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국제학석사학위논문

## **Donor's Impact in Aid Allocation:**

**A Comparative Study on Foreign Aid in Africa among China,  
Japan, and Korea**

원조 배분에 있어서의 공여국 간의 영향:  
한·중·일의 對 아프리카 원조 비교 분석을 중심으로

2014년 8월

서울대학교 국제대학원

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# **Donor's Impact in Aid Allocation:**

**A Comparative Study on Foreign Aid in Africa among China,  
Japan, and Korea**

Thesis by

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Graduate Program in International Cooperation  
In Fulfillment of the Requirements  
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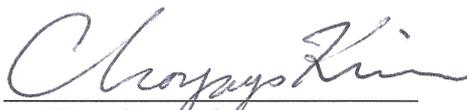
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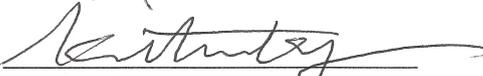
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# **Abstract**

This thesis investigates the foreign aid in Africa from the three rising Northeastern Asian donors: China, Japan, and Korea. An overview of previous studies suggests that donors are usually motivated by their own political and economical reasons. However, these three Northeast Asian donors are distinct in that they are not only motivated by their underlying agenda but by other donors as well. The donors react to the presence and actions of another donor in aid allocation behavior.

This research empirically analyzed major determinants of China, Japan, and Korea's aid allocation in fifty African countries for the period of 2000 to 2012 by using a regression model in order to assess whether these three Northeastern Asian donors are truly reactive to each other. Through the analysis, it was found that China is not reactive to any other donors; Japan is reactive to DAC (Development Assistance Committee) members and China partially; and Korea reacts only to Japan. As a result, the research offers a comprehensive and comparative analysis of the significance of "another donor's impact" as one of the important variables in determining aid allocation in Africa.

## **Keywords**

Foreign Aid, Africa, China, Japan, Korea, Reactive State, Aid Pattern

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## List of Acronyms and Abbreviations

DAC	Development Assistance Committee
EXIM Bank	Export and Import bank
FOCAC	Forum on China-Africa Cooperation
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
MITI	Ministry of International Trade and
MDGs	Millennium Development Goals
MOSF	Ministry of Strategy and Finance
MOF	Ministry of Foreign Affairs
ODA	Official Development Assistance
ODF	Official Development Finance
OECD	Organization for International Cooperation and Development
TICAD	Tokyo International Conference on African Development

# I. Introduction

## 1. Background

The purpose of this research is to investigate the increase of recent foreign aid in Africa from China, Japan, and Korea. The tension between China, Japan, and Korea is no longer regionally limited, centered on territorial disputes, but global in terms of foreign aid. China has committed \$75 billion on aid and development projects in Africa in the past decade.<sup>1</sup> Japan, recently at the opening of the Tokyo International Conference on African Development (TICAD), pledged to give \$14 billion official development aid and \$6.5 billion more support to help infrastructure over the next five years.<sup>2</sup> South Korea has also promised to double its development assistance to Africa to the tune of US\$214 million at the second Korea-Africa Forum.<sup>3</sup> The following <Figure 1> shows the increasing trend of Northeast Asian donors in Africa from 2000 to 2012.

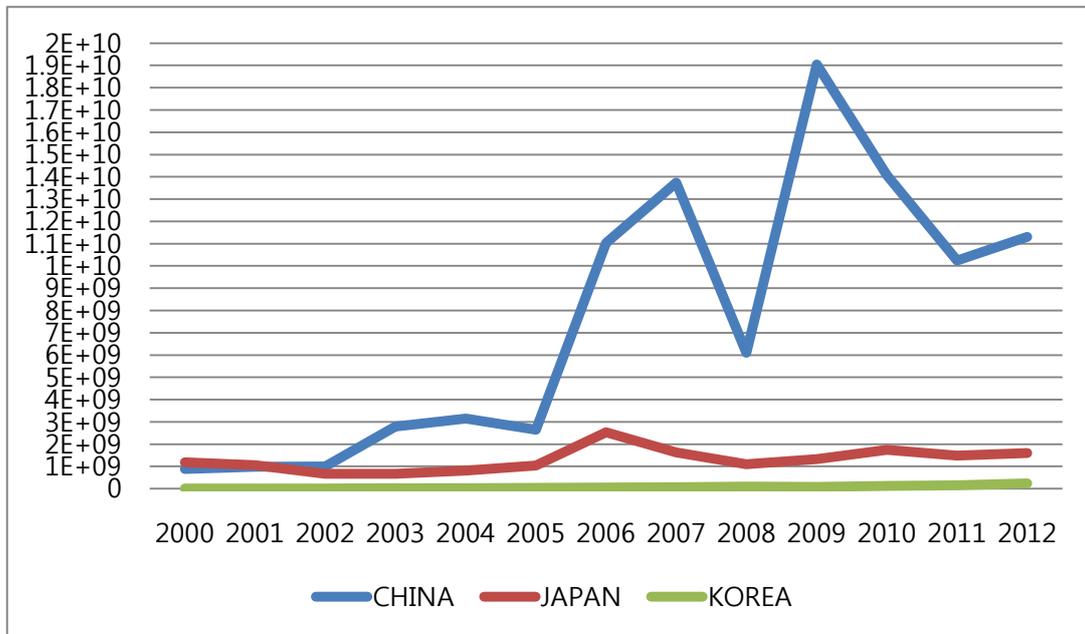
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<sup>1</sup> Claire Provost and Rich Harris, "China commits billions in aid to Africa as part of charm offensive interactive," *The Guardian*, April 29, 2013, , <http://www.theguardian.com/global-development/interactive/2013/apr/29/china-commits-billions-aid-africa-interactive> (accessed January 15, 2014)

<sup>2</sup> Kaori Kaneko, Linda Sieg and Aaron Sheldrick. "Japan pledges \$32 billion aid for Africa to boost investment," *Reuters*, June 01 2013, <http://www.reuters.com/article/2013/06/01/us-japan-economy-ticad-idUSBRE95002G20130601>(accessed January 19, 2014).

<sup>3</sup>Jee-HoYoo, "Korea to double African aid by '12." ReliefWeb. <http://reliefweb.int/report/world/korea-double-african-aid-12> (accessed November 21, 2013)

<Figure1> China, Japan, Korea Aid to Africa 2000-2012<sup>4</sup>



Recent research on foreign aid suggests that the rationale for donors to provide ODA have been broadly threefold: donor interest, recipient characteristics, and domestic politics. It is a well-recognized fact that foreign aid has been used as an important tool through which nations advance their interests while also taking the need of the recipients. While there is abundant literature on aid motivations, much less has been said about how one donor's decision may affect another's aid allocation. Only a relative handful of studies (Katada 1997; Berthélemy 2006; Frot and Santiso 2011) have specifically examined whether another donor influences a donor's aid allocation decisions, or not.

<sup>4</sup> Author's own calculation based on OECD data. Retrieved from <http://stats.oecd.org/> (accessed October, 2013).

Also, very little empirical research has been conducted on China, Japan, Korea, especially from this donor-to-donor view. Some literatures have discussed each Northeast Asian donor's approach to Africa separately focusing on their distinct behavior. Chinese aid in particular has received the most attention in regards to its vast amount of money invested in the African region, even coining the term "new imperialism". However, a comparative study of these donors, specifically viewing explanations of donor policies as interrelated is lacking. The only attempts to unravel the phenomenon are a flurry of media reports framing it as a resource diplomacy or geopolitical rivalry among the East Asian powers. This is evidenced by headlines such as "China, Japan, Korea aid competition"<sup>5</sup>, "China competes with Japan"<sup>6</sup>, and "China and Japan's complementary rivalry in Africa"<sup>7</sup>. What remains to be explored, therefore, is a comparative study on the newly rising Northeast Asian donors, China, Japan, and Korea and how they influence each other in aid allocation.

Therefore, this study is an attempt to examine how the presence and action of another donor has an impact on one's aid allocation behavior. My research uses Kent Calder's "reactive state" thesis to explain that there are indeed traditional *proactive* pursuits of political and economic motivations behind China, Japan, and Korea's aid policies in Africa, but there is also the three countries' interaction in the form of *reactive*

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<sup>5</sup> Seung Hun, Lee, "China, Japan, Korea aid competition," *Donga Ilbo*. (in Korean) Oct 27, 2009, <http://news.donga.com/3/all/20070303/8413490/1> (accessed at July 19, 2014).

<sup>6</sup> Shannon, Tiezzi, "Africa: China and Japan's Next Battleground?" *the Diplomat*, January 15, <http://thediplomat.com/2014/01/africa-china-and-japans-next-battleground/> (accessed March 4, 2014).

<sup>7</sup> Kai Xue, "China and Japan's complementary rivalry in Africa," *Business Day*, February, 2014, <http://www.bdlive.co.za/opinion/2014/02/07/china-and-japans-complementary-rivalry-in-africa> (accessed March 9, 2014).

pursuit in this region. I used aid data of China, Japan, and Korea from 2000 to 2012 to test my hypotheses.

The significance of this research stands twofold. First, there are few studies available on the Chinese, Japanese, and Korean aid allocation pattern in the African region. There is almost to none found in the comparative study using a cross-country data. This empirical study will provide a comprehensive and comparative understanding of these three major Northeast Asian donors. Secondly, the study allows examination of overlooked aspect in aid policy that is “donor’s impact”, the dimensions of “reactivity” or, “influence” in donors’ relationships.

The paper is organized as follows: following this introduction, presents previous literature on donor behaviors including competition and herding. Then, chapter two introduces analytical framework and each country’s aid strategy and interests in Africa. Chapter three has empirical analysis, the interpretations of the results, and the comparative record. The concluding remarks are available in the final section. This thesis is a modest introduction to a voluminous topic of pressing importance regarding the triangular relationship between China, Japan, and Korea in Africa.

## **2. Previous Studies**

With the aim of finding explanations for current donor dynamics among these countries in Africa, this research tried to discover relevant literature to first elucidate the two terms frequently used in this study whose meaning can be very ambiguous- *foreign aid* and *motivations*.

## 2.1 Foreign aid

The OECD defines two forms of development aid.

1. Official Development Assistance (ODA) consists of “technical aid, official grants, or loans promoting economic development and welfare, and having concessional terms, with a grant element of at least 25 percent.”<sup>8</sup>

2. Official Development Finance (ODF) consists of “non-concessional development lending by multilateral financial institutions” and “other official flows for development purposes (including refinancing loans) which have too low a grant element to qualify as ODA.”<sup>9</sup>

Since China is not a member of the DAC (Development Assistance Committee), China does not compile and publish data in a way that DAC donors do. Also, Chinese foreign aid includes trade and investment unlike the other donors. Therefore China’s development assistance is not technically considered as “ODA” defined by the OECD. Instead it is close to the notion of economic cooperation containing both ODA and ODF features.

The Information Office’s first released White Paper notes that China’s foreign aid is “mutual help between developing countries, focuses on practical effects, accommodates recipient countries’ interests, and strives to promote friendly bilateral relations and mutual benefit through economic and technical cooperation with other developing countries.”<sup>10</sup> The White Paper divides Chinese aid to three types: grants,

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<sup>8</sup>Organization for Economic Cooperation and Development (OECD), “Official development assistance – definition and coverage” <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm> (accessed March 15, 2014)

<sup>9</sup> Ibid.

<sup>10</sup> Information Office of the State Council, The People’s republic of China, *China’s Foreign*

interest-free loans and concessional loans. “The first two come from China's state finances, while concessional loans are provided by the Export-Import Bank of China as designated by the Chinese government.”<sup>11</sup>

As can be seen, Chinese aid terminology is inconsistent with the DAC definition of ODA. Therefore, China’s aid that encompasses other official flows and private cooperation usually not included in other donors’ is approximately about 100 times bigger than Korea’s. The aid figure of China presented in this study is not official data, but a compiled set of data from AID Data made by Tracking Chinese Development Finance in Africa<sup>12</sup>. AID DATA defines China’s development assistance to include most comprehensive version of ODA like commitments, OOF like commitments (other official flows), and vague official finance commitments.

**<Figure2> China’s foreign aid definition<sup>13</sup>**



Least comprehensive		Most comprehensive
Joint ventures	Official Investments	ODA-like Commitments
Corporate aid	Military Finance	OOF-like Commitments
NGO aid	All informal “pledges”	Vague Official Finance
Vague Commercial Finance		Commitments
		->Included in aggregate figures

*Aid*, [http://english.gov.cn/official/2011-04/21/content\\_1849913.htm](http://english.gov.cn/official/2011-04/21/content_1849913.htm), 3.

<sup>11</sup>Ibid., 4.

<sup>12</sup> Tracking Chinese Development Finance in Africa collects data on China’s aid primarily through Factiva searches of media sources. Then, their data is augmented with journalistic accounts with case study scholarship, insights from experts, project-level data collected by other researchers, and official government data.

<sup>13</sup> AID DATA. “Tracking Chinese development finance.” <http://china.aiddata.org/> (accessed at September 3, 2013).

## 2.2 Purposes determining aid allocation

Why do governments provide aid to recipient countries? I will analyze the aid's purposes- that Lancaster (2007) defines as- "the broad goals that donor governments sought to achieve with their aid, evident not only in what they said the goals of their aid were but in the decisions they made on its amount, country allocation, and use."<sup>14</sup>

Various contributions to this strand of literature have shown main determinants of foreign aid (which countries give to which countries and why). The earlier representative study of Alesina and Dollar (2000) have provided evidence that the foreign aid is dictated as much by political and strategic considerations, as by the economic needs and policy performance of the recipients.<sup>15</sup> Other authors have classified major donors such as France, Japan and the United States to be opportunistic donors as commercial interests influence their aid allocation (Shraeder, Hook, and Taylor 1998 and Hook1995). Lancaster (2007) provides similar conclusions concerning the influence of domestic political forces in France, Japan and the U.S.<sup>16</sup>

However, the "interaction" between the donor countries has hardly been studied. Donor's decisions of aid allocation may depend on various donors' strategic interests, recipient's needs, humanity, but also on the other donors' decisions to allocate (either increase or decrease).

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<sup>14</sup> Carol, Lancaster. *Foreign aid: diplomacy, development, and domestic politics* (Chicago: University of Chicago Press, 2007), 13.

<sup>15</sup> Alberto Alesina and David Dollar, "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth*, 5(1), (2000):33-63.

<sup>16</sup> Lancaster, *Foreign aid: diplomacy, development, and domestic politics*, 13.

### 2.3. Donor's impact

Assessing the impact of other donors is not entirely new. There have been studies in the past to account for the influence of other donors in recipient countries by looking at the outcome of such effects either in “donor coordination”, or “donor fragmentation”.

Berthélemy and Tichit (2004) used a dataset covering 22 DAC donors and 137 recipient countries from 1980 to 1999.<sup>17</sup> They found that there is no conclusive evidence as to the influence of other donors on one's aid allocation. However, later Berthélemy (2006) examined donor-specific determinants of aid allocation using the same dataset. In the allocation equation, the effect of other donors' ODA was positive and significant, indicating a complementary relationship between aid commitments from different donors.<sup>18</sup>

Barthel (n.d)'s concludes that the degree to which the allocation behavior of one donor influences that of another donor may depend on economy, military, and political interest. He asserts that donors spatially depend on each other in their aid allocation by using three recipient specific weighting matrices. He goes further to explore why donors act so similarly.<sup>19</sup>

Also Davis and Klasen (2011) postulate that there are common donor motivations that would drive bilateral aid allocation. Using spatial econometrics, they found that aid

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<sup>17</sup> J.Berthelemy, and A. Tichit, *Bilateral Donors' Aid Allocation Decisions: a Three-dimensional Panel Analysis* WIDER Discussion Paper, 2002, 123.

<sup>18</sup>Jean-Claude Berthélemy, “Bilateral donor's interest vs. recipients' development motives in aid allocation: Do all donors behave the same?” *Review of Development Economics* 10(2)(2006): 179-194.

<sup>19</sup> Fabian Barthel, “Exploring spatial dependence in bi- and multilateral aid giving patterns,” London School of Economics and Political Science, mimeo (n.d.), [http://s3.amazonaws.com/aiddata/Barthel\\_aiddata.pdf](http://s3.amazonaws.com/aiddata/Barthel_aiddata.pdf). (accessed January 14, 2013).

from other donors tends to crowd-in bilateral aid, even though the effect is quantitatively rather small. There is no evidence for crowd-out.<sup>20</sup>

Likewise Powell and Bobba (2006) take into account the presence of other donor and assume that their strategic behaviors can affect aid allocation. They illustrated that donors may cooperate or compete, becoming either strategic complements or substitutes for recipient's favor. At the end, the bilateral may face a trade off. On the one hand, donor wishes to accomplish its objectives and on the other hand donor faces inefficiencies among themselves.<sup>21</sup>

Furchs (2013) built an empirical analysis to capture donor coordination. He used a dummy variable, which is set to one if both donors of a pair grant any aid to a particular recipient in a particular year. And if it is zero, that is taken to be as a signal of uncoordinated aid efforts.<sup>22</sup>

Cutrone (2010) attempted a similar research by classifying donors as competing or cooperating with the U.S. and assessing how U.S. reacts to them. Cutrone found out that donors respond to another donor's increase when it is considered as a competitor and not, when it considers as a cooperator. In other words, donors use their aid to compete with each other when their policy preferences are further from each other than they are from the recipient.<sup>23</sup>

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<sup>20</sup> Ronald B. Davies and Stephan Klasen, *Of donor coordination, free-riding, darlings and orphans: The dependence of bilateral aid commitments on other bilateral giving* CESifo Working Paper Series, 2013.

<sup>21</sup> Powell, Andrew, and Matteo Bobba, *Multilateral intermediation of foreign aid: What is the trade-off for donor countries?* Washington, D.C.: Inter-American Development Bank, Research Dept., 2006.

<sup>22</sup> Andreas Fuchs, Peter Nunnekamp, Hannes Ohler, *Why donors of foreign aid do not coordinate: the role of competition for export markets and political support* Kiel Institute for the World Economy Working Papers, February 2013.

<sup>23</sup> Ellen, Cutrone, *Donor competition and cooperation in foreign aid allocation*, Paper presented to the 2010 meeting of the International Studies Association, New Orleans.  
[http://www.academia.edu/387664/Donor\\_Competition\\_and\\_Cooperation\\_in\\_Foreign\\_Aid\\_Allocat](http://www.academia.edu/387664/Donor_Competition_and_Cooperation_in_Foreign_Aid_Allocat)

Katada (1997) has addressed the possibility of including aid from other donors, the U.S. among the determinants of bilateral aid allocation by the particular donor, Japan. Katada discovered that there was a collaboration effort among the two aid hegemons, the United States and Japan, in Latin America by including ‘U.S. aid’ and ‘U.S. trade’ as independent variables to the dependent Japanese aid variable.<sup>24</sup>

In summary, there is some evidence that another donor affects the aid allocation of a particular donor. However, the aforementioned researches have shortcomings in that they do not consider political competition as a distinct independent variable. They only look at the subsequent events of donor competition, or donor dynamics than the competition itself. Such strategic interaction among donors can be broadly classified into two approaches. The first approach focuses on herding behavior among donors in the recipient countries and the second is on the competition behavior.

### **2.3.1. Herding behavior**

Frot and Satiso (2009) took a very different approach. Borrowing from a methodology often applied to financial markets, they tried to identify herding behavior in aid allocation. By creating an index of their own, they captured this specific herding behavior similar to those in financial markets, excluding the beneficial herding. Basically, they observed the share of donors that increase their aid to a particular recipient in a certain year and assume that in the absence of herding, increases and decreases are randomly distributed. According to their study, aid by other donors serves as a signal for good investment which leads to many donors herding together and thereby reducing the

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[ion](#) (accessed at November 5, 2013).

<sup>24</sup>Saori N, Katada, “Two aid hegemons: Japanese-US interaction and aid allocation to Latin America and the Caribbean,” *World Development* 25 (6) (1997): 931-945.

risk on aid projects.<sup>25</sup>

### 2.3.2 Donor competition

Donor competition is a relatively new concept without a widely established definition. Measurement challenges further complicate the concept muddle. The most discussed case of aid competition between donors is the Soviet Union and the U.S. during the Cold War and between China and Taiwan in more recent days. The U.S. and Soviet Union wanted to strengthen ties with developing countries for a supportive political *consensus*<sup>26</sup> during Cold War. It was a Soviet-U.S. *competition* for *influence* over the rest of the world. James and Imai (1996) defines the term *competition* as “equal, or close, extent of involvement of the two major powers in a developing country”, and *influence* as “getting one's way by having others behave in the way you want them to behave.”<sup>27</sup> Influence at the end connotes *consensus*, “sharing of common values and worldviews by the elites of the major powers and developing countries.”<sup>28</sup> This Soviet-U.S. type of competition framework is useful in conceptualizing key terms such as consensus, or influence that is interchangeably used with “impact”. However, the framework itself is not precisely appropriate for this research because it initially only looks at the effect of competition on the recipient and not at the rival donor’s change in its aid allocation behavior.

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<sup>25</sup> Emmanuel, Frotand Javier Santiso, *Herding in Aid Allocation* (Paris: OECD, 2009), 54-74.

<sup>26</sup> Peggy Ann James and Kunihiro Imai, “Measurement of Competition between Powers: The Cases of the United States and the U.S.S.R.,” *The Journal of Politics*, Vol. 58, No. 4 (1996):1103-1131.

<sup>27</sup> Ibid.

<sup>28</sup> Bruce E. Moon, "Consensus or Compliance? Foreign-policy Change and External Dependence," *International Organization* 39, 2 (1985):297-329.

A dollar auction game by China and Taiwan is also a widely known competitive structure in aid allocation.<sup>29</sup> It is often called checkbook diplomacy because the rivalry between China and Taiwan sparks a bidding war. However, this framework is also not suitable because the offers of aid (some alleged, cash payments) do not escalate on all sides for China, Japan, and Korea. Lastly, herding framework is inapt because we are only comparing three donors, not several. From these competition and herding studies, we can only draw the fact that (i) the competition among donors in their aid allocation behavior prevents coordination of aid activities; (ii) there exists interaction effect between donors, which some authors have alluded as a donor fragmentation, donor competition, or donor herding.

Most of the previous works found a positive relationship in the donor's allocation decisions of other donors. However, as donor's interaction is very hard to measure, there exists no systemic empirical analysis of these issues regarding aid allocation. Authors have utilized the effects of such interaction primarily in terms of actions of the object donors. I will apply Katada's method, not necessarily the exact replicate, but a similar methodology in my research since the reasoning is most closely related to my analysis. The following table summarizes major research on aid allocation.

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<sup>29</sup> Martin Shubik, "The Dollar Auction Game: A Paradox in Noncooperative Behavior and Escalation," *Journal of Conflict Resolution* 15, no.4 (1971):545-47.

**<Table 1>Summary of major studies regarding purposes in aid allocation**

<b>Authors</b>	<b>Category</b>	<b>Variables</b>
Schraeder, Hook ,and Taylor(1998), Berthelemy and Tichit (2002)	Strategic interests - economical - political	Calorie intake, life expectancy, military spending, GNP per capita, trade, Marxist, socialist, capitalist
Lancaster(2007)	Domestic politics	Ideas, political institution, interests, organization of aid
Davis Klasen (2011), Powell and Bobba (2006),Andrea Fuchs, Peter Nunnekamp, HannesOhler (2013),	Donor coordination/ Donor fragmentation	Pair variables (distance, contiguity, language, colony, aid, trend)
Barthel (n.d.)	Spatial distance	Spatial lag
Cutrone (2010)	Donor competition	Economic aid, arms transfers, cooperator's economic aid and arms transfers, competitor's aid, arms transfers
Frot and Satiso (2009)	Herding	Nominal ( 0: if coordination; 1 if fragmented)
Katada (1997)	Two countries relationship	Difference in world market share, overall Japanese central budget, public support to LDP, trade surplus vis-à-vis the U.S., U.S. foreign aid allocation to Latin America

### 3. Research Question

Against this intellectual backdrop, the purpose of my research is to investigate in-depth why the particular donors, China, Japan, and Korea are giving aid predominantly in Africa. Despite the decreasing aid proportion in other regions such as Southeast Asia, it is questionable why these countries are increasing aid in Africa and not just that but why they allocate more money because of the presence and actions of the other donors. My research questions ask: (1) **Why do China, Japan, and Korea provide aid to Africa?** What are the major determinants of the aid pattern in Africa by China, Japan, and Korea? (2) **How have China, Japan, and Korea's presence and action affected each other in their aid giving in Africa?**

## **II. Analytical Framework**

This study uses a comparative empirical analysis of China, Japan, and Korea to find the motivating factors behind their aid policies in Africa. I use an empirical approach that tests for a variety of foreign aid determinants to review the volume and direction of the aid flows of these three donors. Then, multiple case study literature are joined to offer a qualitative analysis of these donors and to support the empirical findings.

### **1. Reactive state thesis**

Academic literature has demonstrated that a donor's aid allocation depends on non-humanitarian, mostly political and economic purposes across different countries, but also on other donors' decisions. In my conceptual framework for analyzing aid's purposes, I will borrow Kent Calder's reactive state<sup>30</sup> framework to argue that a donor's aid policies in Africa are often motivated by its consideration of other donors. Calder first proposed the reactive state thesis to describe Japan's foreign economic policy which reacts to US pressure. Reactive pursuit according to Calder refers to the government's purpose behind aid giving that stems from its *reaction* to external demands. The essential characteristics of the "reactive state" in his analysis are two-fold:

“(i) the state fails to undertake major independent foreign economic policy initiatives when it has the power and national incentives to do so; and (ii) it responds to outside pressures for change, albeit erratically, unsystematically, and often incomplete. The reactive state interpretation merely maintains that the impetus to policy change that is

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<sup>30</sup> Kent Calder, “Japanese Foreign economic policy formation: explaining the reactive state,” *World Politics*, Vol. 40, No.4 (Jul. 1988): 517-54.

typically supplied by outside pressure and that reaction prevails over strategy in the relatively narrow range of cases where the two come into conflict”<sup>31</sup>

This approach emphasizes that as opposed to other states reacting to all occurrences of international events, Japan only implements policy changes from the outside (i.e. *gaiatsu*) (Hook et al. 2005)<sup>32</sup>. Katada(1997), Miyashita(2001) have also contend that despite Japan’s status as a leading foreign aid donor, the U.S. strongly influenced Japan’s aid decision. Hence instead of trying to shape the outcome of international events, Japan prefers to play a passive role. This source of reactivity may derive from the decision makers’ inabilities to influence the politics or lack of will to translate.<sup>33</sup>

I extend this outside pressure to not only include explicit pressure but also implicit pressure.<sup>34</sup> Explicit pressure involves a country specifically requesting another country to alter its policy. For example, DAC recommendations to each donor after the DAC peer review are considered explicit pressure through which DAC shapes other donors’ activities. In addition to explicit peer pressure, other donors wield implicit peer pressure that does not necessarily involve specific request or altering of one’s policy.<sup>35</sup> Instead, the government feeling pressured could voluntarily alter its policy in the form of competition, or in consensus. For example, Robert Orr (1990) agrees with Calder on Japan’s reactive nature but he observes that Japan’s ‘compliance’ to U.S. requests is not a product of U.S. pressure but a ‘consensus’ with advantages for both sides.<sup>36</sup> In this study,

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<sup>31</sup> Ibid.

<sup>32</sup> Hugo Dobson, Julie Gilson, Glenn D. Hook, Christopher W. Hughes, *Japan's international relations: politics, economics and security*. 2nd ed. (London: Routledge, 2005), 76.

<sup>33</sup> Akitoshi Miyashita, “*Gaiatsu* and Japan’s Foreign Aid: Rethinking the Reactive-Proactive Debate,” *International Studies Quarterly*, 43(4) (1999): 695-732.

<sup>34</sup> Hisahiro Kondoh, Takaaki Kobayashi, Hiroaki Shiga and Jin Sato, *Diversity and Transformation of Aid Patterns in Asia’s Emerging Donors* Jica-RI Working Paper No.21 2010, 12.

<sup>35</sup> Ibid.

<sup>36</sup> Robert Orr, *The emergence of Japan's foreign aid power* (New York: Columbia University Press, 1990), 117.

I do not focus on the consequence of pressure but rather on the dynamics of such pressures.

In contrast to reactive, “proactive pursuit” refers to the government’s motivation to provide aid that comes from its desire to pursue national interests and policy objectives, which are not based on foreign pressure. Dennis T. Yasutomo 1995 study (cited in Raposo 2013) describes proactive research to be based on a country’s own agenda and strategy.<sup>37</sup> In this view, a country implements active foreign policy that would serve its national interests. Proactive pursuit in the African region may take various forms, but in this study, the focus will be centered on strategic- political and economic interests.

Although Calder’s reactive state thesis only applies to Japan, in this research I will use the characteristics of reactivity as an analytical framework for China, Japan, and Korea. I do not intend to argue that all these countries are reactive in all dimensions nor premise that all the foreign aid policy changes occur only as result of pressures. I will specifically focus on a donor’s reactions to other donors that falls under the category of reactive nature. As much as interests are very important determinants of aid allocation, my thesis concentrates on the reactive part of the government that considers the donor’s presence in the region to be a critical aspect of its foreign aid allocation.

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<sup>37</sup> Pedro Amakasu Raposo, *Japan's Foreign Aid to Africa: Angola and Mozambique within the TICAD Process* (Routledge Contemporary Japan Series: 2013), 18.

## 2. Hypotheses

Before presenting my hypotheses, I will introduce a comparative overview of each country's aid in Africa. The historical pattern and salient features of each country are examined prior to developing the hypotheses.

### 2.1 Overview of China's aid in Africa

Political reasons after the Second World War have been the dominant factors shaping China's aid allocations to Africa. In the 1950s, Chinese aid allocation was dominated by political and ideological considerations. China employed foreign aid as a means to enhance its relations with the countries and to build communist countries, helping them to achieve self-reliance before and after the war. Secondly, it used aid to help African countries fight western influence and to gain diplomatic recognition from them, to recognize Beijing as "China" instead of Taipei. For example, Premier Zhou Enlai pledged to offer assistance to countries like Algeria, Morocco, and Tunisia to fight for self-determination and independence in 1955 and to Egypt in 1956.<sup>38</sup> In 1963, China visited 10 countries in Africa to show support for their anti-colonial movements and to enhance friendly relations. The new countries of Africa and the non-aligned countries became important to Chinese diplomacy as the country had to balance between Washington and Moscow in a bipolar world.<sup>39</sup> By 1977, China's foreign aid reached 36 countries in Africa.

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<sup>38</sup>Shino Watanabe, "China's foreign aid" in *Foreign Aid Competition in Northeast Asia*, edited by Hyo-sook Kim and David M. Potter (Virginia: Kumarian Press, 2012), 61.

<sup>39</sup> Deborah Brautigam, *The Dragon's gift the real story of China in Africa* (Oxford: Oxford University Press, 2009), 33.

A series of changes were made in Chinese aid type and its features after the opening up policy in China. The aid was no longer considered a vehicle through which their political and democratic considerations were employed. Rather, it was used to implement its commitment to the guidelines announced by the State Council in 1980. The guidelines confirm that Chinese motivations in Africa are—to show support for revolution, establish diplomatic relations, and to support China’s bid for admission to the United Nations<sup>40</sup>, which are still the backbone of today’s China’s aid structure. Accordingly, China restructured its aid program to reflect its economic statecraft to receive benefits from business and exports expansion as equal economic partners.

From the 1990s, Chinese foreign aid was used to expand Chinese businesses, like joint ventures. The 1995 reform marked the most dramatic formal change in China’s aid program. The mandate down to the Ministry of Commerce from China’s State council was: combine aid to Africa, mutually cooperate, and trade together.<sup>41</sup> As a result, most of the grant aid was switched to concessionary aid loans, many resource-credit swaps were arranged, and the China Export and Import bank (Exim bank) to deal with only loans was established. These zero-interest loans are tied to the use of Chinese companies, goods, and people still today.

In summary, the purposes behind Chinese aid in Africa (1950s to 2000) have evolved over time, drawing on the long diplomatic relationships and the linkages that were developed since the 15<sup>th</sup> century between Chinese Communist Party (CCP) and African leaders. China’s need for ideological alliance, exports markets and raw materials after the Cold War led to extensive use of aid for its strategic purposes. Indeed, China emphasizes

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<sup>40</sup> Ministry of Foreign Affairs of China, “Premier Zhou Enlai's three Tours of Asian and African countries.” [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18001.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18001.shtml). (accessed at December 2013).

<sup>41</sup>Deborah Brautigam, *The Dragon's gift the real story of China in Africa*, 80.

this persistence of historical relationships, which continue to underpin its foreign aid policy today. Despite receiving criticism as the ‘rogue donor’ plundering new resources, China gives assurance to African leaders that it will retain as its “equal” fellows.

Although China’s aid in the past has been used to counter the influence of the West, in particular, the Soviet Union, I predict that in a multipolar world with less focus on ideological differences, China will not be reactive to other donors’ increases or decreases. Instead, given that political and economic interests remained the chief motivation behind China’s aid over the fifty years, they will continue to shape China’s aid pattern. Axel Dreher and Andreas Fuchs(2011) had also analyzed the determinants of China’s aid allocation covering 1956-2006 periods and found that while there was no substantial evidence on aid allocation based on natural endowments, in particular oil; the commercial motives significantly correlated.<sup>42</sup> This leads to the following hypotheses:

***Hypothesis 1: China gives more aid to African countries that are strategically important.***

*Hypothesis 1-1: China’s aid in Africa is unlikely to be affected by an increase of aid from either Japan or Korea.*

Here, the term “strategically important” refers to the countries with specific economic, political, and strategic importance altogether.

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<sup>42</sup>Axel Dreher, Andreas Fuchs, *Rogue aid? The Determinants of China’s Aid Allocation* (Munich, Germany: Univ. Center for Economic Studies & Institute for Economic Research, 2011).

## **2.2 Overview of Japan's aid in Africa**

Initially, Japan's foreign aid dates back to the 1950s when it gave war reparations to Asian neighbors. Afterwards, in 1960, it was admitted to the newly created OECD and in doing so became the only Asian country to become an aid donor. Before the Cold War, the principal interests to provide foreign aid to Africa were commercial and diplomatic. Commercial interests were represented by MITI (Ministry of International Economy, Trade and Industry), one of the most powerful ministries and in charge of aid process in Japan at that time. Japan approached aid in a form of government and private sector collaboration in order to attain greater economic benefits for Japanese businesses. After a few years, Japan established a reparation department in the Ministry of Foreign Affairs (MOFA), and expanded its aid modality to grant aid. Concomitant with the establishment of the Japan International Cooperation Agency (JICA) in 1974, an aid system was institutionalized.

With MITI's reduced role in aid decisions alongside the entrenching of reform in 2003 and serious rethinking about the motivations of the aid giving, MOFA became the most important ministry shaping Japan's aid. MOFA used aid as the main conduit to manage their relationship with the United States diplomatically and directly with the countries of strategic importance to Japan. For example, Japan phased out its loan aid from China and completely terminated in 2008 for diplomatic reasons. Also, Japan used aid to promote democratization, human rights, and nuclear nonproliferation that directly support its political interest.

“Despite some self-interested nuances, Japanese foreign-aid policies have appeared to be reactive to foreign pressure as well as broadly supportive of U.S. strategic purposes

in the global political economy.”<sup>43</sup> For example, Japan undertook the reparations policies in the 1950s at the behest of the United States, to South Asian, Middle Eastern, and Latin American nations that are strategically important countries to the United States, complementing America's own security assistance.<sup>44</sup> In the 1980s, when the international community demanded Japan assume a bigger role in providing more aid, Japan accepted and increased its aid to Southeast Asian countries. Also, during the Cold War era, “Japan tried to avoid competing directly with the interests of former colonial powers. Its aid policies tend to follow those of leading donors, such as the United States and Britain.”<sup>45</sup>

Likewise, Japan’s reactive pursuit was usually seen in relation to the United States. It is argued that especially in Latin America, the Japan and the U.S.’s bilateral relationship is more noticeably functioning in a complementary way (Katada 1997). The U.S. put a strong pressure upon Japan to increase aid in a certain region or certain period. This reactivity to the U.S. will not be further explored in this study because it is not within the scope of my research.

Now that the era of using aid as a means to win support in bipolarity comes to an end, the academia and media ostensibly portray China as a new competing pressure on Japan. The ongoing media-hyped announcements about the increase of ODA by respective countries suggest that Japan might be reactive to China’s recent increase of aid in Africa. The high flurry of media addresses the possibility of Japanese reactivity to China’s rise in Africa.

A consistent discovery from previous research is that Japan’s aid policies reflect both

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<sup>43</sup> Kent Calder, “Japanese Foreign economic policy formation: explaining the reactive state,” *World Politics*, Vol. 40, No.4 (Jul, 1988): 523.

<sup>44</sup> Ibid.

<sup>45</sup>Raposo, Kim, Potter, “Aid to Africa from Japan, Korea, and China: ideology, economic interests, and poverty reduction,” in *Foreign Aid Competition in Northeast Asia*, edited by Hyo-sook Kim and David M. Potter, 135.

its interests and other donors. In the past, Japan had employed its foreign aid policy as an instrument to boost its economic growth through exports (Schrader, Hook, and Taylor, 1998).<sup>46</sup> Today, high positive and significant correlation between Japan's aid level and low GDP per capita shows mounting humanitarian concerns into Japan's aid (N. S. Cooray and Md. Shahiduzzaman 2004).<sup>47</sup> At the same time, some research connects these increasing humanitarian concerns with outside pressure (Katada, 1997; Tuman, Strand, Emmert 2009).<sup>48</sup> Therefore, I can predict that Japan's aid policy in the period of 2000 to 2012 is a mix of proactive and reactive pursuit, simultaneously self-seeking and responsive to outside pressure.

***Hypothesis 2: Japan gives more aid to African countries that are strategically important.***

*Hypothesis 2-1: Japan's aid in Africa is likely to be affected by an increase of China's aid.*

*Hypothesis 2-2: Japan's aid in Africa is unlikely to be affected by an increase of Korea's aid.*

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<sup>46</sup>P. J., Schraeder, S. W. Hook and B. Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows," *World Politics* 50(2)(1998): 298, 300.

<sup>47</sup>N. S. Cooray and Md. Shahiduzzaman, *Determinants of Japanese aid allocation: An econometric analysis* IUJ Research Institute Working Paper International Development Series, 2004.

<sup>48</sup>John P. Tuman, Jonathan R. Strand, and Craig F. Emmert, "The Disbursement Pattern of Japanese Foreign Aid: A Reappraisal," *Journal of East Asian Studies* 9 (2009):222.

### 2.3 Overview of Korea's aid in Africa

Korea has implemented its aid since the early 1960s mainly in order to establish an alliance with countries that would recognize the South as the only legitimate government and to secure predominance over its ideological enemy at that time, North Korea. For that reason, fairly large portions of aid were given to African countries, about 37.5% in the 1980s. However, as the Cold War ended, diplomatic and political concerns dwindled and South Korea veered its focus onto commercial interests. Since then, the core recipient countries for Korean aid were Asian countries that had greater potential as economic partners compared to small scale African regions. Asia has been the most targeted area for Korean aid for many years, whose priority is reaffirmed in many major policy papers.

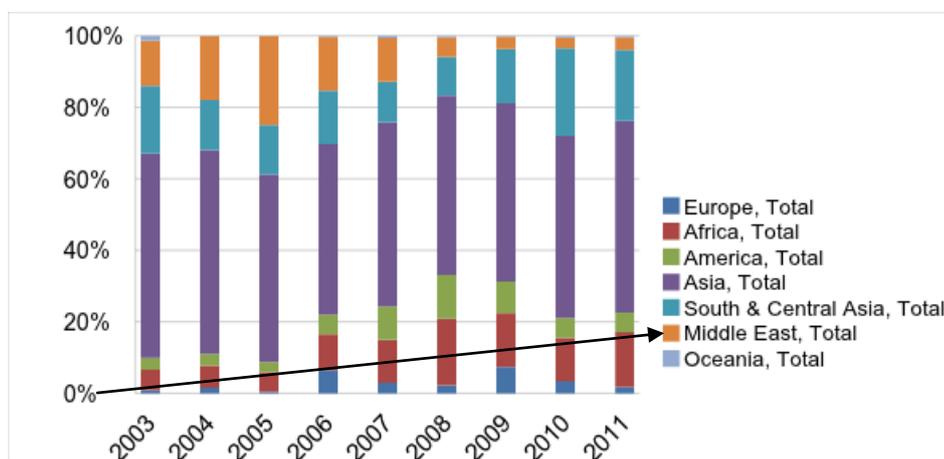
However, in 2000, Korea aid changed with its shift towards Africa again. In 2003, President Roh Moo-hyun introduced a foreign policy consisting of a balanced and pragmatic diplomacy, diversified diplomacy in the international arena, advanced diplomacy and in following years visited African countries to announce the increase of Korea's aid to Africa.<sup>49</sup> Afterwards, Korea's Initiative for Africa Development (KIAD), a regional framework was organized. Since then, Korea pursued a pragmatic economic diplomacy in Africa to secure its energy and natural resources and to diversify export markets as promoted by President Roh. While, aid to Asia decreased from over 80% to around 52.2% in 2008, aid to Africa jumped to 19.3% in 2011 from the 0.8% in 2001.<sup>50</sup> The following figure shows the increasing proportion of aid to Africa in the case of Korea. An important fact to note is that as aid proportions to Africa increase, there are decreasing aid volumes to Southeast Asia from these Northeast Asian donors.

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<sup>49</sup>Hyo-sook Kim, "Korean foreign aid and foreign policy: dynamism of aid to Africa and its objectives," *Gukjekaebal Hyeopreok Yeongu* Vol.5 No.2 (2013): 15.

<sup>50</sup> *Ibid.*,

<Figure3> Regional areas of Korea's ODA distribution, 2003-2011<sup>51</sup>



In 2008, Korea systemized aid practices and reforms, to be admitted to the DAC in 2010. One of the initiatives is Vision 2030, formulated in 2006, which specifies that the volume of aid be expanded to incorporate Millennium Development Goals (MDGs). In line with this, the Economic Development Co-operation Fund (EDCF) that is in charge of loan aid incorporated the concept of poverty reduction, health and environment sectors to align more with development-oriented MDGs. In recent years, Korean try to increase its commitment to MDGS, ensuring harmonization and improving aid effectiveness, expanding aid volume, and systemizing aid practices.<sup>52</sup> Foreign aid has not been a very big part of Korea foreign policy throughout history but we can observe that in a broad sense, it was used for diplomatic purposes until the 1970s and shifted to commercial purposes in the 1980s. Recently, the aid incorporates universal values and recipient demands into its aid policy.

<sup>51</sup> Retrieved from <http://stats.oecd.org/> (accessed October, 2013).

<sup>52</sup>Jin Sato, Yasutami Shimomura, *The Rise of Development Donors in Asia* (Hoboken: Taylor and Francis, 2013), 141.

A relatively new donor, Korea only has a few studies that analyze its aid management and policy. Kim et al.<sup>53</sup> found that South Korea's ODA policy may have a dual-track structure. Based on the data on recipients' income levels, the relationship between per capita income of the recipient country and ODA allocation was negative only for the middle-income or lower-middle-income group recipients and positive for the rest.

Kim Hyo Sook (2013) reaffirms that Korea's ODA has dual track objectives of poverty reduction and economic interests in Africa of which are outlined in the Framework Act On International Development Cooperation.<sup>54</sup> In order to join DAC membership, Korea had to contribute to MDG by increasing aid to poor countries. The second reason for the increase of aid is the positive changes noticed in Africa with its potential market.

Koo et al. (2011) analyzed the determinants for Korean aid allocation through empirical analysis. The finding states that while Korea's FDI seems to be significantly correlated with aid disbursements and their military relationship, the U.S. alliance did not have the same significance. Interestingly, as the total global ODA increased, Korea increased accordingly, which might signify that it is not a matter of competition for South Korea, but a matter of following the "trend" in Africa.<sup>55</sup>

South Korea formulated and transformed its aid pattern reflecting different interests at the time. At the same time, it was influenced by other donors as well in its strategy. For example, Lee and Chun (2010) argue that Korea's aid in Africa is a reaction

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<sup>53</sup> E. M. Kim and J. Oh, "Determinants of foreign aid: the case of South Korea," *Journal of East Asian Studies* 12(2) (2012): 251-273.

<sup>54</sup> Hyo-sook Kim, "Korean Foreign Aid and Foreign policy: Dynamism of Aid to Africa and its Objectives," 17.

<sup>55</sup> J.-W. Koo, and D.-W. Kim, "World Society and Official Development Assistance: Explaining Determinants of Korean ODA, 1989-2007," *Korean Journal of Sociology* 45(1) (2011): 153-190.

to the increase of China and Japan's presence in Africa.<sup>56</sup> China's growing ability to access to energy and natural resources in Africa especially accelerates the increase of Korean aid. Korea's lack of natural resources and recent attempts to sign a mutual agreement on a resource package deal further support this argument. Park et al. (2008) argues that Korea follows after Japan evidenced by many similarities the two countries share in terms of aid fund allocations by type, region, income, and sector.<sup>57</sup>

Previous studies have shown the dichotomy of Korea's two approaches: proactive in conducting aid that is tied to its commercial interests and reactive in adapting to other donors time to time. This leads to the following predictions.

***Hypothesis 3: Korea gives more aid to African countries that are strategically important.***

*Hypothesis 3-1: Korea's aid in Africa is likely to be affected by an increase of China's aid in Africa.*

*Hypothesis 3-2: Korea's aid in Africa is likely to be affected by an increase of Japan's aid in Africa.*

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<sup>56</sup> Hong-min Chun, Eljiah N. Munyi, and Heejin Lee, "South Korea as an emerging donor: challenges and changes on its entering OECD/DAC," *Journal of International development*22 (2010):796.

<sup>57</sup>Bokeyong Park and Hongsik Lee, *Does Korea follow after Japan? Relationship between aid and foreign investment* Working paper series Vol.2008-08 The International center for the study of East Asia Development, 2008.

### **3. Methodology**

#### **3.1 Model design**

We cannot ascertain the purposes of aid giving due to lack of definitive metrics for judging purposes and the nature of purposes that tend to be often intertwined to one another. Therefore one must take a holistic approach in uncovering aid's purposes, using a variety of indicators and measurement. Quantitative exercises that produce correlation between the aid flows to particular countries and other strategic variables are a first step to understanding aid's purposes. Since measurement and methodology in econometric studies of aid-giving can be inadequate, I will also look at specific case studies to offer a comprehensive analysis of foreign aid allocation behavior in Africa. The countries' official statements and government documents are also used to find valuable clues as to discover their aid-giving purposes.

In order to analyze the determining factors of Chinese, Japanese, Korean aid flows to Africa from 2000 to 2012 and the influence of each other on the donor's decisions, I primarily use quantitative study to look at statistical relationships between aid level and other donor. Following this macro level analysis, I look within specific countries, using qualitative case study methods to better understand the dynamics of donor impact.

As for the model, a panel data estimation-OLS regression-is used, and the dataset covers annual bilateral ODA flows from China, Japan, and Korea to 50 recipient countries to Africa. The time frame for this study, 2000 to 2012, is designated because the purpose of this research is i) to see the recent trend and ii) the Chinese data is only available from 2000.

I will confirm their proactive pursuit first. However, I will focus my study on the interaction effects, the reactivity, between donors. Therefore, this study adopts Katada (1997) model, which brings donor interest, recipient need, and another donor's strategic interest variable in to one model. I will argue through significant correlation among the donors' aid that there is a direction of influence from a particular donor in aid allocation which can be classified as "reactive".

### **3.2 Data, Variables, and Methods**

To test my hypotheses, I used time-series panel data. In line with previous literature on aid allocation, I include a set of possible determinants as explanatory variables. The basic model is as follows:

(1)China

$$\text{LN\_CHINA}(t) = \beta_1 + \beta_2 \text{LN\_GDP}(t-1) + \beta_3 \text{LN\_POP}(t-1) + \beta_4 \text{LN\_LIFE}(t-1) + \beta_5 \text{MILITARY\_SPENDING}(t-1) + \beta_6 \text{LN\_DOTS\_CHINA\_EX}(t-1) + \beta_7 \text{LN\_DOTS\_CHINA\_IM}(t-1) + \beta_8 \text{LN\_NATURAL}(t-1) + \beta_9 \text{LN\_CRUDE}(t-1) + \beta_{10} \text{LN\_JAPAN}(t-1) + e$$

(2)Japan

$$\text{LN\_JAPAN}(t) = \beta_1 + \beta_2 \text{LN\_GDP}(t-1) + \beta_3 \text{LN\_POP}(t-1) + \beta_4 \text{LN\_LIFE}(t-1) + \beta_5 \text{MILITARY\_SPENDING}(t-1) + \beta_6 \text{LN\_JAP\_EX}(t-1) + \beta_7 \text{LN\_JAP\_IM}(t-1) + \beta_8 \text{LN\_NATURAL}(t-1) + \beta_9 \text{LN\_CRUDE}(t-1) + \beta_{10} \text{LN\_CHINA}(t-1) + e$$

$$\text{LN\_JAPAN}(t) = \beta_1 + \beta_2 \text{LN\_GDP}(t-1) + \beta_3 \text{LN\_POP}(t-1) + \beta_4 \text{LN\_LIFE}(t-1) + \beta_5 \text{MILITARY\_SPENDING}(t-1) + \beta_6 \text{LN\_JAP\_EX}(t-1) + \beta_7 \text{LN\_JAP\_IM}(t-1) + \beta_8 \text{LN\_CHINA}(t-1) + \beta_9 \text{UN\_VOTES\_JAP}(t-1) + \beta_{10} \text{UN\_VOTES\_CHINA}(t-1) + \beta_{11} \text{LN\_DOTS\_CHINA\_EXP}(t-1) + \beta_{12} \text{LN\_DOTS\_CHINA\_IM}(t-1) + e$$

(3)Korea

$$\text{LN\_KOREA}(t) = \beta_1 + \beta_2 \text{LN\_GDP}(t-1) + \beta_3 \text{LN\_POP}(t-1) + \beta_4 \text{LN\_LIFE}(t-1) + \beta_5 \text{MILITARY\_SPENDING}(t-1) + \beta_6 \text{LN\_DOTS\_KOREA\_EX}(t-1) + \beta_7 \text{LN\_DOTS\_KOREA\_IM}(t-1) + \beta_8 \text{LN\_NATURAL}(t-1) + \beta_9 \text{LN\_CRUDE}(t-1) + \beta_{10} \text{LN\_JAPAN}(t-1) + e$$

The dependent variable used in this study is net Chinese<sup>58</sup>, Japanese, and Korean ODA to each recipient African country for each year. The analysis focuses on 50 African countries for the period of 2000 to 2012. The data for net ODA were obtained from Aid data in the case of China and the OECD CRS for Japan and Korea.

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<sup>58</sup>To understand the allocation pattern and consequences of Chinese development aid and I used comprehensive dataset of Chinese development finance flows to Africa from 2000-2011 systematized by a web-based, open source methodology for collecting project-level development finance information

Since the hypotheses presented here speak to the expected reaction of donors' level of aid rather than to rates of change, the variables here reflect levels rather than changes. All models are OLSs with robust standard errors. The unit of analysis is the recipients' three-year period. Each variable was averaged across three year periods and then aid values were logged. In order to do this, the negative aid values and the zeroes were considered missing. There were few to make an impact. Logging and using three-year periods were used to noise in the Aid data that has huge dips and spikes. Each independent variable is lagged a year to avoid simultaneity problems.

I employ three variables to tap the effects of recipient characteristics on the donor's aid disbursements. Designed to measure the level of need in the recipient country, the first independent variable is the country's GDP per capita (in constant 2005), lagged one year. GDP per capita tests whether the aid goes to poor countries. The idealist perspective argues the countries use foreign economic policy to address humanitarian concerns and international cooperation (Kegley2008)<sup>59</sup>. The second is life expectancy and population. I control for logged population of recipient countries in order to control for the size of recipient country.

Next I use two variables to analyze the role of national commercial interest into aid program. The first is exports and imports data taken from the IMF Direction of trade statistics. This variable intends to capture the argument that foreign aid is often tied to economic ties with the recipient. In addition, I included a variable for oil reserves and natural gas reserves drawn from Statistical Review of World Energy 2013 to test if the aid is used to secure the donor's access to natural resources.

Regarding politics, the literatures have suggested that a recipient country's voting behavior in the United Nations General Assembly (UNGA) as a proxy for donor's

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<sup>59</sup> Charles Kegley, *World Politics. Trend and transformation* (CA: Cengage learning, 2008).

political self-interests. Previous empirical studies have shown that developing countries get more aid from donors when they have closer political ties with the donor (Alesina and Dollar 2000).

I define political ties as the correlation between the voting pattern of the recipient and donor countries in the UN General Assembly (UNGA). The Affinity index captures similarity of state voting positions in the UNGA. The index varies from -1 to 1, with -1 having least similar voting record and 1 having most similar voting record. The Affinity used here is calculated as  $1 - 2(d)/D_{max}$ , where  $d$  is the sum of metric distances between votes by dyad members in a given year and  $D_{max}$  is the largest possible matrix distance for those votes from 2 category UNGA vote data.” The UNGA voting records used in calculating the Affinity come from Voeten and Merdzanovic (N.d.)<sup>60</sup>. The dataset contains the Affinity between the China, Japan, and Korea and all aid receiving countries. Since Japan is trying to secure seat as Permanent member, this can be a valid measure to capture their differing political interest.

In the case of Korea and Japan relationship, military spending of a country is used to tap the strategic interests. That is because UN votes do not mean the same for Korea as it does to China and Japan. It is widely believed that recipient’s strategic importance to the donor country can be operationalized by military spending as a percentage of the GNP of the recipient country. The measure reflects “the assumption that donors interested in promoting their security would favor recipients that maintain relatively large military establishments in terms of overall financial resources and

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<sup>60</sup> Erik, Voeten and Adis, Merdzanovic, “United Nations General Assembly Voting Data.” Washington, DC: Georgetown College. 2009, Hdl:1902.1/12379 UNF:3:Jpf6qOkDdzzvXF9m66yLTg==. (accessed at September 18, 2013).

therefore would be able to act as surrogates for the donor within their specific region”.<sup>61</sup> I will now look at the interaction among countries by adding a new variable. I measure “reactivity” in two schemes. The first method is by looking at the correlation between two donors’ aid level. When one donor increases the year before, the other donor increases the following year. Donors allocate more money in this scenario because of the presence and behaviors of other donors, not just because of recipient characteristics. Other factors such as trade, resources, are controlled to capture the reactivity. This same regression is run on respective countries, United States, United Kingdom, France, and Germany.

The second method captures reactivity in more indirect way, which is by including the other donor’s country’s political and economic importance for Japan. Assuming that China assists countries that it perceives as important and that the Japanese government responds to Chinese political and economic considerations, the amount of its aid to African recipients should affect Japanese aid flows. Detailed summary of the variables used is as follows:

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<sup>61</sup>P. J., Schraeder, S. W. Hook and B. Taylor, “Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows,” *World Politics* 50(2) (1998): 294-323.

**<Table 2 >Detailed summary of the variables used**

<b>Motive</b>	<b>Variable</b>	<b>Code</b>	<b>Definition</b>	<b>Source</b>
Dependent variable	China, Japan, Korea	LN_CHINA LN_JAPAN LN_KOREA_ODA	Annual bilateral disbursements to recipient country	OECD
Recipient characteristics	GDP/capita	LN_GDP	GDP per capita of recipient country	World Development Indicators, World Bank
	Life expectancy	LN_LIFE	Life Expectancy of recipient country	World Development Indicators, World Bank
	Population	LN_POP	Population of recipient country	World Development Indicators, World Bank
Strategic Interest	Military spending	MILITARY_SPENDING	Military spending as a percentage of GNP of the recipient country	SIPRI Military Expenditure Database
Economic Interest	Exports	LN_DOTS_CHINA_EXP LN_JAP_EXP LN_DOTS_KOREA_EXP	Bilateral exports to recipient country	IMF Direction of Trade Statistics
	Imports	LN_DOTS_CHINA_IMP LN_JAP_IMP LN_DOTS_KOREA_IMP	Bilateral imports to recipient country	IMF Direction of Trade Statistics
	Crude oil	LN_CRUDE	Proved reserves of crude oil	Statistical Review of World Energy
	Natural Gas	LN_NATURAL	Proved reserves	Statistical

			of natural gas in recipient country	Review of World Energy
Another donor's aid	US, UK, France, Germany, Korea	LN_US, LN_UK, LN_FRANCE, LN_GERMANY	Aggregate ODA disbursements by donors	OECD
Another donor's economical interest	Exports	LN_CHINA_EXP LN_CHINA_IMP	Exports and imports by China	IMF Direction of Trade Statistics
	Imports			
Another donor's political interest	Japan's UN voting pattern	UN_Votes_JAP	Correspondence between Un voting pattern of Japan and recipient country	Voeten and Merdzanovic (2009) "United Nations General Assembly Voting Data."
	China's UN voting pattern	UN_Votes_CHINA	Correspondence between Un voting pattern of China and recipient country	Voeten and Merdzanovic (2009) "United Nations General Assembly Voting Data."

### III. China, Japan and Korea aid to Africa (2000-2012)

#### Analysis

Before running regression, a correlativity test<sup>62</sup> is checked among the independent variables because there may be potential collinearity problems in the analysis. As indicated below in <Table 3>, there is no severe collinearity problem.

<Table 3> Correlation Matrix of the Variables

Correlatio	LN_GDP_2	LN_LIFE_2	LN_POP2	MILITARY_	LN_JAPAN	LN_JAP_EX	LN_JAP_IM	LN_NATUF
LN_GDP_2	1							
LN_LIFE_2	0.238069	1						
LN_POP2	-0.5143	-0.23012	1					
MILITARY_	0.272439	0.020404	-0.11115	1				
LN_JAPAN	-0.47696	-0.02636	0.624448	0.011175	1			
LN_JAP_EX	0.27292	0.01112	0.59552	0.029347	0.329725	1		
LN_JAP_IM	0.404602	-0.01423	0.309124	0.256915	0.131581	0.727461	1	
LN_NATUF	0.026549	-0.11083	0.246225	0.068733	-0.00517	0.183999	0.171988	1

The estimation of the relationship of donor's aid with other determinants is reported in the following tables. For reference, \*\*\* denotes significance at 1% level, \*\* at 5% level and \* at 10% level. Numbers in the parentheses are t-statistics.

#### 1. China

I examine the determinants of Chinese aid and see whether other countries including Japan and China have any significant influence on Chinese aid giving behavior.

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<sup>62</sup> The same correlativity test is run on China and Japan as well. The independent variables are the same and therefore no severe collinearity problem was found as well.

<Table 4> Estimated model: the case of African countries \*Dependent variable: China Aid

Motives	Explanatory Variables	1	2	3	4	5	6
Recipient characteristics	LN_GDP(-1)	<b>-1.134**</b> (-2.31)	<b>-0.782**</b> (-2.39)	<b>-0.968***</b> (-3.49)	<b>-0.940***</b> (-3.60)	<b>-1.125***</b> (-4.09)	<b>-1.050***</b> (-4.14)
	LN_LIFE(-1)	2.777** (2.26)	-0.043 (-0.04)	-0.101 (-0.10)	0.093 (0.096)	0.449 (0.4)	1.328 (1.23)
	LN_POP(-1)	-0.271 (-0.7)	-0.217 (-0.70)	-0.062 (-0.25)	-0.160 (-0.72)	-0.016 (-0.06)	-0.291 (-1.12)
China's Strategic Interest	MILITARY_SPENDING (-1)	-0.319 (-1.93)	<b>-0.376**</b> (-2.71)	<b>-0.391***</b> (-2.84)	<b>-0.466***</b> (-3.76)	<b>-0.363**</b> (-2.51)	-0.581 (-4.13)
China's Economic Interests	LN_DOTS_CHINA_EX P(-1)	-0.390 (-1.57)	-0.123 (-0.71)	-0.237 (-1.32)	-0.428** (-2.24)	-0.200 (-1.14)	-0.218 (-1.10)
	LN_DOTS_CHINA_IMP (-1)	<b>0.704***</b> (3.98)	<b>0.559***</b> (3.12)	<b>0.649***</b> (4.44)	<b>0.613***</b> (3.87)	<b>0.629***</b> (4.10)	<b>0.693***</b> (4.44)
	LN_NATURAL(-1)	0.306 (1.84)	<b>0.508***</b> (4.05)	<b>0.494***</b> (3.89)	<b>0.429***</b> (3.62)	<b>0.429***</b> (3.39)	<b>0.446***</b> (3.65)
	LN_CRUDE(-1)	-0.047 (-0.38)	<b>-0.214**</b> (-2.26)	<b>-0.195**</b> (-2.01)	-0.135 (-1.31)	-0.122 (-1.2)	<b>-0.226**</b> (-2.17)
Another donor's aid	LN_US(-1)	0.285 (1.61)					
	LN_UK(-1)		0.023 (0.12)				
	LN_JAPAN(-1)			-0.134 (-0.91)			
	LN_FRANCE(-1)				-0.168 (-1.28)		
	LN_GERMANY(-1)					-0.035 (-0.12)	
	LN_KOREA(-1)						0.156 (1.18)
Intercept	C	<b>-1.134**</b> (-2.31)	<b>-0.782**</b> (-2.39)	<b>-0.968***</b> (-3.49)	<b>-0.940***</b> (-3.60)	<b>-1.125***</b> (-4.09)	<b>-1.050***</b> (-4.14)
Number of observations		89	115	119	123	119	104
R2		0.423	0.315	0.404	0.437	0.423	0.439

## 1.1 Empirical Results

The results confirm that China is significantly correlated with GDP, military spending, natural gas, and imports while it is not significantly correlated with other donor's aid in the region.

With respect to poverty and development, I find that recipient need is important for China's allocation of aid. Chinese aid increases to the countries with lower GDP, which means that money goes to poorer countries. Regarding population size, there is no significant effect on the Chinese aid. Concerning strategic motivations, Chinese aid allocation is negatively correlated with military spending.

Facilitating imports to China especially that of natural resources is seen as the central aim of Chinese aid. In line with the previous literature and the hypothesis I had predicted, the commercial motives are very important for China's aid allocation. I find a significant impact of recipient country's imports and natural gas. However, in the case of oil, the expectation that China is a resource hungry donor, granting money only to oil-rich countries is not supported. Crude oil is either insignificant or significant and negative. The reason is due to Middle East countries, which are the most oil-importing countries for China. In the case of natural gas, China was traditionally a net gas exporter, but became a net natural gas importer recently in 2000s. This explains the dramatic increase of natural gas in tandem with rapidly developing pipeline and gas processing infrastructure.<sup>63</sup>

In order to see whether other DAC donors including Japan and Korea had an impact in Chinese aid allocation, I added the country variables. The results show that no significant correlation was found between China and other donors. I added other donor

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<sup>63</sup>U.S. Energy Information Administration - EIA - Independent Statistics and Analysis. "China." <http://www.eia.gov/countries/cab.cfm?fips=ch> (accessed July 20, 2014).

variable as well, the major DAC donors: U.S., U.K., France, and Germany. China is still not correlated with them. It supports the hypotheses that China clearly does not take account of other donor's presence or action when deciding on its allocation of aid. In none of the regressions does the coefficient of any country variables turn out to be significant.

## 1.2 Analysis

Using the data, I tested whether, and to what extent, Chinese aid was driven by political and commercial motivations, and the presence of other donors. As I had expected, commercial motives seem to be very relevant for China's allocation of aid whereas other donors' presence was not as important for China. In order to understand why China is not reactive to any country, it is important to look at the different and distinct features of China.

First, in terms of governance, the basic outline of the Chinese government is the State Council (China's cabinet, headed by the Chinese premier and vice-premiers) overseeing the entire aid process.<sup>64</sup> Unlike other governments, the Chinese aid system is mainly run by the Ministry of Commerce and complemented by the Ministry of Foreign Affairs and China Exim bank. The Ministry of Commerce is principally responsible for the formulation of foreign aid policy, regulations, overall planning and annual plans, the review and approval of various kinds of aid projects, and the whole process and management of project delivery. The Ministry of Foreign Affairs drafts the annual plan for aid with the Department for Aid in the Ministry of Commerce but it is a well-known fact that the Ministry of Commerce chiefly controls the aid giving process in China and

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<sup>64</sup> Deborah Brautigam, *The Dragon's Gift: the real story of China in Africa*, 107.

the Ministry of Foreign affairs has relatively little political clout. This differs from other donors that are usually run by both the Ministry of Commerce and Ministry of Foreign Affairs or the Ministry of Foreign Affairs alone. The Ministry of Commerce as the implementing agency of the provision of aid clearly indicates that there should be an overriding importance of commercial motives. Within the Ministry of Commerce, the Department of Aid to Foreign Countries (CAFC) and three other institutions exist to support the management, namely the Executive Bureau of International Economic Cooperation (EBIEC), China International Center for Economic Cooperation (EBIEC), China International Center for Economic & technical Exchange, and the Training Center of the Ministry of Commerce.<sup>65</sup>

Another big difference between Chinese aid management and traditional western donors is the existence of a foreign aid implementing agency. China has not set up a foreign aid assistance agency in the recipient country. The Overseas Economic and Commercial Office of the Ministry of Commerce is responsible for the coordination and management in the recipient country,<sup>66</sup> which suggests a fragmented yet functional administrative system.

Secondly, Chinese principles are quite different from those of other donors. The first principle that China has stressed over for some time is “equality”. This is also reiterated in the “eight principles of Mali” declared in 1964 and the four principles of Chinese economic cooperation declared in 1983. China is reluctant to officially use a term such as “donor” and “recipient”. Instead, China prefers to use the terms “south-south”, “economic cooperation”, and “partners”. The establishment of Forum on China-Africa Cooperation (FOCAC) in 2006 serves as a good example for “south-south

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<sup>65</sup> Tang Lixia, Ma Jiewen, Li Xiaoryun, “China’s Foreign Aid: History, Current Situation and Challenges,” *Journal of International Development Cooperation* No.4 (2013): 22.

<sup>66</sup> *Ibid.*, 24.

cooperation". FOCAC has been at the very fore of giving financial assistance and establishing multi-level exchanges in Africa.

Whether Chinese attempts to quietly offer alternatives to recipients by introducing competitive pressures into the existing system is a "silent revolution"<sup>67</sup> or not, is contestable. Despite such arguments, one cannot deny the fact that China still poses a serious challenge by weakening the bargaining position of other donors in respect of the recipients. The "Beijing Consensus", instead of the Washing Conesus, is becoming popular in Africa, supported by a growing number of Confucian institutes, a total of 25 institutes in 18 countries over the years.<sup>68</sup> China is promulgating its own model against the standard market-centered model of economic development disseminated by the IMF or World Bank. While these international finance institutions attach structural adjustment, state of good governance as requirement, China instead follows the principles of noninterference in international affairs. As a result, it does not attach any conditionality nor does it place a big importance on the state of good governance in the recipient countries. The only condition it imposes is the "One China" policy - refusing to provide aid to the countries that recognize Taiwan.

Recently, Chinese aid to Africa has attracted great interest in the discourse of development as a newly rising donor. Enormous amount of literatures on China in Africa exist but they are incomplete due to data unavailability on China. The exact volume of Chinese aid is considered a state secret, which is another example of China not being reactive to international norm and values. Of these rules and standards, "the most codified and concrete involve norms, agreements or conventions in five areas: (a)

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<sup>67</sup>Ngaire Woods, "Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance," *International Affairs* 84: 6 (2008): 1205–1221.

<sup>68</sup>MunyaradziMakoni, "Africa: Confucius institutes grow Chinese," *University world news*, September, 2010, <http://www.universityworldnews.com/article.php?story=20100905072629973>(accessed at May 5, 2014).

transparency; (b) tied aid and export credits; (c) social and environmental protections; (d) corruption and governance, and (e) the management of debt.”<sup>69</sup> The western aid regime is marked by dominantly voluntary rules and norms that have evolved to foster cooperation and shared standards, demanding more transparency from China, which China is more or less indifferent to.

Thirdly, China is very practical in that it directly responds to developing countries by using a very flexible and tailored approach instead of applying international, or other countries’ models such as Japan’s or Korea’s. China uses “Angola Model”-a method of resource-backed finance by Exim bank in Africa which ties a commodity off-take agreement with the provision of infrastructure in contracting Africa. The Bank’s first such major deal was concluded with Angola’s Ministry of Finance in March 2004 and China recently extended oil-for-loan deals with Angola, one of the largest sources of oil imports for China.

Rand institute confirms major Chinese development projects are categorized as follows (a) natural resources, consisting principally of energy-related projects (e.g., oil, gas, and coal), and mining of minerals and metals(e.g., copper, ferrous and nonferrous metals); (b) infrastructure (including roads, ports, electric power, and schools); and (c) “all other” (consisting *inter alia* of recipients’ sovereign debt acquired or forgiven by China, technical assistance, humanitarian assistance, “in-kind” aid, educational and “cultural” assistance).<sup>70</sup>

Also, China’s aid is not only used to extract natural resources but also they are used to tie their own companies and goods. The contractors for aid projects, equipment,

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<sup>69</sup> Deborah Bräutigam, “Is China a Challenge to the Global Aid Architecture?” APSA 2012 Annual Meeting Paper.<http://ssrn.com/abstract=2106387>. (accessed at April 4, 2014).

<sup>70</sup> Charles Wolf and Wang Xiao, *China's foreign aid and government-sponsored investment activities: scale, content, destinations, and implications*, (Santa Monica, CA: Rand Corporation, 2013), 22.

materials, and services should preferentially be all Chinese; more than 50% of the total procurement must be made in China.<sup>71</sup> Therefore, China's foreign has clearly become a mechanism through which Chinese companies invest and start overseas as well as export their goods and services. As a result, China's aid program became much more "sophisticated and streamlined in a way that directly boosts China's own economic interest."<sup>72</sup>

Although Premier Wen Jibao announced China's commitment to help the world attain the MDG's goal and to engage with the international society through foreign aid, the results show that China is still employing its own distinctive aid devoted to commercial interests, not only for natural resources, but for greater opportunities in trade, industry, and business. Ultimately, Chinese leadership has resisted submission to the process through which international rules and norms are enforced, preferring to employ in a way that better reflect their own interests. Active nature of this agenda represented a notable departure from a "customary reactive state" posture: a foreign aid policy activism.

## **2. Japan**

I next run same regression model for Japan to test the hypotheses.

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<sup>71</sup>Shino Watanabe, "China's foreign aid" in *Foreign Aid Competition in Northeast Asia* edited by Hyo-sook Kim and David M. Potter(Virginia: Kumarian Press, 2012), 67.

<sup>72</sup>Ibid.,

<Table 5> Estimated Model: the case of African countries \*Dependent variable: Japan Aid

Motives	Explanatory Variables	1	2	3	4	5	6
Recipient characteristics	LN_GDP(-1)	<b>-0.692**</b> (-2.56)	0.372 (1.02)	<b>-0.672**</b> (-2.27)	<b>-0.520**</b> (-2.23)	<b>-.884***</b> (-3.31)	<b>-0.597**</b> (-2.28)
	LN_LIFE(-1)	<b>3.153***</b> (3.62)	<b>2.954***</b> (3.41)	1.464 (1.72)	<b>2.404***</b> (3.3)	<b>2.509***</b> (3.20)	<b>2.698***</b> (3.329)
	LN_POP(-1)	0.481 (1.71)	0.664 (1.69)	-0.060 (-0.22)	0.011 (0.04)	0.252 (0.89)	0.346*** (3.329)
Japan's Strategic Interest	MILITARY_SPENDING(-1)	<b>0.305***</b> (3.03)	<b>0.393***</b> (3.97)	<b>0.233*</b> (2.54)	<b>0.410***</b> (4.67)	<b>0.305***</b> (3.09)	0.232 (1.987)
Japan's Economic Interests	LN_JAP_EXP(-1)	0.193 (0.93)	-0.420 (-1.77)	0.223 (1.01)	0.0305 (0.17)	0.271 (1.31)	-0.185 (-1.987)
	LN_JAP_IMP(-1)	0.017 (0.23)	-0.002 (-0.02)	0.037 (0.6)	0.109 (1.72)	0.090 (1.33)	0.130 (1.810)
	LN_NATURAL(-1)	-0.112 (-1.28)	-0.024 (-0.27)	-0.016 (-0.21)	-0.042 (-0.59)	-0.062 (-0.82)	-0.193 (-2.38)
	LN_CRUDE(-1)	-0.005 (-0.08)	-0.089 (-1.39)	-0.034 (-0.6)	-0.011 (-0.19)	-0.018 (-0.28)	-0.018 (-0.2694)
Another donor's aid	LN_CHINA(-1)	0.049 (0.76)					
	LN_US(-1)		<b>0.450***</b> (4.16)				
	LN_UK(-1)			<b>0.347***</b> (2.55)			
	LN_GERMANY(-1)				<b>0.615***</b> (5.3)		
	LN_FRANCE(-1)					<b>0.394***</b> (4.03)	
	LN_KOREA(-1)						<b>0.332***</b> (3.621)
Intercept	C	-4.623 (-0.739)	-1.653 (-0.225)	10.313 (1.874)	5.141 (0.993)	0.064 (0.012)	0.518 (0.092)
Number of observations		142	106	139	139	144	119
R2		0.501	0.471	0.568	0.553	0.541	0.518

I conducted additional analyses using the same data but including Chinese variable, Chinese UN votes a proxy for Chinese political interests and China export, import, a proxy for Chinese economic interests to test whether Chinese economic and political interests have an influence on Japan's aid level. Many literatures have cited the UN votes competition between the two countries (Alesina and Dollar 2000), therefore I assume that Japan will react to Chinese interests variable.

<Table 6> Japanese UN votes and Chinese UN votes included estimate model

Motives	Explanatory variable	1	2
Recipient characteristics	LN_GDP(-1)	-0.482 (-4.475)	-0.689 (-5.639)
	LN_LIFE(-1)	<b>2.564***</b> <b>(5.175)</b>	<b>2.306**</b> <b>(4.757)</b>
	LN_POP(-1)	0.464 (4.502)	0.190 (1.812)
Japan's strategic interest	MILITARY_SPENDING(-1)	-0.017 (-0.481)	-0.030 (-0.895)
Japan's economic interest	LN_JAP_EXP(-1)	0.156 (2.304)	0.027 (0.329)
	LN_JAP_IMP(-1)	0.032 (0.796)	0.078 (1.872)
Another donor's aid	LN_CHINA(-1)	0.016 (0.422)	-0.021 (-0.475)
Another donor's political interest	UN_VOTES_JAP(-1)	<b>1.608**</b> <b>(2.353)</b>	
	UN_VOTES_CHINA(-1)	<b>-4.784***</b> <b>(-2.131)</b>	
Another donor's economical interest	LN_DOTS_CHINA_EXP(-1)		0.142 (1.780)
	LN_DOTS_CHINA_IMP(-1)		0.061 (1.447)
Intercept	C	<b>2.041**</b> <b>(0.727)</b>	<b>3.678***</b> <b>(1.515)</b>
Number of observations		377	352
R-squared		0.393	0.379

## 2.1 Empirical Results

<Table 5> shows support for Hypothesis 2. Japan gives aid because of its proactive pursuit of political and economic interests. The findings suggest that proactive pursuit, as measured by trade variables and military spending have figured predominantly in Japanese aid decisions with significant importance on natural gas although countries with greater oil reserves did not receive more Japanese ODA during the study period. The model also points to the importance of recipient needs as measured by GDP per capita. It was expected in line with previous research that Japan's aid in 2000-2012 tends to flow toward countries with low GDP, meaning poorer countries in Africa as the coefficient for a real GDP per capita is negative and statistically significant. These findings are consistent with the conventional wisdom that Japan uses its ODA for its economic interests and humanitarian reasons in the more recent period.

In the case of the Japan and China relationship, unlike how it was repeatedly framed in the media, the results confirm that in general, Chinese presence does NOT affect Japan. Instead, all the other major DAC donors including that of the U.S. seem to be positively correlated with Japan.

Since it is hard to detect any significant relationship between Chinese aid and Japanese aid, at the macro level, I added Chinese interest's variables to capture the influence of China in more indirect way. As the <Table 6> shows, Japan's ODA is negatively correlated with UN Votes China, which suggests that Japan gives less aid to the countries that are Chinese UN friend. Japan's such reaction may be interpreted as an attempt to curb Chinese influence in the region. Therefore, we can deduce that Japan takes the Chinese UN political presence into account when giving aid.

## 2.2 Analysis

### *Japan and the DAC*

The Japanese aid policy is more complex than just economic interests seeking, as it is often described. The fact that Japan distributes aid in line with other DAC members proves that Japan is “reactive” to explicit pressure. Take, for example, the motivation that led Japan to undertake drastic administrative reform in 2003. It was based on the serious considerations of DAC countries. In the year 2003, the MOFA accepted that Japan’s ODA stood at a historical turning point. After September 11, 2001, there was a growing momentum for an increasing aid amount to poor countries. This momentum was further pushed particularly in Africa, when Japan, as a result of the momentum, agreed to double its aid to Africa. With the endorsement of the Millennium Development Goals, Japan increased the aid amount and embarked on the major ODA reform. As a result, the Japan International Cooperation Agency (JICA) became an independent administrative agency and number of changes to how aid is managed occurred. Specifically, Japan reduced tied aid focus from Asia to Africa, from economic considerations to humanitarian.

In 2008 the “new JICA” was revamped - a major organizational change, which in itself was an achievement. JICA now manages the most technical co-operation, grants and loans. In addition, since the last peer review, Japan has signed up to the Paris Declaration and Accra Agenda for Action, has increased its engagement with other donors, and made some concerted efforts to harmonize and align its aid with those of other donors and with partner countries’ strategies as indicated in the ODA Charter.

Another example is the debt write off in December 2002. Until then, the Japanese government had given the grant aid to indebted countries on the condition that the debt is

repaid to Japan. Unlike other countries that have higher proportion of grant than loan, Japan has the vice versa believing that loan is more effective based on its own economic development experience. Yet, the debt relief campaign worldwide finally pressed the Japanese government to accede to write-off thereby subduing to the “aid fashion” at the time.

We can observe increasingly reactive features of Japanese aid that are primarily shaped by external pressures (particularly demands for the DAC rather than domestic imperatives). Japan has increased aid in the form of grants to sub-Saharan Africa in response to the DAC consensus and wrote off major debts to HIPC (highly indebted poor countries), acceding and converging to DAC recommendations. Given the incessant Japanese efforts to appease the international system, it is plausible to say that Japan reacted to the international major trend of aid and departed from the traditional nonetheless isolating the Japanese commercialist aid giving model.

Then, why has Japan been influenced by the DAC? According to Blaker(1993) the essence of Japanese foreign policy is “coping”.<sup>73</sup> Coping involves “carefully assessing the international situation, methodically weighing each alternative, piecing together consensus view about the situation faced, and then performing the existing situation with fewer risk.” Japan wanted to play an honorable position in the world. As the first Asian donor to join DAC, Japan has taken a leadership role in development since the early 1950s along with the U.S. and France. However, Japan proved unable to hold its prized position as aid super power in the face of series of economic crises that followed. As a result, its aid was cut sharply and was never able to restore its leadership role. Concomitant with the obligations from the international society to increase humanitarian

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<sup>73</sup> Michael Blaker, “Evaluating Japan’s Diplomatic Performance,” in Gerald L. Curtis, ed., *Japan’s Foreign Policy After the Cold War: Coping with Change* (Armonk, N.Y.: M. E. Sharpe, 1993)

aid and its desire to regain the ground lost over the previous decade and resume the leadership donor role, “coping ” with the DAC was the optimal choice.

Moreover, Japan has conducted very mercantilist and benefit-maximizing foreign aid policy receiving great overseas criticism for a very long time that the time has come for Japan to strike down “vested interest clique”<sup>74</sup> and embrace the rules of the international community.

### *Japan and China*

From the results of <Table 5>, we cannot draw any particular conclusions about the relationship between Japan and Korea. We cannot generalize that Korea had an impact on Japan because all the other donors also show the same significance. However, an additional implication that can be drawn is that – as much as Chinese aid does not align with that of the DAC donors, Japan does not align with the Chinese aid pattern.

Japan’s aid cannot be matched to that of China in many respects: “Chinese trade with Africa outweighs Japan-Africa trade by a factor of nearly six; Chinese investment in the continent is far above that of Japan”<sup>75</sup>. Today, even China’s Forum on China-Africa Cooperation, in many ways modeled on the TICAD, eclipses the TICAD meeting in profile and number of high-ranking African delegates in attendance.<sup>76</sup>

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<sup>74</sup> Keiko, Hirata, *Cautious Proactivism and Reluctant Reactivism: Analyzing Japan’s Foreign Policy toward Indochina* in Y. Sato and A. Miyashita (eds.), *Japan’s Foreign Policy in Asia and the Pacific: Domestic Interests, American Pressure, and Regional Integration*, (New York: St. Martin’s Press, 2001), 4.

<sup>75</sup> Japan International Cooperation Agency, “Africa, Japan,” [http://www.africa-asia-confidential.com/specialreport/id/14/Japan\\_International\\_Cooperation\\_Agency](http://www.africa-asia-confidential.com/specialreport/id/14/Japan_International_Cooperation_Agency)(accessed at June 5, 2014).

<sup>76</sup> ScarlettCornelissen, "Japan’s Role in Africa: Principle, Pragmatism and Partnership," *African East-Asian Affairs* 70, no. 0 (2013): 11.

What led Japan to increase aid to its UN friendly allies and not just that but decrease its aid to Chinese UN friendly countries as indicated by the <Table 6>? Aid is usually a manifestation of political alignment.<sup>77</sup> Japanese prefers to support regimes that are either already friendly or likely to become so, and they are reluctant to provide extensive support to those they believe are irredeemably hostile.<sup>78</sup>

One of the most important factors influencing the Japanese government's increasing aid in African countries is the country's potential votes in the United Nations (UN). Ichiro Ozawa, the secretary general of Japan's New Frontier Party has explicitly illustrated that "because Japan's military expenditure is restrained by its Asian neighbors, by Article 9 of Japan's peace constitution, and by a self-imposed under 1% of GNP ceiling, Japan has turned its attention to the UN as the major forum for its security policy, and now it wants to become a Permanent Member of the UN Security Council" (quoted in Katada1997).<sup>79</sup>

By providing financial assistance to African countries that comprise one-third of the UN membership, Japan hopes to create allies and thus to pave its way to the Permanent Member seat. Japan's 2008 ODA white paper also gives insights to the rationale for supporting the TICAD (The first Tokyo International Conference on African Development) process, which reaffirmed increase of ODA in the African region as a responsible member of international community, and to deepen diplomatic partnership with them.<sup>80</sup>

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<sup>77</sup>Stephen m.Walt.*The Origins of Alliances* (Ithaca: Cornell University Press, 1990), 221.

<sup>78</sup> Ibid.,

<sup>79</sup>Kadaka Ichiro Ozawa, the secretary general of Japan's New Frontier Party, explicitly illustrates Japan's ambition to obtain a seat as a Permanent Member of the United Nations Security Council. (1994): p.113-121 quoted in Katada, Saori N, "Two aid hegemons: Japanese-US interaction and aid allocation to Latin America and the Caribbean," *World Development* 25 (6) (1997): 931-945.

<sup>80</sup>Ministry of Foreign Affairs, *Japan's Official Development Assistance White Paper 2008*.(Tokyo: Ministry of Foreign Affairs, 2009).

When China indicates a strong interest in UN votes for itself, this naturally collides with Japan's interests. Japan feels tacit pressure from increasing Chinese influence in the region. Thus, aid is used to weaken Chinese influence although it cannot overcome a recipient's own sense of where its interest lies. In short, Japanese aid is used to make an existing alignment more effective.<sup>81</sup>

That is why although Chinese aid variable is found to have no significance with Japanese aid at the macro level, Chinese strategic interests variable (UN votes) showed different results, showing significance at macro level. China factor is indeed one of the major determinants to reshape Japan to be committed towards a particular agenda

### **3. Korea**

I use the same regression model to test what the determinants of giving aid to Africa are in the case of Korea and whether Japan has any influence on Korea. The dependent variable is now Korea aid and independent variables include Japan. Then same regression is run including the United States, United Kingdom, France, Germany, and China to find evidence related to another donor's impact.

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<sup>81</sup> Ibid.,

<Table 7> Estimated model: the case of African countries \*Dependent variable: Korean Aid

Motives	Explanatory Variables	1	2	3	4	5	6
Recipient characteristics	LN_GDP(-1)	<b>-0.627***</b> (-2.250)	<b>-0.799***</b> (-3.635)	<b>-1.066***</b> (-3.538)	<b>-1.027***</b> (-4.284)	<b>-0.763***</b> (-3.351)	<b>-0.964***</b> (-4.10227)
	LN_LIFE(-1)	<b>2.16***</b> (2.086)	1.426 (1.391)	2.906 (2.504)	0.775 (0.674)	<b>2.023**</b> (2.067)	<b>2.097**</b> (2.086)
	LN_POP(-1)	0.010 (0.038)	-0.407 (-1.942)	-0.688 (-2.544)	-0.361 (-1.483)	-0.137 (-0.681)	-0.240 (-0.968)
China's Strategic Interest	MILITARY_SPENDING(-1)	0.137 (1.452)	0.137 (1.337)	0.319 (2.689)	0.177 (1.698)	0.093 (0.980)	<b>0.241**</b> (2.331)
China's Economic Interests	LN_DOTS_KOREA_EX_2(-1)	<b>0.474***</b> (3.522)	<b>0.518***</b> (4.606)	0.576 (4.250)	<i>0.596***</i> (4.874)	<i>0.471***</i> (3.900)	0.568 (4.768)
	LN_DOTS_KOREA_IM_2(-1)	-0.026 (-0.343)	0.078 (1.154)	0.0294 (0.314)	0.080 (1.099)	0.067 (1.019)	0.070 (0.973)
	LN_NATURAL(-1)	0.076 (0.781)	<b>0.234***</b> (2.984)	<b>0.211**</b> (2.191)	<b>0.237***</b> (2.829)	<b>0.212***</b> (2.730)	<b>-2.583***</b> (2.583)
	LN_CRUDE(-1)	-0.062 (-0.878)	-0.078 (-1.163)	-0.095 (1.24)	-0.114 (-1.660)	-0.140** (-2.044)	-0.098 (-1.444)
Another donor's aid	LN_CHINA(-1)	0.080 (1.007)					
	LN_JAPAN(-1)		<b>0.255***</b> (2.691)				
	LN_US(-1)			0.074 (0.697)			
	LN_UK(-1)				-0.010 (-0.073)		
	LN_FRENCE(-1)					-0.047 (-0.475)	
	LN_GERMANY(-1)						0.001 (0.006)
Intercept	C	0.531 (0.067)	6.575 (1.11)	11.256 (1.111)	<b>13.303**</b> (2.043)	5.94 (1.07)	5.838 (0.947)
Number of observations		124	122	88	119	127	120
R2		0.435	0.487	0.448	0.465	0.431	0.468

### 3.1 Empirical Results

The empirical evidence is illustrative of proactive and reactive pursuit of Korea's aid pattern. First, a closer look at these results reveals clear connection to its commercial interests. The empirical results show that Korea is strongly correlated with exports no matter which country variable is included. Korea's export has higher importance to Korea than other donors' aid. Whereas, Japan's exports significance was lost when other DAC donor countries were introduced meaning that DAC countries have higher influence on Japan than exports. On the contrary, other donors' variable did not alter the pattern of exports in Korea's allocation behavior.

Moreover, it is positively correlated and significant with natural gas reserves. While attaining to the interests of recipients, Korea's aid aims at what is called "win-win" aid. Korean government gives aid not only to contribute on economic growth of the two countries, but also to improve Korea's image and provide basis for Korean to acquire more natural resources.

Also, the empirical results confirm that there is a strong support for the universal norms. The coefficient for real GDP per capita is negative and statistically significant. A number of studies have found that poverty, as measured by lower GDP per capita, associated with Korean ODA in recipient countries. The midterm ODA strategy located aid to Africa as a contribution to achieving the MDGs. It specifically stated "Korea will expand humanitarian assistance to Africa as part of the international community's efforts to reach the MDGs".<sup>82</sup> Also, in line with MDGs goals, the Korea's ODA White Paper

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<sup>82</sup>Ministry of Foreign Affairs and Trade of Korea, *2008nyeon Oegyo Beakseo* (Seoul: Ministry of Foreign Affairs and Trade 2008), 101.

stipulates its goal of poverty reduction and expanding the humanitarian aid in Africa.<sup>83</sup> As a result, Korea committed to increase bilateral aid allocated to Africa by 20% in which most LDCs are concentrated in.

Secondly, Korea is reactive in that it is positively correlated with only Japanese ODA (t-1). When Japan increases aid the year before, Korea increases aid the following year. However, Korea is not correlated with any other countries.

There are several reasons as to why South Korean aid pattern is similar to that of only Japanese aid. First is because of the similarities the two shares in terms of institution building, aid approach, system, and procedures. Secondly, South Korea lacks experience as a donor and especially in Africa, whose risk is very high, makes it more efficient to learn about the aid pattern of its already-experienced neighbor.

### 3.2 Analysis

Why does Japan play an important role in Korea but no other DAC members or China? Why Korea is sensitive to Japan's aid pattern despite being criticized internationally for its commercial nature? It is possible that Korea's responsiveness to Japan stems from the asymmetric relationship between the two countries.

The Asymmetry theory by Brantly Womack<sup>84</sup> is quite different yet similar to asymmetric interdependence (Keohane and Nye 1977) which partially explains this relationship.<sup>85</sup> The basic point is that there is asymmetry in their relations that causes the

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<sup>83</sup>Ministry of Foreign Affairs of Korea, *Korea ODA white paper 2014* (Seoul: Ministry of Foreign Affairs, 2014), 54.

<sup>84</sup> Brantly Womack, *China among unequals asymmetric foreign relationships in Asia*, (Hackensack, NJ: World Scientific, 2010).

<sup>85</sup> R.O. Keohane, and J.S. Nye 1997. "Interdependence in World Politics," In Crane, G.T. & Amawi, A., *The Theoretical evolution of international political economy: a reader*, (New York:

relationship of the larger to the smaller to be different from the relationship of the smaller to the larger. The “difference in capacity creates a difference in attention and perspective”<sup>86</sup>, which leads to different behaviors from the two sides.

Simply put, the larger side has less to gain or lose in the relationship. The smaller side is more exposed to opportunities and risks. The larger side tends to be less attentive to the specific situation of the smaller while the smaller side tends to be overly attentive to the larger. The larger side tends to behave in terms of strategic relationship of friendship, normalcy, or hostility, while the smaller side acts according to the larger side.<sup>87</sup>

This theory is applicable to both the China-Japan and Japan-Korea relationship here. If we assume that asymmetry comes from disparities in terms of capacity in Africa, it is without doubt that China has a higher capacity than Japan in Africa and it is Japan that has higher capacity than Korea in Africa. Drawing from empirical and previous studies, we can say that China with much more hard resources (aid amount) and soft resources (historical relationship with African leaders and expertise) is the larger side in China-Japan relationship. Likewise, Japan with higher volume of financial support and soft resources than Korea is considered as the larger side in Korea-Japan relationship.

Because the smaller side is more at risk in the relationship, it will be more alert to the larger side’s actions. By contrast, the attention of the larger side will be distracted by more important concerns such as its strategic interests. So it will be generally less alert to changes in the smaller side, which explains why China is inattentive to the Japanese and Korean proactive policies in Africa. We can possibly argue that the asymmetry of interdependence or asymmetry of power relationships makes Korea sensitive to the

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Oxford University Press).

<sup>86</sup>Asymmetry capacity considers in terms of scale (represented by population), economic capacity (represented by Gross National Product), and military capacity (represented by military expenditures.)

<sup>87</sup> Brantly Womack, *China among unequals asymmetric foreign relationships in Asia*, (Hackensack, NJ: World Scientific, 2010).

changes made in Japan. According to the theory, it is natural that Korea reacts to Japan that has much more information and capacity in Africa and cleverly uses Japan to advance its own aid model.

However, this cannot fully explain the reactivity because the asymmetry relationship found between Korea and China does not translate to any noticeable actions and the same goes for other major donors and Korea. Therefore, this theory cannot be generalized to all bilateral relationships. In line with this argument, it cannot be argued that Japan and Korea have a similar pattern just because they are DAC members bound by the same rules and principles such as poverty, human rights, democracy, and rule of law. If this were true, Korea must have also correlated with all the other DAC members but since this is not the case, this argument is weak. Furthermore, the DAC Peer Review Korea 2012 explicitly recommends Korea to harmonize more with other DAC donors which in other words implicate it is not doing enough at status quo.

#### *Confluence of interests*

Usually, it is logical to say that foreign policy similarity and preferences similarity generate similar patterns of foreign aid policy. Then, it is possible that Korea may simply follow Japan because what benefits Japan is also beneficial for Korea. In other words, it is in Korea's best interest to pursue what Japan is pursuing because they may have harmonious interests, a *consensus*. However the problem with this argument is that Korean interests do not always converge with the interests of Japan. It is true that many times they share overlapping interests, such as seeking natural resources (as both are lacking natural resources) and expanding exports market. However, this argument too cannot fully explain why Korea is "only" reactive to Japan because the convergence of interests is also noticeable with China whose aid has no significance to Korea.

For example, in terms of economic interests, I measure the export similarity index to see if they have similar commodities exported. The export similarity index for the average period 2000-2012 between Korea and Japan in Africa is 0.65137296<sup>88</sup> which is smaller than the export similarity index for the average period 2000-2012 between Korea and China that is 0.719665971.

Not only does Korea show higher export similarity index with China compared to Japan, but the following <Table 7> further demonstrate that Korea has as many overlapping export partners with China. In fact, there is hardly any difference in terms of export relations as the overlapping countries between Korea and Japan are Algeria, Angola, Egypt, Nigeria, South Africa(5). Overlapping countries between Japan and China are South Africa, Egypt, Liberia, Nigeria, and Morocco (5). Overlapping countries between Korea and China are South Africa, Egypt, Nigeria, Algeria, Angola, and Sudan (6). Overlapping countries for the three countries are South Africa, Egypt, Nigeria, and Angola (4).

This means that Korea shares very similar interests with China in Africa in terms of economic dimension. Therefore, confluence of interests is not the only reason why Korea remains responsive only to Japan's aid pattern.

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<sup>88</sup> Calculated by the author from UN Comtrade, retrieved from <http://comtrade.un.org/db/default.aspx> (accessed May 5, 2014)

**<Table 8> Top ten export partners (2000-2012) for China, Japan, and Korea**

<b>Korea</b>	<b>Japan</b>	<b>China</b>
South Africa	South Africa	South Africa
Egypt	Liberia	Nigeria
Nigeria	Egypt	Egypt
Algeria	Algeria	Algeria
Congo, Rep.	Nigeria	Morocco
Zambia	Kenya	Benin
Equatorial Guinea	Morocco	Liberia
Angola	Libya	Angola
Cameroon	Tanzania	Ghana
Sudan	Angola	Sudan

Why is Korea then showing this aid pattern that is reactive only to Japan? As a latecomer, South Korea lacks experience and knowhow. In the Korean point of view, it is a much more risk-averse and efficient move to learn the aid approach, system, practices of its already-experienced neighbor. It is because of this learning process that Korean aid not only looks very similar to that of Japan, but also transforms its aid pattern in a way the Japanese do. Japan conducted an aid program from 1950s to 70s based on commercial interests, but tried to incorporate universalism and humanitarianism since the 1980s. This same transformation is taking place in Korea. Korea is also rooted in the commercial motivations of their aid policies but is accepting established, internationally accepted, universal and humanitarian norms in the 2000s.

### *Aid institution*

Korean responsiveness to Japan's aid pattern stems largely from the similarities found in aid institution. As the figures below show, Korea's current fragmented institution is that of Japan's past aid structure. Korea's aid is managed under a dual bureaucratic structure of grants by MOFAT (Ministry of Foreign Affairs and Trade) and loans (EDCF) by MOSF (Ministry of Strategy and Finance). The Japanese aid institution had been divided by grants and loans, but recently in 2008, all aid types were merged into JICA when the implementation agencies were simplified. In fact, the South Korean institutional aid policy design is modeled after that of Japan.<sup>89</sup> A former staff member of an aid agency in Korea confirms this by saying that they explicitly modeled after the Japanese aid.<sup>90</sup>

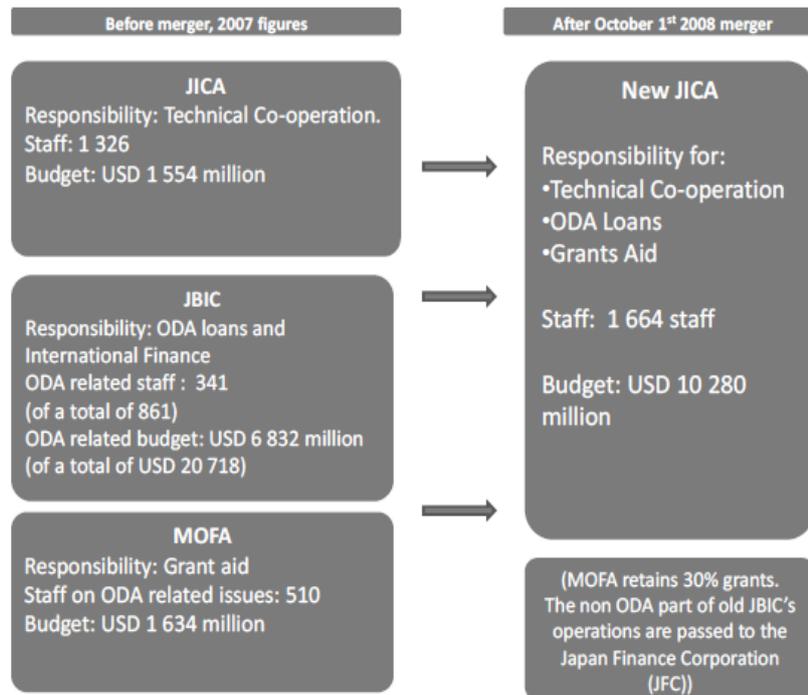
The KOICA (Korea International Cooperation Agency)'s institution building has been assisted by the JICA. In the 1990s, when the KOICA had just been established, the KOICA and the JICA had maintained a close partnership through regular meetings, specifically on the job training (OJT) programs. An agreement was made in 2008 that KOICA would implement joint projects with the JICA in Cambodia, Tanzania, and Vietnam.

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<sup>89</sup>Sangtae Kim and David Seddone, "ODA Policy and Practice: Japan and the Republic of Korea", David Arase ed. *Japan's Foreign Aid: Old continuities and new direction*, (New York: Routledge, 2005), 152-190.

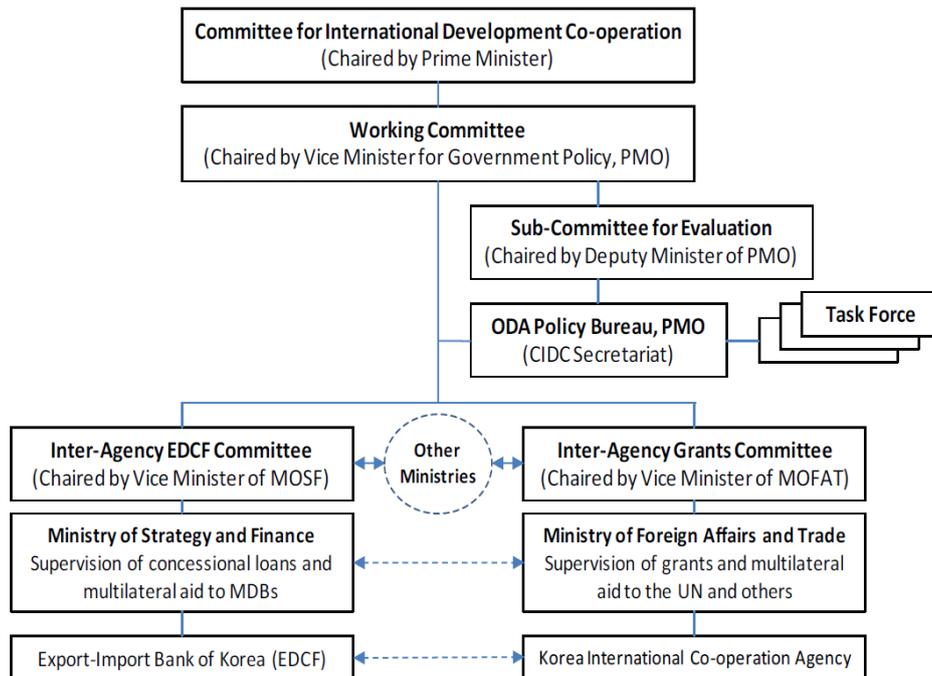
<sup>90</sup> It is quoted in Sangtae Kim and David Seddone (2005) and the author confirms this with former staff member of an aid agency in Korea, May 2014.

**<Figure 4>The Reorganization of JICA <sup>91</sup>**



<sup>91</sup>Organization for Economic Cooperation and Development, *OECD DAC Peer Review Japan* (Paris; OECD, 2010), 54.

<Figure 5>The Korean aid Institution<sup>92</sup>



Within the Korean aid institutions, there are too many different actors and too many vested interests. The International Development Cooperation Committee (IDCC), a permanent body, oversees 15 ODA-related ministries (including MOSF, MOFAT, Ministry of Education, and Ministry for Health, Welfare and Family Affairs), executing agencies (EDCF and KOICA) and 12–13 private sector representatives. As a result of this highly fragmented decision-making process, there are competing bureaucratic interests that pursue different goals and inefficiencies as a result. Fragmented politics that is in itself modeled after Japan’s is the very reason why there is incoherent and uncoordinated

<sup>92</sup>Organization for Economic Cooperation and Development, *OECD DAC Peer Review Korea* (Paris; OECD, 2012) 48.

aid policy.

*Aid principles, strategies and Policies*

In terms of aid principles, strategies, and policies, Korean aid also models after Japan's aid. The general principles stipulated in ODA charter of each country exhibit great amount of commonalities. While China has repeatedly emphasized "equality", "mutual benefit", "self-determination" in its White Paper, Japan and Korea emphasize "poverty reduction" and "humanitarianism" in their ODA charter.

**Basic Ideology and Objectives of Korean ODA policy in Basic Law on International Development Cooperation<sup>93</sup>**

1. Poverty reduction and improvement of the quality of life in developing countries.
2. Development of developing countries and improvement of fundamental systems and conditions for development.
3. The increase of amicable cooperative relations and mutual ties with developing countries.
4. Contribution to resolution of global issues relating to international development cooperation.
5. Other matters necessary in order to realize a philosophy that reduces poverty, improves human rights of women and children, realizes gender equality, achieves sustainable development and humanitarianism, strengthen economic cooperation with countries, and pursues prosperity and peace of international community.

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<sup>93</sup>National Assembly of the Republic of Korea, *GukjeGaebalHyeopreikGibonbeop*.(Framework on International Development Cooperation)  
[http://elaw.klri.re.kr/eng\\_mobile/viewer.do?hseq=29224&type=new&key=](http://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=29224&type=new&key=) (accessed at March 5, 2014)

This is quite similar to objectives and priorities set out in the following Japanese ODA charter and 2005 Medium Strategy<sup>94</sup>.

<p><b>Basic policies<sup>95</sup> (set out in the ODA Charter):</b></p> <ol style="list-style-type: none"><li>1. Supporting the self-help efforts of developing countries</li><li>2. Human security</li><li>3. Ensuring fairness</li><li>4. Using Japan's experience and expertise</li><li>5. Partnerships and collaboration with the international community</li></ol>
<p><b>Priority issues<sup>96</sup> (set out in the ODA Charter and developed further in the 2005 Medium Term Policy):</b></p> <ol style="list-style-type: none"><li>1. Poverty reduction</li><li>2. Sustainable growth</li><li>3. Global issues</li><li>4. Peace building</li></ol>

One stark difference is Japan's emphasis on number 5, "Partnerships and collaboration with the international community". Other than that Korea and Japan's basic principles and strategies are very similar, which naturally makes the composition of recipients to be similar as well.

Following <Table 9> shows that similar strategies and principles make up the composition of top recipients of their aid: 6 out of 10 countries are overlapping between Japan and Korea. Most of the countries are either low income or lower middle income

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<sup>94</sup>OECD, *Development Assistance Committee Peer review Japan*, 28.

<sup>95</sup> Ibid.,

<sup>96</sup> Ibid.,

according to World Bank Economies.<sup>97</sup> Among the top 10 recipients of Korea and Japan, five and four are low-income countries; while in the case of China, there are only three. This suggests that Korea and Japan considers support for poverty reduction as an important factor in their aid allocations.

**<Table 9> Top ten recipients (2000-2012) for China, Korea, Japan**

<b>Korea</b>	<b>WB Classification</b>	<b>Japan</b>	<b>WB Classification</b>	<b>China</b>	<b>WB Classification</b>
Angola	Upper middle income	Tanzania	Low income	Ghana	Lower middle income
Tanzania	Low income	Nigeria	Lower Middle income	Nigeria	Lower Middle income
Ghana	Lower middle income	Congo, Dem. Rep.	Low income	Ethiopia	Low income
Senegal	Lower middle income	Morocco	Lower middle income	Congo, Dem. Rep.	Low income
Ethiopia	Low income	Ethiopia	Low income	Mozambique	Low income
Kenya	Low income	Ghana	Lower middle income	Zimbabwe	Lower middle income
Egypt	Lower middle income	Kenya	Low income	Sudan	Lower middle income
Mozambique	Low income	Zambia	Lower middle income	Congo, Rep.	Lower middle income
Morocco	Lower middle income	South Sudan	Lower middle income	Angola	Upper middle income
Congo, Dem. Rep	Low income	Sudan	Lower middle income	Cameroon	Lower middle income

<sup>97</sup> As of 1 July 2013, the World Bank income classifications by GNI per capita are as follows: Low income: \$1,035 or less; Lower middle income: \$1,036 to \$4,085; Upper middle income: \$4,086 to \$12,615; high income: \$12,616 or more

Overlapping countries for China and Korea are Angola, Congo, Dem.Rep, Ghana, Ethiopia, and Mozambique (5). Overlapping countries for Korea and Japan are Congo, Dem.Rep, Ghana, Kenya, Morocco, and Tanzania (6). Overlapping countries for China and Japan are Ghana, Nigeria, and Sudan (3). The countries that three donors overlap are Ghana.

Secondly, a large share of loans in bilateral aid characterizes Japan's aid past and still today. It is believed that year after year, loan aid could help recipients foster credit culture and moral as borrowers.<sup>98</sup> Korea's aid also shows similar features of high proportion of loans in bilateral aid contrasting to the international efforts to lower loans in the countries like Africa.

In the case of Korea, Korea is expanding EDCF within the Exim Bank of Korea, responsible for implementation of bilateral loan to Africa. "The loan to African countries in total EDCF lending increased from 8.05 billion won in 1987 to 398.9 billion won about 21.3%<sup>99</sup> of total aid in Korea. From 1987 to 2004, EDCF committed loans to only six African countries, Angola, Ghana, Kenya, Nigeria, Tanzania, and Uganda but in 2005 to 2009, it approved loans to nine (Angola, Cameroon, Equatorial Guinea, Kenya, Madagascar, Mali, Mozambique, Senegal, and Tanzania)."<sup>100</sup> Korean president Lee Myung Bak and Ethiopia and DR Congo signed concessional loan agreement most recently. Particularly, Angola has consistently ranked top in recent aid targets for Korea

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<sup>98</sup> Takahashi Motoki, OWA Masumi, "Frontier of Japan's ODA? Peculiarity, potentials and pitfalls of her cooperation for African development," presented at Seminar The TICAD Initiative: What is new in Japanese Economic Assistance to Africa? October 11<sup>th</sup>-12<sup>th</sup>, 2010.

<sup>99</sup> Calculated from EDCF statistics Report. <http://www.koreaexim.go.kr/kr/work/check/edcf/stati.jsp> (accessed June 3, 2014)

<sup>100</sup> Hyo-sook Kim, "Korean Foreign Aid and Foreign Policy: Dynamism of aid to Africa and its objectives", 21.

because Korea can expand its trade with Angola in resource-related infrastructures and plants.<sup>101</sup>

Another distinctive Japanese aid feature different from DAC members' is its emphasis on economic infrastructure in the recipient countries. Although since 2003 Japan has revised its aid strategy to increase its share of assistance for basic human needs such as social infrastructure and emergency, Japanese has high economic infrastructure concentration compared to others. Even the first section of the TICAD IV Report is on infrastructure to which Japan committed to disburse \$ 4 billion.

Korea also has higher economic infrastructure percentage. When looking into the project details of KOICA and EDCF, the share of “software” project such as services is less than 30%.<sup>102</sup> Other donor countries tend to focus more on “software” aid than “hardware” in which Japan and Korea are the rare exceptions. This rather a large proportion of economic infrastructure in aid applies in all developing countries including Africa. Since 2006 Korea's loan projects have been implemented in the agriculture and ICT infrastructure projects.<sup>103</sup> In Angola, many Korean companies including Samsung C&T, Hyundai Heavy Industries, Daewoo Shipbuilding and Marine Engineering, have expanded their business, especially in the construction market. Daewoo Shipbuilding and Marine Engineering and Samsung C&T made successful bids of EDCF projects such as Government ICT Infrastructure.<sup>104</sup>

We can conclude that there is no indigenous Korean aid strategy in Africa but rather

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102 Soojin Lim, “Can there be an east Asian donor model? A comparative study of south Korea, china and Japan,” *Journal of International Development Cooperation* No.4 (2013): 105

103 Raposo, Kim, Potter “Aid to Africa from Japan, Korea, and China: ideology, economic interests, and poverty reduction,” in *Foreign Aid Competition in Northeast Asia*, edited by Hyo-sook Kim and David M. Potter (Virginia: Kumarian Press, 2012),149.

104Hyo-sook Kim, “Korean foreign aid and foreign policy: dynamism of aid to Africa and its objectives,” (2013): 23.

“me too” strategy. In many ways, Korea’s institution and strategy modeled after that of Japan. Aid institution divided into two pillars like in Japan’s past is recommended by the DAC peer review to put in place “sound organizational management structures, including appropriate institutional frameworks with sufficient ability and operational capacity; a system to monitor performance; and an impartial and independent evaluation system.”<sup>105</sup> Japanese emphasis on loans and ‘hardware’ projects are also found in Korea’s aid approaches in Africa. Japan’s acceptance of more humanitarian concerns is also found in Korea’s transformation in aid pattern.

Despite spending the last two decades as a donor country, Korea’s ODA strategy remains incomplete and is characterized as oscillating between active pursuit of its national interests and reactive pursuit of acceptance by the global standards expected by DAC members. This instability has resulted in Korea following after Japan, also driven by a combination of commercialism and humanitarianism.

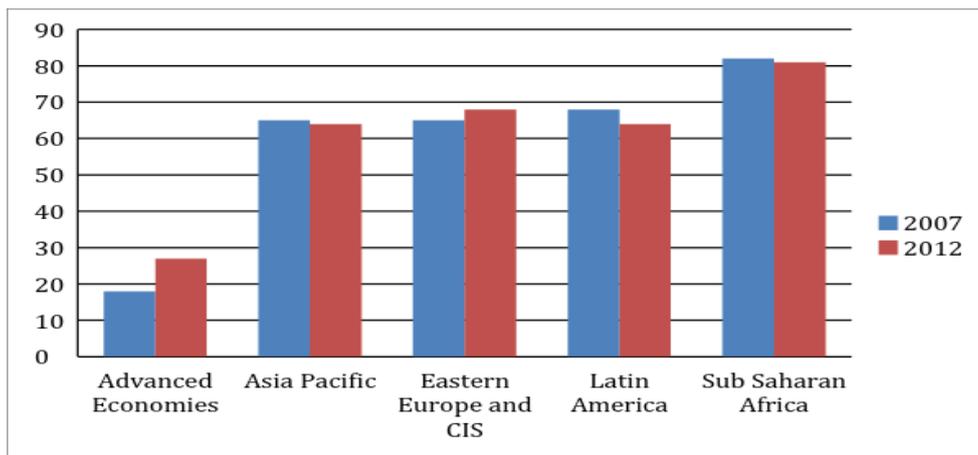
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<sup>105</sup> Organization for Economic Cooperation and Development, *OECD DAC Peer Review Korea* (Paris; OECD, 2012), 61.

#### IV. Pilot Case Study: Japan and Korea

Despite the rising interest in this continent that is home to six fastest growing countries in the world and where resource boom is taking place, the low credit rating prevents the attraction of investment. The risks in Africa are multifaceted, not only in terms of financial risk, but also in regulatory risk, market risk, operational risk, legal risk, security risk as well. Below is a graph that shows how Africa is 20 points higher than other regions in terms of credit risk.

<Figure 6> Credit Risk<sup>106</sup>



As the graph above shows, Sub-Saharan Africa is the most challenging area in terms of credit risk (81/100). The countries most exposed to this risk are those affected by fragile political structures, weak economic systems and low level of development and

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<sup>106</sup> Raoul Ascari and Federica Pocek, *Country Risk: From theory to practice*, Working Paper N.15 SACE (2012): 22.

poor governance (e.g., Somalia, Sudan and Zimbabwe).<sup>107</sup> In Africa, of the 25 countries that have credit ratings, only 5 of them have investment grade.<sup>108</sup> In addition, the political instability and breaches of contracts in the region prevail to dissuade Korean firms entering the market. This in turn, confines the amount of financial support that Korean export credit agencies (ECAs) can provide.

One way to mitigate the risk is to use co-financing method with other credible financing bodies overseas. Co-financing with MDBs (Multilateral Development Banks) is a widely used scheme to meet growing request from partner countries for large-scale development projects. Advantages of co-financing include:

“risk sharing, enhancement of the impact of development assistance to partner countries, bridging of the financing gap of large-scale development projects, enhancement of donor coordination and harmonization, reduction of time and cost for project identification, formulation, and preparation enhancement of project implementation review and completion monitoring.”<sup>109</sup>

In this co-financing method, EDCF has been taking Japanese assistance as the model case.<sup>110</sup> JICA frequently shared its practices and knowledge on various occasions. For example, Japan Bank for International Cooperation (JBIC) and EDCF signed a Memorandum of Understanding in October 2006 to enhance the international development cooperation between the two institutions. By signing this operation agreement, the two would share project information and experience especially related to co-financing for large-scale activities. Also, EDCF dispatched workers to JICA for half a year to obtain knowledge on projects management and project evaluations.

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<sup>107</sup> Ibid.,

<sup>108</sup> Africa Expert Analysis, *Financing transportation projects in Africa*, APRIL/MAY 2008, [www.emeafinance.com](http://www.emeafinance.com) (accessed at April 5 2014).

<sup>109</sup> EDCF, “Co-financing with MDBs,” <http://www.edcfkorea.go.kr/edcfeng/what/loan/finan.jsp> (accessed February 5, 2014)

<sup>110</sup> Jin Sato, Yasutami Shimomura, *The Rise of development donors in Asia*, 141.

According to the OECD DAC Peer Review, EDCF has set a target of achieving 20% of total concessional lending through co-financing by 2015<sup>111</sup>. As a latecomer, Korea has made following MOUs indicated in <Table 9> with JICA relying on JICA's experience and assistance in this financing scheme. The two are going to sign (RRPA: Reciprocal Risk Participation Agreement) in the coming years as well.

<Table 10>Memorandum of Understanding between JICA and EDCF<sup>112</sup>

Date	The title of agreement	Contents	Counterpart
'00. 11. 03	MOU*	Information sharing and cooperation in financing activities	JBIC and 9 others
'02. 08. 29	Multilateral Letter of Credit Confirmation Facility Agreement	ECAs can mutually confirm or guarantee L/Cs opened for trade	JBIC and 5 others
'06. 05. 05	MOU	Enhance international development cooperation and exchanging information	JBIC
'06. 10. 31	MOU	Co-financing and human resources exchange	JBIC

Japan's financing schemes in Africa are very structured and organized.<sup>113</sup> Under EPSA (Enhanced Private Sector), Japan accelerates the co-financing scheme for Africa with AfDB(African Development Bank). According to the original EPSA

<sup>111</sup> Organization for Economic Cooperation and Development, *OECD DAC Peer Review Korea* (Paris; OECD, 2012), 78.

<sup>112</sup> "JBIC Signs MOU with EDCF of Korean Exim Bank: Sharing Know-how on ODA Loans with Korea"October 31, 2006, [http://www.jica.go.jp/english/news/jbic\\_archive/autocontents/english/news/2006/000086/](http://www.jica.go.jp/english/news/jbic_archive/autocontents/english/news/2006/000086/) (accessed at May 2, 2014).

<sup>113</sup> Japan International Cooperation Agency (JICA, formerly JBIC) give concessional loans through a combination of Enhanced Private Sector Assistance (EPSA), Accelerated Cofinancing Facility for Africa (ACFA), and Fund for African Private Sector Assistance (FAPA)

announcement and pledge by the Japanese Government at the Gleneagles Summit, the Japan International Cooperation Agency (JICA, formerly JBIC) will provide a total of USD 1 billion over five years in concessional loans through a combination of direct lending to the Bank under the EPSA .

The extent to which Korea reacts to Japan is further illustrated by the following <Table 10> that shows that five out of six of the Korean co-financed infrastructure activities involve JICA as one of the partners.

<Table11> Korea co-financing schemes (2006-2010)<sup>114</sup>

Date	Recipient	Project	Partner	Amount(Yen)	n
07-12-31	Madagascar	The rehabilitation Toliara Province Road No. 35	AfDB	15,354	JICA <sup>115</sup>
08-12-14	<b>Tanzania</b>	<b>The Kilimanjaro-Arusha transmission line project<sup>116</sup></b>	World Bank	27,184	JICA
09-11-26	<b>Mozambique</b>	<b>Nacala Road Corridor upgrading project</b>	AfDB	21,747	JICA 40.9
09-12-17	<b>Mali</b>	<b>Phase one of an irrigation development program Bani Basin and Selingue (PDI-BS) Phase I</b>	AfDB	23,470	JICA, will finance the development of the remaining area

<sup>114</sup> EDCF, “All projects”, <http://www.edcfkorea.go.kr/edcfeng/data/all.jsp> (accessed at March 3, 2014).

<sup>115</sup> In addition to AfDB, several sister institutions such as JICA are involved in the transport sector in Madagascar, complementing each other.

<sup>116</sup> Bolded ones involve Japan.

10-09-16	Uganda	Uganda Education IV Project	AfDB	29,144	
10-09-16	<b>Tanzania</b>	<b>Iringa-shinyanga backbone transmission investment project</b>	World Bank/AfDB	39,598	JICA

Not only in the public sector, but also in a private sector such as the Ambatovy Nickel mining scheme, the largest-ever project financing in sub-Saharan Africa and among the biggest in the global mining sector. The Ambatovy Nickel mining scheme in Madagascar was initially financed by Sumimoto, JICA, and by Korea Exim bank. This clearly indicates why Korea is showing similar pattern to that of Japan in terms of aid. The increasing risk at Africa drives Korea to use co-financing method, and especially with JICA or more precisely, JBIC to share the risk burden. Unlike how Japan directly leads or takes part of the co-financing activities in the Korean participated co-financing activities, Korea is not involved in most of the Japanese co-financing activities. Korea is only involved in few of 17 co-financing projects in sub-Saharan Africa led by Japan.<sup>117</sup>

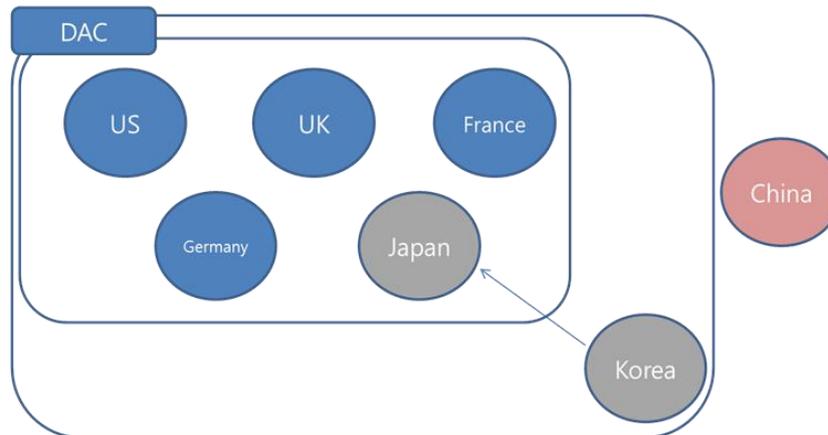
A closer examination at the table finds the rehabilitation Toliara Province Road No. 35 as part of the Road infrastructure project (PAIR) as the first project initiated by Korea in Madagascar. It can be assumed that Korea had considered Japan's involvement in large scale projects as this because it again involves JICA. In this way, Korea minimizes risk while maneuvering advantages allowing it to acquire some information and assistance from Japan. As a latecomer to aid-giving in Africa, South Korea has neither regional connections nor great amount of financial capacities in comparison to its other donors. It is in Korea's best to take a safe and low-risk approach by being more alert to changes in Japanese policies and learning about them, in a relatively unexplored market, like Africa

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<sup>117</sup> Refer to the Appendix 2 for more details on the JICA co-financing schemes.

## V. The Comparative Record

<Figure 7> China, Japan, Korea pattern in comparison



The <Figure 7> above summarizes China, Japan, and Korea's aid pattern. While the rest of the DAC members and Chinese interest partially affects Japan, China has taken a very proactive and unique approach and less of a reactive approach in Africa seemingly independent of other donors. China still remains concentrated on hard spending- massive infrastructure and direct capital approach to key sectors-that draws experience from its own development models. Therefore, ***Hypothesis 1** China provides aid to Africa because of its strategic interests* and ***Hypothesis 1-1** China's aid in Africa is unlikely to be affected by an increase of aid from either Japan or Korea* are supported.

On the other hand, traditional DAC donors have shifted their aid emphasis toward "softer" spending, and Japan has followed suit showing a correspondent pattern. The empirical analysis and the pilot case study all illustrate a case in which Japan is reactive to DAC donors and not China as predicted. Thus, ***Hypothesis 2-1** Japan's aid in Africa is likely to be affected by an increase of China's aid* is partially supported since Japan's aid is not correlated to China's at macro level but is correlated at micro level. As I had

predicted *Japan's aid in Africa is unlikely to be affected by an increase of Korea's aid (Hypothesis 2-2).*

We have seen in the case of Korea that as its late development was accelerated by “learning” industrialization, it is accelerating its donorship by “learning” aid practices and system from the traditional donors, such as Japan. It is essential to recall Korea’s reactive relationship with Japan, not necessarily in the form of competition or herding behavior.

**Hypothesis 3-1** *Korea's aid in Africa is only affected by an increase of China and Japan's aid in Africa is partially accepted because Korea is affected only by an increase of Japan and not China.*

All in all, we can conclude that China’s aid policy towards Africa is more proactive than reactive; Japan’s aid policy towards Africa is a hybrid policy with both proactive and reactive elements, and it is the same for Korea, which uses a mixed form of both proactive and reactive policies. The following table summarizes the results.

<Table 12> Summary of Hypothesis Testing

<b>Hypothesis 1</b>	<b>China provides aid to Africa because of its strategic interests</b>	Accept
Hypothesis 1-1	China’s aid in Africa is unlikely to be affected by an increase of aid from either Japan or Korea.	Accept
<b>Hypothesis 2</b>	<b>Japan gives more aid to African countries that are strategically important.</b>	Accept
Hypothesis 2-1:	Japan’s aid in Africa is likely to be affected by an increase of China’s aid.	Partially Accept
Hypothesis 2-2	Japan’s aid in Africa is unlikely to be affected by an increase of Korea’s aid.	Accept
<b>Hypothesis 3</b>	<b>Korea gives more aid to African countries that are strategically important.</b>	Accept
<i>Hypothesis 3-1</i>	Korea’s aid in Africa is likely to be affected by an increase of China and Japan’s aid in Africa.	Partially Accept

## VI. Conclusion

Adding the variable of “another donors’ impact” to aid policy does not degrade the importance of political and economical interest. Surely the interests are crucial to setting the parameters of aid policy, but this traditional approach does not fully capture the relationship among the donors; especially between China, Japan, and Korea whom allegedly have special relations.

Through empirical studies and comparative case studies, I have shown that China, Japan, and Korea presented a difference in their interaction with other donors. China has consistently sought to pursue its national interests in Africa. China is far from being reactive or passive, but rather aggressive and proactive following its grand strategy in Africa. Despite the growing contempt over China’s increasingly influential role in Africa, China has always been “thick skinned in the face of foreign critics”. China’s own peculiarity, different governance, strategic motivation, and historically based policies characterize a predominantly proactive embrace of the African continent- that is strategic, planned, long-term, and still unfolding.

Japan is increasing aid not only because of its interests but also because of its reactivity. Japan has readily signed up to major initiatives particularly by the DAC countries over the years. However, looked closely, we can discover that Japan also takes Chinese political considerations into account allowing *proactivism* and *reactivism* to coexist.

Korea increases aid because it is actively seeking its interests and is reactive to the presence and actions of others, particularly of Japan. In comparison to long term Chinese and Japanese involvement in Africa, Korea is a newcomer. As a newcomer in this risk-laden continent, Korea naturally copes with its closest donor, Japan.

We can see that there is more to aid disbursement than simple donor-recipient relationships that is based on recipient needs or donor's interests. Donors can affect the actions of the recipient state, but donors can also affect another donor as well. To the recipients, the donor's ability to influence largely stems from its role as a major provider of foreign aid. To the donors, the other donor's ability to affect largely comes from 'relative' power, not necessarily only in the form of hard resources but also "soft resources" in the form of information, a historical relationship, and commonalities in governance, and strategy.

We can draw several implications from this study. One, Korea needs to withdraw from its derivative Japanese model, a model that has received much criticism, and establish a pattern of its own that reflects not only its own interests, but the recipient's needs and demands. While China has abundant resources in terms of ODA money and Japan has a relatively established strategy, Korea lacks neither strategy nor financial resources. It has growing trade relationships but no clear strategic political agenda. Therefore, it is advised that Korea follow the recommendations by the DAC and implement software-oriented aid that is strategically and concomitantly "smart".

Also, Korea should not be too reactive to Japan or any other major DAC donors at moment. It is important to learn good practices but it is more important to have its own archetypal strategy that combines the fragmented system into one "ODA world" and lead the development agenda in ways in which it has a comparative advantage.

Chinese linking commodity extraction with the construction of infrastructure is becoming increasingly appealing to African states, replacing the rules of the game. While Japan may feel competition with China in Africa, Japan should not fall into a pitfall of contradicting its pledges and operations by neglecting peace, democracy, human rights, and poverty reduction as its major ODA principles. Although it accommodates western

guidelines, it should not succumb too much to their pressure but instead build a stronger relationship with Africa through its already established regional framework TICAD.

It is debatable whether China should consolidate its strategy with that of the others, or not. The study confirms that China is far from acting under duress from other states. The Chinese administration assumed a proactive aid policy stance, seeking to advance only its interests. However, it is recommended that China adhere to the international standards so as to enhance coordination among the donors and ameliorate mounting tensions in a continent full of potentials. The quality of Chinese aid can only be enhanced when it becomes more transparent.

*For further study*

The analysis here provides preliminary support for the argument that donors do take into account and respond to the presence of other donors in the recipient state. This is a very important factor to consider when explaining aid allocation behavior but is often neglected. The extent to which this reactive approach is reflected in aid allocation differs across donors. But in the case of China, Japan, and Korea, we can conclude that the less established pattern of giving aid a donor has –the more likely it is to be influenced by other donors.

This paper suggests that there is still a lot to learn about aid allocation behavior, in regards to donor to donor relationship. And the research needs to be further studied as the data especially on China is not official and the data itself is very volatile. The study leaves room for future research on the fundamental motivations for a donor's behavior, allowing for the possibility of "donor's impact" as an increasingly important variable.

## Appendixes

### Appendix 1: Recipient countries <sup>118</sup>

Algeria  
Angola  
Benin  
Botswana  
Burundi  
Cameroon  
Cape Verde  
Central African Rep.  
Chad  
Comoros  
Congo, Dem. Rep.  
Congo, Rep.  
Cote D'Ivoire  
Djibouti  
Egypt  
Equatorial Guinea  
Eritrea  
Ethiopia  
Gabon  
Ghana  
Guinea  
Guinea-Bissau

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<sup>118</sup> Burkina Faso, Canary Islands, Central African Republic, Ceuta, Cote d'Ivoire, Congo Republic, Gambia, Madeira, Mayotte, Melilla, Republic of the Congo, Réunion, Reunion, Saint Helena, São Tomé and Príncipe, Swaziland, Western Sahara are eliminated from the empirical analysis due to data unavailability.

Kenya  
Lesotho  
Liberia  
Libya  
Madagascar  
Malawi  
Mali  
Mauritania  
Mauritius  
Morocco  
Mozambique  
Namibia  
Niger  
Nigeria  
Rwanda  
Senegal  
Seychelles  
Sierra Leone  
Somalia  
South Africa  
South Sudan  
Sudan  
Tanzania  
Togo  
Tunisia  
Uganda  
Zambia  
Zimbabwe

## Appendix 2 Japan Co-financing schemes<sup>119</sup>

Date	Project	Amount (Yen)	Country	Partners
2006-2010	Interconnection of electricity grids of the Nile Equatorial lakes	54.06	Uganda	AfDB
	Upgrading of Atiak-Nimule road project	33.95	Uganda	WB
	Road Improvement and Transport Facilitation Program on the Southbound Bamako-Dakar Corridor (Senegal, Mali; JICA loan only for Senegal)	5.89	Senegal	AfDB
	<b>Nampula-Cuamba Road Upgrading Project</b>	59.78	Mozambique	AFDB Korea exim
	Montepuez – Lichinga Road Project (Mozambique)	19.71	Mozambique	AfDB
	<b>Arusha – Namanga – Athi River Road Development Project</b>	39.712	Tanzania	AfDB(EPSA/ACFA)
	Bujagali Interconnection Project	19.21	Uganda	AfDB
	Power Supply, Transmission and Distribution Project in Santiago Island (Cape Verde)	25.07	Cape Verde	AfDB
	Transport Facilitation Program for the Bamenda-Enugu Corridor (Cameroon,	44.99	Mozambique	AfDB

<sup>119</sup>Kei Yoshizwa, “Japan’s Initiative on Infrastructure Development in Africa and TICAD Process”, presented at Fifth Ministerial Meeting NEPAD-OECD Africa Investment Initiative p.10 Dakar, 26 April 2011

	Nigeria: JICA loan only for Cameroon)			
	Nacala Corridor Phase I (Mozambique, Malawi: JICA loan only for Mozambique)	40.89	Uganda	AfDB
	<b>Iringa-Shinyanga Backbone Transmission Investment Project</b>	60.48	Tanzania	AfDB(EPSA/ACFA)
	Olkaria-Lessos-Kisumu Transmission Line Construction Project	124.10	Kenya	AfDB, AFD
	Olkaria I unit 4 and 5 Geothermal Power Project	295.16	Kenya	WB, KfW, EIB
	Increased access to Electricity project	55.11	Zambia	WB
	Transport Facilitation Program for the Bamededamamfe-Ekok/Mfum-Abakaliki-Enugu Corridor	45.40	Cameroon	AfDB(EPSA/ACFA)
	Project to strengthen and extend the electricity transmission and distribution network	29.39	Cameroon	AfDB(EPSA/ACFA)
	Road Sector Support Project (Tanzania)	49.04	Tanzania	AfDB(EPSA/ACFA)

(AfDB: African Development Bank, ACFA: Accelerated Co-Financing Scheme with AfDB, ADF: Agence Française de développement, EIB: European investment bank, KfW: Kreditanstalt FÜR Wiederaufbau)

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## 국문초록

본 논문은 최근 대두되고 있는 동북아시아 국가들의 對 아프리카 원조에 대해 논의하고자 한다. 원조 결정요인에 기존 문헌과 주요 논문을 살펴보면 대부분의 국가들은 자국의 이익에 입각하여 원조를 행하고 있다는 것을 알 수 있다. 하지만 동북아시아 국가들은 자국의 이해관계뿐 아니라 서로의 존재와 변화에도 영향을 받아 원조 정책을 시행한다.

따라서 본 논문에서는 2000 년부터 2012 까지 동북아시아 3 개국 한·중·일이 對 아프리카 50 개국에 공여한 국제원조의 주요결정요인을 회귀분석 모델을 통해 실증적으로 분석할 것이다.

분석결과로 중국은 다른 국가의 영향을 받지 않고 독자적인 정책을 시행하는 것, 일본은 주요 개발 원조 위원회 (Development Assistance Committee) 국가들에게 영향을 받고 중국에게는 부분적으로 영향을 받는 것, 한국은 일본에게만 영향을 받는 것을 발견할 수 있었다. 따라서 회귀분석과 비교 분석을 통해 한·중·일의 對 아프리카 원조에 있어 서로에게 영향을 받아 반응을 한다는 것을 증명하여 ‘공여국간의 영향’이라는 새로운 변수를 발견하고자 한다.

### 주요어

국제 원조, 아프리카, 중국, 일본, 한국, 반응국가, 원조 결정요인

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