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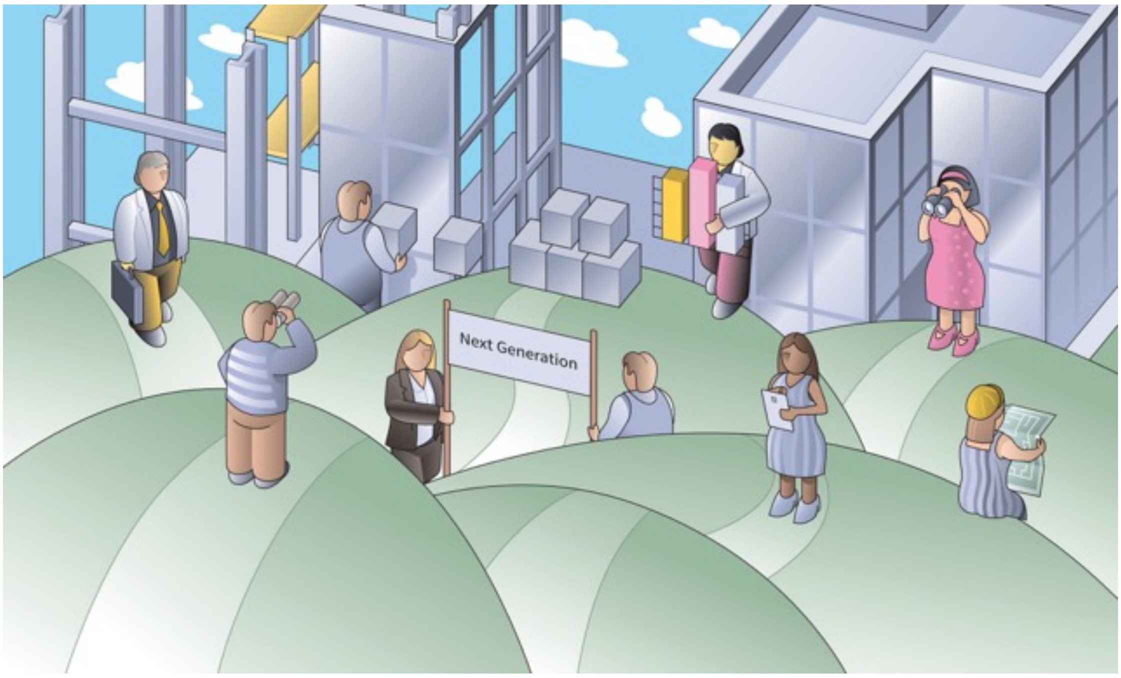

Development Strategies in Sub-Saharan Africa: A Comparison of the Chinese, US and Swiss Approaches

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Introduction

The 21st century presents Africa with both great opportunities and critical challenges. It will witness Africa's great population boom. The population in Sub-Sahara Africa (SSA) is likely to more than triple from 1.06 billion people in 2019 to 3.78 billion in 2100 (United Nations, 2019). Africa's population is young, fast growing and increasingly urbanized, which, given an expanding middle class and swift technological advancement and innovations, provides a huge "demographic dividend" and exceptional business opportunities (Brookings, 2019). The continent has currently a 1.2 billion-person market, and is home to the world's largest free trade area. In short, Africa is full of potential (World Bank, 2019).

Yet at the same time, hunger, poverty, corruption, increasing debt insecurity, state fragility, as well as global climate crisis, still weigh heavily on the continent's shoulders. By 2030, the number of people in extreme poverty will rise in 13 African countries, with SSA hosting 90% of the world's extreme poor (Brookings, 2019; World Bank, 2019). A PESTEL analysis can highlight the challenges that poor infrastructure, difficult regulatory and legal environments, political instability and lack of security pose for Africa's developmental path.

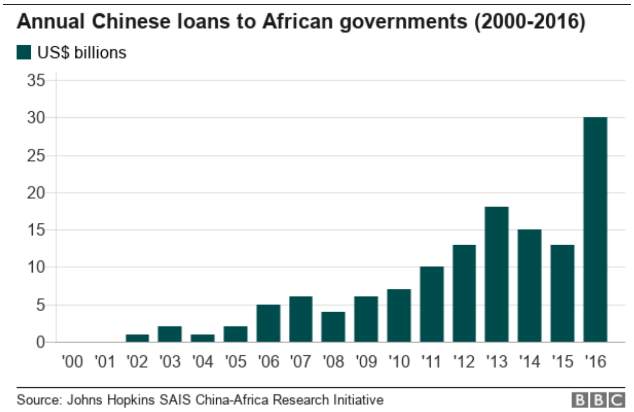
But how can Africa develop itself in the most sustainable way? How sustainable are the current strategies designed by China, the US and Switzerland to support Africa's development? This paper first explores the definition of sustainability, then provides an outline and a comparison of the three countries' support approaches.

UN Sustainable Development Goals

At the 2015 UN Summit, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals were adopted. The 17 goals cover poverty, inequality, climate, environmental degradation, prosperity, and peace and justice – with targets all set to be achieved by 2030. According to the UN, sustainable development is a development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." The three core elements of it are *economic growth*, *social inclusion* and *environmental protection.* In this paper we will look at China, the US and Switzerland's development strategies in Africa through such lenses.

The Chinese approach

With the historical significance of African countries' support for the People's Republic of China (PRC)'s gaining international legitimacy in the second half of the 20th century, the political tie between China and Africa is rather deep. China and Africa are in similar stages of development, and the Forum on China–Africa Cooperation (FOCAC) was established in 2000 to foster further South–South cooperation. Through FOCAC, China has launched plans that cover the fields of agriculture, transportation, medical care, natural resources and banking, expanding the volume of trade, investment and joint projects as well as other sorts of cooperation between the two regions (Executive Research Associates, 2009).



Chinese financial involvement in Africa includes grants, interest-free loans and concessional loans. A closer look at the composition of China's $60 billion pledge to Africa at the 2018 FOCAC Summit can reveal some of China's concerns regarding the return and viability of its financing in Africa (Habegger, 2015; Sun, 2018). Indeed, there have been cases where loan payment failed to be met on time – e.g. the Addis Ababa–Djibouti railway in Ethiopia, in which case the loan payment period had to be extended from 10 years to 30 years.

There is evidence that China has diversified its investment in Africa: between 2008 and 2014, the correlation between Chinese incoming investment and the recipient country's natural resource reserve declined, and there was an increase in the number of African countries receiving Chinese investment (Brown, 2018).

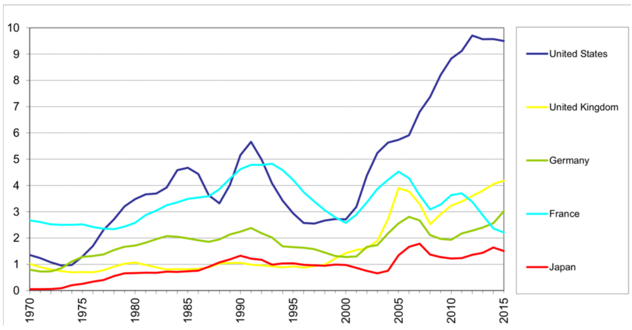
China's infrastructure projects in Africa include dams, power, ports, roads, water and sanitation; the most significant are power generation (especially hydropower) and transport (especially railroads), followed by initiatives in the ICT sector (mainly equipment supply) (Executive Research Associates, 2009).

Synergies between the Chinese state actions and the Chinese private sector include those in the Special Economic Zones (SEZs) in Africa, where Chinese private businesses enjoy various beneficial treatments and can piggyback on the state infrastructure construction, while the state gains more local leverage with the influx of Chinese firms. Yet the worry is, how much benefit do the African locals get from such SEZs? Does it create local jobs and facilitate sufficient knowledge transfer, or does it reinforce inequality and harm local artisans' livelihoods with the influx of low-priced Chinese goods?

The US approach

The US has long been a significant aid donor to Africa in absolute terms, historically treating its relationship with the latter as, for the most part, a foreign assistance relationship (CSIS, 2019). 80% of US aid to Africa goes towards health and humanitarian aid, with a strong focus on health and food security programs (CSIS, 2019).

2.2.4. ODA to Africa by largest bilateral donors since 1970
USD billion, 2015 prices and exchange rates, 3-year average net bilateral disbursements



As the graph above from the OECD shows, there has been a big jump in the size of the US's Official Development Assistance (ODA) given to SSA since the beginning of the 21st century, reaching a peak of about USD 11.5 billion in 2017 (OECD, 2018). However, despite being a larger donor of ODA, the US still does not meet the UN goal of giving 0.7% of Gross National Income (GNI).

Going into the 21st century, the US has increased its engagement with Africa as material interests and geopolitical and security concerns keep on rising (Ryan, 2019). In 2019, US President Trump initiated the "Prosper Africa" program to connect the vast consumer markets of Africa and the US, boosting two-way trade and investment (ITA, n.d.). It envisions American firms "bring[ing] significant capital, innovation, and proven solutions," while "adher[ing] to the highest standards of transparency, quality, and social responsibility," into Africa; it is an answer to US firms' call for easier access to the African market, as well as an adherence to the focus on security policy and economic interests for the US abroad, as emphasized in the Joint Strategy Plan of the United States Agency for International Development (USAID) (ITA, n.d.).

Some other US development programs in regards to Africa include the African Growth and Opportunity Act (AGOA) (enacted in 2000, renewed to 2025), the Emergency Plan for AIDS Relief (PEPFAR) (launched in 2003), the Millennium Challenge Corporation (MCC) (established in 2004), and Power Africa (launched in 2013).

The Swiss approach

Switzerland's track record of neutrality, independence and humanitarian traditions, and its aim of "alleviating need and poverty in the world, while promoting respect for human rights and democracy, and contributing to the peaceful coexistence of peoples and the conservation of natural resources," signal its approach to Africa will align with certain humanitarian and value guidelines (FDFA, n.d.). For example, Switzerland's involvement in Southern Africa has focused on food security under climate change – via improved seeds – and on HIV/AIDS – via prevention, care and support (EDA, n.d.). Switzerland works with regional partners to implement its projects.

Between 2012 and 2015, Switzerland was an active member in drafting and negotiating the 2030 Agenda for Sustainable Development, and has since its adoption been calling for systematic implementation of such rules and aspirations by all levels of the society (EDA, n.d.). Such commitment was then strengthened by the State Secretariat for Economic Affairs (SECO)'s publication of its economic development cooperation strategy for 2021 to 2024. Divided into 8 channels of action (fiscal, financial and monetary policy;

trade policy and system; business and investment environment; cities and public utilities; access to finance; sustainable value chains; entrepreneurship; and expertise in the digital revolution), the 2021–2024 strategy targets reliable economic framework conditions and innovative private sector initiatives to achieve its overarching goal of sustainable economic growth and social prosperity in partner countries (SECO, n.d.).

Its programs and projects are designed to be long-term, and are required to systemically consider the environmental impacts, the sustainable use of resources and the issue of gender equality. It is supported by other organisations of the Swiss Federal Administration and encourages cooperation from the private sector (SECO, n.d.). Switzerland's steady growth trend of its net ODA as well as its achievement of the UN's 0.7% GNI goal can be seen as one proof of its sound implementation of its principles.

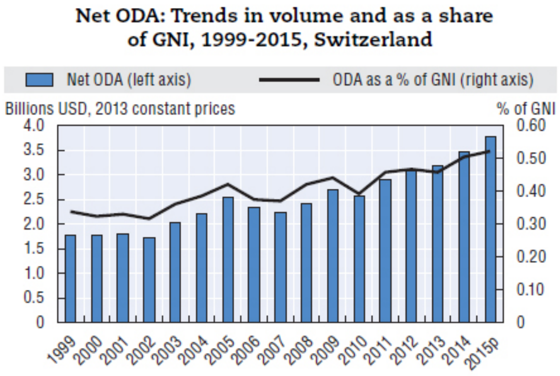


Figure 3: Switzerland's Net ODA Statistics from the Development Co-operation Report 2016 (OECD, n.d.)

Comparison

Economic growth. With regards to ODA, the difference in the three countries' levels of commitment is obvious: the US is still below the UN's 0.7% GNI goal, its foreign aid expenditure dwarfed by its foreign policy priority of military spending (The Borgen Project, n.d.); Switzerland is in good standing with the 0.7% goal; China does not report its aid figures to the OECD as a non-member, and mainly provides concessional loans for infrastructure and export credits (Habegger, 2015).

With Africa's growing debt – both domestic debt and public external debt – and debt's default potential, it is indeed necessary to stress the importance of careful evaluation prior to any deal. However, as the Brookings Institute has pointed out, "Development's future is finance, not foreign aid" (Gill, 2018); loans encourage accountability from both sides of the table, while grants are based on charity. A more positive look on the role of loans and other sorts of alternative financing is encouraged. Africa's urgent capital need for infrastructure building as well as all level of improvement on living standards means to be very receptive to any alternative financing besides the traditional Western aid. The "no-strings-attached" principle behind China's investments is arguably more respectful to African countries' independence than the Western value-attached models are. However, success for Africa still depends on the African states' good negotiating skills, as well as sound evaluation of repayment plans to ensure they are plausible.

Social inclusion. It is important to ensure successful knowledge and ownership transfer to African countries in order for the latter to be independent and able to run a sustainable system on their own. In this case, the Swiss approach of working with regional partners to foster regional dynamics and ownership is very good. China is also striving well with its professional training programs for the African labour force both in Africa and China, but the impact of its SEZs on the local labour and consumer markets still needs further critical examination and/or improvement. The US involvement focuses on its own security and economic gains, with some emphasis on health and food security, and is weak overall on the social inclusion aspect in comparison.

Environmental protection. This is an increasingly urgent point under the current global climate crisis. Switzerland has environmental concerns embedded in its 2021–2024 strategy and its overarching pursuit of the 2030 Agenda for Sustainable Development. The UN 2030 Agenda was also highlighted in the 2018 FOCAC summit, alongside China's Belt and Road Initiative (BRI), the African Union's Agenda 2063, and the development strategies of individual African countries. No doubt that amidst China's massive infrastructure plans in Africa, especially those keen on natural resources, it is important to establish a more environmentally friendly system sooner rather than later. It arguably should be an international endeavour, with countries with different expertise coming together to build Africa in the most efficient, effective and sustainable way possible. By comparison, the US again falls short in this regard, especially in the context of its exit from the 2015 Paris Agreement in 2017.

Conclusion

For any development strategy in Africa to be sustainable, it needs to be anchored in Africa's own capabilities. It needs to understand and best serve the continent's own specific characteristics, as well as that of each individual country. Outside interventions should aim to inspire and build Africa's own capacity, upgrading its population's labour, production and other system capacities, rather than inducing dependence.

The development strategies from China, the US and Switzerland come from their own different historical and political backgrounds, and have their own strengths and specialties when serving Africa. However, at the end of the day, it is important for African countries to take matters into their own hands – e.g. via eliminating corruption and inequalities, and establishing and implementing effective legal mechanisms – to build and strengthen a transparent, efficient and effective government and civil society of their own.

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