

MAPPING CHINESE DEVELOPMENT
ASSISTANCE IN AFRICA



AN ANALYSIS OF THE EXPERIENCES OF
CAMEROON



MAPPING CHINESE DEVELOPMENT ASSISTANCE IN AFRICA
An analysis of the experiences of Cameroon

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About AFRODAD

Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by Africa governments.
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being apolitical, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of Seven programme and five support staff.

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PREFACE

In November 2008 AFRODAD published a report “Mapping Chinese Development Assistance in Africa – An Analysis of the experiences of Angola, Mozambique, Zambia, and Zimbabwe.” This report is a follow up to that report, specifically looking at Cameroon.

China is one of the fastest-growing countries in the world, and is expanding its presence in Africa. According to the Economist (19/02/2011) China officially passed Japan to become the world’s second biggest economy. China’s GDP amounted to \$5.9 trillion against Japan’s \$5.5 trillion. In addition, China has been more than willing to play the role of key development aid partner and investor in Africa.

Development assistance continues to one of main instruments of international cooperation. In effect, development assistance has become an important ingredient in financing national budgets in many African countries. Governments are increasingly allocating a big portion of development assistance towards key sectors of development. Some African countries, are increasingly following a more “look East” policy, hence China is steadily becoming an alternative to the traditional western donors.

This report analyses the linkages between China’s involvement in Cameroon and development in Cameroon. It gives a historical background of China’s relationship with Cameroon which dates back to the 90s. The report describes in detail how Chinese development assistance in Cameroon fits into Cameroon’s development strategy especially with regard to meeting the fast approaching deadline for the MDGs. It analyses the nature and volumes of Chinese development assistance in structure and composition and lists the major projects that china is involved in Cameroon. The report identifies the major areas of the economy that China is involved in and lastly and more importantly the report concludes by giving actionable policy recommendations to both government and civil society as to how best Cameroon can equitably benefit and sustain its relationship with China in the future.

AFRODAD hopes that the Cameroonian government and other stakeholders take the findings and recommendations of this report seriously and address the issues raised there-in.



Collins Magalasi
Executive Director
AFRODAD



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ACRONYMS

ADIN	Africa Development Interchange Network
ADS	Approved Destination Status
AfDB	African Development Bank Group
AFRODAD	African Forum and Network on debt and Development
ARMP	Agence de Regulation des Marches Publics
BWI	Bretton Woods Institutions
CAMYOSFOP	Cameroon Youth and Students Forum for Peace
CEMAC	Communauté Economique et Monétaire de l’Afrique Centrale
CNPC	China’s National People’s Congress
CPC	Communist Party of China
CPDM	Cameroon Peoples Democratic Movement
CSOs	Civil Society Organizations
CTS	Comité Technique de Surveillance (Technical Committee for Surveillance)
DAC	Development Assistance Committee
EU	European Union
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Co-operation
GDP	Gross Domestic Product
GESP	Growth and Employment Strategy Paper
GFAC	Groupement des Femmes d’Affaires du Camerun (Business Women’s Association of Cameroon)
GNI	Gross National Income
GREMPCO	Graduate Emporium Consortium
HIPC	Highly Indebted Poor Countries
IFI	International Financial Institutions
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MOU	Memorandum of Understanding
NCPD	National Committee on Public Debt
NEPAD	New Economic Partnership for the Development of Africa
NSPGE	National Strategic Paper for Growth and Employment
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCRB	Public Contract Regulation Board
PNDIS	Projet National de Développement des Infrastructures
PPP	Purchasing Power Parity
PRSP	Poverty Reduction Strategy Paper



SAP	Structural Adjustment Plan
SDR	Special Drawing Rights
SNI	Société Nationale des Investissements (National Investment Company - Cameroon)
UNDP	United Nations for Development Program
WTO	World Trade Organization



EXECUTIVE SUMMARY

While African economies face growing poverty as a result of a complex economic crisis, developed countries are still far from fulfilling their commitment to allocate 0.7 percent of their Gross National Income (GNI) to Official Development Assistance (ODA). The International Monetary Fund (IMF) and World Bank (WB) Structural Adjustment Programmes (SAPs) in the period of 1987-1997 and subsequent implementation of a Poverty Reduction Strategy Paper (PRSP) also failed to bring Cameroon back to prosperity. Shifting from “diplomatic relations” with Taiwan, Cameroon established diplomatic ties with the People’s Republic of China on March 26, 1971. The two countries have since then signed a series of economic and commercial agreements.

Cameroon intends to use its bilateral cooperation with China to achieve the goals in its new development strategy, now embedded in the National Growth and Employment Strategy Paper (GESP) with a time frame vision of 2025, with the ambition to become “a united, emerging, diversified and truly democratic country.” Chinese Development Assistance is aligned with Cameroon’s priorities in terms of financing overarching projects. It includes, without political or governance related conditionality, long term public loans with low interest rates, grants and economic private loans through EXIM Bank China. That assistance was boosted by China’s general new intervention strategy in Africa.

Chinese development assistance to Cameroon is generally project related, but these projects are mostly executed by Chinese companies, with equipment imported from China, limiting opportunities for local Small Size Structures. The Chinese assistance to Cameroon, despite some complaints, has ironically had a positive impact on Civil Society Organisations (CSOs) work by opening more ground and space. It is not attached with strings of policy reform but is considered likely to undermine efforts to strengthen transparency. It has not had any significant and specific observable institutional impact, but has increased Cameroon’s overall trade deficit. Technology transfer is still insignificant, but cooperation with China has opened a new route to Cameroonian private initiative.

Countries of the Central African Economic and Monetary Community (Communauté Economique Monetaire de l’Afrique Centrale - CEMAC) could capitalize on China’s willingness to offer assistance in infrastructure to negotiate useful infrastructure packages with China, in the interest of their people. Three main stages should be considered for this, including: (1) the needs assessment phase; (2) the negotiation phase and (3) the project implementation phase. The state of competition between Chinese and western assistance is a huge opportunity to be seized by Africa. Priority economic sectors such as agricultural and energy sector in Cameroon are badly in need of funding.

There is an opportunity for African Civil Society Organizations to organize networks and regional groups among themselves to deal with the larger effects of Chinese assistance in the region. Continued dialogue and discussions are key to such a process. Civil Society Organizations must be proactive and help their governments proceed with rational choices. Advocacy has to come even long before assistance packages are decided upon.

A more pragmatic vision should be given to Sino-African relationships to ensure that China's role does not undermine the advancement of economic governance and development in Africa. Cooperation with Chinese civil society would, therefore, play an important role in holding their government accountable. African and Cameroonian civil society can enhance the opportunities and mitigate the threat of Chinese relations with Africa by collecting and disseminating the right information.

Projections in allocation of aid resources should ensure that the benefits provide enough added-value to make aid needless in the future and that the projects are economic sustainable.

The Cameroon government and public institutions or committees involved in Sino-Cameroonian cooperation have to be constantly questioned on how the relationship is managed. African Union institutions and traditional donors are an important target with regard to the need for harmonization and coherence of all Official development Assistance (ODA) including Chinese aid. The government of China is an indirect target to aim at, using Chinese CSOs. Finally, people at community level in Cameroon should also be targeted with information and sensitization on the advantages and the inconveniences of cooperation with China.

China has become a growing economic power in the world today in many areas including trade and international cooperation. The Chinese approach for assistance to and cooperation with Africa, based on a declared policy of non-interference and mutual benefit, in a win-win format is changing the rules of the ODA game and posing unexpected competition to traditional donors.

1 INTRODUCTION AND BACKGROUND

1.1 General Context

1.1.1 Africa and Cameroon in the global Financing for Development context

African economies are generally characterized by growing poverty, a result of a continental economic crisis, which in the case of Cameroon began in 1986. Since 2002, there has been growing concern over the lack of compliance by developed countries with their commitment to allocate 0.7 percent of their Gross National Income (GNI) to Official Development Assistance (ODA). Only a small proportion of the ODA increase has contributed to the transfer of fresh money to the South¹, whereas increased transfers are a necessary pre-condition for the fulfilment of internationally agreed development goals including the Millennium Development Goals (MDGs), for the effective eradication of poverty, and the fulfilment of the decent work agenda. Cameroon is no exception to the general, unsuccessful financing for development trend in Africa.

The country had a period of prosperity during the decade prior to 1986, with a booming economy that could yield foreign exchange revenue from petroleum, cocoa and coffee. The annual average growth rate in terms of Gross Domestic Product (GDP) was 7%, from the late 1970s through 1985. But, after that period, the country witnessed an economic crisis, characterized by a dramatic fall in foreign exchange revenue, because of a decline in the world prices of oil, cocoa and coffee, and because of diminishing supplies of oil. In the period 1987 to 1993, the country's average annual GDP change was negative² (-2.8%) and in 1989, the purchase prices of cocoa and coffee applied to farmers were halved by the government and subsidies were reduced.

The economic crisis impoverished much of the Cameroonian population, with levels officially as high as 40.2 % in 1996 resulting in an important rural exodus³. In order to cope with that difficult economic situation, the Cameroon government requested and received assistance from the Paris Club donors and from the World Bank and the International Monetary Fund (IMF), through a Structural Adjustment Programme in the period 1987-1997. Despite these interventions, the burden of the external debt remained unsustainable, with debt stock totaling US\$7802 million in nominal terms by end of June 1999. The Cameroonian government had to design a Poverty Reduction Strategy Paper (PRSP), implementation of which started in 1997 after validation by the Bretton Woods Institutions, within the framework of the Highly Indebted Poor Countries (HIPC) initiative. The PRSP was reconsidered and reframed as the Growth and Employment Strategy Paper (GESP) in June 2008. Beside this, an extensive programme has been launched to fight corruption.

¹ GSEG back ground paper for the UN Conference on the Financial Crisis and its impact on Development, New York, March 2010.

² UK Economist Intelligence Unit (EIU), Country Profile: Cameroon, Central African Republic, Chad, 1997.

³ Cameroon Ministry of Economy Programming and Regional Development, Groth and Employment Strategic Paper (GESP), 2009.

Cameroon was admitted into the Heavily Indebted Poor Country (HIPC) initiative in May 2000. The country attained Decision Point of the HIPC initiative in October 2000, and the Completion Point in April 2006. Cameroon consequently benefited from a debt relief grant, through the prepayment of the International Bank for Reconstruction and Development (IBRD) loans outstanding at end-June 1999, amounting to US\$20 million, compared to US\$75 million assumed if Completion Point had been reached in 2003⁴.

Cameroon had a positive growth for almost a decade and a half. Growth rate averaged 4% between 1994 and 2003, slowed in 2004 and 2005 (2% in 2005) and picked up again in 2006 to just 3.8%⁵. This, however, has not been high enough for a significant impact on poverty reduction⁶. Poverty level is estimated at about 40% in 2009⁷ and from the last evaluation by the Ministry of Economy, Planning and Regional Programming in collaboration with the UNDP; the country is not likely to attain the Millennium Development Goals (MDGs)⁸, despite some progress in education and gender. Cameroon globally faces a wide range of challenges including: growing unemployment, poverty, lingering corruption, public mismanagement, a fragile socio-political environment and low pace of democracy⁹. The putting in place of all institutions constitutionally supposed to accompany the process of democratization is still yet to be completed. The Senate, for instance, is not yet operational and the ongoing decentralization has already taken more than 10 years. In February 2008, more than 15 years after the political turmoil that marked the transition from a single party system to political pluralism (1990-1992), the high cost of living resulted into social unrest.

Ministerial Anti-corruption Units were created, with the purpose of tracing existing cases and preventing potential cases of corruption in the Public Sector. Additionally, a National Governance Programme was simultaneously launched to ensure that necessary steps are taken to put an end to corruption in a coordinated process. A National Anti-Corruption Commission (NACC) has been set up, for documentation of cases and call for prosecution, in collaboration with the State Control Department, the Judiciary Police and the Ministry of Justice. Since then, a number of corruption cases have been identified and many former government officials are in prison or being prosecuted for public funds embezzlement.

1.1.2 Present economic status of Cameroon and China

Cameroon's economy has always been based on agriculture which employs more than 60% of the national work force, within a continuously growing population estimated

4 World Bank, Cameroon HIPC implementation, completion and results report (IDA-H2190), August 2007.

5 Ibid

6 International Monetary Fund "Cameroon: Third Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility", IMF Country Report No. 07/285.

7 Measured by the number of people living below poverty line as defined by the UNDP

8 Cameroon National Human Development Report, Ministry of Economy Planning and Regional Development (MINEPAT)/ UNDP, 2009.

9 Africa Development Interchange Network (ADIN), the Cameroon Youth and Students Forum for Peace (CAMYOSFOP) and Human Rights Focus (HRF) in collaboration with UNDP, Report on the Cameroon National Consultation on "The progress towards the MDGs in Cameroon and Africa, July 2010".

at about 20 million in 2005. The country is a small petroleum producer with an average of 81,720 barrels per day (in 2008)¹⁰, but crude oil overtook agriculture and forestry commodities as the country's main export. The structure of the economy has changed with time. In 2005 about 43% of Cameroon's GDP was accounted for by the tertiary (services) sector and 29% by the secondary (Industry) sector, of which 58% came from manufacturing. The primary sector (Agriculture and Forestry) contributed 19%, including forestry, but excluding mining which is considered to be part of the Industry sector, while indirect taxes net of subsidies represented 9% of GDP. The oil sector contributed 8.2% of GDP¹¹.

Official figures in the Growth and Employment Strategic Paper (GESp) indicate that from 2003 to 2007, different sectors contributed to GDP as follows: 0.78 per cent for the primary sector; 0.02 per cent for the secondary sector; 2.22 per cent for the tertiary sector; 0.3 per cent for net taxes on subsidies. Domestic demand has been the main economic growth driving force, since 2003 with an average contribution of 3.54% of which 3.12% was exclusively consumption related, whilst capital expenditure contributed just an average 0.44%. Net exports had a negative contribution (-0.22%). This means that Cameroon's economic growth continues to be fragile, essentially because of a low investment rate (17.8% from 2003-2007, 18.9% between 2000 and 2002 and in 2008).

Prices have relatively been under control with an inflation rate varying from 1.9% to 5.3 % between 2003 and 2008, due to strict rules and their application in the Central African Franc (FCFA) zone. Over the period from 2003 to 2008, the average External Accounts Balance was about 44.1 billion CFAF (-207.5 billion from 2003 to 2005 and 295.87 billion CFAF from 2006 to 2008). The balance of current transactions was at an average of -391.3 billion CFAF before the attainment of the HIPC Completion Point in 2006 and -52,4 billion CFAF after. The non-oil trade balance has been showing recurrent deficits since 1996. The average deficit was -432 billion CFAF over the period running from 2003 to 2008¹².

Cameroon's main trading partners and sources of both foreign investment and development assistance are France, Spain, Italy, Germany and the Netherlands, all members of the Organization for Economic Co-operation and Development (OECD). These countries are also the main export destinations for Cameroon. Other traditional export destinations are Nigeria and the United States. China is coming up strongly, both in terms of imports and export and as an economic and development partner.

China has integrated the world trading system in a remarkable way, after years of discrete domestic economic modernization. The Asian giant, since the beginning of

10 CIA, World Factbook, February 2010, http://www.indexmundi.com/cameroon/oil_production.html, accessed on 26 August 2010

11 International Monetary Fund (IMF), "Cameroon: Statistical Appendix", IMF Country, Report No. 07/286

12 Growth and employment strategy paper 2010/2020

the year 2000 is a new power to reckon with. The economy of China has grown by almost 10% per annum over the decade preceding the 2008-2009 global financial and economic crises. The OECD's prediction that China would become the world's fourth largest economy, by the year 2010 turned into a reality as China in 2009 was said to be the World's third largest economy¹³ and is now believed to be the second.

The Chinese economy has the potential of becoming the world's top exporter, thanks to increasing Foreign Direct Investment (FDI)¹⁴, high domestic savings and improved productivity. China's share in world goods trade increased from 1% in 1979 to 6.5% in 2005¹⁵. That same year, bilateral trade with African countries reached US\$39.7 billion, almost four times that of 2000. China is the second largest trading nation and the largest exporter and second largest importer of goods. This is in consideration of a nominal GDP of \$4.99 trillion and Purchasing Power Parity (PPP) of \$8.77 trillion in 2009. The country's per capita income was more than \$6,500 in 2009¹⁶.

At the Beijing Summit of the Forum on China-Africa Co-operation (FOCAC) in 2006, Chinese companies signed 14 commercial contracts and agreements worth US\$1.9 billion with African nations, covering natural resources, infrastructure, finance, technology and communications. African countries and China then pledged that "in the new century, they would enhance their traditional friendship and expand mutually beneficial co-operation, to achieve common development and prosperity."¹⁷ China in its new strategic vision for development sees Africa as a priority partner, with a clear intention to benefit from the continent's numerous natural resources, including oil, other minerals and forestry. In the periods of 1990-1994 and 1999-2004, the annual average growth rate of African exports to China was 20% and 48% respectively¹⁸.

China, which now accounts for about 20% of the world's population but only 6% of trade, is a member of the World Trade Organization (WTO), has become an important player in the global economy and politics and has more and more influence on global institutions. China has gradually changed the status of international competition in almost all areas including Official Development Aid (ODA). As such it represents a new and significant cooperation challenge to the global economy, particularly for developing economies and Sub-Saharan African countries like Cameroon¹⁹.

13 Marie-Hélène Pozzar, "L'aide chinoise à l'Afrique : la difficulté à penser la notion d'aide chinoise au développement", October 2009.

14 Sunday Aninpah Khan and Lydie Bamou, "An Analysis of Foreign Direct Investment Flows to Cameroon" in Ajayi (ed) *FDI in Sub-Saharan Africa: Determinants, Origins, Targets, Impact and Potential*. Nairobi: African Economic Research Consortium (AERC), 2006.

15 Sunday Aninpah Khan and Francis Menjo Baye, *China-Africa Economic Relations: The Case of Cameroon*, University of Yaounde II, Cameroon Report Submitted to the African Economic Research Consortium (AERC), 2008.

16 IMF/World Bank evaluation reports, 2009.

17 Final declaration, Beijing summit of the Forum on China-Africa Co-operation (FOCAC) in 2006

18 Sunday Aninpah Khan and Francis Menjo Baye, *ibidem*

19 For more see Broadman, H et al. "Africa's Silk Road: China and India's New Economic Frontier". The World Bank, Washington, 2007 ; Hong, Kim Ji "Impact of China on Economies in East Asian Region" A Framework Paper for AERC Project on "The Impact of Asian Drivers on Sub-Saharan Africa" 2006.

Broadman et al (2007); (Hong, 2006).

I.2 Historical relationship between Cameroon and China

Shifting from “diplomatic relations” with the Taiwan Authority, after 10 years of cooperation, Cameroon established diplomatic ties with the People’s Republic of China on 26 March 1971 and was one of the African states enabling Mainland China to take over the UN Security Council seat from Taiwan. These relations have since developed steadily with friendly economic and social cooperation. During the Cold War period, Cameroon opted for a policy of Non Alignment. As a result of this option, the country officially avoided taking sides with any of the two opposing ideological blocks, neither the Western Capitalist one lead by the United States of America, nor the Eastern Communist one lead by the then Soviet Union.

Cameroon then decided to develop relationships with both the Capitalist and the Communist World. To show this clearly, after independence in 1960 and Reunification in 1961, Cameroonian officials decided to symbolically mark out relationships with both the People’s Republic of China and the United States of America, by undertaking simultaneous diplomatic moves towards these ideologically opposed countries, aiming at building economic cooperation ties, through trade and other agreements.

Historically the key agreements signed since in 1971 when the People’s Republic of China and the Republic of Cameroon established diplomatic relations include:

- A general trade agreement in 1972,
- An Agreement for the reciprocal protection and promotion of investments in 1997,
- An Agreement for Economic and Commercial Cooperation 2002,

A series of agreements in 2010 include:

- An agreement for a grant and an interest free loan for an open technical cooperation projects to be specified by Cameroon,
- A convention for the equipment of the Cameroon Road Construction Equipment Pool (MATGENIE), with preferential rate loan,
- A memorandum of understanding on global cooperation and the financing of future projects when they are designed,
- A framework convention to back up a initiative for investment in unspecified areas of the agricultural sector,
- A draft agreement for the provision of training by China in the area of new technology for the running of Cameroon postal network.

These agreements have enabled Chinese enterprises to participate in Cameroon’s socio-economic development, such as construction of roads and other infrastructure

facilities. China had provided Cameroon with about US\$100 million of economic aid in the two decades before 2005 and bilateral trade volume that year exceeded US\$190 million²⁰.

The end of diplomatic relationships between Cameroon and Taiwan strengthened cooperation between China and Cameroon. China expects diplomatic support from Cameroon as from the majority of African countries in the international arena, especially with regard to activities related to the United Nations and other international institutions, in terms of votes on global issues. Activism of the “Group of 77 (G77) and China” in UN processes is an illustration of this. African countries’ support was instrumental during the 15 years that it took for China to finally be admitted officially as a member of the World Trade Organization, in November 2001.

The history of the relationship between China and Cameroon fits into a general approach taken by China for Africa, following the Beijing Summit of the Forum on China-Africa Co-operation (FOCAC) in 2006²¹. It is a new strategic partnership featuring “political equality and mutual trust, economic win-win co-operation and cultural exchanges”. This means that China engages with African countries to serve mutual interests and for mutual gain. During that summit, an action plan was agreed upon between China and African countries, including Cameroon, to serve as a roadmap for bilateral co-operation in the years 2007, 2008 and 2009 in the political, economic and social sectors. The action plan also included development and economic assistance, debt reduction, training of professionals, culture, education, public health, environmental protection, and tourism (The nature of these for Cameroon is discussed in chapter II.a). Although the Lome Agreement espoused the same win-win principle it arguably did not work as in this instance Africans failed to fully serve their own interests, while Europeans did just what they wanted. This should serve as a lesson to Africans to guide them in their negotiations with China.

1.3 Development strategy of Cameroon

1.3.1 The original foundations

After independence in 1960, Cameroon opted for a clear development strategy defined as “the Auto Centered Development”, or a self-reliant and endogenous development format, to be implemented by the people and for the people of Cameroon, “in order to avoid aggravation of social imbalances”. That development approach, which advocated for prudent and limited integration of foreign resources in national development, lasted till 1984 when a new line was taken and named “Community development”, based on the enhancement of the capacity of people at community level through participative processes.

20 Xinhua, Interview Ephremlnoni, Prime Minister of Cameroon on September 30, 2006, <http://english.peopledaily.com>, accessed on 20 August 2010

21 Final declaration of the Summit

The strategy in all the cases was aimed at endowing Cameroon with basic infrastructure to facilitate smooth industrial development, while boosting agriculture, considered as the engine for the economy. It was implemented through a five year public planning, from Independence till 1986. Five such plans were completely executed and the sixth one was interrupted in 1986, due to the prevailing economic crisis and the subsequent World Bank and IMF Structural Adjustment Programmes (SAPs) that took over without success. In fact, after implementation of SAPs the level of poverty in Cameroon remained high and the country was still in great need of financial resources to achieve its economic investment goals, including basic infrastructure building (roads, ports, hospitals and power plants) as a priority. This led to more openness to other sources of financing and encouraged the country to look for new partners like China or India in Asia.

1.3.2 The new trend

The development strategy of Cameroon is now embedded in the National Growth and Employment Strategy Paper (GESP) with a time frame vision of 2025, which replaced the Poverty Reduction Strategy Paper (PRSP) in 2008, following its non-satisfactory critical participative evaluation. The country engaged into the PRSP process, within the Highly Indebted Poor Countries (HIPC)'s scheme. That PRSP underlined the government's strategic vision for poverty reduction, in line with the Millennium Development Goals (MDGs). It was designed with the clear objective to be a tool for achieving the MDGs. The document, as was approved by the Bretton Woods Institutions in 2003, had seven main goals:

- *Promoting a stable and growth-enhancing macroeconomic environment,*
- *Strengthening growth through economic diversification,*
- *Empowering the private sector as the main engine of growth and a partner in delivering social services,*
- *Developing basic infrastructure and natural resources in an environmentally sustainable manner,*
- *Accelerating regional integration within the CEMAC framework,*
- *Strengthening human resource development and boosting social services.*

When Cameroon's PRSP was prepared, four out of ten Cameroonians lived below poverty line, locally estimated at CFA Francs 232,547, the equivalent of US\$ 465, annually in 2001. Any improvement resulting from PRSP implementation efforts seems to have been washed out by the recent economic hardships, characterised in 2008 by a very high cost of living. Objectives set by the PRSP in 2003 have not been achieved, considering the 2009 MDGs evaluation. In fact, from 2003 to 2007, real GDP growth rate was 3.32%, below the 4.23% level recorded during the period running from 2000

to 2002 and far below the PRSP expected level of 5.3% in short term (2004-2007) and 6.8% in medium and long term (2008-2015)²².

It is from capitalization on the weaknesses of the PRSP implementation process, that Cameroon designed a new strategic development vision for the coming three decades, as from 2010, with a view to becoming “a united, emerging, diversified and truly democratic country.” That overall goal is accompanied by a number of medium-term objectives, including: (1) poverty alleviation; (2) becoming a middle income country, (3) becoming a newly industrialized country and (4) Consolidating democracy and national unity while respecting the country’s diversity. The three strategic lines to follow in order to achieve these results are:

- *Increased investments in infrastructure and rapid modernization of production, by bringing about an improvement of the business climate and governance,*
- *Maintaining growth at high levels, in order to achieve the Millennium Development Goals and ensure that the population is entirely mobilized in the fight against climate change effects,*
- *Improvement of international cooperation by opening Cameroon more to the outside World and relying on its production and export pattern essentially based on industries, and facilitating a better financial system that can mobilize domestic and foreign funding as well as a promotion of the private sector.*

²² IDA & IMF, Cameroon PRSP Joint Staff Assessment July 2003.

2 NATURE AND SCOPE OF CHINESE DEVELOPMENT ASSISTANCE IN CAMEROON

2.1 Nature of the Chinese development assistance to Cameroon

Bilateral cooperation between Cameroon and China follows the pattern defined by the Beijing Summit of the Forum on China-Africa Co-operation (FOCAC) in 2006²³. It covers trade, construction, infrastructure, agriculture, education, culture and other areas such as investments, business co-operation, trade, finance, energy and exploitation of natural resources. Cameroon was one of the countries considered in 2006 by the Chinese Prime Minister Wen Jiabao, when he unveiled an ambitious target of raising Sino-African trade to US\$100 billion by 2010.²⁴ China then also pledged to offer US\$5 billion in preferential loans and credits and double aid to Africa by 2009.

The type of aid provided by China to Cameroon mainly relates to infrastructure development. Chinese intervention in infrastructure projects in Cameroon really began in 1977, with a grant for the construction of the Presidential Palace (Unity Palace) and the National Congress Hall in Yaoundé. From 2002, the China Geological Engineering Group Company and the China Hydro-power Foreign Project Company engaged in oil exploration, drilling and road-building projects as private contractors, using financial support received from the Chinese government, through the EXIM Bank China.

The China Road and Bridge Corporation constructed 12.8 km road extensions in the main economic city, Douala, in September 2006 under a Chinese grant. China also constructed a number of hydroelectric dams and potable water infrastructure. The Lagdo Dam in the Northern Region of Cameroon is also a result of a concessional loan from China, as is the potable water production facility constructed by China in the village named Ayato, located on the outskirts of Douala, which will provide the main economic city with a 150 000 m³ additional water capacity²⁵.

The Chinese assistance to Cameroon also goes to education, health, culture and tourism under a series of general cooperation agreements for concessional loans signed in 1997, 2000, 2001 and 2004 for a total amount of CNY Renminbi 140 million²⁶ (US\$21 million). These general agreements were signed with open clauses, allowing Cameroon to choose specific projects for allocation of the corresponding financial resources. Under a technical cooperation agreement, Chinese medical workers have been working in Cameroon since 1975. Every year China provides a quota of 100 scholarships for students from Cameroon²⁷, under a similar technical cooperation agreement signed in 1996, targeting the education sector (see table in chapter III.a).

²³ Final declaration of the Summit

²⁴ Final declaration of the 2006 Beijing Summit of the Forum on China-Africa Co-operation (FOCAC)

²⁵ Cameroon Tribune, 23 March 2010.

²⁶ Chinese Yuan – more often: RMB, Renminbi (1US\$ = 6.6675 CNY),

²⁷ Chinese Ambassador to Cameroon (Xue Jinwei) in an interview to Cameroon Tribune, 23 March 2010.

In that educational aid framework, a programme is presently in process for the construction of primary schools²⁸ while a biological laboratory was set up in the University of Yaoundé. China's Zhejiang Normal University created a Chinese language teaching center in Yaoundé in 1997. The center is seen by China as a bridge of friendship between China and Africa. It has provided training for more than 300 professionals, including Cameroonians from the diplomatic and foreign trade circles, and others from neighbouring African countries²⁹.

Military assistance is also part of the Chinese assistance package to Cameroon. Not much is publicly known about the real state of the facts in this area, but there are a number of indications like the numerous interactions between military officials of the two countries³⁰. Cameroonian military staff is regularly in China for training³¹.

2.2 Chinese assistance and national development priorities

The areas towards which China wishes to orient its cooperation with African countries coincide with the Cameroon national development priority lines. Chinese ODA is thus aligned with Cameroon's priorities in terms of financing overarching projects identified in the Growth and Employment Strategy Paper (GESP) such as infrastructure, education, energy, transportation, health and telecommunication. The question now is about how effective this is and what impact does it have on poverty reduction.

In 2010 some 1500 low-income housing units were expected to be built in Yaoundé, through Chinese loans under a concessional loan agreement with the Ministry of Urban Development and Housing amounting to around FCFA 23 billion. According to the Cameroonian Minister of Urban Development and Housing, Clobert Tchatat, this construction project will be part of the government's Special Emergency Programme to build 10000 homes and develop 50000 plots of land. The project is funded by EXIM Bank China and executed by the Chinese company Shenyang. Work is set to begin by the end of year 2010.³²

This affirmation by the Cameroonian Minister gives an idea of the official stand in Cameroon about how the Chinese assistance matches national priorities. This stems from the fact that most of the funding packages received from China, come in a context where Cameroon had chosen a clear strategic line for investment allocation. That line was defined in the PRSP in 1997 as "a necessary infrastructural build-up", at the very moment when the Chinese new strategy toward Africa started taking shape.

28 Cameroon Tribute, 23 March 2010

29 Ibid

30 In March 1979, a military delegation headed by Liao Hansheng, Political Commissar of Nanjing Military Zone visited Cameroon. In August 1993, Lieutenant General Zhang Taiheng, Commander of Jinan Military Zone headed a military delegation to visit Cameroon. In June 2001, a military delegation headed by Wu Quanxu, Deputy-chief of the General Staff visited Cameroon. In September 2002, General Jiang Futang, Political Commissary of Shenyang Military Zone headed a military delegation to visit Cameroon. In September 1979, led by Sadou Daoudou, Minister of State Affairs and of Armed Forces, a Cameroon military delegation visited China. In November 1989, a Cameroon military delegation headed by Major general Pierre Semengue visited China.

31 Interview with Fouda Chacelle, Officer of Cameroon Marine Army one of the trainees.

32 China.org.cn ; Sunday, 20 July 2008

2.3 Conditionality of China's development assistance to Cameroon

The development assistance given by China to Cameroon includes long term public loans with low interest rates, grants and economic private loans through EXIM Bank China. It comes without political or governance related conditionality as with traditional donors. Agreements with China generally just state Chinese commercial or economic interests in return for assistance. It should, however, be noted that there is always a political unwritten rule with regard to the recognition by the recipient country of the principle of "one and unique China".

In fact China does not assist countries that have relationships with Taiwan and on the contrary has always been willing to intensify cooperation with countries that ceased relationships with what Chinese authorities consider an integral part of China. It was the case when Cameroon established diplomatic relations with the People's Republic of China in 1971. This resulted in the signature of the 1972 General Trade Agreement, the grants agreement for the construction of the Yaoundé town hall and Unity Palace and the grant agreement for the construction of the Lagdo Dam from 1978 to 1984.

2.4 China's involvement in commodity production

In the period before 2000, China's involvement in commodity production in Cameroon was limited to forestry business where some local actors were financially supported by Chinese importing companies. After 2000 it extended to other sectors and Chinese companies now engage in oil and mineral exploration. In fact, China intends to take a share in the structure that will implement the Mbalam iron ore project³³. This means that China, through EXIM Bank China, is among the potential funding partners of the project.

Agriculture production is also contemplated by Chinese investments, particularly in rice, cassava, oil palm production and cotton. In December 2005 China through its Ambassador in Cameroon agreed on this with the Cameroonian Ministry of Agriculture and Rural Development. Implementation has been effective since the commissioning, by the Minister of Agriculture and other members of the government of Cameroon, in January 2007 of the Chinese Rice and Cassava production, processing and marketing project in Nanga Eboko, in the Upper Sanaga Division, Center Region³⁴.

Not much data is available on the exact amount of Chinese investments in Cameroon, particularly in the private sector. However, the Chinese are involved in numerous activities, ranging from road construction, as a result of the Sino-Cameroonian agreement or following tenders for public contracts by Chinese companies. Other sectors of their involvement include fishing, poultry farming, confectioneries, catering,

³³ Chinese Ambassador to Cameroon, in an interview to Cameroon Tribune, 23 March 2010.

³⁴ Lukong Pius Nyuylime, Cameroon Tribune, 30 January 2007, allAfrica.com, accessed on 20 August 2010.

medical care, forestry and retailing of a wide variety of cheap goods imported from China by Chinese private initiatives. As it is, the key sectors in which China is currently active in Cameroon, besides small scale trade activities, are oil, infrastructure development, forestry and agriculture³⁵.

In the oil sector China started wooing Cameroon in 2007 and in April 2009 the Chinese oil company Yan Chang from Shaanxi Province signed an agreement with Cameroon's National Hydrocarbon Company (SNH - Société Nationale des Hydrocarbures) to start four-year exploration activities on two onshore blocks: Zina and Makari in the northern part of the country, at a cost of US\$ 18 million. The contract is renewable for two two-year periods. The distribution of share on the blocks is 75 percent for Yan Chang and 25 percent SNH³⁶.

In agriculture, following the 2006 FOCAC, the state farm of Shanxi Province in China announced the establishment of a 5,000 hectare plantation in Cameroon, financed via EXIM Bank China. The related project of US\$62 million is carried on by a Sino-Cameroon joint venture, Inko, in the exploitation of 200 hectares in Nanga Eboko, 173 km north of Yaoundé. The multi production area exploitation aims at producing rice, cassava and maize. It is now operational and is also intended to be one of the agricultural demonstration centers that China pledged in 2006, which is to be used for technical training, experimental research and sustainable development studies. With this involvement, China creates a new trend in direct foreign investment in agriculture, which was dominated by Western Multinational Corporations dealing in banana, oil palm, tea and rubber.

In fishing, Independent Chinese fishermen have been practicing industrial fishing in Cameroon's waters for almost two decades.

In forestry, the Hong Kong based Sino-French joint venture Vicwood with a total of 532537 hectares is one of the 23 logging concessions exploited by nine companies in Cameroon. A number of independent Chinese actors are active in Douala as timber traders. China has more significance as an importer than as a producer for Cameroon's forestry exploitation. However, national actors involved in timber exports to China are financially supported by their Chinese trade partners and do work according to the requirements of the latter, which some claim to have no consideration for certain forestry exploitation standards, in terms of log size or species. It has thus sometimes been argued that Cameroonian timber exported to China is to a greater extent non-certified and illegal, compared to Cameroon's timber exports to the EU and the USA³⁷.

35 Johanna Jansson, Patterns of Chinese Investment, Aid and Trade in Central Africa (Cameroon, the DRC and Gabon), briefing paper by the Centre for Chinese Studies for World Wide Fund for Nature (WWF), August 2009

36 Ministry of Mines, Industry and Technological Development, Internal report on the state of oil exploration in Cameroon, 2009. / Interview with George KebenForgwe, Sub-Director in the same Ministry, formerly in charge of petroleum Exploration and exploitation.

37 No scientific research supports these claims as yet, but an observation on the field of trucks carrying logs to the Douala port, it was noted that since 2005, when Chinese wood import from Cameroon took a growing trend, one notes that many small size log are transported. But is all this destined to China? The question remains.

Timber and wood products represented 21.9 percent of China's overall imports from Cameroon in 2008, of which 82 percent was raw wood.

In mining, apart from the fact that China is among the potential shareholders for the Mbalam iron ore project, a registered Chinese company, Sinosteel's subsidiary SinosteelCam S.A., is currently engaged in exploration for iron at the Lobe concession near Kribi in the Ocean Region. This involvement is now limited to mineral research, survey and investigation and in case of discovery the Chinese company will have the privilege to exploit for 10 years in partnership with Cameroon.

2.5 Details on Development agreements between China and Cameroon

Cameroon and China have signed a number of economic and technical agreements, defining Chinese concessional lending conditions to Cameroon, and setting format for cultural, technical and diplomatic relations. These include among others: the 1972: Trade agreement, for the facilitation of commercial exchanges between the two countries, the agreement for the reciprocal protection and promotion of investments in 1997, the convention in 2000 for the creation of a Chinese Trade Promotion Center in Douala, the agreement for Economic and Commercial Cooperation in 2002, a framework specifying the Chinese willingness to offer grants and loans to Cameroon as well as giving orientations to boost commercial exchanges.

After that first stage, several other agreements on Economic and Technical Cooperation³⁸ followed in 2010, including: an agreement for a CFA 3.2 billion grant and an interest free loan of the same amount; a convention for the equipment of the Cameroon Road Construction Equipment Pool (MATGENIE), with preferential rate loan; a Memorandum of Understanding and global cooperation on the financing of projects to be decided by the Cameroon government in accordance with national priorities, a framework convention to back up an initiative for investment in unspecified areas of the agricultural sector; a draft agreement for the provision of training by China in the area of new technology for the running of Cameroon postal network.

When the second trade agreement was signed between the two countries in 2002, the total trade value between China and Cameroon reached US\$158.628 million, a level in a decrease of 25.5 percent compared with the situation in 2001. Still in 2002, Chinese exports took up US\$43.971 million, an increase of 50 percent over that of the previous year, while imports registered US\$114.657 million, a reduction of 37.6 percent. In 2005, two-way trade totaled US\$210 million with Cameroon's imports and exports amounting to US\$142 million and US\$68 million respectively. Cameroon exports cotton and timber to China and imports footwear, tractors and mechanical and electrical products.

³⁸ Chinese Foreign Ministry, October 10, 2006

Beside these agreements, Cameroon was granted Approved Destination Status (ADS) for Chinese tourism in November 2006 following the FOCAC Summit in Beijing. This means that the government of China will financially assist Chinese companies that want to engage in the tourism business in Cameroon, through EXIM Bank China. In terms of relations or trade between the two countries it would be an investment increasing factor in an area towards which Cameroon government is willing to gear more investment resources, as part of its new strategy for employment and growth³⁹.

³⁹ Cameroon Growth and Employment Strategic Document, 2009.

3 CHINA AND CAMEROON'S INDEBTEDNESS

3.1 Projects in which Chinese are involved in Cameroon

The Chinese government's strategic approach started with co-operation through joint venture projects between Chinese firms and private sector partners in Cameroon, with EXIM Bank China playing an important role for implementation. In 1997, EXIM Bank China accorded the government of Cameroon, represented by the National Investment Corporation (Société Nationale des Investissements - SNI), a loan worth US\$14 million for the financing of two joint venture projects; the production of tractors costing US\$2.32 million in Kribi and tyres recycling costing US\$2.12 million. These projects eventually failed to achieve the expected results⁴⁰.

In January 2007 after Cameroon got to the Completion Point of the HIPC Initiative, the country obtained a debt cancellation of 16 billion CFA francs from China⁴¹. Ten loans then remained in force for a total commitment of one trillion Yuan Renminbi (US\$150 million). Since then, Cameroon's commitments towards China increased by more than US\$150 million and negotiations between the two countries for financial assistance focused on the following areas:

- *Adjusting the size of the National Sports Infrastructure Development project (Projet National de Développement des Infrastructures - PNDIS) of the Ministry of Sports and Physical Education, signed in 2009, which was initially reduced to the construction of the Limbe and Bafoussam stadia., from the initial program including construction of 04 multisports stadia, with 221 million euros representing 90% of total funding,*
- *Making funding available for the MEKIN dam construction project under the Ministry of Water and Energy in a view to increasing the energy supply of South Interconnected Network (RIS), the Road Construction Equipment Pool (MATGENIE) rehabilitation project under the Ministry of Public Works for an amount of about 10 million euros and the Backbone project for transmission by optical fiber for 52 million U.S. dollars,*
- *Signing three financial assistance agreements between Cameroon and China, including two grants for a total of 23.6 billion FCFA during the China-Cameroon joint commission held from 2-8 August 2009 in Beijing, to be dedicated to the two phases of the "Black bone Project for transmission by optical fiber.*

Negotiations have also explored the possibilities of financing major infrastructure projects that Cameroon intends to achieve by 2015 including the construction of:

40 Sunday Aninpah Khan and Francis MenjoBaye, China-Africa Economic Relations: The Case of Cameroon, University of Yaoundé II, Cameroon Report Submitted to the African Economic Research Consortium (AERC), March 2008

41 "Caisse Autonome d'Amortissement (CAA)", report June 2010

a new bridge over the Wouri River in Douala; the hydroelectric dams of Lom Pangar and Memve'ele and the deep-sea port of Kribi. At the end of 2009, details and characteristics of Chinese loans or grants and related projects were as presented in the following table.

Table1: Chinese Assistance to Cameroon (1996 – 2009)

No	Project	Signature Date	Maturation date	Currency	Interest Rate	Commitment	Disb. rate	2009 Stock
1	Technical Assistance	30/08/1996	01/09/2015	USD	0	4,499,775	99%	20 550 500
2	Various Projets	1/05/1997	01/07/2016	USD	0	4,499,775	100%	23 999 999
3	Various projects	16/06/2000	01/07/2019	USD	0	4,499,775	98%	29 496 000
4	Military Assistance	19/12/2000	01/10/2010	USD	0	449,978	100%	1 500 000
5	Various Projects	23/11/2001	01/07/2021	USD	0	7,499,625	100%	50 000 000
6	Yaounde Sport Complex	30/08/2002	31/02/2022	USD	0	8,999,550	100%	60 000 000
7	Yaounde Sport Complex	22/09/2003	01/10/2022	USD	0	7,499,625	96%	48 131 200
8	Various Projects	19/12/2004	30/11/2014	USD	0	4,499,775	68%	20 400 000
9	Multi Access Division Code Project How has this been addressed? See Yellow	30/01/2007	21/09/2027	USD	2%	5,249,738	91%	319 285 500
10	Commercial contract on supply of potable water to the city of Douala	13/11/2007	31/09/2027	USD	2%	25,648,718	90%	153 462 245
11	Backbone project for transmission by optical fiber	08/07/2009		USD	1%	52 050 000		
12	Supply of potable water to the city of Douala (phase II)	06/11/2009		USD	2%	97 130 000		
13	Bafoussam and Limbe Stadia Construction Project	05/11/2009		USD	0	4,199,790		

Source: "Caisse Autonome d'Amortissement" (Autonomous Public Debt Repayment Fund)

3.2 Nature of the Chinese financial lending instruments

The table of the Chinese assistance to Cameroon between 1996 and 2009 shows that China's financial lending to Cameroon was made up of concessional loans on the one hand and grants on the other hand. These are implemented either as direct assistance from the Chinese Government, Local Authorities in China such as Provinces and local Councils or via EXIM Bank China, for commercial assistance at low interest rate (0-2%) with maturation periods reaching 20 years or more and up to five year grace periods.

Assistance from China to Cameroon as to other African countries is highly concessional, considering the related determining factors (denomination currency, interest rate, duration or maturity, grace period and frequency of repayment). The grant element that assesses the degree of concessionality in financial assistance is around 35% for Chinese assistance to Cameroon. This is despite the fact that the Chinese currency, the Yuan Renminbi has no Commercial International Reference Rate (CIRR), which randomizes the calculation of the grant element. In addition, the Chinese currency is not a component of the Special Drawing Rights (SDR) basket, used by the Bretton Woods Institutions in transactions with member countries.

Cameroon's transactions with China can be considered to be relatively safe. The risk related to the depreciation of the Chinese currency during the process of financial assistance to Cameroon is minimal, because the Yuan's rate is already very low and even reputed not to reflect the real level of China's economic situation. China's strategy has always been to keep its currency's exchange rate low in a policy aiming at increasing exports and promoting competitiveness. In case of depreciation of the Yuan, Cameroon would rather make foreign exchange gains than lose, with regard to its debt service. China's huge reserves in U.S. bonds denominated in U.S. dollars (almost 50% of U.S Treasury bonds)⁴² somewhat is a security cushion for Cameroon.

This assessment probably explains why the country has clearly embarked on wooing Asian investors in general and Chinese in particular, for the implementation of its new vision of development through the development of infrastructure. Cameroon as a member of the Bretton Woods Institutions, while dealing with China, could be in an awkward position towards the IMF and the World Bank, if another economic programme were to be signed with these institutions. In fact, the HIPC status of Cameroon was defined with regard to the high level of debt that the country had to cope with and was the justification to the debt cancellation in its favor supported by the BWI through both HIPC and MDRI facilities. More and uncontrolled borrowing from China could appear as a situation in which traditional borrowers subsidize Chinese loans.

42 Caisse Autonome d'Amortissement du Cameroun (CAA), 2009 report / CAA is the Cameroon Autonomous Repayment Fund

3.3 Cameroon's debt sustainability framework and Chinese loans

3.3.1 Cameroon's debt sustainability framework

Thanks to debt relief agreements with bilateral and most commercial creditors in the framework of HIPC and MDRJ in 2006 and prudent borrowing policies since then, Cameroon's public debt-to-GDP ratio declined from 51.8 percent in 2005 to 9.8 percent in 2008 (US\$2.28 billion). Cameroon's debt situation has sharply improved in recent years since the HIPC Initiative and MDRI debt relief. The country was able to proceed with substantial repayments of domestic debt in 2008, using windfall gains from higher-than-expected oil prices in 2008.

The public debt situation in Cameroon is managed and monitored by the Autonomous Sinking Fund, which is the public debt management institution in Cameroon (Caisse Autonome d'Amortissement – CAA). It was created in August 1985 and since then had regularly informed on the debt sustainability framework and situation of the country. Latest information available at the CAA indicates that historically, in the first part of the 1980s, Cameroon's public debt trend was on the increase. The debt stock level stood at about CFA F 1,500 billion, 35% of the GDP, including CFA F 1,100 billion foreign debt.

Cameroon then obtained a debt rescheduling of nine months from the Paris Club in May 1989. Between 1992-1994 Cameroon's debt stock was about CFA F 3,583 billion, more than the GDP (CFA F 3,474 billion) and the country accumulated CFA F 761 billion repayment arrears. Following the devaluation of the CFA franc in 1994 (which doubled the value of the foreign debt), Cameroon obtained a 50% cancellation of its debt from the Paris Club and a rescheduling of the balance on 23 years of which six were deferred for commercial debt and 30 years of which 12 were deferred for public assistance to development.

In 1994-1995 the total debt stock was CFA F 5,763 billion including CFA F 4,343 external debts, representing 129% and 97% of the GDP respectively. In 1995 the country benefited from another foreign debt rescheduling on 40 years 16 of which were deferred. The total debt stock then stood at CFA F 5,711 billion, representing 117% of the GDP. In 1997 during the implementation of the first three year IMF reform programme, the Paris Club allowed another rescheduling of the foreign debt of Cameroon and the public debt stock stood at CFA F 5,833 billion, 109% of the GDP. Cameroon attained the HIPC Decision Point in 2000 with a stock of public debt amounting to CFA F 6000 billion.

After the Completion Point of the HIPC Initiative, Cameroon adopted a new public debt management policy with the following features or constraints: (1) analysis of annual debt viability each year, before contracting any debt above 0.5% of GDP;

(2) Carry out a detailed study on projects for which loans are needed; (3) Search for concessional financing in priority; (4) Fixing of a maximum annual borrowing line; (5) Regular analysis of cost and risk linked to the management of public debt portfolios (exchange rate and interest rate risks, servicing, macroeconomics etc.). That policy is now part of the finance law in Cameroon. At the end of 2009, total public debt was about 13.1% of GDP and 75.5% of budgetary incomes. The following table gives an evolution of the public debt situation in Cameroon from 2006 to 2009:

Table 2: Total Public Debts in millions of US\$ (2006 – 2009)

	2006	%GDP	2007	%GDP	2008	%GDP	2009	%GDP
External Debt	2.164	12%	1.978	10%	1.866	8%	1.96	9%
<i>Multilateral</i>	0.444	2%	0.486	2%	0.566	2%	0.754	3%
<i>Bilateral</i>	1.558	9%	1.406	7%	1.298	5%	1.204	6%
<i>Commercial</i>	0.162	1%	0.086	0%	0.002	0%	0.002	0%
Domestic Debt	1.334	7%	1.226	6%	0.872	4%	0.996	5%
<i>Conventional</i>	1.324	7%	0.934	5%	0.652	3%	0.798	4%
<i>Non-Conventional</i>	0.45	3%	0.292	1%	0.22	1%	0.198	1%
Total Public Debt	3.938	22%	3.204	16%	2.738	12%	2.956	14%

Source: CAA (1US\$=500 CFA F)

3.3.2 Chinese loans

Intensification of cooperation between Cameroon and China happened in a particular context of public debt restructuring and negotiation with traditional donors for debt relief into which the Chinese loan policy had to fit. In 2001, China had canceled up to US\$ 34 million of Cameroon's debt, in the framework of the enhanced HIPC Initiative. In 2007, the Government of Cameroon benefited again from Chinese debt cancellation amounting to US\$ 32 million. This indicates that debt sustainability is a concern in the financial cooperation between the two countries.

One of the main criticisms in existing literature of Chinese financial assistance policy in Africa is the fact that the total lack of conditionality is likely to lead to much more indebtedness and jeopardize their debt sustainability capacity. Cameroon's current debt management strategy is a mitigating factor to this risk, as it leans on prudent borrowing. At the Africa-China Forum in Sharm el Sheikh (Egypt), China committed an additional debt cancellation to African countries. In that respect, a memorandum of agreement for cancellation of debts was signed with Cameroon amounting to 30 million RMB on 13 August 2010⁴³.

43 Cameroon Tribune 14 August 2010

3.4 China and traditional donors' coordination

China is a non-Paris Club creditor, but when this group engaged in debt cancellation for Cameroon at their meeting in 2006, China contributed up to 16 billion FCFA, that is 20 million RMB. It then appears that there is some coordination between China and other traditional donors in the area of debt cancellation. But the situation is different in the area of aid coordination, due to differences of approach with regard to conditionality. Traditional donors generally find it necessary to impose governance or democracy and other forms of policy or political conditionality to aid recipients. China on its part imposes no conditionality in accordance with its "non interference principle".

There is no formal specialized platform of aid coordination between China and other donors, but there is at least some degree of willingness from China to take other aid initiatives into account. Evidence of this was set in Maputo, Mozambique, on 15 May 2008 when the African Development Bank (AfDB) Group and the Export-Import Bank of China signed a Memorandum of Understanding (MOU) to facilitate cooperation and establish working arrangements between the two. The targeted areas of cooperation include the exchange of information on activities in Africa, the sharing of development knowledge and experience as well as the provision of co-financing or guarantee for public and possible private sector investment projects.

That cooperation is expected to cover exchange of professional staff, economic and sector studies, aid harmonization, development policy and strategy coordination as well as other areas as may be agreed upon between both parties. At that occasion, the Bank Group President, Donald Kaberuka reiterated the importance of the partnership between the AfDB and EXIM Bank China and urged Chinese authorities to participate in the conference on Aid Effectiveness in Accra, Ghana. The same type of agreement was earlier signed with the World Bank in May 2007, focusing on Uganda, Ghana and Mozambique. Chinese Premier Wen Jiabao also made an official announcement that China is willing to consolidate communication and cooperation with the international community on aiding Africa.⁴⁴ The World Bank's view at the time was that if China is to become a major investor in Africa it is important that it becomes a part of the global donor system.

Generally, the Chinese state the UN as first choice if engaging in joint donor initiatives. They consider other traditional platforms, including the OECD Development Assistance Committee (DAC,) too donor dominated, politically oriented and built on a fixed model which is difficult to change. In short, China is skeptical regarding the engagement with traditional donors. However, contacts have been established between China and the DAC, including the visit of the DAC Chair to Beijing in February 2007, which

⁴⁴ *China Daily*, 2007-05-16, <http://www.chinadaily.com.cn>, accessed on 26 August 2010.

resulted in some initial interest in further dialogue. There has been very little Chinese engagement in traditional donor consortia, in Cameroon and other African countries, though a few examples exist (Kenya and Ghana). China obviously does not want to be associated with donor driven initiatives.⁴⁵

When considering the conditionality approach of China and traditional donors, it is obvious that there exist at least an ideological competition here. Traditional donors are sometimes very strict on the area of allocation of the funds that they provide and may not accept to finance projects that do not match their conditionality line. Some infrastructure projects are thus considered not viable for funding, as was the case for a new bridge on the Wouri River in Douala where the European Union was willing to provide funding only for a revamping of the old one that was completed in 2006.

China on the contrary is more flexible and would more easily accept project choices from the recipient country. Some cooperation agreements, as seen above, even leave space for some projects to be specified after the loan agreement is signed. In the specific case of the Wouri River Bridge, China has not found any objection in building the second bridge. The Chinese aid thus appears to be somewhat quantitatively complimentary to traditional donors' assistance, in the infrastructure sector in particular.

3.5 Impact of the co-operation with other donors

It is tricky to know if Cameroon gained any leverage in dealing with other traditional donors, considering the real impact of assistance from traditional donors may have been diluted in national insufficiencies such as economic mismanagement or wrong investment choices. The economic and social impact of cooperation between Cameroon and traditional donors could in fact be measured by the observation of economic performances in time and the actual level of national welfare. The level of poverty in Cameroon, in 2010 at 40.9%⁴⁶ would thus indicate that the overall impact is negative. The state of the infrastructure network in Cameroon has not improved much in relation with the real needs of the country after 50 years of cooperation with traditional donors. The country rather inherited an unsustainable level of debt and had to go through the HIPC process for recovery.

Governance problems or mismanagement and corruption may be blamed for failure by Cameroon to yield benefit from cooperation with traditional donors, but as it is the problem probably mostly lies in the wrong political choices for allocation of assistance resources to investments. Investments resulting from the utilization of ODA have not always matched the real needs of the people, because before the PRSP era, national projects policy designing was not inclusive of the Civil Society to represent the people

45 Penny Davies, *China and the end of poverty in Africa – towards mutual benefit?*, Report by the Swedish development aid organization Diakonia in collaboration with European Network on Debt and Development (Eurodad), August 2007

46 Cameroon Human Development Report, UNDP and Ministry of Economy, Planning and Regional Development (MINEPAT).

from the grassroots. In the rare cases where the choices were right, there still existed quantitative insufficiencies, due to narrow vision of some African leaders in some cases and most of the time to incompatibility between local needs and donors' priorities

Generally, a suitable volume of assistance was not always obtained due to donors' conditions, meaning that with regard to their judgment of the repayment capacity of the recipient they could allow less resources than applied for. As from 2006 for example when the French Co-operation started its debt relief initiative named *Contrat Desendettement Developpement (CD2)* framework, after 18 months of implementation in a five year programme, less than 30% of the funding scheduled for that period was disbursed⁴⁷. Cameroon has also benefited from the European Development Fund processes, which among other things cover infrastructure and road construction. The country, however, is still badly in need of road facilities to properly connect with other countries of the region including Chad and Central African Republic, its two land-locked neighbours who depend on Cameroon for their access to the sea, and thus represent market and economic opportunities for the country.

The relationship with the Bretton Woods Institutions, despite positive outcomes for Cameroon with regard to the public debt management strategy, have not produced all the expected results either, from the Structural Adjustment programmes through interim programmes within the HIPC and Multilateral Debt Relief Initiative (MDRI - formerly referred to as the G8 Proposal for Debt Relief) facilities. In fact, with nearly half of its population living below the poverty line in 2009, Cameroon cannot be said to have concretely gained enough from the intervention of the BWI, though one should acknowledge the positive qualitative impact of this in fiscal policy and public resources management. There is a better fiscal discipline in Cameroon than before IMF and World Bank structural adjustment programmes.

Overall though, the impact of the co-operation between Cameroon and the traditional donors, judged from concrete economic and social achievements, cannot be said to have been positive so far. This probably explains why the country turned toward other horizons for financial assistance and is hence seeing emerging countries like India, Brazil and more importantly China as good partners to rely on.

⁴⁷ *Dynamique Citoyenne, Cameroon's Public Budget In dependent follow-up report, 2009*

4 INTERNAL PROCESSES OF CAMEROON

4.1 Chinese opportunities in national planning

Cameroon is planning to become a middle-income country or an emerging economy by 2035. The President of the Republic, Paul Biya recalled this in March 2010 when the President of the Chinese People's Political Consultative Conference, Jia Qinglin visited Cameroon. He expressed the wish to see China get actively involved in that process by accompanying Cameroon in some of the large scale projects it has ushered⁴⁸.

President Paul Biya's speech claims that Cameroon has taken the emergence of China into account in its development vision. This also translates into the short and medium term aspects of economic planning and Chinese contribution to major national projects are clearly accounted for. In fact, ministerial and other public forecasts specifically target China as a potential financing source. The extent to which Cameroon's national planning takes the emergence of the Chinese development assistance into account is much more qualitative than quantitative. As it is, Cameroon's 20 year planning that is now embedded in the Employment and Growth Strategic Paper emphasises infrastructure construction, relying on the current Chinese option to assist Cameroon in that domain. An example of this is the construction of the Lom Pangar Dam which was planned with the clear prospect of this being supported by China.

However, this does not mean any kind of dependency on the part of Cameroon. It falls in line with the national planning style as regards the financing of the national budget. The procedure for implementation of the two pillars of the national budgeting system in Cameroon (investment and functioning), is such that part of the budget is open to funding by ODA, without necessarily specifying the source. Financing sources are generally prospective and they get confirmed in time, according to the results of foreign assistance negotiation. Investments that are anticipated to be funded by a given donor could well be eventually funded by another, depending on contextual trends.

4.2 Governance within Cameroon and Chinese engagement

Because of a protracted economic crisis since the mid-eighties, the economic performance of Cameroon has been relatively low. Cameroon, however, remains the bread basket for countries in the central African Sub region, but its production is still at a level much below the potential of the country. Poverty has been on the increase within a population growing at an annual rate of 2.8 %. Corruption and mismanagement have also been on the increase with Cameroon receiving the first position of the most corrupt nation in the world according to Transparency International standards,

⁴⁸ Toast by President Paul Biya of Cameroon, on the occasion of the official luncheon offered in honor of his guest ,Jia Qinglin on 24 March 2010, Cameroon Tribune, 25 March 2010.

sometime in the past⁴⁹. In that context, political and economic governance suffered a huge toll, forcing authorities to engage in a wide anti-corruption campaign.

How this situation has facilitated Chinese engagement is not clear and it may have no effect, as the Chinese assistance to Cameroon was rather boosted by China's general new intervention strategy in Africa. Despite some turmoil in the nineties during the transition from a single to a multi-party system, the institutions in Cameroon have been relatively stable and elections have been held regularly since 1992. The Chinese engagement in Cameroon has got no effect on the institutional strength. It has neither helped nor impeded the present political regime in Cameroon.

But the availability of detailed information to the Cameroonian public on the engagement of China could be a matter of concern. Although agreements are announced in the news, it is not easy to get access to details on these. The degree of transparency and accountability on most Chinese agreements is very low, because information from the Chinese end is generally generic too, without much detail. This lack of transparency is not just limited to Chinese agreements, it extends to agreements with other donors, but with the difference that information that cannot be gotten from the Cameroonian side is most of the time accessible from the donor's end.

4.3 Political legitimacy and the Chinese development assistance

There is no specific issue of political legitimacy with regard to Chinese Development assistance in Cameroon. All the agreements signed between China and Cameroon are endorsed by the National Assembly, and are in line with the political options of the moment, including the recognition of the One China principle, which is the main political string that China attaches to its development assistance in Africa.

There may be some grumbling within the Cameroonian population about the Chinese invading Cameroon, but this does not really constitute a political issue yet. In fact, part of the jobless youth blame the Chinese for invading some areas where locals tried their small businesses before that invasion, because cheap goods from China sold in Chinese shops for instance had led to tough competition in the second hand market, particularly with regard to clothing and footwear.

The fact that Chinese assistance is not attached with strings of policy reform is considered by some to be detrimental to the Cameroonian population, because it undermines efforts to strengthen transparency, good governance and maintenance of social and environmental standards. Some even point out the risk of social inequality, as the rural poor may benefit less from Chinese aid than the others in urban areas, if

49 Quinta Njoh, Cameroon: China Invades Country With Cheap, Fragile Goods, The Cameroon Post online, 28 August 2008, accessed on September 2nd, 2010.

a fair distribution of the benefits is not ensured by designing rural projects for Chinese assistance.

4.4 Internal processes involved in accepting Chinese Development Assistance

Chinese development assistance to Cameroon is generally project related, rather than a global support to the State budget. Cameroonian Ministerial Departments and public or private institutions identify project areas and design funding proposals, which are submitted to the Chinese relevant authorities (Chinese central or local Government Institutions or EXIM Bank China), through the Chinese Ministry of Foreign Affairs, in accordance with existing Development Assistance framework with China (bilateral agreement or Sino-African co-operation framework)⁵⁰. The activating processes of Chinese assistance include the following steps:

- *Financial Request to China,*
- *Loan Proposal to partners,*
- *Commercial Contract signature or project execution package adoption,*
- *Examination of Draft Loan Agreement,*
- *Presidential Approval,*
- *Loan Agreement signature,*
- *Process to implement Loan Agreement,*
- *Work of government Ministers with Chinese diplomats for project Kick-off,*
- *Sectoral monitoring and evaluation process.*

As for the regulatory framework, the specifics of Chinese development assistance to Cameroon have somehow followed the pattern of the Japanese approach, concerning predetermination of execution packages, whereby the donor imposes the operational mode for the project. One effect of this imposition is a limitation in job or sub-contracting opportunities for Cameroonians, despite the increase in the number of projects funded and implemented by China in Cameroon.

Japan did this for the construction of primary schools in Cameroon, and so is China now in its friendship school construction programme for primary schools. However, Cameroonian authorities have set up monitoring and evaluation units of these projects within relevant Ministries. For the primary schools programme, for instance, there is a specialized Monitoring and Evaluation Unit at the Ministry of Basic Education. That unit is in charge of the operational follow up of the primary school construction and works closely with Chinese Authorities within joint bilateral implementation commissions⁵¹.

50 For more detail on Chinese assistance process, see Penny Davies, *op. cit.*

51 Information received from Ms Esther Virginie Mbessa, Assistant Technical Assistance Officer, Monitoring and Evaluation Unit of Japanese and Chinese schools construction project, Ministry of Basic Education, Cameroon.

In general, despite the peculiarities of the Chinese development assistance, this falls into the general public finance and debt management framework, described above under the Autonomous Sinking Fund (Caisse Autonome d'Amortissement - CAA), the institution in charge of implementing the Cameroonian debt management strategy. CAA works in close collaboration with the Ministry of Finance to make sure that any public debt generating commitment is taken in accordance with the current strategy. At institutional level, the regulation system for public debt management and foreign aid management was officially set up in Cameroon with the creation of the Autonomous Sinking Fund in 1985⁵².

The management span of the Autonomous Sinking Fund covers all public debts including the ones resulting from commitments taken by State enterprises and local collectivities. Beside that in the Cameroonian debt management system there are other institutions working for the implementation of the March 2007 reference framework for public debt management policies, including: the National Committee on Public Debt (NCPD) and the Technical Committee for Surveillance (Comité Technique de Surveillance – CTS), with global orientation in matters related to public (internal and external) debt, and debt management. The mission of the NCPD is to design national policies for borrowing and for public debts management, as well as to guarantee the coherence of these policies with national development objectives and the financial capacity of the state. The CTS on its part ensures the bridging of the autonomous system and the Ministry of Finance. Its role was enhanced by the IMF conditions for the Structural Adjustment programmes.

Generally, the Autonomous Sinking Fund takes control of the finance management in projects resulting from foreign assistance, including supervision of bank accounts of these projects. With regard to the specific case of Chinese assistance, projects to be funded by China are designed in Operational Ministerial Departments in collaboration with Chinese Authorities through bilateral Technical Mixed Commissions. When agreement is reached and the loan put in place, the Autonomous Sinking Fund takes over to manage the debt aspects. Although this institution generally makes all effort to inform the public through the quarterly Cameroon Public Debt Management Review Number 5 which was published on 25 September 2010, there may be some lack of transparency related to part of the Chinese assistance which is delivered in kind, as is the case for major infrastructure. Evaluation related to this part is unilaterally made by China on goods or equipment of Chinese origin.

Overall, however, considering the features of the Cameroon Debt Management Strategic Framework, the risk of negative or unsustainable investments is low. The effectiveness of the system is increased by the fact that part of the human resources in the debt management (in the CTS in particular) come from the private sector and were

⁵² Decree n° 85/1176 on August 28, 1985.

recruited in a transparent process under the supervision of the BWI, during the first stage of the Structural Adjustment programmes. They have brought technical added value to the system and enhanced the effectiveness of the regulatory framework.

4.5 Procurement procedures with respect to Chinese investments

The National Investment Corporation (Société National d'Investissement – SNI) facilitates the implementation of Chinese development assistance to Cameroon. It has close ties with the EXIM Bank China and generally assists Cameroonian private sector in designing and submitting projects for Chinese funding.

China's development assistance is generally implemented through specific agreed packages, stating the operator in charge of the execution of related projects in advance, by mutual understanding. Consequently, materials and construction equipment are mainly imported from China, depriving the Cameroon economy of development opportunities that the local industry or business community could have capitalized on. The major part of the labour force used on Chinese assistance related projects also comes from China⁵³. This large scale use of imported labour from China is the major blame placed on the Chinese cooperation policy alongside China's indifference towards human rights and democratic conditions in recipient countries. Luckily, this situation can be mitigated if the regulatory framework constituted by Mix Commissions, Ministerial Evaluation Units and the Autonomous Sinking Fund play their role well.

Chinese assistance to a certain extent is thus on the margin of the national procurement regulation, which functions under the responsibility of the Public Contract Regulation Board (Agence de Régulation des Marchés Publics - ARMP). The Public Contract Regulation Board is a public institution under the Presidency of the Republic, duty of which is to train and inform stakeholders on the public procurement system in Cameroon, assist public institutions on their internal procurement commissions, advise on public procurement legislation and maintain a data base on public contracts⁵⁴.

Amongst other things, the Board does a general surveillance of the public contract system and evaluates the capacity and performance of all institutions involved. Two other regulation boards exist in Cameroon for electricity and telecommunication tariffs. They do not directly touch on Chinese assistance, but may ultimately do so for outcome projects if they fall in their area of coverage. The Public Contracts Regulation Board works in a legal framework based on the National Public Contracts Code, in force since September 2004 following the reform of the legal framework of 1974, in collaboration with the World Bank⁵⁵.

53 Africa Development Interchange Net Work (ADIN), Survey on Cameroonian labor force within Chinese projects in Cameroon, August 2009.

54 Journal of Public Contracts No 400, 15-21 June 2010

55 ARMP, Etude sur les sanctions dans le domaine des marchés publics, March 2006.

The processes in which the Public Contract Regulatory Board is involved for the monitoring of public contract procurement in Cameroon are inclusive of Independent Observers who could ensure some degree of transparency if they carry on their duty well.

4.6 Political interaction and Chinese development assistance

China's development assistance policy in Cameroon and other African countries is implemented with a number of political considerations in the background. Chinese are committed to "maintain the momentum of mutual visits and dialogue between Chinese and African leaders, with a view to facilitating communication, deepening friendship and promoting mutual understanding and trust." The government of China always makes sure that there are exchanges between their legislative bodies and those of their African partners, in order to ensure that their development assistance leans on smooth political ties between China's National People's Congress (NPC) on the one hand, and parliaments of their African partners on the other hand.

In the case of Cameroon, the Communist Party of China (CPC) constantly develops exchanges with the Cameroon People's Democratic Movement (CPDM), the ruling party with a view to "increasing understanding and friendship and seek trust and cooperation"⁵⁶. This political exchange policy works through mechanisms such as national bilateral committees between China and Cameroon, political consultation between foreign ministries through joint or mixed committees on trade and economic cooperation and on science and technology. The last eight cooperation agreements between China and Cameroon were signed⁵⁷ in March 2010, following a parliamentary exchange between the two countries with the visit to Cameroon of Jia Qinglin, the President of China's National Committee of the Chinese People's Political Consultative Conference (Parliament), who was received by the Cameroon President of the National Assembly, Cavaye Yeye Djibril.

Without this being clearly specified in the development assistance agreements between Cameroon and China, cooperation in international affairs is part of the price to pay to China in order to deserve assistance. It is the case for other African countries too, and China says it is willing to "continue to strengthen solidarity and cooperation with African countries on the international arena, conduct regular exchange of views, coordinate positions on major international and regional issues and stand for mutual support on major issues concerning state sovereignty, territorial integrity, national dignity and human rights...".

China also encourages exchanges between its local governments (Provinces or cities) and African countries, by supporting twin province/state and twin city relationships

⁵⁶ Chinese Ministry of Foreign Affairs, *China's African Policy*, January 2006

⁵⁷ Cameroon Tribune, 26 March 2010

aimed at facilitating bilateral exchanges and cooperation in local development and administration⁵⁸. The way the Chinese Communist Party interacts with the ruling Cameroon People's Democratic Movement (CPDM), with constant visits of officials with harmonization of views on global political issues, including those submitted to vote at the United Nations General Assembly, coinciding with cooperation agreements between China and Cameroon, gives a hint on the extent to which Chinese aid is tied to the political regime. This is a kind of unwritten condition and it is obvious that in case of political disagreement, Chinese assistance will probably receive a blow.

⁵⁸ Ibidem

5 CHINESE DEVELOPMENT ASSISTANCE AND CIVIL SOCIETY IN CAMEROON

5.1 Private Sector, civil society and lobby experience with China

Sino-African relations at governmental level have developed tremendously since the 1960s and reached considerable dimensions with the Forum for China Africa Cooperation (FOCAC) in 2006. The implications for the people of Africa and China took some time before getting more formal, during a first discussion held as a side event to the Africa Development Bank (AfDB) Annual meeting in August 2007 in Shanghai. African and Chinese non-governmental actors as well as other Southern non-governmental actors then came together for a historic meeting.

The gathering allowed critical debate and open dialogue among academics, researchers and civil society organizations. Participants included representatives from China, Kenya, Egypt, Sudan, Zimbabwe, Benin, South Africa, Mozambique, Burma, the Philippines, the Netherlands, UK, USA, Brazil, India and Australia. The meetings examined the nature of Sino-African relations, exploring the charges of neo-colonialism versus the expressions of South-South cooperation and mutual aid.

Different views emerged as a conclusion to the meeting. Some challenged the vilification of Chinese relations in Africa in the western media (Prof. Yan Hirong of the Department of Sociology at the University of Hong Kong). Yet others observed that the size of the Chinese investments, notwithstanding the social and environmental, impact including deforestation or removal of livelihood of a community, is colossal (Daniel Ribeiro from Justina Ambiental in Mozambique). Such impacts generally are the surface reason for the current popular perceptions of Sino-African relations. Chinese people may view China to be helping Africa, but there is always criticism (justified or unjustified) and lack of appreciation that leaves many Chinese disconcerted. (Journalist Wang Yongcheng)⁵⁹.

Cameroonian Civil Society was not part of the NGO gathering in Shanghai, but the perceptions expressed at the meeting can be taken as a reflection of views in Cameroon's civil society; the Cameroonian CSOs can capitalize on the outcomes of that meeting as part of the African Civil Society. In fact, Cameroonian CSOs can build their cooperation strategy with their Chinese counterparts from the conclusions of the Shanghai meeting.

Before relations with China were boosted by the Chinese new cooperation approach with Africa, many private trade initiatives had been taken by Cameroonians towards

⁵⁹ African Development Bank Group, accessed on <http://www.afdb.org> on 02 September 2010

China, following the Beijing UN 4th World Conference on Women in 1995. In fact, a strong delegation of Cameroonian women, led by Ms Françoise Fonong, President of the Cameroon Business Women's Association (Groupement des Femmes d'Affaires du Cameroun – GFAC) took part in that conference. GFAC members established flourishing business relationships with Chinese counterparts that attracted other Cameroonians. Cheap Chinese goods slowly started flowing into Cameroon and Cameroon CSOs also started looking for connections in China, before the huge Chinese deployment through government's policy to facilitate economic and trade expansion of China in Africa.

5.2 Impact of China's development assistance on civil society's job

In the case of Cameroon, it appears that the Chinese assistance to Cameroon, despite some complaints has ironically had a positive impact on the Civil Society's job, by opening more ground and space for work. It has provided more reasons for advocacy on environmental issues and forest protection as well as the potential link between African and Chinese CSOs.

Chinese civil society is growing. Their relations with the Chinese government is more cooperative than antagonist, influence is most effectively leveraged through negotiation than the confrontation common in the western NGOs style. A combination of this with the fact that African Civil Society tends to be more experienced could help to positively influence Chinese political approach and processes for change. Cameroon CSOs, too, now operate in all major areas of interest locally, regionally and globally (Gender, Financing for Development, Aid effectiveness, Environment, Climate Change and Youth).

The feelings which developed with time among the Cameroonian people that China's assistance might have a negative impact on local communities, in terms of deprivation from job opportunities and environment destruction, provided new material for civil society's work and advocacy. The obvious negative effect of Chinese direct or indirect activities in the forestry sector, including potential deforestation and reduction of wood processing business because of intensive log exports to China, triggered more mobilization of CSOs engaged in environment and nature protection. More CSOs launched sensitization and advocacy actions to address the problem and call for the government to take corrective measures⁶⁰.

The trend in the forestry sector was observed in other areas too, including the mining sector and other extractive industries. The best example is the case of the Chad-Cameroon pipeline project⁶¹, partly funded by the World Bank. There were Civil Society

⁶⁰ Interview of a few Senior Officials, Ministry of Environment of Cameroon

⁶¹ Chad – Cameroon pipeline project was launched in October 2000 for the construction of a 1,070 km pipeline to transport oil the Doba production field in Chad to coast facilities in Cameroon.

protests with regard to environmental issues related to the project and the rights of local communities. Civil Society Organizations coordinated their advocacy activities, during the project implementation period. As a result, a strong section of Civil Society evolved that specializes in environmental issues and nature protection, as well as the monitoring of industrialization and its negative socio-economic impacts.

China has not given funding to Cameroon CSOs, and this is not an option in China's cooperation road map in Cameroon. The Chinese Embassy in Yaounde is clear about this⁶². But they would not object or interfere if a Chinese CSO would be willing to assist a counterpart in Cameroon.

⁶² Interview with Mr Phillippe Fang, Economic and Commercial adviser at the Chinese Embassy in Yaounde.

6 ASSESSMENT OF CHINESE DEVELOPMENT ASSISTANCE IN CAMEROON

6.1 Impact of Chinese policies on institutions and regulatory framework

Cameroon institutions are relatively stable and complete despite violating some laws and regulations at times. Failure to apply existing laws and regulations, as a result of corruption, is a weakness that the country has to get rid of for better performance in economic and social areas. The Chinese assistance as it is, logically arrives on a paved way. It could be well managed with existing regulation because as earlier discussed, the necessary institutions for ODA management exist and there is a relevant legal framework.

In fact, Chinese ODA has not had any significant and specific observable institutional impact, except for the creation of Chinese and Japanese Aid Monitoring Units in some Ministries, like the Ministry of Basic Education⁶³. Mix Commissions are set for negotiation of assistance packages with China, but this follows a traditional path because it has always been the case with traditional donors. However, Cameroonian officials acknowledge that the Chinese mindset in negotiation is different, as they openly state their interests⁶⁴.

It can also be noted that the Chinese engagement with Cameroonian Parliamentarians in the process of negotiation for aid packages or agreement has made Cameroonian Parliamentarians more aware of the role that they can play as watch dog with regard to the countries' engagement with donors. All Chinese moves leading to assistance agreement with Cameroon were preceded by interaction with parliamentarians. Cameroonian high level Parliamentarian delegations visited China and vice versa, as was recently the case before the signature of eight assistance agreements in March 2010, when the President of China's National Committee of the Chinese People's Political Consultative Conference, Jia Qinglin visited Cameroon⁶⁵.

6.2 Other impacts of Chinese cooperation and investment (environment, social, economic)

6.2.1 Economic

One of the results of China's new expansion in Cameroon can be observed in the pattern of trade between the two countries. Trade deficit with China has become a significant part of Cameroon's overall trade deficit over the past few years. It stood

63 Interview with Ms Mbessa Effoula Esther Yvonne, Assistant Head of the Chinese and Japanese Technical Assistance Unit at the Ministry of Basic Education.

64 Interview with two members of the Ad hoc Committee of the Commonwealth Debt Sustainability Forum (CMDf), assisting the Cameroonian Minister Delegate of Finance in his role as Chair of the CMDf (2009-2010): Ms Line Enanga, at the Autonomous Public Debt Repayment Fund (CAA – Caisse Autonome d'Amortissement) and Mr Johnson Okie Economic Technical Adviser to the Minister of Foreign Affairs, Cameroon.

65 Mr Cavaye Yeye Djibril, President of the National Assembly of Cameroon received Mr Jia Qinglin, Chairman of the Chinese People's Political Consultative Conference in March 2010.

at about US\$48 million over US\$205 million (23.5%) in 2004 and moved to 82% in 2005, US\$75 million out of US\$91 million. This could be worse if goods imported from China through Dubai are taken into consideration. In fact, imports from the United Arab Emirates rose from about US\$1.5 million in 2000 to more than US\$12.4 million in 2005 whereas Cameroon exports virtually nothing to that country.

There is obviously a great risk linked to this situation that may on the one hand lock Cameroon in the primary sector because all Cameroonian exports to China are made up of primary commodities. On the other hand, the cheap imports from China are not likely to favor the development of a local industry in Cameroon. The primary sector of the Cameroonian economy is rather more likely to expand, in response to the rising Chinese demand⁶⁶.

But Cameroonians are also benefiting from increased Chinese aid, including debt relief that has led to more investments in human capital, with a potential impact on growth and poverty reduction. Chinese aid formula (grants and concessional loans) is advantageous and additive to other forms of traditional foreign assistance, as China can generally be willing to provide financial assistance for infrastructure projects that do not match traditional donor's conditions.

China provides Cameroon with more and cheaper Financing for Development (FfD) resources. Chinese infrastructure projects, thanks to their concreteness and visibility, are seen by the common Cameroonian citizens as a better assistance, safe from possible embezzlement by some bureaucrats as in the case of Western aid. In fact, China generally does not disburse funds to Cameroon to freely spend and build infrastructure. The infrastructure is built by China for the amount of loan or grant and delivered to Cameroon. In so doing, there is no way for the financial resources to be diverted in the course of project execution. Many traditional donors' projects failed to attain their objectives and cases of mismanagement and embezzlement have always existed.

6.2.2 Environmental and social impact

Chinese assistance has been accused of forest destruction, because logs exported to China are said to be collected off standards. In fact, Chinese log importers do not mind the size of the logs. As a consequence, to respond to the Chinese demand, even very young and immature trees were cut. This leads to environmental degradation.

But at the same time, benefits in the health sector are obvious and nationally admitted. Chinese assistance in that sector has significantly increased the quantity and quality of healthcare services in the country. This is especially the case with Chinese medics' contracts between individual migrant workers and the Cameroon government or

⁶⁶ For more detail on trade between Cameroon and China, see Sunday Aninpah Khan and Francis Menjo Baye, *China-Africa Economic Relations: The Case of Cameroon*, University of Yaoundé II, Cameroon Report Submitted to the African Economic Research Consortium (AERC), March 2008.

between governments in a number of hospitals in urban and rural areas. Chinese technical assistance thus appears to be socially beneficial, considering the work done by the teams of experts from China working in Cameroon, in the medical sector in particular⁶⁷.

Local contractors and labor suffer the toll of Chinese aid being accompanied by the procurement of Chinese equipment and services for projects executed by Chinese firms with Chinese labor. As earlier discussed, this corresponds to missed economic opportunities for Cameroonian Small and Medium size Enterprises that otherwise would have benefited from more business and generate additional revenues in terms of wages and consequently reduce poverty.

6.3 Technology transfer issues with Chinese cooperation

Following its principles of mutual respect, complementarities and benefits sharing, China has always stressed its intension to promote cooperation with Africa in the fields of applied research, technological development and transfer. China has pledged to speed up scientific and technological cooperation in the fields of common interest, such as bio-agriculture, solar energy, geological survey, mining and Research and Development (R&D) for new medicines.

China considers its training and demonstration programmes in applied technologies for African countries, as a means to help disseminate Chinese scientific and technological achievements and advanced technologies in Africa. In the case of Cameroon, in January 2008, a protocol agreement was signed marking the start for the construction of a Demonstration Center for Agriculture in the vicinity of INKO's farm, a result of Chinese assistance in Nanga-Eboko, 172 km north of the Capital city, Yaoundé. The Chinese Embassy in Yaoundé described it as a measure intended to integrate the agricultural demonstration centre into existing activities and make it sustainable⁶⁸.

It should, however, be noted that technology transfer is still insignificant in the process of Chinese assistance to Cameroon. Training of Cameroonian experts and engineers may be possible in a given project, but generally, repairs are done by Chinese experts. Nevertheless, the country can better absorb Chinese technology through training, which could be applied in non Chinese projects and insistence during negotiations with China on the association of more Cameroonian experts and other human resources during the execution phase of Chinese projects. All this depends on the capacity of Cameroon to negotiate and get this rather than wait for China to deliberately offer it. The Chinese technology could then subsequently be harnessed in domestic formulated and funded projects through Public Private Partnerships.

⁶⁷ Chinese Experts work in the Gynaecological-Obstetrical and Paediatric hospital in Yaounde (built by the Chinese) and at the Mbalmayo and Guider hospitals. Some have also been working at the Yaounde Conference Centre (built by the Chinese) for over twenty years now. All these teams are financed with grants from the Chinese government.

⁶⁸ Interview with an Official of the Chinese Embassy in Yaoundé

6.4 Impact of Chinese investment on the private sector and other groups

Cooperation with China has opened a new route to Cameroonian private initiatives and many businessmen have now changed their supply source from Europe and the United States to China. Imports of manufactured goods represented 53% of all imports from China in 2005, and about 36% from the rest of the world, up from 8% in 2001. As a share of imports from China, machinery, transport and other equipment increased from 13% to 31% between 2001 and 2005⁶⁹. Small enterprises are now able to acquire machinery and other equipment from China at low cost and thus can cut down their production costs. The construction sector in particular benefited from cheap material from China such as tiles that arrive in the Douala Port in tens of containers, on a regular basis. By mere eye observation, there is a coincidence between the period of new Chinese expansion in Cameroon and a relative construction boom in the years since 2000.

But the impact is also negative because many local small businesses in the clothing manufacturing sector have not survived the Chinese competition. No official statistics are available on this aspect of the impact of Chinese assistance in Cameroon but it is a living reality that has also fueled the mounting discontent of people with regard to the Chinese expansion. Ironically though, many poor Cameroonians have access to better clothing and improved their living standards thanks to cheap goods from China.

China's cooperation assistance package also includes implementation of agreements of cultural cooperation, the maintenance of regular contacts with their cultural departments and increase exchanges of artists and athletes. The main purpose is to guide and promote cultural exchanges between people's organizations and institutions in line with bilateral cultural exchange programs and market demand.

The Cameroon Chamber of Commerce also has a hand in the Sino-Cameroon relations. The Chamber is doing its bit to boost this relation. In 2000 both governments went forward to enhance the promotion of Chinese investments and products in Cameroon and vice versa for Cameroon's products in China. In this light, the Cameroon Chamber of Commerce has been organizing trade missions and joint ventures both in China and in Cameroon. On this note, the Cameroon Chambers of Commerce is open to whoever may wish to be part of these missions.

The Chamber acts as a link for people who really want to do business by providing connections. On the issue of quality control of Chinese products, there is a quality control structure at the Ministry of Commerce which has been doing its job, but nevertheless, due to corruption some of the imported products from China are not effectively

⁶⁹ Sunday Aninpah Khan and Francis MenjoBaye, *China-Africa Economic Relations: The Case of Cameroon*, University of Yaounde II, Cameroon Report Submitted to the African Economic Research Consortium (AERC), 2008.

controlled. The Cameroon Chamber of Commerce on its part is aware of the fact that Chinese products are some times of low quality but are popular because of the cheap prices. Discussion on this issue has been ongoing since 2003 in Addis Ababa by Heads of State. The Chamber is also concerned by the high number of Chinese immigrants and suggests that immigration services should be careful in issuing visas to Chinese traveling to Cameroon.

7 PREPARING FOR IMPROVED ENGAGEMENT WITH CHINA

7.1 Opportunities for regional agreements with China

It is obvious that 50 years of western aid to Africa, since independence for the majority of countries, have produced no satisfactory results. Instead, Sub-Saharan Africa has plunged deeper into an ocean of debt and poverty. Achieving the Millennium Development Goals by 2015 appears to be a dream today, which may not come true, considering the failure by traditional donors to keep their promise to allocate 0.7% of their GDP to ODA. Even if the MDGs were to be achieved, the situation in Africa would still be deplorable, because with regard to the poverty and hunger related goal, for example, the MDGs are rather about mitigating the problem and bringing it to half what it was in 1990, than eradicating it⁷⁰.

There are good reasons for Africa in general and Cameroon in particular to look for alternative partners for additional resources. China and other emerging economies such as India appear to be open possibilities. A few African leaders acknowledge this by words and one can easily understand why China has got its rather painless expanding cooperation with Africa. Serge Mombouli, advisor to the Congolese President in Brazzaville made the following comment about the Chinese assistance approach: "Chinese give us the concrete and the West the intangible.... But what is transparency or governance all about if people have neither electricity nor jobs? Democracy is no food!". The Guinean Minister of Mines, Ousmane Sylla at the same occasion added that: "Chinese are the only ones offering full packages"⁷¹ in terms of economic assistance.

But the problem for Cameroon and the other African countries in their cooperation with China is about how to turn the present situation of ideological aid competition between China and the west into a real opportunity. The options taken by China in offering assistance in infrastructure represent an opportunity for countries of the Central African Economic and Monetary Community (Communauté Economique et Monétaire de l'Afrique Centrale - CEMAC) to negotiate useful infrastructure packages with China. One of these, an important one, could be a possible agreement to get China to assist in building road infrastructure to connect the countries of the sub region. These roads could be envisaged to be modern multipurpose highways, not the type of tiny road that was constructed on African Development Bank and European Union Funding to link Cameroon to Gabon and Equatorial Guinea⁷².

⁷⁰ UNDP, MDG target 1c: Reduce by half the proportion of people who suffer from hunger, <http://www.undp.org/mdg/goal1.shtml>, accessed on 26 August 2010.

⁷¹ At the FOCAC summit in 2006.

⁷² The last section of the road was financed by the African Development Bank for up to 1.05 million ADF Unit of Account, the equivalent of US\$ 1.3 million as of November 2001. See African Development Bank, Completion Report, Ambam-Eking road development project, 2007.

It is possible that an approach of sub regional group negotiation with China could yield better benefits. If Cameroon could work on economic assistance negotiation packages with neighboring countries to submit to China in areas of common interest such as roads, ports, electricity, agriculture and industrial plants constructions, better synergies would be developed for growth sustainability and economic development.

7.2 Evaluation of issues for an objective standard

Measuring issues related to Chinese development assistance to Cameroon, so that there is an objective standard, is a real challenge in terms of aid effectiveness. The best known reference standard today is the Paris Declaration, though not accepted by China, which above all underlines increased cooperation amongst all donors. The main problems to solve in measuring and monitoring the effectiveness of Chinese aid are related to:

- (1) The availability of information both on aid pledges, criteria and volumes as well as on how aid matches Cameroon's development priorities,
- (2) The information sharing mechanism with other donors, which should take into account any possible reluctance or caution on the part of China,
- (3) The complementarity of Chinese assistance with other donors' in bringing real change for development,
- (4) Evaluation of impact of Chinese assistance on the people at all levels including the grassroots, which is entailed in the degree of inclusiveness of the Civil Society in the process.

To solve these four categories of problems, efforts and actions have to be made by the Governments of China and Cameroon, the Cameroonian civil society and traditional donors. In fact, as concerns information availability, China and Cameroon should adopt a better format for agreement negotiation, one that gives room for accessibility of all related information, through publication towards the general public. A specific Chinese aid coordinating structure could take charge of this.

With regard to information sharing, considering the fact that the official discourse in China on the issue is rather positive and promising, Chinese officials have to be taken on their word and held accountable for their pledge to put a Chinese assistance information disclosure mechanism in place⁷³. China should also be asked specifically about such promises as those made at the FOCAC, in 2006 to double assistance by 2009. In this respect, Cameroon and other African countries should make FOCAC a venue where to hold China accountable on its promises. To do this effectively projects to be submitted for Chinese funding should be designed with the real needs of the people in consideration who would then later be able to give feedback on the impact.

⁷³ China's Premier Wen Jiabao at the AfDB annual meeting in Shanghai in May 2007 said: "We will fully deliver on our statements and we are working with African countries to implement those measures."

Civil Society participation both in the project designing process and in monitoring and evaluation of impact is crucial. Political will is needed from governments to ensure this, but CSOs too must push for it and take independent initiatives, using whatever information is available. Appraisal of Chinese assistance could then be done in light of the Paris Declaration principles and ideally in full collaboration with the two governments. But in order to avoid reluctance on the part of the Chinese government, they should not be presented the issue as an obligatory call for alignment to Western principles imposed upon China, but rather as a universal need for aid effectiveness.

Sophisticated mechanisms could then be put in place for measuring social benefits of Chinese aid, in which all stakeholders including CSOs would have a role to play. This could even deal with the issue of tying that aid to the purchase of Chinese goods and services, by allowing independent and transparent audit and reporting at the receiving end. Government's statements could then be submitted to verification and be measured in terms of effects on the population of Cameroon. The outcome of the analysis would eventually help attune policies so that aid actually benefits those who need it most.

7.3 Recommendations for an objective standard of Cooperation with China

In light of the Paris Declaration, ownership is crucial and African countries need to behave more confidently in their relationship with China or any other donor. The problem with Africans' mindset with regard to ODA is that they have always tended to consider and believe that they graciously receive aid or assistance. This traditional vocabulary has to be struck from African cooperation language. Chinese cooperation approach, which clearly stated that things should be done according to mutual interest, gives a sound opportunity for this change of mindset.

As it is, ODA is not for free and national resources have always gone in return for it, meaning that donors generally also follow their economic, commercial or strategic interests, in their engagement with developing countries. When dealing with China, Cameroon and other African countries should put the interests of their people at the fore front. To do this, a good identification of needs at community level is necessary and goes through community participative and inclusive assessment. African Governments should capitalize on the role of the Civil Society here, as CSOs as they are closely attuned to people's problems and generally understand them better. At a certain point in the cooperation with China, the Cameroonian Government would attain better negotiation results by working hand in hand with the Civil Society and the private sector.

Three main stages should be considered for this, including: (1) the needs assessment phase to make sure that in areas where China is willing to provide assistance, the most

suitable and the best fitting is applied for; (2) the negotiation phase by allowing Civil Society Organizations and representatives of ordinary people to be part of national delegations during official visits and ensuring that these visits are prepared long in advance in order to avoid initiatives that serve only political propaganda; (3) the project implementation phase during which the government must give space for independent monitoring and evaluation by civil society constituencies and private sector actors, making sure that their findings are taken into account.

With regard to national planning and strategy, it would be good to combine different types of assistance requested from China. The idea is to make sure that in packages that are prepared for Chinese funding; economically profitable projects always go along side purely social ones. In the area of infrastructure for example, Cameroon has a very strong case to defend, considering the strategic location of the country in the Central African Sub Region. Building modern highways to connect Cameroon to Chad, the Central African Republic and Northern Congo is potentially directly income generating for the State of Cameroon, through toll gates in addition to the fact that it could boost the other sectors of the economy. The same applies to constructing a gigantic Central African Port Hub along the coastal line that stretches from Kribi to Limbe, through Douala rather than just envisaging small port facilities in each city, as is the case now⁷⁴.

Such a rational conception of the allocation of Chinese assistance resources to development would safeguard compliance with Equator Principles or Paris Declaration, because Cameroon and its peers would be in control of their own interests. They would thus be in a position to defend these interests better and make sure, at the same time that international standards are respected.

7.4 Possible avenues for growth sustainability and development

The state of competition between Chinese and western assistance is a huge opportunity to be seized by Africa. Priority economic sectors in Cameroon are badly in need of financial resources, which if available and well allocated, would yield additional income at all levels, from the grassroots to the top. One of these priority sectors is agriculture which appears to be operating far under its full potential, whereas there is an unlimited demand for food.

There is room for implementation of the agenda of the Comprehensive African Agriculture Development Programme (CAADP), which seeks to eliminate hunger and reduce poverty through agriculture. To do this, African governments have agreed to increase public investment in agriculture by a minimum of 10 per cent of their national

⁷⁴ There are two Deep Sea Port construction projects presently in Cameroon, one in Kribi where, the Chadian crude oil arrives through the Ch Cameroon pipeline from Doba, for export and another one in Limbe some 20 km from Douala along the coast. Douala is located in between Kribi and Limbe

budgets and to raise agricultural productivity by at least 6 per cent⁷⁵. The agricultural demand that Cameroon could cover is not just local but concerns the whole CEMAC region and even goes beyond to countries like the Democratic Republic of Congo (DRC), Nigeria and Angola.

The endowment in natural resources of DRC and Angola, potential customers for Cameroonian food stuffs, shows that by strategically using agriculture as an engine, not just in words as has always been the case, Cameroon has the possibility to ensure generation of new and additional income. It is not about trying small initiatives, but rather totally reconsidering what is needed to better capitalize on the agricultural potential of the country, which has five agro-ecological zones matching the main natural patterns existing in Africa. A great number of commodities can then be grown in Cameroon. Using agriculture as engine for the economy should not be merely producing basic commodities for exports, but considering the sector in an economic context where it comes as the first level of an integrated chain, from production to processing in a well organized food industry, targeting domestic and regional markets.

In the Central African sub region, Cameroon's advantage is to have developed an industrial potential that now could just be boosted with more resources. If Chinese assistance in infrastructure could be oriented towards food industry, with a modern agriculture at the background, then Cameroon would avoid competition with Chinese industry that tends to kill the small Cameroonian counterparts. This would be a good use of an obvious comparative advantage. China may capture all the market in the clothes industry but will hardly compete in the food industry in the African context.

In terms of regulation of Chinese aid, Cameroon could add specific instruments to the existing general public debt and aid management framework, to take care of the Chinese case. One of these instruments could be a coordinating structure for all ministerial monitoring and evaluation units for Chinese assistance related projects. Such a structure, at the monitoring and evaluation stage would also be able to study the best ways of negotiating and integrating Chinese ODA to national planning and development strategy and deal with technology transfer issues.

⁷⁵ <http://nepad-caadp.net/>, accessed on 26 November 2010

8 RECOMMENDATIONS FOR POLICY AND ADVOCACY WORK

There is an opportunity for African Civil Society Organizations to organize networks and regional groups among themselves to deal with the larger effects of Chinese assistance. In the case of forestry, CSOs in Central Africa are working for a common defensive platform in the Congo Basin, where a huge forest is shared by many countries. Such platforms can also be set up for Chinese assistance projects like dams, roads and other infrastructures. The knowledge and information gap among CSOs on the two sides has to be filled by academics from the two sides through research, studies, policy analysis and reforms.

The Shanghai Sino-African Civil Society momentum should be kept up by setting goals and future plans. Continued dialogue and discussions are a major key to such a process. Citizen concerns over the new investors in the continent have been voiced within many civil society platforms. The Sino-Africa summits at African Union level should give a warning sign to the world on the need to integrate the Chinese assistance phenomenon. Many countries are now resorting to China as a counter weight for their tired relations with the west. Civil Society Organizations must be proactive and in so doing, help their governments proceed with rational choices respecting the people's needs. Advocacy has to come even long before assistance packages are decided upon. CSOs must contribute to the choice and get a seat on economic negotiations with China.

A pragmatic vision should be given to the Sino-African relationship. The Chinese non-interference and no-conditionality policy has many critics, charging China with failing to encourage good governance. China has been mentioned as supporting dictatorships in Africa, especially the Sudanese government over human rights abuses in Darfur, suggesting the need to interrogate the new Chinese interest versus human rights. Cameroon at this stage should see how to benefit from the Chinese expansion, all the criticism notwithstanding. This too is an area of advocacy for Civil Society Organizations. But avenues should be found to constructively bring the voices of Africa's people to the table.

In order to ensure that China's role does not undermine the advancement of economic governance and development in Africa, cooperation with Chinese civil society is crucial and would play an important role in holding their government accountable. There should be meetings to create windows for discussion on specific issues such as the environment, HIV/AIDS or climate change. Cameroon Civil Society must work on a bridging ideological strategy with their Chinese counterparts aiming at drawing synergies from common action towards their respective government, calling for better development governance as they manage cooperation between the two countries.

The general public on the two sides of Chinese cooperation with Cameroon are not aware of implementation of policies (or the key policies, to start with), how this might affect them, how to address the relations with China, both to maintain best benefits out of this involvement as well as stop any harmful effects that might result for the two sides. African and Cameroonian Civil Society can enhance the opportunities and mitigate the threat of Chinese relations with Africa, by collecting and disseminating the right information. Considering that Civil Society Organizations are in direct contact with communities that might be affected by the Sino-Cameroonian relationships, they are in a better position to inform and get knowledge on real effects of the relationship, positive or negative, in their respective area or region and assess the benefits or damages that might result. They should guide their communities to plan and act together and capitalize on Chinese assistance.

In an interview with Pambazuka News after the Sino-African Civil Society Meeting in Shanghai, Charles Mutasa, former AFRODAD Executive Director noted that it was necessary to build CSO networks and linkages, identify the best practices of Sino-African relations and strengthen them, avoid the problems Africa had with the World Bank and IMF and ensure that they are not repeated in Sino-African relations. He added that people-to-people relations can better transform the Sino-African relations.⁷⁶

That view summarizes the situation and stakes well. It is true that at regional level CSOs need to use various platforms (ECOSOCC, NEPAD, UNECA, trade unions, women movements and Pan African Parliament) to engage African leaders and advise them on the best way forward. The AU must have one continental approach guiding country engagements with China - it must be strategic and based on comparative advantage. The use of research, advocacy and the media will help in this case. Exposing, naming and shaming certain deals can help ease the situation. At national level, open and transparent country stakeholders' debates and assessment of projects and deals will certainly help.

There is an important aspect to consider by Cameroon and other African countries with regard to Chinese development assistance, which has been neglected in the past with ODA from traditional donors. It is about where aid ends. Projections in allocation of aid resources should be made in such a way that the benefits drawn from Chinese assistance provide enough added-value to make aid superfluous in the future, thanks to the economic sustainability gained from projects funded by China. A way to do this could be, in addition to targeting profitable areas when choosing priorities, to make sure that local projects are implemented from domestic efforts beside the ones funded by China. This approach of the utilization of Chinese aid could even enhance technology transfer and is likely to ensure decent work for more Cameroonians and help to alleviate poverty in a short time.

⁷⁶ Pambazuka News, African and Chinese CSOs discuss China in Africa, 31 May 2007, <http://pambazuka.org>, accessed on 2nd September 2010.

Overall, in light of the above recommendations, there are a number of key and obvious advocacy targets by Cameroonian Civil Society. The Cameroon government, in general, and all public institutions or committees involved in Sino-Cameroonian cooperation have to be questioned on a constant basis on how the relationship with China is managed. African Union institutions and traditional donors are an important target with regard to the need for harmonization and coherence of all aid, including Chinese economic cooperation, at least in terms of the goals to achieve considering that Chinese aid is different. The government of China is an indirect target to aim at, using Chinese CSOs. Finally people at grassroots level in Cameroon must also be targeted for information and sensitization on the advantages and the inconveniences of the Cooperation with China.

9 GENERAL CONCLUSION

China has become an emerging economic power in the world today, and this can be seen in many areas including trade and international cooperation. Since 2006, following the first summit of the FOCAC, which marked the history of Sino-African relations, China is implementing a new cooperation strategy towards Africa. The Chinese approach for assistance to and cooperation with Africa, based on a declared policy of non-interference and mutual benefit, in a win-win format is changing the rules of the ODA game and imposing unexpected competition to traditional donors.

Chinese assistance to Africa in general and Cameroon in particular gives priority to infrastructure and is achieved through highly concessional loans and grants without conditionality except the recognition of the one China principle by the recipient country. Cameroon thus had to stop relations with Taiwan before starting diplomatic relations with China in 1971. In return for its assistance China generally engages in the exploitation of natural resources such as timber, oil and other minerals. Chinese are generally blamed for doing this in violation of international standards and without consideration for environmental risks.

China's growing role as a lender and donor to Africa is said to be a new challenge towards joint standards for responsible lending and effective aid. But it also represents an opportunity for Cameroon and other African countries, as it imposes competition to traditional donors and could probably lead to some changes and push western governments to practice what they preach or keep their ODA promises. It is, above all, a window of development opportunity for Cameroon, provided that the Cameroonian government does what is needed to engage in advantageous negotiation with China, in respect of Chinese commercial interests and based on the real needs of the people. A strategic approach for negotiation with China, including the protection of sub regional interests and search for synergies within the CEMAC could seriously boost the Cameroonian economy and ensure sustainable growth and development.

There are concerns about the possibility of a new debt build-up in Cameroon due to the rapid increase in aid from China, based on the argument that debt relief was granted on the basis that Cameroon was too poor to bear any debt. If Cameroon starts borrowing again, then some Western countries might view the debt relief to Cameroon as indirectly subsidizing new Chinese lending. This paradigm is not that helpful for Africa, because the insinuation could be that countries of the continent are not mature enough to understand where their interests are. It is about time this be firmly rejected. Africa in general and Cameroon in particular must look forward and take their destiny in hand, because governments, institutions and organizations that do not act strategically with regard to the new Chinese rise may be left by the wayside.

ANNEX

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