

GLOBAL CHINA INITIATIVE



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Chinese Loans to Africa During the COVID-19 Pandemic

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EXECUTIVE SUMMARY

In 2020, the Chinese Loans to Africa (CLA) Database, managed by the Boston University Global Development Policy (GDP) Center, recorded 11 new loan commitments worth \$1.9 billion from Chinese lenders to African government borrowers. This low amount, not seen since the mid-2000s, is down 77 percent from 2019 volumes, when Chinese lenders signed 32 loan agreements worth \$8.2 billion. Such a reduction in Chinese loan commitments to Africa is a continuation of a long-term decrease since 2016 and further exacerbated by the COVID-19 pandemic. The effects of COVID-19 on African economies and a worldwide pullback of Chinese lending capacity may explain such a drastic drop in Chinese lending amounts to Africa in 2020.

Despite low 2020 loan commitment volumes, Chinese lending to Africa has remained significant. The CLA Database estimates Chinese financiers signed 1,188 loan commitments worth \$160 billion with African governments and their state-owned enterprises between 2000 and 2020. These loans were provided to a variety of borrowers across different sectors and remain an important source of financing for African government borrowers. Should the declining trend of Chinese loans to Africa continue, other sources of Chinese financing, such as foreign direct investment (FDI), may expand in the region. A rebound in loan commitments will likely occur with structural changes to borrowing practices for African governments and lending standards for Chinese financiers.

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Main findings:

- In 2020, Chinese lenders and African borrowers signed 11 loan agreements for projects in the transport, power, information and communications technology (ICT) and banking sectors across Burkina Faso, Democratic Republic of Congo, Ghana, Lesotho, Madagascar, Mozambique, Rwanda and Uganda and the African Export-Import Bank, a regional bank. The Export-Import Bank of China (CHEXIM) financed eight of the 11 projects, while Bank of China (BoC), the Industrial and Commercial Bank of China (ICBC) and Dongfang Electric International Corporation provided the other three.
- Compared to previous years, the number of loans and the total value of loan commitments decreased dramatically in 2020. The COVID-19 pandemic likely impacted both African countries' ability to borrow and China's willingness to lend.
- The CLA Database estimates Chinese financiers signed 1,188 loan commitments worth \$160 billion with 49 African governments, their state-owned enterprises and five regional multilateral organizations between 2000 and 2020.
- From 2000 to 2020, the top ten African government recipients of Chinese loans are Angola, Ethiopia, Zambia, Kenya, Egypt, Nigeria, Cameroon, South Africa, Republic of Congo and Ghana. These ten countries account for 71 percent of all commitments between 2000-2020, of which loans to Angola constitute 27 percent, due to large oil-backed loan facilities from China Development Bank (CDB) and CHEXIM.
- The top recipients of Chinese loan commitments in Africa represent a range of characteristics: from the democratic South Africa to the authoritarian Republic of Congo; from middle-income Egypt to the low-income Democratic Republic of Congo (DRC), from the resource-rich Angola to the resource-poor Ethiopia. This diversity of borrowers underscores the willingness of Chinese lenders to respond to host country demand in Africa over the years, regardless of income level or regime type.
- Historically, Chinese loans to Africa for the ICT sector have trailed loans to the transport, power and mining sectors. In 2020, however, funding to the ICT sector rose to be the second largest after transport, with \$568 million worth of loans across five projects.
- CHEXIM maintains a leading share of loan commitments to Africa despite overall reduction. In contrast, CDB loans have shrunk since 2016 in relative and absolute terms, with no new loans in 2020.
- Despite such low commitments, Chinese loans to Africa particularly from Chinese policy banks, have been a major source of financing for large-scale infrastructure development projects since 2000. However, the extended decrease in loans since peaking in 2016, or since 2013 when excluding Angola, poses uncertainty about Chinese lenders' future appetite for providing high amounts of financing and African borrowers' readiness to borrow more.
- A loan commitment reduction in 2020 may not reflect a definite pullback of Chinese lending to the region, as the decline highlights how Chinese loan amounts tend to fluctuate during times of crisis and exposure to structural risk levels. The decrease is also consistent with pullbacks of Chinese lending in other parts of the world in 2020.



INTRODUCTION

In 2020, the Chinese Loans to Africa (CLA) Database, managed by the Boston University Global Development Policy (GDP) Center, recorded 11 new loan commitments worth \$1.9 billion from Chinese lenders to African government borrowers. This low amount, not seen since the mid-2000s, is down 77 percent from 2019 volumes, when Chinese lenders signed 32 loan agreements worth \$8.2 billion. Such a decrease was expected, considering Chinese lending to Africa has steadily declined since 2016. Effects of COVID-19 on African economies and a worldwide pullback of Chinese lending capacity may have contributed to Chinese lending amounts to Africa declining in 2020. The CLA Database and this policy brief provide deeper insights into these trends.

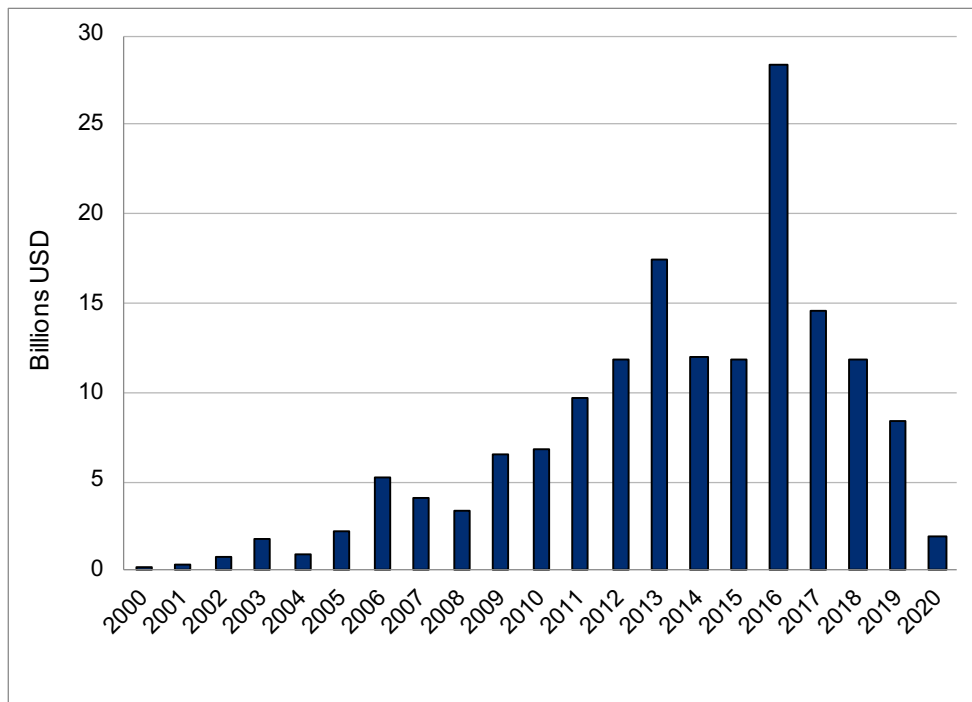
The CLA Database is an interactive data project tracking loan commitments from Chinese policy and commercial banks, government entities, companies and other financiers to African governments and state-owned enterprises. In contrast to other databases managed by the GDP Center, the CLA Database tracks loan commitments from Chinese commercial lenders and other government lenders beyond China's policy banks – China Development Bank (CDB) and Export-Import Bank of China (CHEXIM). Starting in 2007, researchers have collected, cleaned and analyzed publicly available data to create a database on Chinese lending to Africa. The data sources include official government documents, contractor websites, fieldwork, interviews and media sources.

The CLA Database estimates Chinese financiers signed 1,188 loan commitments worth \$160 billion with African governments and their state-owned enterprises between 2000 and 2020, as shown in Figure 1. These loans have been committed to 49 African governments and five regional multilateral organizations. The loan amounts are not equivalent to African government debt, as the database does not track disbursement or repayment. Overall, these tracked loans represent a breadth of loan financing commitments, derived from a diverse group of Chinese lenders, for the purpose of infrastructure development, government projects, social programs and liquidity needs.



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Figure 1: Chinese Loans to Africa, 2000-2020

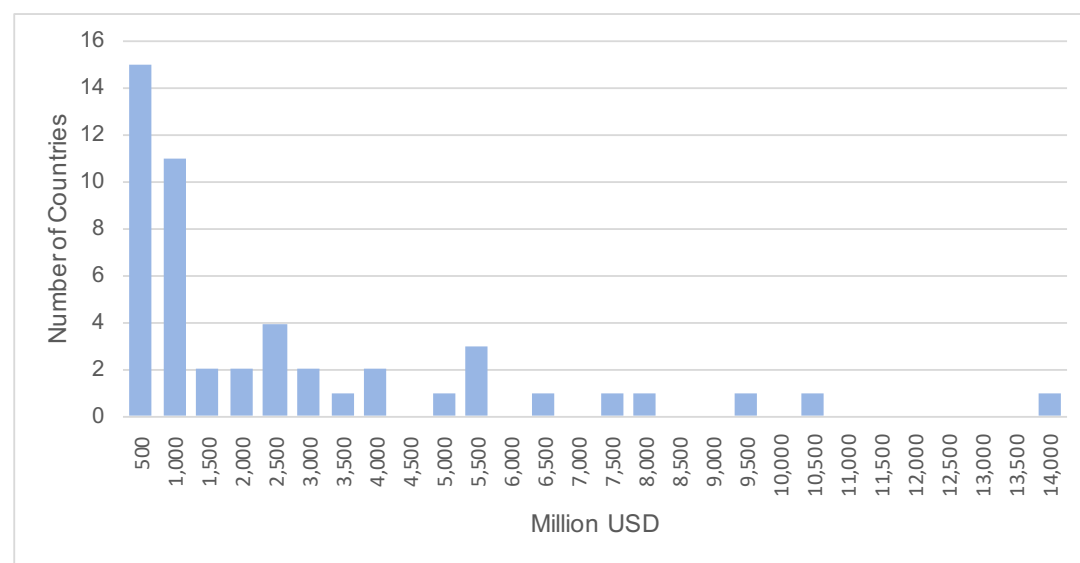


Source: Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center.



The range of Chinese lenders and financing options to address host government demand in Africa constitutes a complex web of actors and tools. Over the years, Chinese policy banks— CDB and the CHEXIM— have provided preferential export buyer’s credits (PEBC), concessional loans (CL), resourced-backed loans, commercial loans (CommL) and master facility loans. Other government entities such as China International Development Cooperation Agency (CIDCA, formerly under the Ministry of Commerce) have provided zero-interest loans. Chinese commercial bank lenders such as the Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB) and Bank of China (BoC) have provided commercial loans, while Chinese companies have provided supplier’s credits. As shown in Figure 2, half of African recipient countries receive less than \$1 billion in aggregate commitments, and the average size of loan commitment per project is around \$140 million. Angola is an outlier, with close to \$43 billion in aggregate commitments.

Figure 2: Chinese Loans to Africa, Aggregate Loan Amounts per Country Distribution



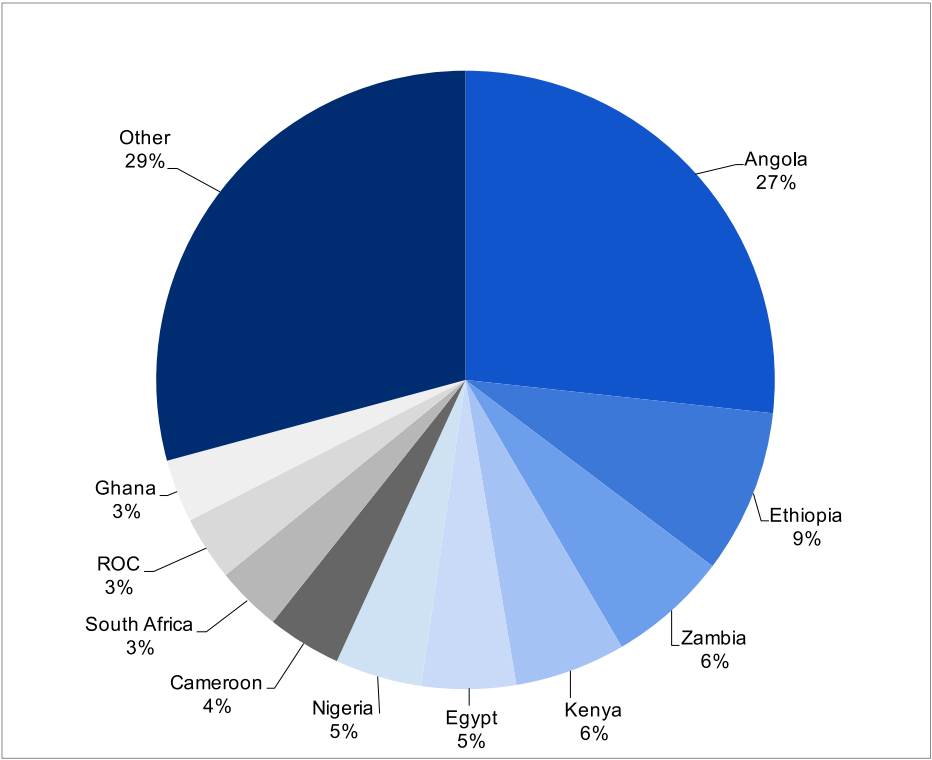
Source: Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center.

Loan commitments are spread throughout Africa, except for a few countries where no loans were found (e.g., Eswatini, Guinea Bissau, São Tomé and Príncipe, Somalia and Libya). The top ten recipients of loans account for 71 percent of all commitments between 2000-2020, of which loans to Angola constitute 27 percent as seen in Figure 3. Chinese lending to Angola has been characterized as an outlier primarily due to large oil-backed loan facilities from CDB and CHEXIM (Acker et. al. 2021). Shown in Figure 4, disaggregating loan commitments to Angola shows Chinese loans to Africa peaking in 2013.

Top recipients of Chinese loan commitments in Africa represent a range of characteristics: from the democratic South Africa to the authoritarian Republic of Congo; from middle-income Egypt to the low-income Democratic Republic of Congo (DRC), from the resource-rich Angola to the resource-poor Ethiopia. This diversity of borrowers underscores the willingness of Chinese lenders to respond to host country demand in Africa over the years, regardless of income level or regime type. Loan commitments in 2020 are reflective of this characteristic of Chinese lending, with recipients ranging from the comparatively democratic and middle-income Ghana and Lesotho to the low-income and authoritarian DRC and Rwanda.

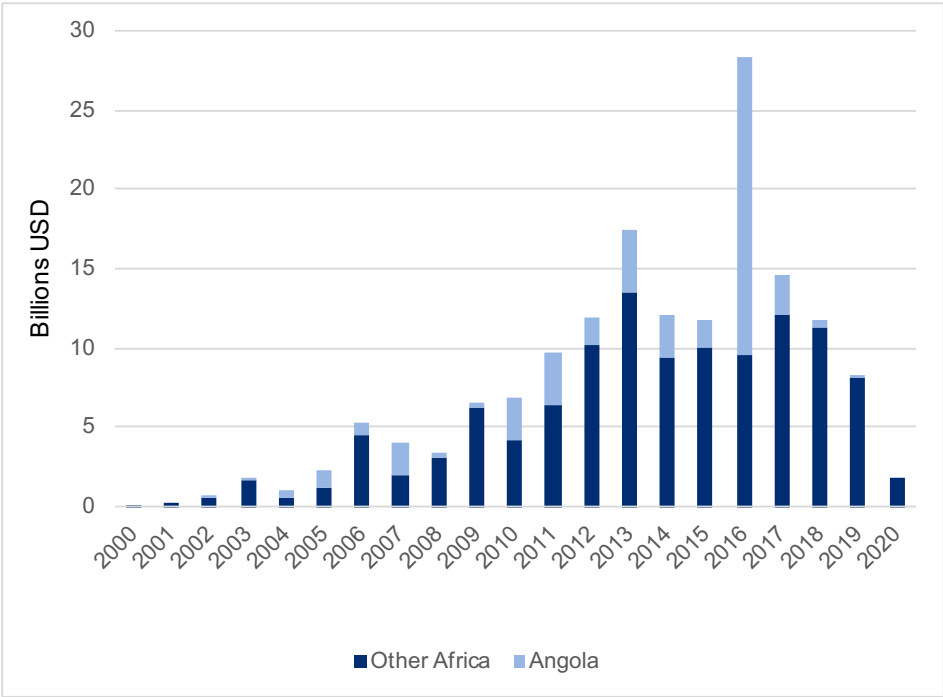


Figure 3: Chinese Loan Values to Africa by Country, 2000-2020



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

Figure 4: Chinese Loans to Angola vs. Other Africa, 2000-2020



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



THE COVID-19 PANDEMIC DIP: LOAN COMMITMENTS IN 2020

The \$1.9 billion of Chinese loan commitments to Africa in 2020 were distributed across 11 projects located in eight countries and one African regional bank, as seen in Table 1. Loan agreements for telecommunication digitization projects across five countries were signed, followed by loans to the power sector in three countries and to the transport sector across two countries. Of note, an infusion of \$200 million from BoC went to a pandemic relief fund at the regional multilateral African Export-Import Bank (Afreximbank), and Dongfang Electric International Corporation offered a supplier's credit for supplying rolling stock and locomotives to Ghana. Consistent with almost all previous years of Chinese lending in Africa, CHEXIM dominated the lending landscape by financing eight of the 11 projects in 2020.

Table 1: Chinese Loans to Africa, 2020

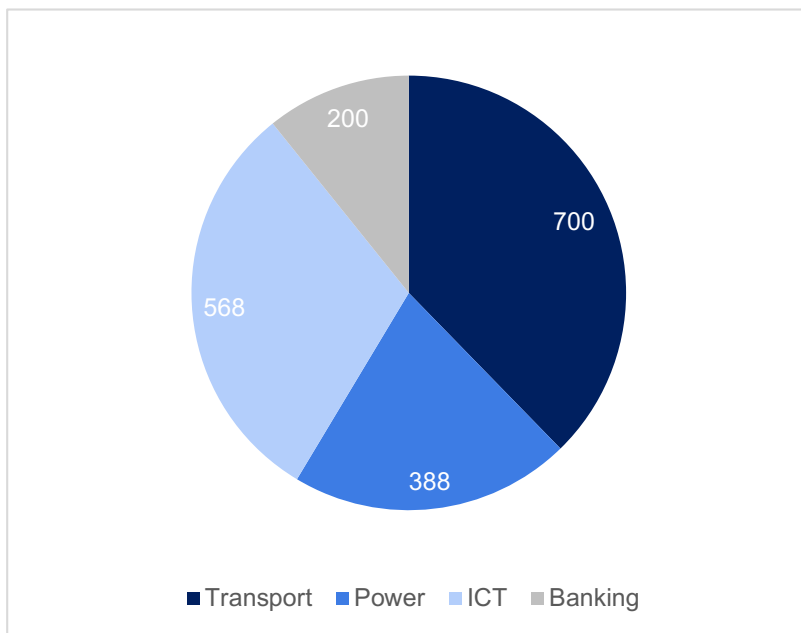
Loan-ID	Country	Financier	Type of Finance	USDmn	Purpose	Sector
BF.003	Burkina Faso	CHEXIM	CL	80	SMART Burkina Project	ICT
CD.031	DRC	CHEXIM	CL	150	Modernization and Digitization of Finance Ministry Communications Systems	ICT
GH.078	Ghana	CHEXIM	CommL	158	Ghana Rural Telephony and Digital Inclusion Project	ICT
GH.081	Ghana	ICBC	CommL	95	Electrification of 1,033 communities in Ashanti, Brong Ahafo, Eastern, Volta and Western Regions - Phase 2 (582 communities) under Self-Help Electrification Programme (SHEP) Phase V	Power
GH.085	Ghana	Dongfang Electric	Supplier's credit	244	Rolling stock procurement (35 new standard gauge locomotives and rolling stock)	Transport
LS.012	Lesotho	CHEXIM	Loan	79	Ha Ramarothole Solar Energy Project Mafeteng Phase I 30 MW	Power
MG.022	Madagascar	CHEXIM	PEBC	49	Telecommunications Modernization Project	ICT
MZ.071	Mozambique	CHEXIM	CL	132	Modernization and Expansion of the National Mobile Network (Tmcel)	ICT
RW.024	Rwanda	CHEXIM	CL	214	Nyabarongo River Dam II, 224MW; 110kV Evacuation Transmission Line	Power
UG.033	Uganda	CHEXIM	CommL	456	Oil Roads - Lots 1,2 & 3	Transport
AFR.031.01	Regional	BoC	CommL	200	Afreximbank: Pandemic Trade Impact Mitigation Facility (PATIMFA) Program-BoC	Banking

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

Distinct from previous years where the transport and power sectors dominated, loan amounts to the ICT sector pulled ahead, as seen in Figure 5. The ICT sector overtook the power sector to become the second largest sector, receiving \$568 million worth of loans spread over five projects. Given that over the past 21 years, average annual commitments to the ICT sector were around \$640 million, the amount of ICT loans barely took a hit during the pandemic. In comparison, average annual loan commitments to the transport sector were \$2.3 billion and \$1.9 billion for the power sector from 2000-2019, both of which took precipitous cuts in 2020.



Figure 5: Chinese Loans to Africa by Sectors in 2020, Millions USD



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

Some possible explanations to the resilience of the ICT sector in 2020 may come down to its crucial role in the pandemic economy. As African countries began implementing pandemic responses in March 2020, in-person events were forced into the virtual realm. Ghana banned public gatherings including conferences, workshops, funerals, festivals, political rallies and church activities on March 15, 2020 (Ministry of Health Ghana 2020); DRC followed suit on March 24, suspending commercial flights from other countries, banning large gatherings and closing clubs, restaurants and bars (France24 2020). These measures made telecommunication crucial for maintaining social and economic activities. Conversely, banning indoor dining and large gatherings may have led to a reduction in economic activities, disproportionately impacting the transport and power sectors. Specifically, the reduction of loans to the power sector may be part of a larger trend of China's retreat from financing coal and hydropower projects due to past controversies (Lu et. al. 2021). While ICT projects with loans signed in 2020 will not materialize immediately, the acute need for communication abilities was likely amplified during the pandemic.

FACTORS IMPACTING CHINESE LOANS TO AFRICA IN 2020

Internal and external factors may explain the relatively low Chinese loan commitments to Africa in 2020.

In terms of health impacts, COVID-19 appeared to affect the African continent much less than what was observed in the Americas, Europe and Asia (Ezeh et. al. 2021). However, the economic consequences of COVID-19 were severe: a brief commodity shock, lockdowns, travel restrictions and exchange rate depreciation impacted the balance sheets of some African governments. African governments' stimulus spending on healthcare, social programs, tax relief and private sector support led to an estimated doubling of fiscal deficits from a continental average of 4.6 percent of GDP in 2019 to 8.4 percent of GDP in 2020 (African Development Bank 2021). These deficits were coupled with lower revenue from commodity exports in oil-resource rich countries (e.g., Libya, Equatorial Guinea, Algeria, Angola, Nigeria) and other resource rich countries (e.g., Botswana, South Africa, Zambia,



Liberia), and a decline in trade and tourism revenue, impacting countries dependent on tourism (e.g., Mauritius, Seychelles, Cabo Verde) (African Development Bank 2021). Reallocation of fiscal resources and less revenue generating sources likely constrained the spending discretion of some African governments, impacting their ability to service outstanding debts and likely limiting their willingness to take on new loans for infrastructure development projects.

Overborrowing of some African governments may be another factor. After the Heavily Indebted Poor Countries (HIPC) debt relief effort from 1996-1999 and the Multilateral Debt Relief Initiative (MDRI) in late 2005, many developing countries had their qualified external debts canceled or reduced (IMF 2017). This reduction in debt overhang renewed their ability to borrow again (Bradlow et al. 2022). Of the 18 countries eligible for debt relief in January 2006, 14 were in Africa (IMF 2017). Incidentally, 2006 was the year Chinese lending to Africa began to see substantial growth. Compounded by the growing popularity of Eurobond borrowing, exchange rate depreciation and increasing primary deficits, African states racked up a substantial amount of debt by the time the commodity price crash hit in 2015 (Icyenza 2021, Bradlow et. al 2022). World Bank researchers point out that “Over the period 2010-18, the average public debt increased by half from 40 to 59 percent of GDP, making sub-Saharan Africa the fast-growing debt accumulation continent far beyond developing regions” (Carneiro et. al. 2020). By November 2020, Zambia became the first African state to default on its Eurobonds repayments (Mfula et. al. 2020). Ballooning public debt raised default risks and may have dampened China’s appetite for more lending to Africa.

Between 2020 and 2021, China wrote-off over \$100 million worth of interest-free loans and conducted ongoing negotiations for other debt relief support such as repayment extension, deferment, restructuring, either bilaterally or through the Group of 20’s (G20) Debt Service Suspension Initiative (DSSI) (Brautigam et. al. 2021). Moreover, standard measures of debt sustainability often paint African debt in graver condition than these countries’ public assets would warrant (Wang et. al. 2022). Such debt relief support and debt sustainability assessments may further lessen both lenders’ desire to lend and borrowers’ desire to borrow.

On the Chinese side, Chinese lenders have displayed more cautionary lending since 2016. Chinese financial regulators have issued regulations emphasizing risk mitigation and control, and Chinese policy banks have continually emphasized financial risk management (Ma et. al. 2020). For example, during COVID-19, it appears CHEXIM took measures to address risk management practices (CHEXIM 2021).

Domestic factors in China may have also contributed to Chinese lending levels. A reorientation of China’s own investment policy towards increasing domestic demands may be one factor. After pursuing the Going-Out policy for close to two decades to counter overcapacity and expand overseas markets, the US-China Tariff War of 2018 raised calls to refocus on developing China’s own domestic demands (Zhang 2018, Li 2020). This inward turn gained further steam at the onset of the pandemic, with major interruptions to international trade, investment and travel, crystallized into the “Domestic-International Dual Circulation” strategy announced in May 2020 (Song et. al. 2020). The dual circulation strategy called for giving domestic “circulation,” or domestic supply and demand, the center stage in economic development, while keeping enough openness to the international market to maintain supply chains.

Given these pandemic-related and internal-related factors, most loans that pulled through to the signing stage in 2020 reflect the time-intensive nature of contracting and loan acquisition processes, often spanning multiple years. CHEXIM’s loan to support Uganda’s National Oil Roads is a primary example. BoC’s loan to Afreximbank is an exception to these long processes, as it was purely a liquidity-related loan in response to the pandemic.



CASE STUDIES, 2020: WHEN LOANS PULL THROUGH

Uganda: The Loan That Must Proceed

On March 18, 2020, the Government of Uganda and CHEXIM signed a \$456 million loan agreement to construct six roads divided into three “packages.” The “National Oil Roads packages one, two and three” are part of a bigger objective to construct 12 roads in the Albertine Graben region, estimated to hold around 6 billion barrels of oil (Petroleum Authority of Uganda 2021). Despite the outbreak of COVID-19, which led Uganda to declare a state of emergency the same month the loan was signed, both Uganda and China had reasons to commit to the agreement (State House of Uganda 2020).

Determined to produce oil by 2020, the Ugandan cabinet directed Uganda’s National Roads Authority (UNRA) in December 2016 to deliver within two years the oil roads deemed essential for oil production by 2020 (Petroleum Authority of Uganda 2021, Kamoga, 2017). In response, UNRA concluded commercial contracts in February 2018 with contractors for packages one, two and three without securing the necessary funding and without seeking parliamentary approval (Parliament of Uganda 2019). These contracts bridged the funding gap with pre-financing agreements with the contractors that obligated the Government of Uganda to conclude a loan agreement within 12 months and reimburse the contractors for works delivered during that period (Uganda Ministry of Finance 2019).

CHEXIM’s loan offer was submitted to Parliament in May 2019 and the pre-financing period was extended. However, with parliamentary approval of the loan still pending when the pre-financing period ended in July 2019, UNRA found itself unable to pay all outstanding debts to the contractors. As UNRA’s outstanding debts would soon incur interest, “expedited approval of the loan [was] critical” (Parliament of Uganda 2019). Uganda’s Parliament approved CHEXIM’s offer in November 2019 and the loan contract was signed on March 18, 2020 (Uganda Ministry of Finance 2020).

CHEXIM’s interest in seeing this project realized is likely related to state-owned China National Offshore Oil Company’s (CNOOC) stake in Uganda’s oil sector. In February 2022, CNOOC, along with joint venture partners TotalEnergies and the Uganda National Oil Company, announced the Final Investment Decision (FID), a plan to invest nearly \$10 billion to develop Uganda’s oil sector and construct a pipeline that connects CNOOC and Total’s oil fields with Tanga Port in Tanzania (Petroleum Authority of Uganda 2022). The oil roads are a crucial prerequisite for construction of the pipeline and Uganda’s oil partners made the signing of the FID contingent on their implementation (Petroleum Authority of Uganda 2021).

Afreximbank: Pandemic Relief

In April 2020, BoC’s Johannesburg and London branches jointly signed a loan contract of \$200 million with Afreximbank to support the recently launched Pandemic Trade Impact Mitigation Facility (PATIMFA) (Embassy of the PRC in South Africa 2020). Through PATIMFA, Afreximbank reallocated and raised funds to provide financial support to help African countries mitigate the economic impact of the COVID-19 pandemic, including supporting African central banks and financial institutions to maintain their exchange rate and financial stability, and supporting African countries’ fiscal response to trade and export revenue challenges caused by COVID-19 (Afreximbank, 2020). The types of instruments that Afreximbank would offer through PATIMFA include direct funding, lines of credit, guarantees, swaps and letters of credit (Moody’s 2020).

Following the World Health Organization declaration of a global COVID-19 pandemic on March 11, 2020, countries across Africa declared state of emergency and lockdowns (WHO 2020). According to the official press by the Chinese Embassy in South Africa, the president of Afreximbank,

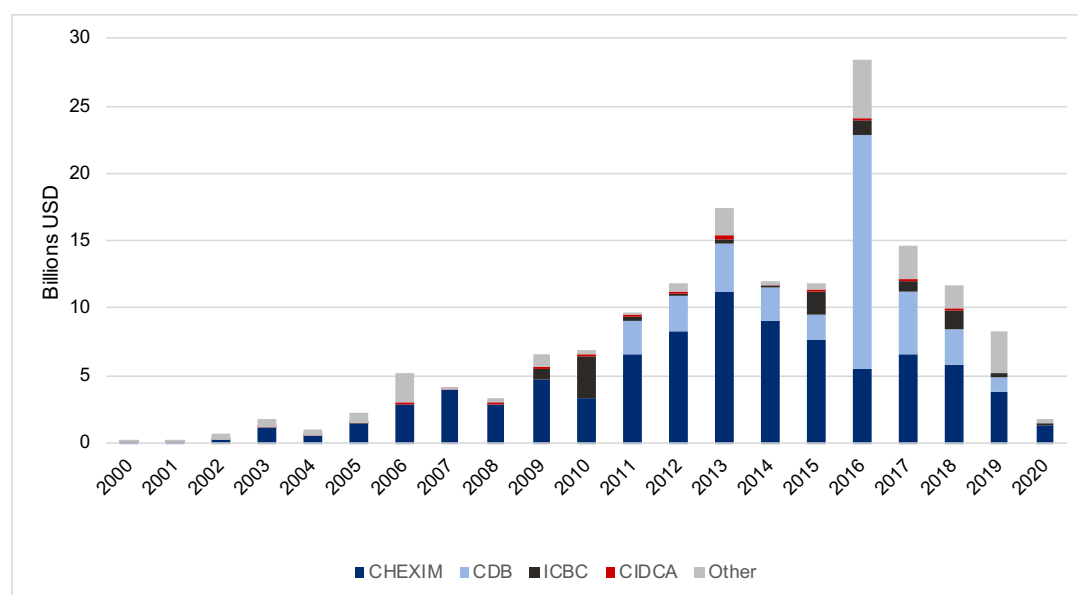


Dr. Benedict Okey Oramah, reached out to the BoC Chairman, Liu Liange, for financial support for PATIMFA. The loan was quickly approved and signed on April 28, 2020, with disbursement planned for early May 2020 (Embassy of the PRC in South Africa 2020, MOFCOM 2020).

OVERALL TRENDS: CHINESE LOANS TO AFRICA, 2000-2020

How do loan commitments in 2020 fit into the broader picture of Chinese loans in Africa over the years? By looking at the long-term trend from 2000 to 2020, both recurring patterns and new trends can be observed. CHEXIM has been the largest source of loan commitments to African government borrowers, contributing 54 percent of all commitments worth \$87 billion. CHEXIM is followed distantly by CDB at 24 percent or \$39 billion, with financing primarily concentrated in Angola. Together, these two policy banks account for \$126 billion, about 79 percent of total loan commitments since 2000. The other 21 percent of total loan commitments is covered by a range of commercial Chinese banks such as BoC and CCB, other sources of Chinese government financing such as zero-interest loans from CIDCA and a host of Chinese companies offering loan financing to African governments for goods and services. As seen in Figure 6, CHEXIM maintains a leading share of loan commitments to Africa despite overall reduction. In contrast, CDB loans have shrunk since 2016 in relative and absolute terms, with no new loans in 2020.

Figure 6: Chinese Loans to Africa by Financiers, 2000-2020

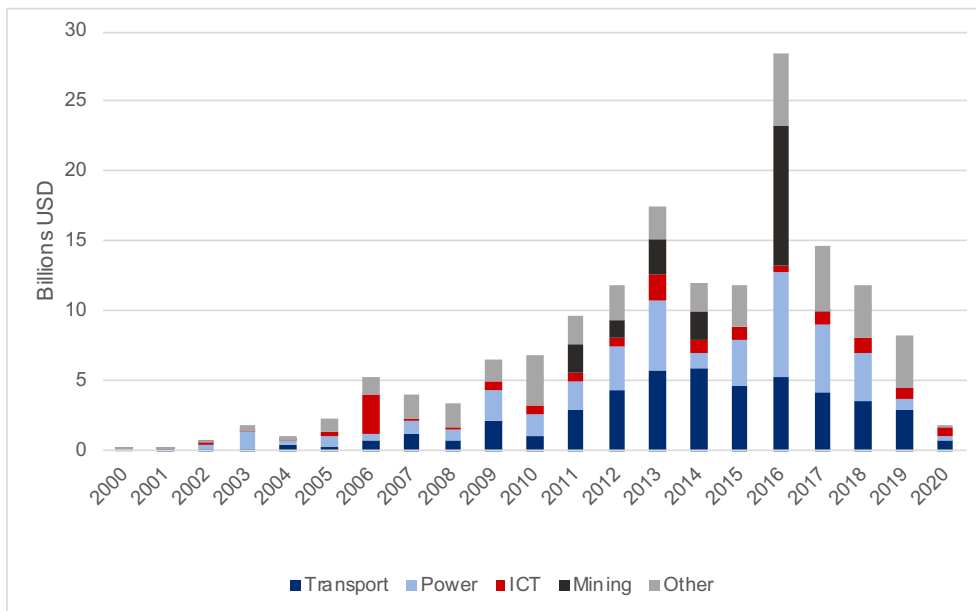


Source: Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center.

Chinese loans to Africa are concentrated in the transportation and power sector, which constitute 29 percent and 25 percent of total loan commitments, respectively. These two sectors cover major infrastructure development projects, including railways, roads, ports, airports, power plants and transmission lines. These two sectors are followed by the mining sector at 11 percent, which includes loans to national oil companies for both cash flow and mining development, and the ICT sector at 8 percent, which includes telephone lines and signal towers. Loans distributed by sectors are shown in Figure 7.



Figure 7: Chinese Loans to Africa by Sectors, 2000-2020



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

Overall sector trends depict the importance of Chinese loans to Africa since 2000 in infrastructure development sectors. These are sectors Chinese companies have comparative advantage and experience in, as the same group of companies rapidly built-up China's own infrastructure in the 1980s and 1990s. In addition, these sectors require large amounts of capital injection compared to sectors such as education, health and governance. For example, the 2018-2019 total budget for the Joint United Nations Programme on HIV/AIDS (UNAIDS) was \$1.12 billion worldwide, encompassing HIV testing, treatment, advocacy and prevention campaigns, and internal operations cost (UNAIDS 2019). In comparison, the 450 megawatts Souapiti Hydropower Project in Guinea alone was funded by a CHEXIM loan worth \$1.18 billion in 2018. This difference is not necessarily a reflection of the relative importance attributed to these sectors by the financiers or recipients, but the costly nature of large-scale infrastructure projects.

The concentration of loans into these sectors reflects several factors: African demand for infrastructure development, decades of retreat by Organization for Economic Cooperation and Development (OECD) financiers from expensive infrastructure projects, Chinese sectoral specialization in low-cost and rapid infrastructure development and Chinese policy banks' active support for their companies abroad (Hwang 2021). However, the on-going decrease in loans since 2016 poses uncertainty over African borrowers' readiness to borrow more and Chinese lenders' willingness to continue providing such high amounts of financing.

ARE CHINESE LOANS TO AFRICA DRYING UP?

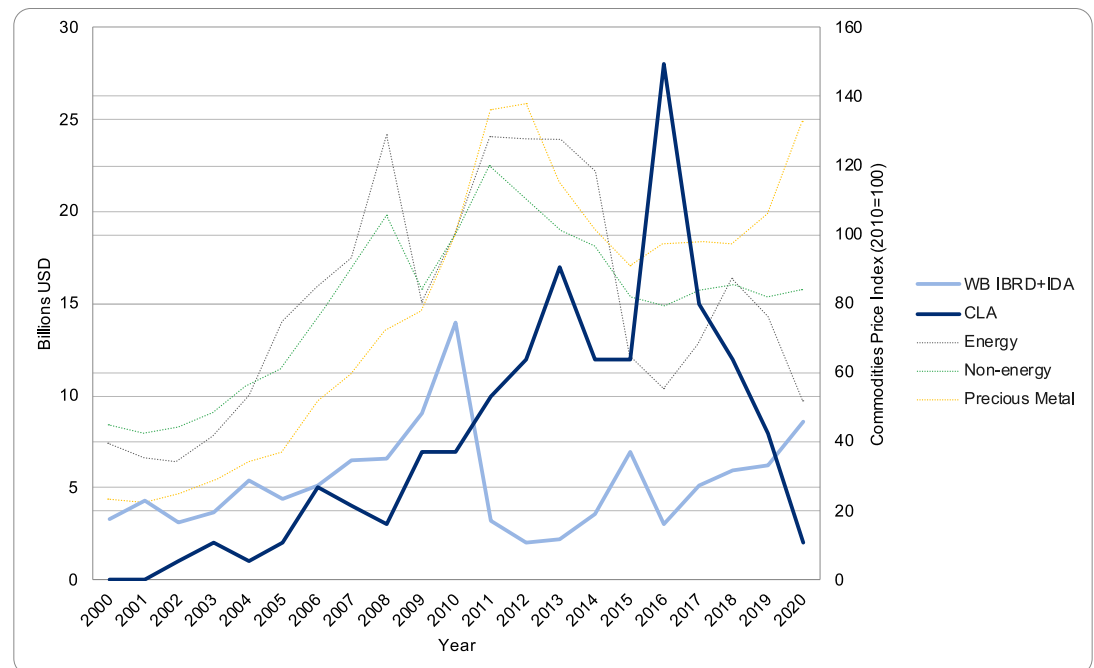
Although the declining trend of Chinese loans to Africa has persisted since 2016, the total amount of Chinese loans to Africa in 2020 appear to be a part of a periodic dip in Chinese financing across the world, likely due to the COVID-19 pandemic. Rather than a definite pullback of Chinese lending to the region, the trend mirrors declines in Chinese lending to Africa in comparison to the World Bank during times of crisis, and is also consistent with pullbacks of Chinese lending in other parts of the world in 2020 (Ray et. al. 2020, GDP Center CGEF 2021).



Chinese lending is driven by Chinese business and strategic interests. When risks are high, such as during the 2008 global financial crisis (GFC) or the COVID-19 pandemic, lending from Chinese financiers recedes. In the same vein, lending increases when there are economic or strategic interests at stake. The two large spikes in Chinese lending were both driven by loans to Angola and were heavily influenced by oil prices (Acker et. al. 2021). From 2011 and 2014 when oil prices were high, Angola signed \$11 billion worth of Chinese loans, primarily from CHEXIM and CDB and with a significant portion secured by oil exports. However, when commodities prices tanked in 2016, Angola could not generate enough profit to meet its repayments. Instead of allowing a major oil exporting partner like Angola to go into default, China redoubled its lending and infused \$19 billion worth of loans into Angola in 2016.

Chinese development finance in Africa has often been compared to World Bank lending (Hernandez 2017, Kopinski et. al. 2014, Gallagher et. al. 2012). As seen in Figure 8, juxtaposing lending trends with commodity prices and global economic shocks demonstrate the difference in lenders' lending priorities and practices during times of crisis. During the GFC, bank liquidity was a national priority for all governments, and Chinese lending to Africa likewise decreased. In contrast, at the trough of the recession when low commodity prices were stifling developing countries' economies, the World Bank ramped up lending for support. A similar pattern appears in 2015 when commodity prices tanked, World Bank lending increased and Chinese lending decreased. This trend is also apparent during the 2020 pandemic.

Figure 8: World Bank vs. Chinese Loans to Africa (CLA) with Commodities Index, 2000-2020



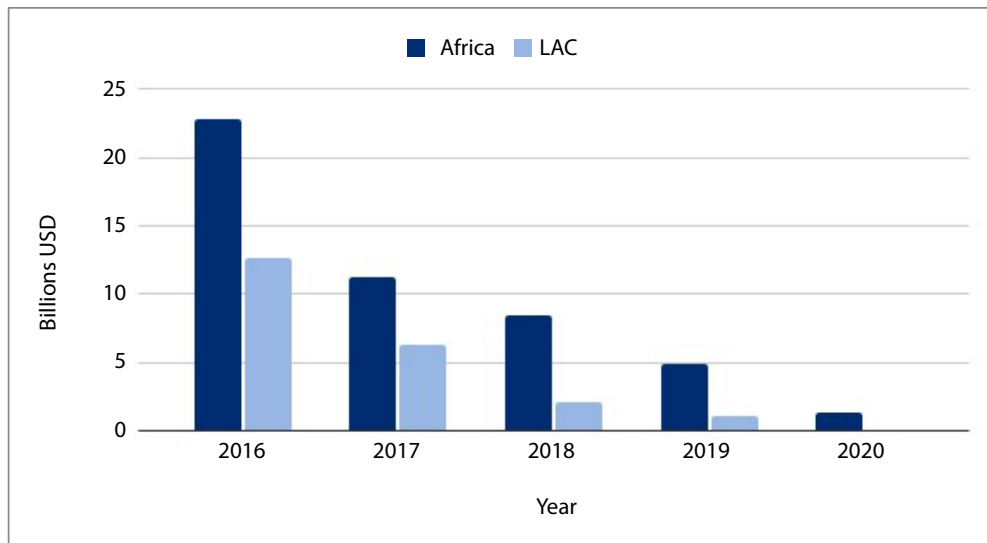
Source: World Bank International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) Historical Data. Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center.

Notably, the decrease in Chinese policy bank loan commitments in Africa matches declining trends in Latin America and the Caribbean (LAC) (Ray et. al. 2021). Although the regions are politically and economically distinct, including when it comes to the types of projects that attract Chinese loans, Chinese policy banks appear to have pulled back in both regions over the years, as shown in Figure



9. In 2020, this lending decline is comparatively less drastic in Africa, which received \$1.3 billion in loan commitments from CHEXIM and no loans from CDB, while Latin America received zero loan commitments from CDB and CHEXIM (Ray et. al. 2021).

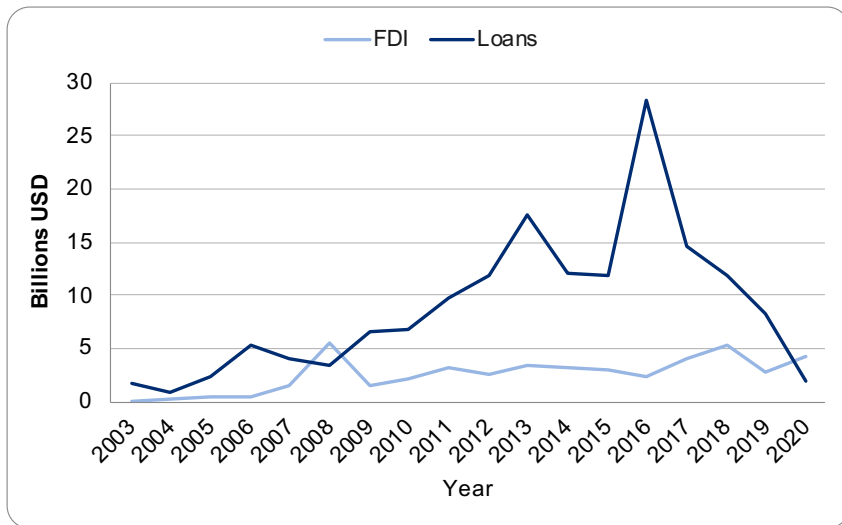
Figure 9: CDB and CHEXIM Loan Commitments by Region, 2016-2020



Source: Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center. China-Latin America Finance (CLAF) Database, 2022. Inter-American Dialogue. Boston University Global Development Policy Center.

Although it is unlikely Chinese loan commitments will completely dry up in Africa, China has continued to provide other types of financing in the region. Similar to 2008, Chinese foreign direct investment (FDI) in Africa increased during 2020, as shown in Figure 10. Given the comparatively stable FDI amount over time and the low Chinese development finance volumes, FDI may become an expanding financing source of China's overseas engagement in the coming years. It will be important to follow this development as a potential increasing source of Chinese investment in Africa.

Figure 10: Chinese FDI vs. Loans in Africa



Source: The Statistical Bulletin of China's Outward Foreign Direct Investment, 2022. Chinese Loans to Africa (CLA) Database, 2022. Boston University Global Development Policy Center.



CONCLUSION

While 2020 was in some ways a year of extreme reduction in Chinese loan commitments in Africa, in other ways it was a continuation of a long-term declining trend since 2016 or since 2013 when excluding loans to Angola. COVID-19 exacerbated this trend likely due to internal and external factors from both Chinese and African circumstances. While loan commitment levels may recover slightly in subsequent years, without structural changes to borrowing practices and lending standards, loan amounts are unlikely to buck the long-term reduction trend. Other financing instruments such as FDI or Chinese loans to African regional banks for on-lending to African governments may become more frequent sources of financing development projects in Africa.

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Appendix

Each year, researchers revisit all transactions in the CLA Database to update existing entries with new information and add new loan commitments. Throughout this process, the database is cross-checked with any existing open-source databases. This year, the CLA Database researchers cross-checked 2000-2017 data with AidData's Global Chinese Development Finance Dataset, Version 2.0. All CLA Database entries have been verified and updated against the most recent open-source information.

Additionally, the new CLA Database implemented some methodology changes. Researchers consolidated loan entries from CDB that were previously considered a master facility commitment that included loan disbursements for different projects. For this version of the database, these loans are considered disbursements of the same commitment instead of different loans.

Based on new information available, cancellation of project financing, cross-checking and changes to methodology, from 2000-2019, about \$6 billion of loans were added. Around \$1 billion of loans were dropped due to canceled commitments and changed commitment amounts. This netted a \$5 billion increase which led to an increase in the number of loans from 2000-2019 to roughly \$158 billion. Added loans are listed under Table 2, which includes 2020 loans. Table 3 includes loans with value changes and Table 4 lists dropped loans. Table 5 includes loans that were split or merged, and some of those loans had an increase in value. In the publicized CLA Database, loan amounts are rounded to the nearest \$1 million so rounding errors may exist.

All updates will be reflected in upcoming versions of other databases managed and maintained by the Boston University Global Development Policy Center.

Total Table Calculations

\$160 billion (new amount) = \$153.2 billion (old amount, 2000-2019) + \$6.7 (loan values added including 2020 loans, Table 2) - \$ 0.8 billion (loan values changed and dropped, Table 3 and 4) + \$1.0 billion (loan values consolidated/split with increases and decreases, Table 5)



Table 2: Loans Added to the CLA Database, 2022 Update**Total Loan Value Added for Table 2: \$6.7 Billion****Net Value Added for Table 2 (excludes 2020 loans): \$4.9 Billion**

Loan-ID	Year	Country	Financier	Clean USD	Purpose	Sector
NA.026	2000	Namibia	CHEXIM	1	Northern Tannery and Leather Project	Industry
BW.020	2001	Botswana	CIDCA	2	Unknown	Unallocated
NA.025	2001	Namibia	CIDCA	2	Unallocated	Unallocated
CF.011	2002	CAR	CIDCA	9	Barthélemy Boganda Stadium in Bangui	Other social
DJ.015	2003	Djibouti	CN Gov	16	New port gantry cranes	Transport
NA.023	2003	Namibia	CIDCA	4	Unallocated	Unallocated
MU.039	2004	Mauritius	CHEXIM	5	Financing for Mauritius Shipping Corporation Ltd.	Transport
TZ.055	2004	Tanzania	CN Gov	5	TAZARA rehabilitation (phase 12)	Transport
BJ.020	2005	Benin	ICBC	59	GSM Mobile Cellular Network and Conventional CDMA Network Extensions	ICT
BW.019	2006	Botswana	CHEXIM	17	Letlhakeng-Kang Road Section II Phase II 133 km (Dutlwe-Kang/Morwamosu)	Transport
DJ.014	2006	Djibouti	Huawei	18	National Mobile Telecom Expansion Phase II (GSM & CDMA Multipurpose Telecom)	ICT
CD.052	2006	DRC	CHEXIM	31	Expansion of Congo China Telecom GSM network	ICT
GA.040	2007	Gabon	CIDCA	4	Maison de la Radiodiffusion Télévision Gabonaise (RTG) headquarter	ICT
NA.024	2007	Namibia	CIDCA	15	Reinfontein National Youth Training Centre phase I	Education
NA.022	2008	Namibia	CIDCA	5	Eiseb Block Small Scale Agriculture Development	Agriculture
DJ.018	2009	Djibouti	CIDCA	3	Unknown	Unallocated
ZA.047	2009	South Africa	CCB	50	Recapitalization and Increase of Lending Capacity	Budget
ZA.051	2009	South Africa	CCB	19	Liquidity financing	Budget
GH.084	2010	Ghana	Poly Technologies Inc.	85	Procurement of Goods for the Ghana Armed Forces	Defense
NG.071	2010	Nigeria	CHEXIM	20	Nigerian Communications Satellite (NIGCOM-SAT) -Replacement Project	ICT
ZA.052	2010	South Africa	CCB	97	Liquidity financing	Budget
MU.038	2011	Mauritius	CHEXIM	6	Financing for Central Electricity Board	Power
LS.015	2012	Lesotho	CIDCA	8	Lesotho National Convention Centre Maintenance Project and other social projects	Other social
ZW.108	2012	Zimbabwe	CHEXIM	55	Unallocated	Unallocated
CD.033	2014	DRC	CIDCA	16	Economic and Technical Cooperation Agreement	Unallocated



Loan-ID	Year	Country	Financier	Clean USD	Purpose	Sector
CD.006.59	2015	DRC	CHEXIM	34	Tembe Na Tembe Administrative Building in Kinshasa	Government
ZA.048	2016	South Africa	CCB	20	Land Bank Syndicated Loan- CCB	Budget
ZA.049	2016	South Africa	BoC	6	Land Bank Syndicated Loan- BOC Facility A	Budget
ZA.050	2016	South Africa	BoC	6	Land Bank Syndicated Loan- BOC Facility B	Budget
EG.047	2017	Egypt	CDB	231	500kV Transmission Line Project 1210km (CDB Part, Total \$690mil)	Power
ET.070	2017	Ethiopia	CHEXIM	90	Woldiya II & Combolcha III Power Supply Stations, 400KV	Power
KE.090	2017	Kenya	CHEXIM	90	Kamburu - Embu - Kibirigwi - Thika 220 KV Transmission Line & 220/132 Kv Substation & 132/66 kv Substation at Uplands	Power
NG.054	2017	Nigeria	ICBC	43	Enugu Housing - 72 Units	Other social
SL.039	2017	Sierra Leone	ICBC	659	Queen Elizabeth II Quay Update	Transport
GH.067.04	2018	Ghana	Sinohydro Ltd.	81	Kumasi Inner City Roads 100 km	Transport
GH.067.05	2018	Ghana	Sinohydro Ltd.	39	Tamale Interchange Project	Transport
GH.067.06	2018	Ghana	Sinohydro Ltd.	58	PTC Roundabout Interchange Project, Takoradi	Transport
GH.067.07	2018	Ghana	Sinohydro Ltd.	71	Adenta-Dodowa Dual Carriageway 14 km	Transport
GH.067.08	2018	Ghana	Sinohydro Ltd.	49	Sunyani Inner City Roads 39 km	Transport
GH.067.09	2018	Ghana	Sinohydro Ltd.	40	Western Region and Cape Coast Inner City Roads 32.19 km	Transport
GH.067.10	2018	Ghana	Sinohydro Ltd.	45	Upgrading of Selected Feeder Roads in Ashanti and Western Regions 68 km	Transport
GH.067.11	2018	Ghana	Sinohydro Ltd.	34	Rehabilitation of Oda-Ofoase-Abirem Road 38 km	Transport
ZM.104	2018	Zambia	ICBC	210	Zambia Army 7th Regiment Barracks and Head-quarter in Choma Province	Defense
EG.026.01	2019	Egypt	MixedCN: CHEXIM, Industrial and Commercial Bank of China, Bank of China, Minsheng Bank, China CITIC Bank, Construction Bank, Kuwait National Bank, and HSBC	2550	New Cairo City Central Business District	Government
BF.003	2020	Burkina Faso	CHEXIM	80	SMART Burkina Project	ICT
CD.031	2020	DRC	CHEXIM	150	Modernization and Digitization of Finance Ministry Communications Systems	ICT
GH.078	2020	Ghana	CHEXIM	158	Ghana Rural Telephony and Digital Inclusion Project	ICT
GH.085	2020	Ghana	Dongfang Electric	244	Rolling stock procurement (35 new standard gauge locomotives and rolling stock)	Transport



Loan-ID	Year	Country	Financier	Clean USD	Purpose	Sector
LS.012	2020	Lesotho	CHEXIM	79	Ha Ramarothole Solar Energy Project Mafeteng Phase I 30 MW	Power
MG.022	2020	Madagascar	CHEXIM	49	Telecommunications Modernization Project	ICT
MZ.071	2020	Mozambique	CHEXIM	132	Modernization and Expansion of the National Mobile Network (Tmcel)	ICT
AFR.031.01	2020	Regional	BoC	200	Afreximbank: Pandemic Trade Impact Mitigation Facility (PATIMFA) Program-BoC	Banking
RW.024	2020	Rwanda	CHEXIM	214	Nyabarongo River Dam II, 224MW; 110kV Evacuation Transmission Line	Power
UG.033	2020	Uganda	CHEXIM	456	Oil Roads - Lots 1,2 & 3	Transport

Table 3: Loans Changed in the CLA Database, 2022 Update
Total Net Value of Loans Changed (highlighted): \$0.1 Billion

Loan-ID	Year	Country	Financier	USD	Purpose	Sector
BW.006	2006	Botswana	CHEXIM	19	Lethakeng-Kang Road Section II 133 km (Dutlwe-Kang/Morwamosu)	Transport
BW.001	2007	Botswana	CIDCA	11	Gaborone Multipurpose Youth Center	Other social
CM.039	2007	Cameroon	CHEXIM	25	Douala Water Supply Project Treatment Plant - Phase I	Water
GQ.029	2009	Equatorial Guinea	CHEXIM	149	Malabo Power Grid, Phase 2	Power
GH.015.02	2012	Ghana	CDB	850	Western Corridor Gas Infrastructure Project, Jubilee Oil Field	Power
GH.081	2020	Ghana	ICBC	95	Electrification of 1,033 communities in Ashanti, Brong Ahafo, Eastern, Volta and Western Regions - Phase 2 (582 communities) under Self-Help Electrification Programme (SHEP) Phase V	Power
KE.040	2015	Kenya	CHEXIM	136	Garissa Solar Power Project 50MW	Power
ZA.037	2018	South Africa	ICBC	265	Financing capital expenditures and operating activities	Transport
UG.013	2015	Uganda	CHEXIM	15	National Backbone Data Transmission Project III	ICT
AO.137	2018	Angola	MixedCN: ICBC & China Minsheng Bank	405	Electrification and Home Connections in Zaire Province	Power
EG.023	2017	Egypt	MixedCN: CHEXIM & ICBC	459	500kV Transmission Line Project 1210km (CHEXIM and ICBC Part, Total \$690mil)	Power
ZM.119	2018	Zambia	Other CN Financing: Industrial Bank	191	FTJ Chiluba University Construction in Mansa	Education
CM.039	2007	Cameroon	CHEXIM	25	Douala Water Supply Project Treatment Plant - Phase I	Water



Loan-ID	Year	Country	Financier	USD	Purpose	Sector
EG.023	2017	Egypt	MixedCN: CHEXIM & ICBC	459	500kV Transmission Line Project 1210km (CHEXIM and ICBC Part, Total \$690mil)	Power
GQ.029	2009	Equatorial Guinea	CHEXIM	149	Malabo Power Grid, Phase 2	Power
ET.069	2015	Ethiopia	CHEXIM	31	Ethiopia-Djibouti Railway Transmission Line Power Supply, 750km	Power
KE.008	2013	Kenya	CHEXIM	70	Equipment for Phase II of Kenya's National Youth Service Project	Government
KE.075	2017	Kenya	CHEXIM	201	Karimenu Dam Water Supply Project	Water
ZA.037	2018	South Africa	ICBC	271	Financing capital expenditures and operating activities	Transport

Table 4: Loans Dropped from the CLA Database, 2022 Update
Total Loan Value Decrease: - \$0.9 Billion

Loan-ID	Year	Country	Financier	Clean USD	Purpose	Sector	Reason
ET.032	2011	Ethiopia	CHEXIM	89	Gibe III Hydropower Project 10x187(1870MW) (CHEXIM loan)	Power	Duplicate of ET.061, which includes ET.032.
ZM.140	2019	Zambia	AVIC International Project Engineering Company	24	Rehabilitating and maintaining approximately 7,000km of (4,000km - Phase I and 3,000km - Phase II) feeder roads - Phase I	Transport	Project not included in subsequent budgets in 2021.
SD.097.02	2009	Sudan	CHEXIM	199	Al Rank-Malakal Road (Peace Road) 340 km	Transport	Project located in South Sudan after separation of Sudan and South Sudan in 2011, with no indication of loan being transferred.
BJ.004	2016	Benin	CHEXIM	270	Adjarala Hydropower Project 147MW (Benin Loan)	Power	Financing canceled in 2020.
GH.057.02	2016	Ghana	BoC	231	Tema Port Expansion Project	Transport	JV; Ghanaian government not majority shareholder, no signs of sovereign guarantee.
SL.030	2016	Sierra Leone	China Railway Engineering Corporation (CREC)	165	Wellington-Masiaka Toll Road; 67km	Transport	Original data had value omission. PPP with evidence that the government must take over the loan if the company defaulted on the loan.
TG.017	2016	Togo	CHEXIM	57	Adjarala Dam 147MW Add-on Loan	Power	Financing canceled in 2020.



Table 5: Consolidated and Split Loans**Total Amount of Dropped Loans: \$3.3 Billion****Total Amount of Added Loans Based on Consolidation or Splits (highlighted): \$4.3 Billion****Difference: \$1.0 Billion**

Loan-ID	Year	Country	Financier	USD	Purpose	Sector	Reason
NA.006	2012	Namibia	CHEXIM	135	MR67 Omakange-Ruacana Road and DR3602 Omafo-Outapi Road Upgrade	Transport	Split into NA.020 and NA.021 and amount decreased
NA.020	2012	Namibia	CHEXIM	85	DR3602 Omafo-Outapi Road Upgrade 98km	Transport	NA.006 was split into NA.020 and NA.021
NA.021	2012	Namibia	CHEXIM	33	MR67 Omakange-Ruacana Road 86km	Transport	NA.006 was split into NA.020 and NA.021
ZA.043	2015	South Africa	CDB	1139	Transnet Locomotive Purchases	Transport	
ZA.004.02	2016	South Africa	CDB	464	Transnet Locomotive Purchases - 2016 Disbursement	Transport	Combined into ZA.043 and value increased
ZA.004.03	2017	South Africa	CDB	153	Transnet Locomotive Purchases - 2017 Disbursement	Transport	Combined into ZA.043 and value increased
ZA.004.04	2018	South Africa	CDB	156	Transnet Locomotive Purchases - 2018 Disbursement	Transport	Combined into ZA.043 and value increased
ZA.004.05	2019	South Africa	CDB	317	Transnet Locomotive Purchases - 2019 Disbursement	Transport	Combined into ZA.043 and value increased
ZA.045	2017	South Africa	CDB	1500	Medupi Coal Power Plant expansion (6X794=4800MW)	Power	
ZA.019.02	2018	South Africa	CDB	900	Medupi Coal Power Plant expansion (6X794=4800MW) Tranche A	Power	Combined into ZA.045 and amount did not change
ZA.019.03	2019	South Africa	CDB	600	Medupi Coal Power Plant expansion (6X794=4800MW) Tranche B	Power	Combined into ZA.045 and amount did not change
GH.067.02	2019	Ghana	Sinohydro Ltd.	550	Construction/Rehabilitation of Selected Roads and Interchanges in Ghana- Phase 1	Transport	Split into GH.067.03 to GH.067.12 and amount decreased
GH.067.03	2018	Ghana	Sinohydro Ltd.	80	Accra Inner City Roads 84 km	Transport	
GH.067.12	2018	Ghana	Sinohydro Ltd.	49	Hohoe-Jasikan-Dodi Pepesu Road 66.4 km	Transport	
ZA.036.02	2019	South Africa	CDB	50	Kusile Power Station and other Eskom Infrastructure; Tranche A	Power	Combined into ZA.044 and amount increased
ZA.044	2018	South Africa	CDB	1443	Kusile Power Station and other Eskom Infrastructure	Power	





GLOBAL CHINA INITIATIVE

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