

The Beijing Consensus

Characteristics of China's Official Development Finance in Ghana, 2000–2013

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Chinese development financial flows provided to African recipients have gained a lot of attention for their volume and nature representing an alternative approach to development. It is the aim of the article to examine the observance of principles of the Chinese development model, the Beijing Consensus, through Official Development Finance (ODF) delivered to Ghana between 2000 and 2013. Due to the lack of information published on development finance by Chinese government, the author uses AidData's dataset and media reports to verify the nature and amount of finance provided and their allocation in the country. The author came to conclusion that all the principles are observed regarding the purpose of projects delivered. Although it is possible to come across differences in the attention paid to principles, in all cases the projects supporting the principles are traceable. The adherence, however, is significantly undermined by the process of implementation of the projects as well as by some of China's by-product activities in Ghana.

Keywords: China, Africa, development, Beijing Consensus, Ghana

Introduction

China¹ has witnessed unprecedented economic growth within the last 40 years since the adoption of economic reforms. For many contem-

Iva Sojková, The Beijing Consensus: Characteristics of China's Official Development Finance in Ghana, 2000–2013, *Central European Journal of International and Security Studies* 11, no. 3: 107-140..

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porary developing countries, its example is perceived as an alternative development approach that is worthy of attention and following, not only for its success but also due to the disappointment arising from the acceptance and implementation of Western development experiments under the Washington Consensus, which led rather to deterioration of economic, social, and political conditions in many developing countries. China's specific development experience triggered a controversial debate concerning the applicability or repeatability of a certain development path and the challenges or threats this model can pose for interests, values, and overall organization of the world system. This debate began in 2004, when Joshua Cooper Ramo published an essay entitled *The Beijing Consensus*,² discussing China's development policies, reforms China has adopted, and the values on which it relies. Clearly, just by using the term, Ramo called attention to the difference of this model from the model of the West (the Washington Consensus), which was formulated by John Williamson in 1989 and subsequently applied to developing countries and countries undergoing economic crisis.

The Beijing Consensus therefore represents an alternative development model that is appealing for developing countries owing to the economic success of China, which has managed to lift hundreds of millions of its inhabitants out of poverty. The model is also appealing for the alternative approach of China to other developing countries. One of these countries where the Chinese presence and interests are the most evident is Ghana, where official development financing reached one of the highest amounts in Africa. It is then the objective of this article to evaluate the possibilities of observance and application of principles of China's model of development – the Beijing Consensus (as introduced by Joshua Cooper Ramo) – within financial flows identified as Chinese Official Development Finance (ODF) provided to Ghana between 2000 and 2013.³ The research question is thus formulated – Are the suggested principles of the Beijing Consensus observed in the case of Ghana during the provision of the Chinese ODF projects?

The Beijing Consensus – Short Discussion and Operationalization of the Concept

The controversial debate about the Chinese model of development began as a response to the publication of Ramo in 2004. He used the

term “Beijing Consensus” to describe the uniqueness of Chinese development approach that differs from the Western –the “Washington Consensus” – presented by John Williamson in 1989. Williamson has created a list of rules of neoliberal policy for economic reform in Latin America, on which, as he expected, Washington institutions and policy makers would have agreed. Individual policies emphasized the role of the market and the limited role of the state and were later presented as universally applicable for developing countries that have faced economic crisis. In case of African states, the loans were provided by the International Monetary Fund (IMF) and the World Bank when the country acceded to the Structural Adjustment Programs (SAPs). The impact of SAP imposition on African countries was vast and ubiquitous, as by 1993 virtually all sub-Saharan Africa states had been obliged to implement adjustment programmes. The negative impact of the policies could be witnessed especially on the poverty reduction efforts. Even the case of Ghana, proudly presented as a successful instance, recorded an increase of the poverty rate from 1985 to 1990.⁴ On the population level such poverty expansion was indicated by inaccessible basic public services that became simply unaffordable, due to budget cuts, privatization, lower incomes and higher taxes. The situation resulted in the spread of illiteracy and a deterioration in the quality of lives.⁵ Such a negative experience of many developing countries contributed to the popularity of China’s development approach, which was seen as free from imposed neoliberal development policies and free from the history of adoption of such policies in China.⁶

Ramo assumes that the increasing importance of China not only has changed the international order but also created a new model upon which other states can build their own development. It assumes that the way of Chinese transformation is an attractive one to those states that are trying to 1) figure out the way to develop themselves, and their place in the international system to stay independent and 2) maintain their own way of life and the ability to make their own political decisions. In this regard, Ramo believes that the Beijing Consensus replaces the Washington Consensus as an already discredited “Washington-knows-best approach to telling other nations how to run themselves,” and that Ramo labels as “A hallmark of end of history arrogance.”⁷ According to Ramo, China’s model of development is flexible enough that it can hardly be classified as a doctrine – “It does not believe in uniform solutions for every situation.”⁸ It can be defined

as an effort to innovate and experiment, to maintain national borders and interests, as well as with pragmatism and ideology. It is a model that arose after the reign of Deng Xiaoping and follows the pragmatic ideas of that time in which the best path for modernization can be described as one of “groping for stones to cross the river,” instead of trying to cross the river in one great leap of shock therapy.⁹ Ramo himself points out that China’s development path as well as its path to power cannot be repeated by another nation. However, some elements of China’s rise include the developing world and therefore the Beijing Consensus already represents and gives rise to new ideas that are very different from those of the West. Certainly, the Beijing Consensus, as well as the Washington Consensus before it, includes such notions that concern not only the economic dimension, but also the political one, as well as quality of life and the global balance of power.¹⁰

Ramo explains the Beijing Consensus as three theorems about how to organise the place of a developing country in the world. These are:

1. *Innovation-led development*: The first theorem argues that the Chinese path of development stems from innovations and technological leaps and in this matter, it is the innovation-led growth that was able to keep the Chinese economy growing and helped to offset the disastrous internal imbalances. The innovation and acquisition of new technologies led to rapid change in some sectors, which then solved the problems arising from the reform, and contributes to the creation of a stable environment. This change is based on knowledge, and thus it is necessary for the state to invest in education, both through the construction of educational and research centres, and by attracting experts from abroad. An innovative society creates an environment within which experimentation and failures are acceptable, leading to productive economic dynamics allowing substantial economic sectors to be gradually transformed according to needs and to be able to survive development shocks.¹¹

2. *Sustainable and equitable development environment*: The second theorem argues that China does not focus only on economic growth, but also on a fair distribution of wealth within which benefits are widely shared in society. Ramo points out that for Chinese leaders and local officials sustainable and balanced growth were of major concern. It is believed that an egalitarian environment and emphasis on redistribution of resources in society and improvement of the quality of life of citizens can prevent the society from experiencing the chaos that may

occur as a result of development changes. Likewise, at this point Ramo highlights the efforts to reduce the negative impacts on the environment resulting from economic growth and the importance of creating a stable environment, which is a prerequisite for development.¹²

3. *The right to self-determination of China and other countries in relation to the United States:* This element of the Beijing Consensus refers to the ability to maintain control over own development policies and development paths, as well as to the success of Chinese development, which has become a challenge for the US, both for the growing power of China, and because the model has become attractive to other developing countries. Ramo argues that Beijing did not follow the strict policies of the Washington consensus, but rather implemented reforms that better matched local conditions and circumstances. The developing world sees China as an economic partner and political ally representing an alternative development model, which further contributes to the erosion of the US global dominance.¹³

The introduction of Ramo's Beijing Consensus led to broad critiques from number of scholars. Kennedy (2010)¹⁴ questions the very term of the 'Beijing Consensus', as no one agreed on anything in Beijing, thus he suggests the label 'compromise' between different groups rather than consensus, as 'compromise' more accurately describes the way policies that led to the Chinese development arose. Rebol (2010)¹⁵ then argues that the Beijing Consensus does not aim to be imposed as a development model, thus, it is a passive development model by which policy other states can be inspired voluntarily. This aspect brings the model in opposition to the Western active model that imposes its sets of rules upon developing countries in order to be implemented. Given the Beijing Consensus's passivity, however, it is difficult to implement the model in a different environment.

Moreover, when the two development models are compared point by point, there is little difference between Chinese development experience and the Washington Consensus principles. China, for instance, maintained relative fiscal discipline throughout tax base expansion and public expenditures have been reoriented toward public good. Other similarity is evident in the deregulation of prices and privatisation of its state-owned companies. Property rights were also enhanced and market entry and exit barriers were eased. China also embraced international trade and FDI while maintaining a competitive exchange rate.¹⁶ The very principles of the development model as stated by Ramo

are then denied by the above-mentioned Kennedy, who emphasizes that China did not develop primarily through innovation and thus managed to skip several generations of technology, and China cannot be perceived as a leader in this field, although Kennedy at the same time admits that innovation played a role in its development. With an open-door policy, China was able to attract a number of investors from abroad who brought along with their businesses also new technology into China. In this regard, China did not become an innovator, but rather took advantage of these foreign imported technologies that also brought valuable knowledge and experience. Even today, as Kennedy points out, although China exports the latest technology, it is not manufactured and invented by solely Chinese companies, but rather by companies that are either jointly owned by Chinese and foreign co-owners, or they are merely foreign and they use only beneficial Chinese conditions for the manufacture of their products.¹⁷ However, China is increasingly trying to focus on the area of innovation as the next stage of growth and although some entrepreneurs are dramatically improving in this field, it is still a very difficult step in the development of the country, as it takes place in a very closed system.¹⁸

Kennedy also questions Ramo's theorem about the suggested sustainability of China's development and therefore respect for the environment. China made efforts to minimize the impact of the rapid development of the state on the environment, however, proposals on this issue were never successfully implemented, since China has always given priority to development over environmental considerations. Likewise, the point concerning the equity of growth implying that development brings benefits to the entire population is, according to Kennedy, incorrect as well. Even though China did manage to get hundreds of million people out of poverty, at the same time the rapid development has led to increasing inequality – personal, sectorial, and regional – one cannot therefore think of the reform as being without losers. However, he admits that social justice is one of the future goals of development policy in China.¹⁹ Indeed, as Breslin points out, when Ramo writes about the characteristics of the Beijing Consensus, such as innovation and commitment to equitable growth, they should be seen as something that the government wants its development strategy to achieve in the future, rather than a summary of what has already taken place. Thus, the Beijing Consensus remains in many respects an aspiration rather than today's reality.²⁰

Despite such critiques, the Beijing Consensus concept as presented by Ramo has tapped into the mix of excitement and worries inspired by China's booming economy and its rapidly expanding global economic and political influence. Regardless of the way China managed to develop from an underdeveloped country in a very short time period, this short path to success remains for other developing countries a very attractive example. It should be added that the presentation of the Beijing Consensus as an alternative development model witnessed a large increase in attention in recent years mainly due to the economic crisis, which highlighted the weaknesses of market fundamentalism and conversely stressed the importance of government regulation and a strong state. In this context, it is important to note that Beijing itself is aware of this fact. Although there is a wide debate about whether China has ever perceived and labelled its development experience as a model that could be replicated, and given the fact that the idea of the Beijing Consensus as a development model did not originate in China, some of its steps suggest such awareness. As pointed out by Halper (2010),²¹ in response to the global economic crisis a new ambitious project arose and served to draw attention to the existence and importance of China's alternative model of development and economic success. It is an attempt to create a network of Beijing's foreign offices or branches, which will present the modern face of China, and in every country in the world. The emergence of this project was a response to the global economic crisis and was used as a platform for criticism of capitalism and the presentation of the 'Chinese model' as a counterpart to the Western model that led to the crisis. Through the media, the Chinese government has pointed to the failure of free-market fundamentalism, which only emphasized the superiority of the Chinese way of development bearing the name of *scientific development theory* during the reign of President Hu Jintao. This is the official name for the policy advocated by a ruling party that stressed the promotion of the welfare of the population, which is strictly controlled by the government from the centre, in other words, it represents a policy promoting the idea of state capitalism.

In the literature on the Chinese engagement in Africa, the question of Chinese model and its application in practice is not reflected. Naturally, there are a number of publications dealing with the issue of Chinese development finance in Africa and among the most significant studies are articles and books written by Deborah Bräutigam (see e.g.,

Bräutigam 2008;²² 2010;²³ 2011²⁴). Bräutigam's research can be considered, so far, as the most extensive on the matter of China's development aid, endeavouring to cover the information gap and to question some myths concerning China's involvement in Africa as well as China's specific view on what development aid includes. Other important studies dedicated to Chinese development financing include the collection of articles edited by Christopher M. Dent (2010)²⁵ or publications written by Martyn Davies et al. (2008)²⁶ and Ngaire Woods (2008).²⁷ One of the most recent studies questioning some myths about Chinese ODF flows to Africa is quantitative research conducted by Axel Dreher et al. (2016).²⁸ The literature addressing the Beijing Consensus or China's development model debate concerns the very existence of the model and its features compared to its counterpart, the Washington Consensus, and what its existence could present for the future development of international relations. Although some of the models' features also examined in this work have been addressed within the above mentioned research (e.g., non-interference principle or impact of Chinese engagement on the environment), they were not associated with the debate about China's model of development. In this regard the author endeavours to contribute to the discussion about the Beijing Consensus and the nature of Chinese development financing in Africa by examining its proposed principles observance in practice in the case of Ghana.

Based on Ramo's theorems of the Beijing Consensus, the following principles for the case study observance are introduced:

1. The principle of *innovation-led development* emphasizes the importance of acquisition of technology and transfer of knowledge in development through financial, material, and personnel support in educational and research projects in the country. It is examined if the principle is observed through the projects supporting the principle whether directly by their very purpose or indirectly as a by-product.
2. The principle of *social development*. Within this principle it is examined if the Chinese ODF flows address and support development of social infrastructure in the recipient's country through providing finances into projects within the sector. It is also a concern to find out if this principle is observed during the projects' implementation process thus potentially improving the quality of life of recipients' inhabitants and if the projects implemented are

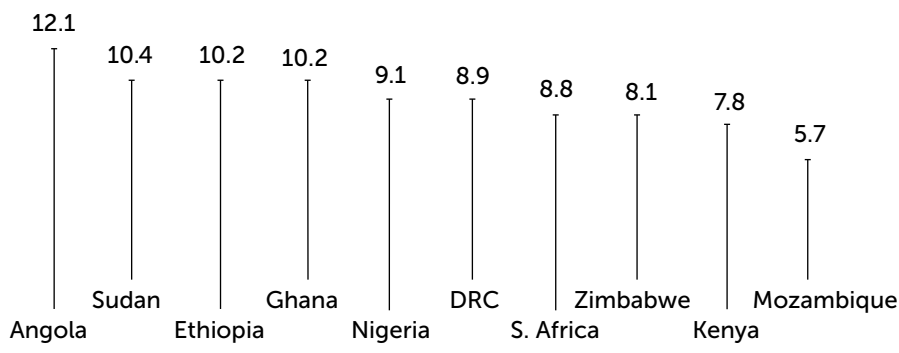
- not concentrated in one area in the country, and are instead allocated equally.
3. The principle of *sustainable development*. Under this principle, attention is paid to the projects that are related to enhancement of the recipient's environment with their very purpose. These projects directly focus on environment protection, renewable sources, and carbon emission reduction. It is also the interest to examine whether during implementation the recipient's environment is not degraded through potentially harmful and locally inappropriate technique used, whether intentionally or unintentionally.
 4. The principle of *non-interference in the internal affairs of another state*. The non-interference principle is a traditional element of Chinese foreign policy and the principle generally means that a country shall not interfere or intervene in other countries' internal affairs, which come under domestic jurisdiction.²⁹ In this regard, it is monitored whether China forces the recipient to adopt political and economic reforms in exchange for China's ODF provision and own interests that would consequently lead to violation of the recipient's sovereignty. It will be therefore monitored whether there are projects whose implementation and existence is conditioned by acceptance of other Chinese interests that force the recipient to implement political and economic reforms and thus creating a favourable environment for their realisation.
 5. The principle of *stability*. Such a principle works on the assumption of stability as a prerequisite for any development to take place and it is assumed that China endeavours to support a stable environment in the country with enhancing state capacity to control the development and, at the same time, to mitigate the negative impact development can bring to a developing country. The observance of the principle is examined through monitoring possible protests concerning the Chinese project implementation and the recipient's capacity to manage its fiscal obligations to international creditors with further debt burden to China. Within this principle, purposes of projects are examined endeavouring to enhance stability and peace in the country. This concerns the cases where China supports implementation of projects that are aimed at strengthening the security and capacity of state institutions in the country.

Methodology

The instrumental case study was used to analyse the Chinese ODF flows through observance of suggested principles of the Beijing Consensus. Conclusions drawn from the concept application are then evaluated in order to understand the extent to which the Beijing Consensus is applied and adhered to in the case of Ghana. The selected method allows us to analyse detail data and information on the project level, and to understand the nature of the delivered projects and China's engagement in Ghana within the framework of the Beijing Consensus concept.

The focus on the region of Africa is given by China's volume of development finances delivered when compared with other regions as also pointed out in the official documents.³⁰ The case of Ghana is then selected based the criteria of press freedom and the overall amount of finance provided by China. According to the Freedom House, Ghana has been ranked among African countries with the freest press in Africa for a long time.³¹ Such a criterion implies availability of the information about the Chinese ODF on the project level necessary to meet the objective of the article. The overall amount of finance delivered by China ranks Ghana at the top of the recipients in the region. With almost 10.2 billion USD provided between 2000 and 2013,³² Ghana became the fourth largest recipient of China's ODF in Africa, topped only by Angola, Sudan and Ethiopia (see Figure 1) (none of whom can be labelled as 'free' concerning press freedom).

Figure 1.³³
Top 10 Recipients of Chinese ODF in Africa
(Billion USD,
2000-13)



The beginning of the timescale is represented by the emergence of the Forum on China-Africa Co-operation (FOCAC) founded in 2000.³⁴ The creation of this institution is considered as a milestone in the relations between China and African countries. It is this institutionalization of cooperation that has led to significant increase and regularity in Chinese financial flows to the region. The end of the time range is 2013 which is given by restrictions of the availability of coherent data on China's development finance.

To achieve the article's objective, the information is drawn primarily from newspaper articles dealing with development finance delivered from China. These articles were published in Ghana or in China, however, Chinese media sources are rarely referred to as they are considered less reliable than the Ghanaian ones and are used here just to offer the Chinese stance on particular situations or to confirm the existence of particular projects. Other sources include available government documents of departments and organizations. So far, there is no other option to understand the nature of the projects on their project level than through this media-based approach. The situation is created by the reluctance of Beijing to publish detailed information about its development financial flows. However, in recent years some efforts made to deal with this data gap can be noticed (in this respect, it is referred to the white papers on development aid published in 2011³⁵ and 2014³⁶), yet the provided information remain too vague and only very limited research can be conducted on them. Another problem concerns the PRC's rejection of the international regime for the provision of development finances as defined by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC), which represents an obstacle for the classification of the Chinese financial flows. China argues that South-South cooperation is qualitatively different and should therefore not be determined by traditional principles of finance provision since the principle of transparency should apply only to North-South cooperation.³⁷ Unfortunately, as a result, the lack of transparency in development finance has given rise to undesirable large differences in estimates of the amount of development finances provided by the PRC.³⁸ In addition, the DAC members include different activities in their official development assistance (ODA), as China counts military assistance in this category and, on the contrary, does not include scholarships for students from developing

countries, as well as the assistance to refugees provided within its state territory.³⁹

Some efforts have been made to address this data gap. The most ambitious project was launched in 2013 by the AidData organization in cooperation with the Centre for Global Development. AidData responds to the demand for more accurate data on the project level while addressing the issue of data complexity and the possibility to classify Chinese official development finance as defined by the OECD. With respect to the OECD's classification of ODF⁴⁰ AidData recognizes several classes into which the official finances are split – “ODA-like,” “OOF-like,” and as the third recognizes a class labelled “Vague Official Finances” including finance impossible to precisely identify due to a lack of information about their development potential.⁴¹ In this article, classification and calculations related to the projects are based on data collected and published under the AidData initiative.⁴²

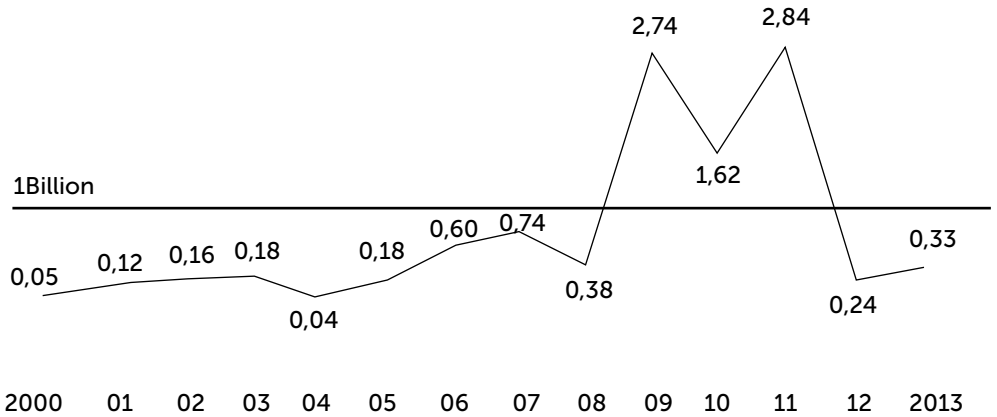
The Case Study of Ghana

Relations between China and Ghana started, as with many other African states, during the 1960s after the period following decolonisation. Although China cannot be perceived as a newcomer in this relationship and has always provided financial assistance, the financial flows have never come even close to the billions of dollars that are provided to Ghana today.

In the 1960s, the government of the first postcolonial president of the state, Kwame Nkrumah, maintained very close ties between the states and it was during this period that China started building military training camps in Ghana for potential fighters in the struggle for independence in other countries in Africa. Nkrumah also supported the PRC as a legitimate member of the international community. After 1966, however, these close ties weakened after the fall of Nkrumah's government, followed by a period of severe economic and political instability. Improvement of mutual relations between the countries was witnessed during the 1980s under Jerry Rawlings' government. It was also during this time Rawlings implemented what has been described as one of Africa's most far-reaching structural adjustment reforms that began in 1983 in order to resolve the worsening economic situation that had persisted in Ghana basically since the 1960s. The SAPS adopted by Ghana are perceived, like in many other African instances, as

devastating for their microeconomic level impact.⁴³ By the end of the 1980s Ghana, together with many other developing countries, supported China after the events in Tiananmen Square. In the 1990s, further financial support from the PRC was provided to Ghana, the highest amount (18 million USD) of which went to support joint trading.⁴⁴ After 2000, along with FOCAC establishment, development financial flows from China to Ghana started increasing by their volume and the number of projects. Between 2000-13, the overall amount of the official development finance provided by China surpassed 10 billion USD⁴⁵ (see Figure 2).

Figure 2.⁴⁶
ODF Provided
by China to
Ghana
(Billion USD,
2000-13)



Innovation-led Development

With regard to the first principle followed, there are many projects within which the transfer of knowledge can be identified as their purpose. There are projects which concerned provision of thousands of scholarships granted to Ghanaian students to study in China⁴⁷ or financial support of the construction of schools, libraries, and community centres.^{48 49} Thus, for instance, in 2013 the construction of the medical university in Ho started, financed by a Chinese grant.⁵⁰ In 2009 the University of Ghana received reading books in English and Chinese, and other learning materials from the Embassy of China

in Ghana. The embassy also provided the University of Ghana with instructors and volunteers to help teach the language. Some volunteers were also sent to the Kwame Nkrumah University of Science and Technology in Kumasi to teach Chinese.⁵¹ In 2013 the Confucius Institute was established at the University of Ghana, to further foster interest in the language and culture.⁵² Another project, the establishment of a campus of the China Europe International Business School (CEIBS), gained international attention, as the MBA programme became one of the first offered in sub-Saharan Africa.⁵³ The most significant projects implemented within the sector of education concerned the above-mentioned University of Ghana. In 2004 the institution obtained equipment for its computer labs from the Chinese Embassy.⁵⁴ Another project included an ambitious ICT development project at the university that commenced in 2009 and its second phase was completed in 2015.⁵⁵ It was aimed at delivering the education even to remote districts, thus required the establishment of several well-equipped learning centres across the country.⁵⁶

The transfer of knowledge and technologies can be also noticed in the Ghanaian health sector. With regard to principle observance, it is possible to refer to several projects within which China sent to Ghana its medical experts to improve treatment conditions in the country's medical facilities, as for instance, in 2009 when teams of doctors and researchers were sent to Korle-Bu Teaching Hospital in Accra to support the national malaria prevention programmes. This particular project also included delivery of some anti-malaria laboratory equipment and drugs.⁵⁷ In 2013, a team of medical experts was sent to the hospital for the third time.⁵⁸

Other projects can be monitored within the sector of communication, where, besides the distance education project at the University of Ghana mentioned above, there are several more projects of note. Cooperation in this sector started in 2003 by the signing of an agreement between Ghana Telecom and Alcatel Shanghai Bell and China provided loans totalling 100 million USD including transfer of equipment and experts.⁵⁹ Other similar projects followed in the upcoming years. In 2006, the Fiber Backbone Project was designed to enhance rural telephony and Internet services.⁴⁸ Another project implemented addressed the improvement of the security and emergency agencies information system in 2007.⁶⁰ Fishery and agriculture is one more sector within which it is possible to observe some projects support-

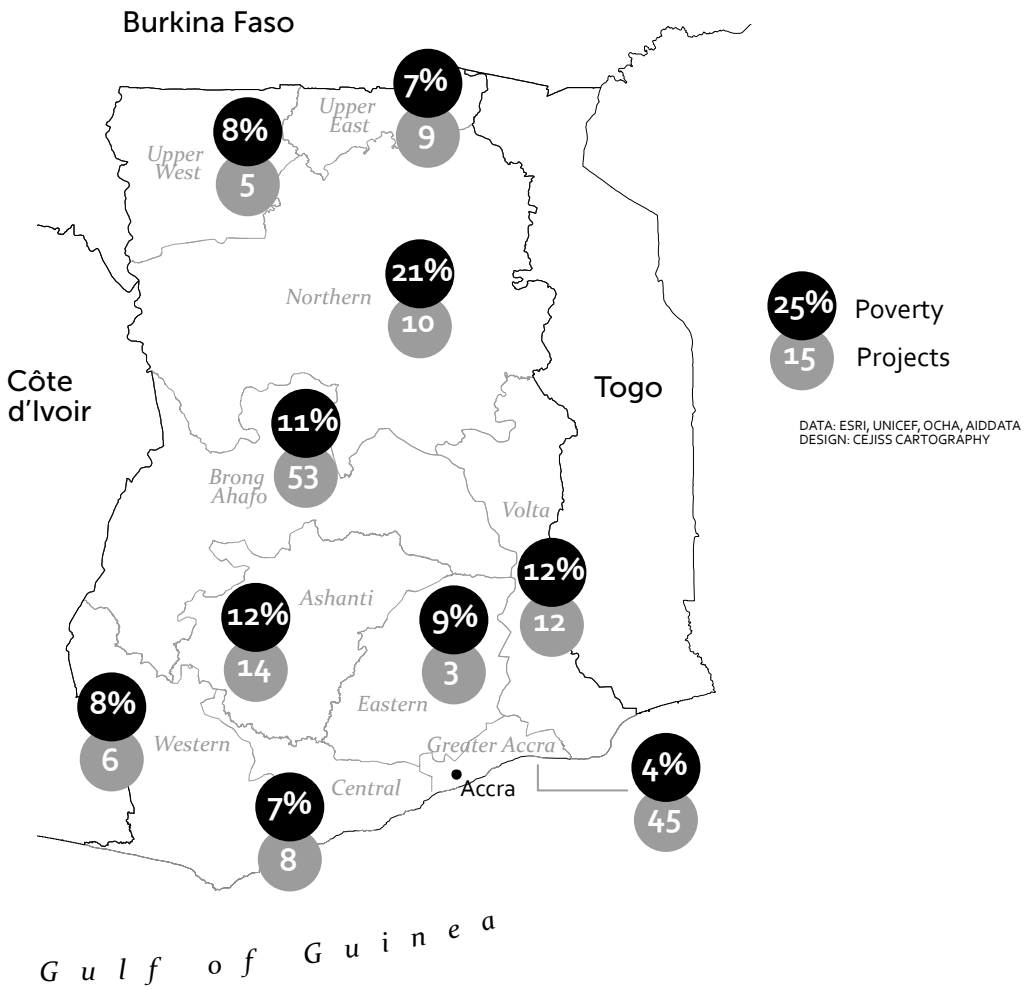
ing the observance of principle. In 2008 Ghana signed a contract to get a 40 million USD loan for a fish farming project in the Western Ghana region. Apart from the equipment provision, the project also included education and training for the farmers to start their own projects in the future.⁶¹ In 2012 China and Ghana signed a contract for the construction of fishing ports and landing sites in coastal areas. This project also included technology transfer to increase the production of fishermen.⁶² In 2010 China participated in the funding of the 25 million USD palm oil refinery and processing factory. Within the project, farmers and agriculture students were trained to grow better quality oil palm seedlings.⁶³ Agriculture projects dominate the production sector the by the amount of finance dedicated to them. Such attention underlines the sector's importance for Ghana's economy, especially when it is believed that the majority of its population is employed in this sector.⁶⁴ It can be expected that agriculture will gain more attention in the future, as in 2013 a Chinese delegation in Ghana urged the Ghanaian Minister of Agriculture to consider technological transfer to boost agricultural development to make the country self-sufficient in food production.^{65 66}

The above mentioned sectors can be considered as the most significant ones with regard to principle observance as they are focused either entirely or at least partially on transfer of knowledge and technology. In other sectors, however, such transfers become quite limited. This situation is due to the fact that the vast majority of projects are implemented by Chinese companies, thus, Ghanaian firms are not involved, which limits the transfer.⁶⁷ In the case of Ghana, for the financially most demanding infrastructure contracts approved in 2011, sixty percent of the finances provided were required to go to Chinese contractors in order to implement the projects.⁶⁸ Moreover, although Chinese companies do employ Ghanaians during the project implementation, such participation brings serious limitations to the transfer knowledge dimension of the completion process. The workers from Ghana are usually the lowest paid, the least qualified, and mostly illiterate workforce on the projects. More qualified and better paid positions are usually reserved for workers coming from China.⁶⁹ Thus, many projects in other sectors have only limited contribution as they do not include a more qualified workforce and no training is offered. Consequently, the most expensive projects in economic infrastructure bear the least potential for the coveted knowledge and technology transfer.

Social Development

Chinese ODF projects are allocated all over the country reaching to the poorest regions in the north. However, as evident from Figure 3, there is a higher concentration of the projects in the southern area of the country with the highest density of population, implying unequal projects distribution implemented by China.

Figure 3: Allocation of the ODF Projects in Ghana by Poverty in Regions (2000-13)^{70,71}



The potential of the projects to develop the most remote regions can be traceable in several cases as, for instance, in the above-mentioned ICT project of the University of Ghana endeavouring to improve the access to education, or projects aimed at supplying electricity to the rural north as well as improving government efficiency all over the country within the Fibre Backbone Project. Many projects bring as their by-product a long-term positive impact on the social development across the country, including the ones delivered in economic infrastructure sector with their focus on road and railway construction. Thus, in 2004 an ambitious railway rehabilitation project commenced in order to address the issue of growing demand for transportation and increasing traffic on the Ghanaian roads.⁷² In 2012, the project of roads construction in the eastern regions of Ghana was completed, thus connecting the remoted north-eastern areas with the southern part.⁷³ One of the most recent projects then included Volta Lake where several landing spots were built to connect small communities living at the lake, and new roads were built to improve the market accessibility for the farmers living in the hinterlands.⁷⁴ A portion of the billion USD loans backed by oil export also was earmarked for road and railway construction,⁷⁵ however, the implementation of number of projects failed due to government disputes and it is not clear how many of them will be completed and by which contractors (a significant part of the loan was cancelled).

Apart from the projects in the sector of education, several hospitals were established, including Korle-Bu hospital and Teshie General Hospital, which focused mainly on improving malaria treatment conditions⁷⁶ and the district hospital in Ada.⁷⁷ The projects implemented as part of the Burma Hall Complex construction grant are another example of initiatives focused on social development, as it also involved the completion of the 37th Military Hospital or the Accra Forces Mechanical Transport School,⁷⁸ or the Kpong Water Project completed in 2014 addressing water coverage problems in the Greater Accra Region.⁷⁹ In 2004 China funded construction of a Youth Centre in Kumasi to provide counselling services and training to young people.⁸⁰ The National Theatre was renovated under a Chinese grant as well.⁸¹

Chinese support of sport infrastructure development through several projects must be also emphasized as the finances delivered to the sector are considerable. In this regard, it is mainly the Chinese 'stadium diplomacy'⁸² in Ghana to which the most attention is paid for the

number of projects funded under this strategy. China has provided to Ghana several grants and loans for stadium constructions and reconstructions. In 2006 Chinese companies built two stadiums and two others were renovated at a cost of nearly 100 million USD.⁸³ In 2012, construction of a multi-purpose stadium commenced in Cape Coast to mark 50 years of Ghana-China diplomatic relations.⁸⁴

The obstacle for the observance of this principle again became the process of project implementation, which undermines the overall potential of Chinese ODF projects to support social development in Ghana. There are several instances that highlight the problem of working conditions, in this context several protests and large criticism can be noticed accompanying project implementation. In 2010, such a case concerned the construction of a road where the contract was entrusted to Chinese company and there were complaints from workers regarding low wages, unwarranted dismissals of workers, poor security of the building site, and non-payment of compensation to workers who were injured during the implementation, or compensation to the families of workers who lost their lives while carrying out their work.⁸⁵ Similar complaints then also concerned the construction of Essipon Stadium.⁸⁶ Perhaps the most publicised case related to the poor working conditions at Chinese companies' construction sites concerned one of the most significant and expensive projects so far implemented in Ghana – The Bui Dam Hydroelectric Power Project. Since 2008, there were complaints from workers about low wages, extra and forced working hours, unfair dismissals, and the unwillingness of the Chinese enterprise Sinohydro Corporation to provide employment contracts.⁸⁷ The labour-related disputes became frequent and threatened to overshadow the economic significance of the project. The problems were resolved through the Construction and Building Metal Workers Union (CBMWU) of the Trade Union Congress (TUC) although the Chinese company was allegedly discouraging and even intimidating workers from joining the union. Nevertheless, despite all obstacles it was CBMWU that put pressure on the Chinese company and managed to improve conditions on the construction site considerably. Thus, by 2013, all the mentioned deficits previously criticized were solved and so were the relations among local Ghanaian workers and the Chinese leadership of the company.⁸⁸ In this respect, it is worth pointing out the initial aversion of the Chinese company and even local authorities to the union formation. The union was formed

and the negotiations began after the workers stopped working or were even resigning in large numbers due to conditions in the workplace and therefore there were serious concerns about the unplanned extension of the construction period. The strikes and mass resignations were preceded by a request to the owner of the project, The Bui Power Authority, which in response to the possible union formation had supported the Chinese company, arguing that it was “interfering in the affairs of the Chinese,”⁸⁹ although the right to form a union is guaranteed by Ghana’s constitution. After the deterioration of the working environment, The Bui Power Authority was forced to change its attitude and to seek a solution.

Sustainable Development

The adherence of this principle is difficult to measure due to the low number of projects. One of note was a training session on solar energy technology that 18 trainees from ten countries including Ghana participated in.⁹⁰ However, it is possible to notice higher attention paid by China to the environmental issues during the period after the timescale followed in this article. In 2015 a solar power plant project started⁹¹ and another project commenced the same year addressing the issue of renewable energy, coordinated by the UNDP.⁹²

With regard to the Chinese ODF projects implemented in Ghana, the prime example is the aforementioned Bui Dam construction. The debate concerned its possible impacts on a national park and activities of the farmers living nearby the dam. However, these concerns were not directed at the Chinese company, but rather at The Bui Power Authority, which became the owner of the dam and all the potential impacts of the construction were solved by this state organization, as it decided to whom it provided authorization and controlled the adherence to environmental standards during the implementation.⁹³

The largest attention paid to the environmental impact of Chinese activities only partially concerned its development finance provided, and it can be perceived rather as an unwanted by-product of Chinese interest in the country per se. With the increasing Chinese engagement in Ghana also the growth of Chinese migration can be witnessed and the most serious consequence of it is seen in the increase of illegal small-scale mining activities called “galamsey.” Such an activity had a devastating impact on the environment and population’s health as

Ghana have lost large amounts of its forest resources, moreover, mining in and around rivers and dumping of used chemicals have contributed to the pollution of water bodies which consequently led to poisoning of people and animals.⁹⁴ With relation to these activities up to 4 thousand Chinese have been deported from Ghana for not having valid visas and because the small-scale mining activity is exclusively limited to the native Ghanaians, it is illegal for foreigners.⁹⁵ The illegal mines and their impact are 'only' a by-product of the overall Chinese interests in Ghana, however, a possible connection can be found between the Ghanaian government's reaction to the problem and the provision of finance by the PRC.

Non-Interference

No case suggesting that China would clearly question the political situation in Ghana and would relate its finances to the political development in the country can be found, nevertheless, this does not mean that Chinese loans have not influenced Ghanaian politics. Given their amount, reaching one of the highest levels in Africa, the question concerning the influence of such possible debt to China caused a controversial discussion among Ghanaian politicians and it also became an issue in election campaigns where the loans were referred to as a dangerous step demonstrating harmful Chinese activities in the country and arguing that the loan violated agreements signed between Ghana and the International Monetary Fund and the World Bank.⁹⁶

As already underlined, the increase in financial flows to Ghana after 2009 was related to China's interest in the development of the Ghanaian oil industry. The aforementioned controversial loans were partially repaid in oil, based on the agreement between both sides. However, the steep fall of oil prices on the international market pressured the price of the value of oil agreed between the governments. Originally, China required 13 thousand barrels from Ghana a day; in 2014 an additional two thousand barrels of crude oil a day were required. Moreover, the situation was also worsened by the increasing criticism of delays in disbursement of the bulk of the loan as there were only two out of the 12 projects funded from it. In this matter the Chinese argued had they wanted to make sure that the money would be well used by the Ghanaians.⁹⁷ During this time, another complication arose from aforementioned illegal mining when after protests, violent attacks from

both sides and followed by a large deportation of the Chinese illegals, the relationship between the countries deteriorated significantly.⁹⁸ For the massive deportations and violent nature of the dispute, protests in China originated in the region where the illegal miners were originally from, as their relatives were concerned about their security, demanding aid from Chinese authorities.⁹⁹ The Chinese Foreign Ministry and the Chinese Embassy in Ghana paid heightened attention to the case and demanded that the Ghanaian government investigate crimes against the Chinese citizens, punish the offenders, and compensate the victims.¹⁰⁰ These demands were not officially listed as conditions related to potential finance provision, however, there were some doubts about consequences of the whole situation negatively influencing the aforementioned loan disbursement complications. In this matter Afua Hirsch¹⁰¹ referred to the claims of the Minister of Land and Mines of Ghana, Alhaji Inusah Fuseini, who believed that Beijing could have retaliated and damaged relations between the two countries. Fuseini pointed out tightening of the visa regime at the for Ghanaians as a response to the massive deportations of the illegal Chinese. Ghana's government also claimed that the delayed 3 billion USD loan might be connected to these disputes. However, all the allegations were denied by Beijing,¹⁰² as China has never officially confirmed that the loan delays and visa provision obstacles served as leverage to resolve the illegal Chinese miner situation.

Stability

Chinese interest in preserving stability in Ghana can be witnessed through some projects supporting the principle with addressing Ghana's government efficiency through equipment donations,¹⁰³ as well as construction or reconstruction of government buildings.¹⁰⁴¹⁰⁵ The most significant project aimed mainly at enhancing the efficiency of the Ghanaian government was the Fibre Backbone Project, which is expected to improve communications links for central and regional administration offices. The project involves computerization of the entire government system by extending the national ICT backbone infrastructure to all districts in the country and establishing a national data centre to manage its operations remotely from a central point. Another part of the project involves the establishment of a secondary data centre specifically for disaster recovery capability.¹⁰⁶ In

2013, extension of the Dedicated Security Information System started with the purpose of improving government administrative and service delivery.¹⁰⁷

Despite the interest in stability, it cannot be said that Chinese presence in the country is contributing to it. Numerous protests against Chinese activities in the country have sprung up. Some of them were related to the illegal migrants mining activities which, in addition, brought another possibly destabilizing problem to Ghana – the spread of illegal weapons.¹⁰⁸ There were also protests against Chinese imports composed of cheap products, resulting in damaging the traditional textile industry. Some of these protests became a response to a situation when some migrants became petty-traders and were involved in activities reserved by law exclusively to the Ghanaians.¹⁰⁹

This rather worsening perception is then also supported by the Pew Research Center data. With reference to this organisation, in 2007 seventy five percent of inhabitants of the country viewed China favourably, in 2013 it was sixty seven percent of the population. Although it does not seem to be such a significant decline, it must be added that the fall of eight percent is the third worst score out of 38 states researched (after Japan and Canada). The majority of Ghanaians then also expressed disfavour over Chinese customs and ideas.¹¹⁰ However, the majority of Ghanaians still express an admiration for Chinese technologies and view the Chinese impact on the country's economy positively. Moreover, seventy percent of the Ghanaians still viewed China as a partner and only eleven percent labelled it as an enemy.¹¹¹ Otoo et al. (2013)¹¹² then pointed out that conflicts between the Chinese migrants and the Ghanaians remained relatively small in scale and primarily concerned the local level. So far, despite all the disputes between the countries, the cooperation continues and it is possible to notice further projects delivered in Ghana.

Apart from the protests as a possible risk to the country's stability, there is also the economic dimension of Chinese influence on the stable environment in Ghana. Due to the loans backed by oil production, Ghana just reinforced its position on the list of Heavily Indebted Poor Countries (HIPC).¹¹³ The entire situation was exacerbated by its reliance on its oil revenues which significantly fell once oil market prices plunged. Although China cancelled some of Ghana's debts amounting to almost 400 million USD,¹¹⁴ newly signed loans from China deepened the worries that the progress which had been made under the HIPC in-

initiative could be eroded. The International Monetary Fund found the loans as ‘contravening debt conditions contingent within their support’¹¹⁵ and perceived further indebtedness as harmful for the Ghanaian economy. Due to its recently discovered oil sources, the Ghanaian government saw its cooperation with China as a possible way to deal with such debts, and especially to develop underdeveloped infrastructure from the loans. Regardless of such reservations about further borrowing, the IMF agreed to the loan acceptance as the projects financed from the loans would earn enough revenue in the future.¹¹⁶ Thus, despite all controversies the loan was approved by Parliament in 2011.¹¹⁷

In 2015, however, after an economic crisis hit the country, former President Mahama agreed to seek support from the unpopular IMF once again, ‘because there was the need for policy credibility and confidence from the international financial institutions to restore economic stability and growth.’¹¹⁸ Under the new loan conditions, Ghana once again had to agree to the IMF’s loan terms requiring the government to cut back on spending. It is not clear why Ghana did not turn to China for assistance but it can be surmised by its already huge debts to China and disputes over the loan disbursement, or by Beijing’s unwillingness to deliver finance in the form of budget support in general¹¹⁹ as it rather prefers participating on the specific project implementations.

Conclusion

The aim of this article was to examine the observance of the Beijing Consensus’ principles through the ODF flows delivered to Ghana between 2000 and 2013. All the principles are adhered to with regard to the purpose of the projects implemented in the country. Although one can come across considerable differences in the attention paid to particular principles within the projects delivered, in all cases the projects supporting the principles are traceable. However, at the same time, it must be pointed out that the adherence is undermined by the process of implementation as well as by some Chinese by-product activities.

Such undercutting engagement concerned to some extent all the principles examined. Thus, in case of the first principle, *innovation-led development*, it was undermined by lack of knowledge transfer element in Chinese development initiatives unless these initiatives were focused on the support of this area directly. The *social development* principle was then undermined by the working conditions prevailing dur-

ing the implementation process as demonstrated in several instances. In the case of the principle of *sustainable development*, moreover, only one project can be considered as supporting it with its very purpose. In addition, the adherence was considerably undermined by Chinese illegal migrants' activities in Ghana. The principle of *non-interference* also faced questioning as some steps of Chinese government were perceived as possible interference into the inner affairs of the recipient country. Likewise, the last principle examined in this case, *stability*, was challenged by controversies including Ghana's debt sustainability and protests of the Ghanaians against various Chinese activities which were perceived as harmful and possibly endangering peaceful development in Ghana.

For Ghana, it also became evident that Chinese financial flows can be seen in many ways as significant, especially for their focus on the infrastructure (economic or social). At the same time, these flows and projects delivered bore a lot of risk for the recipient. With the growing volume of the finance also grew the overall engagement in the country, which can be considered in many ways as harmful for creating a destabilizing environment. For Ghana such relation has proven to be challenging as it shows the weaknesses and possible disadvantages of these ties with China and the unpreparedness of recipient's government to all kinds of possible complications. At the same time, the new source of finance and qualitatively different approach towards the recipient offered by the emerging power represents for the Ghanaian part an opportunity to negotiate more convenient conditions of the contracts. However, because of the lack of information about the content of the agreements, it remains unclear to what extent the Ghanaian government can negotiate better conditions and pursue their own development interests and needs in relations with their Chinese counterpart.

The application of the principles in the case of Ghana also pointed out the weaknesses of the model. With all possible advantages the model can offer to a developing country (e.g., implementation of financially demanding projects in the economic infrastructure sector, availability of other sources of development finance, and a non-interference policy), at the same time it also brings negative features of Chinese development experience that might range from lack of transparency to the use of inappropriate and environmentally harmful techniques and violation of workers' rights. Regarding the broader discussion on the principles of the Beijing Consensus, the principles application in the case

of Ghana showed that some of its features suggested by Ramo (e.g., sustainable development) are really, as pointed out by Breslin, a matter of the future rather than the present and are still strongly neglected in the ODF flows. For a better understanding of the true alternative of the Chinese model through its ODF flows to Africa, more cases and their comparison to traditional donors' development financing are needed to make any conclusion on that matter.



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Notes

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