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국제학석사학위논문

Sino-African Cooperation Revisited:
A Comparative Analysis of Chinese Aid in Sub-Saharan Africa

중국-아프리카 협력 재고:

사하라 사막 이남의 아프리카에 중국 대외원조의 비교분석

2014년8월

서울대학교 국제대학원

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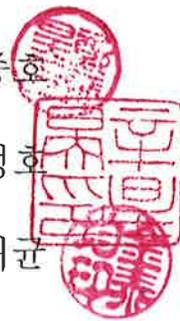
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A Comparative Analysis of Chinese Aid in Sub-Saharan Africa

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ABSTRACT

Sino-African Cooperation Revisited:

A Comparative Analysis of Chinese Aid in Sub-Saharan Africa

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Chinese foreign aid to Africa has increased substantially within the past decade, along with China's share of African trade, which recently outpaced that of Britain and the United States. Official development assistance figures are not provided by the Chinese government, leading to concerns by Western donors. When developing its overseas aid regime, China had three options: follow the existing aid architecture and join the OECD DAC, sidestep the OECD DAC but implement aid ideologies, modalities, and mechanisms identical to those of the OECD DAC, or find its own way. China has chosen the third option, consistently rejecting demands to join the OECD DAC and join the existing aid architecture.

The purpose of my research is to explain why China chose this "third way" by placing China's aid policies in their proper historical context. I argue that Chinese aid policies to Africa today are largely the result of a historical process that dates back to the first official aid project in Guinea in 1960. By tracing the historical evolution of China's aid policies from the early Cold War period to the present, I hope to show how evolving national interests have resulted in a new, Chinese-based aid paradigm as part of the new "Beijing Consensus", and specifically, the policy of "rational non-conditionality" is one of the fundamental differences from existing aid paradigms.

Keywords: ODA, Foreign Aid, South-South Cooperation
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1. INTRODUCTION

1. THE RISE OF CHINA IN AFRICA

1.1. African frustration with the Bretton Woods institutions and Western donors

“I am very frustrated personally with the Bretton Woods institutions, especially the World Bank (WB), and Western donors. Because we were unable to achieve [a budget turnaround], a great deal of external resources were withheld and not disbursed. In 1994, some \$200 million in loans, and \$100 million in grants were withheld. These are the perverse effects of conditionality...The conditionalities that go with [policy-based loans] have caused this economy fairly substantial harm for three consecutive years¹.”

Later in the same 1995 interview, Kwesi Botchwey, then the Finance Minister of Ghana, goes on to acknowledge increased FDI competition from countries such as China and Vietnam. Western donors’ relatively recent concerns with Chinese aid to Africa fail to understand the deep historical roots of Sino-African cooperation. In fact, China began its foray into foreign aid

¹ Botchwey, 1995

in Africa during the late 1950s as a result of ideological solidarity with socialist movements in Africa, namely Guinea, Ghana, and Mali². China's first official aid project in sub-Saharan Africa was a cigarette and match factory outside Conakry, Guinea in 1960³. Fast forward twenty years from the 1995 interview and Ghanaian officials still sing praises of Chinese-Ghanaian cooperation; in 2012, before the fifth ministerial conference of the Forum on China-Africa Cooperation (FOCAC) in Beijing, Ghanaian Foreign Minister Alhaji Mohammed Mumuni referred to the fifty or so years of development cooperation between the two countries as a "cherished relationship" and stated that, "Respect, equality and mutual benefits are the principles guiding Ghana-China cooperation and the driving force for a lasting Ghana-China cooperation⁴."

1.2. China as an alternative

Chinese foreign aid flows are concentrated in developing countries in three major regions: Africa, Asia, and Latin America. An NYU Wagner report indicates that Chinese foreign aid to Africa, Asia, and Latin America totaled \$27.5 billion in 2006, a significant increase from \$1 billion in 2002⁵. The report also notes that aid has increased the most in Africa. The culmination of Sino-African cooperation was the first ministerial conference of Forum on China-Africa Cooperation (FOCAC), which was held in

² Brautigam, Deborah. *The Dragon's Gift: The Real Story of China in Africa* pg. 32

³ *Ibid* 31

⁴ Haijun & Adoboe, 2012

⁵ NYU Wagner 2008

Beijing in October 2000. Its creation was suggested by a number of African countries and was created

“In order to further strengthen the friendly cooperation between China and Africa under the new circumstances, to jointly meet the challenge of economic globalization and to promote common development⁶.”

Additionally, FOCAC's 2 stated guiding principles are pragmatic cooperation and equality and mutual benefit. Noteworthy is the dual political-economic aspect of cooperation according to the second principle of equality and mutual benefit, “[equality and mutual benefit] promotes both political dialogue and economic cooperation and trade, with a view to seeking mutual reinforcement and common development⁷.” This is a key characteristic of Chinese-African cooperation that I shall expand on later in my discussion. Clearly, China is being seen as an alternative source of development assistance due to its aid policies which stand in stark contrast to those of OECD DAC donors.

2. RESEARCH QUESTION

When developing its overseas aid regime, China had three options: follow the existing aid architecture and join the OECD DAC, sidestep the OECD DAC but implement aid ideologies, modalities, and mechanisms identical to those of the OECD DAC, or find its own way. China has chosen the third option, consistently rejecting demands to join the OECD DAC and join the existing

⁶ FOCAC

⁷ *ibid*

aid architecture. The purpose of my research is to explain why China chose this “third way” by placing China’s aid policies in their proper historical context. Formally put:

Why did China choose to sidestep existing aid architecture, namely the OECD DAC, when developing its current aid policies?

3. HYPOTHESIS

The naïve view states that China’s decision was based solely on the fact that OECD DAC aid policies were simply ineffective in promoting growth in sub-Saharan Africa. There certainly is some credence to this view. In a 2014 interview, Lu Shaye, the director-general in the Department of African Affairs of the Chinese Foreign Ministry, was quoted as saying, “[Some Western forces] are imposing or transplanting Western democratic systems onto Africa and...by adopting such systems, some African countries have ended up in chaos⁸.” What the naïve view misses, however, are the two real reasons why China chose to sidestep the OECD when developing its current aid policies: national interests and a long history of mutual cooperation based on a rational-cooperative logic. I argue that Chinese aid policies today are largely the result of a historical process that dates back to South-South cooperation during the early Cold War period.

Continued Sino-African cooperation can be explained by a revisionist framework with realism at its core. I also argue for the existence a new, Chinese-based aid paradigm as part of the new “Beijing Consensus”, and specifically, the policy of “rational” non-conditionality as one of the

⁸ Paul 2014

fundamental differences from existing aid paradigms. In addition to exploring the puzzle of the non-conditionality of Chinese aid, I place China's increasing development cooperation in Africa in the larger context of South-South cooperation. By tracing the historical evolution of China's aid policies from the early Cold War period to the present in my case studies, I demonstrate how evolving national interests have resulted in today's Chinese aid paradigm.

4. HIGHLIGHT OF LITERATURE REVIEW

One of the major sources in the literature review that discusses the key features and importance of China's aid policies is Deborah Brautigam's seminal book "The Dragon's Gift: The Real Story of China in Africa". The book, written by perhaps *the* leading China aid scholar - traces the contours of China's experiences with Africa all the way back to Zheng He's expedition to the coast of East Africa in 1418. In addition to tracing the long history of Sino-African interaction, the book also provides details about the structure of China's bureaucratic organs that manage Chinese aid and estimates of official development assistance (ODA) and other forms of development cooperation. The author's liberal use of anecdotes provides yet another rich layer to the complexities of China's aid picture. Another major source of information about Chinese aid comes from the official 2011 White Paper, the first of its kind to be released by the People's Republic of China (PRC) Information Office of the State Council.

When discussing conditionality, I rely on selections from Roger Riddell' s book "Does Foreign Aid Really Work" , and (Collier et al. 1997) (Kellick et al. 1998) (World Bank 2007) and (Adam et al. 2003). Conditionality vs non-conditionality is one of the major aid modalities and the differences between the aid modalities of Chinese aid and those of existing aid regimes is an essential part of my discussion.

The literature for the TAZARA Railway (Tanzam Railway) case study relies primarily on "Africa's Freedom Railway: How a Chinese Development Project Changed Lives and Livelihoods in Tanzania" by Jamie Monson. It chronicles the Tanzam Railway project, the largest international development project and the third-largest infrastructure development project in Africa.

In addition to the Tanzam case study, the Ghana and Angola case studies draw from a number of sources, including, but not limited to U.S. governmental agencies, data provided by international organizations (IOs) and further mini-case studies. While my Tanzam case study focuses on the specific period of 1967 - 1975, my Ghana and Angola case studies are more longitudinal.

Lastly, the literature for my theoretical framework include (Morgenthau 1948) (Waltz 1954) and (Keohane 1968) as the foundation for the realist core, which I modify slightly in favor of a revisionist approach in light of China' s unique aid policies that cannot be captured precisely by realist logics.

2. LITERATURE REVIEW

1. THEORETICAL FRAMEWORK

1.1. Realist framework

In international relations (IR) theory, realism and its variants make up half of “mainstream IR”, the other half consisting of liberalism and its variants. According to realism, the world is anarchic, with competing interests being constantly balanced and conflict characterizing the amoral nature of the international system. When looking back at the history of IR theory, one may identify the first “great debate” in IR theory: disagreements among realists and liberals before, during, and immediately after World War II. During the first great debate, realists and liberals debated the role of international institutions and the likelihood that the causes of war might be prevented or managed. Liberals were driven by a desire to develop a set of institutions, procedures, and practices that could eliminate, or at least manage, war in the international system. World War I and its devastating consequences led liberals to make it the war to end all wars and they believed that there must be a better way to organize international affairs. Woodrow Wilson’s Fourteen-Point Plan was perhaps the earliest elucidation of their program. The Fourteen-Point Plan served

as the basis for the creation of the League of Nations, which the U.S. ironically never joined. Liberals believed that a better understanding of international processes was necessary to mitigate international conflicts between states. For them, progress was only possible if we used reason to control the irrationality and shortcomings of human nature. The realist rejoinder was to challenge the unscientific basis of liberal principles. Specifically, realists challenged the tenet of liberalism, which was unsystematic and value-driven; Hans Morgenthau led the normative charge. According to him, liberals viewed the world as the world ought to be, instead of dealing with how it objectively was, “This theoretical concern with human nature as it actually is, and with the historic processes as they take place, has earned for the theory presented here the name of realism⁹.” Morgenthau outlines the six principles of classical realism,

1. The laws of international politics are governed by objective laws derived from human nature that can be determined by scientific analysis.
2. The guiding principle of the international system is the concept of interest defined in terms of power.
3. The idea of interest is timeless and universal, but is isomorphic in the sense that political and cultural context can determine the kind of interest that determines the actions of states, which are the principal unit of analysis.

⁹ Morgenthau 1948 pp. 4

4. The supreme virtue in politics is survival, which is ensured by states behaving according to rationalist principles of action, namely the weighing of the consequences of alternative political actions.

5. Morality is not a deciding factor in the evaluation of state behaviors and efforts to include them in the analysis of international politics are dangerous and misleading at best.

6. International relations, like other disciplines in the social sciences, are separate and distinct, guided by distinct principles, and in the case of realism, power¹⁰.

1.2. Neorealism

Neorealist scholars such as Waltz argue that survival is still a goal of every state, but that the anarchical structure of the international system means that there is no authority that can prohibit states from using force. Therefore, the balance of power among states becomes a balance of all the capacities, including physical force, that states choose to use in pursuing national interests¹¹. “Structure” defines the arrangement of the international system and contains three aspects: “ordering principles, the specification of functions of formally differentiated parts, and the

¹⁰ Ibid pp. 4-14

¹¹ Waltz 1954

relative capabilities (or power) of the units themselves¹².” Security dilemmas and collective problems are thus logical consequences of the international structure. Neorealist theory can be considered generalizations that abstract from the world in order to locate and identify key explanatory mechanisms. After these mechanisms are identified neorealist theory tries to predict a large range of outcomes on the basis of a few important causal factors. The degree to which (neo)realist theory corresponds to reality is irrelevant; rather, (neo)realist theory is judged by its ability to predict events.

1.3. Revisionist framework

Realism and its variants are “explanatory” theories. Another word for theories that explain is “problem-solving theories”. Robert Cox made this analytical distinction by pointing out that problem-solving theories are concerned only with taking the world as given and attempt to understand its modes of operation¹³. Herein lie their theoretical limits: realism makes sense of the world only within clearly defined, and limited, parameters. The first deals with realism’s ontology: the state - “a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory¹⁴” - is the main actor in international relations. This sort of “methodological nationalism” assumes survival and self-help in an anarchical international system. States are also

¹² Keohane (1968) Robert O. “Realism, Neorealism and the Study of World Politics,” in Robert O. Keohane (ed.), *Neorealism and its Critics*. New York: Columbia University Press.

¹³ Cox 1981 pp. 126-155

¹⁴ Weber 1946

assumed to be unitary rational actors who calculate the costs of alternative action and seek to maximize their utility. Additionally, power in the international system is a sort of zero-sum game - if state A increases its power, then state B or others lose theirs. Thus the other major limit is a methodological one: the realist is restricted to balance of power-based or distribution of capabilities-based explanations.

Because the world is taken as given in realist IR theories, they are often charged as “historophobic”¹⁵: historical analysis is viewed as irrelevant and exogenous to the analysis of international relations. In historical sociology this mode of ahistoricism is called “chronofetishism” and leads to three illusions: the reification illusion; naturalization illusion; and the immutability illusion. The reification illusion seals the present off from the past, obscuring its historical socio-temporal context, and makes the present appear as a static, self-constituting, autonomous and reified entity. The historical sociological remedy is to “reveal the present as a malleable construct which is embedded in a historical context, thereby serving unearth the processes of temporal continuity and discontinuity with previous social practices”¹⁶. Of the three illusions the reification illusion is the most relevant to my research question and because of it, I instead shall utilize a revisionist framework - realism at its core, but understanding the need for historical sociological understanding in order to analyze why China chose to ignore the existing aid architecture and how it developed its current aid policies in the way it has. Since a more

¹⁵ Hobson et al. 2002

¹⁶ *ibid*

detailed justification for this revisionist framework will come in the discussion after the case studies, I will move on for the time being.

1.4. Aid conditionality as rational

That donors are obligated to make sure the aid they provide are used for intended purposes and are used efficiently and effectively is self-evident. The rationality of aid conditionality explains its pervasiveness: policy conditionality is one way to ensure aid is effectively used for its intended purposes. Roger Riddell, a leading aid scholar, notes that since the beginning of official development assistance (ODA), a term defined by Organisation for Economic Co-operation and Development Development Assistance Committee (OECD DAC), it has always come with some sort of conditionality¹⁷. Explicit conditions and requirements about how aid should be used may be mandated by donors, and if these conditions are not met, donors may withhold or withdraw aid. Another way conditionality is used by donors is by using more general requirements that aid recipients will use aid for the broad purpose intended, then evaluate outcomes. Historically speaking, the past twenty-five years of ODA history indicates that the first type of conditionality - input-based and conditionality-driven - is standard but cases of withholding aid after recipient failure to meet the required conditions is rare¹⁸. Recent trends in the aid industry, however, note that conditionality is being deemphasized in favor of recipient-driven aid, i.e. ownership by recipients.

¹⁷ Riddell 2007 pp. 235.

¹⁸ Ibid pp. 236

The Bretton Woods institutions (BWIs) - The WB and the IMF - have been two of the leading donors and providers of development finance which have attached conditions to their aid and loans. They have also tried to persuade other donors to attach conditions to their aid as well. A crucial turning point in the aid industry was the beginning of the 1980s. During this time, the WB began its structural adjustment loans aka. structural adjustment programs (SAPs), following in the footsteps of the International Monetary Fund (IMF), which already attached macroeconomic stabilization policies to its loans. SAPs were particularly present in low-income countries¹⁹. Not only did both concessional²⁰ and non-concessional loans from the Bretton Woods institutions have explicit conditionalities, but other bilateral and multilateral donors also starting attaching conditions to their aid as well. Leading bilateral institutions, e.g. United States Agency for International Development (USAID), starting adopting SAP policies, particularly those of the IMF as a precondition for aid. Preconditions, also known as “prior actions” , are policy actions agreed in the course of a credit negotiation but which must be undertaken before the lender submits the loan for approval. Currency devaluation has been one of the most common preconditions prescribed by the IMF²¹. After an

¹⁹ The World Bank classifies economies according to gross national income (GNI) per capita. Based on its GNI per capita, every economy is classified as low income, middle income (subdivided into lower middle and upper middle), or high income. Using the World Bank Atlas method, the groups are: low income, \$1,035 or less; lower middle income, \$1,036 - \$4,085; upper middle income, \$4,086 - \$12,615; and high income, \$12,616 or more. For further details on the three categories, see: <http://data.worldbank.org/about/country-classifications>

²⁰ Concessional loans are characterized by little or no interest and have extended repayment and grace periods.

²¹ Kellick et al. 1998 pp. 6

agreement is reached and any preconditions implemented, aid is disbursed. However, the full amount of aid is rarely disbursed up-front; instead, funds are released in “tranches” , or installments. Next, as certain criteria, “trigger actions” ²², are met after the initial tranche, the remainder of aid is distributed. Common trigger actions include domestic credit ceilings, foreign exchange minimums, and non-concessional foreign loan maximums. After preconditions and trigger actions come residual policy commitments that are neither preconditions or trigger actions. They are the least binding modality of aid conditionality and are not linked to access to finance. Cross-conditionality, or the requirement that a recipient accept the policies of a second donor is also common. For example, one requirement of the WB is that the recipient must also have an agreement with the IMF. Another example is the Paris Club, an informal group of public creditors through which OECD DAC countries try to find suitable and sustainable solutions for the payment difficulties experienced by debtor countries through rescheduling. A debtor government that seeks aid via the Paris Club must have a programme with the IMF in order to be eligible for debt relief²³. Bilateral aid agencies such as USAID also utilize cross-conditionality by linking their aid with the Bretton Woods institutions.

The controversy lay in a myriad of reasons: first, conditionality was unilaterally required by donors. Second, structural changes were assumed to be necessary for development. Third, a broad, rather than narrow, scope of

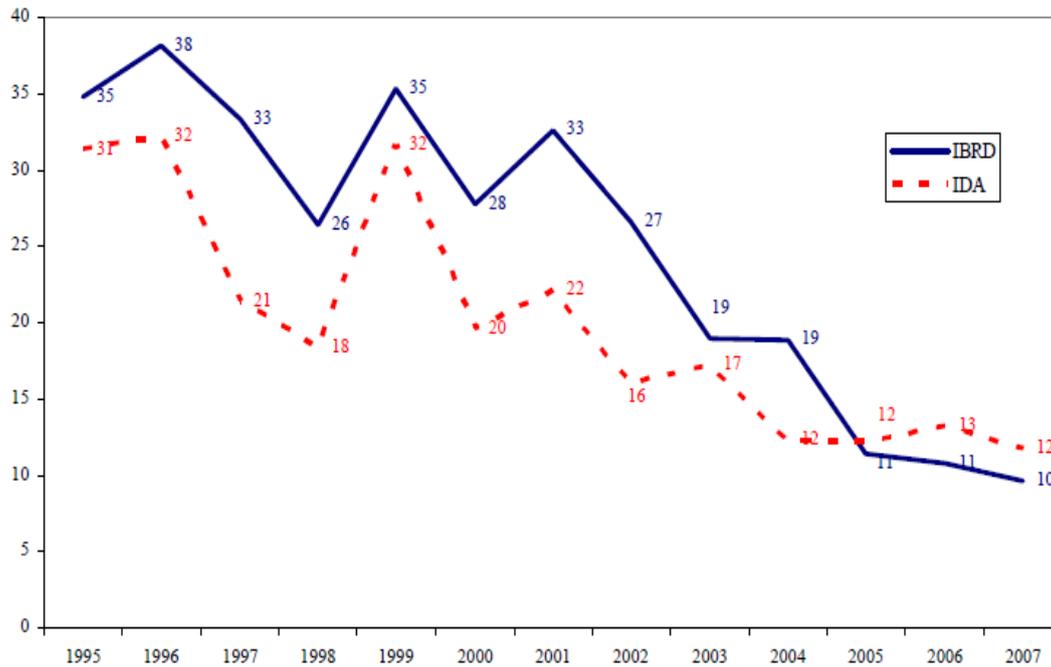
²² Ibid pp. 7

²³ Ibid pp. 9

changes was prescribed. Lastly, the policies differed greatly from those from before the SAP era²⁴. Specifically, these new one-size-fits-all SAP policies were based on free-market, neo-classic macroeconomic orthodoxy and eventually became known as the Washington Consensus (WC). Such policies included balanced budgets, reordering of public expenditures, tax and exchange rate reform, financial and trade liberalization, and privatization and deregulation. To provide a comparison, in the early 1980s, the WB applied an average of five conditions to its loans and five for aid evaluation. By the end of the 1980s, the Bank applied an average of over thirty conditions and fifteen for aid evaluation. However, the number of conditions declined to about 10-12 in 2005:

Table 1: Average Number of Conditions

²⁴ Riddell 2007 pp. 236



Source: World Bank 2007

By the mid-1990s, around one-hundred twenty countries had some form of structural adjustment programme²⁵. While it was true that many recipient governments disliked that form of aid conditionality, as shown in the Botchwey interview, responses to the SAPs were mixed: some governments, like those in Latin America welcomed them, while others were more reluctant or outright loathsome. Formal acceptance of the policy conditions always preceded aid disbursements, so in that sense conditionality worked. However, not all recipients fully implemented all the required policies. One reason for this was a lack of governing capacity in recipient governments to implement the complex array of different policies. Another was domestic

²⁵ Ibid

political opposition: protests and riots occurred in various recipient countries. Surprisingly, the Bretton Woods institutions and major bilateral donors did not penalize recipients for non-compliance, although aid was temporarily halted in certain cases²⁶. A quarter of WB programmes from the late 1980s to the mid-1990s were completed on time. Performance from 1992 to 1998 was marginally higher: less than half were successfully completed. Starting from the late 1980s, these numerous failures led researchers to conclude that the Washington Consensus was ineffective despite the positive correlation between SAP implementation and economic performance²⁷. The World Bank itself admitted that “conditionality as an instrument to promote reform has been a failure²⁸” by the late 1980s, but not before shifting the blame to recipient governments - recipients who wanted to implement SAPs did so successfully, while those that did not want to were not successful. The Bretton Woods institutions would favor the former; governments that did not choose to reform their policies, the logic went, should not be given further aid because they perpetuate poor policies. In 1997, Collier et al. found that a necessary condition for government ownership is not donor-designed conditionality, but recipient designed policy²⁹. They suggest that once objectives are determined, policy instruments appropriate for their attainment can then be chosen. What the Bretton Woods institutions and other major donors were doing at the time

²⁶ Ibid 237

²⁷ Ibid 243

²⁸ Ibid 238

²⁹ Collier et al. 1997

undermined this process by specifying the preconditions before aid disbursement. Later in 2005, the World Bank looked inwards at its own conditionality policies and prepared a series of review papers of recent trends and approaches and lessons learned aka. the 2005 Conditionality Review. In this review, the World Bank sought new ways to approach the successful implementation of conditionality by introducing the new principles of predictability and harmonization inter alia, and ways to determine the “appropriate level, content, and scope of conditionality³⁰” . A subsequent 2007 “Conditionality in Development Policy Lending” report³¹ identified five good practice principles summarized below:

Figure 1

Good Practice Principles	
Ownership	<i>Reinforce country ownership.</i>
Harmonization	<i>Agree up front with the government and other financial partners on a coordinated accountability framework.</i>
Customization	<i>Customize the accountability framework and modalities of Bank support to country circumstances.</i>
Criticality	<i>Choose only actions critical for achieving results as conditions for disbursement.</i>
Transparency and predictability	<i>Conduct transparent progress reviews conducive to predictable and performance-based financial support.</i>

Source: World Bank 2007

³⁰ World Bank. *Review of World Bank Conditionality*. 2007

³¹ World Bank. *Conditionality in Development Policy Lending*. 2007

Despite the rhetoric, conditionality still is clearly a key feature of major donors. From the perspective of the recipient, then, it seems natural for them to seek alternative financing mechanisms and empirical support for this indicates an inverse relationship between the use of conditionality and alternative sources of finance, especially in sub-Saharan Africa³². It is easy to see, then, that the stage was set early on in Africa for development cooperation with China. But it is still important to understand why major donors pursued conditionality in the first place. Kellick et al. identify six possible reasons:

1. Conditionality serves as a substitute for collateral assets.
2. Conditionality acts as a safeguard against moral hazard.
3. Conditionality enhances aid effectiveness.
4. Conditionality strengthens the position of officials in recipient governments who support donor policies.
5. Conditionality raises the quality and effectiveness of domestic economic policies by inducing greater consistency over time.
6. Conditionality identifies donors as scapegoats, easing reforms in recipient countries³³.

³² Kellick et al. pp. 12

³³ Ibid 12-16

All the above reasons basically say the same thing: conditionality contributes to better economic policies, which will in turn promote development. I do not disagree with this; however, to say that these justifications for conditionality are designed to promote development is to say that any one of these reasons presupposes a straightforward “rational-realist” logic: there would be no reason to pursue conditionality if its purpose was not to promote development. China’s aid regime has proven to rest on an entirely different logic, which I shall elaborate on in my discussion.

2. EXISTING AID ARCHITECTURE

2.1. ODA vs. aid?

Before a discussion of the existing aid architecture it is crucial to distinguish between official development assistance (ODA) and aid in general. The OECD defines ODA as

“Those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and

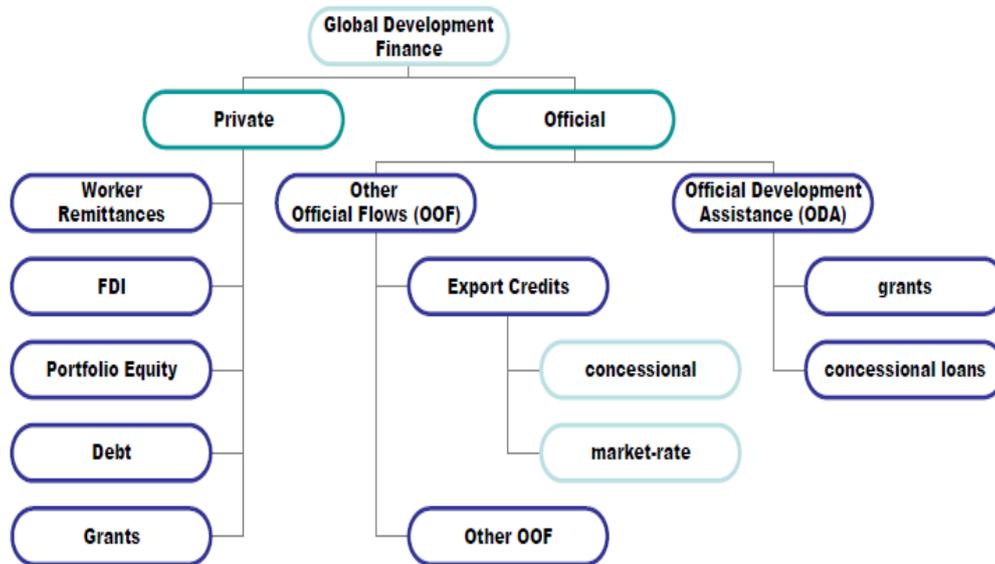
- ii. each transaction of which:
 - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)³⁴.”

ODA is therefore *one type* of foreign aid,

Figure 2:

Global Development Finance

³⁴ OECD. *Official development assistance - definition and coverage*.



Source: Brautigam 2010

but there is a problem with conflating the former with the latter. Although most people think of something like "money that goes from one government to another government to help fund educational projects in poor countries" when they think of "foreign aid", they may not, at first, think of roads or schools as "aid". What about government subsidies to promote exports or subsidies to promote private investment? Export subsidies are probably not commonly thought of when one thinks of "foreign aid", but if the subsidized exports happen to be a railway or other mode of transportation such as buses that will be used by the public, they certainly ought to be considered both a form of foreign aid and development

assistance, despite the fact that such aid does not fit within the OECD' s strict sense of "ODA" . Export credits and grants/subsidies that support private investment do not normally qualify as ODA, but I will use Brautigam' s definition of aid: the full "portfolio of tools used by an activist, developmental government with a clear vision of what it needs to do to promote its national goals overseas³⁵" . In other words, Chinese foreign aid for international development goes beyond the ideologies, modalities, and mechanisms of those of the OECD DAC.

2.2. Overview of present-day donor fragmentation

Figure 3:

Schematic overview of main developments in the history of foreign aid

	Dominant or rising institutions	Donor ideology	Donor focus	Types of aid
1940s	Marshall Plan and UN system+WB	Planning	Reconstruction	Programme aid
1950s	US, with rising Soviet Influence	Anti-communist, but with role for the state	Community Development Movement	Food aid and projects
1960s	Establishment of bilateral	Similar to 1950s, with support for	Productive sectors e.g. green	Bilaterals gave TA and budget

³⁵ Brautigam 2009 pp. 14

	programmes	state in productive sectors	revolution, and infrastructure	support, multilaterals supported projects
1970s	Expansion of multilaterals, especially WB, IMF and Arab- funded agencies	Continued support for state activities in productive activities and meeting basic needs	Poverty, taken as agriculture and basic needs (social sectors)	Fall in food aid and start of import substitution
1980s	Rise of NGOs from mid-1980s	Market-based SAPs	Macroeconomic reform	Financial programme aid and debt relief
1990s	Eastern Europe and FSU become recipients rather than donors; emergence of corresponding institutions	Move back to the state	Poverty and then governance (environment and gender passed quickly)	Move toward sector support by the end of the decade

Source: Adapted from Hjertholm and White 2000

It is impossible to understand the current fragmentation in the current aid architecture without understanding first its history. As early as the 1930s, the United States Department of Agriculture was funding and managing

agricultural research centers in Latin America³⁶. George Marshall presented his Marshall Plan to rebuild Europe after WWII in 1948. It would cost thirteen billion USD, or the equivalent of eighty-five billion USD today³⁷. These were all bilateral forms of aid, but the institutionalization at the international level of development aid occurred even before the Marshall Plan: in the 1940s, the International Labor Office (ILO) requested aid to raise living standards in poor countries. Then in 1943, the United Nations Relief and Rehabilitation Administration (UNRRA) received money from more than forty countries for aid to almost fifty countries. The United Nations (UN) in 1945 stipulated in its charter (Chapter IX) that member states work for the promotion of higher living standards, full employment and economic and social progress and development³⁸. Latin American and Asian countries were the first to request aid. Africa, however, had already been receiving aid from the voluntary sector starting from the late 19th century³⁹. It was not until the mid-1950' s that ODA flows began to increase, as shown in Table 2 below:

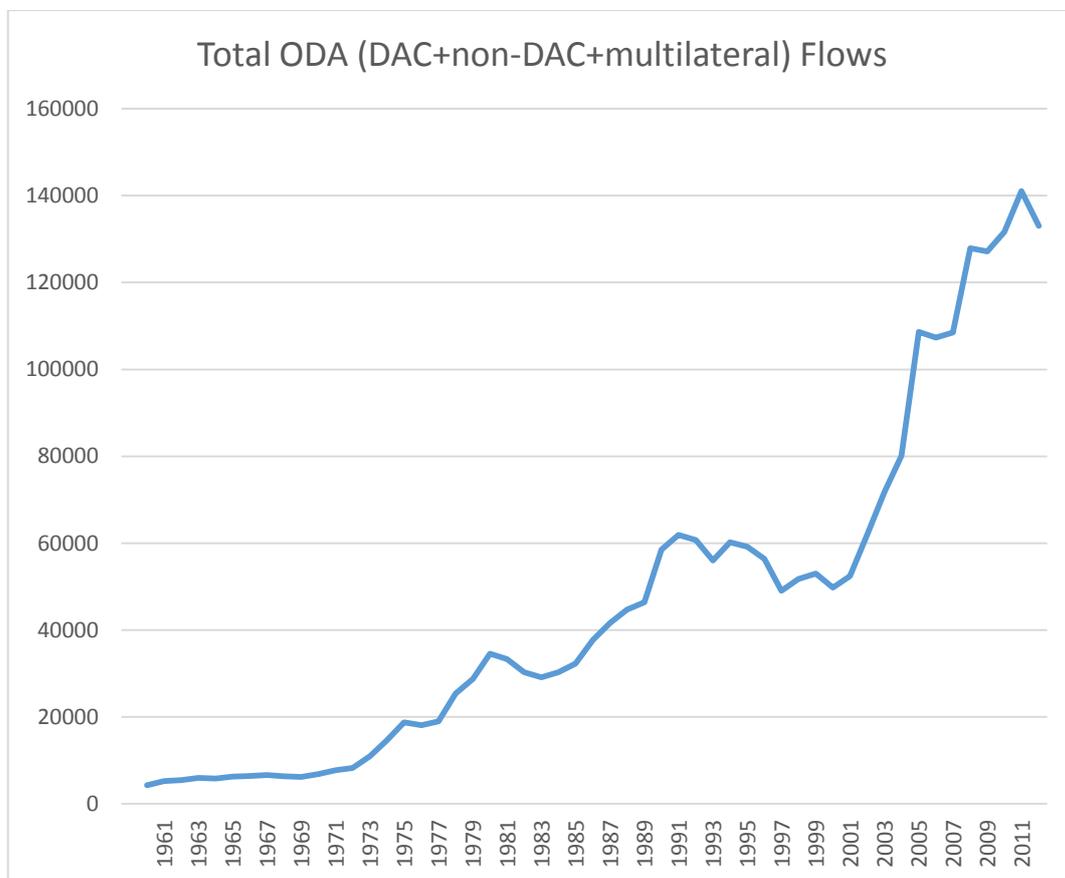
Table 2:

³⁶ Riddell 2007 pp. 24

³⁷ Ibid

³⁸ UN. *Charter of the United Nations*.

³⁹ Riddell 2007. pp. 26

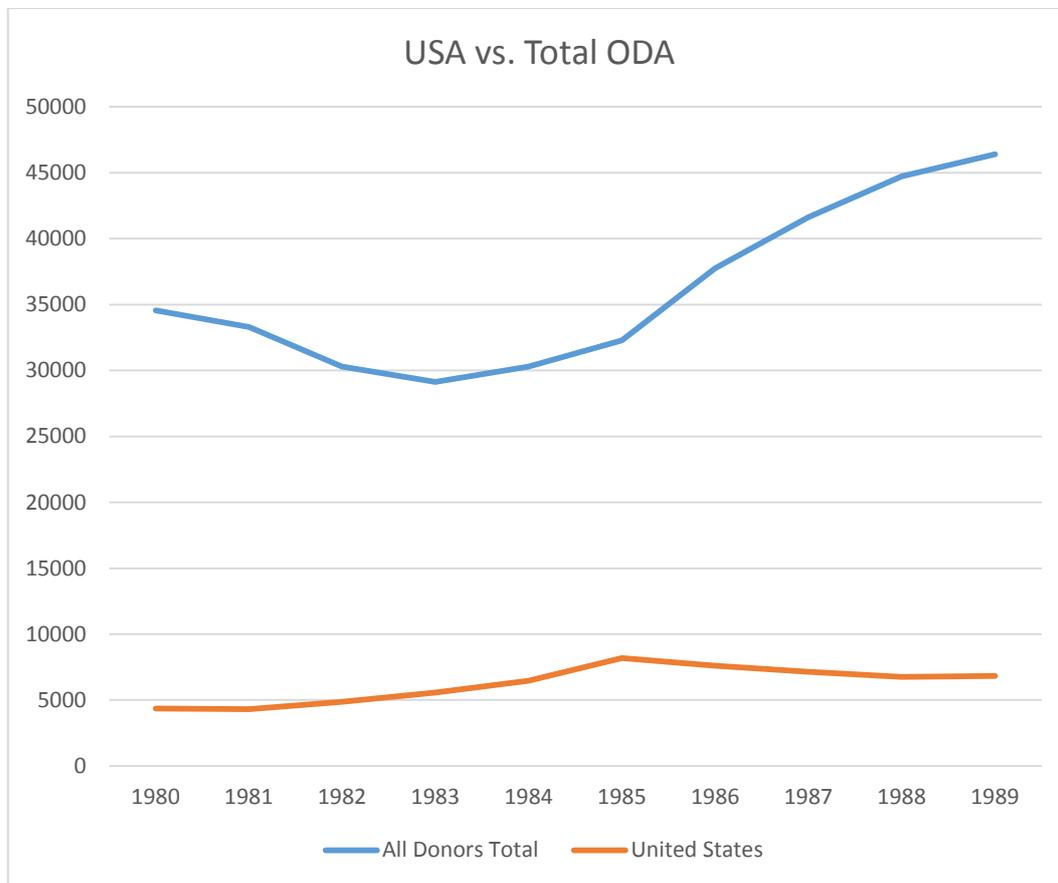


Source: OECD Query Wizard for International Development Statistics (QWIDS).

Figures in USD millions.

During that time, the U.S. made up over half of all ODA:

Table 3:



Source: OECD QWIDS. Figures in USD millions.

The earliest aid initiative during this time were characterized by technical assistance (TA) and technical cooperation programmes. In 1951, the UN Secretary General created a panel to assess how developing countries could be helped and a key recommendation was a “big-push” transfer that was to be funded by a new international finance corporation and a Special

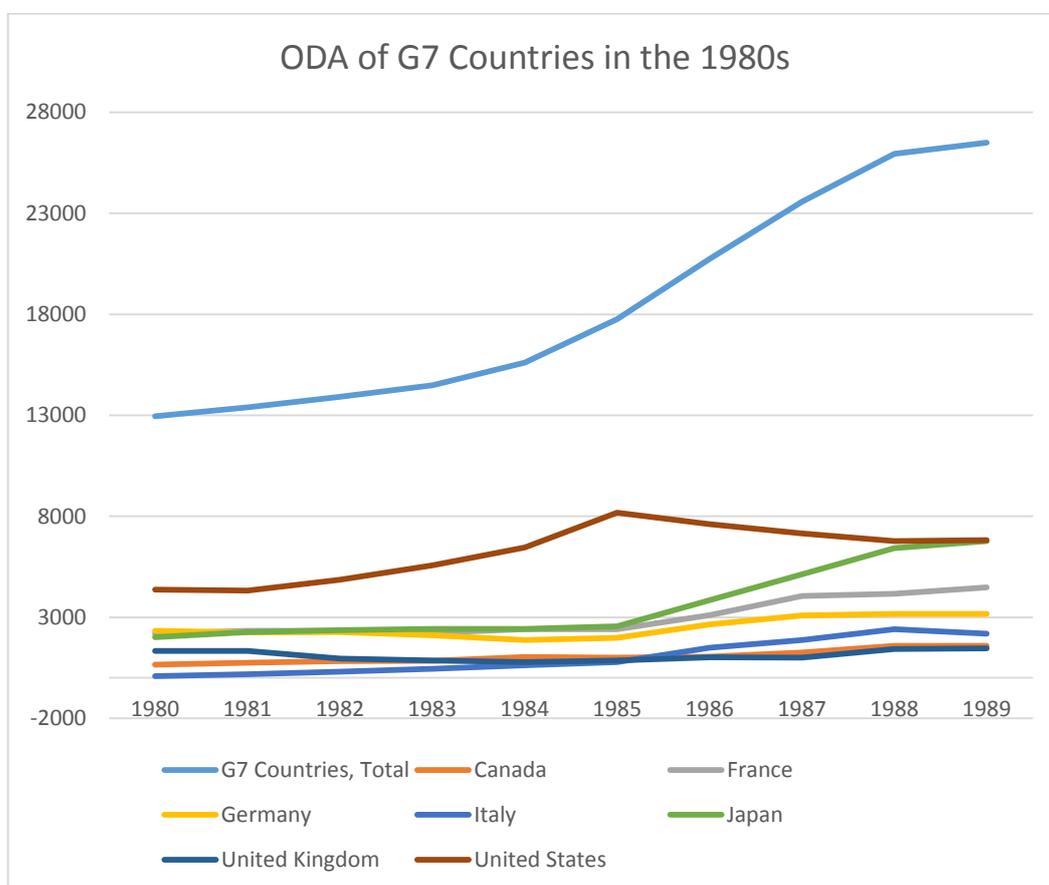
UN Fund for Economic Development⁴⁰. After the 1950s, the international aid community's attention focused on Asia and sub-Saharan Africa; growth rates in those countries accelerated. In 1964, DAC donors accepted a target of one percent of external resources to aid and this aid was not tied to any particular level of aid: foreign direct investment (FDI) was included as well. By the end of the 1960s, however, donor fatigue had already set in and levels fell significantly by 1970. The Pearson Report was published in 1969, after the creation of the Pearson Commission in August 1968 by Robert S. McNamara, then President of the World Bank. Even then, back in 1969, the Report noted that rising aid levels should be linked to expanded trade and investment, growing indebtedness in developing countries should be addressed, donor involvement in recipient countries should be limited and institutionalized, aid should not be politicized, and increased fragmentation was leading to less effective aid⁴¹. Poverty as a development issue became recognized in the 1970's and was being addressed by the ILO World Employment Programme (ILO WEP) and UN Development Programme (UNDP). At the time, the ILO and the Bank both believed that economic growth was important for reducing poverty, but direct targeting of the poor was paramount. During the 1970's, NGOs started to play a growing role in the international aid regime by diversifying and expanding their activities into rural development, credit and saving, and non-school-based skills training. For example, the Peace Corps sent volunteers abroad to developing countries to help with aid efforts. NGO grants totaled \$860

⁴⁰ Riddell 2007 pp. 27

⁴¹ Riddell 2007 pp. 29-30

million USD at the beginning of the 1970s and increased to over \$2.3 billion USD by the end of the decade⁴². The following decade was characterized by economic pressure in donor governments which led to reduced aid flows and all major bilateral donors cut their aid budgets:

Table 4:



Source: OECD QWIDS. Figures in USD millions.

⁴² Ibid pp. 33

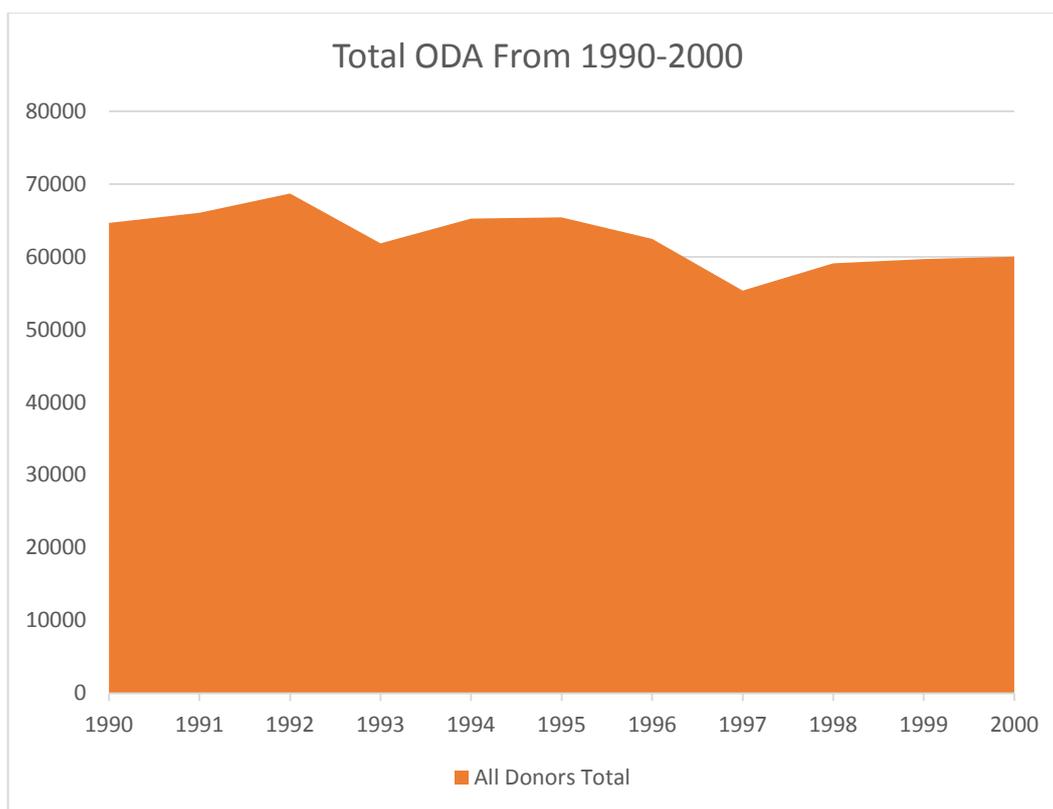
The first world was dealing with stagflation and governments were pressured to cut public expenditures. Along with deep budget cuts, downsizing the public sector, deregulation, and reduced taxes were some of the policies that were designed to stimulate growth in the core countries. These ideas began to influence the aid industry, which were surprisingly absent in the first 1980 Brandt Report. Like the Pearson Report, the Brandt Report called for increased ODA, a doubling of ODA by 1985 to be precise, but as mentioned above, ODA levels actually decreased during that time. Neo-liberal principles of aid had been established at the World Bank by then, but the second Brandt Report dismissed them as “alien”⁴³. The language of the second Brand Report also signaled a shift from recipient-ownership to donor-driven aid. The other major development in the aid industry during the 1980s was the particular attention of donors on sub-Saharan Africa. However, as mentioned in the introduction, China had already been involved in African aid since the late 1950s, long before the West’s shift to Africa. What was the West doing in Africa during this time? The World Bank published Accelerated Development in Sub-Saharan Africa in 1981 and Sub-Saharan Africa: From Crisis to Sustainable Growth in 1989. The second report proposed a doubling of aid to sub-Saharan Africa to \$22 billion USD⁴⁴. Interesting to note is that the 1989 report placed part of the blame for Africa’s underdevelopment on donors and external advisors. NGO aid also increased from \$2.3 billion USD in 1982 to over \$6 billion USD in 1992⁴⁵. After the end of the Cold War in 1991, ODA levels dropped:

⁴³ Ibid pp.35

⁴⁴ Ibid pp. 36

⁴⁵ Ibid pp. 38

Table 5:



Source: OECD QWIDS. Figures in USD millions.

Many governments assumed that the role of aid would now be minimized, but levels actually picked up after 1993. The idea that aid dependency was an obstacle to growth in developing countries served as the rationale for reduced calls for aid during this time. Additionally, ODA funds for development decreased, but ODA funds for humanitarian assistance increased. Eventually a renewed commitment to poverty alleviation occurred among

donors, exemplified by rock stars teaming up with developmental economists to “end poverty in our time⁴⁶” . The UN Children’ s Fund (UNICEF) and the UNDP work on the human dimensions of SAPs led to a UNDP initiative to find new ways of measuring development. Development took on new indicators such as the Human Development Index (HDI), which consists of life expectancy, knowledge, and living standards. The World Bank also renewed its focus on combating poverty and unlike the antipathy for state intervention during the SAP era, the current aid philosophy of the World Bank viewed state intervention as essential for both poverty alleviation and effective aid. At the turn of the century, the UN Millennium Summit – the largest gathering of world leaders in history, according to Jeffrey Sachs⁴⁷ – took place in September 2000, culminating in the Millennium Development Goals which were signed by all 191 UN member states agreed to in 2002. The first seven goals address poverty, disease, and environmental degradation. The eighth goal deals with a global partnership between rich and poor countries alike to achieve the first seven goals. According to the 2013 UN Millennium Development Goals Report, the Millennium Development Goals (MDGs) have been “the most successful global anti-poverty push in history⁴⁸” , citing the early achievement – five years ahead of schedule – of the first goal:

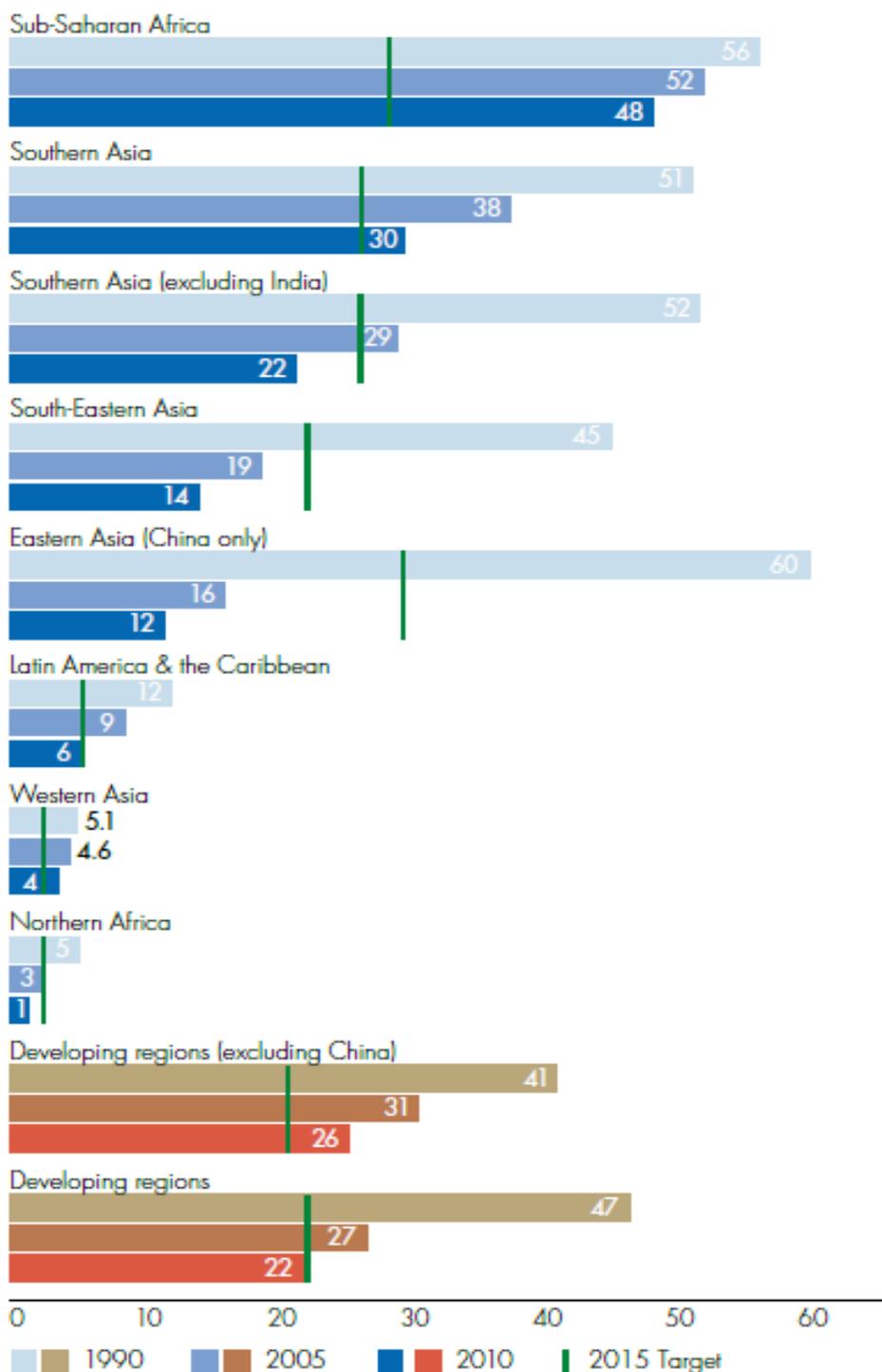
Figure 4:

⁴⁶ Sachs 2005 pp. XII-1

⁴⁷ Ibid pp. 210

⁴⁸ UN 2013. *2013 UN Millennium Development Goals Report*.

Proportion of people living on less than \$1.25 a day, 1990, 2005 and 2010 (Percentage)



Source: 2013 UN Millennium Development Goals Report

The renewed emphasis of poverty alleviation is welcome, but one of the key problems plaguing the existing architecture is donor fragmentation: there are multiple donors in a fragmented aid industry. Since foreign aid as we know it began, recipient ownership has been ignored the decisions of individual donors have shaped the aid industry. Moreover, no single donor or recipient dominates. At the early stages of the international aid regime during the 1950s, the U.S. accounted for half of all ODA, and in 1993, Japan became the largest ODA provider. From 2001, the U.S. has been the single largest ODA provider and contributes about a quarter of total ODA⁴⁹.

Aid may also be either bilateral or multilateral, and more recently “multi-bi” , i.e. aid from bilateral donors channeled and earmarked through international organizations. Bilateral aid is defined as government aid through official government aid agencies to recipient countries. An example of this would be USAID activities in Kenya during the 1980s. Multilateral aid is aid that is given by an international organization that deals with development. An example of this would be UNDP support of The Kenya Tea Development Agency Holdings Limited (KTDA) in Kenya. The majority of ODA is bilateral, roughly three-quarters to be exact⁵⁰. Not only is most ODA bilateral, but the largest multilateral aid institutions themselves are actually funded by the largest bilateral donors.

⁴⁹ Riddell 2007 pp. 51

⁵⁰ Ibid

NGOs are also simultaneously channeling aid through and funding bilateral donors.

Most bilateral ODA (over ninety-five percent) is provided by the twenty-nine members of the OECD DAC. Most multilateral ODA is provided by fifteen or so donors. The number of recipient governments of ODA number around one hundred eighty and the poorest fifty are classified as least developed countries (LLDCs)⁵¹.

Why is this problematic? Given the fact that there are 280 bilateral donor agencies, 242 multilateral programs, 24 development banks, and about 40 United Nations agencies in the development industry as of 2008⁵², heavy fragmentation leads to harmonization problems even though harmonization of aid to support a single poverty reduction strategy is crucial. The current aid industry is according to Jeffrey Sachs,

Surprisingly dysfunctional, to the point where the IMF and the World Bank sometimes hardly speak with the UN agencies, even though they all depend on one another. For the past twenty years, the rich countries have assigned the [BWIs] a privileged position in relation to the other UN agencies, so much so that the other agencies would sometimes have to call me simply to find out what the IMF was actually doing in a particular country⁵³.”

The undue influence major donors have on the [BWIs] is also troubling,

⁵¹ Ibid pp. 52

⁵² IMF 2008

⁵³ Sachs 2005 pp. 285

“Follow the money. The rich countries hold sway in the [BWIs] much more than in the UN agencies. Unlike the UN...where it’s ‘one country, one vote’, in the [BWIs], it’s ‘one dollar, one vote’. Each member of the [BWIs] joins with an assigned quota, which determines the voting rights of the country and the size of the country’s subscription. In this way, the rich countries have kept a voting majority. This voting majority has led the United States, in particular, to rely more heavily on the [BWIs], which it more easily controls, than on the UN agencies, over which it has much less influence⁵⁴.”

Viewed like firms in any major industry, donors are specialized. The BWIs are generalist institutions; the IMF specializes in macroeconomic issues while the World Bank deals with development issues. The UN agencies are specialized institutions; UNICEF, for example, has expertise on matters of child health and education, the Food and Agriculture Organization (FAO) is competent in matters of agriculture, and the UNDP has capacity building and governance know-how⁵⁵. The respective competencies of the BWIs and UN social agencies require donor harmonization, one of the five key principles of the Paris Declaration for aid effectiveness,

FIGURE 5:

Five key principles of the Paris Declaration

⁵⁴ Ibid 2005 pp. 286-287

⁵⁵ Ibid 2005

Ownership

- *Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.*

Alignment

- *Donor countries align behind these objectives and use local systems.*

Harmonisation

- *Donor countries coordinate, simplify procedures and share information to avoid duplication.*

Results

- *Developing countries and donors shift focus to development results and results get measured.*

Mutual accountability

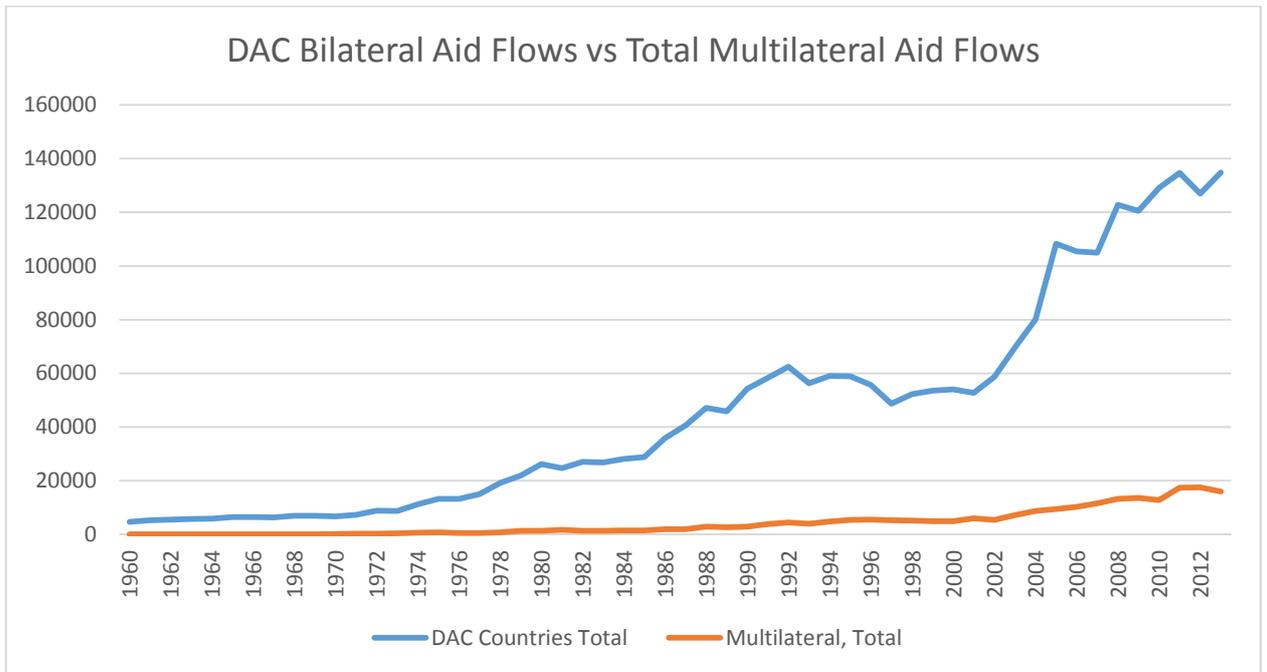
- *Donors and partners are accountable for development results.*

Source: Adapted from OECD.

2.3. OECD DAC

Aside from the BWIs and UN social agencies, there is the OECD DAC. Created in 1961, the OECD DAC is the largest provider of bilateral ODA, as mentioned earlier,

Table 6: DAC Bilateral Aid Flows vs Total Multilateral Aid Flows



Source: OECD QWIDS. Figures in USD millions.

and consists of twenty-nine members. Both BWIs and UNDP are also involved in OECD DAC' s activities by serving as observers.

In 1960, the Development Assistance Group (DAG) was created as a forum for cooperation among donors on assistance to less-developed countries. C. Douglas Dillon, Under-Secretary of State during the Eisenhower administration was a key figure in this initiative. The original nine DAG members were: Belgium, Canada, France, Germany, Italy, Portugal, the U.K.,

the U.S., and the European Commission (EC). Japan and the Netherlands joined soon thereafter. Its mandate was as follows,

FIGURE 6:

MANDATE OF THE DEVELOPMENT ASSISTANCE COMMITTEE

As decided by the Ministerial Resolution of 23rd July 1960 [OECD(60)13], the Development Assistance Group shall, upon the inception of the OECD, be constituted as the Development Assistance Committee, and given the following mandate:

- a) The Committee will continue to consult on the methods for making national resources available for assisting countries and areas in the process of economic development and for expanding and improving the flow of long-term funds and other development assistance to them.
- b) The Development Assistance Committee will acquire the functions, characteristics and membership possessed by the Development Assistance Group at the inception of the Organisation.
- c) The Committee will select its Chair, make periodic reports to the Council and its own members, receive assistance from the Secretariat as agreed with the Secretary-General, have power to make recommendations on matters within its competence to countries on the Committee and to the Council, and invite representatives of other countries and international organisations to take part in particular discussions as necessary.
- d) The Development Assistance Committee may act on behalf of the Organisation only with the approval of the Council.
- e) In case the responsibilities of the Development Assistance Committee were to be extended beyond those set forth under a), any member country not represented in the Development Assistance Committee could bring the matter before the Council.

Source: OECD DAC

It was at this same time in the early 1960s that the World Bank created the International Development Association (IDA) to provide soft loans the least-developed countries. As mentioned above, the DAC was created a year later, with Thorkil Kristensen from Denmark as Secretary-General, and Michael Harris of the U.S. and Jean Cottier of France as Deputy Secretaries. The OECD DAC definition of ODA was announced around a decade later in 1972. A closer look at the OECD DAC reveals that the vast majority of DAC Chairs have been from the U.S., many of whom had extensive connections with U.S. development agencies, e.g. DAC Chair Maurice Williams was previously the Deputy Administrator of USAID, and not a single DAC chair has been from outside the West. The long history of largely Western influences within the OECD DAC was no doubt a contributing factor for China's decision to sidestep the OECD DAC when creating its own aid regime.

3. CHINESE AID ARCHITECTURE

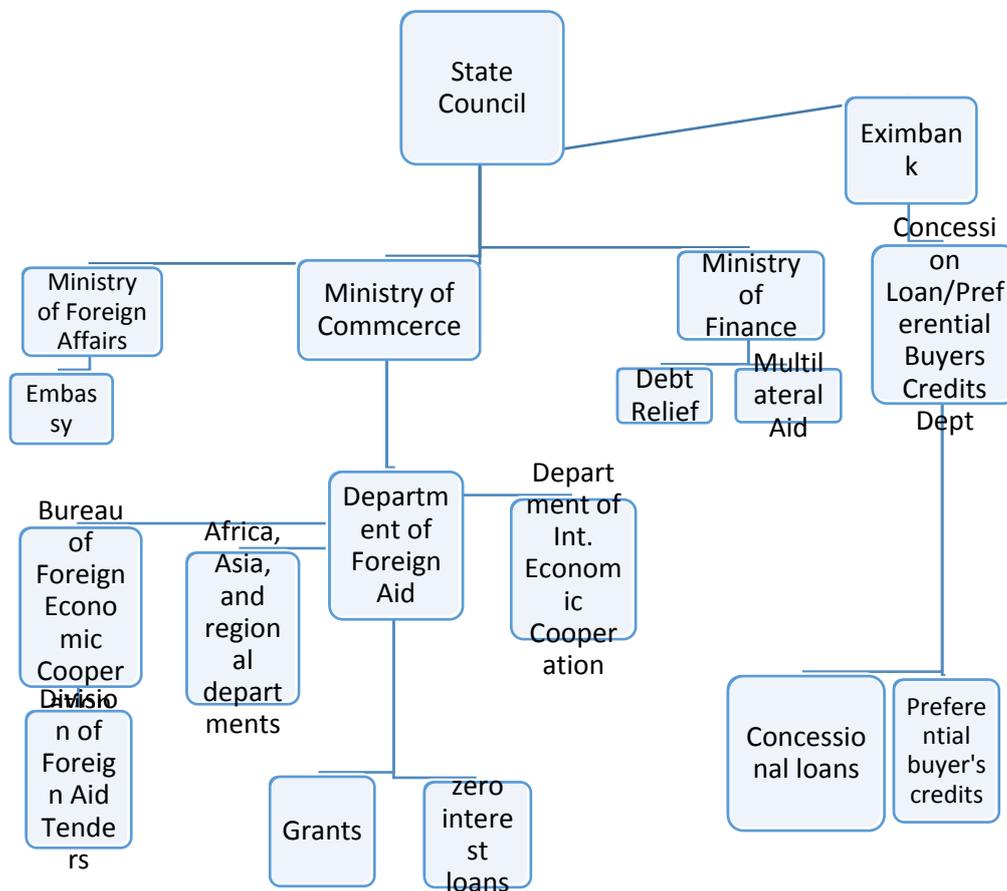
3.1. Overview of major aid organs

China's myriad of aid agencies revolve around a single office: the Ministry of Commerce, or more specifically, the Department of Foreign Aid in the Ministry of Commerce (MOFCOM), which cooperates with the Ministry of

Foreign Affairs⁵⁶. The Ministry of Commerce issues grants and zero-interest loans, and coordinates with China Eximbank on concessional loans.

Figure 7:

China's system of aid and economic cooperation



⁵⁶ Brautigam 2009 pp. 105

Source: Adapted from Brautigam 2009

The State Council stands at the head of Chinese aid activities. It approves the annual aid budget, cash grants totaling over \$1.5 million USD, all aid projects above \$12.5 million USD, aid to “politically sensitive countries” , and requests that go beyond the budget for the year.

Multilateral aid is channeled through the Ministry of Finance, but the three main aid organs are the Ministry of Commerce, Ministry of Foreign Affairs, and China Eximbank. Their basic functions are outlined below:

Figure 8:

The main functions of the three major organs

Ministry of Commerce (Gao Hucheng)

- Program all zero-interest loans and grants
- Draft aid budget and aid regulations
- Manage the Foreign Aid Joint Venture and Cooperation Fund
- Coordinate with China Eximbank on concessional loans

Ministry of Foreign Affairs (Wang Yi)

- Draft annual plan for aid with Ministry of Commerce
- Sign off on any changes in the aid plan and decisions on cash aid

China Eximbank (Li Ruogu)

- Facilitate the export and import of Chinese goods
- Assist Chinese companies with comparative advantages in their offshore project contracting and outbound investment
- Promote international economic cooperation and trade

Source: Adapted from Brautigam 2009

In addition to the three major organs, the China Development Bank (CDB), established in 1994, provides medium-to long-term financing for government projects. One of its stated missions is “facilitating China's cross-border investment and global business cooperation⁵⁷” and does this by providing non-concessional development finance. Although primarily involved in domestic development, it has started to fund projects in Africa.

⁵⁷ China Development Bank

The China–Africa Development Fund is one subsidiary of the CDB that sometimes works with China Eximbank to finance major projects⁵⁸.

3.2. Chinese aid flows

China’s nine main kinds of aid are: medical teams, training and scholarships, humanitarian aid, youth volunteers, debt relief, budget support, turn-key or ‘complete plant’ projects (infrastructure, factories), aid-in-kind, and technical assistance⁵⁹.

The recipients of Chinese foreign aid are mainly low-income developing countries. The First White paper states that by the end of 2009, China provided 256.29 billion yuan in aid to foreign countries. In USD, it comes out to be about \$37.7 billion. A breakdown of total Chinese aid flows is summarized in the following table:

Table 7:

Announcements of aid by Chinese leaders

⁵⁸ Brautigam 2009 pp. 115–116

⁵⁹ Ibid pp. 106

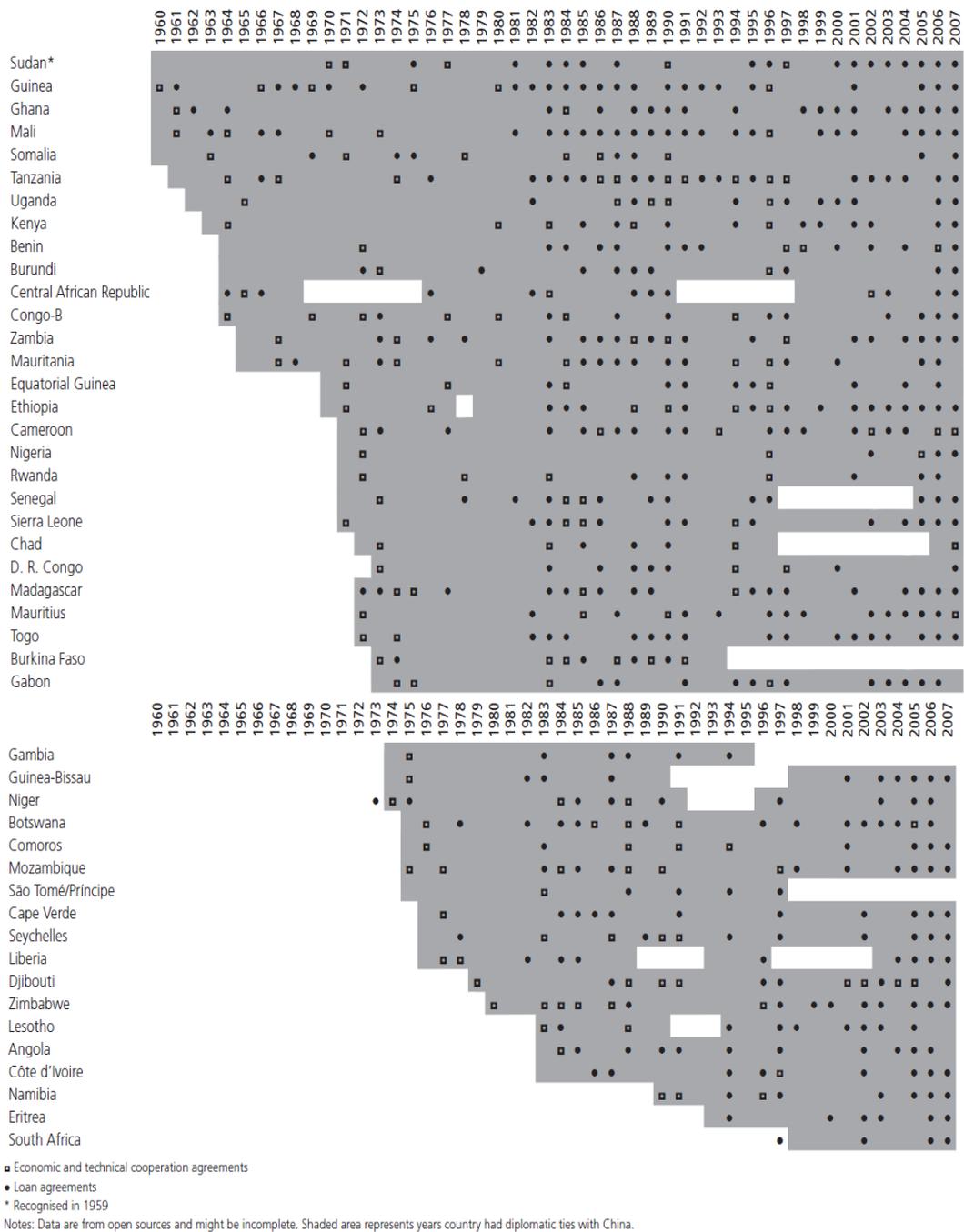
Date	Leader	Type of aid	Amounts	
			RMB	US\$
2008	Premier Wen Jiabao	Africa grants in 2007	2.377 billion	313 million
		Africa zero-interest loans in 2007	700 million	92 million
		Africa concessional loans	n.a.	n.a.
		Total Africa aid, 1950–2006	44 billion	5.8 billion
		Total aid, 1950–2006	206.5 billion	27 billion
		Of which grants	90.8 billion	12 billion
		Of which 'loans'	115.7 billion	15.2 billion
		[African aid 22% of total]		
2011	State Council	Total aid, 1950–2009	256.29 billion	37.7 billion
		Of which grants	106.2 billion	15.6 billion
		Of which zero-interest loans	76.54 billion	11.25 billion
		Of which concessional loans	73.55 billion	10.8 billion
		[Loans total	150.09 billion]	

Source: Brautigam 2011

Narrowing down aid flows to Africa, we can see that all countries in sub-Saharan Africa with which Beijing has diplomatic ties receive foreign aid from China. A country breakdown is provided below:

Figure 9:

Chinese aid to Africa from 1960–2007



Source: Brautigam 2011

It is true that Chinese economics play a part in aid to Africa, but accusations of resource exploitation by China in Africa are not supported by data: there are no increased flows to resource-rich rich countries like Nigeria and Congo. Brautigam estimates Chinese ODA to Africa in 2008 at around \$1.2 billion USD. In the same year, the WB contributed roughly \$4 billion USD and the U.S. \$7 billion USD⁶⁰. Until concessional loans were introduced in 1995, ODA grants and zero-interest loans were the main sources of ODA in Africa⁶¹. The 2011 White Paper states that around 40 percent of China's ODA has been financed through such grants. Larger projects are typically funded by concessional loans. By the end of 2005, China Eximbank had funded about \$800 million USD (cumulative) in concessional loans in Africa for fifty-five projects. The number of African projects rose to eighty-seven, and the cumulative value increased to \$1.5 billion USD. By the end of 2006, another \$2 billion USD in loans and \$3 billion USD in preferential export credits were announced. Then in 2009, yet another pledge of \$10 billion USD in concessional/preferential credits was announced for Africa and was to be disbursed by 2012⁶². The CDB reported in March 2007 that 30 projects in Africa were funded, costing about \$1 billion USD. Roughly three years later, a CDB official announced an additional \$10 billion USD in commercial loans to projects in Africa and disbursed 'USD 5.6 billion in financing to 35 projects across over 30

⁶⁰ Brautigam 2011 pp. 211

⁶¹ Brautigam *ibid* pp. 205

⁶² Brautigam *ibid* pp. 206

African nations' , with a significant proportion of the loans having gone to Angola⁶³.

3.2. Chinese aid policies

China' s "Eight Principles for Economic Aid and Technical Assistance to Other Countries" are as follows:

1. The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.
2. In providing aid to other countries, the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges.
3. China provides economic aid in the form of interest-free or low-interest loans, and extends the time limit for the repayment when necessary so as to lighten the burden on recipient countries as far as possible.

⁶³ Brautigam *ibid* pp. 206-207

4. In providing aid to other countries, the purpose of the Chinese government is not to make recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.

5. The Chinese government does its best to help recipient countries complete projects which require less investment but yield quicker results, so that the latter may increase their income and accumulate capital.

6. The Chinese government provides the best-quality equipment and materials manufactured by China at international market prices. If the equipment and materials provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them or refund the payment.

7. In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology.

8. The experts dispatched by China to help in construction in recipient countries will have the same standard of living as the

experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities⁶⁴.

Although Chinese Premier Zhou Enlai announced these principles in 1964 - 44 years before the OECD Accra High Level Forum (HLF) during a visit to Ghana, nine years earlier in India, he announced the similar “Five Principles of Peaceful Coexistence” ,

1. Mutual respect for sovereignty and territorial integrity
2. Mutual non-aggression
3. Non-interference in each other’ s internal affairs
4. Equality and mutual benefit
5. Peaceful coexistence

These two major announcements are the philosophical underpinnings of current Chinese aid policies, and two major features, 1) non-conditionality and 2) non-intervention, that distinguish it from the existing aid architecture will be identified in my case studies and explored during the discussion.

⁶⁴ 2011 White Paper

3. METHODOLOGY

1. RESEARCH DESIGN

The research design utilized is case study. Evaluation studies and explorative research commonly utilize case studies, although they are just one of many ways of doing social science research. According to Robert Yin, case studies are useful when “how” or “why” questions are being asked, when the researcher has little control over events, and when the focus is on a contemporary phenomenon within some real-life context⁶⁵.

FIGURE 10:

Relevant situations for different research strategies

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival	Who, what, where,	No	Yes/no

⁶⁵ Yin 2011

Analysis	how many, how much?		
History	How, why?	No	No
Case Study	How, why? (<i>Why did China choose to sidestep existing aid architecture, namely the OECD DAC, when developing its current aid policies?</i>)	No (<i>state behaviors cannot be controlled in laboratory settings</i>)	Yes (<i>Chinese aid activities are ongoing</i>)

Source: Adapted from Yin 2011.

The research here will be primarily explorative, in addition to utilizing explanatory and descriptive strategies; as stated above, the research intends to explore why China decided to sidestep the existing aid architecture, namely the OECD, when developing its aid policies. One major strength of the case study is that it can handle many different types of empirical material and methods: documents, artifacts, interviews and observations. Lastly, qualitative analysis proceeds by extracting themes or generalizations from gathered evidence and organizing data to present a coherent, consistent picture. These generalizations can then finally be used to generate hypotheses.

2. METHODS AND DATA COLLECTION

The research presented utilize primarily qualitative methods and techniques for gathering, organizing, and analyzing the data collected. The qualitative data, however, is also combined with quantitative data which is used to complement, support, and to be contrasted with the qualitative data. When conducting qualitative research, the goal of the researcher is to understand processes and the dynamics that characterize them. In addition, the researcher asks why and how different factors affect the object of study. After presenting the case studies, the analysis will be based mostly on secondary sources (academic literature, news articles, raw data, etc.).

3. AVAILABILITY OF DATA

A particular challenge for this research was limited sources of statistical data. The OECD QWIDS database does not include Chinese aid figures and some data were estimations. Increased transparency on the part of the Chinese government is increasing, exemplified by the release of the first White Paper, however. Official figures from developing countries are often hard to get a hold of, but the inclusion of multiple secondary data sources ameliorates the lack of data.

roughly forty-two million people. Its capital city is Dar es Salaam and has a predominantly Christian population (63%). Kiswahili and English are the two primary languages in Tanzania and education rates are relatively low, with roughly 73% achieving at least a primary school education⁶⁶. As of 2010, its GDP is ~\$23 billion USD, real GDP growth 6.4%, and GDP per capita \$552 USD. According to a 2013 OECD Investment Policy Review, Tanzania is currently one of the strongest performers of the non-oil producing countries in Sub-Saharan Africa. Its natural resources include hydroelectric potential, coal, iron, gemstones, gold, natural gas, crude oil, and other minerals⁶⁷.

The Arab-led slave and ivory trades in the 18th and 19th centuries led to the disruption of long standing patterns of political organization, economic production, and trade. Later, starting from the mid-19th century to the early 20th century, European explorers began a long period of colonization, first by semi-private European companies, then later by European states: Zanzibar formally became a British Protectorate in 1890. In 1884, Karl Peters, a German who formed the “Society for German Colonization” , concluded a series of questionable agreements with Tanzanian leaders to establish German "protection". The establishment of the German East Africa Company by Peters was formally backed by Otto Von Bismarck. In 1886 and 1890, a British-German agreement was signed that carved up respective spheres of influence in the interior of East Africa and along the coastal strip. In 1891, the German government took over

⁶⁶ Tanzania 2012

⁶⁷ Ibid

direct administration of the territory from the German East Africa Company and appointed a colonial governor headquartered at Dar es Salaam. German rule, which featured unfair taxes and conscript labor to fund administration and infrastructure that benefitted German settlers at the great disadvantage of African communities resulted in African resistance, resulting in the Maji Maji Rebellion of 1905. During this rebellion, the German military killed 120,000 Africans in suppressing the rebellion. German colonial rule ended after WWI when the U.K. acquired it per a League of Nations mandate. After World War II, the area became a UN trust territory under British control. Decolonization followed after general elections were held in 1960 when Julius Nyerere was named Prime Minister of Tanganyika in 1961, making Tanganyika the first East African state to gain independence. Shortly after independence, Tanzania (after having joined Zanzibar) adopted socialist economic policies, but experienced a period of economic decline, particular in the agricultural sector, the backbone of the economy⁶⁸.

Figure 12

Map of Zambia

⁶⁸ Tanzania 2012



Source: UN Cartographic Section 2007.

The Republic of Zambia, like neighboring Tanzania, is a Sub-Saharan African nation located on the Eastern coast. Roughly 752,612 sq. km. wide, Zambia is home to roughly fourteen million people. Its capital city is Lusaka and has a predominantly Christian population (85%). English is the official language, although about seventy other local languages and dialects are spoken. The literacy rate for men was roughly 80% for males and 61% for females in 2009. As of 2011, its GDP is ~\$22 billion USD, real GDP growth 6.7%, and GDP per capita \$1600 USD. Zambia was the first sub-Saharan African country to undertake an Investment Policy Review based in the OECD

Policy Framework for Investment⁶⁹. Its natural resources include copper, cobalt, zinc, lead, coal, emeralds, gold, and other precious minerals and gems⁷⁰.

European explorers, missionaries, and traders reached Zambia by the mid-19th century. In 1855, David Livingstone was the first European to see the waterfalls on the Zambezi River. In 1888, Cecil Rhodes, British businessman and politician, obtained a mineral rights concession from local chiefs. In the same year, Northern and Southern Rhodesia (now Zambia and Zimbabwe, respectively) came under a British sphere of influence. In 1923, Southern Rhodesia was annexed formally while the administration of Northern Rhodesia was transferred to the British colonial office in 1924 as a protectorate. Then, in 1953, both Rhodesias joined Nyasaland (now Malawi) to form the Federation of Rhodesia and Nyasaland. Zambia became the center of turmoil and crisis during the latter stages of the Federation, with two sides to the crisis: local demands for greater political rights and European colonizers desperate to cling onto their colonies. Elections in 1962 resulted in an African majority in the legislative council and a short-lived coalition between two African nationalist parties. The council passed resolutions calling for Northern Rhodesia's secession from the federation, demanding autonomy under a new constitution and more democratic national assembly. On the last day of December, 1963, the federation officially dissolved and Northern Rhodesia became the Republic of Zambia on October 24, 1964, with Kenneth Kaunda as its first President. Despite independence and

⁶⁹ OECD 2012

⁷⁰ Zambia 2012

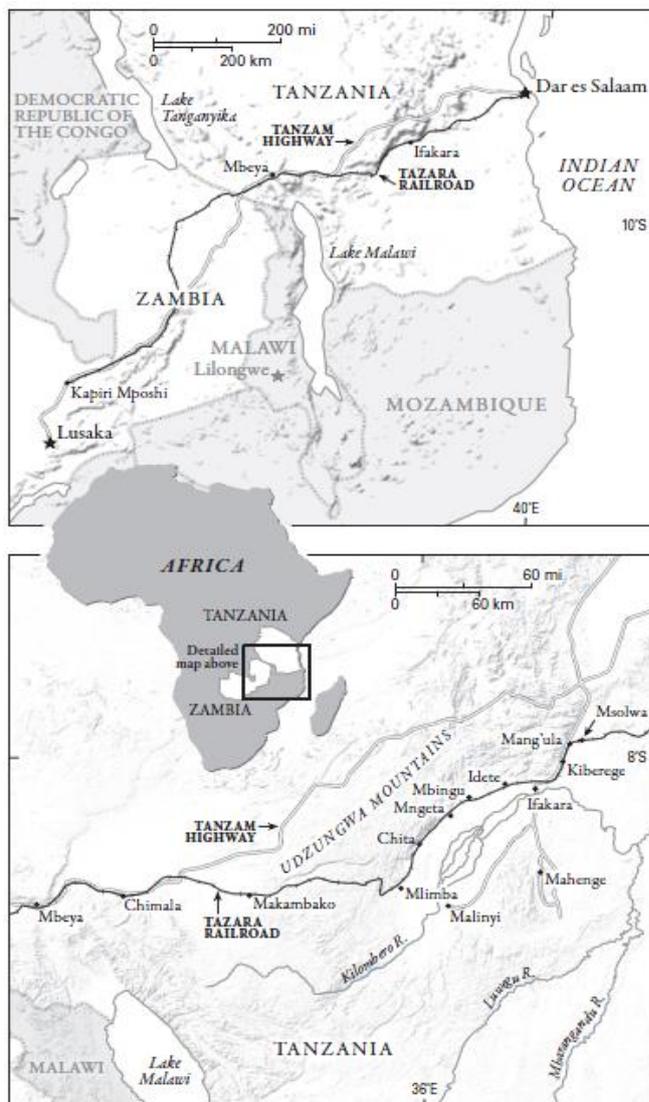
mineral resources, Zambia faced major challenges. Perhaps the most pressing was the fact that three of its neighbors – Southern Rhodesia and the Portuguese colonies of Mozambique and Angola – remained European colonies. Zambia supported independent movements in Southern Rhodesia and conflicts soon began to occur: Zambia's borders with Southern Rhodesia were blocked and major transportation and power problems surfaced. However, the Kariba hydroelectric station on the Zambezi River provided sufficient capacity to satisfy the country's requirements for electricity. A railroad to the Tanzanian port of Dar es Salaam, built with Chinese assistance, reduced Zambian dependence on railroad lines south to South Africa and west through an increasingly troubled Angola⁷¹. It is this historical context in which the Taznam case study will be detailed.

1.2. Tanzam Railway

Figure 13:

The Tanzam Railway

⁷¹ Zambia 2012



Source: Monson 2009.

The Tanzam Railway was built between 1970 and 1975 to link the landlocked Zambian copper belt with the Indian Ocean port city of Dar es Salaam in Tanzania. The Railway was the critical link to the sea that landlocked Zambia that allowed it to break free from its dependency on neighboring Rhodesian, Angolan, and South African transportation infrastructure. The

railway therefore was also an anti-apartheid railway and a symbol of revolutionary solidarity and resistance to the unholy forces of colonialism, neo-colonialism, and imperialism. However, the Americans viewed it as a symbol of Chinese imperialism: China's largest international development project and the third-largest infrastructure development project in Africa was the "great steel arm of China thrusting its way into the African interior"⁷².

The 1,060-mile-long project was built with financing and technical support from China amounting to over \$400 million in the form of a long-term interest-free loan, one of China's many forms of development assistance. Sino-Tanzanian/Zambian cooperation was established in 1967 after several requests for assistance from western donors - The World Bank and the UN - and from the Soviet Union by Julius Nyerere and Kenneth Kaunda had been rejected.

The first formal agreement between the three governments to build the Railway was signed in Beijing on September 5, 1967. According to a telegram posted to Lusaka the same day, "The agreement was concluded in an atmosphere of mutual friendship and respect and to the complete satisfaction of the three governments. It marks the beginning of an important chapter in the economic history of this region of Africa"⁷³.

When word got out, The CIA had already warned of rising communist influences in the region in a 1965 report that devoted several pages to the

⁷² Monson 2009 pp. 2

⁷³ Ibid pp. 25

friendly relationship between Julius Nyerere and China. A Wall Street Journal article in 1967 stated that “the prospect of hundreds and perhaps thousands of Red Guards descending upon an already troubled Africa is a chilling one for the West”⁷⁴. Eventually, some 40,000 Chinese workers did end up in Tanzania and Zambia. Recruited from all over China, they arrived in Dar es Salaam on ships that had sailed from the south Chinese seaport of Guangzhou. From there, they were shipped out to twelve base camps along the route to Zambia. It was these interactions that generated one of the most significant and lasting legacies of the Railway.

The cost of the railway was estimated at about \$415 million. It would be financed by China through an interest-free loan. Tanzania and Zambia would take on an equal share of debt over a thirty-year period and with a grace period of five years, which was later extended. The repayment of the loans would be in local currencies. The loan itself covered equipment and technical services provided by China (48%) and local costs (52%). Local costs – wages, housing, etc. – would be financed through a commodity credit agreement: Chinese goods would be imported and the proceeds from their sale would be used to pay for the local expenses⁷⁵.

The final agreement was signed, like the first, in Beijing on July 12, 1970, after the survey and design work had been completed and a consensus reached with regards to the specific financial and technical arrangements.

⁷⁴ Ibid pp. 6

⁷⁵ Ibid pp. 30

Technical assistance for recruits went something like this: after signing their contracts, recruits were transported in open trucks to their work locations, which included work camps, railway workshops, and warehouses. There, they would be given intensive training in some cases, but more commonly, they were simply sent out to the work site, where they would learn by doing. A report from the first base camp in 1969 stated, “The workers learn as they go about their job in the field, one person attached to Drilling Team No. 1 since December 1968 is learning how to handle the drilling machine with much success; and another man in the Pushers group is now able to drive a Pusher⁷⁶.” Chinese technicians repeatedly assembled and dismantled a piece of machinery until their African cohorts got it. This form of rudimentary, yet highly practical training was the main method of technical assistance used by the Chinese; when theory was taught it was directly related to practice⁷⁷.

In late 1969, the Chinese ship *Yao Hua* landed in Kurasini harbor in Dar es Salaam, carrying one of the first batch of workers:

Figure 14:

“Each has the same suitcase; each carries his own belongings.”

⁷⁶ Ibid pp. 44

⁷⁷ Ibid pp. 45



FIGURE 3.2. Chinese workers arrive in Dar es Salaam: “each has the same suitcase; each carries his own belongings.” *Die Stern* magazine, 1974.

Source: Monson 2009

Each Chinese worker wore the same clothes – identical grey cotton suits and caps, and each carried a small blue suitcase balanced on his shoulder. Official construction began with two ceremonies, the first in Dar es Salaam in late 1970 and the second in Kapiri Mposhi, a Zambian town north of Lusaka. Heavy construction equipment continued to arrive at Kurasini and supplies, equipment, and workers were carried upcountry using three

communication networks: by train along the central railway line; by truck on the Tanzam highway; and by newly cleared roads in the interior. Chinese railway experts acted as supervisors, who were divided further into smaller sub-teams directed by Chinese field assistants. The sub-teams were each given a specific task, e.g. building bridges, digging ditches, constructing railway beds, or connecting telephone lines. Each of these sub-teams set up a temporary camp where they lived until they had completed their assigned tasks, after which they would dismantle their temporary lodgings and move on to the next section. The sub-teams were further split up into smaller gangs supervised by Tanzanian foremen under the direction of a Chinese counterpart. The work gangs, sometimes as small as eight to ten workers, were spread out every two or three miles. One field team could be made up of thousands of workers; at Mwale base camp in 1972, there were 64 labor gangs involving about 5,500 laborers⁷⁸. In a stroke of good luck, construction reached Zambia in time to help alleviate the transport crisis caused by the closure of the border between Zambia and Rhodesia in early 1973. Once Tanzam had established a terminal within Zambia at Mwenzo in northern Zambia, emergency transit services were provided for import goods sitting in Kurasini: over 4,000 metric tons of maize from Zambia was transported between April and June 1974⁷⁹. Construction was completed by 1975 and passenger services began in 1976.

Whenever China referred to the Railway, it did so by highlighting the need to resist imperialist forces. One such announcement said “The Tanzanian

⁷⁸ Ibid pp, 47

⁷⁹ Ibid pp. 48

and Zambian people have built with the Chinese people' s support and cooperation the over 1,800 kilometer long Tanzania-Zambia railway, smashing the imperialist slanders about the 'impossibility of a Tanzania-Zambia railway' ⁸⁰.” The strategic nature of Sino-Africa cooperation was explicit in another statement made by a Chinese letter,

“Under the cloak of “economic aid” and “military aid” the two superpowers, the Soviet Union and the United States, have been vigorously infiltrating into and expanding in Africa, interfering in the internal affairs of these countries and presenting a threat to their independence. The intentions cherished by the Soviet social-imperialists are particularly vicious, having the nature of greediness of arms peddlers, speculators and imperialists⁸¹.”

Figure 15:

⁸⁰ Ibid pp. 26

⁸¹ Ibid



FIGURE 2.1.
Woodcut by Liang Yiqiang
and Don Peigao depicting
friendship between
African villagers and
TAZARA railway
workers, from a
collection of poetry.
Rainbow of Friendship, 107.

Zhou Enlai visited Dar es Salaam in June 1965, two years after his first 1963 visit. Enlai reminded the crowd that had gathered to greet him in the national stadium of the voyages of Zheng He, who had visited China centuries early, along with their shared histories of anti-colonial struggle by comparing the Maji Maji Rebellion of 1905 - also mentioned above - with China's struggle against imperialism. Zhou stated that Zheng He did not come to Africa with the intention of colonization, but sought to trade and be treated as an equal. Zhou's statements had credibility that Western donors did not: Western and Soviet aid workers and experts lived in well-appointed compounds, but Chinese experts lived and worked alongside their African counterparts. In one case, Chinese engineers recall giving their African friends advice on matters ranging from saving their wages to repairing their shoes⁸². An African worker remembers the words of encouragement his Chinese supervisor gave after he was injured, "Work! Because people will ride on this railway. Your parents will ride on this railway!"⁸³

The construction of the Railway occurred during the Cold War era, but it highlights a narrative that goes beyond simple socialist and capitalist ideologies: the railway was part of China's effort to combat the hegemony and neo-imperialism of both Great Powers. Interestingly, the project was intended to increase China's own profile as a Great Power. By making the Tanzam Railway a legitimizing foundation for Sino-African solidarity, China now had a shared history of struggle against imperial and colonial forces

⁸² Ibid pp. 22

⁸³ Ibid

with its “brothers” in the third world. The relationship between China and Tanzania at this historical moment was defined as one of “the poor helping the poor,” as one underdeveloped country reaching out to another⁸⁴. China thus claimed to be part of a common “third world struggle” against the forces of imperialism and neo-colonialism, while at the same time proposing to help build one of the largest infrastructure projects in Africa. By shifting from the national to the local level, one may acknowledge that Chinese workers promoted socialism, aka. “ideological instruction,” but it was the Chinese’ s’ everyday practice of teaching by example that had the greatest and most lasting impression on the Africans who worked with them. Other forms of cooperation, however were taking place elsewhere in Africa.

2. CHINESE-GHANIAN COOPERATION (1964 - 2000s)

2.1. Country profile

Figure 16

Map of Ghana

⁸⁴ Ibid pp. 3



Source: UN Cartographic Section 2007.

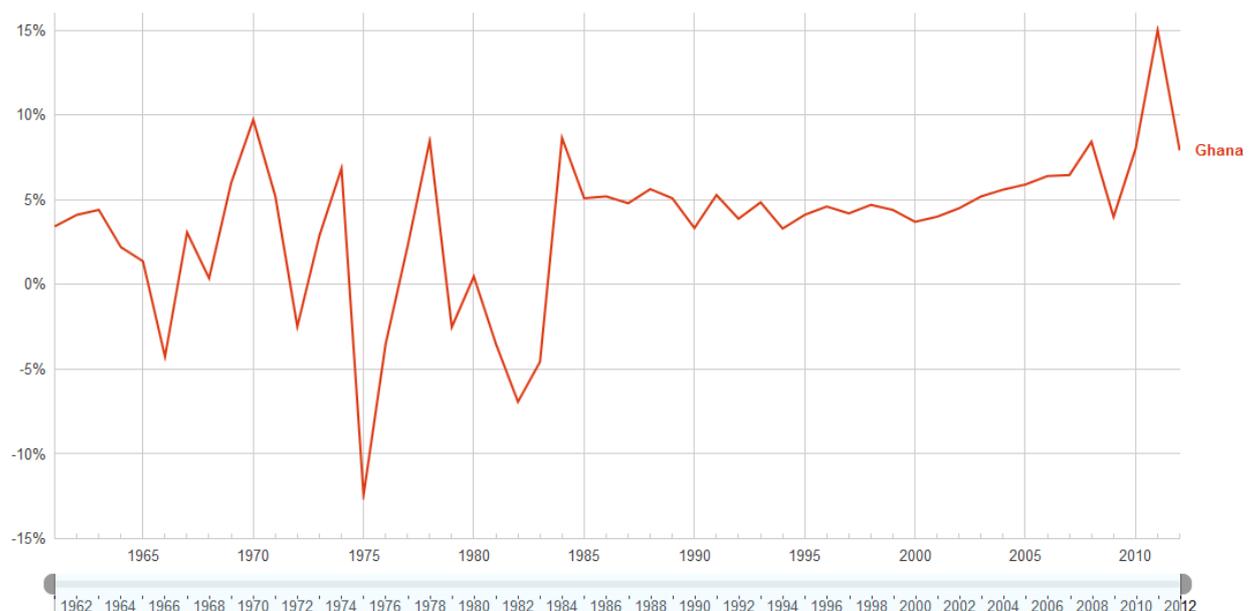
The Republic of Ghana is a Sub-Saharan African nation located on the Western coast. Roughly 238,538 sq. km. wide, Ghana is home to roughly twenty-three million people. Its capital city is Accra and has a predominantly Christian population (69%). English is the official language although a wide variety of indigenous languages are also spoken. As of 2007, the literacy rate roughly 80%⁸⁵.

In the early 1960s, Ghana attempted import-substitution industrialization policies and strong exports encouraged public investments in social and physical infrastructure. From the late 1960s to the early 1980s, however,

⁸⁵ Ghana 2008

volatility in exports and revenues, along with a series of coups, mismanagement and oil shocks devastated the economy. SAPs were implemented in the early 1990s and Ghana has recently been experiencing strong growth, reflecting strong economic fundamentals and a positive from the private sector; bank lending and capital inflows suggest increased investor confidence in the domestic market⁸⁶.

Table 8:



Data from World Bank Last updated: Jan 11, 2014

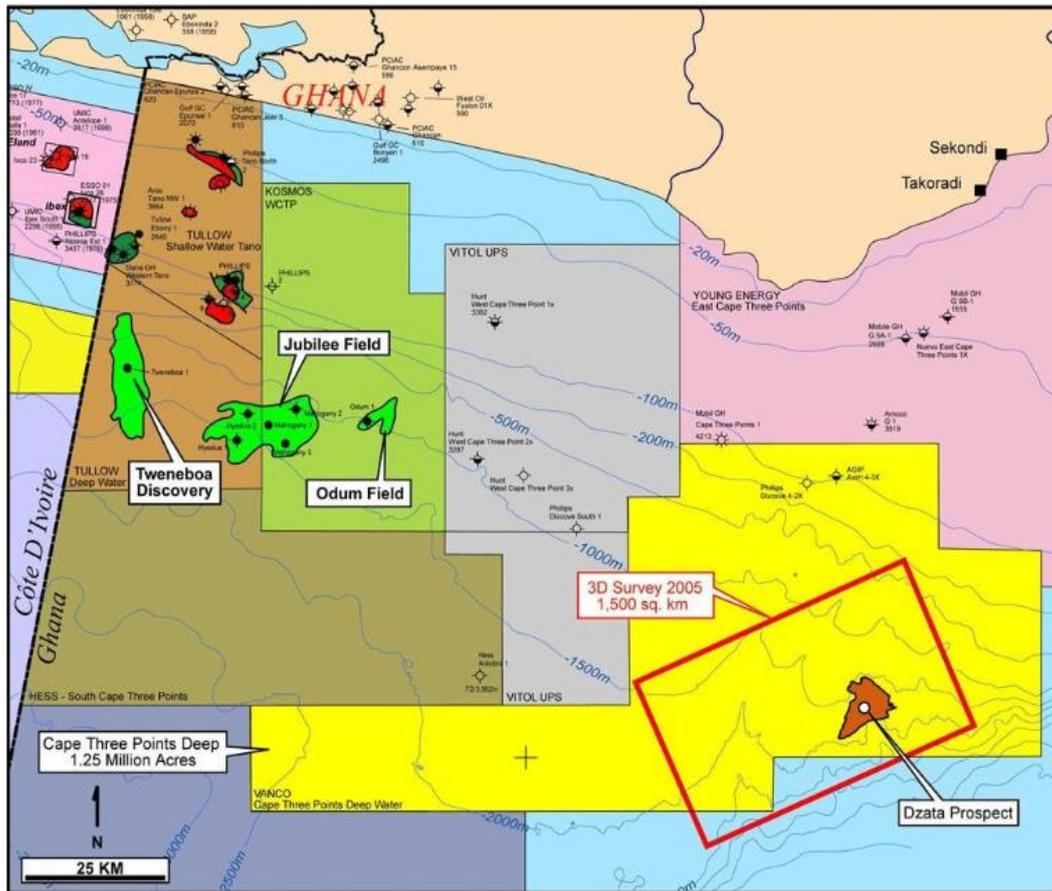
Source: World Bank and Google

⁸⁶ African Economic Outlook

GDP growth rates remain fairly strong despite the recent dip, as shown in the above table. Compared to neighbors like Nigeria, Ghana is not a resource-abundant country. However, does some key natural resource Ghana one of the world' s top ten gold producers and the second-largest in Africa, it possesses other valuable minerals such as diamonds, bauxite and manganese. Additionally, in July 2007, Tullow Oil and Kosmos Energy discovered oil in commercial quantities in the western region of Ghana. They named the area "Jubilee Field" . Development of the production site started immediately and in December 201 0 oil production was officially launched. Since 2007 further discoveries have been made. The Tweneboa field was a second major discovery in 2009. More than fifteen wells have been discovered by major oil companies in the region.

FIGURE 17:

Ghanaian oil



Source: Ghanaweb.com

Ghana is also the world's second-largest producer of cocoa and has extensive arable land, forests, fishing and hydroelectric potential⁸⁷. Although a primarily agriculture-based economy, diversification of the Ghanaian economy has been occurring within the past decade.

⁸⁷ African Economic Outlook

The first contact between Europe and the then Gold Coast - Ghana's historical name which changed to Ghana upon independence in 1957 because of indications that the people who currently live in Ghana descended from migrants who moved south from the ancient kingdom of Ghana - occurred in 1470 when a group of Portuguese landed. About a decade later, the Portuguese built Elmina Castle as a permanent trading base. Then in 1553, Englishman Thomas Windham made the first recorded English trading voyage to the Gold Coast. During the next three centuries, the English, Danes, Dutch, Germans, and Portuguese controlled various parts of the coastal areas. In the early 19th century, the British took control of the British trading forts on the Gold Coast. In 1844, Fanti chiefs in the area signed an agreement with the British that became the legal steppingstone to colonial status for the coastal area.

After centuries of colonial domination, a new constitution was approved on April 29, 1954, that established an all-African cabinet chosen by direct election. In the elections that followed, the Convention People's Party (CPP), led by Kwame Nkrumah, won the majority of seats in the new Legislative Assembly. Two years later, Nkrumah's Gold Coast government issued a white paper containing proposals for Gold Coast independence. The British Government replied by agreeing to self-rule if a majority advocated for independence in the Gold Coast Legislative Assembly after a general election. This election, held in 1956, returned the CPP to power with 71 of the 104 seats in the Legislative Assembly. Ghana became an independent state on March 6, 1957, when the U.K. relinquished its control over the Colony of the Gold Coast and Ashanti, the Northern Territories Protectorate,

and British Togoland. This meant that Ghana would be the first African nation to gain independence, a full four years before Tanganyika, the first East African state to gain independence, as mentioned in the Tanzania country profile.

After it gained independence, Nkrumah embarked on a modernization program to transform Ghana into a modern, semi-industrialized, unitary socialist state. Nkrumah and all his ministers were ousted in a military coup in 1966 and the legislature was dissolved, along with a suspension of the constitution. Nkrumah's flagrant abuse of individual rights and liberties, his regime's corrupt, oppressive, and dictatorial practices, and the rapidly deteriorating economy were the reasons given for the coup. A series of further coups and authoritarian rulers characterized this tumultuous period, democratic reforms culminated in a new constitution and president, in the early 1990s⁸⁸.

2.2. 54 years of friendship

Sino-Ghanaian official diplomatic contact was first established in 1960⁸⁹. Since 1960, Ghana has provided substantial diplomatic support to China at the UN, an effort that China has reciprocated with material and financial support for Ghana's development: after Enlai announced the Eight Principles in Ghana, China committed roughly \$120 million USD to Congo-Brazzaville, Ghana, Kenya, Mali, and Tanzania.⁹⁰ China was not allowed to join the UN and the UN Security Council for twenty-two years because of American

⁸⁸ Ghana 2008

⁸⁹ Gyasi 2014

⁹⁰ Brautigam 2009 pp. 32

recognition of Taiwan as the real China. It was this early establishment of diplomatic relations between China and nations like Ghana that played a key role in the 1971 UN vote to recognize the PRC instead of Taiwan⁹¹. Kwame Nkrumah lobbied for China's reinstatement by the UN and also supported China during the China-India war in 1962. The man who cast Ghana's vote for China was John Kufuor, then Ghana's deputy minister for foreign affairs⁹². The friendship is still strong today, evidenced by frequent visits between the two: Kufuor visited China in 2002 and Hu Jintao visited Ghana in 2003.

2.3. Bui Dam

Chinese ODA to Ghana had been insignificant until 2001. Since then, it has become a major development partner, developing roads and energy and telecommunications infrastructure. It has also provides technical assistance, particularly in agriculture and industrial equipment⁹³. Chinese aid supports country ownership by financing projects desired by recipient governments that other donors have declined to finance. In the case of the Bui Dam, the original plan was actually proposed decades earlier during the 1920s by the British colonial government⁹⁴. The proposal never left the planning stage. Following the French, the Soviet Union in the 1970s reconsidered developing plans for a hydroelectric facility, but did not, and finally French prospects fizzed out the 1990s. Finally, in 2005 Ghana

⁹¹ Ibid pp. 67

⁹² Idun-Arkhurst 2008 pp. 5

⁹³ Ibid pp. 6

⁹⁴ Rupp pp. 118

accepted Sinohydro's, one of the state-led firms that built the Three Gorges Dam⁹⁵ in China, proposal.

Figure 18:

Bui Dam



⁹⁵ the world's largest power station in terms of installed capacity

Source: Wikipedia

The Bui Dam is one of China's recent projects in Ghana. A \$562 million USD loan from China Eximbank was provided for the construction of a \$622 million USD hydropower plant at Bui, located at a strategic point on the Black Volta River between the north and south of Ghana. The dam is crucial for alleviating energy shortages and dependence on foreign energy and in particular, for bringing electricity to rural communities that cannot be reached by the national electrical grid.

The dam is part of a long-term plan to increase the energy supply capacity from 2,000 megawatts to 6,000 megawatts by 2015. The consequences of failing to update its grid are dire: a recent year-long energy shortage caused growth in the industrial sector to decline from 9.5% in 2006 to 7.4% in 2007⁹⁶. The Ghanaian government is paying \$60 million USD up front, while the rest is provided in mixed credits, typical of a recent trend in Chinese aid utilizing less aid and more market rate finance⁹⁷. The China Eximbank package consists of two parts: an export buyer's credit of \$292 million USD at a commercial interest rate, and a concessional loan amounting to \$270 million USD at 2 percent⁹⁸. Both loans are backed by a key Ghanaian export: cocoa. The concessional loan counts as ODA, but the export buyer's credit does not. One of the reasons why other donors refused to fund the project was due to social and environmental concerns: the nearby Bui National Park would become flooded and displace Ghana's few remaining

⁹⁶ Idun-Arkhurst 2008 pp. 7

⁹⁷ Brautigam 2009 pp. 175

⁹⁸ Ibid

hippos and lions. The human cost was also a major issue: thousands of people living in the flood region would have to be resettled. Similar controversy can be found in Chinese activities in a distant African neighbor.

3. CHINESE-ANGOLAN COOPERATION (1960 - 2000s)

3.1. Country profile

Figure 16:

Map of Angola



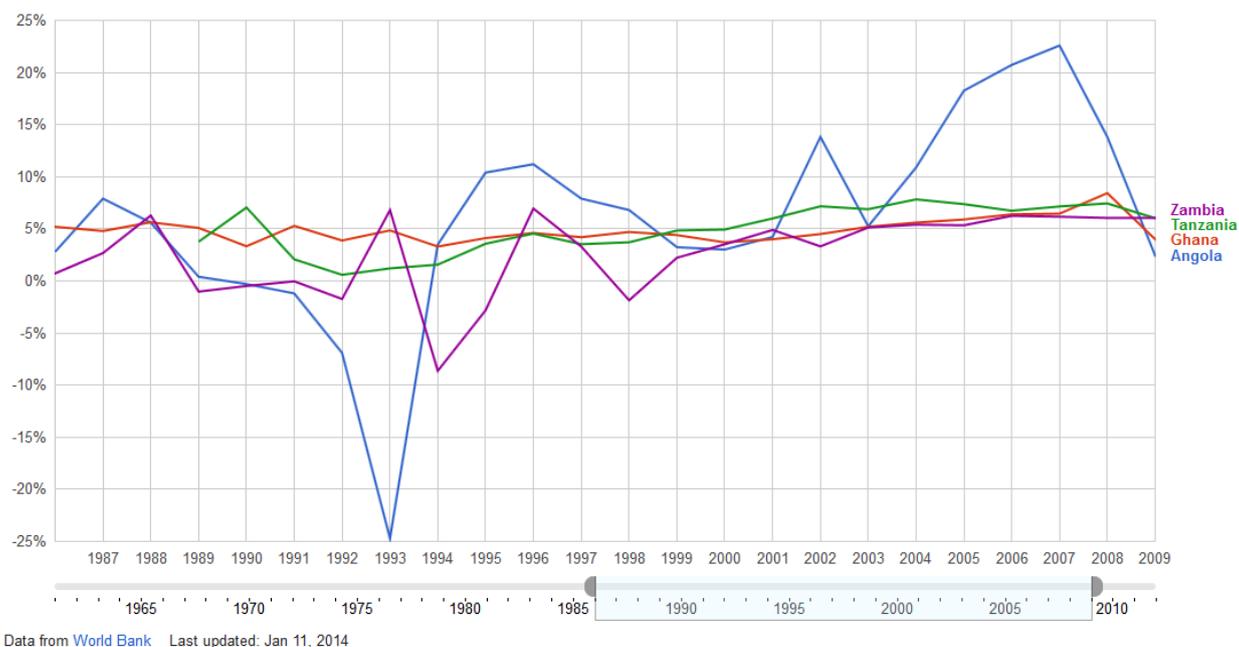
Source: UN Cartographic Section 2007.

The Republic of Angola is a Sub-Saharan African nation located near the southern coast. Roughly 1,246,700 sq. km wide, Angola is home to roughly nineteen million people. Its capital city is Luanda and a predominantly Roman Catholic population (68%). Portuguese is the official language although a wide variety of indigenous languages are also spoken. The adult literacy rate as of 2011 was roughly 67%. Three main Bantu ethnic groups make up Angola's population: the Umbundu, Kimbundu, Kikongo.

Angola's natural resources include petroleum, diamonds, iron ore, gold, and other important minerals and gems⁹⁹. In 2011, Angola exported nearly 1.8 million bpd of crude oil. Crude oil accounted for roughly 46% of GDP, 94% of exports, and 76% of government revenues in 2011 according to the International Monetary Fund (IMF). GDP growth rates fluctuated wildly from the early 1990s,

TABLE 9:

GDP growth rates of selected African countries



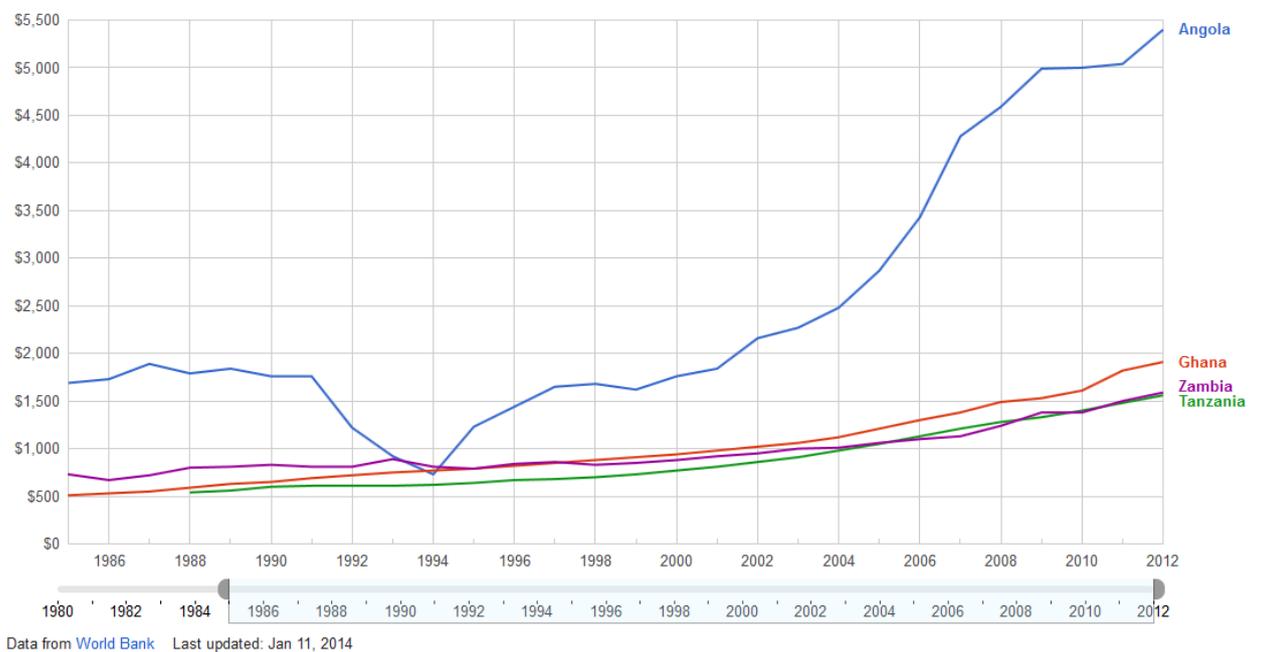
Source: World Bank and Google

⁹⁹ Angola 2012

but has slowed to 3.7% as of 2011. Angola's gross national income (GNI) per capita in purchasing power parity (PPP) dollars is significantly higher than that of the other countries profiled thus far, thanks to petrodollars,

TABLE 10:

Angola GNI per capita in PPP dollars



Source: World Bank and Google

The Portuguese were the first Europeans to reach Angola in 1482, landing in northern Angola. At the time, these first voyagers encountered the Kingdom of the Congo, which stretched from modern Gabon in the north to the Kwanza River in the south. The capital of the Kingdom of the Congo, Mbanza Congo, had a population of roughly fifty-thousand. There were other various

important states to the south, one of which was called the Kingdom of Ndongo, ruled by the ngola (king). Modern Angola derives its name from the king of Ndongo. Naked imperialistic ambitions was not far behind: the Portuguese gradually took control of the coast in the 16th century by a series of treaties and wars. The Ndongo Kingdom allied with the Dutch in the mid-17th century in an attempt to expel the Portuguese. Then in 1648, the Portuguese retook Luanda and began to annex the Congo and Ndongo states and this process was complete by 1671. The slave trade was Portugal's primary interest in Angola. In fact, by the beginning of the 19th century, Angola was the largest source of slaves for the Americas, including the United States. During this time, a forced labor system replaced formal slavery and continued until outlawed in 1961. Like the plantation system in the southern U.S. states, a similar plantation economy arose in Angola. A major mining industry also took root by the mid-20th century. British capital and Angolan labor led to the construction of three railroads from the coast to the interior, the most important of which was the transcontinental Benguela railroad that linked the port of Lobito with the copper zones of the Belgian Congo and Zambia, through which it connects to Dar es Salaam, Tanzania. Native Angolans never benefitted from the extractive state established by Portugal and the Portuguese actively tried to import whites after 1950, intensifying racial strife. During the post WWII decolonization period, Portugal, under the Salazar and Caetano dictatorships, rejected calls for independence and treated its African colonies as overseas provinces. Three main independence movements emerged: Popular Movement for the Liberation of Angola (MPLA), led by Antonio

Agostinho Neto, with links to communist parties in Portugal and the Eastern Bloc; the National Front for the Liberation of Angola (FNLA), led by Holden Roberto, with links to the United States and the Mobutu regime in Kinshasa; and the National Union for the Total Independence of Angola (UNITA), led by Jonas Malheiro Savimbi, with links to the People's Republic of China (P.R.C.) and apartheid South Africa¹⁰⁰. After nearly a decade of struggle, a 1974 coup d'etat in Portugal established a military government that agreed to decolonization via the Alvor Accords. Power was to handed over to a coalition of the three movements. The ideological differences among the three movements eventually led to armed conflict, with FNLA and UNITA forces attempting to wrest control of Luanda from the MPLA, and all parties backed by their respective international supporters. The intervention of troops from South Africa on behalf of UNITA, Zaire on behalf of the FNLA, and Cuba on behalf of the MPLA in 1975 effectively internationalized the conflict. After retaining control of Luanda, the coastal strip, and increasingly lucrative oil fields in Cabinda, the MPLA declared independence on November 11, 1975, the day the Portuguese abandoned the capital. UNITA and the FNLA formed a rival coalition government based in the interior city of Huambo. It was Agostinho Neto who became the first president of the MPLA government that was received UN recognition in 1976. A serious of factional infighting marked the 80s and 90s. In the beginning of the 2000s, demilitarization and democratization occurred and the UN Security Council sanctions on UNITA were lifted on December 9, 2002. More recently, Angola ratified a new constitution on February 5, 2010 and on

¹⁰⁰ Angola 2012

February 8, President dos Santos swore in a new government. The new constitution established a party-based system and eliminated the position of Prime Minister¹⁰¹.

The civil war that lasted for nearly three decades had terrible political and social effects. Daily life was made difficult by constant warfare and centralized administration was absent. Infrastructure and social services were also largely absent. Many hospitals still do not have medicines or basic equipment, schools do not have books, and public employees often lack the basic supplies for their daily work. Huge numbers were displaced by the civil war: the government estimates the figure at 4.7 million people. According to the UNHCR, 146,814 refugees still remain outside Angola, mainly in Democratic Republic of the Congo, Republic of the Congo, and Namibia. Of these refugees, 52,000 were supposed to return by the end of 2011, but by December 2011, only 4,000 of the 60,000 refugees who expressed interest in returning to Angola from neighboring countries had been repatriated¹⁰².

3.2. A cautious relationship

China's involvement in Angola dates back to the early years of the anticolonial struggle through its support for the three major independence movements¹⁰³. The Cultural Revolution was occurring in China and Cold War

¹⁰¹ Ibid

¹⁰² Ibid

¹⁰³ Campos & Vines 2007 pp. 2

politics took center stage. In the early 1960s, the MPLA counted on Chinese political and military assistance, but after the rise FNLA and UNITA, support to the MPLA ceased and joined the other side. In 1963, Holden Roberto of FNLA met with Foreign Minister Chen Yi in Nairobi, and procured Chinese arms. The next year, Jonas Savimbi of UNITA met with Chairman Mao Zedong and Premier Zhou Enlai in China, where he received military training and inculcated himself with socialist ideologies. Then in November 1975 the Soviet-backed MPLA came to power and declared Angola independent, making Chinese support of rival groups hitherto pointless. Because of this break, Beijing refused to recognize Angola's independence, and official diplomatic relations between Beijing and Luanda were only established in 1983. 1984 the first trade agreement was signed soon thereafter and four years later a Joint Economic and Trade Commission was created. Warming of relations continued and Angola became China's second-largest trading partner in Africa (after South Africa) by the end of the decade, mostly because of defense cooperation. For example, Yang Wesheng, Chinese deputy minister of economy, trade, and cooperation, announced while visiting Angola in October 1997 that trade had been increasing significantly over the previous six months. A year later in the same month, President dos Santos also visited China with the purpose of expanding bilateral ties in meetings with Chinese premier Zhu Rongji and other state officials. As mentioned in the Angola country profile, UN sanctions were lifted in 2002 following the end major conflict and China's relationship with Angola shifted quickly from a defense and security basis to an economic one. A crucial point in Sino-Angolan cooperation was March 2, 2004, when China

Eximbank pledged the first \$2-billion oil-backed loan to Angola to fund the reconstruction of shattered infrastructure throughout the country¹⁰⁴.

3.3. Trouble in Angola?

Chinese development cooperation in Angola revolves around key public investment projects in infrastructure, telecommunications, and agribusinesses under the Angolan government's National Reconstruction Program.

Figure 20:

Projects Financed by China Construction Bank and China Eximbank in 2002

Project	Total Value (US\$)
Phase I of the rehabilitation of the 444-km Luanda Railway	90 million
Phase I of the rehabilitation and expansion of the electrical network of Luanda	15 million
The rehabilitation of electricity networks of Lubango	15 million
The rehabilitation of electricity networks of Namibe and Tombowa	25 million
A project related to telecommunications	N/A

Source: Campos and Vines 2007

¹⁰⁴ Ibid pp. 2-5

In late 2003, Sino-Angolan cooperation deepened when a new framework for economic and commercial cooperation was formally signed by the Angolan Ministry of Finance and the Chinese Ministry of Trade. On March 21, 2004, the first \$2-billion financing package for public investment projects was approved. It was a concessional loan payable over 12 years, Libor plus of 1.5 percent, with a grace period of up to three years. Like many Chinese projects, the loan consisted of two parts worth \$1 billion USD each. The first tranche was released in December 2004, and the second half in three years later.

When the Chinese prime minister visited Angola in June 2006, dos Santos stated succinctly, “China needs natural resources and Angola wants development”¹⁰⁵. Although China and Angola have a strategic partnership, there have been accusations that Chinese aid policies in Angola have contributed to its high levels of corruption. Transparency International, an international non-governmental organization (INGO) founded in 1993 that fights corruption in government and business, ranks Angola at 153/177¹⁰⁶. On the “Control of Corruption” index, which “reflects perceptions of the extent to which public power is exercised for private gain. This includes both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests” , Angola is in the 4th percentile and has a score of negative 1.3. On March 26, 2012, Human Rights Watch and the Revenue Watch Institute co-authored a letter to the Managing Director of the IMF Christine Lagarde urging her to,

¹⁰⁵ Ibid pp. 18

¹⁰⁶ Transparency International 2014

“Withhold...\$130 million to the government of Angola under the 2009 Stand-By Arrangement until key outstanding issues related to transparency and the use of funds can be adequately addressed. We firmly believe that disbursing the remaining funds under the present circumstances would send the message that the IMF is willing to provide substantial financing to the government of Angola even though it has not adequately accounted for tens of billions of dollars in public funds¹⁰⁷.”

The letter further details the full extent of Angolan corruption,

“Human Rights Watch and Revenue Watch are deeply troubled by the revelation, contained in the IMF’ s December 2011 report, of a \$32 billion discrepancy in Angola’ s public accounts from 2007-2010 that is equivalent to one-quarter of the country’ s gross domestic product. We note that the IMF’ s Stand-By Arrangement with the government of Angola for \$1.4 billion in financing in part coincided with the period in which the government failed to properly track the public funds¹⁰⁸.”

Sonangol, the Angolan state-led oil company, is singled out, leading to charges of “quasi-fiscal activities” such as including off-budget

¹⁰⁷ Human Rights Watch 2012

¹⁰⁸ Ibid

revenues and spending. More serious charges of underreported revenues and transfers to overseas accounts are leveled as well. IMF-Angolan relations had been strained for decades prior to Chinese involvement in Angolan development; recurrent episodes of hyperinflation and stabilization prevented the IMF from dealing with Angola. The World Bank, not surprisingly, limited its aid to emergency and humanitarian assistance projects due to cross-conditionality. At the end of the war in 2002, the IMF and OECD DAC donors wanted Angola to negotiate a staff-monitored program (SMP) and show good performance for three trimesters before being eligible to receive financial support. They argued that an SMP would contribute to good governance and open the way for a donor conference to raise funds to rebuild the country. However, the Angolan government felt it could not agree to IMF conditionalities, and talks fizzled out¹⁰⁹. Angola even approached South Korea and Japan for loans, who rebuffed their efforts by demanding Angola mend its relations with the IMF¹¹⁰.

Another source of controversy lay in the China International Fund (CIF), a private fund based in Hong Kong. This CIF had a direct link to the Angolan National Reconstruction Office (GRN). After the GRN was created in 2004, Chinese officials from the Ministry of Finance met in Beijing, where they discussed alleged illegal rent seeking by Angolan officials involving the Exim Bank credit line. The GRN's main purpose is to manage public works as part of the government's national reconstruction programme. The GRN is under the direct control of the President and is headed by one of Dos

¹⁰⁹ Campos and Vines 2007 pp. 18

¹¹⁰ Alves 2010 pp. 11

Santos' s closest allies from the military, General Helder Vieira Dias. On the Chinese side, the CIF run by Hong Kong-based tycoons with unclear links to Chinese intelligence and state-owned enterprises, Sonangol, and a Portuguese backer. CIF' s loan to Angola is not transparent about financial records and project management processes. However, the Ministry of Finance announced that the first tranche totaled \$2.9 billion USD with identical terms to that of China Eximbank and thus directed to infrastructure, tied to Chinese contractors and oil backed. MOFCOM' s position is that of denial: it insists that CIF is a private fund that is neither controlled nor well regarded by Beijing¹¹¹.

¹¹¹ Ibid 12-13

5. DISCUSSION

1. NON-CONDITIONALITY

The three case studies clearly demonstrate one historical continuity in the development of current Chinese aid policies: non-conditionality, “China never has imposed economic conditions¹¹². As mentioned in the literature review, conditionality ostensibly results in better economic policies, which in turn promotes development. In contrast, one of the key elements of Sino-African cooperation is the principle of equal rights and mutual respect. Africa and China are seen as equals and through this mutual worldview: both seek mutually beneficial outcomes, “Political conditionalities demanded by Western donor nations do not feature in China’s African intervention. Instead, the focus is on practical, realistic and achievable objectives based on a common development agenda¹¹³.” We may contrast this with the way OECD DAC donors have imposed conditionalities on their aid, by which donors form a “common front in an unbalanced power relationship that may have dire consequences to the recipient country¹¹⁴.” African countries are put in an inferior position and a Ugandan official described such conditions as “humiliating¹¹⁵”. Whether or not conditionality actually puts China in a position of power

¹¹² Brautigam 2009 pp. 149

¹¹³ Paruk & Shelton pp. 4

¹¹⁴ Brautigam 2009 pp. 149

¹¹⁵ Ibid

and African countries in powerlessness is irrelevant; both perceive it to be the case. Non-conditionality is a way to address real or perceived power imbalances and put Sino-African relations on an equal footing.

A “no strings attached” approach to conditionality, mentioned decades ago by Zhou Enlai during his 1963–1964 African tour, was implemented in the Tanzam railway project, “In providing aid to other countries, the Chinese Government...never asks for any privileges or attaches any conditions¹¹⁶.” \$415 million was the total cost of the project and China would provide an interest-free loan with no political or economic conditionalities, even after the British withdrew their \$42 proposed loan support to Tanzania in 1965 in retaliation to Nyerere cutting off diplomatic relations according to the principles adopted by the Organization for African Unity¹¹⁷.

In the Ghana case study, the financing for the Bui Dam consisted of a China Eximbank export buyer’s credit of \$292 million USD at a commercial interest rate and a concessional loan of \$270 million USD at 2 percent with no conditionality. We may contrast this with OECD DAC’s involvement in Ghana, as mentioned in the country profile; Ghana was forced to undergo structural adjustment after the fall of Nkrumah in 1966, resulting in a drop in cocoa prices and a loss in foreign exchange earnings, which were in turn aggravated by drought, crop failure, and political instability. The IMF and WB provided structural adjustment loans and conditionalities to jumpstart the Ghanaian economy, but the outcomes were not successful.

¹¹⁶ 2011 White Paper

¹¹⁷ Monson 2009 pp. 29

Finally, in the Angola case, political and economic policy preconditions demanded by the BWIs and OECD DAC donors were why Angola sought Chinese aid. During Angola's struggle for independence, the Soviet Union and Cuba intervened to support the new socialist government. The U.S. and apartheid South Africa took the opposite side. The Angolan government financed the war effort with an opaque network of offshore accounts that sometimes included oil revenues. The ruling elite was corrupt, growing wealthy off of petrodollars and kickbacks from weapons sales. By the end of the civil war, Angola owed more than \$2 billion USD to Paris Club donors and had taken out nearly forty-eight oil-backed loans mostly with Western banks, irony notwithstanding. In 2000, the IMF produced a reform program that contained forty-four conditions and benchmarks, including raising income taxes and liberalizing trade. Four such IMF programs were negotiated during that time, but Angola did not comply with calls for greater transparency and privatization. Shortly thereafter, China stepped in with their loan program which Angola gladly accepted due to the lack of harsh conditionalities. The recent CIF revelations show that corruption is still afoot, but to a lesser degree. Out of the three instances of non-conditionality presented, the relationship between China and Angola is the least favorable, but compared to Western cash transfers, Chinese aid has gone solely to infrastructure projects, which is certainly better for genuine development. All three cases affirm that China is, in fact, staying true to its stated principle of non-conditionality of aid.

Now contrast this with the first key principle of the Paris Declaration: ownership, by which developing countries set their own strategies for

poverty reduction, improve their institutions and tackle corruption. The OECD DAC conception of ownership is based on the idea that the recipient country must “own its development” to achieve economic growth. Calls for ownership are often paired with calls for partnerships when in reality such calls amount to naked rhetoric: partnership contains similar strict conditions as previous iterations of loan modalities and “informants within the DAC system confirm that conditionality is more in use than ever¹¹⁸” . Now, in the case of Angola, such harsh conditionalities may seem reasonable, but if we go beyond the OECD DAC’ s definition of ODA, we can see that donors oftentimes even betray their own principles when it comes to other forms of aid; this is no better demonstrated than in the Angola case: while the Paris Club tried to present a united front before ODA disbursement, Germany and France later reneged by providing export credits and oil backed loans via private banks¹¹⁹. China realizes the hypocrisy of OECD DAC donors and its simple and unchanging commitment to non-conditionality is no doubt one of the key elements of a new form of South-South cooperation.

2. NON-INTERVENTION

A second historical continuity is found in the policy of non-intervention, “Non-interference in internal affairs is China’ s ‘brand’ as a donor¹²⁰.” In fact, in none of the three cases did the Chinese government demand the

¹¹⁸ Selbervik 1999 pp. 16

¹¹⁹ Brautigam 2009 pp. 275

¹²⁰ Ibid pp. 150

Tanzanian, Zambian, Ghanaian, or Angolan governments to reform politically or otherwise intervene in internal African affairs. The One China Policy, however, is the sole form of Chinese intervention: recipients of Chinese aid cannot establish diplomatic ties with Taiwan. Other than this, no policy of intervention exists. In the Tanzam case, interventions by the state played a role in structuring the ways development occurred pre and post-construction, but were domestic in origin and did not come at the behest of Chinese officials.

Intervention on the part of OECD DAC donors is a different story. Democracy - however you may define it - as a precondition for aid was a notion that began in the 1990s in the Western aid industry. Good governance and human rights discourse went hand in hand with calls for democratic reform. Democracy was considered necessary for the protection of private property rights and private business. Democracy also allowed for greater accountability and the voice of the governed to be heard. The policies of the largest OECD DAC donor are epitomized in USAID's Democracy, Human Rights and Governance (DRG) Strategy, which consists of four strategic objectives:

1. Promote participatory, representative and inclusive political processes and government institutions.
2. Foster greater accountability of institutions and leaders to citizens and to the law.
3. Protect and promote universally recognized human rights.

4. Improve development outcomes through the integration of DRG principles and practices across USAID' s development portfolio¹²¹.

There is no doubt these sorts of interventions prevented Angola from accepting aid from both the Bretton Woods institutions and major OECD DAC donors. But according to many OECD DAC countries, China is portrayed as a donor that supports illiberal regimes, ignores environmental concerns, and engages in harmful trade. The reality is that many OECD DAC donors have also supported authoritarian regimes in Africa. Many African leaders appreciate Beijing' s refusal to intervene in domestic affairs, most certainly as a result of Africa' s colonial legacy - every single country in the three case studies were at one point subject to colonial domination. Lastly, in both Zambia and Ghana, the role of the state changed over time, later intervening directly during the era of liberalization, structural adjustment, and political decentralization from the mid-1980s until now. As a result of SAP interventions, Ghanaians have felt the pressure of the state most often as the removal of subsidies for agricultural production, increased taxation and licensing fees, and the creation of market structures that favor large-scale traders. In Zambia, despite radical free-market restructuring of Zambia' s economy, the country has suffered a long-term economic crisis, including spiraling debt, and two lost decades of development. So the contrast between OECD DAC donors and China in terms of intervention is stark.

¹²¹ USAID 2013

3. A NEW FORM OF SOUTH-SOUTH COOPERATION

Combining these two features of Chinese aid, we may say that they are the key features of a new Chinese-based aid paradigm as part of the new “Beijing Consensus” . The policy of “rational non-conditionality” is one of the fundamental differences from existing aid paradigms. Donors attach conditionalities because it is logical to do so. Yet, by removing conditionality from the policy mix, China is seemingly engaging in an “illogical” action. This is the puzzle of China’s “rational non-conditionality” .

Realist logic does a lot to solve the puzzle: first, during the Cold War era, part of the motivation behind the Tanzam project was Sino-Soviet rivalry—China wanted to limit Soviet influence in East Africa. Through non-conditional and non-interventionist financing of the railway, China attempted to establish itself as a regional power in direct competition with First World interests: railways and other large infrastructure projects belong to the state. And as products of the state, they are material and symbolic expressions of state power: they control the movements of people and goods, the locations of production and consumption, and the extraction of resources and labor.

Similarly, in the modern era, China is not the only donor in Ghana: competing projects involving OECD DAC donors are exemplified by the Ghanaian

port of Tema. In Tema, the Ghana Ports and Harbours Authority (GPHA) is a state-guided development catalyst and arbiter of neo-liberal privatization and multinationalised investment¹²². GPHA was formally established as a government corporation in 1986 to manage the port of Tema, but authority was limited in reality. Then in 1995, the Ghanaian government announced its trade-based Vision 2020 development plan, whereby GPHA received a new mandate explicitly addressing ports and harbors administration: the Ghana Trade and Investment Gateway Project. The project focused on trade-based growth, foreign-direct investment, and infrastructure, among other things. Financing comes from traditional multilateral funding from the Bretton Woods institutions, but the GPHA recently has come to rely on bilateral aid from OECD DAC countries like Japan International Cooperation Agency (JICA) to allow for more autonomy from state intervention, presumably at the expense of accountability¹²³. Chinese aid in Ghana can thus be thought of as a way to “check” OECD DAC influence in Ghana.

Second, China was engaged in a diplomatic battle with Taiwan for international recognition. Ghanaian and other forms of Sino-African cooperation allowed China to achieve this strategic objective. As previously mentioned, Ghana played a key role in the 1971 UN vote to recognize the PRC instead of Taiwan¹²⁴: Kwame Nkrumah and Kufour of Ghana both lobbied for China's reinstatement by the UN.

¹²² Chalfin 2010 pp. 581

¹²³ Ibid pp. 583

¹²⁴ Ibid pp. 67

Third, non-conditionality ensures the procurement of resources from countries that have a history of more fractured relations, e.g. Sino-Angolan cooperation. China actually initially refused to recognize Angola's independence in 1975, and formal diplomatic relations between Beijing and Luanda were only established in 1983.

Yet this rational-realist logic cannot explain everything. In the case of Ghana, Sino-Ghanaian cooperation *increased* after the fall of the Soviet Union and therefore China had no reason to balance with African countries against Soviet interests - at the time, China's Three World Theory placed the U.S. and Soviet Union in the First World, developing countries in the Third World, and everyone else belonged to the Second World. Furthermore, China's increase in Ghanaian aid was constantly increasing 1) despite the fact that it did not have abundant resources like Nigeria and Congo and 2) long before the recent discovery of the Jubilee oil field. In fact, the amount of resources a country has does not determine aid allocation in sub-Saharan Africa, "Grants and zero-interest loans from the Ministry of Commerce are distributed fairly evenly across countries for the kind of projects that won political kudos¹²⁵." Finally, by the 1980s, China had decisively won the battle for diplomatic recognition with Taiwan, yet it still continued to nurture friendships with its African compatriots.

We may solve this puzzle by looking for explanations that go beyond rational-realist logic. Conditionality is not pursued if its purpose is not to promote development, but China's aid regime has proven to rest on a

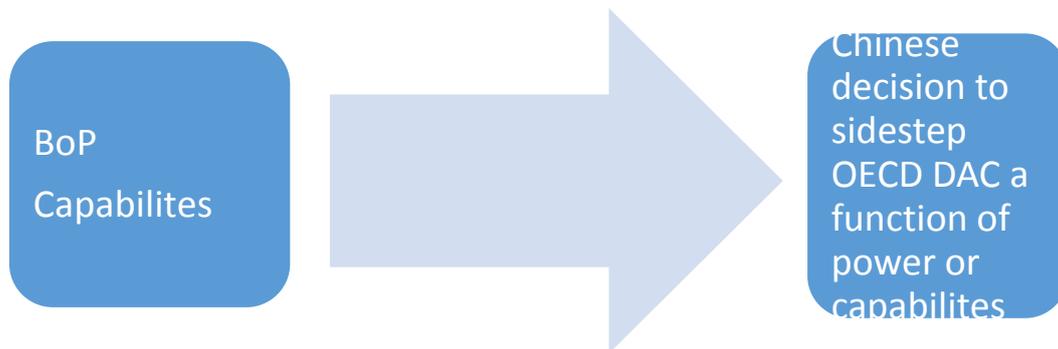
¹²⁵ Brautigam 2009 pp. 279

different logic, which I shall call a “rational-cooperative” logic. China’s rational-cooperative logic means that it pursues its national interests rationally, but engages in cooperative activities driven by mutual gains. Furthermore, the two are not mutually exclusive. So we may say that the non-conditionality of Chinese aid is based on the principle of reciprocity, along with non-intervention and the sum of the two make up its rational-cooperative logic.

4. RESULTS

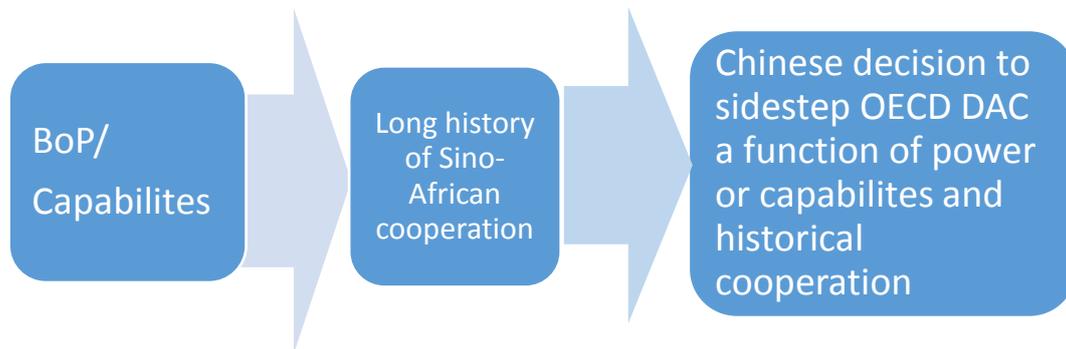
When utilizing the case studies, it is evident that a strictly realist framework cannot capture a full explanation for China’s decision to sidestep the OECD DAC. A realist explanation for the hypothesis of why China choose to sidestep existing aid architecture (dependent variable) looks to the balance of power, or distribution of capabilities (independent variable):

Realist Framework and Explanation



Instead, to answer my hypothesis, I identify the long history of cooperation between China and Africa as an intervening variable within a revisionist framework:

Revisionist Framework and Explanation



China's decision to sidestep the OECD DAC was largely the result of a historical process that dates back Cold War era Sino-African cooperation. In the Tanzam case, Tanzania was the only country in Africa selected to host the torch on its route to Beijing for the 2008 Summer Olympics. Dar es Salaam was the starting point for the torch relay, but symbolic meaning can be found in its exact location: the grand passenger terminal of TAZARA. The relay team carried the Olympic torch from TAZARA through the old city to a sports complex in Temeke, a project funded in 2005 with an 8.5 million-shilling gift from China. The relay route marked the passage of time as well as the continuity of Chinese commitment, as the torch would be carried from the flagship development project of the Cold War to the newest

donation of China's wealth to the Tanzanian people. The Olympic relay evoked a collective memory in which TANZAM stands as the brightest and most enduring symbol of Sino-African cooperation. The Ghanaian and Angolan cases are neutral and negative, respectively, but the Tanzam case clearly highlights the overemphasis placed on Chinese national interests - economic or geostrategic - and under-emphasis on a history of genuine commitment to mutual benefit and fraternal solidarity as driving factors of Sino-African cooperation. China, after all, was the first developing country to establish an aid program¹²⁶.

Lastly, the vast majority of Western criticism of Chinese aid misses the key fact that although non-conditionality and non-intervention may reduce accountability, it is not always necessarily the case: transparency in Angola improved even without conditionality after it began to publish a mostly accurate account of their oil revenues and expenditures on the website of their Ministry of Finance¹²⁷.

Evolving national interests have resulted in a new, Chinese-based aid paradigm as part of the new "Beijing Consensus". As the three cases show, however, the decision to sidestep the OECD DAC when developing its policies was not out of hostile intent, but based on a long-standing history of genuine cooperation with at least some sub-Saharan African nations in an effort to establish a new form of South-South cooperation and provide an alternative aid paradigm. A purely realist explanation can explain Sino-Angolan cooperation quite well, but not so much the Ghanaian and Tanzam

¹²⁶ Brautigam 2009 pp. 33

¹²⁷ Ibid 276

cases. So to say that China is acting as a “rogue donor” and is even more realist than traditional donors ignores substantial evidence to the contrary. And the only way to show this is to look at historical origins and modalities of Chinese aid over the long-term, rather than focus myopically on the present. The Angolan case was chosen to show how realist concerns certainly play a role in Chinese aid allocation, but the other cases paint a much different picture. The Taznam case was chosen because of its status as the earliest - and largest, at the time - example of a typical Chinese aid project and genuine commitment to Sino-African development cooperation, while the Bui Dam is the second largest hydroelectric generating plant in Ghana. Indeed, the Ghana and Tanzam cases cannot be ignored. In this way, Chinese aid policies largely mirror its larger economic policies, which have been described as Sino-Capitalism¹²⁸, a “third way” of development and alternative to both the Anglo-American model and welfare state model of development. In terms of the global political economy, China has adopted largely non-disruptive policies supportive of the rules-based multilateral order. However, the emergence of China means that the international political economy now faces a massive capitalist power that does not fully follow the tenets of Anglo-American liberal market capitalism. Just as Sino-Capitalism challenges the Anglo-American model of development, the Beijing Consensus now challenges OECD DAC donors and current aid paradigms.

¹²⁸ McNally pp. 744

5. SUMMARY OF KEY FACTS

A summary of key facts is provided in the figure below:

Figure 21:

A summary of key facts

Category	Conditionality	Non-Intervention*	Chinese Interest	Shared history of Foreign Intervention	Shared history of development cooperation
Case Study Tanzam Railway (Tanzania/Zambia)	No	Yes	Ideological/Cooperative	Yes	Yes (1967)
Ghana	No	Yes	Ideological/Economic/Cooperative	Yes	Yes (1960)

Angola	No	Yes	Economic	Yes	Yes (1960s)
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*Aside from One China Policy

CONCLUSION

In 2011, South Korea hosted the Fourth High Level Forum on Aid Effectiveness (HLF4), which was organized by the OECD DAC. Held in Busan, the HLF4 created a Global Partnership for Effective Development Cooperation, and although it was organized by the OECD DAC, emerging powers, i.e. Brazil-Russia-India-China-South Africa (BRICS), played a significant role in redefining development effectiveness, which now included multiple channels of development finance, i.e. trade, FDI, technical assistance, and concessionary finance.

The inclusion of China was strategic: traditional donors knew that BRICS donors were differentiating themselves from traditional donors by marketing themselves as developing countries with first-hand experience with “doing development” as well as aid. Yet China’s inclusion in the largest forum for development cooperation was also symbolic: by conceptualizing “South-South” cooperation, emerging donors claimed a new paradigm for development

cooperation based on the principles of mutual self-interest and respect for autonomy which would be sharply contrasted with the old colonial powers' vertical relationship with their former subjects, based on charity and dependency. With the praises of a new and emerging South-South cooperation at Busan came harsh criticism of North-South aid of traditional donors who now struggle to survive economic crisis in a new multi-polar world. China' s principled and clear-cut aid principles undoubtedly served as the catalyst for this sea change.

By examining Sino-African cooperation in three cases, the different ideologies, modalities, and mechanisms that make up the new Beijing Consensus-based Chinese aid paradigm are made readily clear. It is true that China' s self-interest drives much of its aid, but manifests itself in a much different way. China' s "third way" must be placed in its proper historical context. Aside from the naïve view, two reasons explain Beijing' s decision to sidestep the OECD DAC and develop its own aid paradigm: realist concerns and cooperative concerns based on shared historical experiences. Also, the puzzle of non-conditionality as presented in China' s aid regime is addressed by using a "rational-cooperative" logic that explains the apparent irrationality of non-conditional aid policies as conducive to mutual benefit and therefore, ultimately, rational. Further areas of research could examine the effects of Chinese aid policies on that of traditional donors, longitudinal analyses of macroeconomic indicators in Sub-Saharan Africa now that Chinese aid has begun to flow

into the region, and what effects this new form of South-South cooperation has on the intersection between accountability and aid effectiveness.

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요약

중국-아프리카 협력 재고: 사하라 사막 이남의 아프리카에 중국 대외원조의 비교분석

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10년 전부터 중국 대외 원조가 아프리카보다 상당히 성장하고 있습니다. 최근에는 영국과 미국을 능가하고 있습니다. 중국 정부가 정부 개발 원조 수치를 제공하지 않아서 서양 기부자 우려로 이어지고 있습니다. 해외 원조 체제를 개발하는 경우, 중국은 세 가지 옵션을 가졌습니다: 기존의 지원 구조를 따라 OECD DAC 가입, OECD DAC를 회피 하지만 원조 이념과 양식 수급, 그리고 OECD DAC의 것과 동일한 메커니즘을 구현하거나 자신의 길이 있습니다. 중국은 지속적으로 OECD DAC에 가입하고 기존의 지원 구조를 가입 요구를 거부하고, 세 번째 옵션을 선택했습니다.

내 연구의 목적은 중국이 자신의 적절한 역사적 맥락에서 중국의 원조 정책을 배치하여 이 "세 번째 방법"을 선택한 이유를 설명하는 것입니다. 나는 중국의 지원 정책이 오늘날 대부분 1960년 첫 번째 공식 지원 프로젝트로 거슬러 올라가는 역사적 과정의 결과라고 주장합니다. 현재까지 초기 냉전 시대 중국의 원조 정책의 역사적 발전을 추적하여, 나는 국가의 이익이 새로운 "베이징 컨센서스"의 일환으로 새 중국 기반의 원조 패러다임에 진화하였다고 봅니다. 특히, "합리적" 비 조건부 의 정책은 기존의 지원에서 근본적인 차이 중 하나입니다.

주요어: 정부 개발 원조, 대외 원조, 남남협력
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