The Strategic Nature of China’s Foreign Aid: Rethinking Political/Technical Divide

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Abstract: Foreign aid is globally controversial for its motive and purpose. In general there are two divided viewpoints to understand aid issues: one is technical and the other political. The technical view refers to idealistic aid theory and international public interest, while political approach emphasizes donor interest rather than global welfare. To understand the true picture of foreign aid, it is necessary to take on a strategic approach. An integrative, rationalized and comprehensive viewpoint is crucial to understand China’s foreign aid design, which goes well beyond political/technical divide, with its inherent logic and weakness to overcome.

Keywords: strategic aid; China’s foreign aid; political; technical

In October 2013, China proposed an important cooperative initiative to build the Silk Road Economic Belt and the Maritime Silk Road in the 21st Century, which has received widespread attention from the international community. In recent years, Belt and Road Initiative has made a series of early achievements in various aspects, and has become one of the landmark progresses for China’s economic diplomacy. During the international cooperation summit forum of the Belt and Road Initiative on May 14, 2017, Chinese top leader announced that China plans to provide 60 billion RMB foreign assistance to developing countries and international organizations in the next three years; to provide more projects helping improve people’s livelihood; to provide 2 billion RMB of emergency food aid to developing countries along the way; to increase 1 billion dollars to the South-South Cooperation Assistance Fund; to increase financial support to the Silk Road Fund, of which the overall scale is expected to be about 300 billion RMB. The National Development Bank and the Import and Export Bank respectively provide 400 billion equivalent RMB special loans to support infrastructure construction, confidence building and financial cooperation.

This again raises the motive and purpose question in foreign aid debate. In historical sense, the motive of international assistance has a relatively simple direction towards power politics and real interest. After World War II, especially since the end of the cold war, the political motives of foreign aid has been mixed and complicating when the developmental perspective and the international

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public interest discourses gain more importance. Since the 1960s, the United Nations has adopted a number of resolutions on development issues, and in 1961 the OECD Development Assistance Committee (OECD-DAC) was established, with the rise of official development assistance (ODA). This new shift in analytical framework brings a clear divide between political and technical aid motives, the major differences of which worth further discussion.

**The political/technical divide in foreign aid strategy**

In general, the ODA regime emphasizes the flow of resources within governmental level by the corresponding performance criteria. More strictly, it is not pure international public goods. Donor countries can still maximize their interests by attaching certain conditions, choosing aid targets, deciding on the scale of changes, identifying specific distributions, and controlling the quality of aid. According to Steven Hook, the main problems of ODA include: (1) commitment by major donor countries has long failed to meet 0.7% per cent of total GNI, and for the United States this percentage is below 0.3% per cent; (2) the level of assistance to least developed countries (LDCs) is insufficient and unstable, which usually accounts for only one-fourth per cent of the total; (3) the proportion of foreign aid loans is relatively large, and grants are comparatively small in size; (4) donors frequently impose constraints, including opening markets, deregulation, accelerated privatization, political reform and so on; (5) tied aid widely exists, in which recipient countries must purchase specific goods and services from donor countries. Technical assistance is targeted when more than half of the total amount is provided to experts, personnel, training and institutional expenses.¹

On the other hand, there are widespread debates domestically over whether “foreign aid is worthwhile”. The public and the decision-makers have different understandings and preferences around the issue of foreign aid; the specialization and asymmetric information of aid affairs may aggravate the people’s doubts about aid decisions. In 2010, British foreign aid agency, DFID, chaired an open survey showing that the public are not aware of UK aid agency’s name.² They could not differentiate humanitarian aid and development assistance; they were not aware of the

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well-known United Nations Millennium Development Goals. MORI survey by large UK market research institute shows that most people do not understand the true proportion of British foreign aid to GDP; more than half of the participants think this proportion is 10%, and the actual proportion is less than 0.7%.

The PIPA survey by the U.S. International Policy Research agency showed 61% participants believed the United States spent too much on foreign aid, with 65.2% of participants hoping to cut aid expenditure. 84% participants agreed United States should raise welfare of its citizens by cutting foreign aid spending. When asked whether the United States should share some of the wealth with “needy countries”, 70% had a positive attitude. Most had low or negative assessment of U.S. foreign aid. This means the contradiction and ambiguity of the related cognition of foreign aid is quite common.

In fact, governments of donor countries all face difficulties in explaining the motives of foreign aid to the public. According to Steven Kull, public skepticism stems mainly from a stereotype that foreign aid is an exclusive set of strategic priorities (overseas/domestic), with too idealized policy and over-stretch diplomacy. The public is influenced by exaggerated impressions of foreign aid scale and biased understanding of aid effectiveness. In terms of public awareness or policy analysis, international aid is generally classified as a “public good” or charitable category, separated from national interests.

Academically, such ideas belong to managerialism or technical perspective, which emphasizes the single nature of international assistance, ignoring the implication of aid as a means of political interaction between countries. Nilima Gulagiani identified the technical concept of foreign aid as an ideology, relying mainly on scientific planning in terms of development economics and implementation of policy. Gulagiani thinks this idea mainly discusses the development aid through the technical route or the specialized way, and avoids the complex relationship between the global public good and national interest, which leads to the misunderstanding of “excessively setting expectations (glass half full)”. Accordingly, this kind of misunderstanding mainly involves two aspects, namely (1) the disruptive interpretation towards the position and function of aid institutes, and (2) misunderstanding of donor country position and its power interest.

First, researchers believe the concept of technical assistance has not yet clarified the actual status of aid agencies between public welfare and organizational politics. As the actor of technical route, the operational and practical effects of aid agencies are controversial. William Easterly makes a comprehensive evaluation based on transparency, specialization, selectivity, channel validity of intergovernmental aid agencies channels, overhead cost and other indicators. The results of which show that the performance of the relevant institutions is not satisfactory, with a large gap from the target plan.\(^1\) Bertin Martens believes that the central role of aid agencies is “to address the issue of aid allocation and ownership transfer in the context of incomplete feedback links in recipient countries”.\(^2\) Aid agencies play that role by harmonizing their preferences with the interests of recipient countries and their own. However, there are often differences and inconsistencies in the interest preferences of both sides. Moral hazard or “adverse selection” results in rent-seeking. As individual intermediary, official aid agency tends to embed organizational interests in the planning and execution of aid projects.\(^3\)

According to Gilles Nancy, there is also the problem of aid politics in non-governmental organizations, which is relatively implicit though. Nancy believes that the non-governmental organization’s aid politics mainly involves its own development interests and sources of funding, as well as its partnership with government aid agencies and recipient countries.\(^4\) The complexity of such relationships lies in the fact that, on the one hand, non-governmental organizations need inputs from outside sources, thereby becoming channels of action for other interest entities and determining their own preference, while non-governmental organizations have a special impact on recipient or recipient groups and even form a symbiotic relationship with recipient countries.\(^5\)

Second, there are major differences between the technical view and aid politics, in terms of power and donor interest. Aid politics theory holds that even in practice of “technical” assistance, donor preference and interest orientation are embodied, which mainly involves two levels.


\(^4\) Gilles Nancy and Boriana Yontheva, Does NGO Aid Go to the Poor, IMF Working Paper, WP/06/39, 2006.

For one thing, foreign aid is still dominated by bilateral form, which facilitates donor countries to adjust aid flows and the actual scale. All types of assistance coordinated, bilateral forms generally account for 60% to 70% of the total aid of major powers.\(^1\) In multilateral assistances advocated by the technical view, the share and process of specific aid is also widely affected by the willingness of donor countries, which coordinate national preferences through collective consultation to determine the allocation of aid projects. In multilateral institutions, donors can use their advantages by information, resources and issues to selectively propose programmes that reflect national interests, then make them more credible using the multilateral framework, and selectively advance the reform of the multilateral aid system to achieve certain objectives.

In another sense, the relationship between recipient and donor countries is somewhat reciprocal. The vast majority of recipient countries have important political or economic implications to donor. They have high levels of interaction. Aid is an important part of daily relationship. As a result, most international assistance actually flows to a few countries, such as the former colonial countries, potential regional powers, relatively stable or well developed countries, rather than the most demanding countries. The priority and selectivity of aid recipients became an important source of aid.\(^2\) On the other hand, aid politics has a different understanding of recipient countries than the “one-way” technical view, which treats recipient countries as some kind of weak, passive and dependent actors. Political perspective emphasizes the active status of recipient countries, which means interactive assistance transcends the unilateral resources transfer. The political/economic returns provided by recipient countries are critical or scarce to the donor, which means donor-recipient interaction has shifted more towards a consensual and mutually beneficial political relationship.

The distinction between “idealism” and “realism” on the motives of foreign aid is roughly a kind of “type theory”: The basic motivation of aid is attributed to the core elements of an exclusive type, which is divided between “moral obligations” and “power”. Carlo Lancaster believes that the motivation for national foreign aid consists of two levels of major problems: what the donor countries pursue and why they pursue such goals rather than others.\(^3\) The objective or motive of

foreign aid is complex in nature, which includes the idealistic consideration about global public welfare and international norms, as well as the considerations of realism about power maximization. The general idea includes: to select the specific goals of the two dimensions of international public interest and national interest, to enumerate and describe them from the short-term goal to the long-term goal, the benefit of the donor and the beneficiary country, the different target sequencing and the historical trend, and the different role orientation of aid diplomacy.¹

Given the complexity of aid practice, the research methods of simply arranging different goals are not sufficient. It’s necessary to introduce the holistic approach to aid research, which means the donor and recipient countries are placed within the overall analytical framework, a comprehensive understanding, and a coherent/consistent conclusion that meets both needs. The basic issue of holistic approach is: (1) How to position the relationship between different goals of foreign aid and (2) How is the comprehensive characteristics of foreign aid motivation possible and how to achieve them; (3) What is the breakthrough meaning of the holistic approach to aid as an available strategy in contrast to the tradition of idealism/realism.

It is quite common to see aid as a way of national strategy. Broadly speaking, a strategic approach to aid analysis includes at least: the solitary level (the strategic design of foreign aid), the relational level (foreign policy objectives of foreign aid), the interaction level (various strategic competition) and so on. Although the strategic analysis may pay attention to the technical level of development goals or developmental process, more concerned is the meaning of the extension, functional direction, multiple objectives and the purpose of coordination and other related problems of aid, thus different from technical terms.

For solitary sense, the strategic meaning of the aid mainly involves how the donor countries place the development goal and various kinds of other goals. David Dollar’s findings are widely quoted, which tries to explore the issue of “Why donors provide assistance to specific countries”. The basic conclusion is: donors’ comprehensive consideration of political and strategic objectives is no less than its concern for the needs and development performance of recipient countries; the colonial-historical ties and the friendly relations are key factors in determining the distribution of

aid, in which countries receive more assistance in the process of democratization. More importantly, due to domestic differences, there are major dissimilarities between donor countries. Further analyses suggest that aid has always been a multi-target, multicenter, but geopolitical interest seems relatively stable and fundamental; commercial interests are equally important. The limitation of this analysis, however, is that development goals, as essential elements of contemporary aid, remain critical and are valued by most donors. It is generally believed that foreign aid during the Cold War had a dominant political or strategic aim rather than development goals. The donor countries currently agree more with the notion that the state has the potential to achieve its national interests by assisting other countries in their development, and that international development can be a component of national interest. Aid can be achieved more smoothly only if the recipient countries make some practical changes or demonstrate cooperative intentions in the area of good governance or democracy. Such empirical studies suggest that donors are indeed promoting the international development goals, but more based on a “strategic approach” that incorporates development into its interest formalization.

In relational terms, the strategic implications of aid are mainly related to the question of “how donors use aid as a basic tool or as a specific tool to achieve pluralistic diplomatic strategic objectives”. Accordingly, these objectives may include: gaining influence, winning friendly relations, exchanging trade, increasing investment opportunities, acquiring a strategic military presence, enlisting United Nations voting and international supports, advancing peripheral diplomacy or specific regional strategies. There is also the possibility that assistance, in exchange for a concession by the recipient country, to ensure that the donor government wins domestic

support. This reflects the very nature of foreign aid as a “political good”. The key issue that aid faces as a diplomatic tool is the ability to determine intended purpose through “resource transfer”. This power relationship may be complex and paradoxical, involving the vulnerability and expectations of both parties. It cannot be simply argued that donors must have some definite influence and leverage on recipient countries.\(^1\) Diplomatic relations around the process of aid and assistance between countries may take on various forms, such as instrumental or expressive, and the latter form mainly involves demonstrating national determination, promoting national prestige, responding to internal and external pressure, safeguarding national image/identity and so on.

Basically, the strategic perspective of aid research holds that foreign aid initiatives have to pay reasonable price in utilization of resources. The process of interest flow readjustment has a significant delay, which is crucial to understand the possibility of aid strategies, and also helps to distinguish between technical and strategic aid politics.

In the diachronic sense, trans-period factor is the key to the realization of the foreign aid strategy. It means a delayed realization of strategic value. In essence, the choice of state behavior has “situational dependence”; there is no absolute irrational choice, and the choice itself may lead to the change of strategic value, and the trans-period exchange is a kind of relative rationality, which can only obtain relatively satisfactory results. Therefore, the country’s perception of total gain is not clear, marginal income and the “total income” is not particularly closely related. The interaction process is similar to an investment considering discounting on the basis of long-term, current, and psychological utility, which is a strategic envelope with short-term approaching long-term.

In synchronic sense, foreign aid is similar to strategic interaction, which means donors often need to consider its interactions and reactions to other actors, and that the behavior itself is still goal-oriented and seeks to achieve optimal or better results, but that the predictability of interaction behavior is limited, given the relatively independent targeting preferences of other actors. The benefit of the actor depends not only on its own choice, but also on the behavioral strategies of other participants. These factors show that: the exchange of foreign aid is different from the simple benefit-cost calculation; it has vague, delay and investment-like effect.\(^2\) As strategic interactions, the actual effects of aid actions may not be generalized; in the long-term sense of strategic

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1 Shino Watanabe, Foreign Aid and Influence: Paradoxical Power Dynamics in Japan’s ODA to China, Dissertation submitted to University of Virginia, 2007.

objectives, aid might not always be the most effective strategic tool, and other diplomatic and economic instruments play a complementary or alternative role. This means there should be a reasonable difference between the utility and expected value of the strategic aid.

Emerging donors and the plausible aid innovation

In the research of foreign aid, China is widely considered as an emerging donor with a different image in its aid strategy. In general, traditional donors, mainly developed countries, have mostly joined the OECD-DAC. They have broadly similar forms of assistance (but there are also equally significant differences and aid autonomy in terms of content, strategic focus, practical operation). Anyway, they do have differences with emerging countries like China, India, Brazil, Arab countries or South Korea in multiple situations, of which the latter has not yet formed a unified model. How do traditional donors view the entry of emerging donors?

Mossi Naím’s argument seems plausible when his “rogue aid” argument raises the critical label of emerging donors. Of course, Naím’s criticism also points to Venezuela, Cuba, Saudi Arabia, Iran and other countries. He pointed out that the emerging donor countries act the same as strategic exchange and competition between the United States and Soviet Union during the Cold War period, which includes “focusing only on national interests, not on political reform conditions; ignoring international norms and principles; resulting in abnormal competition”. Although this view seems to be strong, it is too extreme, simple or one-sided. Critical approaches like this largely ignores some of the problems of traditional aid models and the possible advantages of new aid models, or the possible coincidence between both models.

Relatively mild criticism recognized the fact that non-DAC donors generally have a long history of aid (such as China, India or the Arab during the Cold War) whose foreign aid was often generous. Donors with historical continuity are many: some OECD member countries that have not

yet joined the DAC (such as Mexico, Turkey, some European countries), some of the new EU countries, the Group of Middle Eastern countries including OPEC countries, other individual countries or regions (China, India, Brazil, Israel, South Africa, Russia), etc. The so-called emerging model is a corresponding concept of traditional model, that is, these countries have different forms of foreign aid policy in contrast to the DAC countries (although DAC themselves are pluralistic): most of their borrowings are loosely conditioned and may “mislead” recipient countries, causing delays in the adjustment of domestic reforms; their investment in construction projects may be ineffective, wasteful or impose many other risks; although emerging donor also brings a number of benefits/earnings to recipients, it increases economic risk or implied costs (environmental costs and resource wastage); they intend to facilitate their economic, political and even military expansion through foreign aid strategies; emerging aid, which is based on “non-intervention”, has a real impact on the “conditionality” of existing foreign aid norms (particularly DAC); and they lacks coordination or necessary communication with traditional donors; no willingness or positive signs of dialogue between the two sides.\(^1\) It should be acknowledged that these criticisms have a certain source or factual basis, albeit with possible ideological ambiguity.

It is still possible to understand the so-called “strategic model of emerging donor” in a more comprehensive and broad way. Hubert Schmitz argues that the traditional OECD-centered perspective has led to invisible restrictions, so it is difficult to remove some of the inherent prejudices towards rising donors.\(^2\) However, for the perspective of left-wing, anti-globalization, imperialism or dependency theory, there is also clear distance from the actual situation when they try to deny the advantages of traditional aid model, or insists that the relationship between recipient countries and developed countries always has negative meaning. In fact, China’s approach is neither backward nor clear-cut, but more of a “practical” process of adaptation, and China's aid strategy is more of “developmental investment” matched by “open pragmatism” beyond Western imagination. Schmitz believes that both strategies and aid studies need to “finding your own way”.

In analyzing the practical role of emerging donors in international context, Gregory Chin does not insist on the fundamental difference between traditional donors and the emerging counterparts, but the emerging donors do bring competition to the traditional aid structure (such as debt relief,

low-interest or interest-free loans, infrastructure assistance). For one thing, this means possible diversification options, and more importantly, the emerging donors generally do not attach much importance to international collaboration; their initiatives have not yet formed a monolithic foreign aid group, just to show a certain consistency to distinguish themselves with the traditional possibilities. In other words, the emerging aid model shows a mixed picture in searching for bundled commercial interests, flexible setting of aid conditions, strategic choice of aid targets, the gap between pledges and implementation of assistance, balancing strategic interests and humanitarian motives, including the decentralization of aid regime.

Based on these, the researchers believe that the “aid revolution” brought about by emerging donors can only be described as a “quiet change”, especially not a comprehensive, holistic shock. Ngaire Woods has responded to misconceptions, mentioning that emerging donors may not be unconditionally supportive of so-called “rogue states”, instead their aid practice are complex and somewhat active. Emerging aid has created kind of “non-traditional conditionality”.

The strategic perspective on emerging aid often raises the question of self-interest. According to studies by academics such as Marcus Power, the idea of China’s “energy-grabbing” or “support for corruption” is biased, because these criticisms not only ignore the long-term motives and the overall shape of China’s aid practice, including its historical relations with the south, but also mistakenly preset moral superiority of traditional model. In fact, both new and old approaches attach importance to strategic interests, and are also sophisticated in using “moral discourse” to disguise the actual goals. Power believes that China’s foreign aid strategy is characterized by several key points: to expand special relationships based on cooperation; to emphasize its uniqueness; to explore complex and dynamic ways of diversification; to constantly adjust and improve specific aid practices, and to go along with its overall foreign strategies, but at least not to

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attempt to change the system and internal arrangements of recipient countries with aid as an available lever. Similarly, Suisheng Zhao examines the flexible adaptability of China's foreign aid strategy based on the background of Sino-African relations. He thinks China is rapidly changing the early single aid model of commercial interests, to a strategic integrated model of economic politics; the Chinese government is not ignoring external criticism, and it also agrees with the principle of good governance. China stresses the endogenous change rather than the exogenous pressure, trying to cautious promote localization, to evasively avoid risks when dealing with recognized corrupt or repressive regimes.¹

Researchers also believe that China’s foreign aid embodies its ambition to be a world power and to expand its new frontier. Its strategic cooperation around aid go beyond the primary level of resources buying to a comprehensive reciprocity, including security assistance, military exchanges and training, support for regional integration, peacekeeping and conflict resolution, integration of aid diplomacy and political strategies, etc.² In short, the emerging donors are recognized more as a normal actor and aid competition itself is going gradually away from pure ideological story. When talking about strategic nature in contemporary aid practices, the traditional donor and newcomer could share some kind of common knowledge, making this issue understandable.

*Rethinking the strategic nature of China’s foreign aid*

Instead of carefully avoiding the interest of strategic dimension in foreign aid, China is now considered to propose more explicit plans in strategic objectives, strategic means, strategic priority and strategic arrangement. It has been normal both home and abroad, when China treat aid as a policy strategy in transforming economic resources and economic power into influence. Scholars and policy-makers are concerned with these issues: how to define the strategic interests of China’s foreign aid in a proper way; how to plan China’s feature of aid practice based on strategic interests; how to coordinate aid process and capacity building so as to maintain or optimize the possible

strategic interests; how to balance multilateral and bilateral assistance; how to take up new doctrine of creative involvement while still keep the non-interference discourse. Perhaps the most obvious evidence for the strategic turn is: China now has got more and better discussions on shortcomings or negative feedback of its aid initiative. It has realized that to focus on negative side and solve the problem is far worthwhile than to try hard responding to criticism from the West.\textsuperscript{1} With the strategic turn, China still prefer the concept of “emerging donor” because this label has not been too stigmatized and seems suitable for diplomatic positioning or statement.

Table 1: Possible differences between traditional and emerging donors\textsuperscript{2}

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Vertical paradigm</th>
<th>Horizontal paradigm</th>
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<tbody>
<tr>
<td>Donor example</td>
<td>Traditional developed countries</td>
<td>Emerging south countries</td>
</tr>
<tr>
<td>Key element</td>
<td>Financial input and donate</td>
<td>Common experience and cooperation</td>
</tr>
<tr>
<td>Role assumption</td>
<td>Consciousness of donor-recipient</td>
<td>Mutual beneficial development partner</td>
</tr>
<tr>
<td>Basic principle</td>
<td>Principle of interference and monitor</td>
<td>Sovereignty and non-interference</td>
</tr>
<tr>
<td>Original frame</td>
<td>North-South relations</td>
<td>South-South cooperation framework</td>
</tr>
<tr>
<td>Dynamic norms</td>
<td>Freedom peace norm</td>
<td>Developmental peace norm</td>
</tr>
<tr>
<td>Feature</td>
<td>civil society; audit standards; governance; sustainability of debts; long cycle of policy decision; conditionality</td>
<td>manufacturing industry; infrastructure; non-cash forms to reduce corruption; sustainability of specific projects; less conditions in implementation</td>
</tr>
</tbody>
</table>

As the above shows, numerous differences between the traditional/emerging donors have been summarized in dyads. This peer-to-peer comparison has a major problem when we try to coherently recognize the very nature of China’s foreign aid strategy/oath. Since the Reform and Opening Up, the official discourse of friendship and mutual benefit has gained its new strategic infiltration beyond propaganda, because China do hope to make a long-term plan through aid and other statecraft. The longer shadow of time horizon allows China to pick up the possible strategic tradition and strive to avoid explicit short-term speculation. In fact, the single political or technical angle would not be enough in explaining a more balanced and objective observation. This balanced


perspective on aid is no less important to self-awareness than external recognition. De-idealization process is important when we try to understand China’s historical consistency.¹

Table 2: Historical positions of PRC foreign aid initiative

<table>
<thead>
<tr>
<th></th>
<th>Before 1978</th>
<th>After 1978</th>
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</thead>
<tbody>
<tr>
<td>Duty</td>
<td>Sacrifice narrow interests; pursuit of the common development of world’s poor</td>
<td>Developed and rich countries have the obligation to help poor countries</td>
</tr>
<tr>
<td>Motive</td>
<td>Unite the countries under imperialism, colonialism and hegemonism</td>
<td>Rich contribute more; advance common interests and enlightened self-interest</td>
</tr>
<tr>
<td>Aim</td>
<td>Self-reliance and economic independence of recipient countries</td>
<td>Self-reliance and mutually beneficial development</td>
</tr>
<tr>
<td>Order</td>
<td>Needs to reform, welfare of the weak, market mechanism is not the right path</td>
<td>Still needs to reform, common interest, mobilize economy force, open market</td>
</tr>
<tr>
<td>Interest</td>
<td>Beyond the national power; emphasize political cooperation, anti-superpower</td>
<td>Emphasize economic cooperation interest; put self-interest in the common interest</td>
</tr>
<tr>
<td>Channel</td>
<td>Focus on bilateral channels, pay attention to multilateral channels after 1972</td>
<td>Bilateral channels, active participation in UN, but not Western multilateral aid</td>
</tr>
<tr>
<td>Intervene</td>
<td>Principle of sovereign equality and non-interference in internal affairs</td>
<td>Advocates autonomy of recipient country, but the attitude is more realistic</td>
</tr>
</tbody>
</table>

The evolution of China’s aid cannot be regarded as a fundamental change in its core value, but just certain updates. The inherent consistency includes: a natural rather than external push relationship in symbiotic order; a flexible, negotiated and voluntary cooperation; an inclusive relationship through aid but not exclusive or antagonistic. All are considered a kind of globalism with Chinese characteristics, but not without its misunderstandings and accusations.² Critics are

accustomed to believe it is a kind of energy-oriented act, in a way of “supporting rogue state”, “weakening good governance” or “perusing self-interest”. These perspectives may neglect China’s long-term motives, rationalization and historical continuity in its so-called “aid offensive” practice. In other words, China’s aid is unique but not special.¹

The history of contemporary China’s foreign aid traced back to the founding period of the PRC, even earlier than some OECD-DAC countries. Until the Reform and Opening Up, China has long been a major donor to developing countries. China began to accept international assistance since early 1980s. In early 1990s, China continued its foreign aid policy and was then regarded as an “emerging donor”. In conjunction with “Going Global” strategy, China’s foreign aid takes a new look and is able to provide a viable option for the rest of the world. Figure 1 shows the historical evolution of China’s aid and diplomatic implications.

In practice, China’s aid is strategic mainly because of its “comprehensive thinking” and “relational orientation”. China regards aid and other policies as a whole process of foreign affairs. Aid is often combined with other economic cooperation (technical cooperation, commercial projects, turnkey projects, joint development, etc.) and financial projects (commercial loans, interest-free loans, concessional lending, debt relief, etc.) to work together, so it is difficult to specify statistics.² According to China’s aid strategy, the recipient country should develop promote the economic development fundamentally and increasing the national income, on the basis of which it would obtain a favorable position for social and political reform.³

For the strategic tradition of relational design, China’s aid practice involves a bunch of motives other than resource hunting, which include expansion of diplomatic influence, improvement of relationship and other considerations. Formally, China’s assistance emphasizes respect for sovereignty, equality, mutual benefit, cooperation and win-win, emphasizing self-reliance instead of dependence on aid. Both should change the low value-added economic model, and create a prerequisite for economic development through infrastructure construction with long-term value. This process also attaches great importance to the goal of reciprocity on the basis of returns: at the macro level, China provides foreign aid to other countries for some form of return; at the micro level, Chinese enterprises invest trade and complete all kinds of resources/infrastructure projects;

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Chinese government provides financial support for specific enterprises.

It also means “reversed path lock-in”: foreign aid becomes an available way to promote the Opening-Up policy and make sure this policy does not go backward. Here it is noteworthy that China’s philosophy of foreign aid has its historical consistency, not an empty talk. These principles are flexible but not without availability. The actual policies are indeed designed and carried out on the basis of these principles. Because of the gap between ideal type and practical policy, it is expected to face different challenges and try to make it flexible enough to accept the possible turn of policy.¹ To certain extent, it is for this reason that the Eight Principles of Foreign Aid (1964) and Four Principles of Sino-African relations (1983) are still used to prove China’s accountability in its aid policy. Since China's foreign aid is often combined with other economic interactions, such as various types of loans, and it is distributed across ministries, state-owned enterprises and provincial level, it faces some difficulties in statistics on its actual size. The estimated amount varies widely among international academics. However, general statistical estimates can still be made in the light of public data. China’s foreign aid cannot be “flooded irrigation” or completely charitable, because its aid philosophy emphasizes the relationship effect of “reward” and “reciprocity”. Unilateral giving does not conform to this idea, which will cause the relationship unsustainable.²


² Charles Wolf and Jr. Xiao Wang, China’s Foreign Aid and Government-Sponsored Investment Activities: Scale, Content, Destinations, and Implications, RAND Corporation, 2013.
In his view, Ward Warmerdam believes that China’s foreign aid has its own characteristics, but not special, compared with traditional aid. If it were not for the sole observation of ideology, China’s foreign aid has many similarities with the West. For example, China’s foreign aid is actually emphasizing more on liberal internationalism, especially free trade, reasonable rules of cooperation, equal opportunities and non-discrimination, non-protectionism, supporting private enterprises and enlightened self-interest. For traditional donors, particularly those emphasizing resources and energy security, they may even be less interested in solving the real problems of the recipient countries, such as weakening autonomy and fading development enthusiasm.

Inherent logic and weakness of China’s aid initiative

China’s foreign aid mainly stems from its own development knowledge, its experience as a donor/recipient, its own development needs, and its focus on practical development goals. All

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should be responsible for their own development plans.¹ With economic and diplomatic progress, China is now getting more chance to make strategic plans for long-time orientation aid. This involves not only the consistency of identity building, but also the continuity of diplomatic goals. Deborah Brautigam argues that China’s foreign aid has always been strategically considered, focusing on strategic set-up and process adjustment in long-term cycle. These include security and ideological purposes (1950-1963); influence in the Third World and international legitimate status (1964-1977); cooperation and benefit from domestic reforms (1978-1994); accelerating global participation (after 1995).² There is a relatively consistent internal logic: the long-term expansion of foreign relations and strategic use of diplomatic influence with a normalized global identity.

For this aim, China’s foreign aid gradually expands its scale, coverage and new features in practice. Its long-term interest has more to do with diplomatic implications and design at national level, which is beyond simple considerations of short time interest. For example, China’s practice is considered to be a grand “investment-trade-aid” model. With more investment and trading opportunities available to the neglected countries with relatively low ratings, especially the infrastructure sector, it is seen as a possible way to overcome aid volatility. Further logic of this process includes the following links: (1) infrastructure construction; (2) promote economic and social development; (3) enhance political stability; (4) improve investment environment; (5) expand external direct investment and strengthen international competitiveness; (6) increase fiscal surpluses and foreign exchange reserves; (7) increase domestic resource mobilization and self-development capacity. This means a long-term experience of effective aid to develop the economy, on which both sides gain further benefits if successfully processed.

To certain extent, this pattern of aid is typical among emerging donors. It means development investment rather than philanthropic assistance. In addition to the unpaid grant, interest-free loan or package project assistance, the debt relief, preferential loans, project joint ventures and the development of projects with economic benefits are becoming more and more important, which will help to improve the overall benefit of foreign aid projects, combine foreign aid financing with commercial finance, and expand the sources of mutually beneficial relations.

The progress of China’s foreign aid has shown that its confidence and influence is gradually

being strengthened, so that there is the capacity and willingness to make further plans for external policy, including the possibility of taking advantage of the intrinsic function of foreign aid as a way to ease external concerns and win more goodwill. Therefore, conditional aid or instrumental plans are not in line with the inherent nature of China’s aid. The special logic of China’s foreign aid also consists of broad and balanced partner recipients. According to Brautigam, almost all countries in sub-Saharan Africa have received Chinese aid, and the aid loans themselves are relatively balanced and not specifically targeted at resource-rich countries, mainly following specific projects. Resources are not the only objective. Infrastructure and livelihood assistance projects are widely distributed. Specific enterprises have greater autonomy in project decision and implementation, which is not primarily controlled by the central government.

China’s foreign aid and cooperative relations extend to a wide range of countries, especially those with a stable domestic order, political openness, a clear market outlook and a close relationship with the world, not just the problematic countries defined by the West. However, the special logic of China’s foreign aid is anything but the arbitrary process. In a sense, it is closer to “the development guided by neo-liberalism”: to carry out its economic strategy of comprehensive interaction and to seek development effectiveness. This is complementary rather than competitive to current international aid regime. China’s impact in contemporary aid system has far been lower than traditional donors. An obvious example is China’s estimated size of foreign aid, which is often exaggerated in varying degrees. Due to the cause of subjective conjecture or unit confusion, the whole world tends to overestimate this figure. According to Brautigam, China’s non-financial infrastructure is similar to that of concessional loans (ODA-related) and commercial loans (related to OOF), most of which are not in the category of aid and thus are not comparable. Brautigam also noted that China focus on the proceeds of lending, which is not a blind investment; the main flow of aid loans in China is not those that accept the biggest debt relief; some countries with higher per capita incomes than China can get concessional loans due to strategic relations. Most of the preferential loan assistance from the import and export banks goes to countries with higher credibility or secured loans. The purpose of aid loans is to promote economic development, improve

living standards, promote economic cooperation and pay attention to social benefits.

The mutual criticism between China and other donors are considered to be improperly selective. To some researchers, traditional foreign aid also emphasizes the operation of national strategies, and their contacts with “non-democratic” allies are also progressing or maintained; even in the OECD, commercial bank loans and official export credits are not transparent, because of their commercial nature, the corresponding report does not disclose specific funds and flows. Of course, the size of China’s aid may be “unclear”, and the “blurring” and “non-transparent” aid would be the result of fragmentation or dynamic adjustment in specific aid operations, not necessarily a “quantity after quality” strategy. The misunderstanding of China’s aid strategy may come from extremely high expectations of China’s status as “global power”. This notion confers a plausible “geopolitical imagination” on international development issues, and regards aid as a “competitive tool” for international politics. There is a major misunderstanding between political and technical terms. China’s foreign aid is not a statistical game, but it requires sincere intention with common identity foundations. This includes the colonial experience, the international neutrality, and the potential consistency of knowledge to the developed world. These all provide a long-term tacit understanding of both sides, and the necessary flexibility to accommodate new elements of interest.

Similarly, China has been changed as an external practitioner, especially its long-time principle of “non-interference”. Such transition is an ongoing process of adaptation, not necessarily a continuous, visible situation. The rationalizing of China’s foreign aid probably includes (take African countries as an example): (1) to those with relatively weak influence, such as West African countries, aid is less and so is the direct investment; (2) to those with rising political trust, such as Ethiopia, Tanzania, etc., China is providing more assistance with increasing local investment; (3) to those with heavy investment or historical connections, such as South Africa and Zambia, a real investment with assistance is provided; (4) to those with in-depth strategic investments (such as Angola or Sudan), substantive direct investment more important, with relatively pragmatic strategic designs reflecting the parallel relations between rhetoric and practical, achieving some flexible policy effects.1

With continuous adjustment, China is no longer a passive reactor, but an in-depth learner in practice of non-intervention, including the dispatch of peacekeeping forces, the appropriate

provision of security assistance, technical projects, training programmes, supporting regional key player, arranging special envoys to mediate, and so on. China has recognized the relativity or flexibility of aid practice, which must be coordinated in an appropriate form when solving the conflicts of interest and various practical problems.¹ This is regarded as “post-conditionality”, in which the donor tries to influence the recipient in a relatively detached and open manner.² China is still not in favor of the traditional conditionality, but with more flexible vision.

Generally, China’s foreign aid attaches more importance to “reasonableness” and flexibility, which means potential weakness. To maintain and manage relations around aid and assistance, it is a difficult choice to initiate the process of institutionalizing. This means possible leverage or power to handle the aid strategy. Without necessary institutionalization, the donor and recipient could both meet some kind of misperception, even causing real problems. In traditional model, the international aid system is regarded as institutionalized power sphere, which means relatively clear setting of competition for policy influence. Although this proves to be available in aid politics, there do exists different options in practice (table 3).

<table>
<thead>
<tr>
<th>Focus</th>
<th>Traditional approach</th>
<th>Emerging approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Self-centered; stereotype; market rules</td>
<td>Interactive; pragmatic; localization</td>
</tr>
<tr>
<td>Implement</td>
<td>Complex frame; affected efficiency</td>
<td>Low cost; practice; not prescriptive</td>
</tr>
<tr>
<td>Process</td>
<td>Complex procedures; transaction cost</td>
<td>Simple and fast; early harvesting</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Private sector; quantitative indicators</td>
<td>National plan; flexible commissioning</td>
</tr>
<tr>
<td>Ownership</td>
<td>Technical discussion; aid priority</td>
<td>Ministers or high-level personnel</td>
</tr>
<tr>
<td>Adaptation</td>
<td>Institutionalization; tied or untied aid</td>
<td>Turn-key projects, long-term capacity</td>
</tr>
<tr>
<td>Harmonization</td>
<td>Joint arrangement; multilateralism</td>
<td>Avoid bureaucratic processes</td>
</tr>
<tr>
<td>Management</td>
<td>Performance and budget management</td>
<td>Practical knowledge and coordinate</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Transparency; mutual responsibility</td>
<td>Mutual benefit; avoid conditionality</td>
</tr>
</tbody>
</table>

Table 3: Compare and contrast of different aid orientations³

ideal terms. It is derived from different development experiences as well as strategic tradition. There are still doubts whether donors are genuinely interested in advancing their declared values to achieve the sustainability of the economic development of recipient countries. For the emerging donors, a prerequisite is that both sides have mutually beneficial needs and make sure these needs are decided by their own will. On this basis, aid and cooperation complex does not wait until the condition is perfect, because they can create new possibilities during the coordination of political economy and relational needs.1

With regard to the strategic implications of aid, a major context is the international debate on various models like “Beijing Consensus/Washington consensus”. This debate became popular around 2008 and is now fading away because of its unpractical meaning, difficult to draw the final conclusion. For aid strategies, it is difficult to make too much moral accusation on motivation.2 Both kind of aid theory face its difficulties to deal with individually. Researchers are beginning to discuss the possibility of coexistence between these strategies. Jesse Ovadia believes it is not suitable to distinguish neo-colonialism or neo-imperialism, because they have got more similarities in “neo-developmentalism”, which turns the “either-or” perspective into “both-and” direction. But this is not to say both are virtuous. According to Ovadia, both are “imperial” and “merchant” in nature, leaving no third choice for the recipient.3 This logic of “non-zero” perspective shows new possibilities to recognize the diversity and fragmentation of aid structure, with different goals and strategic way of practices.4

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