

## U.S. and China “Power Play” Scorecard in Africa



By Anita Tang

September 6, 2021

*In this fourth report of the “Blue Dot Network” White Paper Series, we provide brief attributes of the Belt and Road Initiative (BRI) and the Build Back Better World Partnership (B3W). We maintain our belief that these two infrastructure-investment ecosystems can together better benefit the world.*

*Though B3W is at a very early stage of its development, this partnership can help the United States launch a new page in its step-up activities in Africa.*

*As indicated in our third report, we will follow through with more analysis on the U.S. and China “Power Play” scorecard in Africa. We are providing here a current cross-section of both countries’ footing in the Continent.*

## Two Infrastructure-Investment Ecosystems

Announced in September 2013 by Chinese President Xi Jinping in his official visit to Kazakhstan, the Belt and Road Initiative is a global-infrastructure-development strategy targeting to invest in 70 countries and international organizations. A key benchmark of BRI is the official operation of the Asian Infrastructure Investment Bank (AIIB) in 2016 with 57 founding Members (37 regional and 20 non-regional). By the end of 2020, the Bank had 103 approved Members (47 regional, 41 non-regional, and 15 prospective<sup>1</sup>) representing approximately 79 percent of the global population and 65 percent of global GDP<sup>2</sup>.

Eight years later, in June 2021, another global infrastructure initiative, the Build Back Better World Partnership, was announced by United States President Joe Biden at the G7 Summit with its Group of Seven partners. B3W will be global in scope, from Latin America and the Caribbean to Africa to the Indo-Pacific. Different G7 partners will have different geographic orientations, but the sum of the partnership will cover low- and middle-income countries across the world<sup>3</sup>.

Table 1: Attributes of BRI and B3W

	Belt and Road Initiative (BRI) <sup>4</sup> <sup>5</sup>	Build Back Better World Partnership (B3W) <sup>5</sup>
Year Introduced	2013	2021
Lead Country	China	United States
Founding Partner(s)	China	Group of Seven countries
Nature	A pragmatic global infrastructure initiative	A values-driven, high-standard, and transparent infrastructure partnership
Focus	Almost exclusively infrastructure-oriented or focused on energy and tech	Aims to tackle climate, health, digital technology, gender equity, and equality challenges
Target Market	Targets middle-to-low-income nations	Assist low- and middle-income countries hit hardest by the Covid-19 pandemic
Investment Areas	Hard infrastructure: ports, roads, railroads, railroad tunnels, airports, dams, skyscrapers, power plants, and telecommunication systems	Soft solutions: climate change, health security, digital technology, inequity, and gender equality

<sup>1</sup> Members and Prospective Members of AIIB, AIIB. Retrieved on September 2, 2021, <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>

<sup>2</sup> Introduction, AIIB. Retrieved on September 4, 2021, <https://www.aiib.org/en/about-aiib/index.html>

<sup>3</sup> "FACT SHEET: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership," White House, June 12, 2021. Retrieved on September 4, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/12/fact-sheet-president-biden-and-g7-leaders-launch-build-back-better-world-b3w-partnership>

<sup>4</sup> Belt and Road Initiative, Wikipedia. Retrieved on September 2, 2021, [https://en.wikipedia.org/wiki/Belt\\_and\\_Road\\_Initiative](https://en.wikipedia.org/wiki/Belt_and_Road_Initiative)

<sup>5</sup> "B3W – A Western Alternative to the BRI?" Leonardo Dinic, China-U.S. Focus, August 3, 2021. Retrieved on September 2, 2021, <https://www.chinausfocus.com/foreign-policy/b3w-a-western-alternative-to-the-bri>

Financing Approach	State-funded financing and bilateral negotiations	Bilateral, multilateral, and private-sector capital
Investment Amount	AIIB has a US\$100 billion-capitalization. BRI is estimated to cost between US\$4-8 trillion, an amount that is being sourced through diverse funding <sup>6</sup>	The G7 identified a US\$40+ trillion infrastructure funding-gap in developing countries

“Despite their differences,” Leonardo Dinic noted in his September 2, 2021 *China-U.S. Focus* article, “some believe that the B3W and the BRI could become complementary, but this will require significant compromise in Beijing and Washington.”<sup>5</sup>

Whether there are choices and better terms as a result of competition, or compromise or collaboration to attain multi-wins for all parties, or deal or no deal situation driven by geopolitics, it is all yet to be seen, particularly when B3W is still at its infancy, and many more ideas can be flushed out as the partnership starts to coordinate.

Our focus today is about BRI and B3W in Africa.

**Africa’s Infrastructure Needs**

Infrastructure needs for the African continent is expected at US\$150 billion per annum for at least the next 10 years, pointed out by Zainab Usman, Director, Africa Program, Carnegie Endowment for International Peace. More than 65 percent of Chinese development-financing in the African public sector goes to infrastructure, while 55 percent of OECD development financing goes to social sectors.<sup>7</sup>

In a July 15, 2021 Carnegie Webinar, titled “Can the BRI and B3W Coexist in Africa?” Usman posted to her panelists a number of questions: Is B3W just a Western alternative to Chinese influence? Can the two initiatives meet Africa’s financing needs? How can Africa avoid the spillover of great power competition? How do African leaders negotiate in this geopolitical landscape?<sup>7</sup>



<sup>6</sup> “B3W initiative versus the BRI,” Stephen Ndegwa, Star, June 15, 2021. Retrieved on September 5, 2021, <https://www.the-star.co.ke/news/world/2021-06-15-b3w-initiative-versus-the-bri>  
<sup>7</sup> “Can the BRI and B3W Coexist in Africa?” Webinar, Carnegie Endowment for International Peace, July 15, 2021, 10:00-11:15 a.m. EDT. Retrieved on September 4, 2021, <https://carnegieendowment.org/2021/07/15/can-bri-and-b3w-coexist-in-africa-event-7666>

## B3W has to Face Different Challenges

Conor Savoy, Senior Fellow with the Project on Prosperity and Development, Center for Strategic and International Studies, pointed out challenges for B3W to be successful: it is about coordinating the seven countries and their respective agencies, dealing with seven different due processes, seven different approaches of due diligence, and seven different deal sheets. He suggested that the only way for B3W to succeed in a resourcing perspective is to pursue co-financing and co-investment. The initiative needs clear leadership and that President Biden may want to use this as a vehicle to reassure American leadership.

Savoy sees the window of opportunity is now – as the world is entering its recovery from Covid-19, it needs to look at where investment is needed. What B3W can offer, in the health area, for example, can be helpful in Africa. It needs to balance the resources as there will be no low-cost loans from the U.S. government to African governments, but it is using existing financing to catalyze and mobilize private capital to do it. The de-risking tools that B3W provides can help boost investors’ decision to invest in Sub-Saharan Africa.

## African Policy Makers Need to Maintain a Portfolio Mindset

On whether BRI and B3W can work together in Africa, Yuen-yuen Ang, Associate Professor of Political Science, University of Michigan, indicated that there are areas of complementarity. In an ideal world, the two superpowers can cooperate, but, realistically, cooperation is very difficult at this point.

Ang asserted, however, that it is important for African policy makers to understand the strengths and weaknesses of both BRI and B3W, and have a portfolio mindset with different types of projects to figure out which initiative is a better fit for them.

	<b>BRI</b>	<b>B3W</b>
<b>Strengths</b>	<ul style="list-style-type: none"><li>▪ Very large scale</li><li>▪ Decisions can be quick</li><li>▪ Large amount of money pours in, and projects can be built quickly</li><li>▪ Chinese capital in general can be more patient so it can invest in long-term projects</li></ul>	<ul style="list-style-type: none"><li>▪ Conducts due diligence</li><li>▪ Every step is heavily documented</li><li>▪ Cares a great deal about assessing social impacts before implementation</li></ul>
<b>Weaknesses</b>	Lacks <ul style="list-style-type: none"><li>▪ consultation</li><li>▪ transparency</li><li>▪ accountability</li></ul>	Process is <ul style="list-style-type: none"><li>▪ slow</li><li>▪ not decisive</li><li>▪ bureaucratic</li></ul>

## Capabilities Helpful to Infrastructure Investment in Africa

Anzette Were, Senior Economist, Financial Sector Deepening Kenya, listed five capabilities that will be helpful to infrastructure investment in Africa to make a material effect:

1. Technical capability – the U.S. has not done any big infrastructure projects in Africa for a long time. It is about not having the appetite to do it.
2. Political-economy capability – it is often being underestimated. The value alignment for political-economy capability is considerable.
3. Financing capability – it is about the cost of financing and value for money.
4. Digital capability – China has 10-15 years lead in building the hard infrastructure and increasingly soft infrastructure that African governments need to realize their digital transformation.
5. Green capability – Will the climate-friendly high-standards become a de facto exclusionary force for particularly domestic African players in participating in B3W?

## Infrastructure Projects Should Not Be Large-ticket Items Only

David Ndi, Founder and Managing Director, Africa Economics, and former economic advisor to the government of Rwanda and Kenya, termed “Power Africa” as a U.S. initiative focusing its competition with China.



He warned that it is important to get out of the financing-mindset of development. There is a mismatch in the size of capital – Africa needs investment in small quantities and small scale, from US\$100,000 to US\$1,000,000, but investors are predominantly looking for large-ticket items to up to

a billion dollars. Africa needs financing to up its agricultural productivity than to fund huge infrastructure projects.

## **How BRI and B3W are Doing in Africa**

While B3W has yet to disclose more information about the partnership and its plan, BRI has been in the market executing projects for some eight years. Below are views of or collected by different market watchers on how they see the two initiatives perform. This,

we would like to point out, is only a current cross-section of the two initiatives’ performance in Africa.

Market Watcher	BRI	B3W
Stephen Ndegwa, Executive Director, South-South Dialogues <sup>6</sup>	<ul style="list-style-type: none"> <li>▪ Bilaterally and multilaterally, and through various regional groupings, China has had a concrete, substantive, and cordial partnership whose results are self-evident, particularly in modern infrastructure projects</li> <li>▪ The BRI projects have been a saving grace for developing countries like Kenya, whose infrastructural transformation over the last 20 years through China’s partnership has been phenomenal</li> </ul>	<ul style="list-style-type: none"> <li>▪ Critics have said that B3W is straight out of the BRI handbook, albeit a poor replica of the original</li> <li>▪ By the time B3W takes off, BRI will be almost complete, or too advanced for B3W to make sense</li> <li>▪ The G7 has never implemented such a complicated global infrastructure project</li> </ul>
Francesca Ghiretti, Fellow, Centre for Grand Strategy; Research Fellow, Istituto Affari Internazionali <sup>8</sup>	<ul style="list-style-type: none"> <li>▪ BRI was launched in years when China was heavily investing abroad; however, in the second half of the 2010s, this changed and investments became more targeted to those with strategic or economic interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ The prime question is where the money will come from</li> <li>▪ B3W should not make promises that it cannot keep. It should avoid the trap into which the BRI fell, B3W must ensure it does not disappoint expectations</li> </ul>
Leonardo Dinic, Journalist <sup>5</sup>	<ul style="list-style-type: none"> <li>▪ Italy, a G7 member, is already signed on to the BRI</li> <li>▪ BRI project companies are more competitive as most are state-backed</li> <li>▪ Less complicated state-funded financing and bilateral negotiations</li> <li>▪ Boston University’s Global Development Center data: Chinese overseas development-finance peaked in 2016 and has plummeted since. The Chinese government now stresses high-quality BRI development, implying a more restrictive and focused approach to overseas infrastructure investment</li> </ul>	<ul style="list-style-type: none"> <li>▪ B3W might have issues gaining support abroad, considering that the G7 nations all have investment needs</li> <li>▪ The G7 countries might have a credibility problem since inequality is so prevalent in the West</li> <li>▪ It is more complicated to raise private capital, and that the long and low return cycle of public infrastructure projects shoos private investors away</li> </ul>

<sup>8</sup> “B3W: Building an Alternative to the BRI or Falling Into the Same Trap?” Francesca Ghiretti, The Diplomat, June 22, 2021. Retrieved on September 5, 2021, <https://thediplomat.com/2021/06/b3w-building-an-alternative-to-the-bri-or-falling-into-the-same-trap>

## Understanding Africa's Needs And Knowing the Wants of the U.S. and China

### What Africa Needs

Two experts shared their analysis at the August 5, 2021 Deep Dish Podcast on “Who Benefits from U.S.-China Competition in Africa.”<sup>9</sup>

Gyude Moore, Senior Policy Fellow at the Center for Global Development who previously served as Liberia's Minister of Public Works, explained why the more democratic an African country becomes, the more it is drawn to China:

- The African countries need infrastructure. For domestic politics, whoever can build the most infrastructure will get public support.
- So when a politician gets elected, he/she tends to find the best partner who has the ability to deliver infrastructure and financing.
- Going to the World Bank for financing may take 2-3 years to get the loan approved, while China can do it cheaper and faster with comparable results.
- Most government terms are for five years. Politicians want to get the project done quickly so that they can get re-elected for another term.

However, Moore sees that debts/loans are no longer the only thing about getting infrastructure deals in Africa. Political management plays an increasingly larger role than just economic or socially feasibility.

Survey indicated that 35 countries on the Continent favor democratic government.



When democratic institutions are being built, they need a partner to help consolidate – China is not doing that. Democracy is the value that drives U.S. policies, and the U.S. can easily become that partner. This window, Moore noted, will not stay open all the time as African countries will find their own ways to build democracy with or without help from the U.S.

“Africa does not need a partner of choice but a choice of partners,” Moore proclaimed. The gaps are so large and so complex that there can

---

<sup>9</sup> “Who Benefits from U.S.-China Competition in Africa?” Deep Dish Podcast, The Chicago Council on Global Affairs, August 5, 2021. Retrieved on September 5, 2021, <https://www.thechicagocouncil.org/commentary-and-analysis/podcasts/who-benefits-us-china-competition-africa>

be different partners with different competence. China is good in building infrastructure and the U.S. can help strengthen the government structure. There is a role for both.

Moore maintains that savvy African leaders can benefit from B3W.

Another expert, Michele Lowe, former U.S. Navy Federal Executive Fellow, the Chicago Council on Global Affairs, observes that in Africa, the Chinese model evolves across time and experience, and she is not sure how B3W is going to do that.

Same as Were, Lowe pointed out that the Nairobi-Mombasa Expressway project, which was committed by the United States and announced in 2017, has not even started. Though it is a U.S. credibility issue, it can extend to being a B3W issue as after all it is a U.S.-led G7 initiative.

B3W is about how to govern better – such as whether the project can still work in 100 years – but that concept may not be applicable in hard infrastructure. Nevertheless, Lowe suggests that B3W can engage in the health sector which can be good and useful in Sub-Saharan Africa, a similar notion raised by Savoy in the July 15, 2021 Carnegie Webinar.

#### What China Wants in Africa

Both experts saw the importance to understanding what Africa is to China.

Moore reckoned that trade with Africa may not be the most important to China but Chinese legitimacy is – winning the 54 African votes as a bloc. At the moment, there is no cost attached for African countries to vote for China because competition has not started quite yet; if it does however, there may not be so many African countries voting for China in the United Nations, Moore asserted.



Lowe examined Chinese goals that Africa can assist to accomplish via BRI: achieving national rejuvenation by 2049 and recognizing the “China Dream”. First, China needs to continue its strong economy, and Africa is where China can sell its excess production and the resources from Africa can keep such production going. The loans and risks involved with BRI are what China has to assume. Second, China wants to regain some of the territories it had lost in colonialism. BRI is getting countries to accept and endorse the “One China” principle in which Taiwan is a part of.

As noted earlier, Chinese overseas development-finance peaked in 2016 and has plummeted since. The Chinese government now stresses high-quality BRI development, so



for African countries to get development finance from China now is not as easy as before. China is still popular in Africa, but issues of corruption, racism, insufficient job creation, lack of skills and technology transfer shirk its efforts. To continue its favorable position in Africa, China needs to step up in addressing ordinary people's well-being to craft a lasting relationship that better reflects Africans' needs. As President Xi acknowledged in June this year, there is a need for better communication to present an image of a "reliable, lovable and respectable China"<sup>10</sup>.

Africa is important to China. The G7 common front can pose a threat to China in Africa.

Africa is in the driver's seat for BRI and B3W.

### **The Jury is Not Out Yet**

For BRI or B3W to succeed in Africa, they should not see things from the lens of great power competition. Instead, they need to align their interest and priority with the host countries. Africa's priorities are creating jobs for youth, making sure rural areas are connected; they are about climate-resilient and sustainable financing.

Long-term infrastructure projects are about commitments to the country instead of to the government/administration; it is about global-vested interest and local-vested interest and public sentiment.

Low observed that G7's B3W has its priorities set out, while China's BRI does not impose political condition or its own values. For now, there is no concrete plan or strategy document for the B3W as yet, meaning there are still opportunities to shape things up. Once B3W builds a more definitive roadmap, the picture may be different.

For African countries, they should look at choosing between the two systems with different strengths and weaknesses – which ever better matches their particular needs and development plans can be their partner in those areas.



*Photo by Matheus Bertelli from Pexels*

---

<sup>10</sup> Why China Needs More Than Better Communication to Fix its Africa Image Problem, August 30, 2021. Retrieved on September 6, 2021. <https://www.scmp.com/comment/opinion/article/3146529/why-china-needs-more-better-communication-fix-its-africa-image>