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# THE IMPACT OF CHINA'S ONE BELT AND ROAD INITIATIVES FOR THE PROVISION OF HYDRO-POWER ENERGY TO NIGERIA

By

**Ilukwe Ugochukwu Edward**

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**Ushurhe Jesse Igho**

**Department of Political Science and International Relations**

**Dennis Osadebay University, Asaba Delta State.**

**Mobile Contact: 08137818762 & 08165247448**

**Email: ugochukwu.ilukwe@dou.edu.ng**

## **Abstract**

*President Xi Jinping clearly aims to signal China's great-power status through the BRI, remains a plan mainly aimed at addressing deep crises within the Chinese economy. The primary sources of data shall comprise of empirical information obtained through In-depth Interviews and Focus Group Discussion with selected government ministries (namely Ministry of Foreign Affairs, Works and Transport, Special Advisers from the Presidency and experts in the field). Primary data were obtained using In-depth Interview and FGD with small number of respondents. Secondary data were obtained from books, journals, unpublished theses and internet sources. The theory of International Development Cooperation is being adopted to provide a scientific backing to this research. The study concludes that the successes seen in Nigeria prove that the BRI projects are bound to benefit Nigeria. The study recommends that there is need for China to increase efficiency and sustainability of the on- going Hydro-Power Project in Zungeru.*

**Keywords:** BRI, Development, Debt-Trap Diplomacy, Diplomacy, Hydro-Power Supply,

## **Introduction**

Nigeria joined the Belt and Road Initiative (BRI) through a memorandum of understanding signed in 2018 at a summit in Beijing. So far Nigeria has recorded tremendous success, resulting in being the Africa's largest economy and the most populous nation in Africa. The declaration of the Forum on China Africa Cooperation (FOCAC) 2018 in Beijing Summit and its 2019-2021 African Plan indicates that Africa is an important partner in the BRI cooperation. Nigeria is among the 40 African countries that signed the memorandum of understanding with Beijing as partners of BRI. So far, 126 countries, including 26 European countries, have also signed BRI cooperation agreements with China.

Interpretations that emphasize the geopolitical strategic aspects of the BRI are dominant because it is easier to see the project as part of a wider narrative about declining Western power, and the 'rise of China', than to examine its more complex economic drivers.

## **The Economic Drivers of the Belt and Road Initiative**

President Xi Jinping clearly aims to signal China's great-power status through the BRI, it remains a plan mainly aimed at addressing deep crises within the Chinese economy.

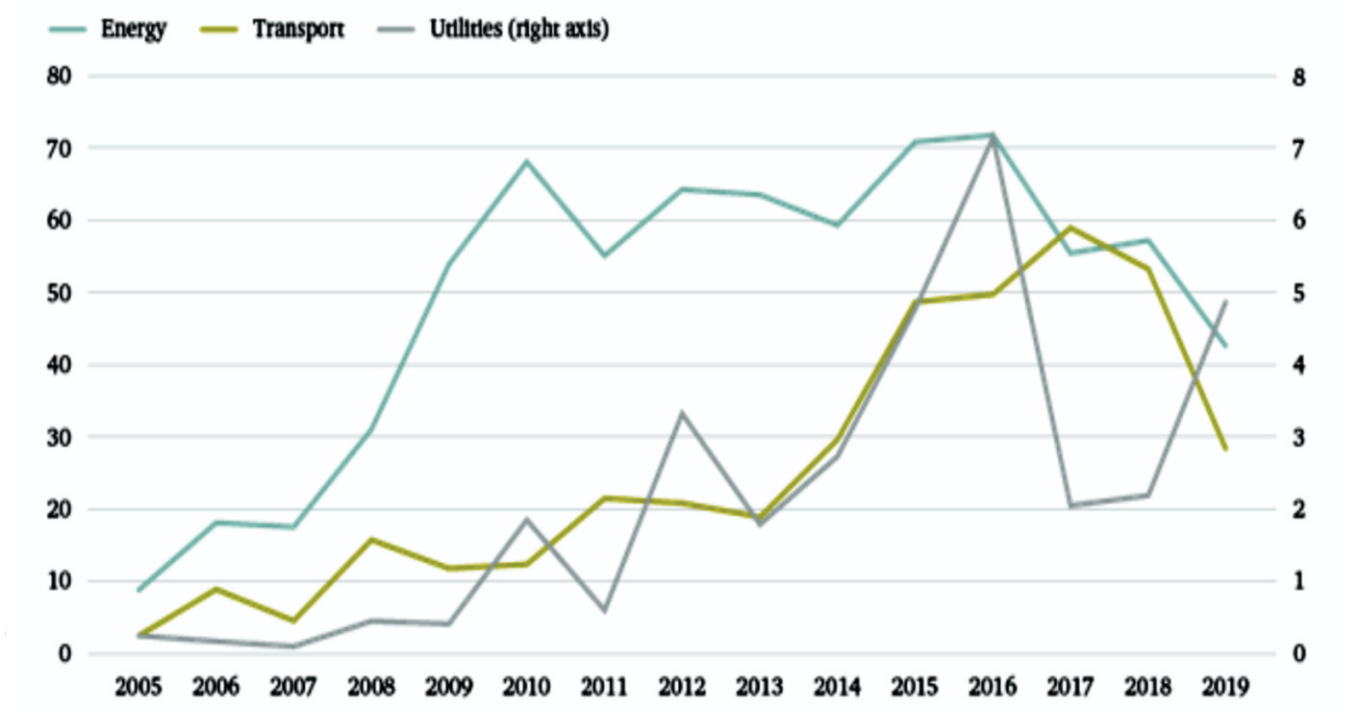
The Chinese government launched the BRI primarily in order to help address these systemic problems by unlocking overseas demand for Chinese industry, construction projects and loans.

### BRI to the Rescue

For the Communist Party of China (CPC), whose legitimacy rests heavily on continuous economic growth, these structural problems within the economy represent an existential crisis. The BRI is intended to address these issues by stimulating external demand for Chinese goods, services and capital.

Externalizing domestic problems is a well-worn Chinese strategy. In 2000, Beijing's 'Go Out' policy encouraged SOEs facing dwindling domestic resources and markets to seek opportunities overseas – which oil companies and hydropower dam-builders had already been doing. The GWDC spurred road- and rail-building companies to follow suit, followed by firms in the energy, logistics and other infrastructure-related sectors, generating steady increases in overseas investment and contracting (see Figure 1). The BRI simply scales up this strategy, repackaging and rebranding many existing projects and supporting new ones.

**Figure 2.1: Chinese Overseas Investments and Contracts (\$ billion)**



Source: American Enterprise Institute (2019).

The BRI's primarily economic rationale is reflected in its governance. The project is led by China's National Development and Reform Commission (NDRC), the agency responsible for domestic economic planning. The NDRC is overseeing the translation of Xi's vague slogan, 'One Belt, One Road', into policy frameworks to guide the wider party-state. This has mainly involved consulting provincial economic agencies that competed ferociously to advance their pet projects, some of which date back to the 1980s (Jones and Zeng, 2019: pp. 1421–5). The NDRC also services the State Council's Leading Small Group on Advancing the Development of One Belt One Road, which loosely guides the BRI.

The NDRC designed the BRI as an extension of its domestic spatial planning, seeking to shift lower-value-added activity to China's less developed provinces and overseas, facilitating continued economic expansion and industrial upgrades (Summers, 2018: Ch. 5). The NDRC has also issued key policy documents alongside the Ministry of Commerce (MOFCOM) and the Ministry of Foreign Affairs (MFA) (see NDRC, MFA and MOFCOM, 2015). However, as an MFA researcher acknowledges, the historically weak ministry 'is not very powerful', having only a 'fake role', with no influence over projects. 'It makes the MFA really embarrassed. MFA is supposed to be the hub for diplomacy', but since the BRI is 'mainly economic', the NDRC, MOFCOM and other agencies are actually in control (Interview, September 2017). Consequently, approved BRI projects follow the logic of economics, not of geopolitics. Outbound investment does not even correspond to the six 'corridors' outlined in Beijing's rather imprecise BRI policy documents, but remains heavily concentrated in East Asian and developed economies, with non-BRI investment growing faster than BRI investment (Dollar, 2017; Chen and Lin, 2018: pp. 11–12). Official documents show that BRI projects were 'not regulated or guided' by government policy frameworks; 'the main motivation' was 'industrial overcapacities', with provincial governments even appropriating BRI funds to bail out domestic SOEs (Ye, 2019: pp. 12–14). Funding has been skewed heavily towards state-linked construction firms facing collapsing domestic demand. In 2014–18, 63 per cent of the \$404 billion allocated for BRI projects went to construction projects, with SOEs netting 96 per cent of construction contracts (Joy-Perez and Scissors, 2018).

China's Interests for Provision of Loans for Capital Projects in Developing Countries  
It is true that, in accordance with the policy of non-interference, China does not set (economic policy and) political conditions for loans, it does determine business conditions, for which the country has been often criticized.

**The condition of loans given by China for infrastructure developments is usually that** the contracting company has to be Chinese (Eszterhai, 2017). This is important to them because this way the Chinese and often state-owned companies gain employment opportunities, and in an international environment at that, which also boosts their competitiveness through collecting experience (Eszterhai, 2017). However, this concept often makes the African party concerned since this means that the states accumulate debt towards China while the Asian party practically finances its own companies (Anzetse, 2018). In other words, African states lose jobs and revenue opportunities to Chinese companies.

The other side of this process is that Chinese loans disbursed in line with such conditions leave no chance for corruption or spending them on goals other than those specified in the contract as these amounts do not even “enter” Africa but circulate within the Chinese financial system (Eszterhai, 2017).

Depending on the African party's capacity to assert its own interests, the contracts might also stipulate the rate of African locals among the contractors. The number of Africans is usually much lower than that of Chinese contractors but increasing their rate has barriers not only because of Chinese economic interests but also due to the lack of skilled and qualified work force (Angola, for example, also offers an example for this). The question is whether such credit conditions enhance or rather impedes the growth of local expertise and knowledge. On one hand, the African actors cooperating with the effective Chinese contractors can learn new skills; on the other hand, they have a competitive disadvantage against the Chinese party in their own country.

### **Empirical Reviews on the Significance of Infrastructure Development for Economic Growth**

Olaseni and Lagos (2012) determine the importance of social and economic infrastructure investment for Nigeria. According to the World Bank, the country has enough natural and human resources to become one of top 20 economies of the world. The study theoretically analyzes the condition of existing infrastructure. The budget constraint, population explosion, poor governance, corruption and economic sabotage are the reasons behind inadequacy of infrastructure investment. The study also gives recommendations to improve infrastructure. It argues that infrastructure is highly correlated with economic growth, development and can affect poverty reduction. According to the paper one of the reasons of inadequate infrastructure investment is insufficient funding. Experts have recommended increase funding for infrastructure development across the world. However, the associated opportunity costs and feasibility of diverting funds towards infrastructure development is not analyzed.

Jan et al. (2012) also uses Cobb-Douglas production function augmented with index of physical infrastructure to study the relationship between GDP and physical infrastructure. It finds a long-run relation between the two variables. It uses transportation, energy and telecommunication infrastructure and constructs an index of physical infrastructure using principle component analysis.

Agénor (2010) proposes a theory of long-run development based on public infrastructure as main engine of growth. It argues that if public governance is adequate then diverting public funds from non-productive activities to the infrastructure capital will help the economy to shift from low growth equilibrium to high growth steady state characterized by high productivity and high savings. The model also has implications regarding choice of technology and the role of the state in fostering private sector growth.

Snieska and Simkunaite (2009) review the existing literature on the importance of infrastructure for social and economic growth and development of a country.

The study concludes that there is a lack of any unique methodology to analyze socio-economic impact of infrastructure investment. Researchers have defined it differently, applying different methodologies and using data on different variables, hence, the results also vary. Correlation method is used to evaluate the infrastructure's impact on economic growth among Baltic States. All the three states are from same income group but the results show variation, implying that regional peculiarity is an important issue while studying the relationship of infrastructure and economic growth.

Agenor and Dodson (2006) examines various channels through which public infrastructure can affect economic growth. It highlights the impact of developing infrastructure on investment adjustment cost like durability of private capital and production of health and education services. The endogenous growth model is used to develop a link between health infrastructure and growth. The study draws out the implications for the design of strategies which aim at promoting growth and reducing poverty. But it does not consider the fact that different regions show different behavior regarding infrastructure investment and economic growth.

### **Statement of Research Problem**

The Influence of China's Belt and Road Initiative (BRI), been a global economic initiative towards developed and developing countries, have had great influence on Nigeria's Economic growth and development particularly as it relates to the provision of infrastructural development and Provision of Foreign Loans to Nigeria.

The concerns about China's intervention through BRI Projects have drawn several concerns on her economic motives, which in some quarters perceives, such moves as a new form of neo-colonialism geared towards exploitation and economic retrogression of Nigeria, while in some quarters, China's intervention on the economy have been perceived as a form of purposeful or intentional international cooperation towards promoting economic growth in the form of infrastructural development in the areas of provision of Abuja-Kaduna Railway and Hydro-Power Project in Zungeru, Niger State.

The concerns of the concession of the Hydro-Power Project and the Railway Projects isn't too clear or well-defined arising from some of the conditionalities attached to the agreement between Nigeria and China through the Chinese Exim Bank. The challenge around the disbursement of the loans are given and determined by China through her provision of Technological resource, Man-Power resource in the execution of the Hydro Power and Rail Way Projects.

In spite of the completion of the Projects, it is not yet ascertained, about the effects (outcomes) of the Hydro Power and Railroad projects particularly within the context of their economic viability in Nigeria.

This research, therefore seeks to Assess the Effects of BRI on Nigeria's Infrastructure Development using the Abuja-Kaduna Railway and Hydro-Power Projects towards Promoting Nigerian Economic Growth

### **Research Questions**

- I. What is the nature of the Hydro-Power Project under the Belt and Road Initiative?
- ii. What are the effects of the Hydro-Power Project under Belt and Road Initiative improve infrastructure development in Nigeria?
- iii. What are the effects of the Hydro-Power project under Belt and Road Initiative for Nigeria's diplomatic relation with China?

### **Aim and Objectives**

The study aims at examining the effects of Belt and Road Initiative on Nigeria's infrastructure particularly the provision of power supply in Nigeria with the following objectives:

- i. To examine the Hydro- Power Project under the Belt and Road Initiative.
- ii. To examine the effects of the Hydro- Power Project under Belt and Road Initiative has improved infrastructure development in Nigeria.
- iii. To examine the Hydro-Power Project Railway project and the implications for Nigeria's Diplomatic Relations with China.

### **Research Assumptions**

- I. The nature of Hydro- Power Project under BRI symbolizes an Economic Partnership for Development.
- ii. The Hydro- Power Project symbolises the goal of the Belt and Road Initiative to improve Nigeria's infrastructure development.
- iii. The Hydro- Power Project will have both negative and positive implications for Nigeria's Diplomatic Relations.

In the case of an initiative, citizens themselves can gather a prescribed number of signatures (usually a percentage of the number of registered voters in that state) and require that an issue be placed on the next ballot--even over the objections of the state legislature or governor". (Oberholtzer, 1891).

### **Significance of the Study**

President Xi's signature project is the world's most ambitious infrastructure project ever attempted. It will connect several continents and over 160 countries with a significant amount of the world's population when it becomes fully operational, however not much is researched about it in Nigeria and Africa in terms of empirical study. Therefore, this research seeks to bridge the gap in literature by providing an empirical study of the Hydro-Power project under BRI. While some scholars argue that China's investments are a geostrategic state craft to challenge the US dominance and undermine local capacity in Africa while presenting a debt trap that undermines Africa's diplomatic relations, others believe that the Chinese engagements especially in infrastructure development represents an important economic opportunity for Africa.

Also, not much has been done on the impact or effects of China's Belt and Road Initiative in Power infrastructures in Nigeria, majority of the research, in this area are contain in journal and articles. Hence the study seeks to examine China's Belt and Road Initiative towards promoting Nigeria's Energy or Power Supply in Nigeria as it positively or negatively undermines or support economic development.

This study contributes to knowledge by being a pioneer research work on the subject matter providing qualitative and quantitative data giving future researchers the opportunity to build on the assessment. The basic significance or contributions of this research are:

- a) Assess the Hydro- Power Project under the Belt and Road Initiative as it improves Nigeria's infrastructure development.
- b) This research examined the Hydro- Power Project under Belt and Road Initiative as it affects Nigeria's diplomatic engagements.
- c) Finally, this research produced relevant data and provide useful information vital to decision and policy makers as well as implementers from China and Nigeria on BRI projects in Nigeria.

The research focus is on China's Belt and Road Initiative as it affects Nigeria's infrastructural development, however, BRI is a global phenomenon, therefore, and this research will be significant to other researchers from other areas who may replicate the study on other projects. The focus will however provide specificity and coherence to the study on the effects of BRI in Nigeria from 2013 to 2020.

### **Area of Study**

The area of study is the Hydro-Power Project. The project is located in Zungeru in Niger state of Nigeria. Nigeria is situated in the West Africa sub-region, it is bordered in the North by Cameroon, Niger Republic, and Chad, also bothered in the South, by Benin Republic, Cameroon and Equatorial Guinea via the Atlantic Ocean.

### **Sources of Data**

The study adopts both primary and secondary data collection method. The primary sources of data shall comprise of empirical information obtained through In-depth Interviews and Focus Group Discussion with selected government ministries (namely Ministry of Foreign Affairs, Works and Transport, Special Advisers from the Presidency and experts in the field). The reason for choosing this method is due to the fact that primary sources are considered reliable due to their unprocessed or raw nature. The secondary data will be obtained from archival materials, monographs, journals, reports, news magazines, newspapers, unpublished theses and research projects, and internet sources.

### **Primary Source**

Primary data were obtained using In-depth Interview and FGD with small number of respondents who are stakeholders in the China's Belt and Road Initiative implementation and discourse process during the period under consideration.

The benefit of interviews is that it enables researcher explore various details and fill in the gaps in literature. The stakeholders in this respect include:

The Nigeria's Ministry of Foreign Affairs (MFA), Works and Transport and Special Advisers from Presidency. Experts not from the aforementioned ministries and the Presidency were consulted for their expert opinions on the Abuja-Kaduna railway project. Hence, data from the above respondents were relevant to this study in establishing what the effects of Belt and Road Initiative are on Nigeria's infrastructure development. The rationale for sourcing these data is to corroborate or debunk any perceive effects of Belt and Road Initiative on Nigeria's infrastructure development.

### **Secondary Source**

Secondary data were obtained from books, journals, correspondence, news magazines, conference proceedings, monographs, reports, newspapers, unpublished theses and research project and internet sources. Furthermore, the research relied on archival, documented materials and other processed data to complement, corroborate, or debunk certain claims in primary data and other literature.

### **Sample Size**

The sample size of the study was drawn from officials of the Federal Ministry of Foreign Affairs, Works and Transport, particularly drawn from Ministers, Permanent Secretaries, and directors from the two aforementioned ministries, ten senior executive civil servants from the two ministries and Senior Special Advisers to the President on power infrastructure.

### **Sampling Techniques**

The sampling technique; the study adopted the non-probability sampling technique, which was based on purposive sampling technique. This technique is adopted because, the researcher used his sense of judgment to choose rightly, those who are best suited to answer the research questions culled from the interview schedule, in order to realize the objectives of the study.

### **Instruments of Data Collection**

For this research work, the study adopted the qualitative and quantitative method of data collection for generating data to test the assumptions. Qualitative method involving extracting valuable information from the available evidence so as to reach a conclusion (Sun, 2009). The method used to source information from such secondary source of data as textbooks, journal articles, internet materials, national dailies as well as organizational or institutional publication on "The Impact of China's One Road and One Belt Initiative on Nigeria's growth and development", between the period under review.

**Validity of Research Instruments**

Interview schedules was based on the research questions, written in English language, in a manner that is comprehensible or simple to understand by the targeted audience of the study, based on their office position and responsibilities, which gave answers to the research questions earlier raised.

**Method of Data Analysis**

The research was analyzed based on thematic reviews, so as to make attempt to answer the research questions and to confirm the research assumptions of the study. For the purposes of analyzing our data, the researcher used both descriptive analysis and qualitative analysis. The researcher employed a form of data triangulation of both empirical literatures with responses of respondents on interview schedules, of the analyses of the data provided for the study. This implies reading meaning into cumulative processes and responses of data interviews, so as to reach inferences, with the aim to establish and interpret relations among relevant variables and to ensure the aim and objectives the study seeks to achieve is realized.

**Scope and Limitation of the Study**

The study is on the effects of China's Belt and Road Initiative on Nigeria's infrastructure development particularly Energy or Power Supply from 2013 to 2020. The period of this study is chosen because from 2013, China launched the Belt and Road Initiative, as a major force in her National Development Plan, which is its brand of globalization to permeate Europe, Asia, Africa and other parts of the world. The period covering this research includes the construction and operation of the Hydro Power Plant. As of 2015, As the forces and wheels of globalization have surged on across Africa through it institutions, investors, and flow of trade, investment which are mostly neo-liberal policies with it deep attendant severe consequences in the long run, the Nigerian state and authority, having not fared well with western neo- liberal policies and the near absence of acceleration to inclusive economic growth and development, have found a complementary economic measure from the eastern world, particularly China's assertiveness to spread it brand of globalization to most third world countries in Africa, particularly Nigeria through infrastructural development, towards bringing about sustainable growth and development in Nigeria.

**Theoretical Framework: International Development Cooperation**

The theory of International Development Cooperation is being adopted to provide a scientific backing to this research. The theory was developed by Lauri in 1990. Development cooperation of any kind may be developed by bilateral, trilateral or multilateral institutions. The China's belt and road initiative refers to the multilateral project that allows states to integrate, invest, cooperate and harness together the benefits of economic investment and infrastructure development.

In the discourses of development cooperation, Lauri (1990) believes that, there are two major variables that affect cooperation which are: In cooperation, there is a common goal, toward which the interaction is oriented, and which is shared by the actors. In assistance, there may be common goals, but the very action of giving aid is oriented towards helping the other party to realize his/her own goals.

It is therefore discernible that China and Nigeria, Africa or the entire world, have one major goal, which is mutual or collective benefit of the cooperation that binds them together. The second aspect of the above analogy is assistance, where people look at American aid to third world states, concluding that it is not without interest; the Chinese assistance to Africa is what Lauri (1990) described as aid oriented towards helping the other part to realize his/her own goals. Albeit the relationship that defines cooperation can be described as asymmetrical, but the aim and purpose of the cooperation should not be ignored. African states have had what scholars describe as obnoxious relations with the West, but Africa appreciates its relationship with China and willingly signs developmental agreements under the forum of China-Africa Cooperation and the One Belt One Road Initiative. More to the understanding of what unfolds between China and Africa, is the interpretation of the concept of international cooperation given by Lauri (1990). It was intellectually put that:

International cooperation designates all undertakings allowing international actors to achieve jointly fixed goals by sharing certain resources together. Less than integration, yet more than sporadic common efforts, international cooperation denotes to establish relations between sovereign actors willing to share some values together (pp. 7-8).

The above significantly shows that, cooperation just as it is obtainable between Africa and China, China-Nigeria and China-world, is not aimed at harming any party but carried out in a manner of mutual benefit and win-win cooperation. In the process of cooperation there is the need for understanding one another-hence, the call for cross-cultural studies and language sharing. This aids in communication in business environment as well improves people-to-people exchanges and gives room for trust to flourish. While addressing issues in the field of international relations, we always observe classically the contending paradigms that synthesize conflict, war and cooperation. The realist perception of anarchy and war in the global system may discourage cooperation for peaceful co-existence, making you to understand that you cannot trust even your neighbor and absolute abstinence might be applied. On the contrary, the other classical paradigm (liberalism) appreciates the concept of peace and cooperation, albeit the world is anarchic, but cooperation would surely abate tension, rivalry and conflicts within the global system. It should also be noted that the fear of anarchy without devising to cooperate, makes states invade others. When there is an instituted authority to govern the conducts of states, states would be restrained in going against their sister states and conduct their behavior peacefully (Lauri, 1990).

## **Data Presentation and Analysis of the Study**

### **Interviews on China's Investments on Hydro-Power Station in Zungeru, Niger state in Nigeria**

In an interview, with the Country's Director for BRI Projects on Hydro-Power (2023), posit that China's involvement in Nigeria is part of Chinese Global Development Initiative (GDI); which is anchored on development as a priority, a people centered approach, benefit for all, innovation driven development and result oriented action. This is evident in the internationalization of Chinese companies as well as the government's "going abroad" strategy. It is also imperative to know at this point that Chinese interest in Nigeria is motivated by economic partnership and the need for energy resources in various sectors in the Chinese Economy. Nigeria's industrialization and economic development is seen by Chinese stakeholders as important entities for Chinese exports of manufactured goods in the region thus they invest in areas of benefit to them including hydropower.

In an interview with Director of Logistics, in the Ministry of Power (2023), was of the view, that China's investment in hydropower is only perceived from projections in the future on the basis of medium- and long-term plans expectations. There is the economic optimism that the money invested would yield positive light in a matter of years to come under a well-defined framework based on Public Private Partnership and the implementation of an articulate concession plan which would be a win-win for both public and private sectors in Nigeria. The researcher noted from observation in residences, small and medium enterprises in the study areas are still bedeviled with the challenge of electricity generation, transmission and distribution despite possessing an enormous capacity and potential for hydropower. Likewise, biomass resources are currently available in Nigeria and the potential to utilize them for the production of various types of biofuel especially with China's partnership is feasible but not a reality yet.

### **Interview on China's BRI Involvement in Establishment of Zungeru Hydro-Power Station**

In an interview with the Head Operation Officer (2023) of the Hydro Power Establishment, Zungeru, is under construction of hydro-electric power project being built in Niger State of Nigeria. The federal government of Nigeria through the Bureau of Public Enterprises (BPE) is acting as the grantor/sponsor of the project. The [700MW Zungeru is the biggest hydropower project in Nigeria.](#)

According to the Director of Logistics and Planning (2023) in the Ministry of Power, was of the view, that this project couldn't proceed due to the lack of funds. Construction works commenced in [2013 following a deal with two Chinese firms- China National Electrical Equipment Corporation \(CNEEC\) and Sinohydro Consortium. The 700MW Zungeru is the biggest hydropower project in Nigeria.](#)

The Country Coordinator (2023) of the BRI Project in Nigeria, in an interview was of the view that the Hydro Power project, entails an investment of around \$1.3bn, also received a preferential loan facility from the Export-Import Bank (Exim Bank) of China. The Zungeru Hydroelectric Project is being built on the upper and middle reaches of the Kaduna River near Zungeru in the Niger State. The project is situated nearly 150km from Abuja, the federal capital of the Republic of Nigeria. Shiroro Hydroelectric Power Plant is situated 77km downstream from the site. Project details Zungeru is designed to generate 2,630 gwh of renewable power and flow rate of 880m<sup>3</sup>/s with a plant factor of 0.33 The Head Operation Officer (2023) of the Hydro Power Station was of the opinion that the key components of the project include a reservoir at an elevation of 230m, a concrete faced rock fill the rated speed of 107.1rpm. The total storage area of the project is 11,419mcm. The dam is made of Roller Compacted Concrete (RCC) in the valley and left bank, and will feature rock fill with impervious clay core on the right bank and earth fill with clay dam with a maximum height of nearly 113m, a concrete spillway equipped with four radial gates designed to pass probable maximum flood (PMF) and a powerhouse. Furthermore, the Head of Operation said, the powerhouse located on the left bank dam toe will have four Francis hydroelectric turbine units each with a 175MW. The turbines are designed to operate at net nominal head of 92m at the nominal flow of 220m<sup>3</sup>/s and at core on the straddle dam. The roller concrete compacted dam (RCC) will be 1,090m in length and 90m in height. The main hydraulic structures of the project (gated spillway, power intake, and diversion galleries) are integrated into the roller concrete dam (RCC) structure on the left bank of Kaduna River. Other key infrastructure will include four 300KV transmission line circuits, a tailrace channel, a 30k access road and a transmission line among others. For construction purposes, a temporary service bridge was built downstream of the dam.

In an interview with the Country Coordinator of the BRI Project (2023), the Power Construction Corporation of China and China National Electric Engineering Company Limited (CNEEC) are building the Zungeru Hydropower Project in collaboration with Decrown Nigeria Limited. The first unit of the plant was put into operation in March 2022. China Hydropower Engineering Consulting Group (CHECG)-subsidiary Kunming Survey and Design Institute was contracted to provide design and technical services for the project.

According to the Director of Information (2023), of the Federal Ministry of Foreign Affairs, said as of November, 2022, the Nigerian government invited bids for Zungeru hydropower plant concession. The winning concessionaire would operate, manage and maintain the hydropower plant for 30 years.

## **Discussion on the Concession of the Zungeru Hydro-Power Project and its Projection on the Basis of Project Cost Management.**

In an interview with the Director of BRI Project on Logistics (2023), the Zungeru Hydro Power Project, is the largest power project in Africa to be funded with government concessional loans. In September 2013, the Nigerian government signed a deal with two Chinese firms (China National Electrical Engineering Corporation and Sino-hydro). The government approved funding for 25 percent of the project with the Export-Import Bank of China funding 75 percent via low-interest loans. This \$1.2 billion loan power plant that is currently under construction by the China Electric Engineering Company (CNEEC) expected to produce a yearly power generation of 2,640GWh and supply electricity to the National Grid was initially billed to be completed towards the end of 2019 two years beyond the original deadline but later shifted to 2020 and now we are in 2024 and the project is almost constructed. According to the Director of Information (2023), in the Federal Ministry of Foreign Affairs, the government provided 25% funding for the project, while the Exim Bank will fund 75% with low-interest-loans. He went further to say, once completed, the Zungeru Hydroelectric Project is expected to produce [2.64 billion kwh of electricity per year and meet around 10% of Nigeria's total domestic energy requirements. This would be a big boost and a monumental increase in household energy supply in Nigeria.](#)

The government expects that the facility will also help in controlling floods, support irrigation and fish breeding centres. This would help to boost agricultural production and in the long run promote sustainable food security in Nigeria.

The Hydro Power project would provide employment opportunities to more than [2,000 Nigerians during the peak construction period. Invariably enable them to earn wages and having the purchasing power to improve their wellbeing as workers.](#)

In an interview, with the BRI Project Coordinator (2023) opined that, given Nigeria's rich energy resources, especially with regard with hydropower, the potential to make it a viable energy source is huge and quite demanding in terms of financial cost. Greater global co-operation can deliver benefits for all, ultimately promoting increased energy access and economic growth. Chinese companies in Nigeria's power sector, both in terms of magnitude and impact on new electricity capacity additions, mostly coming from renewable energy including large hydroelectric plants.

There is need for the Chinese government to ensure that billions of funds released for these projects are actually utilized toward the completion of these projects. Nigeria must encourage China towards more sustainable energy investments and this she can boldly do by first utilizing her abundant hydro and biomass potentials domestically within her little capacity to power our industrialization policy, increase domestic production through our growing small and medium industries in need of power to ensure optimal production.

The researcher inferred that the Zungeru Hydro-Power Project is quite valuable in content and use, because of its monumental national importance to generate sustainable energy supply of around 700 MW, to industries, small and medium enterprises and the households, have drawn the attention of the National Council of Privatization to come up with the concession plan for the bidding of the Zungeru Hydro-Power Project.

China projects and financial support contribute to power sector development, extending energy access and facilitating economic growth in Nigeria are purely based on economic projection in respect to the huge financial resources that have been invested and the on-going concession effort been carried out by the Federal Ministry of Finance to private sector entities,

it is hopefully believed that in no distant time in the future, the effort by the federal government to ensure the concessions of the Zungeru Power Plant would go a long way to boost electricity supply to homes, households and small, medium and large scale industries which in the long run would boost domestic production of industrial goods and services and sustainable development of the country, with prudent management and control under the existing franchise of Public Private Partnership (PPP).

As long as both parties in the concession of the Zungeru Hydro power station in Zungeru are committed in the implementation of the economic blue print, must likely there would be unprecedented increase of power supply. Sincerity of purpose and walking the talk on the blue prints for implementation and sustainable power supply for Nigeria as a country. No doubt, hydropower can deliver to Nigeria vital electricity along with additional services of water management and increased economic activities of the people at significant scale. It is well known that increased power supply is a trigger to increased national productivity and an improved competitive economy, improved valuation of our domestic currency vis avis other national economies in the global system

The Federal Government have finally approved the commencement of the concession of ZHPP through a well detailed road map of Public and Private Partnership (PPP). The key objectives of the concession of Zungeru Hydro Power Project includes:

- Leveraging private sector's access to finance and reducing reliance on government budgetary allocation to operate and maintain the facility;

This infers that there is quite a grave concern, due to our poor accountability of budgetary provisions, considering the lean financial resources allocated to infrastructural development in Nigeria, coupled with the government incapacity to finish up such gargantuan (mighty projects before its own hands. This collaboration makes it easy to fast track the Zungeru Power Project to provide the much-needed economic benefits for the Nigerian people.

- Ensuring efficiency maintenance culture, innovation and technical knowhow of the private sector in operating the ZHPP.

This infers that there is a gradual shift from public financial obligation to build and maintain energy infrastructures, is the inclusion of the private sector through meaningful cooperation and pragmatic engagement that would benefit all parties in the medium and long run term of project implementation.

- To transfer the burden of repaying the loan received from Chinese Exim bank to the private party. This infers that the fragile financial posture of Nigeria, as a highly indebted country would create viable options for the private sector to come in pay our loan obligation through an organized memorandum of understanding in place. This would go a long way to remove the perceptions held by critics that the debt trap diplomacy is geared towards re-colonizing, exploiting our human and material resources and also under-developing Nigeria in the long run.

In the words of the Director of BPE, he revealed that given the urgency and priority of the Federal Government for the quick completion of the ZHPP concession, a revised workplan was prepared, envisaging the completion of the transaction by March 2023. He thus, solicited the full support and cooperation of all stakeholders for the expeditious conclusion of the transaction according to the timelines.

The current concern for concessioning of public infrastructures particular the Zungeru Power Project is part of the Federal government and the agency in collaboration with the Federal Ministry of Finance, Budget & National Planning, which has developed a Public Private Partnership (PPP) Project information which have been forwarded by all Ministries, Department and Agencies (MDAs) to capture all infrastructural project in which the Zungeru Project is inclusive. The implication of this is to allow a purposeful cooperation between the government and the organized private sector to invest their financial resources and skills to bring in the much-needed efficiency and sustainability of the power or energy sector of the Nigerian economy to herald economic growth and development. The Mainstream Energy Solutions Limited (MESL) as the preferred bidder for the Zungeru Hydro-Power Plant for a fee of \$USD 70,000,000.25 per year for three decades or thirty years. When the concession gets implemented on the Zungeru Hydro Power plant, the capacity of production would get to over 4,000 Mega Watts (MW) in the next six (6) years which shows, there will be an appreciable increment of energy supply to industries, small and medium scale industries and to millions of households in Nigeria.

### **Challenges Facing the Zungeru Hydro Power Station**

The researcher through field observation survey and interview of respondents of the Hydro Power Station in Niger state, found out some of the challenges of the Hydro Power Station in Zungeru, Niger State.

- Insecurity: There have been intense activities of criminal elements such as armed kidnapers who kidnap persons around the Zungeru Hydro Power Stations, making it challenging to see the optimal impacts of the project (Researcher Field Observation, 2023)
- Issues around compensation: Interview with selected officials of the Hydro Power Station in Zungeru, were of the opinion, that there is a contending issue around workers compensation, to ensure compensation are paid to workers who are victims of the work process due to the risky or hazardous nature of the work environment (Interview, 2023).
- Part of infrastructure development strategy is to provide adequate, reliable and affordable Electricity to Nigerian in a safe manner and to ensure sustainable supply to the people (Researcher's Field Observation, 2023)

### **Discussion on the Nature of the Diplomatic Relationship and Debt Trap Diplomacy Between Nigeria and China.**

The dynamism of Bilateral Relations between Nigeria and China over the years, had been accompanied with some connotations and denotations as it relates to investment in Public Infrastructures, National Economy, Cultural Factors, among others, which critics viewed, the relation, as having one side effect and lopsided at the expense of Nigeria.

However it is clearly evident that China's investment in public infrastructures in Nigeria, have been occasioned by unprecedented economic growth especially as it relates to Rail transport of persons, goods and services across Nigeria, a case point in view, is the Abuja to Kaduna Rail Transport Service, furthermore, the diligence of the Chinese in the management of investment funds and resources have been top notch and have not been rivalled by any creditor western nation to Nigeria.

This further implies that China have a dominant and sustainable influence in the diplomatic approach it poses on Nigeria, in a much more articulated form, due to her forthright leadership position to excel and grow it corridors of influence in Nigeria, been a strategic trade partner with Nigeria and to the larger market access in Africa.

Undoubtedly, the bilateral relationship between Nigeria and China is of immense benefit to both parties, if well pursued. Though China cannot solve all Nigeria's problems, the federal government in her relations with China should genuinely and aggressively pursue as a matter of national interest in sustainable energy transition and continuous transport infrastructure development in Nigeria because these are true indices of infrastructural development.

Nigeria's political sovereignty may not be in doubt with regard to the framework and terms of agreement of the Chinese loans. Nigeria as a sovereign country has not defaulted in its debt obligation with China and on no grounds is china faulting Nigeria on her debt payment obligation, and China have no ulterior motive or plan to seize any of our critical national resources or undermine our collective sovereignty as a people.

The truth of the matter is that Nigeria is indebted to China but it has not affected the diplomatic relations between both countries. As it is quite noticeable of note, that Nigeria is equally indebted to western creditor nations and the International Monetary Fund (IMF) and its attendant financial conditionalities have not deterred the relationship which exist between Nigeria and Western nation and in no way is any of this western nation planning to usurp Nigeria's sovereignty. It is important of note to dissuade, the perceptions or views held by critics whose stand is built on China's Debt Trap as a means to exploit or colonise Nigeria. Using the case in view, the IMF loans and that of other Western Creditor nations which have stringent conditions, in which in many cases, Nigerian government, are paying alongside with the loan interest, in some cases defaulted in paying the debt and at some point in time, sought for some relief of our debt, in the light of Nigeria's fragile economy, which dossier is built more on consumption and less on production, kleptocratic corruption, disregard for public accountability and transparency in public financial management, our failure to pay our financial debt obligation to IMF and other western creditor nations have not led them undermining our sovereignty or seizure of any of our key critical infrastructure in Nigeria, if this is the case with IMF loans with stringent condition to source loan and repay. China with a much more human face and a key international partner with Nigeria wouldn't arrogate her powers to undermine our sovereignty or to take Nigeria forcefully in the guise of recolonization, because Nigeria owes her. The negative denotation that China would colonise Nigeria or lose its sovereignty, due to its outstanding debt to her is not true, rather China have provided financial framework, through her state owned bank, the EXIM Bank, in which Nigeria can pay her debts and renegotiate for further loans, only if they serve public interest of the Nigerian people, which are mostly centered on public infrastructures such as the Railway and Hydro Power infrastructural projects and are geared towards Nigeria's Economic Growth and Development.

This agrees with several researches, which have been conducted to determine or establish the linkage between Chinese Loan and Debt Trap such as (Pease, 2010; Ogunrinu, 2017; Donnes, 2018; Donnelley, 2018; Shattack. 2018, Mulaku & Lemmy, 2019; Akinrinde, 2020; and Igwe (2020), among others. Furthermore, the publication from the The Nigeria Debt Management Office (DMO) dashboard shows the total China debt profile of USD 3.121 billion (N1, 126.68 billion at USD/N361) as of March 31, 2020. China has offered loans to back eleven ongoing large-scale infrastructural projects leaving Nigeria's debt to China at \$3.121 billion as of March 31, 2020 against the total \$5.575 billion loan agreement wrapped up with China's EXIM Bank in the span of eight years between 2010 and 2018.

The researcher inferred from the above that the debt trap diplomacy is not meant to usurp Nigeria's independence, or impose an imperial conquest or domination,

although a means of intentional and planned collaboration built around China's Capacity and influence for meaningful partnership for resource interest of both countries through a win- win arrangement or partnership. This is occasioned by the fact that China's concern for energy (gas and crude oil) from Nigeria and Nigeria's quest for infrastructural development is a mutually exclusive motivating factor for collaboration and partnership using the instrumentality of the Belt Road Initiatives (BRI).

In respect to Chinese debt specifically, critics have raised fundamental concerns that there are concerns that the opaque nature of debt provision by China to Nigeria, makes the real effectiveness and affordability of the debt unclear. Critics have argued that the ambiguity of this loan makes the Nigerian citizens to be increasingly worried about the degree of debt accrued, and whether it yields dividends in terms of economic growth and development of provision of critical national infrastructures especially in the railway and hydro power supply. The capacity of loan negotiations between Nigerian governments and Chinese institutions adds to the perception that government officials are enriching themselves and will saddle their citizens with the financial fallout. This concern by critics is built around the fact that the Nigerian government have failed to show accountability of loans collected to embark on infrastructural projects mostly by the ones coming from Western creditor nations.

The way in which the Chinese, gives loans most often is based on capital projects and the emphasis for such infrastructural capital-based loans to be implemented by her human resources which it mobilises and ensure it execution in Nigeria.

In an interview with the Director of Fiscal Planning (2023) in the Federal Ministry of Finance, gave his view, on the debt trap initiative by China in Promoting their presence in Nigeria and embarking on Infrastructural Projects in this way:

Despite the allusion to the Chinese debt trap narrative; there are many positive responses to the narratives by the States policy makers. Nigeria have reacted to this narrative in three main ways: first, it is untrue and unacceptable, stating that the confidential agreements Nigeria have with China is not configured to their disadvantage and that China is not using the debt as a leverage to influence our policies. And that most of our sources of financing for development project particularly the Railway and the Hydro-Power Project were not from China alone. There is room for negotiating with China for debt forgiveness consideration and restructuring of repayments terms and period in order to reduce the weight of the burden.

The assertion of the Director of Fiscal Planning agrees with Mthembu, (2009) which contends that contrary to the allusion that the Foreign Direct Investment from China has not contributed to the development of Africa, particularly Nigeria, most of such investments have remained a catalyst for promoting infrastructure development, employment generation and revenue generation in Nigeria, through payment of taxes by Chinese industries operating in Africa,

while also contributing to its Gross Domestic Product aggregates. Dollar, (2019) sees the positive impact of the Chinese loan in comparison with monopolize western control World Bank and IMF that is time consuming and does not give loan for big projects.

ii. The study reveals based on based on Research Objective Two (2), that China has universal objectives to actualize through the instrumentality of BRI in Africa in which Nigeria is in serious need of investments for infrastructural development, and BIR offers the best strategy to pursue their ambition particularly in Hydro power supply. Fidelis, Jude and Ighata (2014) agreed with this study that the role of infrastructural development on economy is a vital issue for strategic and development policy for a country with weak quality of infrastructure base. Efficient infrastructure attracts centers of production and consumption, gives greater access to markets and education centers and timely access to health care.

### **Recommendations**

- i. There is need for China to increase efficiency and sustainability of the on- going Hydro-Power Project in Zungeru. This major infrastructural project has just started to gain traction and become productive.
- ii. China needs to increase its foreign direct investment in Nigeria by providing a sustainable environment for Chinese investment.
- iii. Nigerian leaders, should get up and construct a large room for development. Nigeria in particular needs to shift from being a consuming to a producing nation. She needs to industrialize, and the general public should be urged to buy products that are "made in Nigeria." Additionally, for "made in Nigeria goods" to be competitive, the government needs a steady supply of electricity. In addition, the government must concentrate on maintaining a standard regulatory framework for product oversight that is not clouded by corruption.

### **Conclusion**

The successes seen in Nigeria prove that the BRI projects are bound to benefit Nigeria. They could experience advanced rates of development and economic growth, largely due to the projects offered by the BRI. The loans offered through the BRI have the potential to help Nigeria develop dramatically. Since the loans are specifically targeted for infrastructure projects, Nigeria will be able to tackle substantial problems where they experience a serious deficit. Modern, safe, and efficient Hydro-Power Supply are all necessary for Nigeria to make steps towards rapid development.

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