Contents

03 Foreword
04 Introduction
06 China’s loan terms and conditions
08 Chinese finance flows into Africa
10 COVID-19 and Africa’s dependence on China
11 Russia’s orientation to Africa
12 Russian rhetoric used to strategic effect in Africa
13 Russia’s energy matrix: nuclear, gas and oil
14 Russian mercenaries and security outfits
16 Conclusion
17 Key contacts

Africa Insights is a research collaboration between Bowmans and the University of Stellenbosch’s Centre for Complex Systems in Transition.

Research for this edition was done by Nina Callaghan, Dzvinka Kachur and Mark Swilling.

Click here to read previous editions of Africa Insights.
Foreword

It has been common knowledge for some time that China and Russia are major economic players in Africa, but the actual extent of their involvement may come as a revelation.

In gathering their data for this fifth edition of Africa Insights, our research partners at Stellenbosch University’s Centre for Complex Systems in Transition discovered some startling facts and figures. One is that China now holds an estimated 24% of Africa’s combined external debt, including USD 150 billion of interest-bearing loans.

This is a substantial amount of debt in the hands of one lender and is worrying given the economic difficulties many African countries are experiencing amid the COVID-19 pandemic. As our research partners note, the President of China, Xi Jinping, recently stated that although loan restructuring would be done on a case-by-case basis as a result of the pandemic, it is business as usual for repayments on interest-bearing loans.

Indebtedness to China could be a particular problem for African countries that have factored national assets into state guarantees to creditors. If these countries default on their loan repayments, they could find themselves losing control of these assets, from ports to railway lines and power plants.

The research shows that Russia’s economic commitments on the continent are about 10% of China’s, but they are highly tactical and targeted to combine economic gains with geopolitical influence.

For example, Russia’s state-owned nuclear power company, Rosatom, is actively negotiating nuclear power plants with at least 15 African countries, and three other Russian energy SOEs are involved in something like 30 oil and gas projects in Africa. In some cases, such as in the Central African Republic (CAR), Libya and Sudan, mining rights have been awarded in exchange for weapons, and security and arms training.

Much of China’s and Russia’s current influence in Africa can be traced back to their supportive roles in the independence or liberation struggles of many countries, which stands them in good stead today. However, our research partners believe it would be prudent for African countries to keep their own national and regional interests in mind when negotiating agreements and terms to ensure these are fair and transparent.

I trust this edition of Africa Insights will be useful and informative to those of our clients who seek to deepen their understanding of doing business on this fascinatingly complex continent.

Robert Legh
Chairman and Senior Partner
China and Russia are the two global powers that are often mentioned in the same breath as having growing influence in developing world regions, especially Africa.

They have become adept at developing new markets in emerging economies, offering a range of products and services packaged in attractive-looking deals.

China’s influence is often described as a form of economic colonisation, adding to the debt burden of developing nations through massive infrastructure projects, project financing and investments in the extractive industries.

Russia’s influence is explained mostly in terms of energy interventions, specifically nuclear and gas along with security, weapons sales and the proliferation of political tools such as disinformation campaigns.

South African President Cyril Ramaphosa, who is also the current leader of the African Union, insists that China and Russia do business with the continent for ‘mutual benefit’ and that their investments are a change from the extractive and exploitative colonial powers of the West.

Soon after the 2019 Russia-Africa summit in Sochi, Ramaphosa penned a letter to South Africans saying, ‘We are ever mindful of our colonial history, where the economies of Europe were able to industrialise and develop by extracting resources from Africa, all the while leaving the colonies underdeveloped... China, Russia, the OECD countries and other large economies are eager to forge greater economic ties with African countries because they want to harness the current climate of reform, the deepening of good governance, macro-economic stability and the opening up of economies across the continent for mutual benefit.’

Ramaphosa’s sentiments reflect those of many African leaders who describe China’s and Russia’s presence on the continent as an antidote to the effects of Western colonisation and the continued unequal terms of Western foreign aid to Africa.

Chinese and Russian interests are viewed as forms of foreign direct investment, a view which this edition of Africa Insights investigates.

Some geopolitical analysts theorise that China’s and Russia’s interest in Africa is purely for their national interests, fuelled by desires to advance their legacy projects, to be global counterpoints to the Western-dominated powers, and to satisfy their needs for revenue and resources.

Anti-West rhetoric is certainly what China and Russia have in common, winning over many African nations through a narrative of decolonisation and African sovereignty.

The communist past of the People’s Republic of China and the Soviet Union place them at an ideological advantage. Angola received Soviet military support in its battle for independence from Portugal. Scores of African National Congress (ANC) cadres were educated and trained in the Soviet Union for the struggle against apartheid.
Several other countries were also supported this way during their independence struggles, including Algeria, the Democratic Republic of Congo, Guinea, Madagascar, Mozambique and Tanzania – many of them being influenced by the Soviet Union’s socialist policies in the design of their newly independent states.

China also played a role in the independence movements in Africa, providing moral support, weapons and military training.

Both Beijing and Moscow can invoke a long history of cooperation with Africa and while that can be framed ideologically, there are commercial interests at stake too.

Maintaining a narrative of friendship with Africa serves both China’s and Russia’s diplomatic interests, informing their identities as benevolent rising powers. However, careful analysis indicates that their interests on the continent are strategic to their national objectives, have been carefully planned and have become more sophisticated and deliberate over the past two decades.

A combination of China’s and Russia’s geopolitical aspirations and economic practicalities are playing out in Africa to mixed effect: their investments speak to African needs, albeit mostly over the short term, while the longer term debt, policy implications and environmental consequences speak more to extractive motivations and a weakening of local governance.

Some researchers calculate that 75% of the continent’s economic infrastructure must still be built. This impacts access to education, healthcare, jobs and basic services, as lack of infrastructure impedes economic growth.

It is calculated that almost 60% of Africans lack access to electricity, while more than 50% of urban Africans are not connected to water and sanitation infrastructure.

Infrastructure services in Africa are also the most expensive in the world. One example is freight, which costs USD 0.13 per tonne in Africa compared to USD 0.01 in developed countries. Landlocked countries on the continent are worst off, paying up to 50 times more than those on the coast.
China’s loan terms and conditions

The financial arrangements that accompany Chinese infrastructure projects are attractive to economically sluggish African economies.

Half of China’s infrastructure investment commitments come from loans while the other half are in the form of export credits. A very small percentage are grants. This is illustrated in the graph below, a representation which still holds true in 2020.

**Chinese infrastructure finance commitments in Sub-Saharan Africa, 2001-07**

Export and preferential export credits can give China an advantage over other exporters. China is not part of the Organisation for Economic Co-operation and Development (OECD) and does not have to comply with guidelines around limits to financing, repayment arrangements, transparency and environmental and governance standards.

Export credits may also allow China to access the debtor’s natural resources or strategic national assets as a form of repayment. This deal structure is known as the ‘Angola Mode’ or ‘resources for infrastructure’ financing where loan repayments are made in resources, such as oil or minerals.

This is a very attractive option for countries unable to provide state guarantees for their loans and that have limited options for financing due to a history of defaulting.

China is not unique in offering these terms; the oil industry, in particular, has a long history of natural resource-based transactions.

The flow of non-beneficiated natural resources out of Africa means that well-endowed countries do not benefit from their natural wealth, nor do they develop value chains and supportive industrial policies to harness their national and regional development.

Ethiopia, Kenya, Tanzania and Zambia have all benefited from Chinese rail projects thanks to the Belt and Road Initiative set up in 2013.

Structured into most concessional infrastructure deals, however, is the agreement that public tenders for civil engineering and construction are awarded to bank pre-approved Chinese state-owned enterprises. This means that skills development, sector expertise and even opportunity for unskilled labour are lost to Africans.

The graph overleaf shows a marginal decline in revenues of Chinese construction projects between 2016 and 2018, but there was a greater concentration of Chinese investment over this time. Algeria, Ethiopia, Angola, Kenya and Nigeria together accounted for 50% of all Chinese construction project revenues in 2018.

Chinese policy banks, such as the China Development Bank, favour export credits. In this arrangement, African countries do not always have to pay back the financing in actual currency. A menu of options that appear favourable to cash-strapped and infrastructure-poor countries generally form part of the agreements, including preferential export buyers’ and sellers’ credits and natural resource-backed loans.
Beneficiaries of Chinese loans are at further risk when national assets have been factored into state guarantees or public-private partnerships with Chinese contractors. With poor growth forecasts for the next few years, exacerbated by the COVID-19 crisis, overindebted African countries are likely to default on loan agreements with China and other creditors.

Analysts at the Brookings Institution estimate that 65.8% of Zambia’s external debt is through loans from China. According to them, this is an African record. Some of those loans pertain to Zambia’s state electricity company, Zesco, especially the Chinese loan of more than USD 1 billion that the utility secured to build the Kafue Gorge hydroelectric dam.

Along with soaring interest on its eurobonds for the same energy project, and a standoffish International Monetary Fund, Zesco is in trouble. The national utility could be seized by China as the majority shareholder in Sinozam Power Corporation which is building the hydropower dam. Zesco has a 30% share while the Africa-China Development Fund and Chinese state-owned Sinohydro hold 20% and 50% respectively in a mutual debt fund.

Kenya is in a similar debt bind with China and is potentially in danger of losing control of its port in Mombasa. The national asset is collateral in the USD 2.3 billion loan to Kenya Railways Corporation for a freight rail linking Mombasa and Nairobi. It is being built by the China Roads and Bridges Corporation. The railway is 472km long and costs USD 5.6 million per kilometre, close to three times the international standard and four times more than the original cost. It is not electrified as the trains will be diesel powered. China has financed 80% of this runaway project that now consumes 6% of Kenya’s gross domestic product.

Kenya’s strenuous balancing act between upgrading colonial-era infrastructure at astronomical cost and the future benefits of cheaper freight and passenger services is one that many other African countries struggle with too.

Improved infrastructure not only serves nation states but also lays the foundation for intra-continental trade. The much-lauded Africa Continental Free Trade Area (ACFTA) will require this network of roads, rail, energy, water and communication technology that China is investing in. The ACFTA also holds great benefit for both China and Russia, enabling them to access cross-border sources for trade and manufacturing at massively reduced tariffs.
Chinese finance flows into Africa

The graph above illustrates that Chinese finance into Africa has been on the rise since 2003, with a peak in 2008 after the Industrial and Commercial Bank of China bought a 20% share in South Africa’s Standard Bank. The long-term effects of the global financial crisis in the United States (US) can be seen in its diminishing investment flows, with China overtaking the US as the biggest financier on the continent in 2014.

Over the past two years, the five African countries that have received the lion’s share of Chinese financing are South Africa, Mozambique, Zambia, the Democratic Republic of Congo and Ethiopia.

The Chinese Government, its banks and SOEs hold an estimated 24% of Africa’s combined external debt. With less negotiable loan terms from the World Bank, IMF and other Western-based finance institutions, China’s dominance as a lender to Africa is set to continue.

Analysts say countries pay back a lot more to private sector lenders, who hold up to 30%, than they do to China, which is usually willing to restructure or renegotiate loan terms.

It stands to reason that if countries have multilateral loan agreements, it is not only Chinese loans they would default on.
China is Africa’s biggest trading partner with trade reaching values of up to USD 200 billion. In 2018 the largest exporters to China in descending order were Angola for oil, South Africa for ores slag and ash, steel, iron, other minerals and agricultural products, and the Democratic Republic of Congo, which exports copper, cobalt and gold for China’s vast manufacturing sector. South Africa was the largest buyer of Chinese goods in 2018, mainly sourcing electronics and appliances, machinery, plastics, footwear and beneficiated iron and steel products. The table below gives a good indication of materials, goods and services for trade and how they have increased over seven years. It is clear from this that the economic patterns evident during colonial times continue, where African exports are commodity-based, low value-added goods and Chinese exports to Africa are highly beneficiated.

African’s primary imports from and exports to China

Source: Cathkin Analyses, Trademap

### Africa’s top five imported products from China

<table>
<thead>
<tr>
<th>2HS</th>
<th>Product</th>
<th>USD bn</th>
<th>% of total</th>
<th>CAGR 2001-2018</th>
<th>Imports from China as % of total African imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>85</td>
<td>Electrical machinery</td>
<td>17.5</td>
<td>19</td>
<td>22</td>
<td>7 39</td>
</tr>
<tr>
<td>84</td>
<td>Machinery</td>
<td>15.0</td>
<td>16</td>
<td>22</td>
<td>4 25</td>
</tr>
<tr>
<td>87</td>
<td>Vehicles</td>
<td>4.9</td>
<td>5</td>
<td>23</td>
<td>2 12</td>
</tr>
<tr>
<td>73</td>
<td>Articles of iron or steel</td>
<td>4.4</td>
<td>5</td>
<td>21</td>
<td>6 31</td>
</tr>
<tr>
<td>39</td>
<td>Plastics and articles thereof</td>
<td>3.5</td>
<td>4</td>
<td>23</td>
<td>3 16</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>46.1</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>All products</td>
<td>91.4</td>
<td>100</td>
<td>19</td>
<td>4 16</td>
</tr>
</tbody>
</table>

### Africa’s top five exported products to China

<table>
<thead>
<tr>
<th>2HS</th>
<th>Product</th>
<th>USD bn</th>
<th>% of total</th>
<th>CAGR 2001-2018</th>
<th>Exports to China as % of total African exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Mineral fuels and oils</td>
<td>46.1</td>
<td>64</td>
<td>18</td>
<td>5 22</td>
</tr>
<tr>
<td>26</td>
<td>Ores, slag and ash</td>
<td>12.0</td>
<td>17</td>
<td>26</td>
<td>11 52</td>
</tr>
<tr>
<td>74</td>
<td>Copper and articles thereof</td>
<td>3.7</td>
<td>5</td>
<td>33</td>
<td>3 22</td>
</tr>
<tr>
<td>81</td>
<td>Other base materials; articles thereof</td>
<td>3.5</td>
<td>5</td>
<td>39</td>
<td>5 84</td>
</tr>
<tr>
<td>44</td>
<td>Wood and articles of wood</td>
<td>1.6</td>
<td>2</td>
<td>12</td>
<td>14 40</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5.4</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>All products</td>
<td>72.3</td>
<td>100</td>
<td>19</td>
<td>3 15</td>
</tr>
</tbody>
</table>
COVID-19 and Africa’s dependence on China

Considering the vast financial and trade flows between the African continent and China, the COVID-19 pandemic has hit African economies hard. Given China’s severe lockdown during the early stages of the pandemic, commodity-driven economies on the continent took a severe knock with prices for copper, oil and other minerals tumbling in the global economic downturn.

Chinese economic output dropped 6.8% in the first quarter, but early indications are that the economy is bouncing back with growth rates higher than expected. The 3.2% growth in the second quarter of this year suggests a V-shaped recovery is underway, but it may not be enough to buoy China’s vast investments on the African continent.

Most of China’s growth is attributed to a USD 500 billion stimulus package that included tax breaks and special treasury bonds to increase fiscal spending as a way to secure jobs, livelihoods and local government operations.

In such a stretched climate, China’s considerable investments in the Belt and Road Initiative infrastructure programme are in question, as is China’s ability to shower Africa with the kind of credit it has provided to date. It could also be likely that struggling African economies will divert what available resources they have into COVID-19 responses rather than servicing debt.

At the recent virtual gathering of African and Chinese leaders, the ‘Extraordinary China-Africa Summit on Solidarity Against COVID-19’, China made it clear that only non-concessionary loan repayments would be forgiven – a marginal sum as these types of loans make up only 9% of the total Chinese lending to the continent.

It is business as usual for repayments on interest-bearing loans, so none of the USD 150 billion owing has been forgiven. However, China’s President, Xi Jinping, did indicate that loan restructuring would be done on a case-by-case basis.
Russia’s orientation to Africa

Vladimir Putin came to presidential power in 2000 with an interest in regaining geopolitical influence and once again building the vision of ‘great Russia’ – replete with authoritarian, patriot, homophobic and imperial narratives.

Russia’s resource-dependent economy fared well enough for four years when crude oil prices rose steadily from USD 40 per barrel in 2000 to USD 100 by 2014. It financed expensive wars in Georgia, Syria and the Ukraine, fuelled by the ambition to grow Russia’s geopolitical might across the region.

But 2014 saw Russia weather several challenges to its pursuit of power. First came the oil price decline, which by December 2014 hit a low of USD 62 per barrel and fell further over the next year, reaching USD 31 in January 2016.

Second, Russia’s annexation of Crimea in 2014 precipitated punishing sanctions against it by the European Union (EU) and the US. The Malaysian Airline shot down over eastern Ukraine by a Russian missile, killing all 283 on board, further tightened these sanctions. It prevented Russian state banks from accessing loans internationally, banned arms trade with the EU and stopped oil and associated technology exports from Russia, among other measures. Individuals and oligarchs running Russia’s leading energy and mineral companies were also sanctioned, issued with travel bans and asset freezes.

Russia had developed a network of partners in Africa during anti-apartheid and anti-colonial times. The continent appeared receptive to the re-building of ideological alliances that in turn would allow access to natural resources and financial gains for the federation, which needed alternative revenue streams.

Russia was no doubt aware it had to provide economic benefits to the African region to really secure its influence. Signalling this shift, the first state visit of a Russian President to the continent, and to South Africa, took place in 2006.
Russian rhetoric used to strategic effect in Africa

Russia’s narrative is that Western countries are colonisers that exploit African nations and extend their colonising power by promoting democracy and enforcing stringent conditions on cooperation and trade.

Ilya Rogachev, the current Russian Ambassador to South Africa, captured the sentiment well in a pre-Sochi summit speech: ‘Russia and the Soviet Union never had a detrimental presence on the African continent. We have always supported the African peoples and nations, often selflessly’.

This is a narrative that Putin has frequently been known to use, warming African heads of state into relationships of trust and solidarity that could lead to substantial and financially and politically onerous agreements offered by Russia. The subtext of this narrative is that cooperation and financing need not follow the principles of transparency and accountability.

The consequence of this approach was seen to dramatic effect in South Africa in the 2014 nuclear deal, which became a central feature of state capture. A nuclear programme is a complex megaproject that requires the coordination of multiple governing institutions, as well as public participation in South Africa.

Various South African state institutions were repurposed and their processes hijacked by state capture actors to allow the procurement of a Russian nuclear fleet, the deal driven aggressively by then-President Jacob Zuma and Putin.

The nuclear deal was effectively an agreement that South Africa would become a key element of Putin’s global nuclear-based energy strategy, which aimed to break Russia’s dependence on fossil fuels. It was also a bid to mount a global alternative to renewable energy.

For Zuma, this ZAR 1 trillion project was the crown jewel in his policy of ‘radical economic transformation’ aimed at creating a black industrial class that would displace the white capitalist elite.

However, in order to implement the agreement, extra-legal means were required which, in turn, depended on state capture and the consolidation of a shadow state for managing the multiplicity of corrupt networks required to enlist vast layers of players across the state, politics, media and business.
Russia’s energy matrix: nuclear, gas and oil

Russia has been playing the long game to realise its nuclear ambitions on the African continent and globally. In 2007 it launched a long-term programme to promote its nuclear reactors worldwide, using Rosatom, a 100% state-owned company, as the delivery vehicle.

Rosatom is actively negotiating nuclear power plants with more than 15 countries on the African continent. The closest to implementation is the nuclear power plant on the Mediterranean coast in El Daaba, Egypt, where four third-generation VVER 1200 reactors are planned to come on line in 2028-2029. Russia has provided the majority of the financing – 85% of the USD 21 billion for nuclear power plant builds, with a 60-year servicing contract to maintain the reactors.

Among other countries that are negotiating with Russia are Ghana, Nigeria, Rwanda and Uganda. Most of these countries lack the grid capacity to distribute the amount of energy that could be produced should nuclear power stations be built, so having these plans materialise is still a long way off for many of them.

For Russia, the construction of nuclear power plants creates the opportunity for combining geopolitical influence and economic gains. It is worthwhile remembering that a nuclear plant can influence a host country’s economy and politics for between 50 and 100 years, potentially affecting its ability to make independent decisions.

As highlighted earlier, Africa is energy scarce and requires cheap, reliable electricity to stimulate economic growth. The image below illustrates the kind of increased energy capacity that nuclear could bring. What it does not show is that nuclear energy is by far the most expensive energy source. In South African Rands, the cost of nuclear energy is estimated at between ZAR 1.70 and ZAR 2.80/KWh, compared to coal costs at ZAR 1.30/KWh and renewable energy with the least cost at ZAR 0.60/KWh.

---

**Current and expected electricity generation of African countries considering introducing nuclear energy**

*Source: International Energy Agency*

<table>
<thead>
<tr>
<th>Country</th>
<th>2015</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morocco</td>
<td>47.9</td>
<td>31.2</td>
</tr>
<tr>
<td>Niger</td>
<td>8.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>48.3</td>
<td>31.4</td>
</tr>
<tr>
<td>Ghana</td>
<td>17.6</td>
<td>11.5</td>
</tr>
<tr>
<td>Egypt</td>
<td>182</td>
<td>280</td>
</tr>
<tr>
<td>Sudan</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Kenya</td>
<td>9.7</td>
<td>14.8</td>
</tr>
</tbody>
</table>

Unit: Terawatt hour (TWh)
Russian state energy companies Gazprom, Lukoil and Rosneft, make Russia one of the world’s top hydrocarbon producers and exporters. Lukoil manages gas and oil projects and is active in Cameroon, Egypt, Ghana, the Gulf of Guinea and Nigeria, pumping at least USD 1 billion into those projects. Gazprom is working in Algeria and Libya, where it has discovered three gas fields.

In 2009, Gazprom and the Nigerian National Petroleum Corporation (NNPC) established NiGaz Energy Company Limited. Rosneft has acquired a 30% share in Egypt’s Zohr offshore gas field and plans to be involved in some 20 projects with Nigeria’s Oranto Petroleum energy group.

A contract between a Russian geological company and Equatorial Guinea to prospect for oil, gas and mineral reserves there, is one of the deals from the 2019 Russian-Africa Summit in Sochi to bear fruit.

Activists and political analysts in Guinea believe this deal merely deepens the hold Russia has both on Guinea’s politics and on its extractive industry, which earns 33% of the country’s national revenue. Russian mining companies also own a few bauxite mines and a goldmine in Guinea.

These investments were allegedly used to manipulate Guinea’s politicians into softening reformed mining codes that called for increased taxes to protect the environment and local communities. Russian companies were also granted 25-year extensions on their contracts, with previous conditions intact. This advantage came after the Russian ambassador to Guinea publicly supported a change to the Constitution that enabled the country’s octogenarian president to stand for a third term.

Russian mercenaries and security outfits

Like China, Russian mining rights may be exchanged for something other than finance. In the CAR, Libya and Sudan, mineral rights are awarded to Russia at a fraction of their value in exchange for security and arms training.

In exchange for diamond and gold mining rights, Russia deployed almost 1,000 military instructors to the violence-plagued CAR in 2018. The Russian military delivered light weapons, rocket launchers and artillery and provided training to the CAR army and the Presidential Guard. A Russian citizen and former St Petersburg policeman, Valery Zakharov, has been appointed national security adviser to the president of the CAR. He has the ability to summon ministers and meet with both state and opposition-armed groups in CAR, ensuring that Russia is aware of, and able to direct, security movements.

Meanwhile, Russia’s Defence Ministry is represented in Sudan’s Ministry of Defence, making them privy to all decision-making in that country. There have also been frequent appeals to Moscow to improve security in countries ravaged by Islamic State and Al Qaeda attacks, most notably from Burkina Faso, Mali, Mauritania and Niger. The US has started removing its troops from the region, creating the ideal gap for Russia.

It is believed that these Russian ‘security experts’ are not part of the official state army, but belong to the Wagner Group, a private security company modelled on the South African company Executive Outcomes. Wagner has been linked with Yevgeny Prigozhin, an oligarch who is part of Putin’s inner circle. The military company has also been active in Mozambique, Sudan, Syria and Ukraine.

Russia has been actively seeking access to oil and gas in the Cabo Delgado region of Mozambique. Between September 2019 and March 2020, Wagner Group mercenaries arrived to provide training and combat support against jihadists. The Russians came well equipped with helicopters and drones, but were unprepared for tough bush-war conditions and suffered a number of fatalities. The Russian Government has denied the deaths of mercenaries and the presence of the Wagner Group across the continent.

The map overleaf provides a visual snapshot of Russia’s primary interests across sectors on the continent, with a notable proliferation of what is believed to be military and weapons projects.
Russia's interests and operations in Africa

Source: Graphic News, 2019

**Algeria**: Africa’s largest importer of Russian arms - USD$6.9bn in 2017.

**Egypt**: Signed USD$2bn deal in 2018 for Russian SU-35 fighters.

**Port Sudan**: Moscow seeking naval base.

---

**Russian arms importer**

**Nuclear power deal with Rosatom**

**Oil and gas project**

**Mineral rights**
Conclusion

Compared to China’s economic commitments in Africa, Russia’s USD 20 billion investment is disproportionately less – 10 times lower than China’s USD 200 billion.

The two powers also have vastly different modes of operation, but both are considered important in shaping African economies. Their influence has been described as ‘sharp power’ in the sense of pursuing and obtaining their objectives through distraction and the manipulation of information. Sharp power happens in the shadows and is often covert and non-transparent, if not illegal – a far cry from public diplomacy that purports to share all agendas and information.

China and Russia are not the only ones believed to employ these strategies and tactics. Former colonial powers have exercised the same kinds of sharp powers in Africa for centuries. What sets the former communist countries apart, according to some sources, is how they use the Internet, social media and rapidly-evolving information technology to spread misinformation and disinformation to achieve the kind of influence they desire.

In a ‘post-truth era’, such strategies may be fuel to the fires of prejudice, racism and homophobia that local populist leaders may seek to stir up for their own advantage.

Both Russia and China could be said to be extracting more than the value they have invested in building local economies. It is alleged that Chinese companies have engaged in unfair labour practices, paying low wages and providing harsh and unsafe working conditions.

Both Beijing and Moscow have an uninspiring track record of compliance with environmental and climate standards that activists and NGOs are bringing to the world’s attention. Extractive industries, construction, nuclear energy and security all cost the earth and the wellbeing of societies dearly, but African countries have poor institutions to enforce regulations, potentially allowing transgressors to get away with their use of sharp power.

What clout do African countries have to make decisions in their own interest? Who else is looking out for the continent’s security and development without aiming to capitalise on resources, geopolitical gains or exorbitant, interest-laden loans? Africa must come to the realisation that it is in the continent’s interests to negotiate fairer agreements that do not leave them saddled with more debt or the potential loss of national assets.

Agencies such as the African Union (AU), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC) should demand greater accountability on the part of their member states in order to shift the needle on Africa’s own sense of agency, cooperation and ability to speak back to geopolitical actors from a position of strength.
Key contacts

**ALAN KEEP**  
Managing Partner  
T: +27 11 669 9348  
E: alan.keep@bowmanslaw.com

**ELTON JANGALE**  
Managing Partner, Malawi  
T: +265 99 031 8152  
E: elton.jangale@bowmanslaw.com

**ERNEST WILTSHIRE**  
Managing Partner, Uganda  
T: +256 31 226 3757  
E: ernest.wiltshire@bowmanslaw.com

**FAZIL HOSENKHAN**  
Managing Partner, Mauritius  
T: +230 5298 0100  
E: fazil.hossenkhan@bowmanslaw.com

**MABVUTO SAKALA**  
Managing Partner, Zambia  
T: +260 96 6876917  
E: mabvuto.sakala@bowmanslaw.com

**RICHARD HARNEY**  
Managing Partner, Kenya  
T: +254 20 289 9000  
E: richard.harney@bowmanslaw.com

**WILBERT KAPINGA**  
Managing Partner, Tanzania  
T: +255 76 898 8640  
E: wilbert.kapinga@bowmanslaw.com

**ASHLEIGH HALE**  
Co-Head of Corporate  
T: +27 11 669 9342  
E: ashleigh.hale@bowmanslaw.com

**CHRIS TODD**  
Head of Dispute Resolution  
T: +27 21 480 7816  
E: chris.todd@bowmanslaw.com

**DEON DE KLERK**  
Co-Head of Corporate  
T: +27 21 480 7934  
E: deon.deklker@bowmanslaw.com

**SHAMILA GRIMWOOD-NORLEY**  
Head of Banking and Finance  
T: +27 21 480 7855  
E: shamilah.grimwood@bowmanslaw.com

To view profiles of our lawyers, please visit www.bowmanslaw.com
Cape Town, South Africa  
T: +27 21 480 7800  
E: info-cpt@bowmanslaw.com

Dar es Salaam, Tanzania  
T: +255 76 898 8640  
E: info-tz@bowmanslaw.com

Durban, South Africa  
T: +27 31 109 1150  
E: info-dbn@bowmanslaw.com

Johannesburg, South Africa  
T: +27 11 669 9000  
E: info-jhb@bowmanslaw.com

Kampala, Uganda  
T: +256 41 425 4540  
E: info-ug@bowmanslaw.com

Lilongwe, Malawi  
T: +265 99 031 8152  
E: info-ml@bowmanslaw.com

Lusaka, Zambia  
T: +26 096 227 5329  
E: info-zb@bowmanslaw.com

Moka, Mauritius  
T: +230 5298 0100  
E: info-ma@bowmanslaw.com

Nairobi, Kenya  
T: +254 20 289 9000  
E: info-ke@bowmanslaw.com

Follow us on Twitter:  
@Bowmans_Law

www.bowmanslaw.com

Alliance Firm:

Aman Assefa & Associates Law Office, Addis Ababa, Ethiopia  
T: +251 1470 2868  
E: info@aaclo.com