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Research Report

Comparing the Effects of Chinese and Traditional Official Finance on State Repression and Public Demonstrations in Africa

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POLICY POINTS

Scholars, journalists, and policy practitioners need to evaluate the evidence this research has found showing that neither Chinese nor traditional official finance increases rates of repression in receiving African states.

China should be wary about reforming its foreign aid structure to institute a Western-like conditional approach.

To minimize risks of protests and riots against development projects, project impact assessments, impact management plans, and grievance management offices should be instituted.

Comparing the Effects of Chinese and Traditional Official Finance on State Repression and Public Demonstrations in Africa

Afa'anwi Ma'abo Che

DO FOREIGN OFFICIAL FINANCE FLOWS FROM CHINA and traditional Western sources vary in their effects on state repression and public demonstrations in Africa? While one study by Kishi and Raleigh asserts a distinct, statistically significant positive association between Chinese official finance and repression, no quantitative comparative study has been conducted on the effects of Chinese and traditional official finance on public demonstrations in the form of protests and riots.¹ The working paper on which this policy brief is based reassesses the effects of Chinese and traditional official finance on repression after rectifying some biases I identified in Kishi and Raleigh's study. Notable among the biases is the study's exclusion of analysis relating to recent (post-2013) years which have witnessed nascent reforms to Beijing's foreign aid policy that, ostensibly, induce checks against misuse of Chinese official finance.² More innovatively, the research assesses the effects of Chinese and traditional official finance on anti-government, public demonstrations. Additionally, the working paper compares case studies in Cameroon, which mostly receives unconditional Chinese official finance and Uganda, which receives more conditional traditional finance, to determine how well the paper's statistical relationships are borne out.

While Uganda has suffered more protests and riots than Cameroon over the period between 2001 and 2018, data on demonstrations in the two countries from Armed Conflict Location and Event Data (ACLED) suggests that Chinese-funded development projects have encountered more anti-project protests and riots compared to Western, particularly World Bank-funded projects. To verify and explain the higher rates of manifestations against Chinese-funded projects, I undertook fieldwork in Cameroon involving comparative project interviews on three selected Chinese projects (the Douala-Yaounde expressway project; the Memve'ele hydropower project; and the Kribi deep seaport project) and two World Bank-sponsored projects (the Lom Pangar hydropower project and the Douala road infrastructure project). The fieldwork was guided by the following research questions:

1. Are there instances of collective grievance expression, especially via demonstrations, against Chinese-funded and World Bank-funded projects in Cameroon?
2. Do Chinese-funded and World Bank-funded projects in Cameroon conduct impact assessments to determine social and environmental risks that could potentially induce grievances and demonstrations, including labor-related, flora and fauna-destruction, and community and livelihood displacement protests?
3. Since 2016, are the protests and riots that are plaguing the Northwest and Southwest regions of Cameroon related to the marginalization of the Anglophone regions in the distribution of Chinese and World Bank-financed projects?

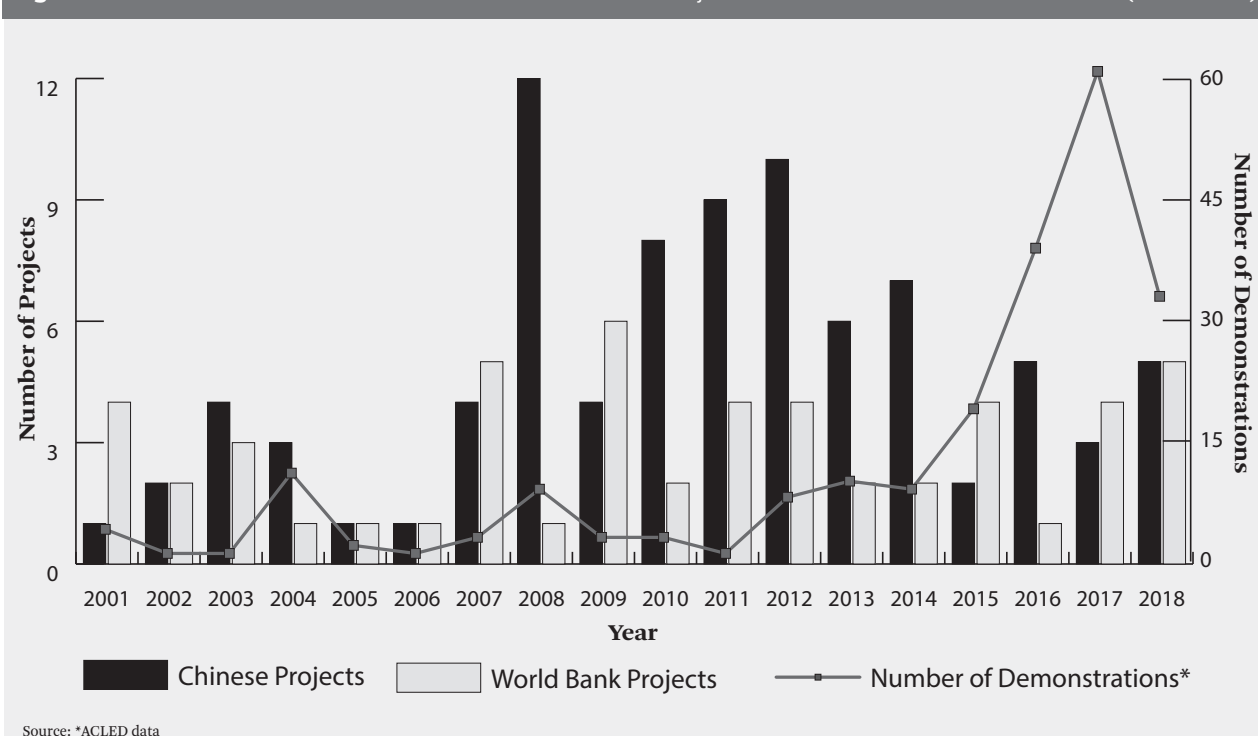
Using standard multiple regression models to examine the effects of Chinese and traditional official finance on repression and demonstrations, the research finds the following: First, foreign official finance, whether Chinese or traditional, regardless of its flow amount, flow type, and conditionality attributes, makes a very marginal contribution towards explaining variations in repression in Africa, relative to standard realist and liberal predictors of repression such as a state's civil liberties record. However, foreign finance contributes strongly towards explaining public demonstrations.

Second, there are more similarities than differences in the effects of Chinese and traditional official finance flow attributes on repression, with neither type of finance being exclusively associated with repression. In terms of aggregate flow amounts, this study does not find a distinct statistically significant linkage between Chinese official finance and repression when analyses incorporate the post-2013 period, which is marked by Beijing's nascent reforms instituting greater stringency in the administration of Chinese foreign aid.

Third, the research finds more differences than similarities in the effects of Chinese and traditional official finance flow attributes on anti-government demonstrations. In terms of aggregate finance amounts, while Chinese official finance has a negative relationship with demonstrations, traditional finance has a statistically significant and positive relationship with protests and riots in Africa. Case studies tracing the distribution of Chinese and traditional official finance and demonstrations in Cameroon (receiving mostly Chinese aid) and Uganda (receiving mainly traditional aid) reveal at least some support for the above-mentioned opposite correlation patterns. As illustrated in Figure 1, spikes and dips in the number of Chinese-funded projects in Cameroon were, with a few exceptions, respectively accompanied by decreases and increases in demonstrations.

As explored in the Uganda case study, the positive correlation between traditional official finance and anti-government

Figure 1: Annual Distribution of Chinese and World Bank Projects vs. Demonstrations in Cameroon (2001-2018)



demonstrations arises from the smaller amounts of finance (including loans) and bureaucratic constraints that accompany flows from traditional financiers, relative to those from China. Constraints associated with finance flows from traditional Western sources leave leaders of receiving states with less leverage (relative to leaders receiving Chinese official finance) in using finance inflows to provide expensive “public goods” (e.g. roads and hospitals) and ward off anti-government grievances and demonstrations.

Given the limited political utility of traditional Western aid for providing public goods, it is not surprising that a recent study by Briggs found Uganda as one of the African countries where traditional foreign aid was associated with low levels of incumbent electoral support.³ Although Uganda’s President Yoweri Museveni is among Africa’s longest serving leaders, the number of protests endured by the Ugandan polity is among the highest in sub-Saharan Africa, with the Museveni regime retaining power mainly through electoral gerrymandering, vote rigging, and coercive measures against political opponents.⁴

Given the negative correlation between aggregate Chinese official finance and the rates of public demonstrations in the working paper, this policy brief prescribes caution against sweeping reforms of China’s non-interference aid policy. While Beijing appears sensitive to criticisms of its unconditional aid structure from Western scholarly and policy circles, reforms should be strategically focused towards minimizing capture and misuse of aid funds. Reforms should not seek to produce an entirely conditional, Western-like approach to foreign aid. Adopting the conditionality model could precariously imply more protests and riots in African states as suggested by the statistically significant positive association between traditional official finance and public demonstrations.

Turning attention to public demonstrations against foreign-sponsored projects specifically, the research finds through fieldwork interviews that more anti-project demonstrations have occurred on Chinese-funded projects, compared to World Bank-sponsored projects, in Cameroon. Respondents attributed this disparity to more rigorous project impact assessments, impact management plans, and the presence of complaint/grievance management offices on World Bank-funded projects.

While impact assessments and impact management plans for Chinese-funded projects had to comply with Cameroonian laws before funding could be disbursed, impact assessments and management plans for World Bank-funded projects were required to conform not only to Cameroonian regulations but also

to the World Bank’s own international safeguards. For instance, key informants revealed that while compensation packages for people displaced by Chinese-funded projects did not cater for loss of livelihoods, World Bank-funded projects provided compensation packages that were far more comprehensive and included training to adapt to new livelihoods, such as sustainable fishing on the Lom Pangar hydropower project.

Respondents suggested further differences in levels of involvement of foreign financiers in the implementation, supervision, and enforcement of contractor compliance to social and environmental risk management plans. Project monitors from the World Bank were more proactive, visited project sites between three to four times a year, and provided elaborate reports recommending both punitive and non-punitive measures for improving compliance. Meanwhile, monitors from China visited twice a year and acted only when complaints were made by Cameroonian government authorities. Upon recommendation by project inspectors from the World Bank, a “complaints office” was established on the Lom Pangar project, which enabled project managers to systematically receive, process, and address grievances.

With regards to whether secessionist public demonstrations and violence plaguing the Northwest and Southwest regions of Cameroon since 2016 are related to marginalization of the Anglophone regions in the distribution of foreign-financed development projects in the country, interviewed secession activists confirmed in the affirmative. Thus, a more even distribution of development projects, including those funded by China and the World Bank, could be instrumental for dampening grievances and the crisis in the Northwest and Southwest regions of Cameroon.

CONCLUSION & POLICY RECOMMENDATIONS

THE FINDINGS SUMMARIZED IN THIS policy brief indicate a need for scholarly, media, and policy circles to reconsider negative perceptions of Chinese official finance, especially in terms of how finance relates to state repression and public demonstrations in Africa. More specifically, the following implications and policy recommendations arise from findings in the working paper.

1. Scholars, journalists, and policy practitioners need to evaluate the evidence this research has found, showing that neither Chinese nor traditional official finance increase rates of repression in receiving African states.

2. Based on research findings, China should be wary about radically reforming its foreign aid structure to institute a Western-like conditional approach given the positive correlation between traditional official finance and public demonstrations.
 3. To minimize the risks of protests and riots against foreign-funded development projects, it is important for foreign financiers to ensure that project impact assessments, impact management plans, and grievance management offices are instituted to World Bank standards.
 4. Given the distributional grievances contributing to the secessionist protests and armed conflict in the Northwest and Southwest regions of Cameroon, the government of Cameroon should prioritize the Anglophone regions in the allocation of foreign-funded projects in the immediate future and adopt an equitable allocation policy after redressing the secessionist crisis.★
2. In April 2014, China's Ministry of Commerce released a new policy guidance entitled "Measures for the Administration of Foreign Aid" which require Chinese enterprises to apply stricter standards in processes of project appraisal, supervision and evaluation as noted in Axel Dreher, Andreas Fuchs, Roland Hodler, Bradley Parks, Paul Raschky, and Michael Tierney, "Aid on Demand: African Leaders and the Geography of China's Foreign Assistance," AidData Working Paper No. 3, 2016, retrieved from <https://www.aiddata.org/publications>.
 3. Ryan Briggs, "Receiving Foreign Aid Can Reduce Support for Incumbent Presidents," *Political Research Quarterly* 72, no. 3 (2019): 610–622.
 4. Roger Tangri and Andrew Mwenda, "President Museveni and the Politics of Presidential Tenure in Uganda," *Journal of Contemporary African Studies* 28, no. 1 (2010): 31–49.

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ENDNOTES

1. Roudabeh Kishi and Clionadh Raleigh, "Chinese Official Finance and State Repression in Africa." ACLED Working Paper No. 2017/04 (2017), retrieved from <https://www.acleddata.com/wp-content/uploads/2017/04/Chinese-Aid-Repression.pdf>.

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