created dependency of the periphery to the western capitalism. The theory explains that surplus transfers from the periphery to the rich western countries (Ibid). China has made offers of large loans and announced large investments in resource rich countries: Angola, Sudan, DR Congo, and Nigeria. Some are linked to repayment in resources, others are backed by resources as collateral. South Korea has a similar approach, and India and Malaysia have made similar offers in resource-rich countries.

1.1.3 Conceptual Perspective

Aid (also known as international aid, overseas aid, or foreign aid) is from the perspectives of governments voluntary transfer of resources from one country to another. Foreign aid in its broadest sense has been defined as consisting of all resources – physical goods, skills and technical know-how, financial grants (gifts), or loans (at concessional rates) and support in international negotiations – transferred by donors to recipients. Lancaster (cited in Lancaster 1999, p. 490) also defines foreign aid as a "transfer of concessional resources, usually from a foreign government or international institution, to a government or non-governmental organization in a recipient country. It may be provided for a variety of reasons, including diplomatic, commercial, cultural and developmental." However, development aid encapsulates a narrower and more restrictive definition being seen as the "types and forms of foreign aid from rich countries to poor countries, and to poor people, which help to address acute human suffering and which contribute to human welfare, development and poverty reduction" (cited in Riddell, 2007, p. 17) In all cases, it is noted that the definition of aid (whether foreign or development) is largely donor-driven and based on the intentions of those giving the aid rather than those using it, the recipients. This uncontested, donor-driven approach has remained the norm and also manifests in the fact that it has always been the donors who decide how much aid to give and the form in which it is to be given (Randel et al., 2000; Riddell, 2007).

The standard definition of foreign aid comes from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), which defines foreign aid (or the equivalent term, foreign assistance) as financial flows, technical assistance, and commodities that are (1) designed to promote economic development and welfare as their main objective (thus excluding aid for military or other non-development purposes); and (2) are provided as either grants or subsidized loans.

Grants and subsidized loans are referred to as concessional financing, whereas loans that carry market or near-market terms (and therefore are not foreign aid) are non-concessional financing. According to the DAC, a loan counts as aid if it has a "grant element" of 25 percent or more, meaning that the present value of the loan must be at least 25 percent below the present value of a comparable loan at market interest rates (usually assumed by the DAC – rather arbitrarily -- to be 10 percent with no grace period). Thus, the grant element is zero for a loan carrying a 10 percent interest rate, 100 percent for an outright grant, and something in-between for other loans. The DAC classifies aid flows into three broad categories. Official development assistance (ODA) is the largest, consisting of aid provided by donor governments to low- and middle-income countries. Official assistance (OA) is aid provided by governments to richer countries with per capita incomes higher than approximately \$9,000 (e.g., Bahamas, Cyprus, Israel and Singapore) and to countries that were formerly part of the Soviet Union or its satellites. Private voluntary assistance includes grants from non-government organizations, religious groups, charities, foundations, and private companies. Historically most aid has been given as bilateral assistance directly from one country to another. Donors also provide aid indirectly as multilateral assistance, which pools resources together from many donors. The major multilateral institutions include the World Bank; the International Monetary Fund; the African, Asian, and Inter-American Development Banks, and various United Nations agencies such as the United Nations Development Programme.

1.1.3 Contextual Perspective

Although some criticisms are made against the Chinese influence in the Nigerian market, all cannot be negative when other spheres of Chinese help are looked into. According to Jaidu et al (Jaidu et al 2010), some Nigerians are of the opinion that Chinese relationship with Nigeria is a plus to the economy while some others see it as a deficit to the economy. Likewise, the following will show how the above debate unfolded. Further, the Chinese companies in the resource sector in Nigeria are at a higher level in terms of competition. But with regards to employment options, the Chinese companies are likely not rewarding Nigeria enough. The reason is because 'they' (Chinese companies) do employ Nigerians and pay them very low and these Nigerians work under very bad working conditions in their own country under the Chinese. Again, the views of some respondents according to Jaidu et al were as follows:

'...of recent Chinese presence in resource exploitation in Nigeria particularly oil and gas has increased tremendously. They seem to have a competitive edge over their western counterparts as they deliver at less cost and faster. However, their policies and attitudes are exploitative as they give less to Nigeria in terms of employment.....' (Jaidu et al 2010 P: 106).

However, the two countries '*have a strong economical relationship, they can as well put their resources to optimal use to support the economic growth of Nigeria through foreign investment,.....*' (ibid 2010 P: 106). Another opinion raised was, the national income and scope of trade in Nigeria is broader as a result of the strong economic relations with China. Also, the Chinese-Nigerian trade is increasing and good; the reason is that China offers both high and low quality products that all categories of traders would need. Again, the Chinese products are having affordable prices (ibid).

On the other hand, although Chinese companies do demand access to oil for their offer, it could be important also to know that the development of the country is much more progressive as a result of the Chinese companies contribution. But the

fact that China is in Nigeria for the exploitation of particularly resources in solid materials cannot be denied. However, other Nigerians continued to portray that the Chinese presence is so beneficial to the infrastructure development of the country as follows: *'..the investment in infrastructure is relatively improving with Chinese firms involved in capital projects' , ... 'Investment can make Nigeria a lucrative center to the world by a substantial investment that will attract other foreign investors' , it will bring about technological improvement.'* (Jaidu et al 2010 P: 106). Finally, the Chinese give not up to what they promise in terms of development aid to Nigeria. Although the Chinese possess high quality technology, they do very little in development in Nigeria with regards to this aspect. That is, most of the Chinese deliveries to Nigeria are rather of the substandard quality and thus shows very poor relationship concerning development aid. But, the overall outcome of development aid and investment from China as pinpointed by (Jaidu et al 2010) in their face – to – face interview has been helpful. That is, *'...China is helping in infrastructure developments e.g. rails, state projects'* (Jaidu et al 2010 P: 107).

1.2 Statement of the Problem

The ultimate goal of aid is so fundamental and is geared towards self-supporting. But there is a problem which is, aid in material form could be another means of promoting dumping, which could be so devastating to the recipient countries both in creating environmental problems such as littering and pollution. Also, another problem could be economic losses in financial terms in case of receiving poor quality goods with very short life span. But studies show that due to acute development challenges continuously faced by majority of the world's population, the call for aid increases by aid advocates is persisting (Lundsgaarde Erik 2005 P:2). Aid advocates for instance, in the United States the major foreign aid advocate is USAID and it *'seeks to maximise approved projects consistent with existing rules and goals set for it by significant others'* (Guess M. George 1987). Again, although the increases in aid giving; development challenges are still immense specifically in aid recipient countries, which are mostly the third world countries. In addition, the persisting development challenges tend to reinforce a perception that the many years of aid giving had failed to realise their outcome of development results. Moreover, having

understood that China is a new actor or donor in the aid system, the thesis is interested to investigate China's aid to Africa and specifically Nigeria with regards to how Chinese aid to Africa and specifically Nigeria works, in the development sector and also, the reason(s) why China is providing aid to the above.

Also, studies shows that China provide aid assistance even to African countries which have not adhered to the 'one China Principle' and even to African countries which have no natural resources to offer. That is China in all its aid assistance deals does not only intends to reap natural resources or resources from Africa as the case has always been looked at, but is out to see that African countries should be developed. This can be seen as pinpointed by Pieter that *'China provides aid to 53 African countries, among which are countries that have not adhered to the 'One China' principle'* (Dijk Pieter Miene Van 2009 P: 65). But it is still difficult to find out which countries receive the most aid from China. Further, it is clear that Africa has 53 countries in total and not all these 53 countries have been blessed with natural resources. China is interested in providing aid assistance to all African countries as portrayed above whether or not these countries possess any natural resources but the favour resource rich countries.

1.3 Purpose of the Study

Here the researcher investigated the phenomenon of aid giving specifically about China's aid to Africa and in particular Nigeria. Furthermore, the worry of this thesis is about the above situation of aid giving and development outcomes concerning the continuous persistent development challenges faced by the aid recipients. Therefore, the thesis want to investigate China's aid to Africa and specifically Nigeria, to obtain its own contribution to solving some of the acute challenges faced in the development sector of the recipient countries and how this affects development.

1.4 Objectives of the Study

These were approached in two broad categories namely; general and specific objectives

1.4.1 General Objectives

This thesis explores China's aid to Africa and specifically Nigeria, to obtain its own contribution to solving some of the acute challenges faced in the development sector of the recipient countries and how this affects development.

1.4.2 Specific Objectives

Again, the research specific objectives of this thesis are as a result of the research problem and the research questions, consequently the research objectives are as follow:

- I. To investigate the reasons for China's aid to Africa and specifically to Nigeria
- II. To illuminate how influential Chinese aid has been to Africa and specifically to Nigeria

1.5 Research Questions

Considering the above situation, the research questions proposed for this thesis are as follows:

- I. Is China giving aid to African countries because china wants the material resources of these African countries in order to support its industrial production?
- II. How influential has Chinese aid been to Africa and specifically to Nigeria in the area of development ?

1.6 Limitation to and Scope of the Study

This study focuses on Chinese aid to Africa and specifically Nigeria and its possible influence on development. This study with such a focus will certainly give just a glimpse on some of the many possible impacts of Chinese aid on economic development conditions.

Because this study was an analysis of secondary data only, it is limited by the integrity of the data used by the original researchers. Therefore, the study could not

control data collection or constraints in the original data analysis. This study was not an attempt to analyze the econometrics formulae used in the sample papers, as econometrics belongs to the field of economics, and not development studies. This study relied on the conclusions drawn by the researchers (most of whom are economists) and who all presented convincing arguments that their research, data, models, equations and analyses were correct and providing reasons for others before them failed.

1.7 Significance of the Study

This research could be a basis for further investigations such as a comparison of Chinese aid to Africa to the other aids donors to countries in the continent, a comparison with regard to the amount of aid provided to the various beneficiary countries in Africa to name just a few.

This research will serve as a guide to African countries and Nigeria in particular in terms of China aid to Africa. It is important to various African government official and Nigeria specifically, so that they understand china's reasons for giving aid to Africa.

This research will help students of Development studies, Area Studies, International Relations understand China Aid to Africa and Nigeria in particular.

This thesis will be beneficial to policy analyst and policy makers in African Countries and Nigeria.

This research shows that there is no transparency in China Aid to Africa and Nigeria in particular.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This chapter presents literature reviewed related to the topic under study with the following sub-themes; theoretical review, and related literature reviewed objective by objective. It is structured to obtain a clear understanding of major theories of development considering my study field (development Studies).

2.1 Theoretical Review

The researcher has chosen to use the following development theories namely modernisation theory and dependency theory. Also, this study will be looking at the economic development aspects in Africa and Nigeria as a result of China's aid. An insight knowledge and understanding of the phenomenon investigated will be given by these theories

2.1.1 Modernisation Theory

In the 1950s economic growth was the primary policy driver in developing countries. Modernisation theory reinforced the belief that modernisation and associated growth would reduce dualism and its socio-economic inequalities. Modernisation theory provided development with concepts such as Rosenstein-Rodan's (1943) big push; Rostow's (1956) take-off into sustained growth; Nurkse's (1953) balanced growth and Leibenstein's (1957) critical minimum effort thesis (in Escobar 1995:74). The big-push concept emphasised the economy of scale, while the critical minimum effort thesis argued that increased investment would trigger a cumulative growth process. The balanced growth concept stated that an increase in market demand would result in a mutually reinforcing and complementary expansion of productive activities and a rapidly expanding economy (Regan 2010:31, Thorbecke 2000:20 and Escobar 1995:74). Within modernisation theory, savings and investment were considered the principal drivers of growth. Modernisation theory argued that the economy, through industrialisation, could take off, and that the spoils of growth would trickle down to the greater population. Industrialisation would lead to

economic growth, and therefore development would follow. The emphasis in the 1950s was on domestic savings, productive investments and a growing economy (Hewitt 2000:293). The only needs of developing countries in this theory were capital and knowledge, which aid would provide to support industrialisation.

Modernisation theory states that a society and its economy can achieve sustainable economic growth within 20 to 30 years. Rostow (1956:26) defines economic take-off as the period in which the rate of investment increases, so that per capita output rises and the associated increase in output brings about significant changes in production and technology. Increased income generated by growth leads to increased investment, which in turn stimulates greater per capita output, until the growth becomes self-sustaining. In Rostow's theory, the sequence of economic growth passes through three distinct phases. Phase 1 is when the, preconditions to take-off are established by society. Slow deep-rooted changes in the social order are a precondition to take-off. In the second, take-off phase, dramatic changes in production and technology occur. In the final phase, sustained growth, society enjoys a long period of constant economic growth (Rostow 1956:27). For take-off to be successful, it requires significant changes in the organisation, values and structure of society. A developing country must find ways of changing, organising and exploiting its natural, physical and human resources, coupled with a vibrant and growing industrial sector (Rostow 1956:26–32). Foreign aid was founded on the principles of modernisation theory, according to which, poor, underdeveloped countries simply needed an injection of capital (aid) to stimulate economic growth. Foreign aid was given to developing countries to fill their savings and investment gaps, and therefore was supposed to act as a catalyst for growth. As the developing country's economy expanded and per capita income rose, modernisation theory assumed that the benefits of modernization would trickle down to the rest of society, and in this way, all people would benefit from the modernisation process. Foreign aid in the 1950s was based on the Harrod-Domar growth model, which focused on investment as the key driver of growth.

Increased development in technology makes a country to become more modernised. Also, the part played by other countries to the realisation of the advanced technological development is very vital. Nevertheless, this theory is useful in this study because it will play a practical role in the explanation of the influence of China's infrastructure development aid assistance and investment in Africa, specifically in Nigeria. China employs certain strategies in its infrastructure development, aid assistance and investment in Africa. However apart from fulfilling its economic strategy which is the most pronounced, it also shows that China prefers to bring in major personnel, companies and firms from its country to carry out these projects and this could be attributed to the above technological view of modernisation theory. Furthermore, Chinese companies and investors are of high technological rank that they could through their relations with Africa and Nigeria transfer them to African countries, Nigeria in particular. Also, the modernisation theory gives an understanding to the point that China is willing to modernise the traditional attitudes, values and institutions of Africa and Nigeria through their advanced infrastructure skills and expertise to attain a sustainable level of economic development.

Further, China in its foreign aid policy sees that infrastructure development is a means of modernising the economic development of Africa and specifically Nigeria. For example, this could be seen in the Chinese interest in infrastructure development aid assistance, which is provided to African countries with strict restrictions only to infrastructure development projects. So, the Chinese development aid assistance and investment is concentrated in the following projects: road and rail construction, telecommunication, electricity power stations, oil refineries amongst others. Furthermore, should everything work out successfully; the outcome of this Chinese initiative of modernisation path through aid assistance will be industrialisation and development.

The modernization theory has two main parts: structural and psychological and these two do not necessarily cohere. The structural dimension of the modernization theory is a uniform, evolutionary vision of economic, social and political development

along the path of the industrial First World which is based on capitalism and democracy. It was probably Rostow who gave the modernization theory its most concrete and best known form in his well-known five stages of transition. These are: traditional economies, adoption of modern technology, rapid capital accumulation and early industrialization, high industrialization with low standards of living, and the age of high consumption.

On the other hand, the modernisation theory has been criticised that, the theory 'rest on an arrogant perspective that the united states and other more economically developed nations have superior values compared to other nations' (Andersen Margaret and Howard 2006 P: 153). As a result those who criticise the above theory pinpointed that countries should be blamed for being poor according to the perspectives of the modernisation theory but this theory forgets the fact that other causes for their status in the world might be outside their control. So, the result of exploiting the less powerful by other countries may be the outcome of a country being developed or remaining a poor and developing country (ibid). Nevertheless, the dependency theory will be discussed below in addition to the above by bringing in its own perspectives with regards to development as in the case of this study foreign aid.

The researcher is of the opinion that modernisation theory as a slave and master relationship. It is believed that western nation will use every means to exploit less developed countries after bringing modernisation to these less developed nations. It is very crucial to know that modernisation theory is another weapon that can be used to colonise less developed nation. The researcher believes modernisation theory did not consider key institutions of development like Governments and Religious institutions which would be part of development. The role of faith based organisations currently cannot be neglected.

The researcher is of the opinion that modernisation theory paved the way for capitalism and globalisations both of which have benefited developed nations more than the developing nations. In this research will China bring modernisation or give foreign Aid to Africa and Nigeria particularly with little benefit to the host nations.

Some appreciate the leverage offered by the Chinese option, and appreciate the absence of economic conditionality, a prominent feature in assistance from much of the West. Others focus more on a litany of problems associated with China's economic embrace of Africa: the competition presented by Chinese goods, the large number of Chinese workers who typically accompany Chinese projects, and a sharp increase in small-scale Chinese traders competing with Africans in many urban markets. Unions have protested the low wages and third world safety and environmental standards used by China's state sponsored and private companies. African critics do not see aid as an adequate compensation for these problems.

Therefore China involvement in Africa is similar to American companies in Indonesia, where America gives with one hand and receives with more than two hands. African nations must proceed with caution in the quest for development.

2.1.2 The dependency theory

The dependency theory emanated from the historical situations of Latin America in the 1960s and founded by Latin American intellectuals; has expanded to North America and managed to be a counter offence to the main stream proponents modernization theory (So, 1990: 91-95) .

The failure of U.N Economic Commission for Latin America (ECLA) coupled with the loss of confidence on orthodox Marxism and modernization theories led to the emergence of the dependency theory (So, 1990: 91-102).The important intellectuals figures of dependency theory include Dos Santos, Samir Amin, Andre Gunder Frank (Ibid).

The ECLA programme and Modernization theory could not answer the questions related to economic Stagnation, political repression and the huge difference between the rich the poor countries in Latin America (Ibid). Moreover, the success of Chinese and Cuban revolution in toppling their governments has revealed some contradictions to the initial concepts of Orthodox Marxism that Countries should go through to "bourgeois industrial revolution before moving to a proletarian socialist revolution. Pursuant to dependency theory, the imperialism, the western capitalist

nations in particular has imposed external structure and set of conditions which in turn have created dependency of the periphery to the western capitalism. The theory explains that surplus transfers from the periphery to the rich western countries (Ibid). China has made offers of large loans and announced large investments in resource rich countries: Angola, Sudan, DR Congo, and Nigeria. Some are linked to repayment in resources, others are backed by resources as collateral. South Korea has a similar approach, and India and Malaysia have made similar offers in resource-rich countries.

Like other theories; the dependency theory has gone through various changes. Broadly, the theory can be divided into two, the classical dependency theory and the new dependency theory (Ibid). Each of them has also various approaches. The development of underdevelopment by Frank, the structure of dependence by Dos Santos and transition to peripheral capitalism by Amin are the main contributions to be mentioned in classical dependency theory (Ibid).

In explaining the development of underdevelopment, Frank first used his main assumptions about Metropolis-satellite exploitation model (So, 1990: 95-98). To begin with, Frank criticised the basic assumptions of modernization theory which claims that the problem in backwardness of third world lies on their internal problems like traditional culture, lack of motivation for development and over population (Ibid). He does not also accept the assumption that third world countries are at the same stage of development which was once passed by the current developed nations and thus, they must follow the similar development path of developed nations. Frank argues that the historical back ground of third world countries that is to say colonialism is ignored by modernization theory (Ibid).

As opposed to modernization theory, Frank contends that external conditions are the cause of development (Ibid). He says that some countries such as china and India were once very advanced before experiencing colonial intervention. Hence, he stipulates that internal explanations, particularly traditional culture and feudalism cannot be acceptable. Frank depicts his analysis on the development of underdevelopment in line with his creation of the "metropolis-satellite model (Ibid).

Accordingly, the model is formulated based on cities of third world relation with western metropolis during colonialism. He claims that the cities of the third world states established by colonizers in such way to serve as a satellite of western metropolis by transferring economic surplus (Ibid) . Hence, they will serve as a colonial city of western metropolis and at the same time creating their own satellites in the surrounding local cities. Such structure, Frank argues, while it is transferring economic surplus to the western metropolis that develops underdevelopment in the colonial cities (Ibid).

Dos Santos focus work on the structure of dependence, explains that in the expansion of imperialism is the reflection of the relation of the dominant countries with the dependant countries where the former exploits the later (So, 1990: 98-102). He says that the relation is unequal due to the fact that the rich dominant countries have monopolised the market through various forms including, loans and export of capital in financial relation (Ibid). He argues that such unequal dependency in the relation becomes a barrier to development of domestic market, technical capacities as well as physical and moral health of third world countries (Ibid).

Moreover, Dos Santos has identified three historical forms of dependence (Ibid) .The first two dependence forms are colonial dependence and financial industrial dependence which both were prior to the Second World War (Ibid). The third one is technological –industrial dependence after the second world and it is considered the most pivotal contributions of Dos Santos work. Dos Santos argues that the technological and industrial development in third world countries have structural limitations (Ibid).

To begin with, the industrial sector is highly dependent on export sector (Ibid). This is because export is the main means of getting foreign currency which in turn can buy machines for the industry sector. However, the export sector is controlled by foreign capital which entails political dependence as well as foreign interest. Secondly, industrial sector is highly affected by budget deficit problems which emanates from many reasons (Ibid). These include the monopolised international markets which tend to lower the price of primarily commodities and raw material

exports by third world countries (Ibid). Besides, foreign capital controls the economy of third world countries through tariffs, freight transport royalty payment and so on. Foreign aid and capital as it is argued in modernization theory, can be used to cover the budget deficit in third world countries but their primarily purpose is to subsidize foreign imports to third world countries (Ibid). Consequently, it will have an adverse impact on the national product and industrial sector of third world countries. Thirdly, as Dos Santos argues that the industrial sector of third world countries is dependent on the technological domination of imperial centres (Ibid). In most cases, big corporations from the industrial nations do not prefer to sell huge machineries as simple merchandize but demands payment of royalties for their utilizations or use them as investment share in the business. As third world countries do not have the foreign currency to pay the royalty, they will be obliged to allow the merchandize to enter as foreign investment (Ibid).

Amin's work on transition of peripheral capitalism mainly argues that the expansion of capitalism cannot be identified only as an expansion to the centre (So, 1990: 102-106). He enumerates six main explanations on his argument (Ibid). (A). He asserts that the expansion to peripheral capitalism is deferent from and expansion of central capitalism. He states that expansion to peripheral capitalism has destroyed local crafts without replacing them with domestic industrial development (Ibid); (B). Peripheral capitalism main feature is that of distortions of exports and lowering of wages (Ibid); (C). He argues that the hypertrophy of the tertiary sector in periphery has destruction effect. In the centre, in difficulties of in identifying the surplus from expansion of the sector can be curtailed by investing resources in marketing and accounting strategies. However, such problem in the peripheral capitalism is due to slow industrialization, unemployment and so on (So, 1990: 102-106); (D).The theory of multiplier effect of investment, including the spillover effect of investment to other sectors is limited in the periphery. Transformed from the peripheral, the export of foreign capital has multiplier effect on the centre (Ibid); (E). Making analogy that underdeveloped countries are with the earlier stages of development of the current developed nations is wrong for various reasons (Ibid). The main ones consist of the current unevenness in distribution of capital in the periphery and the economic

domination of the centre in finance and trade (Ibid). (F)All the above mentioned structural characters of underdevelopment have caused a barrier to economic growth in the periphery (Ibid).

The classical dependency theory is often criticised for its high abstraction, for ignorance of internal factors by focusing only external factors, for its generalization by disregarding the differences in each third world countries and so on (So, 1990: 135-142). Fernando Cardoso from the new dependency theory has attempted to respond to the critics of classical dependency theory (Ibid). First of all, Cardoso methodology is historical- structural by focusing specific situation of dependency than the classical general trends of dependency with too much abstraction (Ibid). Hence, his methodology focuses on how a scholar can identify specific dependency and its peculiar feature in a particular historical context. Secondly, unlike classical dependency theory that emphasises only on external structures, Cardoso is more motivated and shifted to internal class conflict and structures in the periphery (Ibid). He focuses much on socio-political internal dependency such as class conflicts, interests and political movements of a state. Thirdly, unlike the classical dependency theory he underlines that dependency and underdevelopment in the periphery is not unidirectional but open-ended dynamic process (Ibid). As a result internal socio-political movements and changes can influence the structure and thereby allow underdevelopment. Hence, development and underdevelopment goes together. Still, the basic assertions of Cardoso are the same with the classical dependency theory (Ibid). These common identities are: both researches are on third world development, both are at the national level, and asserting that the dependency is harmful, both conceptualize core –periphery dependency (Ibid).

The researcher is of the view that dependency is harmful and it makes very few countries control the world and the less developed countries. These core countries want all other countries to be their subordinates. China has for some decades now become one of the primary markets for natural resources and raw materials from Africa and specifically Nigeria (Egbula Margaret and Zheng Qi 2011). However, the dependency theory got from Karl Marx work and pinpointed that the fact that the

persistence of poverty in the low-income countries is a direct reflection of their being economically or politically dependent on the wealthy nations. So, their poverty is attributed to powerful countries exploitation (Andersen Margaret and Howard 2006 P: 153). Nevertheless, in the case in this investigation, Africa depends on China amongst other wealthy nations for the exportation of its raw material to make some revenue for its economic development. But, Chinese manufactured products dominate the African markets specifically Nigerian markets thus instead remove back the little they have paid to them for their raw materials to their economy (Egbula Margaret and Zheng Qi 2011). Also, the dependency theory focused on the above view as one of the reasons why the low-income persistently stay in poverty. Again, the dependency theory further stipulated that the above situation do occur as a result of the LDCs depending on the economically and advanced technologically wealthy nations. The LDCs Nigeria inclusive have development challenges for instance a huge financing gap, which they want to meet in order to improve their economic development especially infrastructure development and investment. But on their own little or nothing can be done in this respect, what they can only do is to turn to the wealthy nations for development aid assistance or to willingly accept any assistance rendered to them by the wealthy nations (Foster Vivien 2009 P: 29). Again, all the above negotiations are done at the expense of exploitative conditions attached to the aid (Dijk Pieter Miene Van 2009 P: 71).

The researcher is of the view that African countries need to invest more on science and technology education. Nigeria in particular needs a total overhaul of its educational system; this will enable the country train more qualified workforce. This is because there are academic staff shortages in all areas, particularly in the critical areas of science and technology. Over 60% of academic staff in the Nigerian university system is in the category of lecturer 1 and below; due to inter and intra-sector brain drain. An estimated ten million out of the 30 million school-aged children are not enrolled in school in Nigeria the educational system suffers from deteriorating quality and insufficient investment to keep pace with the country's burgeoning school-age population (Economic Section, United States Embassy in Nigeria 2012). Also investment in educational sector will help on the long run to

reduce the dependency syndrome which has been the reason why African countries depend on foreign aid.

China needs raw materials for its factories, and at the same time China needs a larger market for its manufactured products. Consequently, China's entrance into the aid system could be seen as a way to its economic ambitions amongst others. Also, unlike china other traditional aid donors to Africa per se did in the past have to scramble for colonies in Africa as well to achieve raw materials, markets so as to meet the growing demands from their factories as a result of the industrial revolution. Nevertheless, in Chinese economic relations with Africa through infrastructure development aid assistance and investment, the case of Nigeria in Africa could be an example. Likewise this could be explained as follows: China's development aid and FDI could be for the reason that China obtain raw materials provided by their (Nigerian) market and reaps huge profits from finished products by its companies and factories, which are in turn flooded into Nigerian markets (Jiadu Sanusha et al 2010 P: 135). In addition, the dependency theory postulated that the dependency of the poor countries is increasing because majority of them are deeply in debt to the major industrial countries. So, what these poor countries could do is to follow the economic edicts of the rich countries because they (rich countries) loaned to them (poor countries). For example concessional loans by Chinese banks like the China Exim Bank (Jiyiragira and Abbas 2009 P: 150).

2.2 Review of Related Studies

This section will review works various authors who have written about China Aid to Africa and Nigeria in particular.

2.2.1 Chinese aid to Africa and its Economic Cooperation

China strives for the maintenance and contribution of good military security relationship on the African continent in order to protect its interest in the oil sector especially. However, China does not only strive for the above but China also regard as vital, the significance of its good economic relationship on the continent. Consequently, China does provide concessional loans to African countries as aid

assistance to boost economic development on this continent (Rotberg Robert I. 2009 P: 221 and 222). Furthermore, amongst the African countries that successfully signed concessional loan agreements with the Chinese government between 2004 and 2006 are; Kenya, Congo Kinshasa, Benin, Zambia etc. Likewise, a good number of concessional loan agreements are in other terms referred to as 'economic cooperation agreement' or development loan agreements` (ibid P: 221). In addition, having signed and established a concessional loan framework agreement is not a guarantee that the China Exim Bank actually disbursed the loan. Further, the framework is just a tool to be used by the China Exim Bank to prolong a loan but in case where no loan is obtained within a given period, this framework agreement expires.

Next, between 1998 and 2007 the China Exim Bank concessional lending agreement actually fulfilled about 28 concessional agreements. Also, during this period of time loans worth 773 US dollars had been identified, with a mean size of each loan worth 28 million US dollars. This means that China Exim Bank concessional lending portrayed a significant increased in scale as from the year 2000. Further, this is because since the year 2000, 8.2 million US dollars was the per project average loan size. Again, the average loan size provided by China portrayed that despite the fact that the Chinese pledge of aid is worth billions of USD, the real size disbursed as loans is very low compared to the pledge (Rotberg Robert I. 2009 P: 222). However, the following countries were beneficiaries of the China Exim Bank Concessional Lending Agreements between 1995- 2007. Consequently, in 1995 Equatorial Guinea as one of the countries with a concessional lending agreement worth 5.75 million US dollars, this was then directed to the forestry sector. Also, Congo Kinshasa in 2000 with a concessional loan agreement worth 9.66 million US dollars was directed to the telecommunication sector, Zimbabwe in 2001, and 2006 had 7.5, 25.06 and was directed to the local infrastructure sector and agricultural machinery respectively (ibid P. 224).

Moreover, in an article published by the people's Daily a Chinese Newspaper, Chinese firms were told about the following as a way of encouragement

`...in order to support and assist Chinese firms doing trade and business in Africa to overcome the problem of insufficient funding, the Chinese government has already signed reduced interest concessional loans framework agreements with 26 African countries`

(Rotberg 2009 P: 225).

Consequently, Chinese firms willing to invest in business in Africa could easily do this since the country has already established economic cooperation relations with 26 countries as said above. So, the above view shows that Africa is a reliable business ground for the Chinese firms to depend on and as shown below for china to grasps resources from. Also, it is shown that certain conditions are being attached to the funds, which China is willing to provide to its firms that are investing in business in Africa. These are; these firms have to *`....purchase and import from China as much equipment, technology and services as possible`* (ibid P: 225). In fact 70% of Aid is spent on Chinese equipments. In addition, the African country that will be the host for any of the firms should possess *`...plentiful local resources, a vast market for goods, favourable economic prospects`*. Likewise, the ruling of the hypothesis for this study is confirmed positively by the above statement (China is providing aid to Africa because China want resources from Africa) but the study continue its investigation to discover more about China's relation to Africa. Again, some emphasis in the above advice also is that any project to be carried out by the Chinese firms in Africa should be *`....capable of promoting the host country's economic development`* (ibid). Further, with regard to the above viewpoints, China does not just provide aid for the sake of aid. That is China use the aspect of providing development aid assistance to Africa to satisfy some of its economic ambitions such as the promotion of its domestic export-led growth. For example, during the 1950s China-African trade was worth about 12 million US dollars and in 2003 that is after about 5 decades period of time, it was worth about 18 million US dollars. Again, estimated figures by the government of China revealed that in 2004, Chinese companies operating in Africa were up to 674 and having a sum total

investment of 1.509 billion US dollars. Further, the various sectors of African economies, which both Chinese private and state-owned businesses are operating, include: construction, telecommunications, tropical hardwoods, entertainment, manufacturing, health services, mining, fisheries and agriculture (ibid). Below the study shall continue to investigate whether China is providing aid to Africa for some specific reasons. Also the reason for choosing to use the sub heading below in this investigation is that, the thesis is finding more ruling for the formulated hypothesis and more findings to be used in answering the research question and an explanation and understanding of the research problem. So the sub heading below is found suitable to investigate on.

2.2.2 Some Motives of China's Aid Assistance to Africa and the extent of its development aid assistance to Africa

However, according to Paul Opoku- Mensah cited in Li Xing (Li Xing 2010), the reason why China has to become part of the development aid assistance could be that '*... China is attracting external capital, and as a balance China wants to help developing countries by financing infrastructure projects*' (Li Xing 2010 P: 71). Also, Chinese aid to Africa as of the 1940s to the 1970s could be describe as having a more political motivation than other wise. Consequently, during the above period China's aid evolved around the following characteristics: ideological, moral, a toll for foreign policy, that is aid acted as an encouragement to liberation movements amongst others. Furthermore, China's aid at this time had a strategic goal, which was meant to discourage the influence of the Soviet Union in Africa. As a consequence, China could only provide aid to those countries in Africa, which were not in favour of Taiwan independent and sovereignty (Li Xing 2010 P. 75). Nevertheless, the above could be explained that China is relying on African countries for political support thus the reason why China is giving the African countries aid assistance during their own political troubles. However, an example of Chinese aid projects in Africa between 1975– 1978 is shown by the construction of the railway known as 'TAZARA' railway. Again, this railway's construction began in 1970 and by 1976 it was ready for use and all the financing and execution was done by China. However, the purpose of this rail construction was to link up Zambia to other parts,

without only using the rail lines that passed through Rhodesia. Also, the purpose of sponsorship of this railway by China was to cut-off the economic dependence of Zambia on South Africa and Rhodesia (ibid P: 76).

Nevertheless, China's aid to Africa between 1988 and 1990 was on an increase. That is it increased from 60 million US dollars to 375 million US dollars respectively (ibid p.77). Also, China made all efforts to encourage and increase in its relationship with Africa so as to be able to satisfy its high demand for resources, markets as well as possibilities for Chinese investment in Africa. Further, this aspect of China's foreign relations with Africa made china to be regarded as coming to Africa just to suck all the natural resources to feed its industries. However, one of African trade minister in a country in West Africa in 2007 said that 'Africa must markets in china and avoid a colonial relationship with Beijing` (Eisenman J. and Shinn D. H. 2012 P: 289), which only attempts to fulfil the above ambition of China.

Nevertheless, it is vital to note the various sources or Chinese departments involved in aid giving decisions with regard to china's aid system. In this light, studies revealed that there exist 6 primary bodies that make decisions concerning china's aid system and they include: Exim Bank of china, ministry of finance, ministry of foreign affairs, ministry of commerce amongst others. Consequently, amongst the above mentioned the sole responsibility for aid is in the 'hands' of the ministry of commerce. Also, China's policy for aid is a combination of social spending and market measures. The reason for this form of aid policy is because China, still seen as a developing country also experience similar challenges like others in this category. As such, the Chinese model of development is a lesson for the other developing countries to copy vital ways in solving the poverty situation and the achievement of development plans. As a result, China does practice a non-invasive approach in its aid policy by recognising the importance of all its aid recipients to Beijing. Furthermore, China's aid policy therefore possess these characteristics: underpinning a historical alignment, fostering market traction, engendering ownership and self-reliance, strengthening the `one China` policy amongst others (Jiyiragira Yves and Abbas Hakima 2009 P: 150).

Moreover, it is the China Exim Bank that provides concessional loans to African recipient countries and on the basis that these loans are to be used for projects identified by the recipient countries as national priorities for development. In this sense, the China Exim bank plays a significant role as a major actor providing financial support across Africa. For example, studies show that the above Bank for projects in Africa had approved more than 6.5 billion US dollars at the end of 2005. Again, these projects in account of the bank's total approval by this time accounted for almost 10%. Also, by mid-2006 and at the start of September 2006, an estimated amount of 12.5 billion US dollars had been approved in loans for infrastructure projects only in Sub Saharan Africa (SSA) and projects by Exim Bank of about 259 in number were carried out in 36 African countries (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 150). In addition, other financial lending institutions in China had also played an active part in infrastructure development in Africa apart from the Exim Bank. For example, the China Development Bank, Bank of China in the 1960s during the construction of the Tazara railway in Zambia. Also, the industrial and commercial Bank of China is not left out of the list in financing development projects in the continent and this could be seen through its 5.46 billion US dollars stake in South Africa's standard charter Bank (ibid).

Moreover, scholars like the one below pinpointed that, another Chinese principle postulates that the Chinese government assist the recipient countries not to engage in building heavy investment projects but less investment projects, which enable for quicker results and also for the recipient government to realise some increment in income and to accumulate more wealth. Further, best quality equipments are provided by the Chinese government together with materials manufactured in China at prices of international market standards. The Chinese government also assures that if any of their equipment and or material is found below the agreed specifications and quality they could be replaced (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 151).

Furthermore, many scholars have shown concern in this area of China's aid to Africa just like the above. For example, (Paul in Li 2010) pinpointed that China is just a

new player in the aid system and China possess qualities, which makes it capable of changing the traditional ways of overseas development assistance. Also, China is one of the bilateral aid donors as opposed to multilateral aid donors like the international financial institutions amongst others. Again, official aid allocated bilaterally to Africa was 70% and this was in 1997, while the remaining 30% was allocated through multilateral aid channels. Nevertheless, apart from economic reasons, China also provides aid for political reasons even though not clearly pronounced. For example, it is portrayed that Chinese aid is constituted by some motivations and one of these is to neutralize assistance from rival nations that obtained help from Taiwan. Again, according to studies China provide aid assistance to recipients in various forms for instance, in the form of concessional loans as had been noted in some previous paragraphs of this investigation.

Moreover, other forms are: grants, investment aid, and government guarantee for investment. In addition, China began providing aid to Africa from the 1940s and has continued till this time. Moreover, from 1978-1989 Chinese aid to Africa took another dimension, which was the economic pragmatism. Consequently, this dimension of aid led to a start of declining aid to Africa as a result of some dynamics in the Chinese economy at that time (ibid P: 76). Also, from 1989 getting to 2006 China had promising intensions towards its aid policy in Africa and intended to increase its volume of aid during this period. In light of the view above, the discussion of China's aid to Africa was based on a south-south cooperation. Consequently, China did renewed its interest in Africa during the above period of time and aid was increased in 1988 from 60 million US dollars to 375 million US dollars in 1990 making an increasing difference of 315 million US dollars. However, it is still not clear with regards to whether the advantages of Chinese aid overall to African development outweighs the disadvantages or there is a balance (Mahmoud 2008) cited in (Pieter 2009 P. 68). Nevertheless, going back to the 1960s and 1970s, it is shown that China's agricultural assistance had been a priority strategy for China's aid and that Africa amongst other continents was the highest beneficiary. For example, in more than 40 African countries pilot farms were built by Chinese aid, Chinese aid has been engaged in 200 cooperation programmes in Africa, and over 10.000 agro technicians

were sent to train local farmers and provide technical consultancy to them. However, infrastructure construction, which is seen as an important aspect to boost development in Africa, is the main area to which Chinese aid is concentrated. That is Africa's poor state of infrastructure had been seen as an impediment to its development (ibid).

Furthermore, it is important to know that China's aid to Africa is not being just for the sake of aid but have other reasons behind it just like other aid donors will have reasons behind aid giving, but China is doing a great job in Africa compared to others. For example (Foster Vivien et al 2009) underpinned that, the share of western aid compared to that of Chinese aid devoted to infrastructure improvement in Africa has been just a small proportion. But it is also vital to note that Chinese aid is not in competition with the OECD countries' aid, it instead appears to be complementary. That is, the amount of Chinese aid to Africa could be 10% of total aid received by Africa without considering debt relief that could be about half of European aid. Further, the Exim Bank of China financed a number of projects in Africa and elsewhere based on concessional terms. For example, (Hubbard 2007) as cited in (Ibid) shows that 87 projects financed by the above China Exim Bank from 2002 to 2007 were identified. Again, a total of 500 million US dollars in loans was spent in 20 of these projects, which are in Africa. Also, China Exim Bank gives very much in terms of considerations for its loans, for instance, a maturity term of ten to twenty years with 3 to 7 years of grace period and a 2.85% of interest rate.

Also, studies shows that China provide aid assistance even to African countries which have not adhered to the 'one China Principle' and even to African countries which have no natural resources to offer. That is China in all its aid assistance deals does not only intends to reap natural resources or resources from Africa as the case has always been looked at, but is out to see that African countries should be developed. This can be seen as pinpointed by Pieter that *'China provides aid to 53 African countries, among which are countries that have not adhered to the 'One China' principle'* (Dijk Pieter Miene Van 2009 P: 65). But it is still difficult to find out which countries receive the most aid from China. Further, it is clear that Africa has 53

countries in total and not all these 53 countries have been blessed with natural resources. China is interested in providing aid assistance all African countries as portrayed above whether or not these countries possess any natural resources. Further, the fact that China provides aid assistance especially infrastructure aid and investment to Africa is clear through its aid assistance projects carried out in African countries, which some will be shown below. Below the investigation shall proceed by looking into Chinese aid assistance with regards to its activities in brief, in some countries in Africa apart of Nigeria. The choice to do an investigation under the sub heading below rest on the fact that this thesis is interested to gain more understanding and relevant information on how China's development aid in Africa works. Also, the study is interested to do a brief overview of other African countries which China is interested, so as to have a base for the ruling of the hypothesis by obtaining relevant information as to whether the countries China deals with are mostly resource rich countries or not. Again, this will be helpful to provided some explanations and understanding of the research problem and how to answer the research question in order to meet the research objectives.

2.2.3 China's development aid assistance to Kenya and Angola

For example, in countries like Kenya, China became its bilateral aid donor after the year 2002 when China began providing aid assistance to the country in the form of loans and grants. Again, Chinese aid to Kenya by this period was in total above 1% (Onjala 2008) cited in (Mwega 2009 P: 8). Furthermore, according to UNDP statistics (UNDP 2006), Chinese aid assistance to Kenya became progressive between 2003-2005. That is a ratio of Kenya's total loans and grants. Again, the above progression in Chinese aid assistance is as follows: 1.23%, 1.15% and 8.25% in 2003,2004 and 2005 respectively. Consequently, China became one of the largest contributors of development assistance to Kenya by 2005 after the EU. (This could be explained that Kenya does not depend only on China for its development but also on the EU as well.) Also, (Morrison 2008) underpinned that China is one of the main bilateral donor amongst others like USA, UK, Germany etc. to Kenya. Morrison pinpointed that China's aid to Kenya rose in 2002 from .08% of its total external assistance to 13% in 2005. Again, in 2005 China contributed a total sum of about 56 million US

dollars of aid assistance to Kenya becoming one of the largest contributors after EU with 60 million US dollars. The significance of Chinese presence in Kenya as a bilateral donor makes western donors to be unhappy with China (Morrison 2008 P: 24). Further, it is of note that development aid assistance by China to Kenya is mainly utilised in infrastructure investment, investment in equipment, academic and technical training, humanitarian relief, and plants. For example, road construction projects, construction of a research centre for malaria, electrification in the rural areas, modernisation of power distribution, water etc. Moreover, China provides to Kenya students scholarships, which enable them to study in China in various fields. Also, the Chinese government provides yearly scholarships of almost 100 in number to Kenyan students out of which 20 are specifically in medical-related fields. Likewise, about 500 persons both in the public and private sectors are awarded Chinese scholarships each year (Onjala 2008) cited in (Mwega Francis M. 2008 P: 10).

Furthermore, (Morrison 2008 P: 22-23) pinpointed that commodities like soda amongst recycled metals contributed about 67% of Kenya's export of all types to China. In addition, Kenya does import a variety of manufactured Chinese consumer household goods, which is on an increase though of low quality compared to Chinese exports to other western trade partners. For example, manufactured Chinese goods imported in Kenya include: electronics, office equipments, medicines etc. and these made up for half of the imports from China. Again, amongst the imports are transport equipments, machinery mostly for production in the industrial, agricultural and service sectors, which on its own accounted for about 40% of Chinese imports to Kenya.

In addition, apart from Kenya another African country amongst others that China provides development aid assistance is Angola (Rotberg Robert I. 2009 P: 183). Likewise, according to Rotberg, `...maintaining access to African oil, gas, minerals and timber is so important to the fuelling of China's economy both now and in the future that Beijing will make every effort to expand military-security cooperation with resource exporting countries` (Rotberg Robert I. 2009 P: 183). For example, in

order to maintain and to continue its soft power relations with resource-rich African countries, China gives a high priority too, to its military and security cooperation in Angola for example. China intensifies its military relations mostly with those African countries that do export both oil and raw materials to China in large quantities or could be able to do that as time passes on. For example, amongst these oil-producing countries are Angola, and Nigeria, Equatorial Guinea, Chad, Libya (meaning that China depends on Africa oil-rich countries for oil to fuel its economy). Also, in Sudan, China does extend its military security relation interest though facing some national pressure, which demand China to terminate arm provision to Sudan particularly South Sudan. Again, China does not just go into practising this military security strategy that could enable for future exploitation or access to oil and mineral deposits without caution. That is, China in case when it is so difficult to carry on with an on-the ground presence in its resource exploiting practice due to tight security situation do device other alternative measures. For example, in the above situation China do make negotiations for future accessibility by signing licensing agreements like the case of the Somalia oil concession. But the Chinese military presence in Africa is accredited for the fact that it provides resourceful military experience to its forces on specific conflict situations like first-hand intelligence amongst others (ibid). However, how effective has Chinese aid to Africa been justified is what requires more investigation. Below, the latter will be examined just in brief.

2.2.4 Effectiveness of Chinese aid to Africa

China regards effectiveness of aid to be noticed and appreciated at the project level. Hence, China holds that when aid could finance concrete projects like roads and buildings it means it could be considered as effective. Therefore, Chinese aid in this regard is effective. Also, China's view point of their aid is that as their projects are at low cost and carried out so fast, and that corruption problems are being avoided in their financing methods, Chinese aid is more effective than aid from other donors. For example, Chinese contractors always realised most of their infrastructure projects so quickly and possess the zeal to do their work even in more harsh environments (Pennies 2007) cited in (Pieter 2009 P: 70). Further, China's strong

point with regards to aid effectiveness is their argument that, since the Development Aid Committee (DAC) projects usually take much time to be completed and at a higher cost than Chinese projects, consequently, China meets the criteria for effectiveness (ibid P: 71). However, as China brings forward these backups for its aid effectiveness how then transparent is Chinese Aid to Africa amongst others. The following paragraphs shall look into the aspect of transparency in Chinese aid to see if it is or not transparent and if not why.

2.2.5 The Transparency of China's Aid Package to Africa

Studies show that with regards to the precise terms of loans, actual financial flows, the government of China has been unwilling to disclose any information to the public. Despite the fact that other donors, might require information concerning the above data as well as for official aid flows analysis, particularly for the coordination of development assistance they provide (other donors), China is very firm with its decision. Further, the reason for this unwilling attitude is not yet known. Although other emerging donors who belong to the OECD do published data on their aid, contrary China never provide any statistical data about its aid (Djik Pieter Miene Van 2009 P: 63). Furthermore, this attitude of China could be explained that it has become a real problem to the Chinese government to concentrate its aid statistics in one place. Consequently, in order to do this the government need to overcome a highly compartmentalized public administration resistance, which comes about because aid is provided by different sectors (ministries, cities, provinces). So, the government better refrain from publicising its aid statistics in order to avoid any domestic back clash against aid that could be provoked by the publishing or exposure of aid statistics (ibid).

Similarly, in order not to let down the commercial confidentiality of the exporters in China, China Exim Bank for instance withheld any details regarding its concessional loans. Likewise, upon the application of concessional loans by Chinese exporters the government emphasis that the sole aim is for capital providence to Chinese exports. Also, even though this is not the prime purpose, the government attached the economic development of the recipient country as a condition to obtaining a loan. So

this makes the exporting firm in China to remain tight to the secret of not exposing the terms of it's financing. Again, China sees this strategy as a means to deviate any attempt of suspicion that China create and maintains favourable relationship with Africa just for commercial exploitation (Rotberg Robert I. 2009 P: 227).

2.2.6 China's aid to Nigeria and Chinese Foreign Direct Investment (FDI) in Nigeria: It's Contribution to Development

In practical terms, observation shows that because most of Chinese activities do combine both Foreign Direct Investment (FDI) and Aid, a clear distinction between the two is hard to differentiate (Zgovu Evious and Oliver Morrissey 2011). As a result, the two aspects will be looked at simultaneously in this investigation as it proceeds. Further, Nigeria is amongst four countries in Sub Sahara Africa (SSA), which clearly shows the concentration of Chinese FDI. Likewise, Sudan, Angola, South Africa, Zambia do receive the largest stock (ibid). Also, large Chinese energy firms such as China National Petroleum Corporation (CNPC) and China Petrochemical Corporation (Sinopec) have invested in an increasing number in SSA and especially in oil projects in Nigeria amongst other oil-rich countries in this region. Moreover, majority of these Chinese firms do enjoy financial support like soft loans and grants and are state-owned or partly owned by the state. For instance, CNPC is a big investor in Nigeria partly for oil exploration. Again, CNPC is noted for its construction of a 1000-megawatt hydro electricity plant in the country (Nigeria) amongst others (ibid). However, a number of factors serve as an encouragement to Chinese investment in SSA and Nigeria. Some of these underlying factors include: almost exclusive use of low-paid labour and construction materials from China, low attention to environmental standards, access to cheaper capital compared to local investors, access to hard currency and subsidies through the government (Chinese government). Furthermore, Chinese investors from evidence `...conduct most of their business with government agencies and purchase a substantial share of their inputs from China` (UNCTAD 2010 P: 84) cited in (Zgovu Ovious and Oliver Morrissey 2011 P: 23).

Nevertheless, other authors (Egbula Margaret and Zheng Qi 2011) pinpointed that China had been able to obtain more influence in economic development in Africa

(Nigeria inclusive) through the forum on China-Africa cooperation (FOCAC), which was created in Beijing in the year 2000. Again, (Egbula Margaret and Zheng Qi 2011 P: 3) pinpointed that in Africa, there is no bilateral China-Africa relationship that is fast evolving and impact more people amongst others like that with Nigeria. Nigeria was the highest destination to Chinese FDI between 2003 and 2009. Nigeria has got a number of important attractions to China, which includes their huge energy reserve and a very big market due to their large population size. Also, Chinese capacity and ability to deliver and finance large-scale infrastructure projects, its successful economic expansion attracted Nigeria so much. In this light the economic dependence of the two countries on the other is being conditioned by their economies.

Furthermore, a FOCAC summit was held in 2006 during which China seized the opportunity to initiate the creation of Special Economic Zones (SEZ). Consequently, liberalized investment environments were to be provided by these SEZs and these (liberalized investment environments) had to focus on strategic industries, which attracted Chinese companies (Eberling George 2011 P: 77). Likewise, Nigeria because of its oil resource amongst others is one of these SEZ. So, apart of Chinese interest in Nigeria's energy resource Chinese also get involved with Nigeria in other aspects for instance this could be seen by the flooding of both their private and public companies into Nigeria's technology, manufacturing, telecommunication sectors etc. For example, china is developing some economic zones in Nigeria and also is constructing railways, roads within the country. Again, in the Nigerian agricultural sector, which has not been left out, Chinese are coming into this sector to bring high technologies and new techniques to boost the output. Consequently, experts from China have been sent to train farmers on technologies and farming techniques required to promote production and above 400 Chinese experts have travelled to Nigeria already and have are constructing small earth dams. That is China is offering unconditional aid (cooperation) in the above aspect to help Nigeria achieve its development goals (Egbula Margaret and Zheng Qi 2011 P: 3 and 16). But the Chinese oil companies such as Sinopec, Petro China, CNOOC found Nigeria to be a growing investment destination. However, Nigeria in Africa has also been the

largest supplier of petroleum to the US and as a consequence, Nigeria is in terms of oil exploration and development the largest destination for western and US foreign investment. That is Nigeria also have oil deals with other partners apart from China as portrayed in the above view (Eberling George 2011 P: 77).

Again, Nigeria on its own finds it difficult to fund its oil exploration and development, as a result depends heavily on joint venture to achieve this. Consequently, in order to offer needed infrastructure development to Nigeria, Chinese investors are very willing to do that so as to gain more access to Nigeria oil exploration. For instance, the Chinese investors though willing to help Nigeria with needed infrastructure development, but in return they (Chinese investors) do demand that oil drilling rights should be provided to them in exchange just to make sure that it is win-win game. But in reality is there a balance in this win-win game because it seems the gains are not equal (Eberling George 2011 P: 81).

However, another instance of Chinese aid to Nigeria is seen in the military sector as well. That is, China also provides a substantial military assistance to Nigeria amongst other oil rich countries in Africa. That is Chinese aid to Nigeria is portrayed in various parts of the economy and not just concentrated on the infrastructure development. But it is also vital to note that China do not do something in the name of aid or assistance without having some other reasons for that. Likewise, according to Eberling (Eberling George 2011), China uses its military assistance as a form of soft power, which it promotes its diplomatic, security and economic interest. To explain the foregoing viewpoint by the above author, soft power in this situation means that China's capability of possessing more sophisticated military equipments and expertise shows that China has got more power in the military sector than Nigeria. Nigeria needs this Chinese powerful military ability and capability whenever theirs can no longer withstand an uprising. In doing this Nigeria is depending on Chinese military somehow to overcome certain military required uprising in its country. As such china uses this aspect as soft power over Nigeria to demand for their resources in return whenever they (china) provides this assistance to Nigeria. Furthermore, these military activities include: arms transfer, military assistance and peacekeeping

operations. Moreover, China might intervene only when in case of any political instability in the oil-producing region when the local security forces are unable to protect oil fields and foreign oil workers.

Likewise, Nigeria is in recent times the is best example where China has stepped in to safeguard its oil energy interest as well as personnel by providing either military assistance or equipments. Also, China actually provided military training and weapons to Nigeria but respectfully under the umbrella of the UN. As a whole, it could be mention again that the most significant involvements with regard to peacekeeping by China is highly connected to natural resource rich countries in SSA such as Nigeria. Furthermore, China's main interest in the above region is oil resources amongst others. Also, 1997, 1998 and 2005, China did supply to Nigeria small arms and fighter aircraft and air-to-air missiles respectively. Moreover, reciprocal defense attaché offices are in the respective capitals of both China and Nigeria (Eberling George 2011P: 81 and 83).

2.2.7 Why do China and Chinese investors find Nigeria as a fertile ground for their Foreign Direct Investments (FDI)?

China's FDI in Nigeria has been on a growth for over the last 9 to 10 years (Egbula and Zheng 2011 P: 9). Further, Nigeria possesses certain incentives, which have been the point of attraction for Chinese FDI by its investors. Amongst these incentives are: Nigeria's huge reserves of oil and gas and the Nigerian's government's effort to create an investment – friendly environment. Consequently, between 2003 and 2009 Nigeria was second in position of top African countries that attracted FDI by Chinese investors. That is, the total of Chinese FDI in Africa within the above period was 9.3 billion US dollars and Nigeria `s share out of this total was 1.3 billion US dollars. Moreover, the areas targeted by Chinese FDI in Nigeria are: natural resources, power and transport, infrastructure. Again, Chinese investors concentrate their investments in the following sectors: manufacturing, oil industry, telecom, and construction (Ibid). For example, over 30 Chinese companies have established in oil and gas, construction, education, and technology sectors in Nigeria and these companies are either own by individuals or joint venture. Also, (Egbula and Zheng 2011) pinpointed that according to estimates, by 2015, Chinese

investment in Africa will be accounting up to 50 billion US dollars due to its increasing rate. Again, China is winning over the western firms in investment contracts in Nigeria because of their cost of production is far lower. Also, Chinese multinational corporations are being supported by China's state – owned banks in their activities in Africa and Nigeria so, access to credit is easy. The study will continue below by looking at China's aid and Chinese economic relations with Nigeria particularly in trade.

2.2.8 China's aid: Economic Relations with Nigeria particularly trade relations

Chinese trade relations with Nigeria according to Rotberg (Rotberg 2008), began before Nigerian's independence and this relation started with a Chinese trade delegation sent to Nigeria in 1961 for the first time. Also, the volume of trade bilaterally between Nigeria and China in 1960 was less than 1million US dollars. Subsequently, due to the favourable trade relations between the two countries around 1996, the trade volume was at 178 million US dollars. However, according to Paul in Li Xing (Li Xing 2010) there was an increase between 1976 and 1980 of Chinese exports to Nigeria. That is the increase in exports as said above was from 128 million US dollars to 378 million dollars in the respective years. But nothing is being mentioned by this author with regards to the amount of import by China from Nigeria at this time.

Nevertheless, as pinpointed by (Rotberg 2008), in the years 1999, 2000 and 2001 the trade volume between the two countries had reached 570 million US dollars, 860 million US dollars and 1,14 billion US dollars respectively. Again, 3 years after, the trade volume reached 3 billion US dollars and in 2007 compared to 2006 the trade value was 870 million US dollars with a 50% difference in the rise within 9 months period of each of the years (Rotberg Robert 2008 P: 274). But in recent times, studies show that (Egbula and Zheng 2011 P: 6) the bilateral trade between Nigeria and China has expanded significantly. For example, the value of trade between the two countries is almost 10 times in 2010 higher than what it was in 2000. That is the value of trade was up to 17.7 billion US dollars in 2010. However, the terms of trade between these two countries have been persistently unbalanced. That is Nigeria

continue to export less to China compared to its importation of Chinese goods although the Nigeria exports to China has been on a growing pace. Also, China continues to import less from Nigeria but exports in huge quantities. For example, in 2000 and 2010 the percentage of Chinese exports expressed as a total of the bilateral trade rose from 67% to 87% respectively. That is in 2010 Nigeria was the second largest destination for Chinese exports (ibid). Furthermore, according to Egbula and Zheng (Egbula and Zheng 2011 P: 6) about 87% of Nigeria's exports to China are oil and gas products. Contrary China exports numerous types of goods to Nigeria such as machinery, manufactured goods etc. Nigeria and China are interdependence on each other in their trade relations as portrayed above, but the only difference here is that the gains are not equal for the two countries just the same situation as put forward by the dependency school of thought.

2.2.9 Some Economic Bilateral Agreements signed between China and Nigeria as a way forward to the attainment of Nigeria's Development Goals

Nevertheless, China got deeply involved in signing bilateral agreements with Nigeria as from 2006 and in sum seven bilateral agreements had been signed between the two countries. Further, amongst these seven bilateral agreements, the oil deal agreement was the largest. Likewise, China had signed contracts amounting to 32 million US dollars (N4 billion) with Nigeria (Rotberg Robert 2008 P: 277). Again, the realisation of these contracts could be a great step to development in Nigeria and as pinpointed by (ibid), contracts were signed on a concessionary basis. That is, according to the concessionary basis, in order to invest 4 billion US dollars in Nigeria infrastructure, China has to explore 4 of Nigeria's oil blocks and President Hu was the one who signed this deal. In addition, in the oil deal, the first right of refusal was given to the Chinese National Petroleum Corporation with an exchange commitment to auction four oil exploration blocks. Also, in this agreement was the deal that first, in the Nigeria's 110,000 bbl/d oil refinery in Kaduna state, China had to buy a controlling stake. Second, to support low output of electricity in Nigeria, China had to engage in a significant portion of infrastructure development under the promise to build a power-generating station (Rotberg Robert 2008 P: 277). Again, China in the

last months of 2006 had made agreements and memorandum of understanding with Nigeria of about 27 of them in number. In light of this, China CNOOC publicized a deal of US dollars 2.27 billion, which was intended to purchase offshore oil field stake equal to 45%. Also, two Chinese corporations got separate investments in Nigeria and these were; China National petrochemical Corporation and China National Petroleum Corporation. But a 4 billion US dollar commitment, which China intended to set for investment in Nigerian infrastructure, did not work. That is the Nigerians were not in favour for this action because China demanded four oil licences in exchange (Eisenman and Shinn 2012 P: 304).

Furthermore, in Northwest Nigeria, the Kebbi State government in 2007 signed an agreement of 3000 million US dollars with the Reofield Industries Limited of Hong Kong. Consequently, the terms of this agreement included: the establishment of hydroelectric power generating plants, sugar processing facility and a solid mineral processing and exploration operation. Also, Nigeria was expected to begin the exploration of sugar by 2010 following the establishment of a sugar-processing project, which aimed at developing 10.000 hectares of sugar cane farms. Again, one of the funding sources from China is the China Exim Bank, which had to fund five thermal stations in Nigeria. This project was to be carried on under the condition that 500 million US dollars export credit facility will be provided for the implementation and kick-off and Nigeria has to pay this amount back in 12 years time. Moreover, China made contracts to develop hydropower plants in 2 areas in northern Nigeria. But China will use its own financial and technical support during the development process of the above projects and the two areas involved are Zungeru and Mambilla. In light of this view, it could be explain that China is trying to consider that since the Nigerians still possess un modernised technical skills above all, that of china should be implemented in order to realised a certain level of modernisation in the projects thus development (ibid). Further, the following paragraphs will continue to look into China's foreign aid policy in Nigeria and how this is being manifested with regards to development.

2.2.10 Some Chinese Diplomatic Relations with Nigeria: their connection towards economic deals and Development Aid Assistance

As already mentioned in the preceding paragraphs China and Nigeria have maintained a long – term relationship. That is this can be date back as underpinned by scholars to many decades (Eisenman and Shinn 2012 P: 302). For example, the visit by the Nigerian head of state Yakubu Gowon to China was date back to the 1970s. Again, from this time on, exchange visits between notables of the two countries proceeded till date. Consequently, in 1994 there was a formal establishment of a China-Nigeria Friendship Association between the two countries (ibid). Subsequently, in 2001, 2005 and 2006, the then president Obasanjo paid visits to China and in return the Chinese president Jiang Zemin and Hu Jinto paid visits to Nigeria in 2002 and 2006 respectively. According to the above scholar, Obasanjo's visit to China in 2005 upgraded the Chinese-Nigerian relationship to a strategic partnership. Furthermore, before 2005, there was an establishment by Nigeria of Nigeria Council for the Promotion of Peaceful Reunification of China during the 2002 visit to Nigeria by president Jiang Zemin of China (ibid). In a brief analysis of the above it could be seen that China always step on a bridge where it knows that at the other side there must be some fruits to reap. That is, China again is using the above diplomatic relationship as a bridge to explore its economic ambitions almost at the expense of the domestic people and this will be further portrayed below.

Nevertheless, the 21st century marked a significant growth in the economic relations between China and Nigeria. As a result China took up this advantage to export most of its inferior and counterfeit products to Nigeria, which the Nigeria Press kept reporting. Also, the Nigerian traders did welcome the situation as a means of help and started participating in fraudulence businesses with the business dealers from China. Subsequently, many Chinese traders began to enter into Nigeria. Again, it is worth to note that Nigerians preferred the cheap Chinese goods, but the disadvantage fell on the domestic producers who were unable to compete rendering them in some occasions jobless. Also, Nigeria had no backup regulatory bodies, which could intervene to see that the low-cost Chinese goods do not enter the country in very massive quantities (Eisenman and Shinn 2012 P: 303). Again to

explain this situation according to what the dependency school of thoughts explained, it reveals that Nigeria is in all squares relying on china. That is, even to the extent of their local traders they rely on Chinese goods for survival in their commercial activities but at the expense of their domestic producers just because Chinese goods are cheaper.

However, China continued to pursue its aid assistance policy in Nigeria. Although China claimed not to attach conditionalities to its aid assistance, studies revealed that China always provide certain terms in exchange of some assistance it intended to render or rendered to Nigeria. This is another aspect that shows that because Nigeria seem to depend in some sectors on development aid assistance the donors will tend to make Nigeria to follow their own principles, when they (Nigeria) have to be assisted. Furthermore, amongst the Chinese aid assistance to Nigeria in some cases, studies have not clearly shown which one actually materialised and which one was not, as the above author (Eisenman and Shinn 2012) pinpointed. Furthermore, it is shown that in 2005 Nigeria was amongst the top seventeen African countries that received aid and got involved in international cooperation with China (Djik Pieter Miene Van 2009). This was an indication that countries amongst the priorities of Chinese cooperation are those countries that export oil and raw materials to China. Also, some of these countries were Botswana and Angola etc.

Consequently, China is being accused by the traditional OECD aid donors to Africa of having imperialistic aims to its aid to Africa Nigeria inclusive. Also, that China and this are attempting a new colonial pact on Africa is shown by the Chinese scramble for raw materials in Africa (Djik Pieter Miene Van 2009 P: 67 and 68). Furthermore, China ties its aid just like other aid donors do to the use of Chinese equipment. That is a proportion of Chinese aid accounting to 70% is spent on Chinese goods and services. Again, China do design its aid to be beneficial as well to the Chinese economy taking into consideration its level of development and this could be a justifiable practice. For example, calls for tender issued by the China Exim Bank at most are restricted only to Chinese firms, in providing soft loans, the basic condition is that recipient must select contractors from Chinese enterprises and Chinese

equipments such as, technology or services, materials of not less than 50%, must be Chinese sources (Djik Pieter Miene Van 2009 P: 71). So, according to DGPTE (DGPTE 2007), major construction and civil engineering projects in over half of the African markets Nigeria inclusive are controlled by Chinese enterprises. However, in Nigeria problems have began arising for Chinese contractors leading to failures in many large projects behind the schedule. As a result, the Chinese workmanship face criticism from the inspection system of the country. Chinese work is seen to be of low standard (ibid P:72). In addition, below the investigation will proceed to look at the impact of China in Nigeria.

2.2.11 Nigerians view on the impact or influence of Chinese development aid assistance and investment and development of the country

It has been shown by studies that Chinese import (goods) is instead a minus than a plus to the development of the Nigerian economy (Jaidu Sanusha et al 2010 P: 135). Consequently, in the market in Nigeria is heavily flooded with Chinese goods, which are so cheap and are manufactured specifically for poor developing countries. Furthermore, this implies that goods regarded as the lowest class by Chinese manufacturer and has no market in other areas of the world these manufacturers have found Africa and Nigeria as a dumping ground. Also, it could be said here looking at the above situation, China seems to be taking advantage of the dependent situation of Africa on either western or Chinese most manufactured goods in practicing the above. Moreover, majority of the products found in the market are bearing the brand mark `made in China` and as evidence, this portrays that Chinese traders dominate the economy (ibid). Similarly, on a face-to-face interview conducted by (Bauman Christian 2010) in Nigeria some of the respondents expressed themselves as follows:

`...there is huge imbalance and Nigerian trade unions blame china for the loss of 350,000 Nigerian manufacturing jobs however, cheap Chinese products make products affordable for people that they could not afford before and in the end it is the Nigerian government who should protect its markets when necessary.....` (Bauman Christian 2010 P: 106).

Furthermore, the implication continues by the fact that China instead becomes a huge drain on both the Nigerians pockets and the Nigerian economy. That is Chinese sell less durable products and these products get bad just within a short period of usage. Consequently, the people need to revisit the market so often to spend more money. Again, the impact is that the above routine leaves the local economy in Chinese manufacturer's hands. Also, amongst these cheap Chinese products are: motorcycles, kitchen utensils, cookers, freezers, refrigerators, electric irons, TV, baby toys, prams, baby walkers, shoes, clothing etc. Moreover, Jaidu et al pinpointed that it is just at the time of maturity of the Nigerian baby industries into sustainable enterprises that an influx of cheap and more competitive Chinese products flood into the country. As a result most of the entrepreneurs have no choice than to close down their business operations and some even instead engaged in trading in Chinese products 'what a nightmare' (Jaidu et al 2010 P: 134 and 135).

However, below, the study shall proceed to look at how Chinese development aid and investment is viewed in Nigeria.

However, although some criticisms are made against the Chinese influence in the Nigerian market, all cannot be negative when other spheres of Chinese help are looked into. According to Jaidu et al (Jaidu et al 2010), some Nigerians are of the opinion that Chinese relationship with Nigeria is a plus to the economy while some others see it as a deficit to the economy. Likewise, the following will show how the above debate unfolded. Further, the Chinese companies in the resource sector in Nigeria are at a higher level in terms of competition. But with regards to employment options, the Chinese companies are likely not rewarding Nigeria enough. The reason is because 'they' (Chinese companies) do employ Nigerians and pay them very low and these Nigerians work under very bad working conditions in their own country under the Chinese. Again, the views of some respondents according to Jaidu et al were as follows:

`...of recent Chinese presence in resource exploitation in Nigeria particularly oil and gas has increased tremendously. They seem to have a competitive edge over their western counterparts as they

deliver at less cost and faster. However, their policies and attitudes are exploitative as they give less to Nigeria in terms of employment.....` (Jaidu et al 2010 P: 106).

However, the two countries *'have a strong economical relationship, they can as well put their resources to optimal use to support the economic growth of Nigeria through foreign investment,.....'* (ibid 2010 P: 106). Another opinion raised was, the national income and scope of trade in Nigeria is broader as a result of the strong economic relations with China. Also, the Chinese-Nigerian trade is increasing and good; the reason is that China offers both high and low quality products that all categories of traders would need. Again, the Chinese products are having affordable prices (ibid).

On the other hand, although Chinese companies do demand access to oil for their offer, it could be important also to know that the development of the country is much more progressive as a result of the Chinese companies contribution. But the fact that China is in Nigeria for the exploitation of particularly resources in solid materials cannot be denied. However, other Nigerians continued to portray that the Chinese presence is so beneficial to the infrastructure development of the country as follows: *'..the investment in infrastructure is relatively improving with Chinese firms involved in capital projects'. , ... 'Investment can make Nigeria a lucrative center to the world by a substantial investment that will attract other foreign investors', it will bring about technological improvement.'* (Jaidu et al 2010 P: 106). Finally, the Chinese give not up to what they promise in terms of development aid to Nigeria. Although the Chinese possess high quality technology, they do very little in development in Nigeria with regards to this aspect. That is, most of the Chinese deliveries to Nigeria are rather of the substandard quality and thus shows very poor relationship concerning development aid. But, the overall outcome of development aid and investment from China as pinpointed by (Jaidu et al 2010) in their face – to – face interview has been helpful. That is, *'...China is helping in infrastructure developments e.g. rails, state projects'* (Jaidu et al 2010 P: 107).

So far, no agreement has been made concerning whether China's relations with Nigeria have been positive or negative to the development of Nigeria's economy and to what extent. Both the economic and social assessment has not been easy to carry out. But in the manufacturing sector Chinese operations have been a plus to the GDP of Nigeria despite that this has been at the expense of the home producers in terms of competition. However, the positive side of the Chinese impact in Nigeria is that China has created a new market for Nigerian exports and the same as Nigeria has create a new market for Chinese manufactured goods amongst others. But the trade balance between Nigeria and China is unequal. China import less from Nigeria than its exports to Nigeria. So, Chinese huge imports in Nigeria have been seen as a nuisance to the Nigerian home market because Chinese imported goods flood the Nigerian markets thereby pushing out home produced goods with their very cheap prices. Nevertheless, inadequate infrastructure is a typical problem Nigeria just like the other countries in Africa are facing in the manufacturing sector, hence their dependence on china. (Egbula and Zheng 2011 P: 18).

In addition, China's relation with Nigeria adds to its economic development, which in turn could lead to long-term advantages of Nigerian manufacturers to become competitive. For example, infrastructures by the construction companies from China are a boost to the above to be realised (roads, rails, power stations etc.). Also, the Nigerian unemployment rate is somehow reduced by the presence of Chinese companies that employ about 30.000 local workers. But less, compared to about 350.000 reported to have lost their jobs in the manufacturing sector due to Chinese imports. Also, another negative impact of the Chinese presence in Nigeria is felt by the poor working conditions in their companies by Nigerian workers. For example, poor wages and the fact that they (Nigerian workers) are relegated to bottom line jobs and never rise to any managerial position. Again, another negative impact is that of dumping by the cheap and inferior Chinese goods, which flood into the economy. This could in lead to environmental problems like littering and pollution. Consequently, there is a fear that China could extend its political unconditionality to the environment sector by its priority of maximising profit at the expense of environmental concerns. That is its energy resources gross desires and poor track of

environmental records at home is a great concern for environmental conservation groups in Africa (ibid).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

A study which attempts to assess the extent to which China aid has been effective in addressing the poverty challenge in a nation as large, as populous and as poor as Nigeria can be a complex process. Assessing why China gives aid through document review by its nature can turn out to be a political undertaking, given that the documents reviewed are initially produced with a given objective in mind. It requires a method which takes into account these complexities. This chapter outlines the methodology that was adopted in assessing the extent of economic development in Africa and Nigeria as a result of China's aid. The chapter covers the methods, selection of data, analysis and limitations of the study.

3.1 Method

The methodology adopted for this research was a documentary review, involving specific analysis of policy papers, relevant documents and related publications. The qualitative method of documentary review is considered to be a major method of social research that is both meaningful and appropriate as a research strategy (Mason, 1997).

A typical modern organisation is thoroughly dependent on paperwork with personnel at all levels regularly engaged in extensive production and consumption of various types of documents (Atkinson and Coffey, 1997). Some scholars consider extensive documentation to be the defining attribute of Western industrialisation particularly with the development of a modern bureaucracy that is heavily reliant on written rules and administrative records (Perakyla, 2008; Finnegan, 2006).

Documents are produced for a number of reasons: internal documents for record keeping and preservation of institutional memory; and external documents aimed at presenting the organisation to the public, competing for market share or justifying its existence to its Board or to the general public. In order to understand any

organisation, therefore, no researcher can afford to ignore the documents produced by such a body (Atkinson and Coffey, 1997; Finnegan, 2006).

Documents come in various types. Some documents already exist such as books, reports and journals. There are some other documents which maybe generated during the research, such as charts, lists and tables. Documents may also be available in different formats such as print or as electronic/online publications. Most of these documents are text based, but other non-text based documents exist such as photographs, sculpture and films. Whatever the format or type, documents constitute a pervasive means of data storage in present day social settings and provide great insight to the realities of the past and present day. In considering the social facts presented by documents, a researcher is required to exercise due caution as to what this information can and cannot be used for. Scholars have often expressed reservations over 'official' records being treated as firm evidence of what they report; particularly information such as statistics on crime, suicide, deaths and the like.

It is recommended that since such data represent social facts, they should simply be recognised as such and treated very seriously, examining their place in organisational settings and the cultural values attached to them (Atkinson and Coffey, 1997). Again, no document ever emerges as a result of any automatic natural process. They are 'written' by individuals or groups under certain conditions and within given historical, social and administrative constraints. They are also produced under certain assumptions, to achieve a particular objective and often with a target audience in mind. It is not unusual for 'authoritative' documents to have their own hidden agenda with evidence selected or 'twisted' to suit their own purposes (Finnegan, 2006; Atkinson and Coffey, 1997).

The researcher will do well to bear these factors in mind when considering documentary information. The question of authorship is also a key feature. Unlike the works of individual or groups of scholars, official and organisational documents

are seldom identified as the work of any singular author. There may be assumed ownership by departments and units but their very anonymity is considered part of the official production of documentary reality. Other characteristics of documentary data which influence the information that is produced and communicated include:

- *Rhetoric*: This goes beyond the mere decoration of speeches. Rhetoric is essentially about how texts persuade their hearers and readers, drawing from devices widely shared in culture to get a point of view across

- *Intertextuality*: This asserts that documents do not stand alone. They refer to other domains, realities and documents to varying degrees. Documents generally tend to make sense because they refer to other documents and it is in the dense network of cross-referencing that a powerful version of social reality is created (Atkinson and Coffey, 1997).

The decision to carry out a documentary review in this research was informed by the availability of the data addressing the various issues of interest to the researcher.

3.2 Selection of Donor

The donor focused on in this research - is the Chinese Government. This is because available reports indicate that China occupy a respectable position among countries that have disbursed some of the highest amounts of ODA in Nigeria since the nation returned to democracy in 1999. Promoting the development of African Countries in the areas of infrastructure and Industrialization – are identified as crucial areas of intervention and they are globally recognised as leading authorities in this field by scholars and practitioners alike. The high ODA profile in Nigeria (disbursement wise) and long historical relationship with the country (Nigeria was a British colony till independence in 1960) further justified the reason for the selection of China.

3.3 Document Analysis

To a considerable extent, all research projects involve the use and analysis of documents. This is particularly significant as the objective of data collection for this research is focused on Chinese Government Aid to Nigeria, which narrowed the range to only examining materials relevant to the particular set of issues earlier identified (Blaxter et al., 2001). Like many other qualitative approaches, textual analysis depends upon detailed data analysis carried out on a given body of identified publications in order to focus the study on certain aspects of the identified data set (Silverman, 2005).

The selection of data came about through a snowballing effect (i.e. initial documents referred to other publications relevant to the research area and of interest to the researcher). This process was an effective solution to what might have proved a very difficult challenge of trying to sift through the large body of available literature on the various issues in focus in order to determine their relevance to the research. Referrals from peers and colleagues to the works of certain scholars and authors also eased access to additional information, which complemented what was officially available on the donors' websites thereby enriching the quality of data collected

3.4 Choice of Data Set

Data sources consist of existing public documents and publications relating to vital research areas such as: China Aid to Africa, China Aid to Nigeria, and Chinese business in Nigeria. A selection of relevant publications from international development organisations, scholarly articles from leading authorities in the research area, the Nigerian government – Ministries, Departments and Agencies - development.

It is considered that by reviewing the range of opinions obtained from multiple organisations, scholars and practitioners involved in the research area, this will provide a strong indication of the pulse of the development community as far as the research objectives are concerned.

All documents were carefully reviewed and the researcher tried to remain open and sensitive to all ideas expressed therein as they related to the research objectives. The information gathered from the volumes reviewed was found to be rich and exhaustive and thus the amount of data analysed is considered to be sufficient.

3.5 Analysis, Discussion and Recommendations

The qualitative structure of analysis employed in this research was based on the relevance of the information provided to the issues being explored in this study. Each document was read with as open a mind as possible, with the intention of grasping the overall content.

Summaries of the views expressed were grouped into opinions and perspectives which addressed each of the identified research objectives. Points of agreement and variance were noted as well as the prevailing indications under each objective. Mention is made of some paradoxes of development identified by scholars and other organisations; including a range of possible solutions that will chart a way forward in a more effective deployment of Chinese development aid to assist the country's quest to reduce poverty and create job.

The final chapter is devoted to summarising the outcome of this research project, based on analysis of the data collected. It provides material to guide policy makers and development practitioners on the need to re-consider how aid interventions are implemented in Nigeria. The research also proffers suggestions that will hopefully re-direct current development efforts from merely promoting a disbursement-based evaluation of ODA to achieving an anti-poverty approach in which donor organisations are held accountable for ensuring that every aid dollar goes the full development mile in addressing the Nigerian poverty challenge and not only to China benefit.

3.6 Reliability and validity of sources

The question of the researcher's positionality in this study is a key factor. Being a Nigerian and having lived through the negative impacts of the poverty that pervades the Nigerian space, the possibility of a subconscious bias having come through during the review of the documents cannot be overlooked. Qualitative research projects are never a social, a historical events. No matter how objective one seeks to be, it is not possible to leave behind one's hopes, anxieties, blindspots, prejudices, class, gender, race, age emotions, historical positions, location in the global social structure when research is being conducted (Wengraf, 2002).

On Literatures of the topic of this thesis there have been written only a limited number of books when the last 20 years or so are concerned, indeed the vast majority of books relates to the pre-colonial or colonial history. Out of the ones which actually proved useful for the purposes of this study, most were biased in one way or another, as such the findings of these have been added to through adding information coming from other sources, especially scientific articles.

Taking care to study material which has gone through some measure of review and where findings have been confirmed and approved by independent authorities is important to establish conclusive and reliable findings. Therefore limiting research to peer reviewed journals, serious and accredited newspapers, and literature by established authorities in the area is therefore of the utmost importance to ensure reliability.

3.7 Limitation

These factors constitute the status characteristics of all parties involved in the research process. The combination and interaction of these characteristics affect almost every part of the research project and can therefore affect the production of knowledge (Bailey, 2007). This research work is not an exception but deliberate effort was made to minimise the effects of these influences.

Since some of the data was selected through a snowballing effect, there is a real possibility that a number of the publications could adopt a similar perspective on the issues under consideration. But this 'universality of outlook' was checked by deliberately searching out and also reviewing referenced publications in which the authors challenged or expressly disagreed with the viewpoint of the 'referencing' publication. Due to the researcher residing outside Nigeria during the period when this work was carried out, it was not possible to do field research for verification of data, confirmation of facts, ideas, etc.

Because this study is the researcher's first individual work of this scope, the level of skill displayed in the selection of the data set, the manner of document analysis and interpretation of the information provided might leave room for improvement. However, the review and vetting of the research work with the assistance of a much more experienced supervisor and another internal supervisor is thought to have mitigated these shortcomings.

3.8 Conclusion

The methodology adopted for this research is documentary review, involving sector-specific analysis of policy papers, reports and other publications which explores a number of issues relevant to the research. This research sets out to obtain a realist perspective on the effectiveness of China aid in addressing Nigeria's poverty challenge instead of taking away resources from Nigeria and the range of available data related to the specific interests of the study is considered adequate.

The selection of data sets largely came about through a snowballing effect with publications referencing the works of other scholars and research bodies considered to be relevant to the researcher. This served to ensure ease of access to equally competent sources of information, enriching the quality of data collected. The use of documentary review extracted information which addressed the various research objectives and the amount of data analysed is considered to be sufficient. The next chapter presents the findings from the review of the documents.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.0 Introduction

The area of investigation of this thesis is on, China's aid to Africa and specifically Nigeria. The analysis will be based on the findings from the above area of investigation. Furthermore, some concepts and theories of development was applied in order to provide an understanding to the findings. Also, these theories and concepts are found suitable because they will give more explanations and understanding to the findings and the analysis. In addition, the focus of this analytical section will include: how China's aid has contributed to development in Africa and specifically Nigeria especially infrastructure development, and whether China has any particular reasons just like other aid donors for providing aid to Africa and specifically Nigeria. Again, the discussion of the above will be based on the level of interdependence between China and Africa and specifically Nigeria (using the dependency theory perspectives) and at some parts the modernisation theory will also be relevant during the analysis. Furthermore, sub-headings will be provided to facilitate an understanding of the discussion in this analysis.

4.1 Analysis of how China's aid contributes to development in Africa

One of the findings of this thesis was, China's aid to Africa is vital to development and this contribution is done through concessional loans for economic development (Rotberg Robert I. 2009 P: 221 and 222-224). Furthermore, as has been revealed by the above finding, Chinese development aid assistance to Africa has been shown by the providence of the above concessional loans for development projects, having more importance in improving economic development in the recipient countries of the African continent. Likewise, the way the above is done had been portrayed in the following examples: in 1995 Equatorial Guinea had a concessional lending agreement, which accounted for 5.75 million US dollars and this was directed to the forestry sector. Also, Congo Kinshasa in 2000 had concessional loan agreement worth 9.66 million US dollars and this was directed to the telecommunication sector. Again, Zimbabwe in 2001, and 2006 had 7.5, 25.06 and was directed to the local

infrastructure sector and agricultural machinery respectively. So, the above relationship between China and Africa portrays how china is contributing to see that Africa should become develop especially in its economic development.

However, the above situation shows also how Africa persistently remained a dependant on others for the realisation of its development goals. That is Africa depends on Chinese development aid assistance in the form of concessional loans to make progress in the development of the continent. Also, it is on records that for many decades Africa has been depending even on the western countries for foreign aid to make progress in their development goals. Yet, their development challenges are even adding up with the evolution of time. That is, Africa's development challenges are still persisting, that is why even when China showed up with its development aid assistance it was embraced warmly. This is a sign to show that the aid assistance in development, which this continent had been receiving from other donors for many years before China's influential involvement in aid giving to Africa, have provided very little or rare development results. Again, this might be further explained that, despite the foreign aid assistance particularly for development received for decades by countries in the above continent, the development gap is still very wide so much so that there remain this continuous need for more assistance through aid. The puzzle here is, how effective then is foreign aid being utilised, and will the aid donors keep providing when the fruits are having an endless time of maturity? May be a good answer to this question could contribute positively to this game of foreign aid to Africa.

In addition, one of the findings of this thesis (Rotberg Robert I. 2009) was, China also portrays positive intentions to see that economic development especially, in the African continent is achieved through China's aid to Africa. Likewise, the lending authorities in China emphasis to the Chinese firms willing to carry out any projects in Africa that any of these projects should be *'....capable of promoting the host country's economic development'* (ibid). Consequently, Chinese companies and firms both private and state-owned are operating in various areas in Africa. That is mostly those sectors, which can easily lead to improvement in the economic development of

the continent. These areas are: construction, telecommunications, tropical hard woods, entertainment, manufacturing, health services, mining, fisheries and agriculture. Furthermore, the above could be evident as revealed in one of the findings that Chinese investment in Africa by its companies in 2004 was up to 1.509 billion US dollars, and a total of about 674 companies going operational in the continent (as estimated by the Chinese government). The Chinese companies through their investment particularly in projects create employment opportunities to citizens in African recipient countries; infrastructure development is also boost by the Chinese companies. So in all, the fact that China provides aid to Africa because China want resources from Africa should not undermine other positive intentions and gains derived from China through the Chinese development aid assistance in the form of investment projects.

For example, China's relation with Africa is a win-win relation but who wins higher is now the ball in the court. Also, from the above China has clearly stated its intentions that China is very positive to see that the economic development of Africa is achieved through the emphasis made to its investors in Africa. Moreover, through Chinese investments by its firms in Africa many positive things could come out that could boost development in the continent and not only economic development but in other spheres. For instance, construction of good school buildings creates a favourable study environment for African beneficiaries and this is a way to promote human development. Again, employment will be provided to the citizens through the Chinese firms and this is already a way out in a bit towards the reduction of some development challenges like poverty which is faced by the Africans in most countries of the continent. So, China depends on Africa as a business ground and Africa on the other hand depends on China both on business terms and for its development goals to be achieved in the long run.

However, there is more evidence to show how China's aid to Africa contributes towards improving the development challenges faced by the continent particularly in infrastructure development, which has been one of the impediments to development in Africa. Consequently, another finding of this thesis (Li Xing 2010 P. 76 -77) was,

in the construction sector China's aid has been of importance to the realisation of roads, railways amongst others. For example, the financing and execution of a major railway in Zambia known as the TAZARA railway was done by China and the purpose was to link Zambia to other parts. Further, the above is a clear acknowledgement that China is not selfish with what china has, to encourage the growth of poor countries so that they could come out of the dark and become modernised. This is said so because transportation is one of the characteristic features of modernisation and many other benefits, and China sees this as a vital infrastructure development that could bring about modernity thus development by sponsoring the construction of the above major rail way. Furthermore, the above amongst others portray that Chinese aid to Africa is instrumental in development and china instead increases its aid package to Africa just to enable African development to be achieved.

4.2 Analysis of China's aid, resources from Africa and interdependency

Nevertheless, a critical look at the African countries benefiting from Chinese concessional loans as shown above is an example that China is dealing mostly with African countries that are resource rich. Also, the specified areas to which china assigned its concessional loans are sources, which could offer some benefit both to the host countries and China in either the short run and in the long run. In this light, there is interdependency on one another no doubt. For example, a well-developed forest sector in Equatorial Guinea provides a vital source for timber amongst others, and China could use this friendly economic relation already created through concessional loans providence to exploit timber resources from the above country. On the other hand, the above country will depend on china for the exportation of its forest resources thus a source of generating more revenue for its development.

Furthermore, another finding during the investigation (Rotberg Robert I. P: 225) was, China provides aid even to its own firms in order to facilitate their business investments in Africa. Consequently, one main reason behind this assistance is the fact that China has a big desire to gain resources in Africa through business investment by Chinese firms in African countries with attractive economic offers. For example, as quoted from the findings above if a Chinese firms want to obtain

investment assistance for business in Africa it has to yield to some conditions such as the ones below. That is, to *'....purchase and import from China as much equipment, technology and services as possible'*. In fact 70% of Aid is spent on Chinese equipments and this is some sort of conditionality China attached to its aid. Furthermore, another finding and a conditionality also to aid was, before receiving investment assistance for business in Africa by the interested Chinese firm, the firm in question, has to make sure that the host country has *'...plentiful local resources, a vast market for goods, favourable economic prospects'*. Therefore, if China is providing any sort of aid either to its firms or companies for their business investments in Africa or directly to countries in Africa, the above findings have shown that China is doing that in order to gain resources from Africa to satisfy its economic desires amongst others. Likewise, the ruling of the hypothesis for this study is confirmed and accepted with a critical look at the above quotes and analysis. (China is providing aid to Africa because China wants resources from Africa).

4.3 An analysis of China's aid and Chinese economic motives in Africa

For example, within 2 years laps China's aid to Africa increased enormously with a difference of 315 million US dollars increase in 1988 to 1990. But, even though the above development aid assistance by China to Africa, the reason that China still maintain a large appetite in satisfying its economic ambitions, by creating good relations with Africa through aid providence makes Chinese intentions of aid assistance to be seen as having some hidden motives. That is another finding of this thesis (Eisenman J. and Shinn D. H. 2012 P: 289) was, china is regarded as coming to Africa just to suck all the natural resources to feed its industries. Again, the above view could also be used to confirm the ruling of the hypothesis formulated for this study as accepted. Nevertheless, by increasing foreign aid to Africa makes Africa to remain depending on foreign aid and will never think of how to grow on their own. But this argument is not meant to challenge the positive ethics aid giving, it is just to place some emphasis that continuous aid providence without stringent controls on achieving the desire results is similar to sponsoring a sinking project. Consequently, it is also important to look critically at how far has the development outcomes of aid

been realised. Whether there are any obstacles to achieving the desired results and how could these obstacles or hindrances be removed in order to get effective results on time. That is in order that the aid donors could at a point in time use the resources they have been putting in as aid into other vital aspects, otherwise except aid donors prefer the aid giving routine to poor countries for their own hidden beneficial reasons. Else, what is actually the problem still hindering the development outcomes of aid, which has caused the process to continue for many decades today yet no prospects of overcoming the persistent development challenges of majority of aid recipient countries particularly in Africa.

4.4 Analysis of Chinese aid and development projects

However, another finding (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 150), showing how China is contributing to Africa development was, projects identified by African recipient countries as development projects are being supported financially by China Exim Bank (China Export and Import Bank). For example, in 2006 within a three-month period the above bank has provided financial assistance through loans approved to finance infrastructure development projects in Sub-Saharan Africa estimated at 12.5 billion US dollars. In all, even though there might be some hidden reasons for China's providence of development assistance to Africa, the above findings is quite evident of the fact that the Chinese government has clear intentions towards its aid assistance in African development. For example, the principles guiding Chinese aid flows like; the Chinese government never intended that the recipient countries should depend on China when China is providing its aid assistance could confirm its clear intentions towards the development of the recipient countries of Africa. Again, its main purpose is to assist these poor countries to follow a rightful path to become self-reliance and to obtain an independent economic development. But practically, as has been shown by findings in this study (Eisenman J. and Shinn D. H., 2012 P: 289) Chinese aid assistance to Africa in most cases is attached to the fact that China wants resources in return as most of the terms of its aid assistance will always demand for that. For example, it is pinpointed in the above findings that China made all efforts to encourage and

increase its relationship with Africa so as to be able to satisfy its high demand for resources, markets, as well as possibilities for Chinese investment in Africa.

Furthermore, in light of the above, it can be analysed critically that China says one thing but do the other. That is, China seems not to completely put to practice what it intends by saying that, Africa should follow a rightful path to become self-reliance and to obtain an independent economic development. This is because, the same China that portrays itself as seen above plays a vital role in sucking away the resources, which could be used to achieve economic development. Moreover, could it be that China is instead providing training to Africans in all aspects on how to utilized, how to manufacture these resources their countries possess by themselves, greater hopes would have been that in the near future Africa could become self-reliance and obtain independence in economic development. But, according to the above discussion, it is yet unfortunate that the relationship between China and Africa continue to keep Africa under the dependency trap. Also, China has got that big desire for resources from Africa and has done all to maintain especially economic relationship with Africa through trade, investment and 'foreign aid'. The puzzle here is this, in case when these resources are depleted of in the future as a result of continuous exploitation, will there still be that tight relationship between these two partners and who then will remain the greater loser if the relationship becomes weak?

Furthermore, another finding of the investigation of the area of study of this thesis (Ellis 2007) cited in (Jiyiragira Yves and Abbas Hakima 2009 P: 151) was, the way by which China contributes to development and especially economic development in Africa is shown through the assistance provided by the Chinese government to governments of recipient countries. That is the Chinese government provides their assistance as said above through advice to the recipient countries on how to carry out their investment projects. For example, that they should get involved in less investment projects that could give quicker results, than to engage in projects which are heavy and will end up not materialised. So, when this is done, the probability to increasing income and accumulating more wealth will be higher. 'It is better to

teach a person how to fish than to give that person a fish'. So, the Chinese government ought to be acknowledged with more appreciation for this kind of advice as above. Also, the Chinese government provides for the development projects high quality equipments manufactured in China and these equipments are provided at international market prices standard. The above could be explained that China is out to assist in the growth and development of Africa and may be not out for any exploitative reason.

But, the argument with regard to the above is that, China profits higher for obtaining a large market for its equipments and manufactured materials because they are not provided for free but at a reduced price. That is China's aid assistance in this case is still advantageous to its country's economy because the above equipments and manufactured materials will be sold in bulk and the profit margin for China will be wider. In this sense, it is hard to make a distinction between China's economic ambitions and what China actually calls aid assistance. So, this could be a reason why it could be said that China gives aid to Africa because China wants to reap some profit in return. Again, this is another ruling accepting the hypothesis formulated with regards to investigations on the phenomenon of China's aid to Africa, which is that 'China provides aid assistance to Africa because China want resources from Africa'. So, in the above case the resources China gets is the large market for its equipments, meaning that China explore all avenues in Africa to make its own gains and uses development aid assistance may be as a faster means to do this.

4.5 Analysis of China's aid to Kenya: Is this also attached to the quest for resources?

Furthermore, another finding of the study (Eisenman J. and Shinn D. H. P: 289) was that China's economy is expanding on an increasing rate. So, for China to satisfy the high demand from its economy China must look elsewhere to get additional resources, market possibilities and even investment by some of its firms and companies and this elsewhere for China is Africa. Also, one of the findings (Morrison 2008 P: 24) of this study was that resource rich countries in Africa like Kenya are the areas to which China dig into to meet its search quest for both natural and non-natural resources. China is interested in Kenya mostly for trade or economic

purposes. So, Chinese companies do import local scrap metal from Kenya and one of the fastest commodities exported by Kenya to china is `crude metal`. These metals meet China's well-known desire for copper and iron. But, Kenya as well do export its agricultural raw materials to China. That is the two countries are interdependent on one another for trade and technological skills only and not for natural resources, China is benefiting from trade and the tapping of resources.

Furthermore, to explain the above, Kenya depends on China for exportation of its raw materials and again depends too on Chinese manufactured products from their raw materials. That is, Kenya relies on China's technology for the transformation of its crude metal, which on their own it could not have been processed to the manufactured stage and will remain in its natural state for years without any use. This situation could be further analysed that, China is doing some good to Kenya by enabling the Kenyans to enjoy finished products out of their raw materials or natural resources. Further, even though China could be seen in this sense to have concentrated on its economic reason of providing aid to Kenya because putting aid ahead China gets back raw materials and natural resources from this country at very cheap prices. So, to crown it all China seems to be doing some help to see that the benefit from this relation is mutual. Meaning that China on the other hand depends on Kenya's raw materials or resources to satisfy rapid demands by its fast growing economy and Kenya depends on China as a market for its exports amongst other. But when we look at the above with some critical argument the conclusion still holds that China provides aids to Kenya because China want resources, hence accepting the hypothesis.

Again, when china remains a constant market for the raw materials from Kenya it seems an advantage to the development of Kenya because a constant market will always yield constant export revenues for the state. But, if Kenya could stand the position of being able to manufacture its own raw materials by itself it would have been much more an advantage to the country in many ways. That is the country will improve on its industrialisation level through the manufacturing industries, this will create jobs for the citizens and the cry for unemployment will be reduced somehow.

But unfortunately, one biggest dilemma Kenya like other African countries (South Africa partially not inclusive) faced remains that they continue to depend on other economically powerful nations like China. That is, the African countries dependence is partly from the huge financing gap, which needs to be narrowed down in order for them to develop their infrastructures and which seems to be an engine to industrialisation and modernisation hence development. When then shall the less economically supportive nations come out of this trap of dependency is puzzling. As such, for China to fully exploit the resources in Africa to satisfy its ambitions of satisfying the rapid demand by its fast growing economy, China also think of doing something to improve upon the infrastructure development of the countries concerned in the continent, which is seen as a means to facilitate both access and exploration of the resources. So, China is doing its best towards providing development aid assistance to African countries like Kenya especially for the economic development of the country. In all, China could be said to have been providing aid to Kenya according to the sense above because China want resources from Africa. Therefore the hypothesis is accepted in this case.

Moreover, a critical look at the case of Kenya being one of the African countries that has benefited from china's development aid assistance, a conclusion could be drawn that, China is doing its best in contributing for the achievement of development (Onjala 2008) cited in (Mwega Francis M. 2008 P: 10) by providing development assistance aid to Kenya. But, because China specifies where its aid has to be put (in most cases in infrastructure development), China tends to practice some aspect propounded by the modernisation school of thoughts concerning its aid giving assistance. That is, China seems not to allow the aid recipients in most cases to utilise its development aid assistance in ways that best suit their needs. Consequently, the recipients because they actually need this development assistance have to yield to Chinese thoughts and to follow its path on the direction to which the aid assistance should take. And as has been shown by studies, China always want that its development aid should be concentrated on economic development, which is infrastructure development. For example road construction projects, construction of a research centre for malaria, electrification in the rural areas, modernisation of

power distribution, water etc. That is China already specifies the various areas into which its development aid should be invested. Thus, a process thought by China to be the best to follow in order to achieve development while ignoring the contribution of the recipients and other vital aspects, which could also contribute immensely to the development of a nation such as human development. Nevertheless, Africa has very poor infrastructure development and in order to gain access and to exploit some of the natural resources, first thing to be done is to develop the infrastructure for instance roads, railways, power stations, amongst others.

4.6 Analysis of China's aid in Angola

Furthermore, another finding (Rotberg Robert I. 2009 P: 183) that portrayed how China's aid contributes to economic development in Africa is concern with China's development aid assistance in Angola. The finding was that China provides aid assistance in the oil sector in Angola and this assistance is the provision of military security to avoid any damage to the oil and workers during any instability in the country. Furthermore, the reason why the above assistance through military security is seen as a contribution towards development is that oil is a vital resource, which contributes so much to provide financial support to a country's economic growth. That is revenue from oil could be a great contributor to the economic development and other spheres of development in a country. So, if China has recognised this aspect and is providing assistance towards the protection of the oil sector for instance in Angola then, it cannot be denied that China is showing up in many ways to see that development in Africa should be achieved. But, the fact that China got involved in Angola to provided military security for the protection of the oil sector shows that China's ambition is only to provide assistance or aid where it sees that it will derive some benefits. Consequently, the quote below confirms the hypothesis formulated for this study that China provides aid to Africa because China want resources.

‘...maintaining access to African oil, gas, minerals and timber is so important to the fuelling of China's economy both now and in the future that Beijing will make every effort to expand military-

security cooperation with resource exporting countries` (Rotberg Robert I. 2009 P: 183).

Also, China intensifies its military relations mostly with resource- rich countries in Africa. That is those African countries that do export both oil and raw materials to China in large quantities or could be able to do that as time passes on. For example, countries like Angola, and Nigeria, Equatorial Guinea, Chad, Libya are amongst those countries having very tied cooperation with China and these country are oil – producing countries. That is the above shows that China depends on Africa oil-rich countries for oil to fuel its economy.

4.7 Analysis of the contribution of China's aid to development and its link to resources

One of the findings (Zgovu Evious and Oliver Morrissey 2011) of this thesis was that China's contribution through its development aid assistance and especially in economic development and foreign direct investment (FDI) in Nigeria is so important. As a consequence of the fact that China's activities in Nigeria are combine, that is its FDI and Aid, the findings for both will be revealed and where necessary analysed simultaneously. Chinese firms are doing a great job through their investment in oil projects in Nigeria. For example, China National Petroleum Corporation (CNPC) and China Petrochemical Corporation (Sinopec) and their development activities in the oil sector in Nigeria is on an increase. That is the two Chinese corporations show their contribution to economic development in the country through their investment in oil projects in the country. Also, the contribution made by CNPC in the development of the hydro electricity plant in the country (Nigeria is quite important to the achievement of development. This is seen as an important contribution to infrastructure development because of the role electricity plays in other sectors as it could be of vital use in making ends meet in many other ways. For instance, in industries, factories, telecommunication, hospitals, to name just these few, electricity is needed. The CNPC shows its contribution in the above infrastructure development through its construction of a 1000-megawatt hydro electricity plant in the country (Nigeria).

Again, the fact that infrastructure development is an impediment to realising development in Nigeria just as it is in all of Africa is being portrayed in the above situation. That is if Nigeria could have had that financial capability, on its own it could have been able to construct power plants that could facilitate the exploration of its natural resource in this case oil resource rather than relying on investment from foreign firms to do this. Furthermore, the good thing is that Chinese firms just like the above through their FDI in Nigeria could be a source of creating also employment to the citizens, which is helpful to realising development goals as well. But due to lack (insufficient) of technological ability of the Nigerian citizens these Chinese firms do employ mostly the Chinese; import cheap material equipments for their projects from China and the Nigerians who are employed are mostly working in the assembly lines. In all, although the two countries derive mutual benefits from these activities, it could be said that China's benefits from this kind of assistance will outweigh that of Nigeria. That is when the oil exploration is carried out the Chinese firms involved just like the above firms re-invest their huge profit in their country rather than in Nigeria thus Chinese economy keeps growing more and more. But Nigeria will benefit the infrastructure that has been constructed which cannot be pulled off and carried away back to China. So, China depends on Nigeria for its oil resource and Nigeria depends on China for its infrastructure development as portrayed above.

However, another finding (Egbula Margaret and Zheng Qi 2011 P: 3) of the thesis was, the economies of both Nigeria and China do condition their reliance on one another. Nigeria has got a number of important attractions to China, which includes their huge energy reserve and a very big market due to their large population size. Also, Chinese capacity and ability to deliver and finance large-scale infrastructure projects, its successful economic expansion attracted Nigeria so much. Consequently at this point it would be suitable and relevant to make further interpretations on the above situation showing how the theories chosen for this study are applied in the relationship between China and Nigeria. But it is worthwhile at this point to show how the theories chosen for this study apply to the issue of china's aid to Africa and Nigeria and Chinese investment in Nigeria. The dependency theory is yet in practical

terms being applied in the above area of study. That is the relationship between China and Africa; specifically Nigeria today is that of interdependency that has been conditioned by the economies of both. The dependency school of thought stipulates at one point that *'....dependence is a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others'* (Todaro and Smith 2006 P: 115). For example, the dependence of Africa on China's aid and investment today has been conditioned by its economies and the same applies to the fact that China has also been conditioned by its economy to become dependence on Africa and specifically Nigeria.

Moreover, Chinese dependence on Africa and or Nigeria specifically, is due to the development and expansion of its economy. The growth of Chinese economy has attracted a lot of external FDI so much so that China now could stretch its hands towards the poor countries through aid and also to rely or depend on them for resources to satisfy the rapid demands from its expanded economy. African economies and particularly Nigeria economy has conditioned their dependence on China especially in infrastructure development and market for their raw materials. That is they got resources but lack infrastructure and expertise to be used to explore these resources, they got raw materials but lack the expertise and industries to manufacture them by themselves. So, what they could do is to become dependence on China in order to achieve some level of development. China on the other hand has these industries, they manufacture goods but the Country's domestic market alone cannot consume all the manufactured goods, their economy has rapidly expanded such that they need external places to establish some of their industries, companies and factories, so what China could do also is to become dependence on Africa and specifically Nigeria for a larger market size, foreign direct investment amongst others. In addition, China today due to the expansion and development level of its economy is modernised, and also have that good mind to see that Africa too should move a step ahead from underdevelopment to development. China followed a particular process of development to gain its modernisation status today, industrialisation; infrastructure development might have been the leap to their modernisation and development.

Furthermore, one of the findings (Eberling George 2011 P: 77) of this study was that China's aid contributes to economic development in Nigeria and how this has been done is through the creation of Special economic zone in Nigeria being facilitated through the Forum on China-Africa Cooperation (FOCAC). The above forum was created in Beijing in the year 2000 and has helped to promote china's influence on economic development in Nigeria. The special economic zones are of importance to China because it created a liberalised investment environment. Also, these zones were being concentrated on strategic industries of more attraction to the Chinese companies. Again, Nigeria was one of the choices by China for the creation of the Special Economic Zones because of Nigeria's oil resources. Consequently, to analyse this further, China do not go in for any deal where there is nothing to gain as the foregoing statement proves. That is because of oil resources in Nigeria China became so attracted and its companies so willing to invest in the SEZs so as to carry on oil exploitation and exploration actives. Again, the above shows that the hypothesis formulated for this thesis is accepted.

However, China is doing it best in infrastructure development in Nigeria to raise the level of economic development of the country. China's companies both public and private are flooding into Nigeria's technology, manufacturing and telecommunication sectors. Furthermore, the activities of the above Chinese companies could be seen through the construction of roads and railways and the development of economic zones in the country (Nigeria). In addition, one of the findings (Egbula Margaret and Zheng Qi 2011 P: 3 and 16) of this study was that China's aid to Nigeria is also of great contribution to development in the agricultural sector. For example, Chinese come into this sector to bring their high technologies and new techniques, which are vital in the promotion of increase output. So, increase agricultural output in this sense will definitely lead to an increase in agricultural raw materials for exportation to china and hence an increase in the GDP of Nigeria. As a consequence, the above will lead to an improvement in the Nigeria's economic growth, which will in-turn increase development in the country. Furthermore, China does send experts from China to train farmers on technologies and farming techniques required to promote production. Also, a total number of more than four hundred experts from China have

practically travelled to Nigeria and are constructing small earth dams. That is China is offering unconditional aid (cooperation) in the above aspect to help Nigeria achieve its development goals. A saying goes that 'agriculture is the backbone of an economy' (self). The promotion of agriculture will lead to the realisation of many other good things in Nigeria's economy, like the reduction of hunger and poverty etc.

Moreover, to further analyse the above situation, China, according to the above discussion is applying its win-win strategy as well as portraying its desire for resources in Nigeria than just providing aid. China's fast growing economy as had been mentioned previously has exhausted almost all of its own available domestic raw materials and resources needed to satisfy the high demands from its factories and industries. The fact that China's aid to Nigeria is vital is not deniable, but, for example, in the agriculture sector as above China is boosting this sector perhaps for the reason that the increase in output will be beneficial to both countries. That is, agricultural raw materials from Nigeria that comes as a result of the aid provided by Chinese experts in this field will in turn be of need to feed the Chinese home based factories and industries through importation from Nigeria. Again, Nigeria do not have that enough financial back up and technological back up to improve on its agricultural sector just like in its oil sector on its own. So, the practice of the less dominant nations as explained by the dependency theory to rely on the financially and technologically powerful nations is applied in the situation above. That is, this is seen to be true with regards to oil exploration and infrastructure development in Nigeria by China just like in the Nigeria's agricultural sector. Furthermore, Nigeria depends on China amongst others for more qualified expertise and infrastructure technology to exploit its oil fields. As a result, the stronger nations (China amongst others), could take this advantage to exploit Nigeria natural resources at very low cost compared to the cost price they will make for the final products.

4.8 Analysis of China's aid and the military sector in Nigeria

One of the findings (Eberling George 2011) of this thesis investigation was, China's aid is useful to Nigeria's development as portrayed by the Chinese contribution in military aid. That is China intervene in the following ways; provide military assistance, training, equipments to protect its strategic oil interest as well as personnel. For example, China did supply to Nigeria small arms, fighter aircraft and air-to-air missiles in 1997, 1998 and 2005, respectively. This was done reacting to the hesitation of the United States and Western nations in providing military aid in fighting insurgents in the oil-rich Niger Delta to protect Nigeria's resources, the Nigerian government under the President Olusegun Obasanjo administration developed a close military cooperation with China. So, the above-mentioned, shows that Nigeria yet depends on China even in the military arena for effective assistance to overcome mere political upheavals in the country. But the good thing here is that China do also provide some training to Nigerian military forces when these needs arise, which might in the future reduce the aspect of Nigeria's dependency on Chinese aid in the military sector. But, even though with regards to the above military aid assistance by China, the extent of the effectiveness and efficiency of the training China provides has not been made clear. Also, as said above that China might intervene only when in case of any political instability in the oil-producing region, when the local security forces are unable to protect oil fields and foreign oil workers shows clearly why china provides aid assistance to Nigeria in its military sector. China wants oil resources that could be one reason amongst others why China is providing aid to Nigeria in the above sector. So, the ruling of the hypothesis is confirmed as accepted with regards to the discussion and arguments made in the above analysis. The analysis will proceed below with a further discussion on how China's aid and investment had contributed to development in infrastructure development of Nigeria.

4.9 China's aid and more on infrastructure projects and investments in Nigeria

In addition, other findings (Foster Vivien 2009 P: 25), (Eberling George 2011 P: 26)(Egbula Margaret and Zheng Qi 2011 P: 25 and 26) of this thesis investigation were: China has been quite instrumental in infrastructure development projects in Nigeria. Likewise, Chinese development aid and investments to Nigeria are portrayed as follows: Nigeria as one of the beneficiaries of the 27 countries in SSA in Chinese infrastructure projects, received a financing commitment from China of up to 70%. Also, in the construction sector for instance, Chinese companies are doing a great job. That is Chinese companies had been building roads, airports amongst others in Nigeria. Furthermore, Chinese companies like ZTE and Hawei, which are two of Chinese giants telecom started actively to supply equipment, network roll-out projects in Nigeria for wireless and fixed services. In addition, the China Exim Bank is quite instrumental in supporting infrastructure development projects in Nigeria with loans. For example, in 2005 the above bank supported with loans in the construction of power stations in Nigeria. These power stations with their respective capacities included: Papalanto having a capacity of 335 megawatt in Ogun state, Geregu with a capacity of 138 megawatts in Kogi State and Omotosho with a capacity of 335 megawatts in Ondo State. Furthermore, one of Chinese companies responsible for the construction of the first power station mentioned above was the Shandong Electric Power Construction Corporation (SEPCO). But, in doing all these to Nigeria, an oil-backed deal was done with the Nigerian National Petroleum Corporation (NNPC).

So, the above activities of China in Nigeria could be interpreted and analysed that, China does not look back on its pledges for development assistance aid in this country especially in infrastructure development, which is a boost to the country's economic development. Chinese aid is noticed both in terms of financial support as above and in terms of enabling that Chinese companies bring in their high technological skills into constructing the infrastructure projects in Nigeria. But, it might be said that China is doing this in order that these infrastructures will help to facilitate the transfer of resources from Nigeria to china and so on. For example, the

roads, railways airports constructions by China through its aid assistance and investment by its companies, are a very important advantage to facilitate growth in the transportation sector. Moreover, a good transport network in Nigeria is an important aspect to development, which according to the discussion in the analysis as above will be beneficial to both China (indirectly) and to Nigeria (directly). It is not deniable that China does all these to Nigeria to facilitate easy and convenient transportation means to exploiting resources in Nigeria. But, somehow it could still be rejected and can be underpin here that Nigeria will benefit most from the above aid assistance in the long run because, once an infrastructure like road etc is built it is going to be there for a long term and China can by no means take it off along to its country. So, it will be forever a boost to the economic development of Nigeria. So, it could be pinpointed that the Chinese are doing more good than harm to the achievement of development in Nigeria.

Moreover, another finding (Egbula Margaret and Zheng Qi 2011 P: 14 and 16) of this thesis shows more construction projects by China in Nigeria, which are all in favour of promoting economic development and development as a whole in the country. Likewise, examples of the Chinese construction activities are further portrayed in the following: Chinese Civil Engineering Construction Company (CCECC) is the largest of its kind in Nigeria. Moreover, the above Chinese company has invested a huge sum of 10 billion US dollars and above in Nigeria with ongoing construction projects amounting to over 54 in number. Again, one of its biggest projects in Nigeria is the railway connecting Abuja and Kaduna city, which is worth 850 million US dollars. Further, the China Geo-Engineering Company (CGC) is also a Chinese company doing construction in Nigeria and its activities are very vital to the development of Nigeria as well. That is CGC has won construction contracts to construct water supply system in Ngombe, Airport in Kebbi, a road linking Kano and Maiduguri in Nigeria. However, China is doing all by this means to ensure for modernisation in Nigeria. So, this is how China has been applying what the modernisation school of thoughts postulated in Nigeria in order for industrialisation amongst others, through infrastructure development to be realised. That is, the way China took to get developed China wants to also portray its development strategies to Nigeria and it

can be said that, China wish that Nigeria could follow the same path with regards to its development activities in Nigeria. Again, from the above activities of China in Nigeria, it could be seen that China's desire for resources in Nigeria is not only the main purposes for creating good relationship with Nigeria by providing development aid assistance in infrastructure development in Nigeria. However, some cases revealed that China made demands such as oil-for infrastructure deals, but this cannot be capitalised and forget about the helpful assistance China is providing towards Nigeria's development as in the above.

One of Nigeria's drawback to achieving economic development has been shown by studies to its infrastructure underdevelopment (Egbula Margaret and Zheng Qi 2011 P: 14). However, China has been quite instrumental according to studies in infrastructure development projects in Nigeria (Foster Vivien 2009 P: 25). In addition, the Chinese began their involvement in Nigeria's infrastructure development at first stage through the oil- for infrastructure deal during their reign of president Olusungo Obasanjo (Egbula Margaret and Zheng Qi 2011 P: 14). Likewise, project database records show that Chinese infrastructure finance has been made available to 27 countries in SSA, Nigeria inclusive. Further, Nigeria appears amongst the four countries of this region, which benefited from 70% of Chinese financing commitments. Also, Nigeria share alone accounted for 30% out of the above 70%, which is almost half of the allocated financing commitments to the four countries (Foster Vivien 2009 P: 25). Nevertheless, scholars pinpointed that even though most of the projects to be carried out by China in Nigeria were cancelled, Chinese companies continue to do a great job in the construction sector of the country. For example, despite that these companies failed to realised on huge-profile project which was a railway linking Lagos and Kano states, they are elsewhere in the country building roads, airports and railways (Egbula Margaret and Zheng Qi 2011 P: 14). Moreover, the Chinese portfolio of infrastructure projects is as follows: a total financing commitments of 5.4 billion USD has been engaged in Nigeria by China. Again, the agreement of the National Rural Telephony project (NRPT) marked the initiation of the financing commitment activities by China as from 2002. Furthermore, according to this agreement, ZTE and Hawei two of Chinese

giants telecom started actively to supply equipment, network rollout projects in Nigeria for wireless and fixed services (ibid).

In addition, the construction of power stations in 2005 was realised with the support of loans, which Nigeria received for the first time from China Exim Bank. These power stations were at the following places in Nigeria: Papalanto having a capacity of 335 megawatt in Ogun state, Geregu with a capacity of 138 megawatts in Kogi State and Omotosho with a capacity of 335 megawatts in Ondo State. Furthermore, the Shandong Electric Power Construction Corporation (SEPCO) according to Chinese sources was responsible for the construction of the paplanto plant. Also, out of the estimated 400million US dollars construction cost, the China Exim Bank accepted to finance 300 million US dollars. But an oil-backed deal was done with the Nigerian National Petroleum Corporation (NNPC). Consequently, this deal stipulated that in return to the support from the China Exim Bank as mentioned above, Petro China `...secured a deal to purchase 30,000 barrels of crude oil from the NNPC for one year, renewable` (Eberling George 2011 P: 26), (Ibid P: 25-26). In all, the above engagements by China and Chinese companies in Nigeria and the loans provided by the China Exim Bank clearly shows that China's aid assistance to Nigeria is of great advantage to the country. But because china is able to provide and Nigeria cannot on its own provide for the development of its economy without this assistance, it makes Nigeria to depend on Chinese assistance. Furthermore, the following shows Chinese infrastructure project contractors that have been active in SSA countries (Nigeria inclusive) from 2001 to 2007, total value in million US dollars and the various sectors (Foster Vivien 2009 P: 20).

Table: 1

		Total Value (M) USD	Sector	Major Countries
China civil engineering construction corporation (CCECC)		2,500	Transport	Nigeria
Zhongxing Telecommunication Equipment Company Limited (ZTE)		2,101	Telecom	Angola, Central Africa Republic, DRC, Ivory Coast, Sudan, Nigeria etc
China Geo- Engineering Corporation (CGC)		1,024	Electricity Water	Nigeria, Cameroon
China Guangdong Xinguang International Group		1,000	Transport	Nigeria
China Gezhouba Group Corporation (CGGC)		1,000	Electricity	Nigeria
Shandong Electric Power Construction Corporation (SEPCO)		810	Electricity	Sudan, Nigeria

Source: World Bank-PPIAF China Project Database (2008) (ibid).

The above table shows that Chinese investors are actually doing their best in promoting development in Nigeria with regards to infrastructure development.

Moreover, let us face more practical terms concerning how China's aid to Nigeria have been instrumental towards the realisation of the development goals of this country. Egbula and Zheng pinpointed that the biggest Chinese construction companies in Nigeria is the Chinese Civil engineering Construction Company (CCECC). Also, this company is doing an enormous job towards the realisation of the infrastructure development in Nigeria. For example, its activities show that it has above 50 projects ongoing and more than 10 billion US dollars have been invested by this company in Nigeria. Furthermore, the railway linking Abuja and Kaduna city is the biggest project which CCECC is constructing and is worth 850 million US

dollars but the China Exim Bank loaned 500 million US dollars, which partly funds this project. Again, another important Chinese company present in Nigeria for construction work is the China Geo-Engineering Company (CGC). Furthermore, the CGC's presence was noticed in the construction market in Nigeria way back in the 1980s when it began digging boreholes but today it has moved up to bigger projects and its branch in Nigeria is the largest with over 200 Chinese employed staff. For example, amongst its construction contracts is a water supply system in Ngombe, Airport in Kebbi, a road linking Kano and Maiduguri etc. (Egbula Margaret and Zheng Qi 2011 P: 14 and 16).

Furthermore, in the Manufacturing sector and industries in Nigeria China is not leaving any stone unturned despite the many criticisms China is facing. But what is important is that China has a good will to spread the fruits of its progressive economy to the poor countries like Nigeria amongst others. In addition, (ibid) underpinned that Nigeria's manufactured sector has remained very weak despite all attempts by the government to diversify the economy. Also, the decline of the above sector is attributed to the fact that the country shifted all its attention towards oil production. Consequently, for the Nigerian government to improve on the above situation it has given some priority in its development programme to the manufacturing sector as a way to create both employment and to reduce poverty level in the country. Further, to carry on with this plan manufacturing investors from Hongkong amongst others started off in the 1960s and 1970s to manufacture auto parts in Nigeria. Again, these industries subsequently faced some challenges and had to close down due to inadequate infrastructures, and imported products from China, which pushed their own products out from the market. Nevertheless, Lee enterprises are on expansion in Nigeria and employ a huge number of workers from both China and Nigeria. Also, Lee enterprise specialises in the manufacturing of plastics, steel, leather hide amongst others and they are based in Kano State Nigeria. Furthermore, amongst other Chinese companies operating in Nigeria is the ZTE in the telecom sector and produces headsets amongst others. But this company only employ Nigerians in the assembly line and have faced critiques for that coupled to the fact that it imports all its manufactured components from China (ibid).

However, China plays a significant role in infrastructure development in Africa and specifically Nigeria and this could be explain by its investments in Nigeria. For example, in the financial sector, the Chinese Yuan was introduced in the Central Bank of Nigeria in 2011 as a trading currency in the domestic foreign exchange market. Also, this has been a stepping-stone for Nigerian banks to look for partnership with Chinese financial institutions and as well as to encourage business growth in the country. Moreover, this is so advantageous to Nigeria because as pinpointed by scholars, what the Nigerian government has programmed for its infrastructure development projects is very small. Another aid assistance is that which the Nigeria's Common Wealth Director General of Business Council announced in 2010. He announced that a Chinese consortium with a credit line from the Chinese government has to invest on infrastructure and capacity building in Nigeria and this investment is worth 20 billion US dollars (Eisenman 2012 P: 304). So, Nigeria is fortunate to be the major beneficiaries amongst other African countries of infrastructure financing from China. Further, most of this infrastructure projects financing sources comes from China and mostly from state-owned Banks. China has been so instrumental and is becoming increasing important in the financing of infrastructure projects in Africa and Nigeria specifically and one of the major lending bank of China is the China Exim Bank (Egbula Margaret and Zheng Qi 2011 P: 15). So, it would not be out of place to reiterate again here that due to the level of development and expansion of the two economies, Nigeria remains dependent on Chinese finance as portrayed above. The researcher thinks that Nigeria should invest into institutions that will help Nigeria build its own capacity as a producing nation. If this is done, then China's Aid will help sustain development in Nigeria. Channelling aid to infrastructure development alone cannot bring development to African Nations, there must be institutional development.

In addition, by 2009 China had investment in Nigeria amounting to about 6 billion US dollars with over 30 Chinese owned companies. Also, Chinese foreign direct investment (FDI) in Nigeria accounted for 7 billion US dollars in 2011 as revealed by China's minister of industry and information technology. Again, despite certain setbacks to some of the deals between the two countries, Chinese companies and

joint ventures going functional in Nigeria in the construction sector, oil and gas, manufacturing, services, education, communications, power generation and technology were between 100 and 600 in number. Further, Chinese companies dominate in infrastructure construction in Nigeria. (Eisenman 2012 P: 304).

However, according to Eisenman (Eisenman 2012 P: 304), China plays an important role in the economy of Nigeria that is in almost all areas of the Nigerian's economy China is involved. For example, the number of Chinese living in Nigeria and who participate in various aspects of the economy is estimated at 70.000 (ibid). Further, China helped to develop water supplies and drilled wells in Nigeria. Again in education, in the Nnamdi Azikiwe University, China opened an institute of Confucius doctrine in 2008 but the researcher is of the view that China should have financed institutes of science and technology which would have helped develop Nigeria. The institute of Confucius doctrine is not enough to create the level of development Nigeria needs which China is not ignorant of that fact.

In addition, one of Chinese development aid assistance in Nigeria is the building of an anti-malaria center for the country (Nigeria). Also, (Rotberg Robert 2008) pinpointed that to support the Roll back malaria program in Nigeria, Chinese government provided a number of mosquito nets and anti malaria drugs worth almost 400 million Naira. Likewise, Nigerian personnel in the medical field were trained by China on the comprehension of malaria control and prevention measures (ibid P: 278 and 279).

Moreover, in previous investigations and findings, China made it also clear that its relationship with Nigeria is on mutual benefit terms. But, who wins higher is now the situation to argue further.

4.10 Analysis of China's aid to Nigeria in the Nigerian manufacturing sector

Another finding (Egbula Margaret and Zheng Qi 2011 P: 14 and 16) of the investigation in this thesis was, China is providing aid through the manufacturing sector in Nigeria for the achievement of more development goals in the country

(Nigeria). Furthermore, this activity dates back to the 1960s and 70s when manufacturing investors from Hong Kong started manufacturing auto parts in Nigeria. Also, the reason why this is seen as aid and which has some positive impact on the development of Nigeria is, when these manufacturing investors start off their activities, they create employment both to the Chinese and Nigerians. So, this will help to reduce the unemployment level in Nigeria and poverty to an extent. Likewise, Lee enterprises are on expansion in Nigeria and employ a huge number of workers from both China and Nigeria and the above enterprise specialises in the manufacturing of the following: plastics, steel, leather hide amongst others. In addition, another finding (Rotberg Robert 2008) was that one of Chinese development aid assistance in Nigeria is the building of an anti-malaria center for the country. (Nigeria). As a result of the construction of the above center, the Chinese government provided a number of mosquito nets and anti malaria drugs worth almost 400 million Niara. Likewise, Nigerian personnel in the medical field were trained by China on the comprehension of malaria control and prevention measures. So, how then can it be denied that Chinese Aid to Nigeria has not been instrumental to achieving the development goals in the country? This question is answered by many examples as shown above which portray how China's aid helps in infrastructure development like the Anti-malaria centre amongst others, material support as shown above as well. However, a critical look into the above Chinese aid assistance is a clear prove to reject the hypothesis formulated for this thesis somehow, because there is no evident here to portray that China is demanding for any resources from Nigeria in return to its aid assistance.

Nevertheless, one of the findings (Egbula Margaret and Zheng Qi 2011 P: 9) was, Chinese investors concentrate their investments in the following sectors: manufacturing, oil industry, telecom, and construction in Nigeria. In addition, it could be explained that, the above areas are those areas, which could yield heavy profits to the Chinese investors. But, another point could have been that these Chinese investors might have noticed that the modernisation level of the Nigerians is not yet sufficient in the realisation of effective work. So, they bring in or have to transfer their modern ways into the above spheres through their modern constructions,

manufacturing strategies and skills above all. Furthermore, the Nigerians should be able to construct roads, manufacture goods etc. but their level of technology might still be lower compared to that of the Chinese investors, and also the financial gap still existing in Nigeria could be another big challenge. Consequently, this might be a reason to explain why even the Nigerian government is putting in all efforts to see that its create investment-friendly environments and take advantage of the Chinese modern and advanced technology. In the above light, Nigeria depends on china for advanced and modern technological skills in the above spheres for development. Also, it could be further analysed that, in the long run Africa's economic development and Nigeria specifically, would have advanced to greater heights as a result of Chinese FDI in infrastructure in the continent. Moreover, it is estimated that due to the increasing rate of Chinese FDI in Africa and Nigeria specifically, Chinese investment in Africa will be accounting up to 50 billion US dollars by 2015. Nevertheless, in the following paragraph the analysis shall proceed by looking into some findings with regard to the number of Chinese investors in Nigeria and what contribution they made towards development between the years 2001 to 2007. Further, the reason why the above should be analysed is, in order to understand how much China could contribute to economic development in Nigeria within a period of 7 years through its investors. This will provide more enlightenment and information on whether the China's aid impact is of great value or not to the Nigeria's development.

4.11 Analysis of Chinese investors in Nigeria and their area of investment between 2001 and 2007

China has been doing some great job to encourage investment by its investors in SSA and Nigeria specifically for development purpose amongst others according to one of the findings of this thesis (World Bank-PPIAF China Project Database 2008). Furthermore, some Chinese contractors in Nigeria between 2001 and 2007 were: China Civil Engineering Construction Corporation (CCECC), which made investments amounting to 2500million US dollars in the transportation sector. Next investor within the above period was China Guangdong Xinguang International Group (CGXIG), which made investment worth 1000million US dollars still in the

transportation sector. Next was the China Gezhouba Group Corporation (CGGC), which made investments worth 1000million US dollars in electricity. Also there were investments made both in Nigeria and other SSA African countries by Zhongxing Telecommunication Equipment Company Limited (ZTE) in the Telecom sector with investment worth 2101million US dollars, Shandong Electric Power Construction Corporation (SEPCO) in electricity with investment worth 810million US dollars (Nigeria and Sudan), China Geo-Engineering Corporation (CGC) in electricity and water with investment worth 1024million US dollars (Nigeria, and Cameroon).

Consequently, to further interpret and analyse the above investments, it portrays that within 7 years period that is between 2001 and 2007, Chinese contractors' total investments in the economic sector in Nigeria only on infrastructure development was up to 4500million US dollars. Further, total investments made by other contractors in the same period, which included Nigeria and other SSA countries was 3935 million US dollars. So, the above investments made by Chinese contractors were more active in infrastructure constructions in Nigeria particularly with the 7 years period above than in other parts of SSA. That is between 2001 and 2007 the value of Chinese contractors investments in Nigeria exceeded that of both Nigeria and other SSA countries by 565million US dollars. Also, this could be of great positive impact in the promotion of infrastructure development in Nigeria hence a great reduction of some of their development challenges. That is, because the sectors (electricity, transportation, telecom, water) to which the above contractors were active in, within the time period above are very vital and strategic sectors that could in the long run set a foundation and progress in the achievement of development in other spheres of the economy. So, it could be said that China is out to see that there should be some level of progressiveness in the development level of Nigeria and had started this push many years back up to today. In light of the above, the modernisation process China applied in its country's path of infrastructure development has been implemented in Nigeria. That might be one of the reasons why China would prefer Chinese public companies with better skills to do the construction work in most cases so as to realise some level of modernity and development in these infrastructures.

But, considering a critical look at the win-win policy of China, it could also be realised that the Chinese contractors (which are both public and private) are implementing this policy in their investments ventures. That is, because the areas, which they get involved, are vital areas that could help facilitate other activities, which China is doing in Nigeria. This could be further explained that Chinese contractors do invest in infrastructures that will be a facilitator for them to explore other areas of interest for their economic purposes. That is investment in infrastructure development such as transportation, water, electricity will be beneficial both to the development of Nigeria as well as to the Chinese in their other resource exploration interest. In addition, the analysis will in the following paragraphs proceed with some findings that provide a general overview of Chinese impact in Nigeria looking into their trade relations, economic cooperation, and more on development aid and investment. The aim is to make a reflection on the research problem to bring out more understanding to some areas, which were also quite disturbing that the thesis was interested to investigate on, such as dumping amongst others.

4.12 Some significance of the analysis to the research question, research problem and the research objectives

The persistent development challenges of the poor countries, African countries to be specific in this case, has arose perceptions that foreign aid for development, which had been provided for decades to countries in the above continent might have not still yielded any successful outcomes. Furthermore, because of this unclear situation, this thesis had some worries about the above situation and became interested to do some investigation on how China's aid to Africa and specifically Nigeria contributes to economic development and the reasons why China is providing aid.

Nevertheless, the above findings and analysis have been relevant in pinpointing clarifications somehow to the above worries. Some understanding and explanation of the research problem and research questions have been provided by the findings and further discussions in the analysis. First, from the findings and the analysis some understanding on how China's aid contributes to economic development in Africa

and specifically Nigeria has been enabled. Again, the findings and analysis showed that China's aid has been quite instrumental in economic development in the above cases particularly through infrastructure development.

Second, the findings and the analysis did give more understanding and explanation with regards to some reason why China is providing aid and this has enable the thesis to show that 'China provide aid to the above cases because China want resources`. Third, findings and the analysis provided some understanding about China's presence in the Nigerian market and the impact this has had on the economy's development particularly in the manufacturing sector. Again, the problem of dumping which was viewed as a devastating issue as a consequent of providing aid in the form of low quality materials was also revealed by the findings and more about this discussed in the analysis.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter gives an idea about the conclusion and recommendations. It will point out the key areas important to policy makers and African countries in particular.

5.1 Conclusion

A critical look at the African countries benefiting from Chinese concessional loans is an example to show that China Exim Bank provides concessional loans as a form of development aid assistance mostly to those African countries that are resource rich in order to gain these resources. For example, some of these countries are: Equatorial Guinea, which is having oil resources, Congo Kinshasa, which is having mineral resources amongst others. But practically as has been shown by findings in this study (Eisenman J. and Shinn D. H., 2012 P: 289) Chinese aid assistance to Africa in most cases is attached to the fact that China wants resources in return as most of the terms of its aid assistance will always demand for that. For example, it is pinpointed in the above findings that China made all efforts to encourage and increase its relationship with Africa so as to be able to satisfy its high demand for resources, markets as well as possibilities for Chinese investment in Africa.

Furthermore, China provides aid assistance to Kenya and Angola. According to the findings (Morrison 2008 P: 24) and as examined in the analysis it shows that China is interested in Kenya mostly for trade or economic purposes. That is, Chinese companies do import local scrap metal from Kenya and one of the fastest commodities exported by Kenya to china is `crude metal`. These metals meet China's well-known desire for copper and iron. In Angola China provides aids to the oil sector. The fact that China got involved in Angola to provided military security for the protection of the oil sector shows that China's ambition is only to provide assistance or aid where it sees that it will derive some benefits. Consequently, the quote below confirms the hypothesis formulated for this study that China provides aid to Africa because China want resources. *`...maintaining access to African oil, gas, minerals and timber is so important to the fuelling of China's economy both*

now and in the future that Beijing will make every effort to expand military-security cooperation with resource exporting countries` (Rotberg Robert I. 2009 P: 183).

According to the findings (Eberling George 2011 P: 77) and as discussed in the analysis of this thesis, China's aid contributes to economic development in Nigeria and how this has been done is through the creation of Special economic zone in Nigeria being facilitated through the Forum on China-Africa Cooperation (FOCAC). But, Nigeria was one of the choices by China for the creation of the Special Economic Zones because of Nigeria's oil resources. Also, these zones were being concentrated on strategic industries of more attraction to the Chinese companies. Therefore, because of oil resources in Nigeria China became so attracted and its companies so willing to invest in the SEZs so as to carry on oil exploitation and exploration actives. This is another point, which shows that the hypothesis is accepted. Moreover, another finding was that before receiving investment assistance for business in Africa the firm (Chinese firm) has to make sure that the host country has `...plentiful local resources, a vast market for goods, favourable economic prospects`. Consequently, `China is providing aid to Africa because China wants resources from Africa and specifically Nigeria`.

Furthermore, according to the findings (Foster Vivien 2009 P: 25), (Eberling George 2011 P: 26), (Egbula Margaret and Zheng Qi 2011 P: 25 and 26), and as examined in the analysis of this thesis, China has been quite instrumental in infrastructure development projects in Nigeria through China's aid and investments. But in doing all these to Nigeria, an oil-backed deal was done with the Nigerian National Petroleum Corporation (NNPC) `oil-for-infrastructure deal`.

China's relation with Nigeria adds to its economic development, which in turn could lead to long-term advantages of Nigerian manufacturers to become competitive. Again, the Nigerian unemployment rate is somehow reduced by the presence of Chinese companies that employ about 30,000 local workers. Further, the investment in infrastructure is relatively improving with Chinese firms involved in capital projects. Investment can make Nigeria a lucrative center to the world by a

substantial investment that will attract other foreign investors. Also, for Africa to one day become like China, China sees that providing development aid assistance to Africa and specifically Nigeria could be a big push to their development and if this aid is provided it should be concentrated only on infrastructure development. That is infrastructure development in Africa has been seen as the greatest impediment to their development, which if this is improved upon industrialisation will likely follow, and the next will be the realisation of economic development. Furthermore, Chinese operations in the manufacturing sector have been a plus to the GDP of Nigeria despite that this has been at the expense of the home producers in terms of competition. China and Nigeria are actually having mutual benefits with regards to economic relations in that China has created a new market for Nigerian exports and at the same time Nigeria has create a new market for Chinese manufactured goods amongst others. But, there is an unequal trade balance between the two countries as Nigeria do export less to china compared to Chinese imports by Nigeria and vice versa. Chinese huge imports in Nigeria have been seen as a nuisance to the Nigerian home market because Chinese imported goods flood the Nigerian markets with their very cheap prices thereby, pushing out home produced goods. But, as a whole, the influx of the Chinese goods could be a blessing. That is, the Chinese goods are filling up a gap, which could not have been closed left to the Nigerian economy alone. Consequently, the bottom line poor people are able to at least satisfy some of their needs with these cheap goods despite that their life span is very limited to almost zero and that these inferior goods are creating dumping problems, which are detrimental to the environment. This is because waste management might not have been so developed in Nigeria. Consequently, waste goods might just be thrown carelessly to litter and pollute the environment.

While the possibilities certainly exist for Nigeria to derive higher value from China's growing influence, Nigerians have not fully capitalized on the potential benefits. Far more needs to be done to expand policy creation, institution building, human capital, entrepreneurship, and the culture and leadership capabilities to maximize gains. Most importantly, Nigeria needs to develop a comprehensive strategy to more effectively balance the engagement of China and the West to leverage its own

strength and create a plan for sustainable development that resonates with its citizens.

5.2 Recommendations

The building of human capital is also very vital to be taken as a top priority. Also, more emphasis should be place on bridging cultural barriers so that business and technology skills could be transferred to a greater population of the Nigerians especially when they are working together with the Chinese experts during infrastructure construction works and in the manufacturing sector. Again to become advanced entrepreneurs independent of the Chinese in the manufacturing sector, the Nigerians (business inclined Nigerians) need to build up the necessary capacity required. Furthermore, this could be facilitated through support of business schools of international standards, amongst others.

For China, the effectiveness of aid provision is a vital aspect to be given enough priority so as to understand more with regards to the fruits that aid could yield. Consequently, Aid transparency is essential to enhance overall aid effectiveness. China as an emerging aid donor that is playing a very vital role in the aid system currently, for that reason it should become more open publicly and increase the information available about its aid provision. This would be a plus to facilitate the assessment of its aid effectiveness and progress by the public in order for more development plans to be enhanced. Again, in making a distinction somehow between Chinese foreign aid assistance, aid and its FDI like in the case of Chinese aid to Africa and specifically Nigeria, could also be of importance still for the above reasons.

Nigeria's first priority lies in developing the capacity to better manage its own policies toward China's Aid. Nigeria needs to realize that China's Aid gives it a unique opportunity to significantly expand its development and articulate a comprehensive strategy that addresses its long-term needs. The Nigerian government should avoid short-term fixes and front-loaded deals with the Chinese and move beyond arrangements that focus solely on the petroleum sector. High commodity prices are

only a temporary vehicle that can be utilized to drive Nigeria's economy into a more economically diversified state, the true mechanism for sustained growth.

Nigeria should focus on how China's Aid in Africa fits into the broader picture of international engagement. In particular, Nigeria has an opportunity to diversify its development by balancing Western assistance with that of China but needs to better understand how each type of aid can be beneficial, and to what sectors, in order to implement a successful strategy. For instance, China's experience as a more disciplined society has the potential to curb corruption in Nigeria, while the United States' commitment to human rights and transparency restrain an abuse of power.

Nigerians should learn from the successes and failures of other states' relations with China and their policies toward development, while also learning from their own experiences. Nigeria should undertake a thorough review to investigate what policies have been beneficial for Nigeria's long-term development and what areas need improvement. Nigeria should also more closely examine the United States' relationship with China and replicate successful policies. The United States has a long history of trade disputes with China, challenging it in such multilateral institutions as the World Trade Organization. Nigeria appeared successful in its ability to confront China when it was being inundated with inferior goods by threatening a WTO complaint. Whether they learned anything from the U.S. experience is unclear, but Nigerians could certainly tap into the vast array of Western expertise on how to better manage a difficult economic relationship and how to protect important sectors of the economy against foreign competition.

Nigerians should be pragmatic as they strive to "build institutions." Past attempts to build institutions in Nigeria and other corrupt societies have shown that just uprooting and transplanting institutions does not work. The process is evolutionary in nature and dependent on political will and strong leadership to make the necessary changes. Most importantly, there needs to be transparent oversight, largely monitored by a large middle class. Since a large middle class is dependent on sustained economic growth, it will take time to build credible institutions, but small steps can be taken. One of the most critical elements in institution building is

support for civil society organizations and social enterprises that enable the emergence of market institutions, transparent and accountable governance, and budget-monitoring mechanisms. Nigerian civil society organizations should press the Nigerian government to make their processes more transparent and to join such programs as the Extractive Industries Transparency Initiative (EITI).

Greater emphasis should be placed on building human capital and overcoming language and cultural barriers to facilitate the transfer of business knowledge and technology to a wider array of the Nigerian population. Exchanges between Chinese and Nigerian businessmen in the manufacturing sector seem to be a first step, but Nigerian businessmen need to develop the capacity to become leading entrepreneurs independent of the Chinese. World class business schools and public administration institutes focusing on building competences, leadership skills, and values need to be more greatly supported in Nigeria.

Advances in entrepreneurial skills need to be accompanied by similar advances in building a culture of leadership that is not only concerned about enriching themselves but about enriching their country as well. The fact that Nigerian businessmen have been accused of ordering the same inferior products that Nigerian citizens have complained about demonstrates that stronger values are needed. Nigeria needs business leaders who are willing to press for reform and advocate the added value of transparent business practices. The limited success of the Lagos Business School in its passionate emphasis on business ethics shows the possibilities for considerable support of such initiatives.

In order to meet all of these important needs, Nigerians should utilize their own talent by pooling together leading officials, scholars, businessmen, and civil society representatives to form a committee dedicated to prescribing ideas on how to optimize Western and Chinese engagement. At the same time, an inter-ministerial implementation committee drawn from the ministries of foreign affairs, industry, trade, agriculture, and investment promotion, should be set up to reduce all the protocols, using a critical path analysis of action plans, with civil society as monitors. On specific “accelerator” infrastructure interventions, like energy and transport, a

project team with people seconded from the private sector, diaspora experts, and key government technocrats will be required to drive some key timelines.

Lastly, further studies should be carried out in areas of China Aid to Africa and its effectiveness in the development sector. Will Chinese aid, trade, and corporate social responsibility help reduce Nigerian poverty and drive growth? In order for sustained growth and development to occur, demonstrable research progress must be achieved in the areas of policy choices, institutions, human capital, entrepreneurship, culture, and leadership.

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