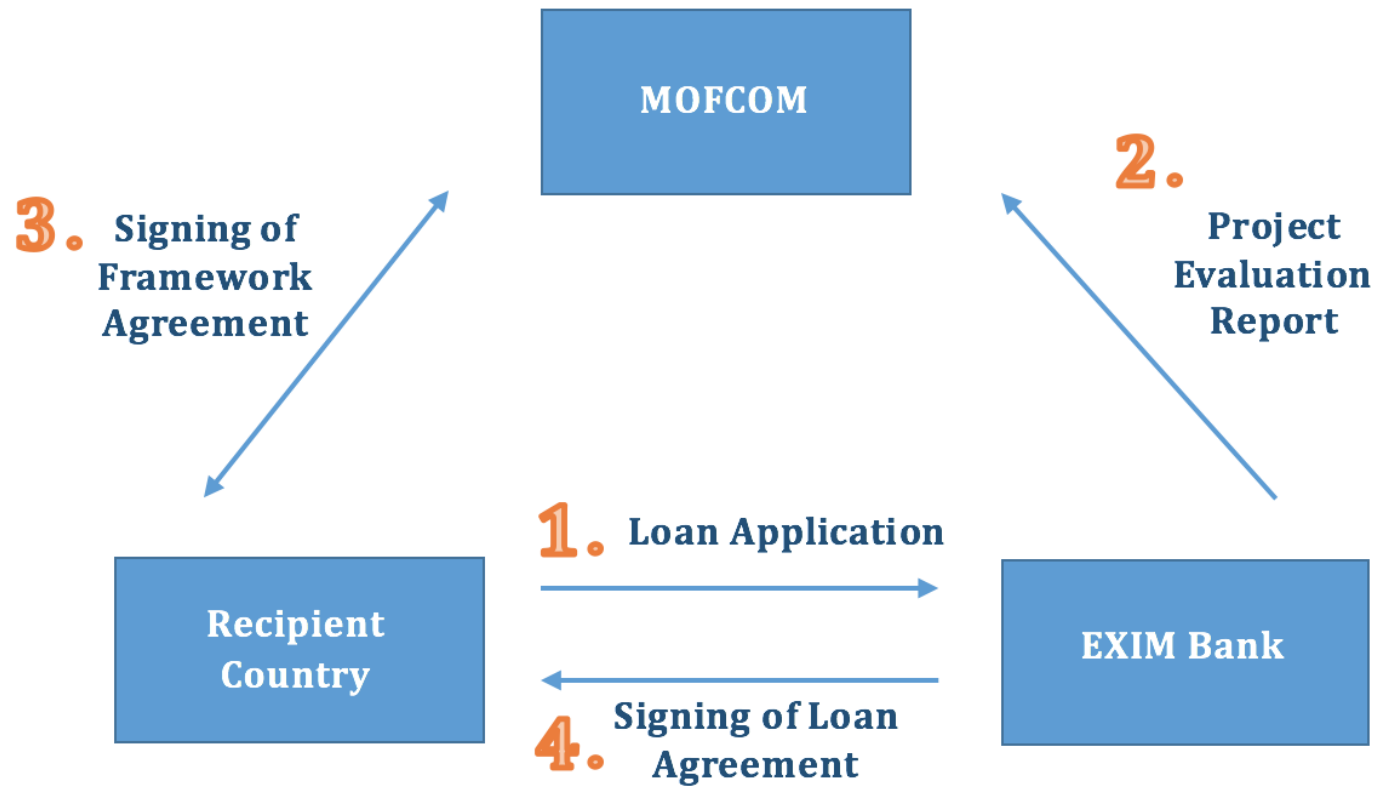


**EFFICIENCY OR EFFECTIVENESS:
DECISION MECHANISM OF
CHINESE CONCESSIONAL LOANS
TO INFRASTRUCTURE IN AFRICA**

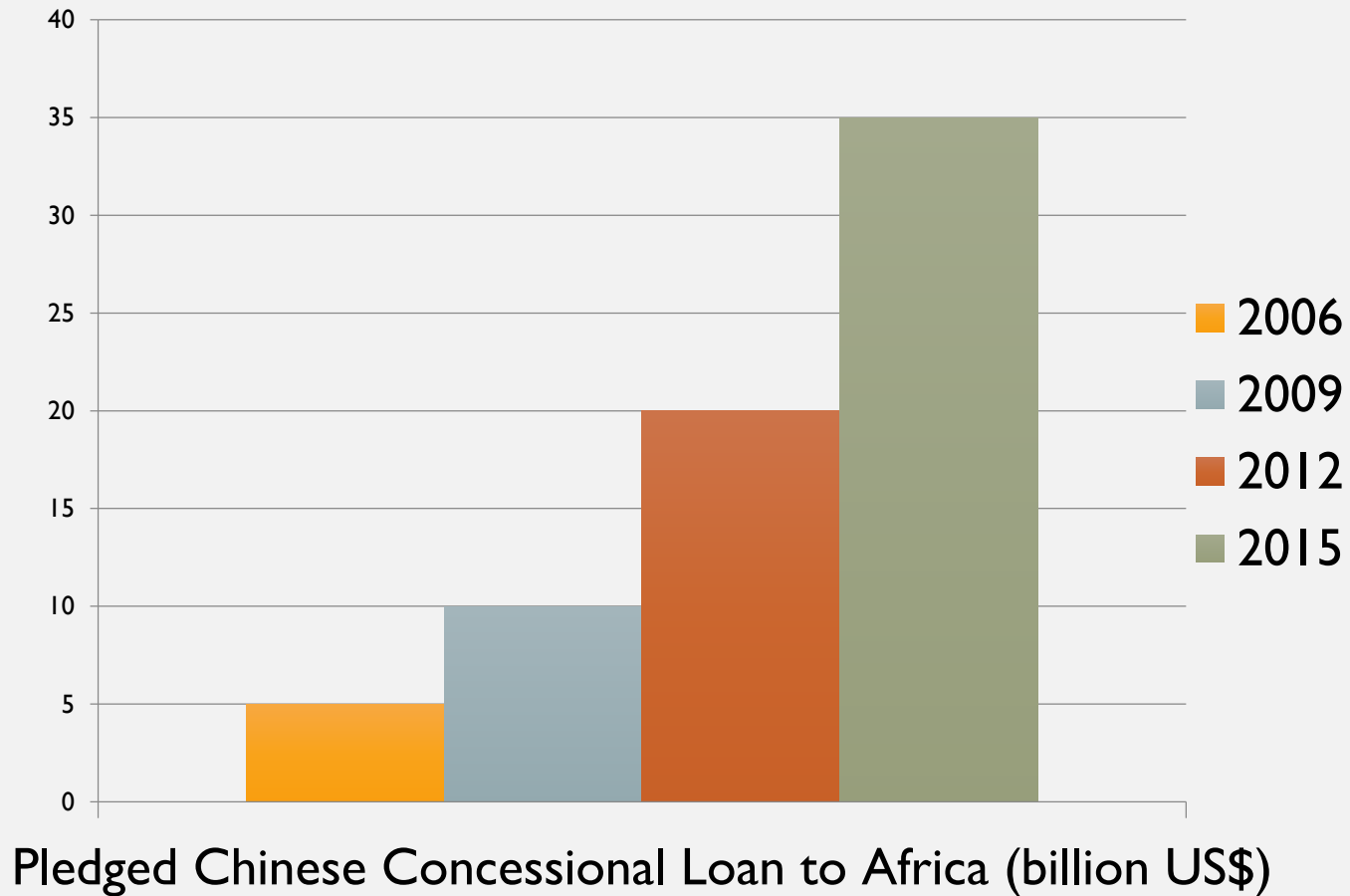
Ye YUAN
Sciences Po

OFFICIAL CONCESSIONAL LOAN APPLICATION PROCEDURE



- Achieved admirable success in the last 15 years
- Full of efficiency
- MOFCOM and EXIM Bank can **not** seek projects

INCREASING PLEDGE = INCREASING PRESSURE



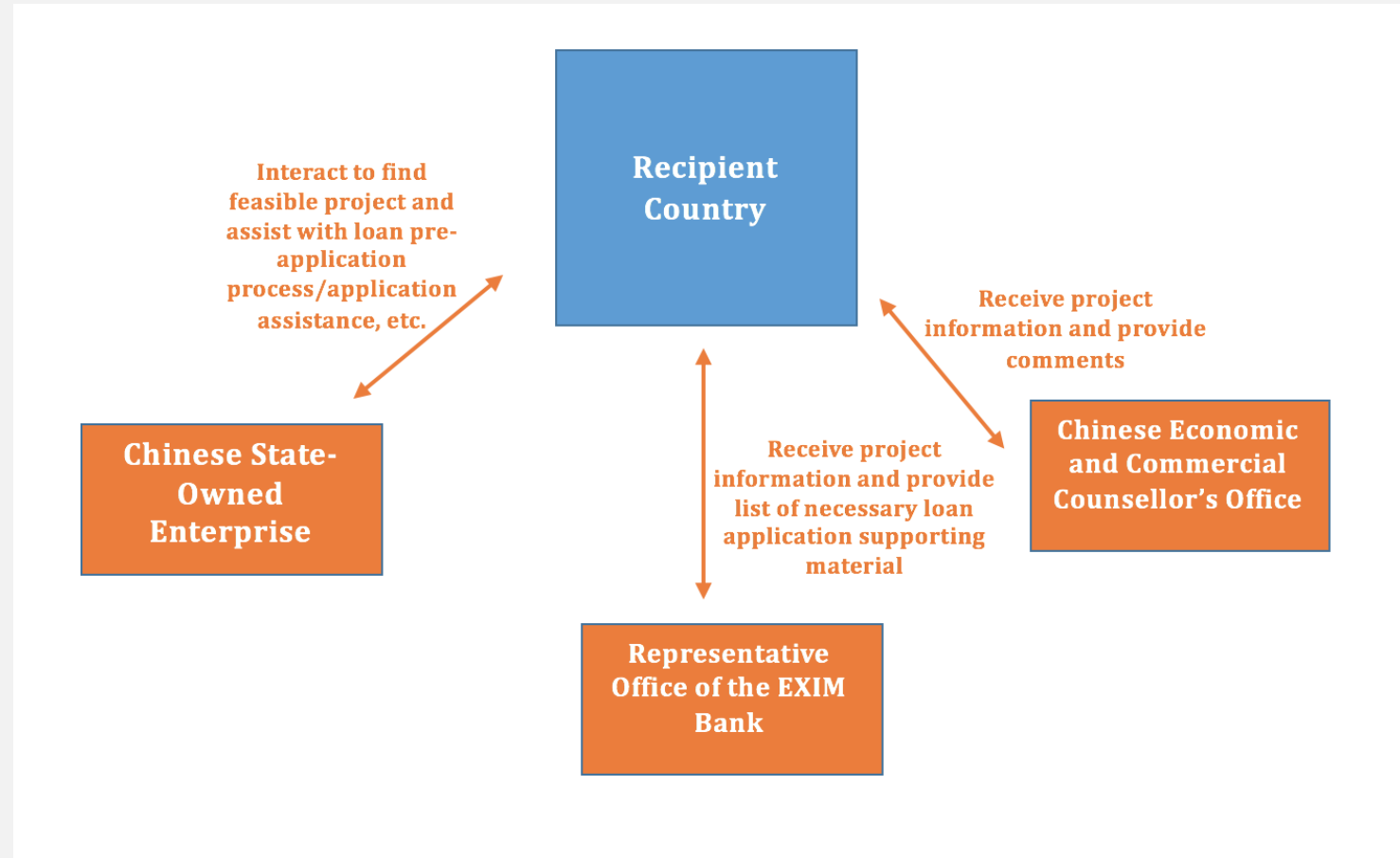
- Top – down decision mechanism

OFFICIAL CONCESSIONAL LOAN APPLICATION PROCEDURE

- *“In recent years, we notice that it’s much harder to find suitable projects compared to several years ago. What’s more, the total amount of concessional loan to be distributed are doubling every year.”*
 - One respondent from China EXIM Bank, based in Africa
- *“We are gradually discovering that certain guarantees, even sovereignty guarantee, from African countries does not always guarantee timely repayment. We are worried about whether the loan can be recalled, even if sovereignty guarantee is provided. After all, the preferential part of preferential buyers credit comes directly from Chinese foreign reserve.”*
 - Chinese Commercial Counselor of one African country

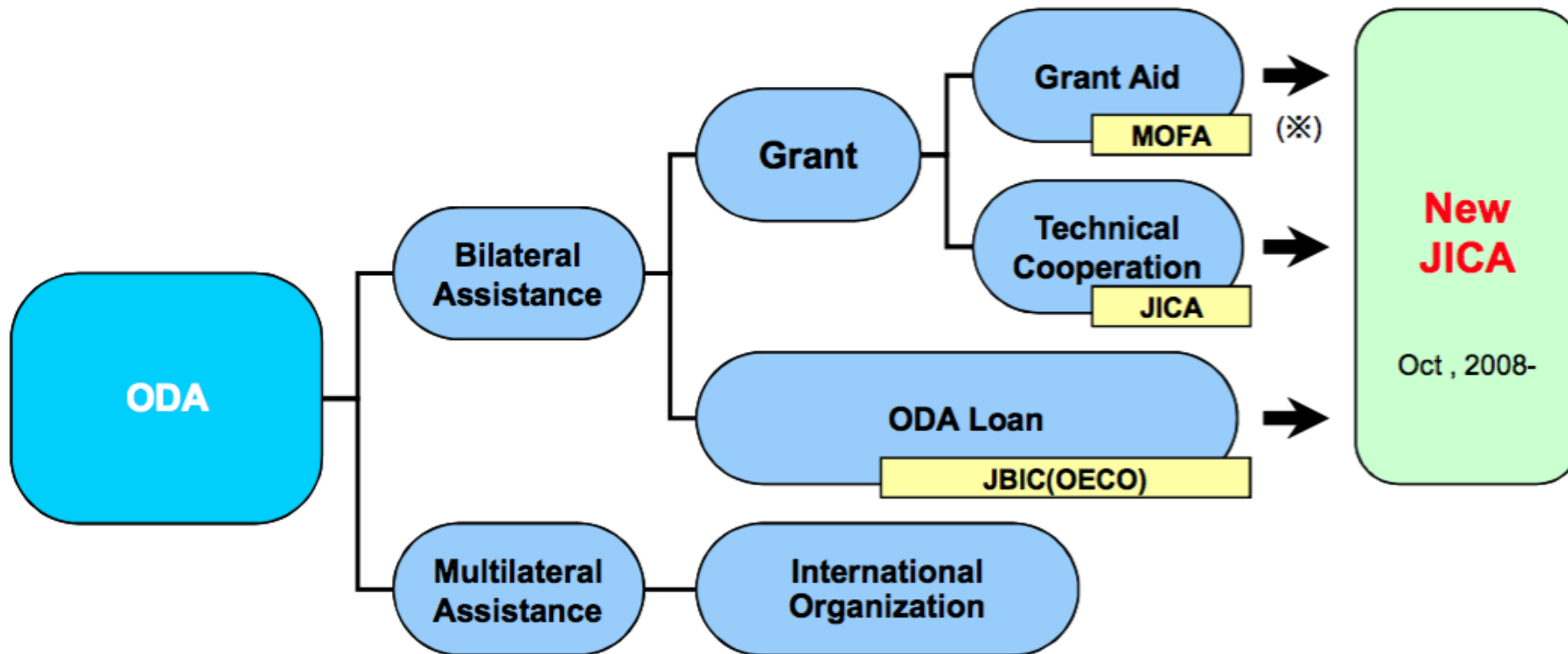
PRE-APPLICATION PROCEDURE

- China's State Owned Enterprises (SOEs) are the project seekers in practice
- The SOEs are profit-oriented



JICA

Japanese ODA Reform



(※) Ministry of Foreign Affairs will execute parts of grant aid, while the rest will be transferred to New JICA.

PROSPECT

- Strong political background
 - Alternative member of 17th and 18th Central Committee of Chinese Communist Party
- Good financial resources
 - Long-time experience in People's Bank of China
 - Establishment of China-Africa Fund of Industry Capacity (CAFIC)