The Impact of Chinese Loans in Africa

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Abstract

China has recently emerged as a major lender in more than 32 African countries including Angola ($21.5 billion in 2017), Ethiopia ($13.7 billion), Kenya ($9.8 billion), Republic of Congo ($7.42 billion), Cameroon ($5.57 billion)[1]and Zambia reaching $11.2 billion in 2019. Some scholars argue that Chinese loans have created debt trap in Africa, and China is leveraging on debt trap to strategically penetrate Africa's political landscape. Other scholars contend the debt trap narrative creates nuance regarding the decision-making power of African governments. Notwithstanding, debt Africa owes China is persistently on the rise with an annual infrastructure financing deficit of more than $93 billion. According to SAIS-CARI researchers, Chinese financiers have so far committed more than $153 billion to African public sector borrowers between 2000 and 2019. This is likely going to continue to drive debt in the continent.[2]Research historically have shown that soaring debt has the ability to compromise the sovereignty of African states, owing to the complexity of corruption and frequent political instability in the continent. This article therefore seeks to interrogate the impact of Chinese loans to Africa through a review of secondary data. The article provides a different lens (negative impact) of Chinese loans in Africa in the 21st century.

Key words: China, Africa, loans, debt trap, lender, infrastructure, sovereignty

1. Introduction

During the wave of African independence post-the second world war, African economies incurred substantial debts from the Britton wood institutions which they could not repay (Torun et al., 2019; Were, 2018). The debt kept African countries at a vulnerable position as they succumbed to the dictates of Britton wood institutions and its founders. Hence, by mid-1990s, Africa was booted out of the global financial system due to unpaid loans (Were, 2018).

[1]https://economictimes.indiatimes.com/news/international/world-news/africas-rising-debt-chinese-loans-to-continent-exceeds-140-billion/articleshow/86444602.cms
[2] Foster and Briceño-Garmendia (eds), (2010). 'http://documents.worldbank.org/curated/en/246961468003355256/pdf/521020PUB0EPI1101Official0Use0Only1.pdf, accessed 12 July 2018

There were various attempts to address the debt question in Africa such as the structural adjustment programmes (SAPs) which Konadu-Agyemang, (2018) argues resulted in high unemployment, increasing poverty and wider inequality throughout the continent.

Africa again, is presently confronted with another side of the same coin- "debt-trap". This time from China. The notion of debt-trap was coined by graduate students who attempted to describe the nature of China's loans to developing countries (Lai, Lin, and Sidaway, 2020). It was later popularized in the context of "China debt-trap diplomacy" by scholars who have proven that China is deliberately offering loans to developing countries with high debt risks in order to put them in a position where they are subjected to the dictates of Beijing (Shaomin and Jiang, 2020).

Allison, (2013) also argues that even the "aid" that China offers to promote education in Africa has severe colonial implications. For example, the thousands of scholarships that China offers to African students to study in various Chinese universities is aimed at shaping and cultivating Africa's next generation of leaders to remain loyal to future Chinese policies toward Africa. DeBoom, (2020) therefore highlights the fact that to understand the broader implications of China's debt-trap diplomacy in Africa, one must weigh the risks and the benefits of Chinese loans across Africa.

However, scholars such as; Brautigam, (2020) and Singh, (2020) have taken a softer position regarding Chinese loans in Africa. While Jones and Hameiri, (2020) have attempted to debunk the myth of Chinese 'debt-trap diplomacy'. Notwithstanding, amidst diverse opinions, Were (2018) claims that the international community is slow in sounding the alarm on the danger of China's debt to Africa at a time that China is Africa's largest financier, accounting for the highest amount of infrastructure finance according to a 2018 report (ICA., 2018a; 2018b: 7).

Since 2017, many economies in Africa have racked up significant debt – to the extent that some multilateral organisations have warned African countries such as Ethiopia, Cameroon, Ghana, Kenya, Mauritania and Zambia to check their public spending (Gill and Karakhula, 2018). This is because Government Debt to GDP in many African countries is getting out of proportion (see table 1.1).

Table 1.1 shows that Government debt to GDP is very high in most African countries.[3]

No	Country	Last	Previous	Reference	Unit
1	Algeria	62.5	51.3	Dec/21	%
2	Angola	85	120	Dec/21	%
3	Benin	46.1	41.4	Dec/21	%
4	Cameroon	43.2	41.7	Dec/21	%
5	Cape Verde	157	155	Dec/21	%
6	Central African Republic	47.6	43.4	Dec/21	%
7	Chad	58.2	52.1	Dec/21	%
8	Djibouti	43.2	41	Dec/21	%
9	Egypt	88	84	Dec/21	%
10	Equatorial Guinea	39.9	48.8	Dec/21	%
11	Ethiopia	59	57	Dec/20	%
12	Gabon	69.5	77.3	Dec/21	%
13	Gambia	83.1	81	Dec/20	%
14	Ghana	78	63.9	Dec/20	%
15	Kenya	68.4	65.6	Dec/21	%
16	Lesotho	69.6	49.9	Dec/20	%
17	Liberia	52.1	41.4	Dec/20	%
18	Libya	155	110	Dec/20	%
19	Malawi	50.7	61.2	Dec/20	%
20	Mauritania	53.1	52.1	Dec/20	%
21	Mauritius	73.4	58.7	Dec/20	%
22	Morocco	76.4	64.8	Dec/20	%
23	Mozambique	122	108	Dec/20	%
24	Namibia	69.6	54.8	Dec/20	%
25	Republic of Congo	85	102	Dec/21	%
26	Rwanda	61	51	Dec/20	%

[3] https://tradingeconomics.com/country-list/government-debt-to-gdp?continent=africa

27	Sao Tome and Principe	103	92.7	Dec/20	%
28	Senegal	47.7	47.9	Dec/19	%
29	Seychelles	94	57	Dec/20	%
30	Sierra Leone	71.9	71.7	Dec/20	%
31	South Africa	69.9	70.7	Dec/21	%
32	Sudan	259	202	Dec/20	%
33	Tunisia	80	87.6	Dec/21	%
34	Zambia	96	91.9	Dec/20	%
35	Zimbabwe	77.2	66.2	Dec/19	%

Table 1.1 shows a high debt in terms of percentage of GDP of 35 African countries including those with the largest economies in the continent between 2019 and 2021.

1.2 Background

African countries such as Sudan, Angola, Kenya, Gabon and Mauritius have a collective GDP of more than $300 billion, and debt-to-GDP ratios above 60% (Gill and Karakhula, 2018). The peril of Chinese debt in Africa is evident. China for example accounts for more than 66% of bilateral debt in a country like Kenya.[4]There are contention that Chinese loans to Africa primarily provides business and employment opportunities for Chinese citizens and contractors to work overseas (Sun, 2014). This is because China often imposes most of the loans toward infrastructure development in Africa. The imposition is always in favour of Chinese companies which are mostly ‘state-owned enterprises’, in order to boost “China’s Going Out strategy” which maintain Chinese companies as contractors of various projects that are financed by Chinese loans. The companies therefore create employment opportunities for Chinese citizens in Africa (Sun, 2014). It feels like China gives out money with one hand and collect it back with another hand. This is because when Chinese companies build infrastructure projects that are financed by Chinese loans in Africa, they deprived Africans from skills acquisition. Table 1.2.1 for example, gives an idea of the number of Chinese

[4] Omondi D, ‘China now controls 66 per cent of Kenya’s bilateral debt,’ The Standard, 3 May 2018, https://www.standardmedia.co.ke/business/article/2001279079/kenya-sdebt-to-china-balloons-to-sh478-6b, accessed 24 July 2018.

workers in some African countries between 2012-14 and 2015-17. The number of Chinese workers in infrastructure projects that are financed by Chinese loans is counter-productive as Chinese workers deprive African citizens from the multiplier effects of the loans. African citizens are often not employed in the construction sites or are given menial jobs which are not well paid. Table 1.2.1 therefore shows the number of Chinese workers in Chinese loans infrastructure development projects in selected African countries.

Country	2012-14	2015-17
Angola	48,120	33,034
Kenya	3,430	8,099
South Africa	3,436	966
Egypt	740	1,899
Zambia	6,659	7,311
Cameroon	2,798	3,585
Republic of Congo	10,120	6,711
Uganda	1,737	4,529
Ethiopia	9,630	9,840
Nigeria	8,057	9,257
Average	9,473	8,523
Rest of Africa	2,707	3,107

Source: Johns Hopkins SAIS China-Africa Research Initiative Database

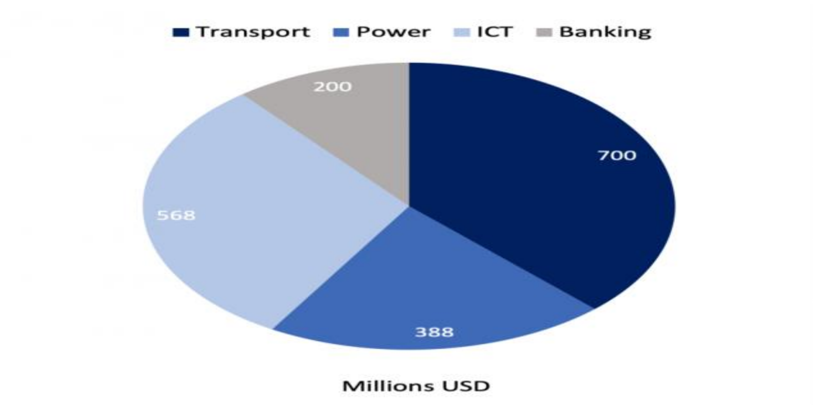
2. Discourse on Chinese Loans in Africa

Sun, (2014), argues that a large bulk of Chinese loans to Africa is offered with the intention to secure natural resources from Africa. This argument is because most Chinese infrastructure loans in Africa are repaid through natural resources. Sun, (2014) therefore contends that China understands most Africa countries have low credit ratings in international financial systems. This makes it difficult for African countries to obtain funding from western dominant international financial market. Chinese infrastructure loans therefore seem to provide an alternative to the bottleneck that African governments encounter in the international financial market by enabling the loans to be reimbursed through the extraction of natural resources.

This of course is an ancient African trade system called "the barter system", which Levenson and Randall, (1966) argue against for it lack of a common measure of value that perpetrate trade irregularity. For example, questions such as what is quantity of natural resources from an Africa country can be equal to the cost of building a football stadium in an Africa city? The fact that there is not clear measurement between Chinese infrastructure and natural resources render such economic encounters dubious.

In addition, Su (2017) upholds the point of view that the reimbursement of Chinese infrastructure loans to Africa through natural resources substantially benefit China more than Africa. This is because infrastructure projects such as road and railway networks enable faster and cheaper transportation of natural resources from African hinterlands to China. Better road and railway networks also mean easy penetration of Chinese goods to the hinterlands. Su, (2017) therefore affirms China is saddling Africa with unsustainable debt with the intention of leveraging on debt to further its geopolitical control over the continent. This is evident with the use of Chinese roads/traffic signs in several African cities such as Nairobi where China has constructed road networks.[5]

China could receive more benefits from its future infrastructure projects in Africa – much more than can be calculated in terms of repayment (Su, 2017). This is because of huge Chinese loans in socioeconomic sectors such as transport, power, ICT and Banking (Su, 2017). Figure 2.1 shows for example, shows the amount of Chinese loans in Africa per sectors as of 2020.[6]



Source: Chinese Loans to Africa (CLA) Database 2022. Boston University Global Development Policy Centre.

[5] https://www.kenyans.co.ke/news/74922-nairobi-expressway-clarifies-use-chinese-road-signs
[6] https://www.bu.edu/gdp/2022/04/25/how-chinese-loans-to-africa-changed-during-the-covid-19-pandemic/

The pie chart confirms more Chinese loans are offered toward transport than other economic sectors in Africa. This supports Su (2017) argument that China focuses more on transportation projects in Africa in order to facilitate the penetration of Chinese goods to the interior parts of continent, and the transportation of raw materials from these places to various ports to be exported to China.

3. China's Perception regarding infrastructure loans to Africa

Some scholars have argued that China is providing Africa with an alternative development trajectory (Sharma, and Lin, 2021; Lai, Lin, and Sidaway, 2020; Addis et al., 2020). This narrative has made the Chinese government to describe its economic encounters with African countries as *'win-win'* economic relations. The notion of win-win economic relations therefore opens up for proper scrutiny (Sum, 2019). This is because Mawdsley (2019: 262) notes certain contradictions and contestations regarding the win-win narrative that China is propagating throughout the continent. Alden and Jiang, (2019: 645–646) also claim that China's win-win narrative has provoked fierce debates within Africa's academia and various political circles.

The debate is because of the fact that the debt Africa owes to China has reached a staggering level (Alden and Jiang, 2019: 645–646). Even at a time when bilateral trade between China and Africa grew twentyfold between 2014 and 2015 from US$10.6 to US$220 billion. China for example offers "special loans" to Support Small and Medium Enterprises (SMEs) in Africa to the tune of about US$5 billion. The offer has compromised the effect of bilateral trade between China and Africa (Eom, Brautigam, and Benabdallah, 2018; Schwab, 2016).

Hence, a new data that was released by the World Bank in June 2020, revealed that Chinese loans have placed many African countries at risk of debt distress such as Djibouti (57 percent), Angola (49 percent) and Republic of Congo (45 percent) to name but a few (Brautigam, Huang, and Acker, 2020). Acker and Brautigam, (2021) claim Chinese financiers have so far more than committed US$ 153 billion to Africa's public sector borrowers between 2000 and 2019, and have signed about 1,141 loan commitments with African governments and state-owned enterprises.

Such commitments (loan agreements) should serve as a “cause for concern” throughout the continent (Horn, Reinhart, and Trebesch, 2021). This is because future generations of Africans who are not yet born and would suffer negative consequences when reimbursing these loans through natural resources. Consequently, there is there is the possibility that future disability in Africa may be linked to the burden of Chinese loans. Table 3.1 for example shows the huge financial commitments between China and few African countries during the period 2010-2018 and 2019.

2010-2018		**2019**	
Country	Signed Commitments	**Country**	Signed Commitments
Angola	US$ 37 billion (US$ 4 billion avg per year	Ghana	US$ 1.25 billion
Ethiopia	US$ 11 billion (US$ 1.2 billion avg per year)	South Africa	US$ 1.24 billion
Zambia	US$ 9 billion (US$ 1 billion avg per year)	Egypt	US$ 1.2 billion
Kenya	US$ 8.3 billion (US$ 920 million avg per year	Côte d’Ivoire	US$ 671 million
Nigeria	US$ 5.6 billion (US$ 620 million avg per year)	Nigeria	US$ 550 million

Source: SAIS-CARI Data[7]

The table shows that until 2018, Chinese financial commitments to African countries is huge. Even though there was a decrease in 2019, probably due to the emergence of the coronavirus pandemic. Hence, between 2021-2022, the commitments have increased in countries such as South Africa. Since South Africa has received a loan worth R370 billion (US$25.8 billion) from China Development Bank as part of a stimulus package to boost its economy. However, the size of the loan and the lack of consensus thereof, indicates that South Africa may enter into deeper debt trap that may render the country more volatile to uprising.[8]

[7] The SAIS China – Africa Research Initiative at the Johns Hopkins University School of Advanced International Studies (SAIS) in Washington, D.C.
[8] https://punchng.com/x-raying-chinas-debt-trap-model-for-south-africa/

4. Contextualization Chinese loans to Africa

Schwab, (2016) claims China is up to no good because of deep suspicion that China is in Africa only to plunder Africa's natural resources. Such argument is supported by Anshan, (2007) who claims China is executing a modern form of colonialism at Africa's expense in order to enable her to become a global player. The point of view of Anshan (2007) and Schwab (2016) corroborates with that of Al-Jazeera's (2014) which argue that China is investing billions of dollars in Africa in exchange to exploit the continent's vast natural resources at the expense of the local population where the natural resources are located. Hodzi, (2018) claims Africa's political elites benefits from Chinese loans more than the local disempowered African masses. In this regard, it is therefore easy to perceive Chinese loans in exchange of the exploitation of Africa's natural resources in the light of neo-colonization. This is because Nkrumah's (1965) observation of neo-colonialism involves the use of "foreign capital" for exploitation rather than the development of less developed nations. Therefore, any form of capital investment in exchange for the exploitation of mineral resources is a typical symbol of neo-colonialism which increases the gap of poverty and inequality between the exploiter (previously Europeans, and now Chinese) and the exploited (Africans).

5. How Chinese Economic Encounter in Africa is similar to European Colonialism

China's foreign policy focuses more on trade. Trade however is a tool for dominance. For example, in the context of China-Africa trade relations, Africa's manufacturing sector is dominated by that of China (Kinyondo and Pelizzo 2018). The European colonizers who colonized Africa were also motivated by trade. The colonizers came to Africa in search for markets to sell their finish products in the height of the industrial revolution (late 19th and early 20 centuries). That saw massive industrial innovations and systemic transformations (Popkova, Ragulina, and Bogoviz, 2019).

In the early 20th century, the European colonizers in the guise of trade ended up introducing a development agenda for Africa. The colonizers embarked on infrastructural development projects such as roads, railway and communication channels. They attempted to educate many Africans in order to use them as colonial administrators in their colonial projects. This is partly why there are many African leaders who have pledged their loyalty to their previous colonial masters at the expense of the welfare of the people they govern (Ndlovu-Gatsheni, 2018).

In a similar way, China after its economic miracle moved out in search of markets for its manufactured products. It also provides loans to African governments to fund infrastructure projects which are contingent on the use of Chinese labour and technology (Kinyondo and Pelizzo 2018). Even the large number of African students studying under Chinese government funded scholarships in Chinese universities is similar to European colonial agenda which also educated thousands of African nationals in European universities. Thereby preparing them to be future puppets (Brown, 2012).

The fact that both European colonizers and Chinese seek to expand the markets of their finish products in Africa requires deeper interrogation on the impact of Chinese loans. It is obvious that between the European colonizers and Chinese, whoever achieve the most in Africa would enjoy the highest level of global influence (Large, 2008: 46). As this is one of the hallmarks of great powers- the ability to project power beyond one's regional sphere of influence in order to pursue national interests unhindered by other great powers. For example, during the 19th and 20th centuries, European colonizers such as Britain and France backed by their naval superiority projected influence beyond their shores and region to amass colonies in Africa (Antwi-Boateng, 2017). China is doing the same by establishing military bases in countries such as Djibouti in the horn of Africa (Chaziza, 2018).

In addition, in order to maintain European colonial power, European countries usually send peace mission troops to resolve problems that are created by neo-colonialism in Africa which according to Nkrumah (1965) remains the final and most dangerous stage of colonialism. In 2015, Chinese President's pledged 8,000 Chinese soldiers to a stand by peacekeeping force, $1.1 billion towards a China-UN peace keeping fund and military assistance for African peacekeeping missions in an address to the UN General Assembly, (Huang and Chang, 2015). The move is a trend of imperial design and dominance. China therefore poses contradictory behaviours in its encounter with Africa.

Furthermore, while China continues to exploit Africa's mineral resources in Africa in exchange for Chinese loans. Kinyondo and Pelizzo (2018) argue that such economic engagement would prevent Africa from getting back on its feet. Thus, prolonging poverty, social gaps and tensions in a continent where 70% of the entire population is made up of youth under thirty who are unable to find decent employment in local industries because of dumping that Chinese firms are creating in Africa (Kinyondo and Pelizzo 2018). Such facts therefore provoke the need to critically examine whether China is attempting to recolonize Africa? This is because only a small data is available on opposing views regarding the presence of China in Africa (Kinyondo and Pelizzo, 2018).

This article therefore shed more light on the impact of Chinese loans in Africa. Especially as many confirm Chinese loans to Africa has become exorbitant. Despite the fact that countries such as Mozambique that owes China more than US$2bn for the construction of roads and bridges received about US$37.5m of the debt cancelled in 2015. And Angola which in 2020 and 2022 received a US$ 6.9 billion on debt relief from China.[9]The critical question that should be asked beyond the debt cancellation is that, if China claims its economic encounter in Africa is based on a win-win strategy. What is the "win" of China in its debt cancellation efforts?

6. The Problem with Chinese Infrastructure Loans in Africa

The fact that Chinese loans in Africa is reimbursed through the exploitation of natural resource in countries such as the Democratic Republic of Congo (DRC), Ghana, and Guinea (to name but a few) is a new form of colonialism (Sanusi, 2013). Such point of view is worsened by the fact that Chinese infrastructure projects and mineral extraction in Africa employs more Chinese labour and companies than their African counterparts (Sanusi, 2013). This according to Ogar, Nwoye, and Bassey, (2019) perpetrate a form of infrastructure dependency on China. Dependency is historically the zenith of neo-colonialism. Some analysts therefore conclude that the model of Chinese infrastructure loans and projects executed by Chinese companies in exchange to Africa's natural resources have negative socio-political implications that include corruption (Isaksson and Kotsadam, 2018; Brazyset et al., 2017; Dreher et al., 2016); the maintenance of dictatorial regimes (Kleine-Ahlbrandt and Small, 2008); and weakened social-cultural and environmental standards throughout the continent (Ben Yishayet et al., 2016; Bosshard, 2008).

[9] https://www.washingtonpost.com/politics/2021/02/26/pandemic-has-worsened-africas-debt-crisis-china-other-countries-are-stepping/

Naim, (2009) has framed China's economic encounter specifically its "aid" to Africa as "rogue aid". Even though Bräutigam, (2009) claims Chinese aid provide the much-needed infrastructure fnancing in Africa. And Bluhm et al., (2018), who claim infrastructure help to reduce economic inequality. While Dreher et al., (2016) argue it promotes regional development. However, Asmus et al., (2017) contend the overwhelming tone of certain academic writing that favour China's model of infrastructure development through exorbitant loans in Africa. According to van de Merwe, (2019:210), Chinese infrastructure development model through loans that are repaid with natural resources is unashamedly colonial. It reinforces the colonial legacy of transporting natural resources form the periphery (Africa) to the metropole (European states and presently China), instead from one African country to another.

Even in the case where transport infrastructure is built to link one African country to another. The idea to facilitate the movement of Chinese manufactured goods from one African market to another.[10]In addition, the complexity of the presence of Chinese workers in Africa that has pushed Beijing to establish community and police cooperation centres in many African countries in order to protect Chinese citizens in these African countries is welcome with a lot of unease. For example, community and police cooperation centres in Ghana have been established under the Federation of Overseas Chinese and Chinese Associations to protect the interests of, and to combat crime within Chinese community in Ghana.[11]The same goes for South Africa with at least fourteen of such centres which aimed at guaranteeing the safety of Chinese citizens, as well as building safer Chinese community overseas."[12]The question that should be asked is if China can allow African government to establish police forces to protect African citizens in China? Knowing fully well how African citizens in certain Chinese cities

[10] "Wo de tuanzhang wo de tuan? Niriliya Huaxing yishu tuan shi ge shenme tuan?" [My Troupe Leader, My Troupe? What Is the Nigeria Huaxing Arts Troupes?], available at http://www.chinaqw.com/136/2019/1225/645.html.

[11] "Hualian zonghui yanqing jingchaju fawubu xiangguan renyuan zuotan xiangguan chengli 'Jing Min Zhongxin' xiangguan shiyi" [The Chinese Association Hosted a Banquet for the Personnel of the Police Department's Legal Department to Discuss Matters Related to the Establishment of the "Police and Citizen Center"], September 5, 2018, http://www.jianahualianzonghui.com/archives/2908.

[12] See also Tendai Dube, "No, the Chinese Are Not Opening Police Stations in South Africa," November 23, 2018, https://factcheck.afp.com/ no-chinese-are-not-opening-police-stations-south-africa. Within China, the term "safe" (平安) is often used in conjunction with urban surveillance and stability maintenance projects.

where badly treated at the height of the coronavirus pandemic according to human rights watch report.[13]

7. Statistics on Chinese Loans in Africa

Many uphold the view that China is leveraging on its debt-trap diplomacy through exorbitant infrastructure loans in an effort to 'recolonise' Africa (Kinyondo, 2019). This is because in a country like South Africa, there have been attempts to introduce the teaching of Chinese mandarin in schools without any success.[14]In addition to the fact that Su (2017) argues that it is impossible for African governments to repay the loans which has made them to resort to repaying the loans with natural resources.

However, looking at a case study of Angola which in 2010, accepted a US$2.5 billion oil-for-infrastructure loan from the Industrial and Commercial Bank of China to build the Nova Cidade de Kilamba, which is 30 kilometres from the capital, Luanda. A city which comprises some 750 five- to thirteen-floor apartment blocks, over 100 commercial premises, 17 schools and 24 day-care centres, as well as over 240 stores. The apartments were at first empty, and the city was considered a ghost city (Buire, 2015; Alves and Benazeraf, 2014). Because the management set prices that were too high for Angolans to purchase or rent the apartments. Such waste or mis-investment exist in several African countries where infrastructure projects such as football stadiums are abandoned because of lack of maintenance.

Notwithstanding, there is no available statistics of Chinse loans to various African countries, the amount reimbursed and what is left. This is confirmed by Brautigam and Hwang, (2016) who argue that a reliable database of the actual figure of Chinese loans owed by individual African countries is not made public. Even that of outstanding after a project is completed and the state has started reimbursing the debt with mineral resources is not available for public consumption (Brautigam and Hwang, 2016). This makes it difficult to be certain in terms of the accuracy of Chinese debt in figures.

[13] https://www.hrw.org/news/2020/05/05/china-covid-19-discrimination-against-africans
[14] https://www.dailymaverick.co.za/article/2016-03-10-op-ed-why-introducing-mandarin-in-sa-schools-is-not-a-good-idea/

8. The Impact of Chinese Loans in Africa

More than 38 African countries have seen their central government debt rise as a proportion of GDP between 2009 and 2018. More than 24 of African countries have now surpass the 55% debt-to GDP ratio recommended by International Monetary Fund (IMF). In addition, African countries face challenges in servicing their debt due to high dependency on commodity prices, volatile currencies and a weak capacity for domestic revenue mobilisation.[15]A study conducted by Mlambo, Kushamba and Simawu (2016: 271) on Chinese infrastructural loans in exchange for natural resources in Africa.

Claassen, Loots, Bezuidenhout (2012: 11595) also provide an alternative understanding of the impact of Chinese loans to Africa. According to the authors, China is keen on resource security in Africa. Every investment made by Beijing have a much broader approach than what is popularly known. Lee (2006: 325) therefore take a more radical stance regarding Chinese loans in Africa and label the situation as a "new scramble for Africa." The impact of Chinese loans in Africa is as dangerous as the impact of Euro-North America loans have been to Africa. Fei-Ling Wang and Esi (2014: 1030), claim there is increasing dissatisfaction among the locals of various African countries as a result of increasing Chinese involvement in almost every sector of production. Chinese loans are disempowering African citizens. The loans have also increased competition for jobs throughout various sectors in the continent due to the increasing number of Chinese workers settling down in various parts of Africa.

9. Conclusion

Based on evidence, the impact of Chinese loans in Africa is far more complexed than it is often portrayed. Some scholars may find similar issues regarding to Chinese loans in their research which contradicts conventional wisdom. Enuka (2011:21-22) for example has concluded that China deploys troops to Africa in order to meet their mineral and oil needs. An example is when the oilfields in Kordofan were imminent of an attack, the Chinese deployed soldiers to protect the oilfields and their economic interests. China's loans to African states are a strategy to promote China's interest. This article concludes that the overall impact of Chinese loans in Africa is negative. Africa needs to promote African solutions for African problems in all aspect

[15] https://mo.ibrahim.foundation/sites/default/files/2020-06/debt-distress-covid19.pdf

including infrastructure development. Trade by barter (loans to be reimbursed through mineral resources) should be banned and declared an abomination in Africa.

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