



# China and African Debt

Behind the Headlines

Image credit: Photo by Nuno Alberto on Unsplash

## **Matthew Edwards**

*Director, ViennEast Consulting GmbH; independent consultant and analyst*

### **Abstract**

The increase in Chinese loans to African sovereigns and entities has been marked since the 2008 global financial crisis, although the opacity of Chinese reporting makes assessment problematic. The pattern of loans is geographically unequal and has shifted about considerably over the 2000 to 2017 timeframe. Overall, almost 30 percent of the total loan amount has gone to Angola, with the governments of or entities associated with Ethiopia, Kenya, Congo and Zambia being other notable recipients. Of the top 10 African borrowers, half have strong hydrocarbon or extractive sectors, and the focus of Chinese loans has been the transportation, power and mining sectors. Very little Chinese financing has gone into education, health or the environment, providing strong evidence of a commercial rather than “human development” focus. For China, the volume of African debt remains a small part of its debt holdings. However, questions over the potential for “debt diplomacy” will continue to ensure that there is a focus on Chinese lending behavior.