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**Degree of Master's of International Studies
(International Area Studies)**

**Assessing China's Development Cooperation
Policy Towards African Countries:
the case of Egypt**

아프리카 국가들에 대한 중국의 개발 협력 정책 평가:
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**Assessing China's Development Cooperation Policy
Toward African Countries: the case of Egypt**

A thesis presented

By

Ismail Shawky Ismail Amr

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the requirement for the degree of Master of International
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In the Name of Allah, The Beneficent, The Merciful

"My Lord, enable me to be grateful for Your favor, which You have bestowed upon me and upon my parents and to do righteousness of which You approve. And admit me by Your mercy into [the ranks of] Your righteous servants."²⁷⁻¹⁹

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Abstract

This study is to figure out the change of China's Development Cooperation policy toward Africa Since set up FOCAC, in particular, Egypt, through bilateral and multilateral cooperation. To address some pertinent questions to what extent China's developmental cooperation toward Africa is unique? Furthermore, how far is China interested in Africa, and why? What is the Chinese Policy for development toward African countries? How China cooperate with the World Bank in Africa? How do African governments view China's presence on the continent and the future? Moreover, Does China's New International Financing Institutions can achieve Sustainable development in African countries?

The study result showed that China's development cooperation is different from other donors. China did not pay attention to the amount or types or priorities of aid given to African countries by other donors. In addition to China, interest in Africa goes beyond the procurement of raw materials. China promises to be the largest donor to Africa, and they become the most significant donor eventually to Africa, and they double its aid to African countries between 2009 - 2012, and in 2015 & 2018.

Keywords: Developmental cooperation, FDI, Trade, FOCAC, China, Africa, African countries, Egypt.

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List of Abbreviations

Asia Infrastructure Investment Bank	AIIB
Integration and Testing Center	AIT
Belt and Road Initiative	BRI
China Development Bank	CDB
China International Development Cooperation Agency	CIDCA
Development Assistance Committee	DAC
The Export-Import Bank of China	EXIM Bank
European Bank for Reconstruction and Development	EBRD
European Investment Bank	EIB
Foreign Direct Investment	FDI
Forum on China-Africa Cooperation	FOCAC
Japan International Cooperation Agency	JICA
Korea International Cooperation Agency	KOICA
Least Developed Countries	LDCs
Millennium Development Goals	MDGs
Ministry of Foreign Affairs	MOF
Official Development Assistance	ODA
Official Development Finance	ODF
Organization for International Cooperation	OECD
Public-Private Partnership	PPP
Tokyo International Conference on African Development	TICAD
African Development Bank	AfDB
Memorandum of Understanding	MOU
New Development Bank	NDB
Sustainable Development Goals	SDGs
United Nations Comtrade Database	UN COMTRADE
Brazil, Russia, India, China, South Africa	BRICS
African Development Bank	AFDB

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CHAPTER I: Introduction

1.1 Background

In the last four decades, the Chinese economy has increased rapidly. China's desire for international influence has also grown very gradually recently, especially after the election of President Xi Jinping. Like the post-World War II United States, and through economic assistance abroad, China looking to Raise gradually influence abroad.

In 2013, the Chinese president launched in his public speeches, “the concepts of the Silk Road Economic Belt and the 21st Century Maritime Silk Road,”. Which ultimately incorporated into “the Belt and Road Initiative, BRI policy.” It is essentially a massive infrastructure and economic development projects in Asia, reaching Europe and Africa. A map released by the Xinhua news agency shows 14 "stops" across China, Central Asia, and Europe on both the land-based "belt." The maritime "road" also has 14 "stops" skirting through the Pacific and the Indian Ocean around East Asia, across the Red Sea, and into the Mediterranean. The Chinese government also announced a massive development fund in 2015, and the multilateral “Asian Infrastructure Investment Bank AIIB” was set up to support this grand strategy.

“In 2000, China and African countries agreed to launch the Forum on China-Africa Cooperation (FOCAC). To achieve fair consultation, to improve understanding, broadening consensus, strengthening friendship, and fostering cooperation in economic and social development”.¹

¹ “<https://www.focac.org/eng/>”

Since this forum, China becomes Ally to Africa. Across aid, infrastructure financing, trade, and investment, no other country have the same engagement in the continent. Chinese firms of all sizes and fields are starting to spread across every corner of African countries. In doing so, they help speed up the progress of the economies of Africa.

After China announced the BRI in 2013, there is a different approach to Chinese engagement in Africa. Moreover, Xi Jinping, President of China, has two Pledges in the FOCAC 2015 and 2018.

“In 2015, China Pledged \$60 Billion as a package for Africa's development to help Africa achieve sustainable self-development. Including \$5 billion in grants and interest-free loans and \$35 billion in loans and \$10 billion in export credits. These financial resources had been transferred already from China to Africa through the channels that mention before”.²

“In 2018 China Pledged \$60 Billion as a package to develop Africa it content \$15 billion in interest-free loans, and Concessional loans, grants, \$20 billion in credit lines, \$10 billion, "development financing" and \$5 billion to buy imports from Africa”.³ From the two Pledges, we can observe the change in China's Development cooperation policy toward Africa. This change is due to three reasons:

2 “<https://www.nytimes.com/2015/12/05/world/africa/China-pledges-60-billion-to-aid-africas-development.html>”

“https://www.washingtonpost.com/world/China-pledges-60-billion-in-aid-and-loans-to-africa-no-strings-attached/2018/09/03/a446af2a-af88-11e8-a810-4d6b627c3d5d_story.html”

3

1. The economic interests of China in African countries.
2. Implement the Silk Road initiative.
3. China wants to participate in the International Community to achieve Sustainable Development Goals through multilateral Cooperation.

1.2 Significance of the study

Lots of research has done in the area of development cooperation. Usually utilizing various theories such as development theories and theory of cooperation, to describe its motivations and tools. However, the significance of research to address the rise of China's Development Cooperation "since set up FOCAC" toward African countries through multilateral Cooperation and Bilateral Cooperation. Moreover, the impact of China's New International Financing Institutions to achieve Sustainable development in African countries?

1.3 Purpose of research

The main purpose of the research is to observe the change of China's Development Cooperation policy toward Africa Since set up FOCAC.

Our specific purpose is to address how this change in the policy affects the economic and developmental activities in African countries, in particular, Egypt.

1.4 Hypothesis and research questions

The main question: To what extent China's developmental cooperation Policy toward African countries is unique? To answer the main question, the thesis will discuss the below sub-questions:

- How far is China interested in African countries, and why?
- What is the Chinese Policy for development cooperation toward African countries?
- How are China's activities compare to Japan and Korea in African countries?
- How are governments of Africa views China's presence in Africa and the future?
- Does China's New International Financing Institutions, can achieve Sustainable development in African countries?
- What are the main obstacles to China's development cooperation in the content?
- Why China tries to deliver Multilateral Cooperation in addition to bilateral Cooperation?

1.5 Scope of the research

The research will generally look at Africa and Egypt in specific, and it is covering the period from 2000 to 2017. The period where we can figure out the difference between China's development cooperation policy since established FOAC in 2000 compared with Japan and Korea.

1.6 Organization of the Study

The research divided into five chapters: the first chapter: provides an overview of the paper's objectives and a clear understanding of the topic. It also describes the study's significance, purpose, hypotheses, scope, and research questions.

The second chapter: will look at the literature on China's Development cooperation regarding to Africa and deal with the main actor involved in implementing aid policy. It

also describes the methodology and theoretical framework and gathering data from different sources to analysis development Cooperation tools (loans, grants, trade, FDI).

Third Chapter: Starting with an introduction of the continent, explains China's interaction with African states over the years, discusses development cooperation, and addresses its assessing in the history of China – African continent. Also, conduct analyses between China and Africa, through tables, graphs, and figures, bilateral and multilateral cooperation.

Chapter (4) discuss the study case, bilateral cooperation, loans, ODA, trade, and FDI between China and Egypt.

Chapter (5) provides policy recommendations for China, Africa, and Egypt. In addition to showing the limitations that we found during our study.

CHAPTER II: LITERATURE REVIEW AND METHODOLOGY

2.1 Literature review

Africa's relations with the Asian giant (China) date to before the Christian era. Chinese explorers held the first contacts in the 16th century, and thousands of Africans of Chinese origin descend from the merchants and workers that have settled in the continent throughout the centuries. As I will argue below, the historic emigration of Chinese people to Africa was a crucial factor in the economic engagement of China in the region. (Berrios, 2003).

According to OECD, development aid has two forms, "first: (ODA) technical aid, official grants, or loans promoting economic development and welfare, and having concessional terms, with a grant element of at least 25 percent. Second: (ODF) non-concessional development lending by multilateral financial institutions" and other official flows for development purposes which have too low a grant element to qualify as ODA."⁴ The OECD definitions for DAC members.

Since China is not a DAC member, China does not compile and release data in a way that DAC donors do. Also, Chinese foreign aid includes trade and investment, unlike other donors. So, China's development cooperation is not technically considered as "ODA" defined by the OECD. Instead, it is close to the notion of economic cooperation containing both ODA and ODF features. The Information Office's first released White Paper notes to

⁴ OECD

defined aid as a “mutual help between developing countries, focuses on practical effects, accommodates recipient countries’ interests, and strives to promote friendly bilateral relations and mutual benefit through economic and technical cooperation with other developing countries.”⁵

“White Paper divides China aid into three types: grants, interest-free loans, and concessional loans, the first two come from China's state finances, while concessional loans are provided almost by the Export-Import Bank of China as designated by the Chinese government.”⁶

“Development cooperation can be interpreted as aid or ODA. Nevertheless, it is essential to know that development cooperation has main goals economic growth, poverty reduction, and sustainable development, which means leave no one behind principle of the SDGs.”⁷

UN defines “Development Cooperation as any activity that aims explicitly to support national or international development priorities, is not driven by profit, discriminates in favor of developing countries, and is based on cooperative relationships that seek to enhance developing country ownership.

Moreover, the three main types of development cooperation can identify in the modern era: Financial (and in-kind) transfer, capacity support, and policy change”.⁸

⁵ “China's Information Office of the State Council”.

⁶ “China's Information Office of the State Council”.

⁷ “<https://action4sd.org/wp-content/uploads/2018/01/BOND.LeaveNoOneBehind.pdf>”

⁸ “<https://www.un.org/en/>”

Nevertheless, sovereign nations have their reasons to participate in it. China has been one of the most critical transformations in the global system after the Cold War as a world economic superpower. China launched a new framework for its foreign economic policy. Known as the Go Out strategy, more than twenty years after it initiated its domestic reform and economic modernization.

Under this strategy, the internationalization of the Chinese economy accelerated. Foreign trade soared, China became an essential source for outward foreign investment for the first time. Its banks began to lend billions to foreign governments and corporations, and Beijing's diplomatic engagement with the world reached new levels.

“China is starting to socialize the World Bank under the auspices of implementing the Memorandum of Understanding (MOU) on Cooperation between the Export-Import Bank of China and the International Bank for Reconstruction and Development, signed in April 2007. China succeeded in overcoming the reluctance of the Bank to agree to new procedures. That means working with China as a co-donor as opposed to its established rule of having bilateral (national) donors line up behind the Bank” (Chin 2012).⁹

“Other bilateral donors had long become accustomed to following the lead of the Bank when developing a multi-donor lending package involving the World Bank. China was unwilling to subordinate itself to the Bank on co-financed arrangements to Africa, for example. China is also pushing the Bank to accept new operational norms by building new

⁹ “Gregory Chin, 2012, Two-Way Socialization: China, the World Bank, and Hegemonic Weakening the Brown Journal of World Affairs”

consensus with the Bank on appropriate levels of concessional in the loan packages that are to be co-financed by China and the Bank, under the terms of the MOU.”¹⁰

Furthermore, that is means “the relations are evolving from traditional donor-recipient arrangements to a hybrid scenario where China and the Bank work together as co-donors. Even while the Bank continues to lend to China” (Chin 2010).

“Since the first FOCAC in 2000, China has grown from a bit player in Africa to a source of nearly \$200 billion in trade. From 2001 and 2011, China also committed \$75 billion in aid to the continent, about 20 percent of the \$404 billion total that the Organization for Economic Cooperation and Developments Development Assistance Committee calculated for the period. The United States promised somewhat more\$90 billion in the same period, but Chinese aid is more sought after”.¹¹

“Unlike Western assistance, which comes mainly in the form of outright transfers of cash and materiel. Chinese assistance consists mostly of export credits and loans for infrastructure (often with little or no interest) that are fast, flexible, and largely without conditions. Thanks to such loans, the International Monetary Fund estimates that, as of 2012, China owned about 15 percent of sub-Saharan Africa’s total external debt, up from only 2 percent in 2005. And McKinsey &Co. Reckons that, as of 2015, Chinese loans accounted for about a third of new debt being taken on by African governments”¹².

¹⁰ Ibid,

¹¹ “<https://foreignpolicy.com/2018/08/31/chinese-aid-and-investment-are-good-for-africa/>”

¹² Ibid,

On the other hand, Debt-servicing capacity was a key issue at last August meeting in Tokyo with African leaders and international lenders on the continent's development. With attention focused on China's massive lending. Some critics say it has burdened poor African countries with mountains of debt.

Adesina, president of the African Development Bank, ignored this criticism and urged Japan and China not to compete but to play "complementary roles" in closing a huge funding gap for African infrastructure. "I do not think at all there is a deliberate plan for China to burden any country with debt," Reuters quoted him as saying. I think China is playing an essential role in supporting infrastructure. Africa is not in a debt crisis."

2.2 Methodology

The study will examine development cooperation tools through both qualitative and quantitative methods for objective analysis. It will collect the data from different official sources to observe China - Africa cooperation through ODA (loans, grants), Trade, FDI. And sources such as OECD, World Bank, MOFCOM, MOF, China Development Bank CDB, China Exim Bank, AfDB, UN COMTRADE, UN, MOFA, and China Africa Research Initiative China Research by Aid Data. Also, to analyze the official documents, books, reports, and journal articles, which are essential to conducting analysis.

This thesis is a study case on China's development cooperation policy in African countries, specifically in Egypt. based on previous research and literature conducted by scholars and experts on foreign aid practices. It explores the nature, scope, methodology, objectives,

and outcomes of the development cooperation policy. It provides what activities the respective countries engage in and the responses they generate.

The study first figures out China's development cooperation policy in African countries as a whole and the case study of Egypt and compare with Japan and Korea. The Study concludes with an analysis of China, Korea, and Japan 's development cooperation practices in Africa as a whole and the case study of Egypt.

Moreover, comparing what had done by the three donors and see the differences and to what extent China's developmental cooperation toward Africa & Egypt is unique?

CHAPTER III: China's development cooperation policy toward Africa

3.1 Background

3.1.1 A brief history of Africa-China relations

China-African relations are distinguished, as evidenced by the various cooperation in the fields of economics, politics, and culture, ...etc. This relationship extends to time but has been active since the mid-20th century, raising the question of whether it is an alternative to Western influence. The relations have based on broader and deeper political and economic foundations than the acquisition of the continent's primary resources, particularly oil. Special tools have been used to strengthen China's relations, from personal diplomacy, economic ties, technical assistance, technology transfer, and cultural communication. The most potent economic instruments, which relied on official aid, were an aid, trade relations, and investment. It is followed by social tools, which have created a positive and constructive image of China, the so-called soft power. This study examines the analysis of development cooperation instruments that have shared with the strengthening and support of China-African relations.

Since the early 21st century, China-African relations have made rapid progress. According to the China Strategic Plan for Africa, which has used many tools to strengthen the relations, which, from the most important, are economical and cultural tools. Does the development of these relations serve the development of the African continent? What hinders the development of these relationships?

3.2 The framework of China Development Cooperation

3.2.1 China Development Cooperation instruments

3.2.1.1 First: Multilateral cooperation

New Development Bank (NDB)

“In July 2014, China took the lead in bringing together the major emerging national economies of Brazil, Russia, India, China, and South Africa—known as the BRICS—to form the New Development Bank, or NDB. An international lending institution that will provide at least \$50 billion in development funding to emerging markets.”¹³

Asia Infrastructure Investment Bank (AIIB)

“In June 2015, China led a group of more than 50¹⁴ (100) Nations to launch the Asia Infrastructure Investment Bank, or AIIB. Another China-led development bank plans to invest at least \$100 billion to build new infrastructure projects across Asia. The AIIB launch was a significant coup for Beijing because it was not just a developing country initiative. Multiple G7 nations, including France, Germany, Italy. The United Nations has addressed the launch of AIIB as having the potential for scaling up financing for sustainable development, World Economic Situation, and Prospects 2015 United Nations.”¹⁵

¹³ “<https://www.americanprogress.org/issues/security/reports/2015/09/22/121668/chinas-new-international-financing-institutions/>”

¹⁴ The numbers of the members at 2015 was 50 but Now 100.

¹⁵ “https://www.un.org/en/development/desa/policy/wesp/wesp_archive/2015wesp_full_en.pdf”

3.2.1.2 Second: bilateral cooperation

1- Ministry of Commerce (MOFCOM)

China's aid, directed by the Ministry of Commerce. Due to the duty, “To be in charge of China's efforts in providing aid to foreign countries and regions. To formulate and implement China's foreign aid policies and plans and sign the relevant agreements. To compile and execute annual foreign aid programs. To supervise and inspect the implementation of China's foreign aid projects. To manage China's foreign aid fund, concessional loans, special funds, and other foreign aid funds of the Chinese government. To facilitate the reform on foreign aid provision modalities.”¹⁶

The Department of Aid to Foreign Countries for International Economic Cooperation in MOFCOM is responsible for setting aid policies and the budget with other ministries.

2- Ministry of Finance (MOF)

The ministry is responsible for the allocated budget, include the aid budget. It also deals with and in charge of China’s share in an international organization such as the IMF, World Bank, ADB, AfDB.

16 “http://www.development-finance.org/fr/component/docman/doc_download/595-china-30-04-2008.html”

3- Ministries involved

Medical aid direct by Ministry of Health and developing countries scholarships manages by the Ministry of Education. Agricultural projects by the Ministry of Agriculture.¹⁷

4- Local authorities

“Local Chinese authorities have also initiated relations with developing countries. Notably in Africa: Provincial and municipal authorities were given special privileges, policy concessions, and financial assistance from Beijing to both facilitate foreign investment and to engage in foreign trade” (Alden 2007).

5- China’s South-South Cooperation Fund

This Fund will allocate \$ 20 million annually to support developing countries.¹⁸

6- China Silk Road Fund

The China Silk Road Fund will allocate \$ 40 billion to finance projects related to the Chinese BRI.

17 “http://www.development-finance.org/fr/component/docman/doc_download/595-china-30-04-2008.html”

18 “<https://www.americanprogress.org/issues/security/reports/2015/09/22/121668/chinas-new-international-financing-institutions/>”

Third: Chinese Banks

1- China Development Bank (CDB)

The China Development Bank (CDB) founded in 1994 as a financial organization under the supervision of the State Council. Moreover, the shareholders are China's Ministry of Finance (36.54%), Central Huijin Investment Ltd. (34.68%), Buttonwood Investment Holding Co., Ltd. (27.19%), and the National Council of the social insurance Fund (1.59%).). It provides medium - and long-term funding that serves as China's main long-term economic and social development strategies. In 2017, its assets had grown to 15.96 trillion yuan, the balance of loans-11.04 trillion yuan. It is the world's largest development finance organization and the largest Chinese Bank to Finance cooperation, long-term lending, and bond issuance.¹⁹

CDB currently has 37 main branches and three additional branches in mainland China, one offshore branch in Hong Kong and ten offices in Cairo, Moscow, Rio de Janeiro, Caracas, London, Vientiane, Astana, Minsk, Jakarta, and Sydney. About 9000 employees. Its subsidiaries are the China-Africa Development Fund and the CDC development Fund.²⁰

19 "<http://www.d20-ltic.org/index.php/members/62-the-china-development-bank>,
http://www.cdb.com.cn/English/gykh_512/khjj/"

20 "http://www.cdb.com.cn/English/gykh_512/khjj/"

2- The Export-Import Bank

“The Export-Import Bank of China is a state-funded and state-owned policy bank with the status of an independent legal entity. It is a bank directly under the leadership of the State Council and dedicated to supporting China’s foreign trade, investment, and international economic cooperation. With the Chinese government’s credit support, the Bank plays a crucial role in promoting steady economic growth and structural adjustment, supporting foreign trade, and implementing the going global strategy. It is committed to reinforcing financial support to key sectors and weak links in the Chinese economy to ensure sustainable and healthy economic and social development. In China, the Bank has 32 branches on the mainland and one representative office in Hong Kong. Overseas, it has the Paris Branch, Representative Office for Southern and Eastern Africa, St. Petersburg Representative Office, Representative Office for Northern and Western Africa.”²¹

3.2.1.3 Fourth: China International Development Cooperation

Agency (CIDCA)

“The agency aims to formulate strategic guidelines, plans, and policies for foreign aid Coordinate and offer advice on major foreign aid issues. Advance the country's reforms in matters involving foreign aid. In addition to identify significant programs and supervise and evaluate their implementation. Specific assignments will allocate to different departments.”²²

²¹ “<http://english.eximbank.gov.cn/Profile/AboutTB/Introduction/>”

²² “<http://en.cidca.gov.cn/>, <https://www.devex.com/organizations/china-international-development-cooperation-agency-cidca-118791>”

3.3 Analysis of the development cooperation instruments in African countries

3.3.1 China's Development Cooperation and Africa

We will Clarify China's official aid to Africa, assessing Chinese infrastructure investments in African countries and their contribution to the development in Africa.

Many studies show that there are three main stages of Chinese policy towards the African continent:

The first phase of the 1960s and 1970s: China took an interest in Africa as a region of interest in the conflict between the USA and the Soviet Union, during which time China supported socialist regimes in Africa, with China asserting that it was a developing country. from third world countries.

The second phase was in the mid-1970s to the early 1990s: Africa lost much of its importance to China and saw a decline in Chinese political, economic, and trade activity on the African continent. It is due to changes within China and a focus on domestic reform.

The third phase post-1990s and early 21st century: After the Cold War has ended, China paid particular attention to the African continent. China established principles and determinants of China-African relations. Based on a purely economic and commercial basis (Razzaq 2009).²³

²³ Dr. Adel Abdul Razzaq: "The Economic Dimension of Sino-African Cooperation in light of the Global Financial Crisis" (J.A.: General Information Authority, African Horizons Magazine, Volume 9 - 30th Issue, Special Issue, Nov. 2009) p. 63.

China has adopted a productive policy towards Africa After the Cold War has ended, both at the political level, through visits and exchanges, ongoing consultations, joining regional and international institutions, or through the economic level in terms of aid and investment. Trade, or through cultural and media cooperation, and military cooperation, China ranked third in arms sales to the African continent from (2003-2006). Although China is strengthening soft power. It has also reached the point where its military budget is second after the USA in the world. Officially reaching \$106 billion in 2012, meaning That China cares about its stable power while paying attention to its power. Soft, and this combination of the two forces is called intelligent power.

There are a set of principles and determinants of China-African relations, which China follows based on the African continent's experience with colonial and significant powers, both before and after independence. These principles, which China follows, are the intelligence that has made them enjoy investment contracts in African countries, particularly Zimbabwe, Angola, and Sudan. The most important of these principles and determinants are:

- Emphasizing that relations with Africa aim to at profit and mutual benefit for each.
- China did not intervene in the African countries' domestic affairs.
- Focus on cooperation and investment with countries that are not accepted by the West, like Angola, Zimbabwe, and Sudan.

Emphasizing that China is different from the major countries in the international environment, especially as China is a developing country so understand the requirement of development in Africa.

Based on these principles, China has worked in Africa using many tools, including scholarships, major construction projects. Such as the Tanzania-Zambia railway and offers many scholarships to students from Africa to taught train them in China.

As it is less than 15 years old. The number of African students has increased to 26 times, from 2,000 in 2003 to nearly 50,000 in 2015. While the USA and the UK host about 40,000 students from Africa annually (UNESCO Institute for Statistics),

so China is the second-largest popular destination for Africans students after France, which hosts around 95,000 students.²⁴

China also sends many doctors to work across the continent, and the Chinese government supports the entry of Private Chinese companies into the African continent. China encourages trade and investment on the continent, with China's exports to the African continent estimated at \$48 billion in the first quarter of 2017, and trade volume of more than \$85 billion in the same period. Other tools include political support for African countries at the United Nations. as was the case with Sudan when it subjected to Western economic sanctions for Darfur and South Sudan.

3.3.2 Chinese infrastructure investment and the effectiveness of

Chinese aid in Africa:

China does not publish official data regularly on the financing loans, grants, and export credits, at the regional or regional level. While some projects are funds from grants, but the majority of Chinese Financing in African countries fund from loans.

²⁴ U.S Nwes: "Why African Students Are Choosing China", By Victoria Breeze and Nathan Mooreon, June 27, 2017.

China has been developing many infrastructure projects across the African continent. Moreover, Even China competes with France and Israel. Through its massive investments and projects in 10 French-speaking African countries, with 10,000 factories in Africa producing about 12% of the continent's total production. Equivalent to \$60 billion annually, the private sector is making up 90% of China's industrial enterprises on the continent in manufacturing, services, trade, construction, and real estate.²⁵

China's FDI in Africa grow from \$1.44 billion to \$2.52 billion, around 20.5% increase from 2009 to 2012.

The China-Africa Development Fund established as one of eight of China's commitments in 2012 at the FOCAC; the total investment they agreed is \$2,385 billion to implement 61 projects in 30 African countries. \$1.83 billion. They have already invested in 53 projects around \$1.86 billion.

The following is an explanation of the most famous Chinese investment and aid to some African countries:

- Nigeria: Construction of 1,400 km coastal railway, valued at US\$11 billion, led by China Civil Construction Corporation (TSIS) and the Federal Republic of Nigeria.²⁶

²⁵ (18) 17Sputnik Arabic "Rossiya Segodnya: News Agency Wholly Owned and Operated by the Russian Government" <https://bit.ly/2w5to1g>

²⁶ Global Construction Review "News: China, Nigeria Agree New Deal for \$12bn Coastal Railway"
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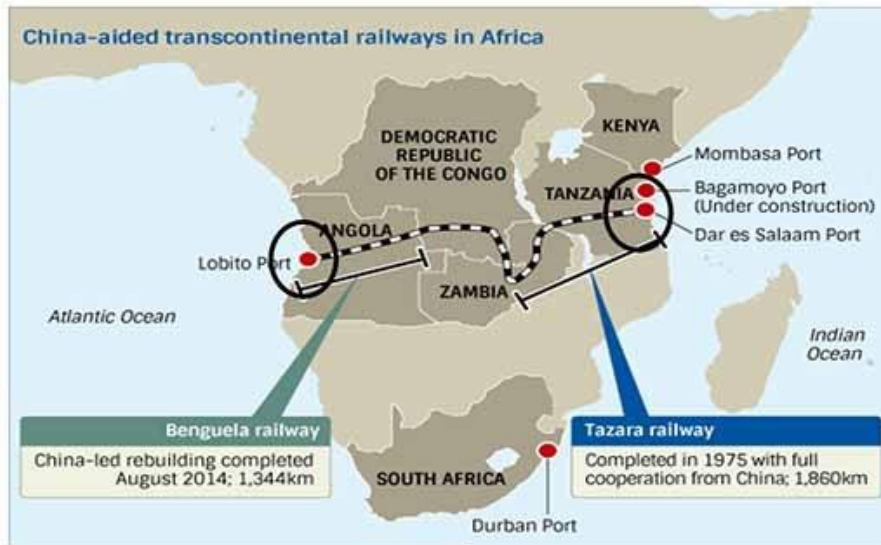
- Tanzania: The establishment of Bagamoyo Port and Tanzania has signed a \$154 million contract for the development of Dar-Salam Port for 2017.²⁷
- Morocco: In March 2017, Morocco approved the establishment of an industrial city. To welcome 200 Chinese industrial enterprises in the north of the Kingdom. In partnership with China's Hetty Group. The project is worth \$1 billion and contributes 100,000 new jobs.²⁸
- Djibouti: China deepened inside Africa until it arrived in Djibouti, which received from its Government the project to build the Doraleh port at the cost of approximately \$600 million by the Chinese Trade Group in 2017.²⁹

²⁷ "Reuters: Tanzania Signs \$154 Million Contract with Chinese firm to Expand Main Port"

²⁸ Sputink Arabic (Rossiya Segodnya: "..... Op.Cit.

²⁹ Republic of Djibouti:" Port of Djibouti", (Djibouti: Port of Djibouti, 2015), P.4.

Figure 3. 1 “Map China-aided trans-Africa railway line likely to transform regional trade.”³⁰



The Map shows the railway project of Tazara (Tanzania – Zambia), and the modernization and renovation of Dar Elsalam port and Bagamoyo port in Tanzania, in the east of the continent. The Benguela railway project and the port of Lupito in Angola, in the west of the continent.³¹ It shows how China can use aid for enhancing trade with Africa through this connection.

- Algeria: China is implementing the 1,200-kilometre east-west highway project at an average cost of \$15 billion. Moreover, it aims to build the Great Mosque of Algiers to become the third-largest mosque. In addition to the expansion of Algiers Airport.³²

³⁰ “Nikkei Asian Review: China-aided trans-Africa railway line likely to transform regional trade <https://asia.nikkei.com/Politics-Economy/Economy/China-aided-trans-Africa-railway-line-likely-to-transform-regional-trade>”

³¹ CEIC-CMI cooperation program: "Angola’s Lobito Corridor: From Reconstruction To Development", APRIL 2014.

³² “http://www.bbc.com/arabic/middleeast/2015/01/150127_algeria_world_tallest_minaret”

- Côte d'Ivoire: The China Port Engineering Company has received from the Government a \$1.2 billion expansion and development project for the autonomous port of Abidjan since 2014.³³
- Chad: China National Petroleum Company is working on a 20,000-barrel Jabara refinery project in Chad, at the cost of nearly \$600 million, for 2011.³⁴
- Gabon: Sinohydro Energy Engineering, China-owned, is implementing the \$400 million Poubara Hydroelectric Dam project, which began in 2008 and ended in 2013.³⁵
- Burkina Faso: The Chinese company Huawei is implementing a \$175.3 million internet and telephone infrastructure project in Burkina Faso.³⁶
- Guinea: China, through The Shinalco Aluminium Company, resumes trading on iron ore shares from Mount Salmando for \$1.3 billion.³⁷
- Uganda: China has implemented the first Ugandan highway project between the capital and the international airport. The two-hour journey between the capital and the international airport takes 30 minutes, and Uganda and China are in talks on

³³ UNCTAD: "Review Of Maritime Transport 2013", (UNCTAD), 2013), P95".

³⁴ "Romain Dittgen, Danial Large: "Refining Relations: Chad's Growing Links with China", POLICY BRIEFING 4 8, 2012), P.2"

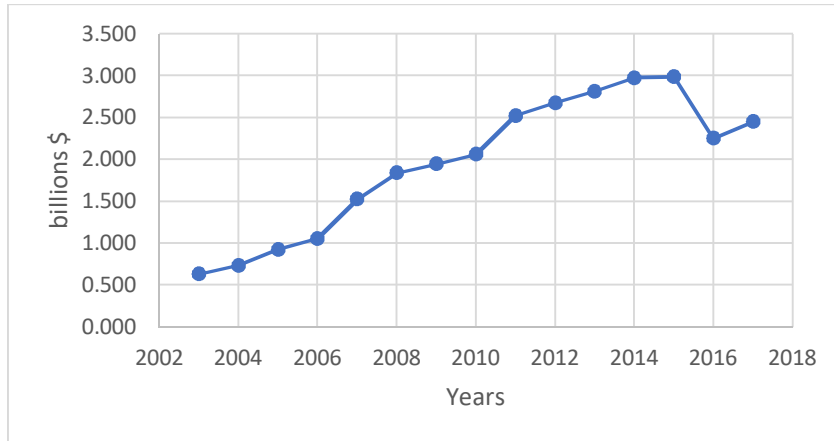
³⁵ "Hydro World: Gabon's 160-MW Grand Poubara hydroelectric plant enters full operation - <http://www.hydroworld.com/articles/2013/09/gabon-s-160-mw-grand-poubara-enters-full-operation.html>"

³⁶ Sputnik Arabic (Rossiya Segodnya: Rossiya Segodnya: "..... Op.Cit

³⁷ (31) Ibid,

financing a railway project linking Uganda to Kenya's railway. It will, therefore, link Uganda to the Kenyan port of Mombasa.³⁸

Figure 3.2 Chinese Global Foreign Aid Expenditure, 2003-2017 Foreign Aid



“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

3.3.3 China Loans to Africa

Chinese loans have three categories:

First: zero-interest loans with grace period 5-year and 20 years maturity, these loans come from China's Central government (Ministry of Commerce). These loans for a small proportion of total Chinese loans.

Second: Preferential (Concessional) loans come from Chinese export-import Bank. These loans have preferential terms 2-3%, interest rate five year grace period, and twenty-year maturity. These loans represent around 16% commitments of the bank.

³⁸ “Reuters: Chinese-built expressway divides Uganda as debts mount-
<https://www.reuters.com/article/us-uganda-road/chinese-built-expressway-divides-uganda-as-debts-mount-idUSKBN1FK0V1>”

Third: Commercial terms on loans by the China Export-Import Bank, the China Development Bank, and by a variety of other state-owned banks/enterprises. The exact terms in this bucket of commercial lenders vary mainly by creditor agency and debtor country, so knowing these gives us sufficient information for our purposes. On average, the interest rate in this category is 5%, and the maturity is 13 years. Almost 60% of all commitments fall into this group.

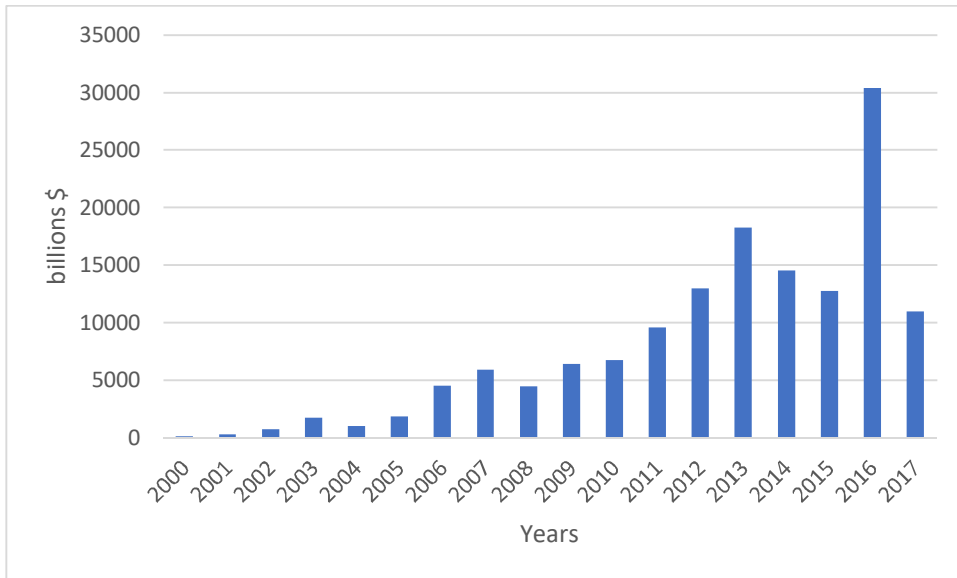
Loans with Commercial terms by China EXIM Bank, and CDB and other government entities. The terms decided by negotiation the two sides lender and borrower. It's almost around 5% interest rate and 13 years maturity. These loans represent around 60% commitments.

African countries need to improve their economic growth, mainly by building strong infrastructure; That is why Africa receives loans from China. However, the scale of borrowing has come under scrutiny in recent years, with critics noting that it could encourage dependency and a debt trap, with debt becoming an unsecured level.

The consequences of increase lending is the credit risks faced by African content. However, China-funded investments bring substantial economic benefits by increasing debt service capabilities; Borrowing will have significant effect for economic growth. Due to the growing debt and low foreign exchange reserves, some of these countries may be exposed to external and fiscal vulnerabilities³⁹.

³⁹ "<https://qz.com/africa/1463948/chinese-lending-to-african-countries-jumped-tenfold-in-the-last-five-years/>"

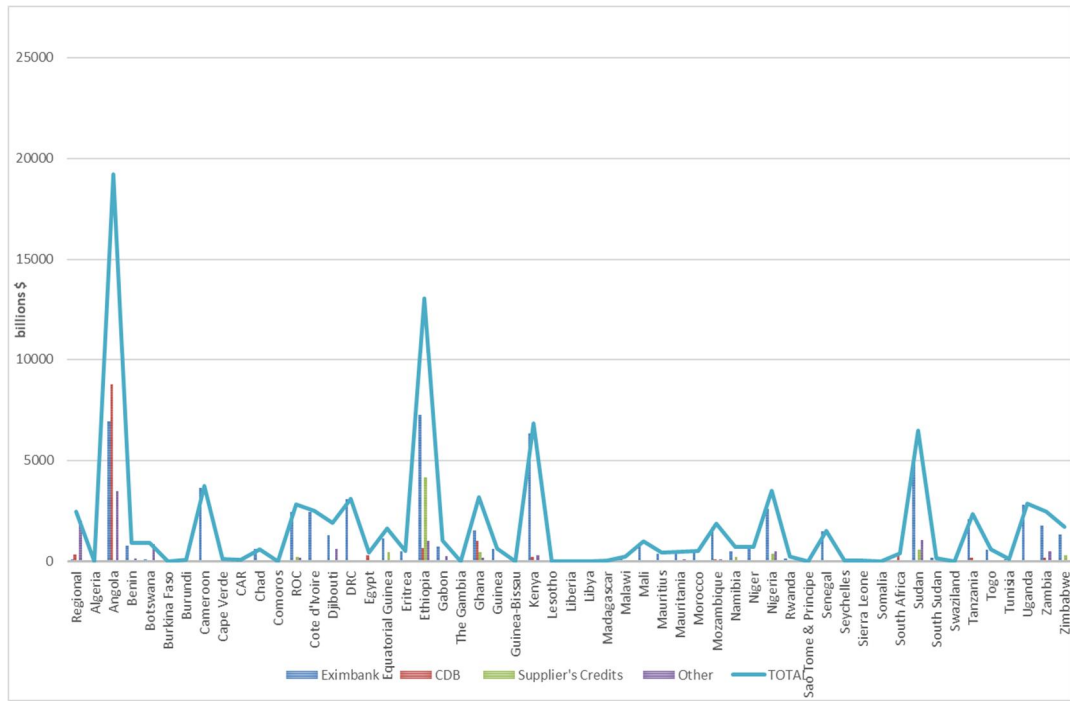
Figure 3.3 Chinese Loans to Africa (2000-2017)



“Title: Chinese loans to African Governments. Version 1.1 September 2018 Lucas Atkins, Deborah Brautigam, Yunnan Chen, and Jyhjong Hwang 2017”

China’s loans to Africa have increased a lot. In the last five years, from 2012 to 2017. The loans from China to Africa increase to more than \$10 annually and (in 2016 was around \$30 billion), up from less than \$1 billion in 2002.

Figure 3. 4 China Loans to Africa by countries and lender (2000-2015)



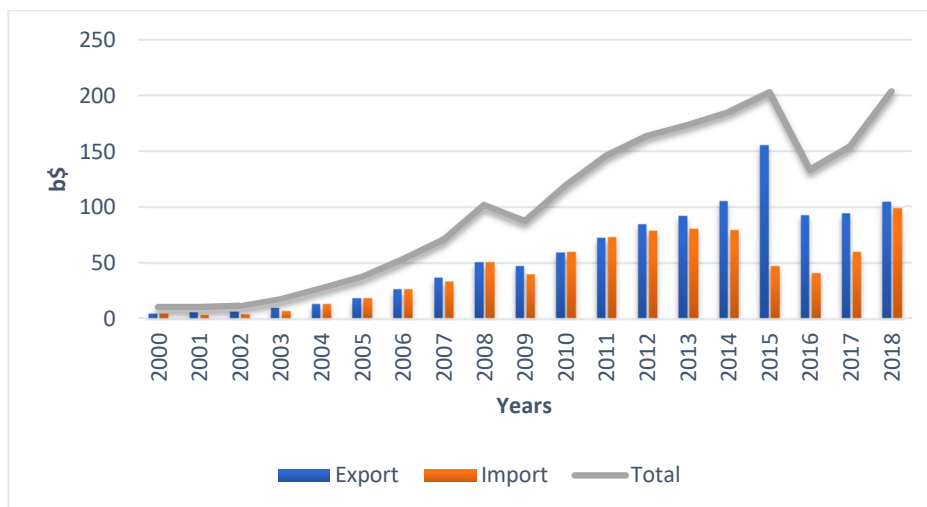
“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

usually, there is a misunderstanding about China Engagement in African countries. China does not release official data annually on the financing grants, loans, and export credits, at the regional and global level. Although some projects financed as grants, most of these projects finance in Africa through loans. First, it comes to Angola, then Ethiopia, then Kenya, Sudan.

3.3.4 China – Africa Trade

The amount of trade among African Countries and China reached more than \$200 billion in 2018 comparing in 2000 was less than \$10 billion.

Figure 3. 5 China - Africa Trade

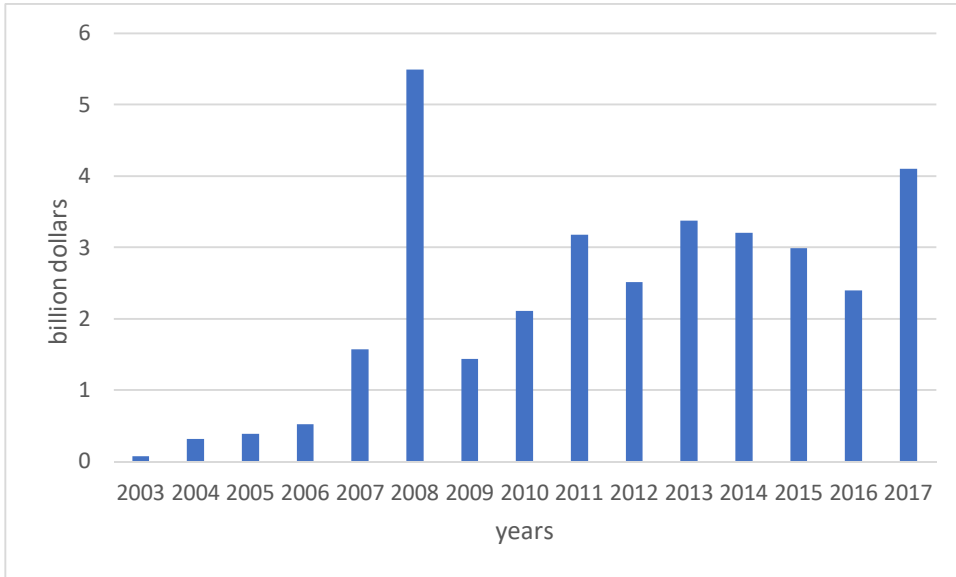


Source: UN Comtrade

3.3.5 China FDI to Africa

The FDI from China to Africa reached more than \$4 billion in 2017 comparing in 2003 was less than \$75 Million.

Figure 3. 6 China FDI Flow to Africa



Source: UNCTAD

3.3.6 A brief comparison between Japan-China ODA to Africa

Japan began to provide the fund to Africa in 1960 and became the world's largest donor in 2000. Also, Japan's assistance has always been dominated by national interests. In 2016, Japan allocated about us \$ 10.416 billion in net ODA, Japan's aid is concentrated in Asia, and there are no top leading countries from the African continent. Japan allocates 10.6% of its aid to African countries (\$1553 million). Regarding the ODA / GNI ratio, Japan had 0.2% in 2016.

Japan provides most of its aid to countries from the category of middle-income. Japan allocates 5% to humanitarian aid, and they spend more on poverty reduction infrastructure projects (51.9%) (OECD), emphasizing support based on economic interests.

For Korean aid to Africa, they provided aid to the world US\$ 2.246 billion in 2016. 23.3% of Korean Aid to Africa (US\$370 million). There are three countries from Africa between the top ten; they received aid from Korea. Moreover, Regarding the ODA / GNI ratio, Japan had 0.16% in 2016. Korea gives most of its aid to countries from the category of LDCs. In addition to allocates, 2.3%, social sectors (45%).

On the other hand, we find China focusing on finance infrastructure in developing countries. Moreover, do not pay attention that much to Humanitarian aid projects for transportation 31%, Power 24%, Mining 15%, communication 5%, water 4%, industry 3%, Education 1%. China is giving the most developing countries without considering the income level of this country and the classification of OECD.

3.3.7 China Multilateral Cooperation and World Bank Cooperation

China is working to increase its presence in international organizations. It will expand its voting shares in the WB and the IMF. Moreover, they have secured more leadership positions for Chinese nationals. As well as supporting more Chinese talents in professional positions. However, there is no indication that China is eager to move to the top of the WB or the IMF, in terms of voting rights or responsibilities. It has been taking a gradual approach in these institutions, increasing its influence without appearing domineering.

At the same time, China has promoted simplified lending practices and is spurring the initiation of new institutions. It has invested severe resources and prestige into the AIIB and the NDB. Impressed by the former, still hopeful about the latter, Beijing views these banks as paving the way for more international institutions to headquarters in China in the future.

Table 3. 1 Voting power (percentage of total) in MDBs and the IMF

	GDP, in USD bill.	IMF	WB-IBRD	AIIB	NDB	ADB	AfDB
China	12,238 (2)	6.09 (3)	4.45 (3)	26.59 (1)	20	6.4 (3)	1.19 (5)

Sources: WB (for GDP) and the institutions' records (November 2018)

3.3.8 How China Is Take Advantage of Multilateral cooperation

First: World bank

China has MOU between the world bank and China EXIM Bank in 2007. In addition to in 2017 has signed MOU between the World Bank and NEA and MOF to enhance the cooperation of the energy field in African countries focusing on the clean and renewable power wind, solar...

China, in the last five years, on of the most country had borrowed from world bank \$1.858 billion (2015), \$1.994 billion (2016), \$2.470 billion (2017), \$1.821 billion (2018), \$1.489 billion (2019). In the same period Chinese lending only for Africa jumped to around \$10 billion annually except 2016 was more than \$30 billion, the world bank had many critics because his policy of lending China and there is many countries in need to this finance

more than China, but also there are 56 countries upper middle income like China if the world bank stop lending China he will also stop lending them, in addition to World Bank committed to the development of belt and road countries.

Table 3. 2 Second: AIIB Cooperation with multilateral Banks

MDBs	MOU/ agreements	Cofinancing projects
World Bank Group	Co-Financing Agreement Signed in 2016 with the world bank. The agreement signed in 2017 with IFC	World Bank: \$17.94 billion for several projects energy, urban and water in India Indonesia Azerbaijan, Pakistan, Turkey Tajikistan, Egypt, and the Philippine. • International Finance Corporation: USD2.04 billion co-financed projects energy projects in Myanmar.
ADB	• MOU signed in 2016.	\$9.95 billion in energy projects, and transport projects(Pakistan, Myanmar, Bangladesh, Georgia, India, Azerbaijan).
EBRD	• MOU signed in 2016.	\$8.77 billion projects in and transport and energy (Azerbaijan, Tajikistan)
EIB	• the agreement signed in 2016	\$10.39 billion transportation projects in Bangalore.

Source: AIIB

3.3.9 Assessing China's Development Cooperation Policy Towards

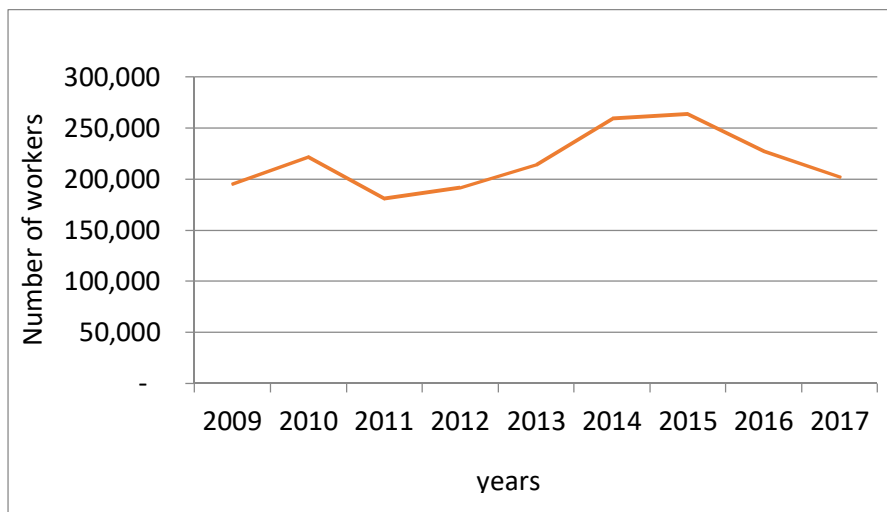
Africa

By analyzing the implementation of Chinese companies projects, We find some of the critical problems as follows:

1- **An unreasonable preference for Chinese labor and materials**

The Chinese labor in African countries in 2017 was around 202,689 (China Statistical Yearbooks). The top five countries had Chinese labor in Africa, Angola, Algeria, Ethiopia Nigeria, and Zambia. Chinese labor in these five countries, around 57% of all Chinese workers in att African countries; Algeria alone accounts for 30%. Algeria 61491, Angola 25567, Nigeria 10193, Ethiopia 9663, Zambia 8780). Most of the components were imported from China because it is cheap rather than purchased from the local market.

Figure 3. 7 Number of Chinese workers in Africa (2009 – 2017)



(China Statistical Yearbooks)

2- Poor employment Practices

(Low wages)

“The perception that wages in Chinese enterprises are low, Chinese owned major company NFC Africa Mining Plc (NFCA) was known to pay the lowest wages among all major mining companies in Zambia. She also pointed out that low wage was the workers’ major grievance in China-Tanzania joint venture Urafiki Textile in Dar es Salaam”.⁴⁰

“Andrew Brooks discovered a similar situation in the former China-Zambia joint venture Mulungushi Textile, where Zambian workers’ wage was hardly sufficient to cover the basic needs of a family”.⁴¹

(Poor Working Conditions)

For saving costs, some of the Chinese enterprises are cutting their spending on labor welfare, like healthcare and food. However, some of the Chinese expatriates, including senior management, work in the same conditions. They work with domestic labor side by side. So, no one can complain.

(Lack of Training)

When Chinese companies want to reduce the cost by replacing the experts' from china with domestic labor, they have to train these workers to gain the required

⁴⁰ “Lee, Ching Kwan. 2009. Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization in Africa’s Chinese Enclaves. *China Quarterly* 199: 647-66”.

⁴¹ “Brooks, Andrew. 2010. “Spinning and Weaving Discontent: Labour Relations and the Production of Meaning at Zambia-China Mulungushi Textiles.” *Journal of Southern African Studies* 36.1:113-32”

skilled. For this reason, they organized different programs to train the employees.

However, this training, most of the time not effective.

First, the employees after they get the training and become skilled they leave the jobs; for example, Chinese company in Egypt employed 90 Egyptian for training in 2006. After three years, just 20 stayed, and the other left. They left because they will get a higher salary in other foreign companies after their skills increase.⁴²

Second, challenge in communication because of the languages. They depend on translators to communicate with the local workers or use simple words, and this made many mistakes. Moreover, most of this training is not sustainable.

3- The Bribery and lack of transparency.

Some of the Chinese companies accused of bribe African government officials in different countries Uganda, Zambia Chad and Kenya, and they went to court.

China's aid comes without conditionality. It criticized because several African countries have poor governance, such as Angola, Ethiopia, Zimbabwe, and Sudan and they received the most significant amount of china aid. However, China has fiercely defended its laissez-faire policy.⁴³

4- Poor quality of the projects.

Chinese are developing networks in African countries more than other nations.

China's banks are investing a huge amount of dollars in developing the

⁴² "Liu, Jianguo. 2009. Personal interview, Changjin Tableware Corp., Suez City, Egypt. June".

⁴³ "<http://www.globaltimes.cn/content/758428.shtml>"

infrastructure of African countries. Many engineering and construction work is being done by Chinese companies. From 2009 to 2014, the Chinese contracted \$328 billion in construction projects in Africa, an average of \$54 billion per year. It is predicted that this trend will continue as China has now NDB and AIIB.⁴⁴ Nevertheless, there is a critic about these projects because some of the infrastructure projects are of poor quality.

There is a complaint about projects done by a Chinese company. Highways that are rapidly falling in Ethiopia and hospitals built by a Chinese company in Angola that has never opened due to critical issues in the construction.

However, acutely, we cannot confirm that all Chinese projects are poor quality, we can find Between 2007 and 2015, Chinese companies won construction projects from the World Bank more than any other country in the world. So China won nearly a third of all World Bank projects of infrastructure in African countries. Furthermore, if Chinese companies provide only poor-quality world bank will not give them these projects.

Between 2007 and 2015, Chinese companies won construction projects from the World Bank more than any other country in the world. So China won nearly a third of all World Bank projects of infrastructure in African countries.

⁴⁴ <http://www.Chinafile.com/China-africa-project/Chinas-undeserved-reputation-building-bad-infrastructure-africa>

5- Lack of respect of the environment.

Some Chinese projects in the past have not paid attention to the environment, such as what happened in Sudan's oil sector. Oil field development required hundreds of kilometers, and to provide this land, they destroyed farmland and deforestation.

6- Exploitative relationships: (trade imbalance)

(Aid for trade, aid for oil, aid for minerals & Resources)

Aid for trade, China provides aid in order to increase the amount of trade with Africa. Through import from Africa raw material, oil, minerals, and all the resources that African countries have it.

7- Debt trap.

Push the African countries to be in High Risk of Debt Distress⁴⁵ such as (Ethiopia, Sudan, Djibouti, Zambia, Kenya), and the new FOCAC loan pledges will grow the African debt countries.

So, China has to keep her promise by supporting sustainable development and do not push these countries to Debt Distress through projects that have no value. And these countries cannot repay and, in the end, China takes the place of these countries to operate the same what happened with Sri Lanka port.

45"<https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/5c467754898583fc9a99131f/1548121941093/Briefing+Paper+1+-+August+2018+-+Final.pdf> "

Moreover, Kenya, nowadays, may face the same experience if they could not pay back the loan of Mombasa port, which will start Repayments by mid of 2020 after the expiry of a five-year grace period.⁴⁶

⁴⁶ "African Stand <https://www.hellenicshippingnews.com/China-to-take-over-kenyas-main-port-over-unpaid-huge-chinese-loan/>"

CHAPTER IV: Case study China's Development Cooperation in Egypt

4.1 Egypt and China

Egypt and China have close historical ties, Egypt is the first Arab and African country to recognize China as a state, here is a diplomatic mission exchanged between the two countries since 1956, the relations between the two countries became a model of South-South cooperation by coordinating bilateral positions on all regional issues. Globally, the Strategic Agreement of Cooperation signed in 1999 to develop Collaboration in different sectors: trade, investment, economic, scientific and technological.

The ceiling of relations between the two countries increased by signing the "Comprehensive Strategic Partnership Agreement" on 22 December 2014 during the Egyptian presidential visit to China, where the strategy included comprehensive development on all levels economically, politically, socially, culturally, military and Scientifically.

The Egyptian and Chinese governments are now looking to advance bilateral cooperation efforts and strengthen economic cooperation relations between the two countries by maximizing the benefit of Chinese expertise and technology in various fields, stimulating trade rates and increasing the volume of investments.

4.2 China Aid to Egypt

a. China grants to Egypt

The total Chinese grants to Egypt from 1993 until now around 2 billion Chinese yuan (approximately 300 million U.S. dollars) to implement projects, and import equipment and expert's recruitment, the remaining balance of Chinese grant balances is about 611,700 million Chinese yuan (approximately million U.S. \$92).⁴⁷

1. The Implementation of the Egyptsat-2 for Remote Sensing Applications Project.
73,4 Million US\$.
2. The Satellite's Assembly, Integration, and Testing Center (AIT) 23 Million US\$.
3. Importing Equipment Egyptian Chinese College for Applied Technology Project.
9,7 Million US\$ (2019).
4. Conducting a Feasibility Study on Vocational Training Center 100 Thousand US\$
5. Implementation of Remote Education System Upgrades "Phase one and two" and Extension "Phase three" 11,5 Million US\$. (2019)

Training programs

During the last five years were prepared 850 programs to develop the skills of government official in which approximately 4,000 officials participated at the level of the middle and

⁴⁷ Ministry of investment & international cooperation (Egypt).

high level, and 25 specialized programs in priority areas were prepared in total 300 trainees in the fields of health, agriculture, electricity, tourism, population and water resources.

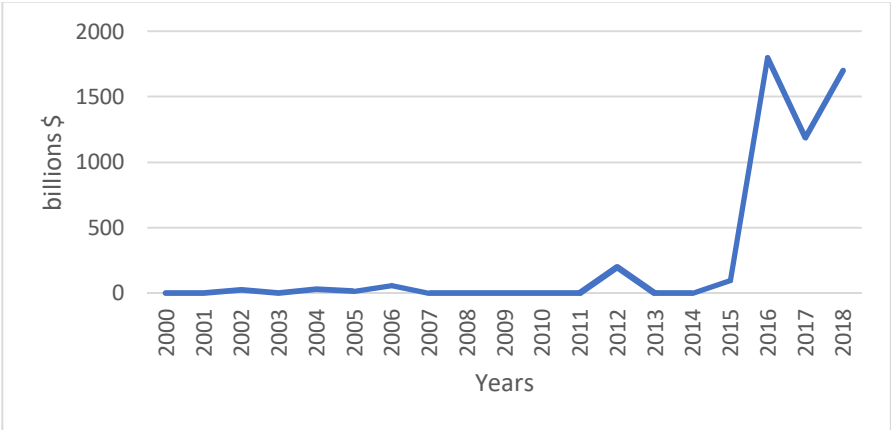
b. China loans to Egypt

Total Amount of Chinese loans to Egypt more than \$5 billion⁴⁸ Used for the implement various projects in the past such as the project of Cairo international conference center development and development and rehabilitation of the polyester fiber factory, and small and medium-sized projects for the Social Fund for Development, and Banque Misr. And nowadays there are Ongoing Projects as following:

1. Electric Train 10 of Ramadan project with a total cost of 1,4 billion US\$
-1,2 Billion US \$: Mixed Loan
-200 Million US \$ Local Component
1. Sustainable Rural Sanitation Services Program Phase II covers 5 Governorates 600 Million US\$ (300 Million \$ by AIIB and 300 Million \$ from the World Bank)
Concessional Loan
2. And there are also future projects Establishing ATAQA Pumped Storage Power Plant “Sinohydro” 2,271 Billion US\$
China's loans to Egypt increase to \$1,7 billion in 2018, compering in 2000 was Zero.

⁴⁸ Include Concessional and commercial loans.

Figure 4. 1 Chinese Loan to Egypt (2000-2018)

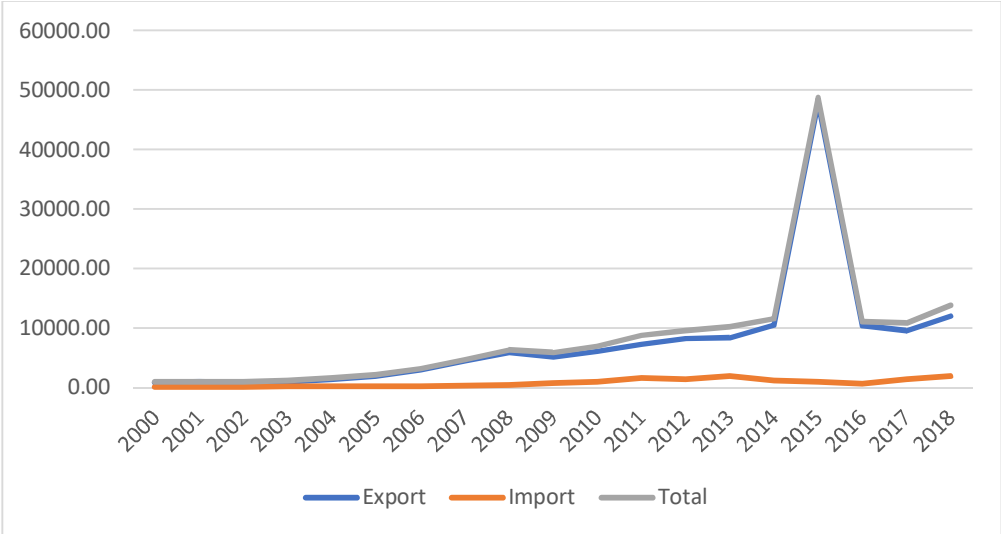


“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

4.3 Trade between China and Egypt

The trade between China and Egypt reach more than \$13 billion in 2018 comparing in 2000 was less than \$1 billion.

Figure 4. 2 China – Egypt Trade

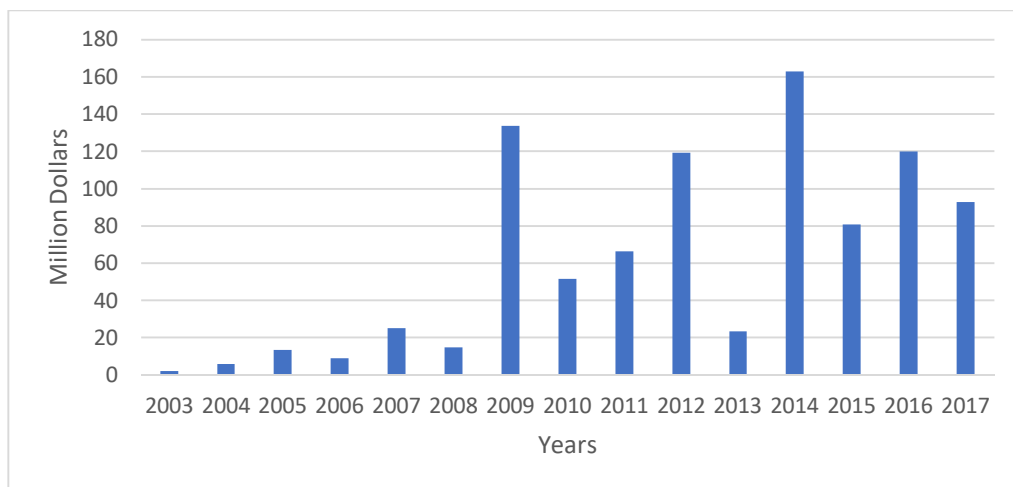


Source: UN Comtrade

4.4 China FDI to Egypt

Chinese investment in Egypt jumped to more than \$92 Million in 2017, compering in 2003 was \$2 Million.

Figure 4.3 China FDI Flow to Egypt



“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

“Egypt and signed a MOU containing \$15 billion in FDI, to implement projects under the BRI Initiative and set up the economic zone in the Suez Canal”.⁴⁹

There are 1,588 Chinese companies with Chinese contributions, including 60 representative offices, and the total Chinese capital in Egypt is US\$1.1 billion.

⁴⁹ “UNCTED, United Nations Publication, 2017”.

Total Chinese investment in Egypt estimated at \$5.1 billion, with China ranked 21st in the list of investors in Egypt.

The number of Egyptian companies with Chinese contributions listed on the Egyptian Stock Exchange (EAS) is 3.

Oil sector investments rank first with 52.8%, followed by the industrial sector with 30%, services at 7.4%, followed by construction 4.9%.

4.4 The Case of Egypt: Project is “Remote Education System Upgrade “Phase 1, 2” and Extension “Phase 3”

Back ground

Phase 1: signed in 5/4/1999 budget 20 million RMB around 2,4 million US dollars, to build 33 sites. And Phase 2: signed in 20/4/2002 budget 40 million RMB around 4,8 million US dollars, to build 110 sites. And Phase 3: signed in 27/10/2018 budget around 9,4 million US dollars, to build new 57 sites and enhance the 143 sites. The expected activities of the third phase are Training 12 Egyptian engineers in Cairo on how to operate and maintain the education system. And Cost of subscription on the Internet. In addition to Increase the number of educational tab units from 2000 to 3000 units. And Increase the warranty period for all devices supplied to two years.⁵⁰

This project is based on video conferences, computers, and tablets, linking them to the international information network and equipping halls in various governorates, and this system allows the teacher to deliver his lectures directly to students anywhere in Egypt. and attracts students who cannot receive educational service through the traditional educational system.

The number of trainees until now 82985 for many purposes such as teaching languages like English and French, and administrative like meeting between principals of schools

⁵⁰ Ministry of Investment and International cooperation (Egypt).

with parent's councils, vocational training such as program of quality performance in financial and administrative affairs.⁵¹

This project is success story for cooperation between Egypt and China for these responses:

- 1- The project is the first Remote Education System in Egypt. it's in line with the government plan, and part of the state initiative to support investment in the human capital.
- 2- The project helped to use the information technology to establish a comprehensive learner-centered education system to perform administrative and educational tasks to support management, policy and vocational training of the educational process.
- 3- The project has helped to improve the blockage of information channels, the low level of education in remote areas and the uneven level of education between different regions in Egypt, and accelerates the pace of e-learning in Egypt.
- 4- The sustainability of this project, now they implement the third phase, which includes the maintenance of the first and second phases.
- 5- Transfer the knowledge; China will provide expertise to train Egyptian engineering for the Remote Education System.
- 6- Although China is focusing on infrastructure projects, Egypt had succeeded in persuading China to implement this education project.

⁵¹ Ministry of Education (Egypt).

7- For two universities, the project was a good motivation. In 2008 established the Egyptian E-learning University and start to "Computer and Information Technology and Business Administration in three centers inside Ain Shams University, Tanta University, and Assiut University. In October 2010, the E-learning program was added, which awarded the Post-Graduate Diploma in this discipline. The University signed several co-operation agreements with Ain Shams, Tanta, and Assiut Universities. Besides, EELU has started co-operating with European universities in Italy and France, which resulted in establishing the Master of International Business Administration (MBA) program, affiliating us with the Graduate School of Science Business Applied in Paris, France ESLSCA".⁵² Also, American University in Cairo (AUC)start to provide an E-learning program since 2017.⁵³

52 "<http://www.eelu.edu.eg/index.php/about/history>"

53 "<https://www.aucegypt.edu/>"

CHAPTER V: Conclusion & Policy Recommendations

5.1 Policy Recommendation for a Better Cooperation

5.1.1 To China

- 1- **Aid framework:** finally China in 2018 had established CIDCA, “The mission of this agency to formulate strategic guidelines, plans and policies for foreign aid, coordinate and offer advice on major foreign aid issues”, Actually it’s a good step in order to have a clear vision of the aid framework but still they have to do more about the cooperation between this agency and all the Chinese Government intines that responsible for development cooperation and the developing countries in order to enhance the development cooperation provide by China more effective and efficiency and reduce the fragmentation of the aid.
- 2- The principle of disclosure of data and information: China has to disclose the data and information of grants and loans periodically like the other donor countries (OECD), because the difficulty of obtaining data leads to a disinformation about China's intentions, and leads to different estimates and different expectations that make Chinese development cooperation lose the Credibility. The excellent point that China starts to publish an annual report about the Activities of AIIB. I hope that China also deals with the other development cooperation the same.

- 3- Chinese debt trap to African countries: Although China is a significant stakeholder in Africa's economy, China loans are not the only contributor to increase the debt in the African countries. On the other hand, we cannot ignore that many African countries have borrowed heavily from China, and they have “High Risk of Debt Distress such as Ethiopia, Sudan, Djibouti, Zambia, Kenya”, and the new FOCAC loans pledges will grow the African debt countries. So, China has to keep her promise by supporting the sustainable development and do not push these countries to Debt Distress through projects that have no value, and these countries cannot repay and, in the end, China takes the place of these countries to operate same what happened with Sri Lanka port.
- 4- Concessional loans more commercial loans: China has to consider to increase the Concessional loans and grants.
- 5- Finance the projects that African countries interested in not only the projects in Silk Road imitative.
- 6- Prevent the Chinese loan from the claims of funding and implement low-quality projects and pay attention to the quality of cooperation projects with African countries.

5.1.2 To Egypt and African Countries

- 1- African Countries have to choose projects well-designed according to the national plan with the priority sectors and not only accept projects come through aid, and they have to say No if this aid does not match their needs and pay attention to the quality of these projects.
- 2- Recently Egypt set up a committee of Debt they have to review every loan before accepted, I think this is good solution to deal with the loans Rationally, So I recommend to all African countries to have the same committee.
- 3- African countries have to gain advantages from the last pledge when China had allocated \$5 billion to buy imports from Africa, so they have to export goods not only raw materials.
- 4- Egypt must benefit from China's interest in it, in order to gain advantages in economic cooperation in trade, investment, grants, and better conditions of loans.
- 5- African Countries have to avoid the poor quietly in the projects, and push Chinese to implement the projects with high quality.
- 6- African countries have to not allowed China to exploit them through imbalanced trade, Chinese labor, and import only raw materials, oil or minerals.

China does not publish official data regularly on the financing loans, grants, and export credits, at the regional or regional level. While some projects are funds from grants, but the majority of Chinese Financing in African countries fund from loans.

5.2 Conclusion

5.2.1 Limitations

It was hard to know about the geographical distribution of China's development cooperation. China does not publish official data regularly on its aid; after the conference, they just issued press releases. Even though the FOCAC meeting every three years, China never release details. They only announced the total fund would provide for Africa (grant, loans, and export credits). In fact, except for statements at FOCAC meetings, it is challenging to find information on China's development cooperation in Africa.

5.2.2 Conclusion

China's developmental cooperation Policy toward African countries is different from the other donors. China did not pay attention to the amount or types or priorities of aid given to African countries by other donors. Such as Korea and Japan. If we compare China's activities with Japan and Korea in African countries, we will find that Japan provides most of its aid to countries from the category of middle-income, and focusing on infrastructure sectors (51.9%) and Humanitarian Aid 5%. While Korea gives her aid to Least Developed Countries (LDCs) focusing on social sectors (45%), Humanitarian aid 2.3%. On the other hand, China focusing on finance infrastructure in developing countries more than 80% and did not pay attention that much to Humanitarian aid.

However, China is very interested in African countries. The Amount of trade reach more than \$200 billion in 2018 comparing in 2000 was less than \$10 billion. In addition to the investment hits, \$4 billion in 2017 comparing in 2003 was less than \$75 Million.

China promises to be the largest donor to Africa, and they become the most significant donor eventually to Africa, and they increase their aid to Africa among (2009, 2012), and in (2015 & 2018).

The African governments are welcoming the cooperation with China through all financial channel's loans, grants, FDI and Trade.

Judging is too early about the impact of China's New International Financing Institutions, but they start to have collaborations with global Financing Institutions. Like World Bank and AIIB, they implement a cofinance project in Egypt, and AIIB and ADB implement five cofinance projects in Asia. To gain international experience for finance and implement the projects, and Avoid the failure of some Chinese companies when they implement the projects out of China.

Moreover, the main constraints of China's development cooperation in Africa the lack of data about the projects, inadequate quality, debt trap, lack of transparency and corruption.

We can understand that China provides aid for trade; the reason that China is interested too much for trade because the main ministry is responsible for aid is the ministry of trade.

Finally, African countries must benefit from development cooperation with China and gain more from China's interest in it by reducing trade imbalances and attracting more investment, grants, and better lending conditions and avoid poor quality in the implementation of the Projects.

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Appendix

Appendix 1: China's Aid to Africa

Years	Foreign Aid US\$ bn
2003	0.631
2004	0.733
2005	0.926
2006	1.054
2007	1.527
2008	1.841
2009	1.948
2010	2.062
2011	2.523
2012	2.678
2013	2.815
2014	2.974
2015	2.986
2016	2.253
2017	2.452

“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

Appendix 2: China Loans to Africa (2000-2017)

Years	Amount of Loans Millions of dollars
2000	130
2001	310
2002	747
2003	1709
2004	1023
2005	1857
2006	4533
2007	5923
2008	4465
2009	6407
2010	6745
2011	9572
2012	12996
2013	18260
2014	14559
2015	12750
2016	30407
2017	10956
Sum	143349

“Source: Chinese loans to African Governments. Version 1.1 September 2018, Lucas Atkins, Deborah Brautigam, Yunnan Chen, and Jyhjong Hwang 2017”.

Appendix 3: Trade between China and Africa (2000-2018)

years	Export b\$	Import b\$	Total b\$
2000	5.007118	4.852662	9.859779
2001	5.959777	4.081155	10.04093
2002	6.918367	4.608572	11.52694
2003	10.12476	7.40909	17.53385
2004	13.72995	13.74025	27.4702
2005	18.60294	18.9874	37.59034
2006	26.58392	26.79439	53.37831
2007	37.37332	33.91146	71.28478
2008	51.08901	51.04151	102.1305
2009	47.63511	40.30693	87.94204
2010	59.80745	60.26567	120.0731
2011	72.9194	73.63416	146.5536
2012	85.13366	78.91107	164.0447
2013	92.57097	81.11319	173.6842
2014	105.8336	79.85853	185.6921
2015	155.6956	47.52679	203.2224
2016	92.67182	41.27303	133.9449
2017	94.91437	60.20393	155.1183
2018	104.7511	99.28136	204.0325

“Source: UN Comrade data”

Appendix 4: China FDI to African countries (2003-2017)

Year	Amount of FDI To Africa b\$
2003	0.07481
2004	0.31743
2005	0.39168
2006	0.51986
2007	1.57431
2008	5.49056
2009	1.43887
2010	2.11199
2011	3.17314
2012	2.51666
2013	3.37064
2014	3.20192
2015	2.98584
2016	2.39873
2017	4.10498

"Source: UNCTAD"

Appendix 5: Chinese Loan to Egypt (2000-2018)

Years	Amount of Loans Millions of dollars
2000	0
2001	0
2002	24.162
2003	0
2004	30.205
2005	16.3
2006	60.928
2007	0
2008	0
2009	0
2010	0
2011	0
2012	200
2013	0
2014	0
2015	100
2016	1800
2017	1190
2018	1700
Sum	5121.595

“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

Appendix 6: China - Egypt Trade

Year	Export M\$	Import M\$	Total M\$
2000	805.30	102.07	907.37
2001	873.21	80.32	953.53
2002	852.92	91.85	944.78
2003	936.76	152.82	1089.58
2004	1388.43	187.94	1576.37
2005	1934.04	211.14	2145.17
2006	2975.50	216.77	3192.27
2007	4468.10	239.74	4707.84
2008	5874.26	428.94	6303.20
2009	5107.36	752.54	5859.90
2010	6040.98	917.93	6958.91
2011	7283.23	1518.34	8801.57
2012	8223.92	1320.74	9544.66
2013	8362.67	1851.61	10214.28
2014	10460.51	1159.33	11619.84
2015	47834.31	917.84	48752.15
2016	10436.26	553.21	10989.47
2017	9485.64	1341.93	10827.58
2018	11990.30	1835.43	13825.73

“Source: UN Comtrade”

Appendix 7: China FDI Flow to Egypt

Year	Amount of FDI to Egypt M\$
2003	2.1
2004	5.72
2005	13.31
2006	8.85
2007	24.98
2008	14.57
2009	133.86
2010	51.65
2011	66.45
2012	119.41
2013	23.22
2014	162.87
2015	80.81
2016	119.83
2017	92.76

“Source: China Africa Research Initiative, Johns Hopkins University SAIS.”

아프리카 국가들에 대한 중국의 개발 협력 정책 평가:

이집트의 사례

국문 초록

본 연구는 아프리카에 대한 중국의 개발협력 정책이 양자간 및 다자간 협력을 통해 이루어지면서 FOCAC 가 설립된 이후로 어떻게 변화했는지, 특히 이집트에 대한 정책의 변화를 알아보기 위한 것이다. 이를 위해서는 질문 몇 가지를 던져야 한다. 아프리카에 대한 중국의 발전 협력이 얼마만큼 특별한가? 나아가, 중국은 아프리카에 어느 정도까지 관심이 있으며, 왜 그런가? 아프리카 국가들에 대한 중국의 발전 정책은 무엇인가? 중국이 아프리카 내 세계 은행과 어떻게 협력하는가? 아프리카 국가들은 대륙 내 중국의 존재, 그리고 그 미래를 어떻게 보는가? 또한, 중국의 새로운 국제금융기구들은 아프리카에서 지속가능한 발전을 이룰 수 있는가?

연구 결과에 따르면 중국의 개발 협력은 다른 공여국과는 다르다. 중국은 다른 공여국이 아프리카 국가들에 제공한 원조의 양이나 유형, 그리고 우선순위에 주의를 기울이지 않았다. 또한, 아프리카에 대한 중국의 관심은 단순히 원자재 구매를 넘어서고 있다. 중국은 아프리카에 최대 공여국이 되겠다는 약속을 했고 결국 아프리카의 가장 큰 공여국이 되었으며, 2009~2012 년과 2015 년 및 2018 년 사이에 아프리카에 대한 지원을 두 배로 늘렸다.

Keywords: 개발협력, FDI, 무역, FOCAC, 중국, 아프리카, 아프리카 국가들, 이집트.

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