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Master's Thesis

**An Analysis of Chinese Foreign Aid
Policies and Aid Allocation to Africa:
A Case Study of Ethiopia and Nigeria (2000-2014)**

중국의 대(對) 아프리카 대외 원조 정책과
원조금 간의 역학구도:
에티오피아와 나이지리아를 중심으로 (2000-2014)

August 2019

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Abstract

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Emerging non-traditional donors like China being the “new kids on the block” challenge the global aid architecture because it is perceived that their ascendance creates tension within the architecture. However, this thesis claims that *despite arguments that Chinese aid policies are centered on the country’s desire to secure access to natural resources, its characteristics and priorities in fact lead to the realist division of labor which benefits the recipient countries and the global aid architecture.* This study qualitatively utilizes the theories of the division of labor, liberal internationalism, and realism to address the question, together with AidData and OECD’s database quantitatively. Moreover, this thesis covers the years 2000-2014 and identifies

China and the U.S. as the donor countries and Ethiopia and Nigeria as the recipient countries.

The results of this study are as follows: Chinese foreign aid policies are composed of common development, mutual benefit, no conditionality and interference, and self-reliance and independent economic development. For both Ethiopia and Nigeria, China provided capacity building programs under the principle of common development, to ensure that these countries were not only receiving financial support but are also conforming to the project's sustainability. With the Sino-Ethiopian and Sino-Nigerian projects expected to lure in foreign investments and bring economic benefit into the countries, China assured that it mutually benefitted from its projects under the "infrastructure-for-oil" or the "Angola mode," where it obtained a controlling stake of the oil blocks in exchange for Chinese finance and infrastructure.

An interesting phenomenon of the realist division of labor was discovered in this study, where a division of labor into the aid sectors resulted from the donor countries adhering to their national interests. The U.S. focused on sectors that ensured that the recipient countries are capable of fulfilling their duties as one of the most reliable allies, assuring U.S. national security from foreign threats. Hence, it focused mostly on the Education, Government and Civil Society, and the Health sectors. For China, it made sure to mutually

benefit from its projects, under its rhetoric of mutual benefit, strategic partnership, and win-win cooperation. Thus, the country involved itself in the Energy Generation and Supply, Industry, Mining, and Construction, and the Transport and Storage sectors.

This research is unique as it is among the few to analyze the two different aid approaches to Africa, by illustrating Chinese and the U.S.'s aid principles and the outcomes that result from them addressing their national interests. Hence, it provides future discussions on Chinese and U.S. aid and offers a view as to how China can contribute and participate in the global aid architecture's efforts in addressing the recipient countries' needs.

Keywords: Realist Division of Labor, Foreign Aid Policy, Foreign Aid, China, United States, Africa

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Table of Contents

List of Abbreviations, Figures, and Tables

Chapter 1. Introduction.....	1
1. Background.....	1
2. Research Gap.....	2
3. Argument and Scope of Study.....	4
4. Structure of Study.....	6
Chapter 2. Literature Review.....	8
1. Foreign Policy and Foreign Aid.....	8
2. Traditional Foreign Aid Norms.....	10
3. Chinese Aid.....	12
3.1. Chinese Aid Characteristics.....	12
3.2. Chinese Aid and International Norms.....	14
3.3. Accolades to Chinese Aid.....	16
Chapter 3. Research Design.....	20
1. Theoretical Framework.....	20
1.1. Division of Labor.....	20
1.2. Realism.....	22
1.3. Liberal Internationalism.....	25
2. Introduction to Case Studies.....	26
2.1. Justification.....	26
2.2. Case Studies.....	27
3. Data Sources and Limitations.....	29
Chapter 4. Chinese Foreign Policy and Foreign Aid.....	33
1. Chinese Approach towards Foreign Policy and Foreign Aid.....	33
1.1. China's Foreign Policy towards Africa.....	33

1.2.	China's Foreign Aid Policies.....	35
1.2.1.	Eight Principles of Foreign Aid (1964).....	35
1.2.2.	White Paper on Foreign Aid (2011).....	37
1.2.3.	White Paper on Foreign Aid (2014).....	43
2.	Case Study.....	49
2.1.	China and Ethiopia.....	49
2.1.1.	Sino-Ethiopian Relations.....	49
2.1.2.	Transport and Storage (210).....	51
2.1.3.	Energy Generation and Supply (230).....	57
2.2.	China and Nigeria.....	60
2.2.1.	Sino-Nigerian Relations.....	60
2.2.2.	Transport and Storage (210).....	63
2.2.3.	Industry, Mining, and Construction (320).....	65
Chapter 5.	Analysis.....	69
1.	A Realist Approach to Foreign Policy and Foreign Aid.....	69
1.1.	China and Ethiopia.....	71
1.2.	China and Nigeria.....	73
2.	Realist Division of Labor between China and the U.S.....	76
2.1.	U.S. Foreign Aid Policies.....	76
2.2.	China-U.S. and Ethiopia.....	78
2.3.	China-U.S. and Nigeria.....	83
3.	The Twin-Track Approach.....	87
Chapter 6.	Limitations and Avenues for Further Research.....	92
Chapter 7.	Conclusion.....	96
	Bibliography.....	100
	Appendix.....	108
	Abstract (Korean).....	113

List of Abbreviations, Figures, and Tables

List of Abbreviations

DAC	Development Assistance Committee
GTP	Growth and Transformation Plan
HIPC	Heavily Indebted Poor Countries
LDC	Least Developed Countries
OECD	Organisation for Economic Co-operation and Development
PRC	People's Republic of China

List of Boxes

- Box 1 – China's Foreign Policy towards Africa
- Box 2 – Eight Principles for Economic Aid and Technical Assistance
to Other Countries
- Box 3 – Basic Features of China's Foreign Aid Policy

List of Figures

- Figure 1 – Sectoral Distribution of Chinese Foreign Aid to Africa
(2000-2009)
- Figure 2 – Sectoral Distribution of Chinese Foreign Aid to Africa
(2010-2014)

List of Tables

- Table 1 – An Analysis of Chinese Aid in Relation to the Paris Declaration
- Table 2 – Top 10 African Recipients of China-U.S. Aid (2000-2014)
- Table 3 – Percentage Increase of Chinese Foreign Aid to Africa
- Table 4 – Top Chinese Aid Allocation to Ethiopia (2000-2009)
- Table 5 – Top Chinese Aid Allocation to Ethiopia (2010-2014)
- Table 6 – Top Chinese Aid Allocation to Nigeria (2000-2009)
- Table 7 – Top Chinese Aid Allocation to Nigeria (2010-2014)
- Table 8 – China’s Foreign Aid Policies and Aid Allocation
- Table 9 – Bottom and Top 5 China-U.S. Aid Allocation to Ethiopia (2000-2009)
- Table 10 – Bottom and Top 5 China-U.S. Aid Allocation to Ethiopia (2010-2014)
- Table 11 – Bottom and Top 5 China-U.S. Aid Allocation to Nigeria (2000-2009)
- Table 12 – Bottom and Top 5 China-U.S. Aid Allocation to Nigeria (2010-2014)

Chapter 1. Introduction

1. Background

The years 2000-2014 were significant to the world, especially for the global aid architecture for several reasons. In 2000, the United Nations (U.N.) member countries endorsed the Millennium Development Goals (MDGs) to address world poverty. While the Poverty Reduction Strategy Papers¹ released by the World Bank together with the MDGs emphasized that foreign aid should primarily aim to reduce poverty, a total of three High Level Forums on Aid Effectiveness (HLF) were convened. With terms like “dead aid” being used to reflect the growing skepticisms towards development aid effectiveness, the Paris HLF was concluded with the Paris Declaration’s five principles of alignment, harmonization, mutual accountability, ownership, and results management. Aside from aid effectiveness, the international community aimed not only to eradicate poverty but also to assist recipient countries in shedding their “aid recipient” status by considering China’s principle of achieving self-reliance.

China’s strategy of recipient countries achieving self-reliance in aid

¹ The Poverty Reduction Strategy Papers (PRSP) specifies that poverty-reducing programs are to be devised following five fundamental principles: comprehensive, country-driven, long-term perspective, partner-oriented, and results-oriented.

contrasts that of the traditional Western donors.² China allocates aid under the principles of mutual benefit, non-interference, and respect for sovereignty, and does not require standards on corruption, democracy, and human rights, in contrast to the West's conditionalities and selectivity. While scholars such as Nkunde Mwase (2011) and Deborah Brautigam (2012) point out that China allots foreign aid to the so-called "risky" countries with poor governance and unstable institutions, or ones that the World Bank and the IMF limit aid to, the differing Chinese aid characteristics were criticized as neocolonialism, scrambling for resources in Africa, and undermining the Western democracy-promotion efforts by sustaining economic mismanagement and political repression.

2. Research Gap

Emerging non-traditional donors like China being the "new kids on the block" challenge traditional donors like the U.S. because it is perceived that their ascendance creates tension within the existing global aid architecture. With obvious differences between the non-traditional and traditional donors in their aid philosophies, forms and conditions of foreign aid, and the speed and

² In this thesis, traditional Western donors indicate the OECD DAC donors like France, Germany, the Great Britain, Norway, the United States, and more.

threshold of foreign aid delivery, increased Chinese involvement in development aid arises widespread concern as to whether the country is discouraging economic and political reforms and is leading African countries to debt. Moreover, contrasting perspectives to Chinese aid exist. Critics generally believe that the country's aid programs are primarily focused on regime and trade establishment for domestic companies to devour African resources. On the contrary, Chinese aid admirers contend that the country's financial leverage provides an alternative to traditional donors' aid, enabling African countries to invest in infrastructure-related areas that are often looked over by the OECD DAC (The Organisation for Economic Co-operation and Development's Development Assistance Committee) donors (Brautigam, 2011, p. 753).

These contrasting perspectives and ongoing debates on the characteristics and future of Chinese aid are attributed to the limited research on the topic, specifically on country-specific information and data such as aid management and evaluation (M&E), purpose, terms and conditions, and volume all being tightly guarded as "state secrets." While there already exists ample literature on international aid characteristics, norms and standards, and the magnitude of Western aid to Africa, most literature on Chinese foreign aid are not only secondary sources, but they also fail to analyze or map the trends

of the topic in relation to China's foreign policies by simply focusing on the country's "rogue-ness," how its influence will affect the current global aid architecture, and on estimating its amount. There nevertheless exists a gap in this literature which fails to compare the trends of Chinese aid to the West's. With China's increasingly active participation in the Belt and Road Initiative (BRI), Forum on China-Africa Cooperation (FOCAC), and South-South Cooperation (SSC), studies on Chinese foreign aid can provide valuable suggestions to the developing countries and the international aid community. As such, this thesis aims to address this gap by mapping out Chinese foreign aid to Africa, focusing on the factors behind the overall trends of aid allocation of the actor. By identifying its aid characteristics, foreign policies that influence aid, and observing the underlying dynamic of the realist division of labor materializing between the two largest aid donors to Africa – China and the U.S., the study aims to link these to address the potential impacts on the individual African countries and to the global aid architecture.

3. Argument and Scope of Study

This thesis aims to demonstrate the phenomenon that results from countries following their foreign policies to allocate aid. This study reviews the characteristics of Western aid and the criticisms against Chinese aid, together

with the possibility of a “twin-track” that can be implemented in the global aid architecture. As this thesis is among the few to analyze the two different aid approaches, it aims to offer a potential mechanism to promote aid effectiveness, good governance and growth, which are often the most contested areas in development aid.

This study aims to provide a layout of the two different aid approaches toward aid to Africa and illustrate China and the U.S. aid principles and the outcome that results from them addressing their national interests. Moreover, this thesis does not aim to pinpoint which type of aid has absolute advantage over the other, but to observe the outcome of the countries’ differing aid priorities. Lastly, it does not tackle the possible tension that results from this allocation, which is an agenda for further research. With this in mind, the study aims to answer three main questions (*stated below*) under the thesis statement, *despite arguments that Chinese aid policies are centered on the country’s desire to secure access to natural resources, its characteristics and priorities in fact lead to the realist division of labor which benefits the recipient countries and the global aid architecture.*

- (1) To what extent do China’s foreign aid policies influence its aid allocation to African countries?
- (2) How do the African countries respond to Chinese aid?

(3) What effect does the co-existence of Chinese and U.S. aid bring to the global aid architecture?

This study covers the years 2000-2014 and identifies China and the U.S. as the donor countries and Ethiopia and Nigeria as the recipient countries. Moreover, the above years cover the latter Jiang Zemin regime (1993-2003), the Hu Jintao regime (2003-2013), and the earlier years of the Xi Jinping regime (2013-present) for China, and the latter years of the Bill Clinton Administration (1993-2001), the George W. Bush Administration (2001-2009), and the Barack Obama Administration (2009-2017) of the U.S. are analyzed in this study.

4. Structure of Study

The study proceeds as follows: Chapter 2 reviews the literature on Chinese aid characteristics, foreign aid and foreign policy, and the traditional foreign aid norms. As this thesis adopts the concepts of the division of labor and realism, Chapter 3 overviews these two theories together with liberal internationalism to illustrate how these theories are reflected in foreign aid. Additionally, the case studies and data utilized in the study are introduced together with the data limitations.

The case studies presented in Chapter 4 introduce the foreign aid

policies and foreign policies of the donor country – China, with the dynamics analyzed through case studies on Ethiopia and Nigeria. Chapter 5 evaluates the previous chapters by analyzing the main findings and offering a hybrid approach to the theories dealt in this study – a realist division of labor to foreign policy and foreign aid. The chapter also introduces a newly coined concept of the realist division of labor, which is the result of the two donor countries addressing their state interests when allocating aid, leading to both allotting aid to different sectors with different priorities. Moreover, the chapter proposes a possible “twin-track” approach that can be implemented in the global aid architecture, with China increasingly becoming an influential donor. Finally, the last two chapters are dedicated to the limitations and conclusion of this thesis.

Chapter 2. Literature Review

1. Foreign Policy and Foreign Aid

Aid motives can run the gamut from pure altruism that includes poverty eradication to a self-interested claim of promoting political interests under mutual benefit. While it is the common conception that donors provide foreign aid to address poverty and encourage development, it is also common knowledge that donors designate aid to countries that are considered important to them, as Clair Apodaca (2017) points out that foreign aid is actually one of the tools that states utilize to further their foreign policies, together with diplomacy, economic sanctions, military force, and trade. This interrelation between foreign aid and foreign policy was best represented in the 1990s, when foreign aid acquired a new purpose of addressing global problems, establishing democratic institutions, and promoting political economic transitions. As such, a number of scholars agree that foreign aid is utilized as countries' foreign policy tools, and for them to pursue their foreign policy objectives. With the famous quote by John Dickey Montgomery (1963, p. 9), "foreign aid as a political instrument of U.S. policy is here to stay because of its usefulness and flexibility," these words prove to be applicable even in the 21st century.

Hans Morgenthau (1962, p. 301) contributes to the ongoing debate by

suggesting that the “very assumption of foreign aid being an instrument of foreign policy is subject to debate.” However, Apodaca stands by her assertion that security concerns continue to influence foreign aid, as it was a tool utilized by Western states to contain communism during the Cold War. This statement is acknowledged by Carol Lancaster (2007, p. 15), as she likewise affirms that foreign aid predominantly serves as a mechanism “to promote geostrategic interests, for the right to build and maintain foreign bases, to strengthen alliances, and to keep allied regimes in power.” This has been best depicted when foreign assistance had an increasing correlation to national security policies, it being used to promote democracy in Africa, Asia, and Latin America. Moreover, under the democratic peace theory which believes that democracies are hesitant to engage in armed conflict with other identified democracies, foreign aid has been treated as a mechanism to further development on the assumption that development and international peace and security are likely to proceed more rapidly in democratic polities. As a result, foreign assistance in the post-9/11 period being viewed as a crucial instrument to prevent terrorist attacks and the U.S. public supporting higher levels of aid for development confirm the above scholars’ statements.

Foreign aid can also serve as a mechanism to achieve the economic interests of the donors. This statement is echoed by Lancaster (2007, p. 15)

and Hong Zhou (2014, p. 9). Zhou writes that foreign aid leads way to trade and investment. Aside from the additional conditions in foreign aid agreements indicating that products are to be purchased from the donor countries, donors often enter into strategic economic partnerships with recipient countries in trade and investment. Furthermore, Lancaster emphasizes that aid can be allocated to provide financial incentives for recipient countries to import goods and services from the donor country, usually through infrastructure projects such as airport and dam construction, or through the purchase of equipment. While this indicates that the purpose of aid can be re-interpreted according to the country's intentions and interests, Stephen Brown (2016) criticizes that the aid donors' refusal to make the required efforts that run counter to their economic and political interests is the reason why progress has been limited in development aid.

2. Traditional Foreign Aid Norms

Xiaobing Wang, Adam Ozanne, and Xin Hao (2014, p. 49) point out that Western donors utilized conditionalities under the belief that this would help recipient countries implement aid effectively, overcome corruption, and promote a good political environment. These institutions still recognize the importance of sound governance in promoting economic growth, arguing that

development and good governance are interrelated and reinforce each other. Consequently, they are under the belief that there is a relationship among corruption, poor governance, and underdevelopment, as underdevelopment contributes to corruption and corruption hinders development. Ward Warmerdam (2014, p. 81) explains that this phenomenon is the result of traditional donors planning foreign assistance strategies based on their own experiences of post-war reconstruction and socioeconomic development. As a result, they consider the development of civil and social rights, democracy, and “sound” political structures highly, as their experience taught them that stable political economic environments encourage increased levels of foreign investment.

This approach is problematic. It presupposes that aid is only effective in countries that implement the “right” policies, and such countries should be prioritized through aid selectivity (Wang, Ozanne & Hao, 2014, p. 56). However, countries that are in dire need of aid are often those that cannot fulfill such conditions. Despite this, African countries first solving the problems within their governments is insisted by the Western countries as a precondition to aid. This partly contributed to the limitation of Western aid in Africa.

In her famous book, Dambisa Moyo (2009, p. 46) indicated that “aid

has had no appreciable impact on development after many decades and many millions of dollars.” According to Moyo, the aid approach emphasizing social sectors and good governance does not work in Africa. In response to Moyo’s statement, the traditional donors agreed that aid effectiveness should be increasingly emphasized. As a result, the 2005 Paris Declaration was one of their efforts to address this problem by encouraging recipient aid ownership, arguing that donors should respect the rights of the recipients to determine and implement development strategies best suited to their capacities and situation.

3. Chinese Aid

3.1. Chinese Aid Characteristics

In comparison to the characteristics of Western aid, research on Chinese aid review its characteristics in relation to the country’s aid principles. To elaborate further from the above analysis, Sun Yun (2017) explains that foreign aid is defined as an instrument to advance China’s national interests in line with the country’s foreign policy. Politically, it serves to establish diplomatic relationships with the recipient countries. The One-China policy is a good example, as China implements its checkbook diplomacy for diplomatic recognition, especially in Africa. While foreign aid has been used

for commercial deals, it was also the tool used to portray a positive image for China by illustrating the country's efforts to international peace and development. In addition to Yun, Gernot Pehnelt (2007, p. 8) summarizes Chinese aid characteristics as follows: (1) *no strings attached or the principle of non-interference*; (2) *state-led business model*; and lastly, (3) *niche strategy*.

In the case of China, Sven Grimm (2015, p. 66) writes that the Five Principles of Peaceful Co-existence (1954) of “equality and mutual benefit, mutual non-aggression, mutual non-interference in each other’s internal affairs, mutual respect for each other’s territorial integrity and sovereignty, and peaceful co-existence are still considered to be the guiding principles to Chinese external relations.” Consequently, Chinese aid allocation to Africa strictly adheres to Zhou Enlai’s Eight Principles of Foreign Aid (1964) which will be further discussed in Chapter 4. While Zhou stressed economic self-reliance as the reason for foreign aid to African countries, Chinese leaders have repeatedly emphasized that the concept of “mutual benefit” is the cornerstone to Chinese foreign aid, with the concept even being reflected in Zhao Ziyang’s Four Principles on Sino-Africa Economic and Technical Cooperation (1983).³ Referring to the above foreign policies, Yasutami

³ The “Four Principles on Sino-Africa Economic and Technical Cooperation” emphasizes diversity in forms, equality and mutual benefit, practical results, and the pursuit of common development, resonating the two key aspects of the Eight Principles (1964) – emphasis on practical results and equality and mutual benefit.

Shimomura and Hideo Ohashi (2014, p. 221) state that Zhou Enlai and Deng Xiaoping's "win-win" and "opening to the outside world" approaches began to gain importance with the concept of "mutual benefit" from the mid-1990s. These concepts were rooted under the belief that aid and non-aid tools are not only expected to contribute to the recipient countries' development, but also to support Chinese business activities. While this move has been criticized as neo-colonialism and a scramble for resources aimed to impose China's political economic influences onto the African continent, China retained that the Sino-African relationship is based on economic win-win cooperation, mutual respect and trust, and political equality.

3.2. Chinese Aid and International Norms

The international aid norms can be defined through the Paris Declaration. Philippa Brant (2011) associates Chinese aid with the declaration's five principles – even including conditionality, to observe if its aid adheres to it. As illustrated in Table 1, Brant observes that China advocates country alignment through its "recipient-focused" and "responsive" aid. By frequently relying on recipients to select projects, Brant argues that Chinese aid is regarded as particularly responsive to the recipient government's needs and capacities. The aid arguably coincides with the idea of "ownership"

through its principle of non-interference and the government stressing the importance of each country articulating and developing its own development path. Moreover, Brant claims that there are cases of China’s nascent involvement in coordination and harmonization efforts, although only when led by the recipient countries, and at a participatory level. However, its minimal transparency is the concern of both the Western donors and recipient countries. Despite the attempts of the country to associate itself with the declaration, there exists numerous criticisms at an international level.

Table 1. An Analysis of Chinese Aid in Relation to the Paris Declaration

Components of Declaration	Adherence of Chinese Aid
Accountability	Yes (but not transparency)
Alignment	Yes
Conditionality	Not political or policy (but tied aid)
Harmonization	No
Ownership	Yes
Results	Yes (quantity and quality)

Source: Brant (2011).

Moises Naim (2009) strongly disapproves of Chinese aid with his criticism that the country is “not there to help other countries develop, but is motivated by a desire to further its own national interests, advance an ideological agenda, or sometimes line its own pocket.” While phrases such as “exploiter” and “neo-colonialist” have become the typical descriptors of China in Africa, Ngaire Woods (2008, p. 1207) warn that “China is now at the forefront of a new anxiety in the global aid architecture, with concerns

that the structure of its loans could potentially put African countries into a new cycle of debt.” However, Chris Alden and Ana Christina Alves (2009, p. 18) point out that this discrepancy is the result of China and the West having different methods in approaching Africa. While the Western donors focus on direct finance and assistance for education, health, and governance-improving programs, China’s approach focuses on infrastructure building across the continent, enabling African countries to address their ever-long concerns of finance and technological knowledge.

3.3. Accolades to Chinese Aid

Though there are skeptics to Chinese aid, a number of scholars welcome it and see the aid as a new opportunity for Africa after numerous decades of Western aid. Brautigam (2011, p. 759) writes that there are two perceptions to Chinese aid: critics claiming that Chinese aid programs concentrate on propping up regimes and paving way for its domestic companies to gain access to African resources, and supporters of Chinese finance contending that it provides an important counterpoint of traditional aid, allowing recipient countries to invest in productive infrastructure areas that are often neglected by the OECD DAC donors. Brautigam’s argument was reiterated by Shimomura and Ohashi (2014, p. 224), as they argued that Africans regard

China's engagement in the peripheral countries as providing new opportunities. Even Moyo (2009, p. 53) challenged Western donors through her book by stating that, "China's role in Africa is wider, more sophisticated, and more businesslike than any other country's at any time in the postwar period." Moreover, Wang, Ozanne, and Hao (2014, p. 54) support these claims as they likewise argue that "China presents an opportunity for Africa to reduce its marginalization from the global economy and address its inadequate institutions, infrastructure, and macro-economic policies which continue to be the key obstacle to growth and development in many low-income countries." As Chinese aid specifically focuses on the above factors, its infrastructure-focused aid thus offers Africa an exit from its development deadlock.

With the above accolades, scholars have begun reevaluating Chinese aid. Numerous scholars including Wang, Ozanne, and Hao (2014, p. 53) admit that Chinese aid terms are comparatively better than the West's. Consequently, they concede that China provides African countries with employment, infrastructure, and technology, presenting these countries with a "ride into the global economy on China's shirttails rather than remain as natural-resource suppliers to the world." They wrap up by admitting that despite criticisms of China utilizing its aid and investment to exploit African natural resources, it

is argued that investment activities based on mutual benefits are highly likely to be sustainable, with the country committing itself for long-term economic development.

Chinese interests indicate that the country is to remain in Africa in the long-run. Brautigam (2011, p. 760) takes the above debate further by criticizing that “Westerners think they know what Africa needs to do in order to develop – liberalize markets, get prices right, and promote democracy, and China is offering huge no-strings-attached aid packages to resource-rich countries that prop up pariah regimes.” She demonstrates that criticisms on China’s political economic influence are exaggerated, and that its aid can actually benefit the recipient countries. Additionally, these scholars also discovered that Beijing’s role in establishing autocratic regimes is likewise distorted, as there is no concrete evidence. Moreover, Miwa Hirono and Shogo Suzuki (2015, p. 27) argue that “when it comes to economic exploitation of African labor, Chinese enterprises were found to be neither better nor worse than their Western counterparts, and their purchase of African natural resources is often insignificant compared to Western purchases.” Some African leaders share the above views and describe the Sino-African relationship as an equally and purely business-oriented partnership aimed to generate economic growth for all (Zhao, 2015, p. 2).

Whilst African natural resources contribute to supporting China's economic boom, the African economy benefits from Chinese infrastructure and trade, opening doors for many African countries.

Chapter 3. Research Design

1. Theoretical Framework

1.1. Division of Labor

In the *Inquiry into the Wealth of Nations* (1776), Adam Smith dedicates three chapters to the theory of the division of labor by stating that it is “the greatest improvement in the productive powers of labor” (Kemper, 1975, p. 190). However, it was Emile Durkheim in *The Division of Labor in Society* (1893) who took the concept further by claiming that the division of labor, or the designation of specified jobs, benefits the society because of its increased reproductive capacities. According to Durkheim, it not only creates solidarity among the people with common jobs, but jobs also become more specialized with labor becoming increasingly divided (Crossman, 2019).

The division of labor presupposes that human beings are interdependent. Durkheim likewise states that if humans are together, they cannot avoid engaging in cooperative or labor-divided activities in order to survive (Kemper, 1975, p. 195). According to him, among the greatest threats to the division of labor are its excessive development and the lack of coordination between specialized activities, both of which result to social disintegration. While Durkheim also writes that this is the reason why people need to acknowledge each other and make mutual sacrifices, this

phenomenon is reflected in the current global aid architecture through the debate on aid fragmentation and harmonization. For instance, aid fragmentation and harmonization were the issues that were mainly discussed in the HLFs with the increasing number of donors and aid amounts. Although the OECD DAC donors stood by the Paris Declaration, Durkheim's assertion of actors mutually sacrificing is unfortunately not a possibility in the status quo, as the declaration has no binding power and its enforcement is up to the donors' discretions.

This thesis takes the above analysis further in Chapter 5 by applying the theory to China and the U.S.'s aid allocation to Africa. On the contrary, the question of whether the division of labor between China and the U.S. is benefitting the recipient country's society and is increasing the skillset of the donors will have delved upon beyond the scope of this thesis. Moreover, the concept of solidarity creation among the people sharing the job – China and the U.S. in this case, and whether the division of them allocating aid to different sectors allows them to become more specialized will likewise have to be tackled in the future. Subsequently, there are several points that Durkheim mentions that will not be possible to cover in the current time frame, due to the absence of available data.

Kemper (1975, p. 192) states that “Durkheim's conception of the

division of labor extends to non-economic relationships such as friendship – the forming of small, friendly associations, and the true exchange of services wherein each actor plays a role comfortable to his character.” Durkheim terms this the “collective consciousness” and “eventual solidarity” wherein each individual has a distinctive job, task, and a personality. By work being “divided among individuals, whose union brings together their different aptitudes,” (de Souza, 2018, p. 657) division of labor for Durkheim goes beyond economic benefit and interests and establishes a moral and social order. Although he remains optimistic about the relationship, the possibility of China and the U.S. associating, forming a coherent whole, and establishing world order in the global aid architecture cannot be determined with the currently accessible data.

1.2. Realism

Under the realist principles, foreign aid is a policy tool that is used to politically influence the judgements of recipient countries. Because of this characteristic, Tomohisa Hattori (2001, p. 641) states that the theory “presupposes a clear inequality between the donor and recipient, with the relationship being conditioned by the superior economic capacities and military strengths of the donors.” Moreover, one of the most prominent

theorists of political realism – Hans Morgenthau, states that foreign aid has the core policy aims of: economic, humanitarian, military, and prestige. Arguing that foreign aid was a tool to enhance national power and security together with Morgenthau was George Liska, who claimed that “foreign aid is and will remain an instrument of political power” (Lancaster, 2007, p. 3). Delving further into the theory, William Wohlforth (2008, p. 143) writes that the power transition theory posits that the stronger China gets, the country is most likely to become dissatisfied with the currently U.S.-led global order. While he predicted that a war or at least a Cold War style rivalry between China and the U.S. will develop, Ian Taylor (2006, p. 2) likewise agrees with Wohlforth’s claim, as he argues that anti-hegemonism, non-interference, and sovereignty are central to Chinese foreign policy. Moreover, this is reflected in the Sino-African relationship through the principles of equality, independence, mutual respect, and non-interference.

By reviewing numerous scholars’ claims (Maizels & Nissanke, 1984; Berthelemy, 2005) on donors’ self-interests, Warmerdam (2014) discovered that self-interests do take over recipient needs. He identifies the “Nordic” countries of Austria, Denmark, Ireland, Norway, and Switzerland as the more altruistic countries that place less importance on their self-interests. He classifies Australia, France, Italy, Japan, and the U.S. as those which

prioritized self-interests in aid disbursements. In this sense, Warmerdam states that “Chinese aid is similar to Japanese aid in its emphasis on commercial interests, the U.S. aid with its goal of maintaining peripheral security and stability, and French aid with its interest in gathering support in intergovernmental organizations such as the U.N.” (Warmerdam, 2014, p. 92).

The theory is best applied to the analysis of Chinese aid pre-1978. During this period, it is said that Chinese aid falls under the radical internationalist ideology due to the country’s anti-hegemonic stance, its rhetoric of international solidarity, its preference of bilateral aid, and its reluctance of multilateral organizations. While the rhetoric’s similarity to the Chinese pursuit of “mutual benefits” will be illustrated in Chapter 4, Warmerdam (2014, p. 92) indicates that Chinese foreign aid strategies are based on the country’s own developmental needs, as demonstrated through its need of obtaining resources to support its continuing economic development and export promotion. However, Pehnelt (2007, p. 14) reminds us that “one should not forget that China is a supporter of the MDGs and a signatory to the Paris Declaration, though the country has hardly harmonized its aid programs with the policies of other donors.” Since China is neither completely outside nor against international donor community, the possibility of the country’s enhanced participation in donor coordination groups and

establishing aid impact mechanisms will have to be continuously observed beyond the scope of this thesis.

1.3. Liberal Internationalism

Unlike the realists, liberal internationalists and scholars of the liberal tradition perceive foreign aid as an instrument to address problems that arise from globalization and interdependence. As a result of this view, Lancaster (2007, p. 3) points out that growing amounts of aid have been offered to international institutions and is used to address problems such as environmental degradation and the spread of infectious diseases. Surprisingly, Warmerdam (2014, p. 91) argues that “through the analysis of Chinese foreign aid program post-1978, Chinese foreign aid policy and practices actually fall under the category of liberal internationalism.” According to him, this is due to China recognizing the responsibility of wealthier nations having to assist poorer countries, which is what the country aims to achieve through mutual benefits and win-win cooperation. Based on China’s actions of debt cancellations, humanitarian aid, and infrastructure-related aid, it is determined that the country is furthering away from national interests and closing to mutual interests.

Warmerdam’s assertions are unconventional as he is the sole scholar

attempting to bridge Chinese aid with liberal internationalism. Moreover, he writes that liberal internationalism reflects some elements of realist internationalism to a certain extent, in which states pursue short- and long-term self-interests (Warmerdam, 2014, p. 93). He argues that China is reflecting the said theory as self-interest does not always have to be pursued at the expense of others, but can be pursued complementary to liberal internationalism. This analysis indicates that Chinese foreign aid does not differ from the traditional donors', by identifying it as broadly falling within the theory of liberal internationalism. With the view that Chinese foreign aid is not at an ideological opposition to other donor countries, Warmerdam throws out an assignment for future scholars – to seek the possibility of an increasingly holistic approach to development aid by exploring the possible aid complementarity between Chinese and the traditional donors.

2. Introduction to Case Studies

2.1. Justification

The cases utilized in this study have been classified under two time zones: (1) 2000-2009 and (2) 2010-2014. The years 2000-2009 have been categorized fundamentally because the first White Paper on Foreign Aid was released in 2011 by the Chinese State Council, covering information on Chinese foreign

aid from 1950-2009. Consequently, the second White Paper was released in 2014, covering the years 2010-2012. The above years have likewise been critical to the U.S., as then-President George W. Bush initiated the War on Terror and prioritized counter-terrorism and state security as foreign policies. Moreover, Barack Obama continued Bush's counter-terrorism efforts by centering his foreign policies on promoting democracy, managing conflicts, and strengthening the African economy from 2010 to 2014.

2.2. Case Studies

Following the time zone classification, Ethiopia and Nigeria were selected as cases through the below methods:

- (1) First, AidData and OECD's data on China and U.S. aid endowments to Africa were divided into two time zones – 2000-2009 and 2010-2014;
- (2) In the respective time zones, the top 10 countries receiving aid from China and the U.S., were distinguished, as observed in Table 2;
- (3) It was noted that both Ethiopia and Nigeria were among the top 10 aid recipients of both countries throughout the stated years;
- (4) Consequently, the sectoral aid allocation for Ethiopia and Nigeria were observed and it was noted that the two countries' sector

allocations rarely overlapped. Where the sectors did overlap, it was discovered that the said sector was most prioritized by one country and least prioritized by the other. This phenomenon will be delved upon further in the latter part of the thesis.

Table 2. Top 10 African Recipients of China-U.S. Aid (2000-2014)

2000-2009			
China		U.S.	
Country	Aid Amount (in billions, USD 2016)	Country	Aid Amount (in billions, USD 2016)
Angola	\$1.91 b	Egypt	\$7.20 b
Sudan	\$0.88 b	Sudan	\$6.38 b
Ghana	\$0.61 b	Ethiopia	\$5.83 b
Zimbabwe	\$0.60 b	Democratic Republic of the Congo	\$4.35 b
Ethiopia	\$0.59 b	Kenya	\$3.78 b
Democratic Republic of the Congo	\$0.54 b	Nigeria	\$3.22 b
Nigeria	\$0.52 b	Uganda	\$2.90 b
Equatorial Guinea	\$0.48 b	South Africa	\$2.66 b
South Africa	\$0.28 b	Tanzania	\$2.62 b
Zambia	\$0.24 b	Mozambique	\$2.39 b

2010-2014			
China		U.S.	
Country	Aid Amount (in billions, USD 2016)	Country	Aid Amount (in billions, USD 2016)
Nigeria	\$3.43 b	Kenya	\$4.40 b
Angola	\$1.48 b	Ethiopia	\$3.85 b
Ghana	\$1.29 b	Democratic Republic of the Congo	\$2.98 b
Ethiopia	\$1.09 b	Sudan	\$2.67 b
Mali	\$1.09 b	South Africa	\$2.59 b

South Africa	\$0.81 b	Nigeria	\$2.44 b
Tanzania	\$0.58 b	Tanzania	\$2.39 b
Kenya	\$0.49 b	South Sudan	\$2.33 b
Cote D'Ivoire	\$0.41 b	Uganda	\$2.30 b
Sudan	\$0.34 b	Zambia	\$1.89 b

Source: Author's compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017).

3. Data Sources and Limitations

The data sources on China's aid allocation, foreign aid policies, and foreign policies were based both on primary and secondary sources. While the secondary sources referred to in this thesis are literature compiled by foreign scholars, the primary sources on China's aid allocation and foreign aid policy were obtained from the White Papers on Foreign Aid published on the PRC Information Office of the State Council's website. Moreover, both the press releases and official documents following the Sino-Ethiopian and Sino-Nigerian ministerial meetings published on the PRC Ministry of Foreign Affairs website were considered to observe China's foreign policy to Ethiopia and Nigeria over the years, 2000-2014. Subsequently, secondary sources such as online newspapers and Ethiopia and Nigeria's Growth and Transformation Plans (GTP) from 2000-2014 were utilized to observe both countries' aid demands, their reactions to Chinese aid, and to determine the potential effects Chinese aid had brought to the respective countries. Hence, additional primary sources such as interviews with the relevant government officials would overcome the limitations of the secondary sources and to further

observe the tangible effects of Chinese aid to Ethiopia and Nigeria.

Data on Chinese aid allocation was obtained from the College of William and Mary's AidData research lab. The Global Chinese Official Finance Dataset, 2000-2014, Version 1.0 was published on AidData's website on October 2017. This global dataset on China's official development covers the years 2000-2014 and identifies more than \$350 billion in Chinese foreign aid in its original form and through other state financing. The database utilizes the Tracking Underreported Financial Flows (TUFF) methodology, a methodology which identifies projects through a comprehensive search of public official sources and verifies them through media and other additional sources. However, it should be noted that the methodology is subject to some degree of detection bias in terms of its ability to identify projects and its financial amounts in countries where English is not the official language.

The broad definition and scope of Chinese official finance serves as another limitation when it comes to data on Chinese aid allocation. Unlike other countries, China uses the term, "official finance" in a broader sense by including all the Official Development Assistance (ODA)⁴ and Other Official Flows (OOF)⁵ under one frame. The term captures (1) projects that

⁴ According to AidData's database, a total of \$5.36 billion (in USD 2016) ODA-like Chinese official finance was endowed to Africa during the years, 2000-2014.

⁵ A total of \$12.76 billion (in USD 2016) OOF-like Chinese official finance was endowed to Africa over 2000-2014.

fall under ODA, (2) projects that lack development intent, and even includes (3) concessional and non-concessional funds from the Chinese government, making it difficult to distinguish the exact amounts that qualify for ODA and OOF in China's aid package. As such, a number of scholars (Lancaster, 2007; Brautigam, 2011; Shimomura & Ohashi, 2014; and Tseng & Krog, 2016) criticize this broad definition of Chinese aid and point out that the available data and literature may not fully reflect the actual amount of aid allocation of the country.

Similar to Chinese sources, data sources on U.S. foreign policies, foreign aid policies, and aid allocation were based on primary and secondary sources. This information was collected from the Congressional Research Service Reports (CRS) released by the U.S. Library of Congress. While the same recommendation of additional primary sources such as interviews with relevant government officials is suggested, data on U.S. aid allocation was obtained from the OECD CRS database. Though USAID also releases information about the U.S. aid amount and allocation, this database was specifically utilized for the following reasons:

- (1) The CRS database provides a set of basic data that enables an analysis of aid policies, purposes, and trends;
- (2) The database's sector classification includes a number of additional

categories which are not easily allocable per sector. This contributes to current analysis, since much Chinese aid fail to exactly fall into the OECD Sector Codes; and

- (3) AidData similarly classifies Chinese aid allocation according to the OECD Sector Codes, making a comparative analysis possible.

Chapter 4. Chinese Foreign Policy and Foreign Aid

1. Chinese Approach towards Foreign Policy and Foreign Aid

1.1. China's Foreign Policy towards Africa

Africa has always been regarded as a reliable ally to China's political security interests, especially with the country's attempt to establish relationships with the developing world. With the September 11 attacks dramatically changing the international relations' dynamics, Beijing devoured this uncommon opportunity by expanding its scope of strategic place by establishing strong partnerships with semi-peripheral and peripheral countries like Africa, under the belief that these efforts "could increase China's room for diplomatic maneuver in dealing with the U.S. and other Western powers" (Wang and Zhou, 201, p. 83). While the One-China policy was the fundamental political basis for the Sino-African relations, it is gaining less importance with the current decline of Taiwan in the international arena. As such, this promotes a new security concept for China, which features equality and cooperation and mutual benefit and trust in shaping an international environment that is supportive of common development.

Economically, the Sino-African partnership also includes mutual benefits and mutual economic engagement. Recognizing the fact that long-time colonialism and local conflicts deprived the African continent of capital

and technology, China seeks to complement the continent with access to expertise, market capital, and resources. As such, the Chinese government seeks to contribute to the continent's development by encouraging its domestic firms to invest in fields that range from agriculture and infrastructure to trade and tourism. While this calls for concerns over potentially indebting African countries, Chinese investments have made a substantial contribution to hard infrastructure through railway and road construction and natural energy projects. With Chinese projects tapping into unexploited resources, the country is not only adhering to its principle of mutual benefits, but is also making an important contribution towards poverty alleviation and is establishing grounds for Africa's economy to take-off. From the above analysis, it can be observed that China prioritizes equality, mutual benefit, non-interference, and the pursuit of common win-win development in its to foreign policy and foreign aid to Africa. With this in mind, the main points of China's foreign policy towards Africa are as follows (*emphasis added*):

Box 1. China's Foreign Policy towards Africa

1. Adhering to the **Five Principles of Peaceful Co-existence by not interfering** in internal affairs;
2. Upholding African countries in their efforts in cooperating and solving disputes and strengthening unity through peaceful negotiations;
3. Developing and strengthening **long-term stable relationship** with African countries;
4. Continuing assistance to African countries **with no pre-conditions**, take FOCAC as a new platform to develop economic relations with African countries under **the principles of mutual benefit and respect**; and
5. Complementing each other by encouraging companies to enhance bilateral trade, increase investment, and seek **common development**.

Source: Ministry of Foreign Affairs of the People's Republic of China (2004).

1.2. China's Foreign Aid Policies

1.2.1. Eight Principles of Foreign Aid (1964)

According to the PRC Ministry of Foreign Affairs (2004), Zhou Enlai's Eight Principles for Economic and Technical Assistance to Other Countries (1964) not only governed China's relationship with Africa in the 1960s, but still remains totemic in China's international development discourse. In the Principles, Zhou allocated foreign aid to African countries believing that economic self-dependence is critical to political interdependence. Moreover, the essential discourse on Chinese aid are found in these principles, such as common development, equality, independent economic development, mutual benefit, no political conditions, non-intervention, self-reliance, and win-win. While self-reliance is the foundation to China's foreign aid policy, it is closely linked to two fundamental concepts: infrastructure construction and non-

interference.

Chinese leaders have continuously emphasized that mutual benefit is the foundation to its foreign aid. The Principle resurfaced on May 1996, when then-President Jiang Zemin proposed five points in developing a long-term and stable relationship with African countries, the core of which common development, looking to the future, sincere friendship, solidarity and cooperation, and treating each other as equals were included. While Jiang's proposals similarly reflect the concepts of common development and equality, the current President Xi Jinping's speech at the 2015 Asia-Africa Summit likewise referred to Zhao's principles. For instance, Xi's speech entitled, *Carrying Forward the Bandung Spirit to Promote Win-win Cooperation* stated that countries should "establish relations with win-win cooperation at the core."⁶ Moreover, he claimed that African and Asian countries should adhere to the principles of common development, mutual benefit, and win-win results and adjoin their development strategies in tackling new challenges and opportunities. As such, Chinese aid philosophy is summarized into five keywords: mutual benefit, non-interference, physical infrastructure, self-reliance, and win-win, as illustrated in Box 2 (*emphasis added*):

⁶ Xi Jinping Attends the Asian-African Summit and Delivers Important Speech, Stressing to Carry Forward Bandung Spirit, Intensify Cooperation Between Asia and Africa, and Promote the Construction of Community of Common Destiny for Mankind (2015).

Box 2. Eight Principles for Economic Aid and Technical Assistance to Other Countries

1. Chinese aid is provided under the **principles of equality and mutual benefit**, where recipient countries should not regard the assistance as a one-sided grant but of establishing a mutual relationship;
2. China strictly respects the sovereignties and imposes **no conditionality and requires no privileges**;
3. Assistance is provided to recipient countries to **relieve their burdens**;
4. The purpose of Chinese assistance is to help recipient countries towards **independent economic development and self-reliance**;
5. Investments and projects that are minimum and quick-return are preferred;
6. **Equipment and materials** are to be **produced by China**;
7. Chinese government **ensures that local workers are to fully master Chinese technology**; and
8. Dispatched Chinese experts are to have the same local living standards as their counterparts.

Source: Ping (2009).

1.2.2. White Paper on Foreign Aid (2011)

The Chinese State Council's White Papers on Foreign Aid serve as one of the most reliable documents when it comes to Chinese foreign aid. The 2011 White Paper was the first disclosed information on Chinese foreign aid that provided data on Chinese bilateral foreign aid from 1950 to 2009. Although the document best explains Chinese foreign aid principles and motives and additionally includes numerical data on the sectors China allocates aid to, it fails to breakdown the specific amounts and components allotted to the recipient countries. Moreover, the document clarifies that the sector which received most aid was infrastructure that included bridges, roads, and water systems construction. As such, China has designated aid to more than 161

countries and 30 international and regional organizations as of 2009. With concessional, grants, and interest-free loans amounting to 256.29 billion RMB in total, the geographical distribution of Chinese aid can be observed from Figure B1.⁷ From the \$32.88 billion allotted in the period, 32.8% of aid was allocated to Asia, 31.3% to Africa, 17.8% to Central and Eastern Europe, 16.5% to the Caribbean and Latin America, 1% to the Pacific, and 0.47% to the Middle East.

The 2011 White Paper on Foreign Aid features the following characteristics (Box 3, *emphasis added*): (1) adhering to the principles of common development, equality, and mutual benefit, (2) imposing no political conditions by upholding the Five Principles of Peaceful Coexistence, (3) laying a foundation for countries to self-reliance, and (4) respecting the recipients' rights to choose their own paths to development. Box 3 confirms that the principles that governed the Sino-African relations in the 1960s are still applicable today and are reflected in the White Paper. For instance, the principles of equality, imposing of no political conditions, and mutual benefit, together with China assisting the recipient countries to independent economic development and self-reliance were all reflected, with Chinese infrastructure to support in addressing the above aspects. While these are the principles

⁷ The figure only covers the years 2000-2009 due to the availability of data.

observed by China, the country claims that it will “never use its foreign aid as a means to interfere in the recipient countries’ internal affairs or seek political privileges for itself” (Information Office of the State Council, 2011). However, as pointed out by Lancaster (2007), Zhou (2014), and Apodaca (2017) in Chapter 2, Chinese aid objectives were first of all political, with the country desiring to establish diplomatic ties with African countries and compete with Taiwan for political recognition. At present, Adam Taylor (2017) writes that the data illustrates that Chinese aid to Africa is motivated by two major interests – Chinese foreign policy aims and the demands of recipient countries, together with China’s desire to secure access to oil, natural minerals, and raw materials that are essential for its continuous development.

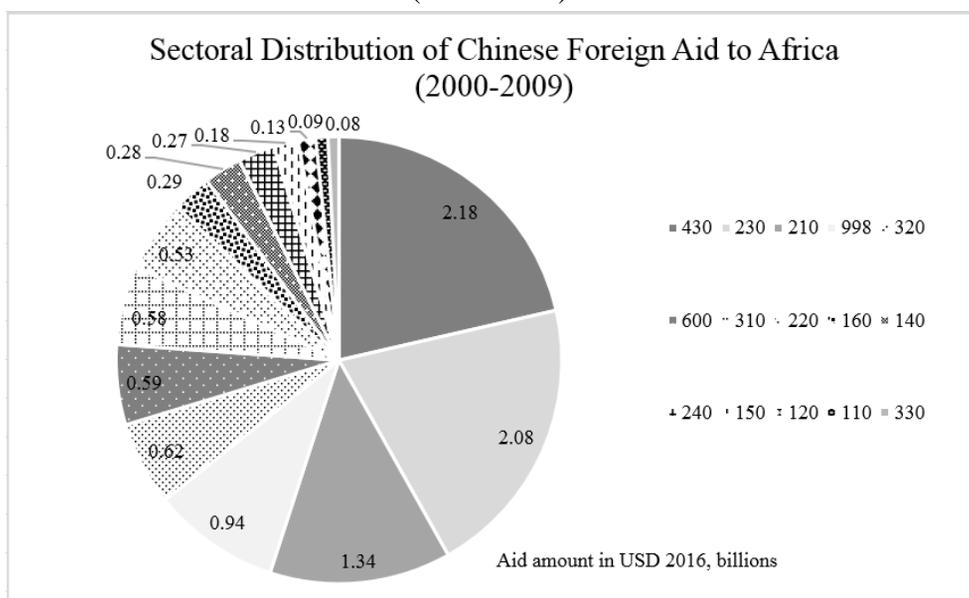
Box 3. Basic Features of China’s Foreign Aid Policy

1. Assisting recipient countries to build up self-development capacities with **Chinese building infrastructure** and using domestic resources for countries to embark on a road to **independent development and self-reliance**;
2. **Impose no political conditions** by upholding the Five Principles of Peaceful Coexistence and respecting the right to select one’s own unique model to development;
3. **Adhering to common development, equality, and mutual benefit** by China accommodating recipient countries’ interests through mutually beneficial economic and technical cooperation; and
4. Remaining realistic with China providing foreign aid according to national conditions and actual need of the recipient countries.

Source: Information Office of the State Council (2011).

China provides aid in eight different ways: (1) complete projects, (2) debt relief, (3) dispatching medical teams, (4) emergency human aid, (5) human resource development, (6) providing goods, (7) technical cooperation, and (8) volunteer programs. Moreover, China's foreign aid projects are engaged in agriculture, economic infrastructure, education, industry, and medical and healthcare, with a focus on improving the recipient countries' agricultural and industrial productivities, laying ground for their socio-economic development, and improving basic education and healthcare (Information Office of the State Council, 2011). Specifically focusing on the geographical coverage of this thesis, Figure 1 illustrates the sectoral distribution of Chinese foreign aid to Africa, with sectors adhering to the OECD purpose codes.

Figure 1. Sectoral Distribution of Chinese Foreign Aid to Africa (2000-2009)⁸



Source: Author's compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017).

As observed in Figure 1, Other Multisector (430) received the most aid of \$2.18 billion, followed by Energy Generation and Supply (230) of \$2.08 billion. Conforming to its objectives of laying ground for socio-economic development and encouraging the recipient countries to independent development and self-reliance, \$1.34 billion was allotted to

⁸ The sectoral distribution is as follows (in decreasing order): 430 (Other Multisector) - \$2.18 billion; 230 (Energy Generation and Supply) - \$2.08 billion; 210 (Transport and Storage) - \$1.34 billion; 998 (Unallocated/Unspecified) - \$0.94 billion; 320 (Industry, Mining, and Construction) - \$0.62 billion; 600 (Action Relating to Debt) - \$0.59 billion; 310 (Agriculture, Forestry, and Fishing) - \$0.58 billion; 220 (Communications) - \$0.53 billion; 160 (Other Social Infrastructure and Services) - \$0.29 billion; 140 (Water Supply and Sanitation) - \$0.28 billion; 240 (Banking and Financial Services) - \$0.27 billion; 150 (Government and Civil Society) - \$0.18 billion; 120 (Health) - \$0.13 billion; 110 (Education) - \$0.09 billion; 330 (Trade and Tourism) - \$0.08 billion.

Transport and Storage (210). With China utilizing its technologies and low-cost labor, it contributed to infrastructure projects in communication, power supply, and transportation. As a result, the country established 442 economic infrastructure projects worldwide, including 35 African countries. While the Gotera Interchange in Ethiopia was one of the projects, Chinese involvement in the sector improved production and created favorable conditions for the socio-economic development of the recipient countries. Moreover, China designated \$0.62 billion to the Industry, Mining, and Construction (320) sector by undertaking a number of industrial projects. These projects promoted economic development and production by creating jobs and increasing market revenues in recipient countries. By 2009, China supported a total of 688 industrial production projects worldwide – including 26 African countries, that cover chemical, electronic, energy, machinery, and textile industries.

Aside from the socio-economic sectors, a total of \$0.59 billion was assigned to African debt relief under Action Relating to Debt (600). The 2011 White Paper emphasizes that China has declared debt cancellations of the mature interest-free governmental loans of the heavily indebted poor countries (HIPC) and least developed countries (LDC) which have established diplomatic relations with China. In Africa, China had signed debt

relief agreements with a total of 50 countries, cancelling at most 380 mature debts totaling to 25.58 billion RMB through a total of 6 occasions including the 2000, 2006, and 2009 FOCAC Ministerial Conferences. Additionally, China also focused on strengthening the recipient countries' self-development capacities by improving basic education and healthcare, though its aid amounts were comparatively lesser than the other sectors. For instance, \$0.13 billion was invested to the Health (120) sector, which contributed to the establishment of hospitals and medical care centers and dispatch and training of medical workers. By 2009, China had improved the medical care infrastructure and medical treatment worldwide – including 48 African countries, by assisting them in building more than 100 hospitals and providing them with medical equipment.

1.2.3. White Paper on Foreign Aid (2014)

The 2014 White Paper was released on July 10, 2014 and covered the years 2010-2012. The scale of Chinese development assistance significantly increased in those three years, with the recipient countries receiving a total of 89.34 billion RMB. While China directed most of its funds to the HIPCs and LDCs, Africa received the majority of Chinese aid of 51.8%,⁹ followed by

⁹ According to Figure B2, Asia was the continent that received the most aid in 2010-2014

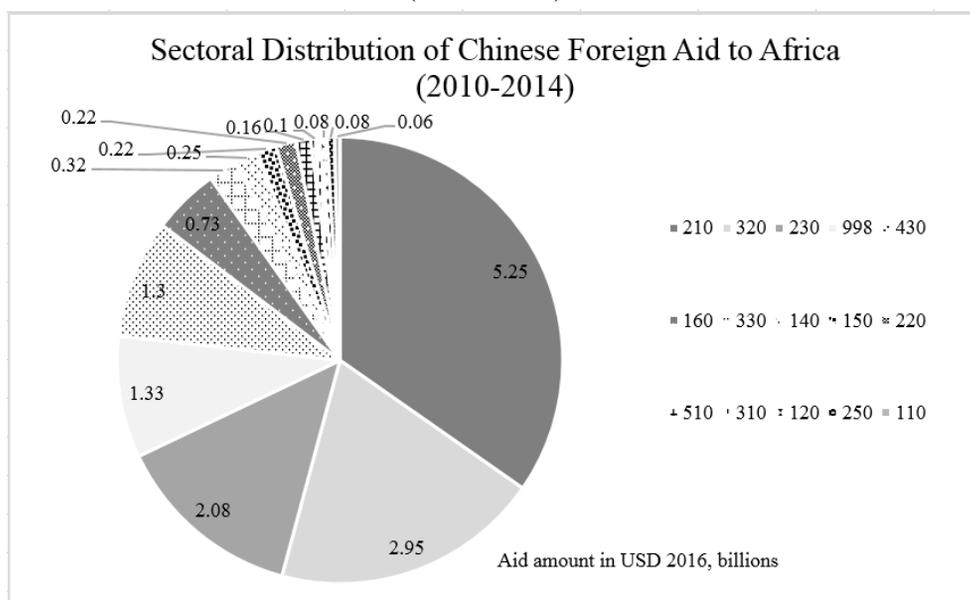
Asia (30.5%), and Latin America (8.4%). Consequently, this practice called upon criticisms that a “Chinese-led scramble for Africa” was taking place, where the country’s usage of debt trap diplomacy is to cause debt distress in numerous African countries. While the principles of Chinese aid similarly persisted, China continued to relieve a total of 16 mature interest-free loans totaling to 1.42 billion RMB of 9 HIPCs and LDCs, namely Benin, Cameroon, Cote d’Ivoire, Equatorial Guinea, Mali, Sudan, Tanzania, Togo, and Zambia. Moreover, China is one of the non-OECD DAC donors that provided a large amount of humanitarian aid (Carter, 2017), with the country allocating \$241 million (1.7% of its total aid) worth of food, medical teams, and relief materials. While Ethiopia was one of the beneficiaries in the Horn of Africa being stricken with severe droughts and facing serious food shortages, one unique feature in the 2014 White Paper was China’s declaration for environmental protection. Although its aid amount was comparatively less significant, China assisted countries like Burundi, Ethiopia, and Sudan to improve their usage and management of solar and hydropower through technical cooperation. China also actively supported African countries in addressing climate change, desertification, and urban environmental

with 27.4% while Africa received 27.2% of the total aid allocated worldwide. This discrepancy between the data released by the Chinese government and AidData is attributed to the Chinese government overestimating its aid and due to the TUFF methodology.

protection, resulting to 105 clean energy and water supply projects.

As observed in Figure 2, the aid components were similar to the previous White Paper, with China allocating the most aid of \$5.25 billion to the Transport and Storage (210) sector, followed by \$2.95 billion to the Industry, Mining, and Construction (320) sector, with two new sectors emerging in the most recent White Paper – General Budget Support (510) and Business and Other Services (250). However, special attention has to be paid to Table 3, as it demonstrates how the Chinese aid principles and priorities persisted in recent years.

Figure 2. Sectoral Distribution of Chinese Foreign Aid to Africa (2010-2014)¹⁰



Source: Ibid.

When it comes to Chinese aid to Africa, Table 3 demonstrates that there have been increases and decreases in aid amount to specific sectors. This phenomenon is observed to be the result of Chinese aid strictly adhering to its characteristics of the country providing infrastructure and laying ground for recipient countries' independent economic development and self-reliance. For

¹⁰ The sectoral distribution is as follows (in decreasing order): 210 (Transport and Storage) - \$5.25 billion; 320 (Industry, Mining, and Construction) - \$2.95 billion; 230 (Energy Generation and Supply) - \$2.08 billion; 998 (Unallocated/Unspecified) - \$1.33 billion; 430 (Other Multisector) - \$1.3 billion; 160 (Other Social Infrastructure and Services) - \$0.73 billion; 330 (Trade and Tourism) - \$0.32 billion; 140 (Water Supply and Sanitation) - \$0.25 billion; 150 (Government and Civil Society) - \$0.22 billion; 220 (Communications) - \$0.22 billion; 510 (General Budget Support) - \$0.16 billion; 310 (Agriculture, Forestry and Fishing) - \$0.1 billion; 120 (Health) - \$0.08 billion; 250 (Business and Other Services) - \$0.08 billion; 110 (Education) - \$0.06 billion.

instance, Industry, Mining, and Construction (320) had a 375.8% increase compared to the previous White Paper, with a total of \$2.95 billion allocated to Africa. Moreover, Trade and Tourism (330) likewise had a 300% increase with China strengthening its assistance in the production capacity building of recipient countries and participating in WTO’s Aid for Trade initiative. China implemented zero tariffs, supported countries’ participation in multilateral trading system, and trained domestic economic and finance related professionals. In the three-year period, China contributed to constructing 90 trade-related infrastructure projects and provided commodity inspection equipment. While Ethiopia was one of its beneficiaries, China provided container inspection equipment to the country, improving its capacity and customs clearance ability.

Table 3. Percentage Increase of Chinese Foreign Aid to Africa

Sector Code	Sector Name	Percentage Increase
320	Industry, Mining, and Construction	375.8%
330	Trade and Tourism	300%
210	Transport and Storage	291.7%
160	Other Social Infrastructure and Services	151.7%
998	Unallocated/Unspecified	41.4%
150	Agriculture, Forestry and Fishing	22.2%
230	Energy Generation and Supply	-
140	Water Supply and Sanitation	-10.7%
110	Education	-33.3%
120	Health	-38.4%
430	Other Multisector	-40.3%
220	Communications	-58.4%
310	Agriculture, Forestry and Fishing	-82.7%
510	General Budget Support	N/A ¹

250	Business and Other Services	N/A
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Note: ¹⁾ It was not possible to determine the percentage increase of some sectors, as they were newly introduced in the 2014 White Paper.

Source: Author's compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017).

Transport and Storage (210) likewise had a 281.7% increase in aid compared to the previous period, with \$5.25 billion allotted to Africa. With infrastructure being one of the major focus of Chinese aid to Africa, China contributed to 70 transportation projects that includes airports, bridges, ports, and roads. For example, China supported the building of the Sika Highway that not only connects Nairobi to the country's economic hub, but also contributes to the road network linking Ethiopia, Kenya, and Tanzania. Furthermore, Other Social Infrastructure and Services (160) escalated 151.7%, with China contributing to the construction of public welfare facilities. While China undertook the construction of 195 well-drilling, residential housing, and public cultural venues, these contributed to improving the people's livelihood and working conditions of the recipient governments. Unlike the above sectors, some sectors experienced massive decrease in aid amounts compared to the previous period. For example, Agriculture, Forestry and Fishing (310), Education (110), and Health (210) sectors each encountered 82.7%, 33.3%, and 38.4% decrease respectively. Although neither the acknowledgement nor the reason for this decrease is mentioned in the White Paper, it has to be investigated beyond the scope of this paper. In the present,

it is only assumed that China promoted the economic- and infrastructure-related sectors, thus the country receiving criticisms from civil societies and the international community for being “driven by the need for energy and raw materials” (Carter, 2017).

2. Case Study

2.1. China and Ethiopia

2.1.1. Sino-Ethiopian Relations

In contrast to prevailing criticisms against Chinese aid to Africa, scholars such as Gashaw Ayferam Endaylalu (2018, p. 14) claim that it is “naïve” to negate the positive role of China in Ethiopia with its involvement in various sectors such as infrastructure building, enhanced trade relations, and increased investment and aid. While the rhetoric of mutual benefit, strategic partnership, and win-win cooperation are at the core of Sino-African relationship, Endaylalu writes that the Sino-Ethiopian relationship is indeed motivated by economic, diplomatic, strategic, and ideological motives of both actors. For instance, Endaylalu (2018, p. 16) states that the reason why Ethiopia is increasing its interactions with China is not only because of its economic assistance, but also because Ethiopia regards China as an alternative partner to the Western donors. For China, Ethiopia’s vital role in

African political history and the country’s strategic position in the African Union and the U.N. makes it a potential strategic ally and partner. Moreover, the public statements of Wu Bangguo (then-Chairman of the Standing Committee of the National People’s Congress of China) and Li Keqing (then-Chinese Prime Minister) on the country’s priority in infrastructure development, energy and resources, and technology transfer-related areas not only illustrates China’s preferred sectors of cooperation, but also affirms the aforementioned rhetoric of common economic development and mutually beneficial win-win cooperation as the driving forces of Sino-Ethiopian relations.

Table 4. Top Chinese Aid Allocation to Ethiopia (2000-2009)

Sector Code	Sector Name	Aid Amount¹ (in millions, USD 2016)	%
230	Energy Generation and Supply	\$307.1 m	51.6%
998	Unallocated/Unspecified	\$109.1 m	18.3%
430	Other Multisector	\$84.2 m	14.1%
210	Transport and Storage	\$56.9 m	9.56%
600	Action Relating to Debt	\$31.3 m	5.26%
110	Education	\$3.52 m	0.59%
310	Agriculture, Forestry and Fishing	\$0.99 m	0.16%
320	Industry, Mining, and Construction	\$0.92 m	0.15%
250	Business and Other Services	\$0.26 m	0.04%
700	Emergency Response	\$0.08 m	0.015%
150	Government and Civil Society	\$0.063 m	0.01%
120	Health	\$0.06 m	0.01%
Total		\$594.6 m	100%

Note: ¹⁾ The sectors are arranged in descending aid amount order. The aid amounts were expressed in millions (USD 2016) for a more accurate country-level analysis.

Source: Author’s compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017).

Table 5. Top Chinese Aid Allocation to Ethiopia (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
210	Transport and Storage	\$677.9 m	61.7%
230	Energy Generation and Supply	\$196.5 m	17.8%
998	Unallocated/Unspecified	\$139.8 m	12.7%
430	Other Multisector	\$40.6 m	3.69%
150	Government and Civil Society	\$14.6 m	1.32%
310	Agriculture, Forestry and Fishing	\$13.8 m	1.25%
140	Water Supply and Sanitation	\$11 m	1%
700	Emergency Response	\$2.61 m	0.23%
120	Health	\$1.89 m	0.17%
110	Education	\$0.006 m	0.0%
Total		\$1098.7 m	100%

Source: Ibid.

2.1.2. Transport and Storage (210)

Based on Tables 4 and 5, it is observed that the amount of Chinese aid allocated to Ethiopia in 2000-2009 was \$594.6 million (in USD 2016), with an 84.7% increase of \$1098.7 million in the latter period. From the two tables, the following are observed:

- (1) Energy Generation and Supply (230) and Transport and Storage (210) were the top sectors in their respective periods, with \$307.1 million and \$677.9 million allotted respectively;
- (2) Action Relating to Debt (600), Business and Other Services (250), Industry, Mining, and Construction (320), and Water Supply and Sanitation (140) are the four unique sectors in each period, with

neither one appearing nor reappearing in either periods; and

- (3) A total of 4 sectors among the top 5 sectors of each period overlapped, which were Energy Generation and Supply (230), Other Multisector (430), Transport and Storage (210), and Unallocated/Unspecified (998).

This section focuses on the 4 overlapping sectors and observes the extent of increase or decrease in aid amounts, the extent of Chinese aid principles being reflected in aid sectors, and the extent of Chinese aid addressing the recipient country's demands. To start off, the Transport and Storage (210) sector experienced a 545.3% increase in 2010-2014, with the total aid amount increasing from the initial \$56.9 million to \$677.9 million. The significant increase in aid amount indicating a sector prioritization, Hailemariam Desalegn, the 14th Prime Minister of Ethiopia (2012-2018), extended a warm welcome to Chinese foreign assistance by stating that the country contributed to Ethiopia's economic growth and transformation. While the sector's projects mainly focused on airport, railway, and road construction, the two most significant projects were the Addis Ababa Adama (Nazareth) Expressway and the Addis Ababa-Djibouti railway construction.

Recognizing the importance of road transportation in developing the country's economic and social activities, the Ethiopian government

prioritized road infrastructure improvement in its GTP. The government undertook projects to improve Ethiopia's transportation networks, as poor facilities have affected its economic development. The government aimed to expand its road network to improve the quantity and quality of road network, by developing human resources, restructuring its implementation agency, and strengthening road network planning. However, the Ethiopian government experienced difficulties in securing financial resources for the projects and had limited capacity when it came to technology and project management. The country was able to overcome these through China's involvement in the sector.

As the first expressway in Ethiopia, the construction of the Addis Ababa Adama (Nazareth) Expressway was initiated in April 2010 and was open to the public in September 2014. With Ethiopian Roads Authority (ERA) as the project developer and the Chinese Communications Construction Company (CCCC) as the contractor, the project was completed at an estimated cost of \$612 million, 57% of which was covered by the Exim Bank of China. Although it is not possible to observe the extent of Chinese involvement and contribution to the project and to the Ethiopian economy at this point, this confirms that China adhered to its principles of providing infrastructure for the recipient country to initiate a process towards a self-

reliant and independent economic development.

The Ethiopian government similarly acknowledged the economic advantages of connecting the country with its neighbors through railway transports. The 752.7-km Addis Ababa-Djibouti railway was proposed to develop Ethiopia as an African manufacturing hub and appeal its efficient transport, abundant labor, and cheap power to the investors. Similar to the road projects however, the key challenges to the development and expansion of the railway network were the project's requirement of massive initial investment, human resource capacity, and specialized experience in railway development. Despite these limitations, expectations were high on this railway. A statement by Mekonnen Getachew, the project manager of the Ethiopian Railways Corporation supports this, as Getachew claimed that "the railway was to be a "game-changer," (Todd, 2016) since it was to connect Ethiopia to the ports of Djibouti, boosting the Ethiopian economy and industrializing the country by luring foreign investments.

The modernization process was expected to provide the landlocked country with quicker access to the port of Djibouti. As one of the largest mega-projects, Ethiopia believed that it will transform its largely agricultural economy into the East Africa's manufacturing hub. This joint railway had the China Railgroup, China Civil Engineering Construction Corporation

(CCECC) as its contractors and obtained its funds from the Exim Bank of China, China Development Bank, and the Industrial Commercial Bank of China. At a total cost of \$4 billion, of which the Ethiopian section of the line costs \$3.4 billion, it is notable that the Exim Bank of China provided 70% of the funds to the Ethiopian government. This not only allowed Ethiopia to step closer to its goal, but also to address its concerns on the following: (1) large initial investment – massive financial support from China and its (2) lack of experience and human resources – a Chinese-standard railway was to be built with operations management conducted by a Chinese staff for five years, during which local employees were to be given specialist training on operations. As a result, the appreciation towards Chinese involvement was expressed by high-profile politicians, Meles Zenawi (13th Prime Minister of Ethiopia, 1995-2012) and Kassu Ilala (then-Minister of Works and Urban Development)'s statements of long-term economic aid and support from China having substantially enhanced Ethiopia's capability of self-development.

Francoise Nicolas (2017) writes in his report that “although the Chinese-involved projects may be real game-changers for Ethiopia's development, they are also quite favorable to the Chinese interests.” With Chinese companies and concessional loans dominating the Ethiopian road

and railway construction scenes, Nicolas notes that Chinese contractors often do not go through a competitive and selective process and a significant amount of goods and services utilized in the projects originate from China. In response to these observations, Chinese authorities claim that the Western media is demonizing the Sino-Ethiopian relations by illustrating the country as a supposed neo-colonizer extracting natural resources from Ethiopia, despite it being a non-natural resource country. Moreover, Qin Jian, the Deputy Head of Mission at the Chinese Embassy in Addis Ababa points out that Ethiopians view the Chinese companies' large-scale investments as "ensuring the country's well-being and sustainable long-term development while contributing to its infrastructure development" (Moody & Chao, 2014). These perceptions indicate that China contributes to Ethiopia's efforts of self-reliant development by complying to its foreign aid principles of common development and mutual benefit.

The Unallocated/Unspecified (998) sector experienced a 30% *decrease* in aid amount in the latter years, whereas the Other Multisector (430) likewise experienced a 73.8% decrease in 2010-2014, with the total aid amount decreasing from the initial \$84.2 million to \$40.6 million. Unfortunately, the reasons behind this phenomenon would have to be covered beyond the scope of this thesis, due to data limitations. However, some

speculations may be made in terms of the data's origin. The phenomenon may be attributed to the TUFF methodology, as it relies on media sources. The decrease may be the result of detection bias, with the AidData team unable to track some project's amount. It can also be associated with the fact that the team focused on English media sources, the aid amount unable to be reported by countries whose official language is not English. Moreover, the fact that only five years being covered in the 2014 White Paper can also be the cause to this phenomenon. Surprisingly, and unlike Western perception, the Energy Generation and Supply (230) sector likewise experienced a decrease in aid amount of 65.5% in 2010-2014.

2.1.3. Energy Generation and Supply (230)

The Energy Generation and Supply (230) sector experienced a 65.5% decrease in 2010-2014, with the total aid amount decreasing from the initial \$307.1 million to \$196.5 million. This significant difference from prior years despite the total aid amount increasing 84.7% from \$594.6 million in the years 1950-2009 to \$1098.7 million in 2010-2014 verifies that the developing of renewable energy sources and strengthening the administrative capacities of these sources are one of the country's key aims to economic infrastructure. As such, the GTP includes developing and ensuring the continuous supply of

energy to different socio-economic sectors as sources of foreign currency, as well as the country's Green Development Strategy of generating electricity from hydropower and other renewable energy sources like biofuel and solar and wind energy.

In the GTP, the Ethiopian government declared that efforts were to be exerted to enhance the capacity and knowledge of the energy sector. The major objective of the sector was to address the demands for energy in the country by providing sufficient and reliable power supply that adheres to international standards. This was to be achieved through the construction of new hydroelectric power generation projects. While the key implementation strategy was capacity building in development, energy project planning, and technical management, the hurdle of massive initial investment and the overall capacities of local contractors, manufacturers, and suppliers reappeared. Fortunately, Chinese companies have been playing a significant role in the Ethiopian power sector development, particularly in the construction of hydroelectric power plants. For instance, the Gibe III hydropower project had the Dongfang Electric Group as its Chinese contractor and the Industrial and Commercial Bank of China as its lender.

When it came to enhancing its energy sector, the lack of capacity of its domestic infrastructure acted as an obstacle for Ethiopia. This limitation

invited criticisms against the Ethiopian government and the Ethiopian Electric Power Corporation (EEPCo), as they were unable to deliver uninterrupted and sustainable power supplies to its nationwide clients despite heavy rainfalls filling up the dams and rivers with water. However, by signing a \$2.1 billion deal in July 14, 2009 with China to construct two hydroelectric power dams including the Gibe III dam, Ethiopia was able to obtain 85% of the project's funding from China and increase its hydroelectric power capacity to more than 2,000 megawatts. At an expected 243 meters, the Gibe III dam was not only to be the tallest dam in the continent, but was also predicted to be the source of electricity export to Sudan, Djibouti, and Kenya.

The hydroelectric power dam was integral to Ethiopia's GTP and to the country's development plan of it advancing as a middle income country by 2025. Consequently, Chinese financial support was highly appreciated by Ethiopian authorities, as Alemayehu Tegen, the Minister of Water and Energy stated that the "timely arrival of China was a complement to the sustainable development of the country" (China donates Bio-gas appliances to Ethiopia, 2012). Additionally, it is noted that China not only provided a majority of the funds but also provided training for Ethiopian technicians. While these actions allowed Ethiopia to address its concerns on limited capacity and initial investment, China provided funds for infrastructure for

the country to develop as a self-reliant economy. However, the extent of self-reliance through electricity export would have to be explored beyond the scope of this thesis.

2.2. China and Nigeria

2.2.1. Sino-Nigerian Relations

Nigeria has developed to become one of China's most important strategic partner, with ex-President Hu Jintao acknowledging the significance of the country to China when he visited the then-Nigerian President Olusegun Obasanjo last 2005. In order to reemphasize this, both countries signed a Memorandum of Understanding (MOU) on the Establishment of a Strategic Partnership on January 2006, making Nigeria the first African country to sign a similar agreement with China. Under the agreement, both were to "take active measures to expand economic and trade cooperation, further two-way investment, and achieve common development" (China, Nigeria to build strategic partnership, 2005), especially in the fields of infrastructure, manufacturing industry, and resource exploration. While China pledged to protect Nigeria's interests, Nigeria in return committed itself to mutually beneficial cooperation in trade and investment, railway and telecommunications, and manufacturing. Through these dedications, the

principles of common development and mutual benefit can be observed from both China and Nigeria.

China contributes to Nigeria's development by investing in key socioeconomic sectors like energy, finance, manufacturing, and technology. Nigeria likewise claims that their partnership is of a strategic one, which presents the country with the opportunity to benchmark on China's expertise, knowledge, and skills, to contribute to the country achieving its economic, infrastructural, and social goals under its Vision 2020 development plan. While the rhetoric of win-win cooperation is observed from this dynamic, some opposition to the spread of Chinese investors and products into the Nigerian economy is observed. Some claim that it is beneficial for Nigeria to have Chinese manufacturing companies provide cheap and locally-unavailable products, whereas others think it as hazardous to the local economy. These concerns originate from the fact that the Chinese companies have been particularly active in the fields of construction, oil, and telecommunication, with them notorious for their tendency to utilize Chinese rather than local workers. As such, some Nigerians argue that this partnership not only fails to address the issues of unemployment but also undermines the Nigerian market. These concerns are best illustrated through the Lagos-Kano Railway Project.

Table 6. Top Chinese Aid Allocation to Nigeria (2000-2009)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
220	Communications	\$197.3 m	37.8%
110	Education	\$151.9 m	29.1%
210	Transport and Storage	\$91.9 m	17.6%
998	Unallocated/Unspecified	\$72.9 m	13.9%
120	Health	\$3.3 m	0.63%
230	Energy Generation and Supply	\$1.45 m	0.27%
140	Water Supply and Sanitation	\$0.97 m	0.18%
600	Action Relating to Debt	\$0.56 m	0.1%
700	Emergency Response	\$0.02 m	0.003%
160	Other Social Infrastructure and Services	\$0.002 m	0.0%
Total		\$521.7 m	100%

Source: Ibid.

Table 7. Top Chinese Aid Allocation to Nigeria (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
320	Industry, Mining, and Construction	\$2346.1 m	68.4%
160	Other Social Infrastructure and Services	\$618.4 m	18%
230	Energy Generation and Supply	\$151 m	4.4%
210	Transport and Storage	\$107.3 m	3.12%
430	Other Multisector	\$100 m	2.91%
150	Government and Civil Society	\$50.9 m	1.48%
310	Agriculture, Forestry and Fishing	\$21.4 m	0.62%
250	Business and Other Services	\$20.6 m	0.6%
220	Communications	\$13.8 m	0.4%
120	Health	\$0.16 m	0.004%
Total		\$3430.7 m	100%

Source: Ibid.

2.2.2. Transport and Storage (210)

Based on Tables 6 and 7, it is observed that the amount of Chinese aid allocated to Nigeria in 2000-2009 was \$521.7 million (in USD 2016), with an astonishing 557.6% increase of \$3430.7 million in the latter period. From the two tables, the following are observed:

- (1) Communications (220) and Industry, Mining, and Construction (320) were the top sectors in their respective periods, with \$197.3 million and \$2346.1 million allotted respectively
- (2) Only 1 sector among the top 5 sectors of each period overlapped, which was Transport and Storage (210); and
- (3) A shocking number of 10 sectors¹¹ were unique in each period, with neither one appearing nor reappearing in either periods.

This section focuses on the 1 overlapping sector and observes the extent of increase or decrease in aid amount, the extent of Chinese aid principles being reflected in the aid sector, and the extent of Chinese aid addressing the recipient country's demands. To start off, the unique part of the

¹¹ These sectors are as follows (in decreasing order): Industry, Mining, and Construction (320) - \$2346.1 million; Education (110) - \$151.9 million; Other Multisector (430) - \$100 million; Unallocated/Unspecified (998) - \$72.9 million; Government and Civil Society (150) - \$50.9 million; Agriculture, Forestry and Fishing (310) - \$21.4 million; Business and Other Services (250) - \$20.6 million; Water Supply and Sanitation (140) - \$0.97 million; Action Relating to Debt (600) - \$0.56 million; and Emergency Response (700) - \$0.02 million.

Sino-Nigerian aid was the fact that the Transport and Storage (210) sector was the only overlapping sector in both periods. Though the sector experienced a 14.48% decrease in the latter years, it does not change the fact that the sector was continuously prioritized by China.

China has been supporting Nigeria's transport sector by contributing to the Lagos-Kano Railway Project, a railway that stretches 1,402 kilometers and connects Nigeria's economic capital of Lagos to its northern city, Kano. The project was officially initiated in 2006, with the China Civil Engineering Construction Corporation (CCECC) and the Eximbank of China signing an \$8.3 billion contract with the Nigerian government. Often described as "China's single largest overseas contract project" (China to help build Nigeria's first standard railway, 2006), it is believed to be a mutually beneficial one especially for China, as the project was to comply to Chinese technological standards and utilize the country's construction equipment like machinery, trains, and steel products.

An interesting relationship between the two countries was portrayed in the contract, as Nigeria offered China a preferential access to their oil blocks in exchange for Chinese financial support. While the contract gave the project the financial boost it needed, the deal was an example of China "looking to tighten relations with oil-producing countries to steady energy

supplies” (Nigeria gets \$1bn China rail loans, 2006) by offering them financial support in the construction of airports, hydropower plants, oil and gas, railways, and roads infrastructure. China demonstrated the country’s adherence to its principles of mutual benefit and win-win cooperation through this agreement, as it mutually benefitted while offering financial support to Nigeria. Meanwhile for Nigeria, the agreement was expected to create around 200,000 jobs domestically – both directly and indirectly. With the China Railway Construction Corporation (CRCC) Chairman Meng Fengchao ensuring the country that the project was to create up to 30,000 jobs, it is observed that the creation of local employment was crucial for the country aside from the initial financial investment required for railway construction. However, the extent of employment creation and the railway’s contribution to the Nigerian economy will have to be discussed beyond the scope of this study.

2.2.3. Industry, Mining, and Construction (320)

As mentioned above, Nigeria had a total of 10 sectors that were newly introduced in each period and were not continuously prioritized. The Industry, Mining, and Construction (320) sector was one of these, with an alarming amount of \$2346.1 million (68.4% of the total aid) comprising the majority

of Chinese aid to Nigeria in 2010-2014. The \$1727.7 million difference from the consequent sector implies that China's search for energy security has become a major focus behind its aid allocation to Nigeria in the latter years.

China's oil consumption and demand has doubled in the last decade, making it responsible for 30% of the global oil demand in the status quo. According to the Organisation of Petroleum Exporting Countries (OPEC), China's oil demand has rapidly increased and is expected to double by 2030. While this justifies the country's increased political economic interaction with African countries, Sino-Nigerian relations is driven by China's "domestic economic imperatives of securing a stable supply of natural resources through long-term imports contracts and exports of its manufacture" (Gold et al., 2017, p. 1225). Hence, China has been engaging in the so-called "infrastructure-for-oil" or the "Angola mode" with Nigeria, by providing unconditional financial resources for infrastructure development, in exchange for resources. For instance, it has been pointed above that the China Eximbank offered \$2 billion to Nigeria for infrastructure projects, in return for a preferential access to Nigerian oil blocks.

As the world's ninth largest oil and gas exporter,¹² Nigeria's oil

¹² According to World's Top Exports, Nigeria is the world's ninth largest country to export crude oil, with \$43.6 billion worth of crude oil exported in 2018. The country takes up 3.8% of the crude oil industry in the world.

industry has benefited most from the Angola mode. The infrastructure-for-oil phenomenon was best portrayed through the Kaduna oil refinery, where China invested billions in the Nigerian oil and infrastructure projects in exchange for a controlling stake in the refinery. The Nigerian government endowed China with four oil exploration licenses and at least a 25% stake in its oil refinery in return for a \$4 billion worth of Chinese financial support in the oil sector. China agreed to contribute to building the nation's largest oil refinery – Kaduna Refining and Petrochemical Company, where the China State Construction Engineering Corporation (CSCEC) was to burden 80% of the project's funding. Chinese assistance was necessary because despite have four refineries with a combined capacity of producing 445,000 barrels a day, they were unable to operate at full capacity due to ageing equipment and poor maintenance. With massive finance required to overcome this, agreements with China addressed this problem by adding 750,000 barrels per day to these refineries.

The Angola mode reflected the rhetoric of mutual benefit and common development, as Nigeria was able to address its need for financial resources to contribute to infrastructure building of its oil refineries. China likewise benefited from this relationship, as the country got to own a quarter of a stake in the Nigerian refinery by providing funds for agriculture. This

additionally contributes to China's aid principle of supporting a self-reliant economic development of recipient countries, with the Nigerian refinery now being able to produce increased barrels of oil compared to previous years. Returning back to the question as to why a total of \$2346.1 million or 68.4% of aid was allocated to the Industry, Mining, and Construction (320) sector, the following two factors can be offered: (1) a surge in China's oil consumption and (2) the accessibility of Nigerian oil in exchange for Chinese financial support.

Chapter 5. Analysis

1. A Realist Approach to Foreign Policy and Foreign Aid

From Chapter 3, it has been demonstrated by Hans Morgenthau that foreign aid has the core policy aims of economic, humanitarian, military, and prestige to enhance the donor country's economic, political, and security interests. While Africa has been a reliable ally to China's interests, China's objective to compete with Taiwan for political recognition is less important in the status quo, with its overwhelming support and political influence. Consequently, Chinese foreign aid is motivated by the country's desire to secure access to natural minerals, oil, and raw materials necessary for its continuous development. China addresses this by providing African countries access to Chinese financial resources and expertise – something that China believes the several decades of colonialism have deprived Africa of. Moreover, the previous chapter has reviewed China's foreign aid policies and the extent of their reflection on the country's foreign aid allocation to Ethiopia and Nigeria. Its analysis demonstrated that Chinese foreign aid policies are composed of common development, mutual benefit and respect, no conditionality and interference, and self-reliance and independent economic development. While this will be further analyzed through Table 8, the realist theory is utilized to answer the questions: *to what extent do Chinese foreign aid policies*

influence its aid allocation to African countries? and how do the African countries respond to Chinese aid?

Table 8. China’s Foreign Aid Policies and Aid Allocation

Foreign Aid Policy	Ethiopia	Nigeria
Common Development	<ul style="list-style-type: none"> * Capacity building of human resources by enhancing the capacities of local contractors, manufacturers, and suppliers; and * Providing specialist training to Ethiopian technicians 	<ul style="list-style-type: none"> * Complying to Chinese technological standards; * Opportunity for Nigeria to benchmark China’s expertise, knowledge, and skills
Mutual Benefit and Respect	<ul style="list-style-type: none"> * Economic benefits and industrial development brought to the country with Ethiopian ports connected to Djibouti; * Economic benefits brought to the country through foreign investments; * Economic benefits brought to the country with the export of Ethiopian electricity to neighboring countries; and * Providing Chinese companies an entrance to the Ethiopian railway and road construction sector 	<ul style="list-style-type: none"> * “Infrastructure-for-oil” or the “Angola mode”; * Preferential access to Nigerian oil blocks for Chinese financial support; and * Utilizing Chinese construction equipment
No Conditionality	None	None
No Interference	N/A	<ul style="list-style-type: none"> * China pledging to protect Nigeria’s interests under the Memorandum of Understanding (MOU) on the Establishment of a Strategic Partnership

		(2006)
Self-reliance and Independent Economic Development	* Covering the majority of the funds needed for infrastructure development projects	* An estimated number of 230,000 local employment created as a result of the railway project

1.1. China and Ethiopia

Chinese foreign aid to Ethiopia has been motivated by the country’s economic interests. It has been mentioned above that Li Keqing and Wu Bangguo have adamantly announced that Chinese aid priority is in the energy resources, infrastructure development, and the technology transfer-related areas in order to ensure a mutually beneficial win-win Sino-Ethiopian relations. Consequently, the Energy Generation and Supply (230) and the Transport and Storage (210) sectors were prioritized with \$307.1 million and \$677.9 million allotted respectively. Moreover, Table 8 illustrates the relationship between Chinese foreign aid policies and its aid allocation to Ethiopia.

First of all, as Chinese aid is known for its absence of conditionality and interference, no such economic- and political-related conditionalities have been mentioned. Though neither evidence nor quotes were found in terms of non-interference in the case studies, it is highly attributed that China did adhere to this principle, as it is not only one of its foreign aid principles but is also one of its foreign policies. China provided Ethiopia with capacity building programs of its human resources by training Ethiopian technicians

and enhancing the capacities of its local contractors, manufacturers, and suppliers. With Ethiopians viewing these efforts as “ensuring the country’s sustainable long-term development” (Moody & Chao, 2014), China supported these programs under the principle of common development to ensure that Ethiopia was not only receiving financial support, but is also conforming to the sustainability of its projects. However, China’s realist economic interests are best reflected through its principles of mutual benefit and respect and self-reliance and independent economic development.

The Addis Ababa Adama (Nazareth) Expressway, Addis Ababa-Djibouti railway, and the Gibe III hydropower projects were expected to lure in foreign investments and bring economic benefits and industrial development to Ethiopia, with the projects’ electricity exports and efficient transportation. Whilst China took on the majority of the financial burden of these projects, China ensured that it likewise benefitted from them by advancing its domestic companies into Ethiopian markets. Moreover, China taking on the slack encouraged Ethiopia to take its road to self-reliance and independent economic development, as China addressed the country’s major concerns of the lack of infrastructure, seed money, and trained professionals. While the projects were expected to invite foreign investors into the Ethiopian economy and bringing upon the aforementioned effects into the country, the

consequent question to be discussed is how Ethiopia reacted to China's engagement in its most demanded sectors.

Ethiopia's reaction to Chinese involvement is in two-folds. With Wei Hongtian, the Charge D' Affaires of the Embassy of China promising the active role of his government in Ethiopia's efforts to achieve its GTP (Zenawi, 2012), the Ethiopian government's stance tends to be positive. It has been previously observed that Prime Minister Hailemariam Desalegn publicly appreciated China's efforts in Ethiopian economic growth and transformation, with its massive initial investment and human resource training. Public opinion in contrast, is observed to go against the government's, with its complaints against the quality of Chinese infrastructure and products. Additionally, the influx of Chinese nationals and products into Ethiopia is worrisome to the public, as this limits the technological transfer and the opportunities for local unskilled labor to participate in infrastructure projects with China utilizing its own human resources and construction materials.

1.2. China and Nigeria

China's realist economic interests were best represented through the Sino-Nigerian relationship, as the Industry, Mining and Construction (320) and the Transport and Storage (210) sectors were seen to be prioritized with a total

amount of \$2346.1 million and \$199.2 million allocated respectively. Referring back to Table 8, China is observed to protect Nigeria's interests under the principle of non-interference and through the Memorandum of Understanding (MOU) on the Establishment of a Strategic Partnership (2006). Moreover, through the Lagos-Kano Railway Project, China ensured that not only did Nigeria receive the financial investment necessary for the project, but also assured that it was conforming to the sustainability of the project under the principle of common development. For instance, Nigeria was presented with the opportunity to benchmark on China's expertise, knowledge, and skills by complying to the country's technological standards and utilizing Chinese construction equipment. This contributed to Nigeria's efforts in achieving its goals under the Vision 2020 development plan and attributed to the country's sustainable long-term development through technological transfer. However, similar to the case of Ethiopia, China's realist economic interests are best reflected through its principles of mutual benefit and respect and self-reliance and independent economic development.

China ensured that it mutually benefitted from its projects under the "infrastructure-for-oil" or the "Angola mode." Through the agreement with the Kaduna Refining and Petrochemical Company in which the China State Construction Engineering Corporation (CSCEC) was to burden 80% of the

funding, the country was offered a controlling stake of 25% and a preferential access to the Nigerian oil blocks in exchange for \$4 billion worth of Chinese finance. While Nigeria was able to address its problems of ageing equipment, poor maintenance, and the lack of initial funds, China mutually addressed the country's oil consumption demands to support the country's ongoing economic development. Last but not least, China ensured that it not only provided Nigeria with the required investment, but also made sure that the country was to set upon a road to self-reliance and independent economic development with the Lagos-Kano Railway Project expected to create around 230,000 local employment. As to the question how Nigeria responded to Chinese aid, its reactions were similar to that of Ethiopia but the Nigerian public had a stronger opposition against Chinese involvement. For instance, opposition to the spread of Chinese investors and products into the Nigerian economy was observed, with some claiming that Nigeria entertaining Chinese manufacturing companies and their cheap locally unavailable products are hazardous to the local economy. These concerns stem from the fact that the Chinese companies have been particularly engaging in the construction, oil, and telecommunication sectors, with them well-known for their tendency to utilize Chinese and not local workers. As such, these Nigerians argue that the Sino-Nigerian partnership not only fails to address the issues of local

unemployment, but also hinders the development of the domestic market.

2. Realist Division of Labor between China and the U.S.

2.1. U.S. Foreign Aid Policies

It has been repeatedly pointed out by Hans Morgenthau that foreign aid has the core policy aims to address a country's interests. Similar to other countries, the U.S. utilizes foreign aid as an instrument to "pursue a variety of national purposes which includes providing humanitarian relief, furthering diplomatic goals, promoting development and democracy, and supporting economic and political transitions" (Lancaster, 2008, p. 3). The Bush Administration used foreign aid to address its foreign policy changes, whereas the Obama Administration utilized it to support democratic governments (Gibler, 2012, p. 1217). However, the 9/11 attacks changed the priorities of U.S. foreign aid.

Since the 9/11 terrorist attacks, U.S. foreign aid has been closely associated with the country's counterterrorism strategies and the global war on terror. President Bush prioritized "development" in his foreign policy, believing that establishing and sustaining a democratic government that is responsive to its peoples' needs was crucial in the status quo. Secretary of State Condoleezza Rice (2005-2009) likewise supported the President's statement, and declared that U.S. foreign assistance aims to "empower

developing countries to strengthen security, to consolidate democracy, and to improve the lives of their people to prevent future failed states like Afghanistan” (Lancaster, 2008, p. 29). Consequently, the volume of U.S. aid has dramatically increased during the Bush Administration, with the President announcing a \$5 billion increase in foreign aid volume in March 2002, under the justification of addressing underdevelopment and unrest. As such, the five U.S. foreign aid principles are as follows: democratic governance, economic growth, humanitarian assistance, investment in human resources, and peace and security (Lawson & Morgenstern, 2019).

Humanitarian assistance has also been prioritized during the Bush Administration, together with its emphasis on development. Consequently, a number of changes took place under the President’s directions. For instance, the Millennium Challenge Corporation (MCC) was established in 2003 as an economic assistance providing agency to the HIPC and LDCs who were the so-called “good performers.” Moreover, the President’s Emergency Plan for AIDS Response (PEPFAR) was organized in 2003, where President Bush requested \$15 billion to fight against HIV/AIDS. While the amount of \$15 billion in January 2003 doubled in June 2007, the above U.S. aid principles are reflected in the country’s prioritization of the education, health, humanitarian aid, and the government and civil society sectors. With this in

mind, the following section aims to answer the question: *what effect does the coexistence of China and U.S. aid bring to the global aid architecture?* by adopting the theory of the realist division of labor.

2.2. China-U.S. and Ethiopia

It has been previously observed that the U.S. addresses its realistic intents of protecting itself from potential threats by ensuring the development and sustainability of its recipient countries. Ethiopia is considered as an important regional security ally to the U.S., as the country hosts the African Union (A.U.) and participates in efforts to counter the Al Qaeda-linked groups in Africa (Ethiopia, 2018). While the country owns the largest hydroelectric dam that would allow it to export electricity to its neighbors, problems associated with food insecurity, human rights, and political freedoms have induced the U.S. to become Ethiopia's leading humanitarian aid donor. As such, from Tables 9 and 10, it is noted that the U.S. allocated most aid to Ethiopia in the Health (120), Education (110), Government and Civil Society (150), and Agriculture, Forestry and Fishing (310) sectors with \$426.9 million, \$275 million, \$76 million, and \$182 million allotted respectively.

Table 9. Bottom and Top 5 China-U.S. Aid Allocation to Ethiopia
(2000-2009)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
Top 5 U.S. Aid Allocation			
120	Health	\$172.9 m	29.6%
110	Education	\$158 m	27%
150	Government and Civil Society	\$76 m	13%
310	Agriculture, Forestry and Fishing	\$58.6 m	10%
600	Action Relating to Debt	\$38.7 m	6.63%
Bottom 5 Chinese Aid Allocation			
320	Industry, Mining, and Construction	\$0.92 m	0.15%
250	Business and Other Services	\$0.26 m	0.04%
700	Emergency Response	\$0.08 m	0.015%
150	Government and Civil Society	\$0.063 m	0.01%
120	Health	\$0.06 m	0.01%
Top 5 Chinese Aid Allocation			
230	Energy Generation and Supply	\$307.1 m	51.6%
998	Unallocated/Unspecified	\$109.1 m	18.3%
430	Other Multisector	\$84.2 m	14.1%
210	Transport and Storage	\$56.9 m	9.56%
600	Action Relating to Debt	\$31.3 m	5.26%
Bottom 5 U.S. Aid Allocation			
430	Other Multisector	\$33.4 m	5.72%
140	Water Supply and Sanitation	\$16.1 m	2.75%
160	Other Social Infrastructure and Services	\$15.8 m	2.7%
210	Transport and Storage	\$10.6 m	1.81%
240	Banking and Financial Services	\$3.49 m	0.59%

Source: Author's compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017) and OECD Statistics, "Creditor Reporting System," <https://stats.oecd.org/>.

Table 10. Bottom and Top 5 China-U.S. Aid Allocation to Ethiopia (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
Top 5 U.S. Aid Allocation			
120	Health	\$254 m	36.9%
310	Agriculture, Forestry and Fishing	\$182 m	26.4%
110	Education	\$117 m	17%
160	Other Social Infrastructure and Services	\$38 m	5.52%
140	Water Supply and Sanitation	\$33.3 m	4.84%
Bottom 5 Chinese Aid Allocation			
310	Agriculture, Forestry and Fishing	\$13.8 m	1.25%
140	Water Supply and Sanitation	\$11 m	1%
700	Emergency Response	\$2.61 m	0.23%
120	Health	\$1.89 m	0.17%
110	Education	\$0.006 m	0.0%
Top 5 Chinese Aid Allocation			
210	Transport and Storage	\$677.9 m	61.7%
230	Energy Generation and Supply	\$196.5 m	17.8%
998	Unallocated/Unspecified	\$139.8 m	12.7%
430	Other Multisector	\$40.6 m	3.69%
150	Government and Civil Society	\$14.6 m	1.32%
Bottom 5 U.S. Aid Allocation			
430	Other Multisector	\$27 m	3.92%
150	Government and Civil Society	\$26 m	3.78%
320	Industry, Mining, and Construction	\$7.95 m	1.15%
240	Banking and Financial Services	\$1.25 m	0.18%
230	Energy Generation and Supply	\$1.24 m	0.18%

Source: Ibid.

An interesting phenomenon was discovered in this study, which was the fact that there is a division of labor between China and the U.S. in terms of their aid to Ethiopia and Nigeria. This section utilizes Emile Durkheim's

concept of the division of labor to observe this phenomenon, see whether it benefits the recipient countries, and to determine whether it leads to the possible solidarity between China and U.S. aid. It was noticed that one country was prioritizing certain sectors whereas the other was not. For instance, the aforementioned sectors prioritized by the U.S. were least prioritized by China, as according to Tables 9 and 10, China only allocated \$0.006 million, \$0.063 million, \$1.95 million, \$13.8 million to the Education (110), Government and Civil Society (150), Health (120), and the Agriculture, Forestry and Fishing (310) sectors. On the contrary, China prioritized the Energy Generation and Supply (230) and the Transport and Storage (210) sectors in both periods, with a total of \$503.6 million and \$734.8 million allotted respectively. Consequently, these are the least prioritized sectors for the U.S., with \$1.24 million and \$10.6 million designated to the Energy Generation and Supply (230) and Transport and Storage (210) sectors.

This division of labor is attributed to the fact that chronic poverty, humanitarian crises, and political instability and tensions have been ever present in the country for decades. With Ethiopia's political stability and prosperity being the key priorities for U.S. engagement in the country, the U.S. aimed to contribute to the said issues and not only to make Ethiopia friendly to foreign investors but also to ensure that the country is capable of

fulfilling its duties as one of the most reliable U.S. allies. On the contrary, China involved itself in the energy and resources, infrastructure development, and technology-related sectors with its rhetoric of mutual benefit, strategic partnership, and win-win cooperation. With the division of labor evident between the two donor countries, this division addresses Durkheim's claim that the establishment of specified jobs for specific people benefits the society because it increases its reproductive capacities (Crossman, 2019). Ethiopia was to benefit from a diverse range of sectors from education, government, and health to energy generation and supply and transport and storage. While Durkheim claims that work being divided among differentiated individuals brings together their different aptitudes, this likewise applies to the Ethiopian case, as U.S. is focusing on sectors that they have worked on for decades, and with China prioritizing its strengths by basing their development strategies on its past experiences as a developing country.

Taking this analysis further, it is observed that this is not a simple division of labor but a realist division of labor, as the division results from each country adhering to its realist interests. For the U.S., it focused on the recipient countries' development to ensure its own national security from foreign threats, and China made sure to mutually benefit from its projects. Returning to the question of what the coexistence of Chinese and U.S. aid

will result to, the result would be a realist division of labor in which each donor is prioritizing aid allocation to certain sectors, but the recipient countries receiving aid from both countries in a diverse range of sectors. However, the extent of the realist division of labor bringing benefits into the recipient countries and the possibility of a solidarity created between the two donors will have to be observed beyond the scope of this research.

2.3. China-U.S. and Nigeria

The CRS (Nigeria, 2018) writes that the previous U.S. administrations have highly regarded the U.S.-Nigeria relationship, with the country's political economic influence in Africa. However, Nigeria's alarming socioeconomic and security challenges induced the U.S. to engage itself into the country for humanitarian and stabilization purposes. For example, Nigerian politics has been accompanied with decades of ethnic, geographic, and religious conflicts, with political instability undermining the state's capacity. These conflicts have also led to years of corruption and social unrest in the oil-rich nation, not only interrupting development but also causing severe humanitarian crises where over 2.5 million Nigerians suffer from extreme forms of poverty and food insecurity. As such, from Tables 11 and 12, it is noticed that the U.S. allocated most aid to the Action Relating to Debt (600), Health (120),

Government and Civil Society (150), and the Agriculture, Forestry and Fishing (310) sectors with \$722.4 million, \$520 million, \$338 million, and \$87 million allocated respectively. On the contrary, not only were these sectors not even a part of China’s aid allocation to Nigeria in the said periods, but only a total of \$0.56 million, \$3.46 million, \$21.4 million, and \$50.9 million were allotted to the Action Relating to Debt (600), Health (120), Agriculture, Forestry and Fishing (310), and the Government and Civil Society (150) sectors. Moreover, it is observed that China prioritized the Industry, Mining, and Construction (320), Other Social Infrastructure and Services (160), Transport and Storage (210), Communications (220), Education (110), and the Energy Generation and Supply (230) sectors by designating a total of \$2346.1 million, \$618.4 million, \$199.2 million, \$197.3 million, \$151.9 million, and \$151 million in both periods.

Table 11. Bottom and Top 5 China-U.S. Aid Allocation to Nigeria (2000-2009)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
Top 5 U.S. Aid Allocation			
600	Action Relating to Debt	\$722.4 m	52%
150	Government and Civil Society	\$207 m	14.9%
120	Health	\$196 m	14.1%
110	Education	\$89 m	6.41%
160	Other Social Infrastructure and Services	\$69.4 m	5%
Bottom 5 Chinese Aid Allocation			
230	Energy Generation and Supply	\$1.45 m	0.27%
140	Water Supply and Sanitation	\$0.97 m	0.18%

600	Action Relating to Debt	\$0.56 m	0.1%
700	Emergency Response	\$0.02 m	0.003%
160	Other Social Infrastructure and Services	\$0.002 m	0.0%
Top 5 Chinese Aid Allocation			
220	Communications	\$197.3 m	37.8%
110	Education	\$151.9 m	29.1%
210	Transport and Storage	\$91.9 m	17.6%
998	Unallocated/Unspecified	\$72.9 m	13.9%
120	Health	\$3.3 m	0.63%
Bottom 5 U.S. Aid Allocation			
310	Agriculture, Forestry and Fishing	\$63.3 m	4.56%
430	Other Multisector	\$22.2 m	1.6%
240	Baking and Financial Services	\$9.60 m	0.69%
140	Water Supply and Sanitation	\$7.18 m	0.51%
220	Communications	\$1.0 m	0.07%

Source: Ibid.

Table 12. Bottom and Top 5 China-U.S. Aid Allocation to Nigeria (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
Top 5 U.S. Aid Allocation			
120	Health	\$324 m	49.2%
150	Government and Civil Society	\$131 m	19.9%
310	Agriculture, Forestry and Fishing	\$87 m	13.2%
110	Education	\$54 m	8.2%
230	Energy Generation and Supply	\$20.3 m	3%
Bottom 5 Chinese Aid Allocation			
150	Government and Civil Society	\$50.9 m	1.48%
310	Agriculture, Forestry and Fishing	\$21.4 m	0.62%
250	Business and Other Services	\$20.6 m	0.6%
220	Communications	\$13.8 m	0.4%
120	Health	\$0.16 m	0.004%
Top 5 Chinese Aid Allocation			
320	Industry, Mining, and Construction	\$2346.1 m	68.4%

160	Other Social Infrastructure and Services	\$618.4 m	18%
230	Energy Generation and Supply	\$151 m	4.4%
210	Transport and Storage	\$107.3 m	3.12%
430	Other Multisector	\$100 m	2.91%
Bottom 5 U.S. Aid Allocation			
430	Other Multisector	\$19.7 m	2.99%
140	Water Supply and Sanitation	\$12.8 m	1.94%
320	Industry, Mining, and Construction	\$4.41 m	0.67%
240	Banking and Financial Services	\$3 m	0.45%
160	Other Social Infrastructure and Services	\$1.78 m	0.27%

Source: Ibid.

The realist division of labor is most evidently demonstrated in Nigeria's case. Despite the Nigerian economy being the largest in Africa with its petroleum sector accounting for the majority of the country's revenues, domestic socioeconomic and security threats have hindered social investment and consequently to its industrial growth. Concerned that instability in the recipient countries can become potential threats to its national security, the U.S. focused on addressing the country's socioeconomic factors. As such, it can be observed that the U.S. allocated its aid to the agricultural, education, governance, and the health sectors. Unlike the U.S., China stated its priorities in the fields of infrastructure, manufacturing industry, and resource exploitation through its Memorandum of Understanding (MOU) on the Establishment of a Strategic Partnership with Nigeria, and did not shy away from the country's massive oil blocks. China made sure that it was also

receiving credit from its financial support, by making the most of its access to the Nigerian oil blocks. As a result, China was seen prioritizing key infrastructural sectors like energy, finance, manufacturing, and technology.

Throughout this section, it has been observed that China and the U.S. have significant differences in their foreign aid priorities, where their realist national interests have led to the realist division of labor. Reflecting upon Durkheim's claim that the division of work brings together different aptitudes, the U.S. focused on securitizing and stabilizing the recipient countries, enabling them to develop economically and politically to protect the U.S. from potential foreign threats. On the contrary, China adhered to its principles of mutually win-win cooperation and non-interference, and focused on the hardware infrastructure sectors. Although China made sure to address the demands of the recipient countries, it also ensured that it benefitted from these activities. While this division of labor enables the recipient countries to benefit from a wide range of aid sectors, further research on the division being the result of economic, political, and security realist intentions is required.

3. The Twin-Track Approach

From Chapter 3, it has been pointed out that liberal internationalists perceive foreign aid as an instrument to address global problems. Scholars such as

Warmerdam (2014) argue that Chinese aid principles of mutual benefit and win-win cooperation induce the country's aid to fall under liberal internationalism, as China engages in debt cancellations, humanitarian- and infrastructure-related aid. With China gradually increasing its foreign aid amount to “promote the realization of the MDGs and make unremitting efforts to build a prosperous and harmonious world with lasting peace” (Information Office of the State Council, 2011), Warmerdam's statement can be further delved upon through the “twin-track” approach.

From the previous analysis, it has been observed that the realist division of labor between China and the U.S. enhances the donors' capacities to address the recipients' demands and problems. With the co-existence of China and the U.S. in the global aid architecture leading to the realist division of labor, it is evident that there are some areas in which both donors can build upon and contribute in overcoming for the other's weaknesses. This section does not aim to determine the more “effective” model, but to question the possibility of combining the strengths of both models to contribute to the world's development efforts. As such, Jonathan Glennie (2011) proposes that the international aid community should consider implementing the “twin-track” approach to aid, the aid community actively utilizing both Chinese and Western development aid models.

Glennie explains that in the upcoming years, development aid will not solely be defined by the ones provided by the traditional donors, as Chinese aid has elements that are beneficial and relevant to developing countries. Moreover, traditional donors can benefit from this approach by obtaining lessons from China's history as an aid recipient, particularly from its argument that the OECD DAC donors should take their concept of aid effectiveness to "development effectiveness" when it comes to Africa (Ohno, 2013, p. 200). Brant (2011) likewise supports Glennie's "twin-track" approach as she claims that Chinese and traditional donors' aid are not always mutually exclusive. She states that the challenge for the global development aid architecture is to search for an approach that not only reflects the donors' efforts, but also the desires of the stakeholders – from the donors to the recipients, Glennie's "twin-track" approach being the answer to this quest.

Scholars such as Yvan Yenda Ilunga (2015) describe how the "twin-track" approach is expected to address the weaknesses of each donor. Before illustrating how the approach can be implemented, Ilunga points out that China adopts the model of "investment without meddling," where it conducts businesses with African countries by treating them as equal partners but never interfering in their internal affairs. While this practice creates a win-win situation, it unfortunately fails to address good governance and state building,

which are what the international aid community is criticizing China for. On the contrary, the U.S. aid model implements institutional reforms to strengthen institutions. However, it is criticized for its lack of adaptability and flexibility due to the conditions U.S. aid attaches. With this in mind, the “twin-track” approach can be applicable in the following case:

It has been demonstrated above that Chinese aid is viewed as being “just about everywhere, in most places Western nations are not” (Obi, 2010, p. 152), with the majority of the country’s aid being allocated to the Transport and Storage (210) sector. Since China is an active partner in terms of bridge, hydroelectric dam, and road construction in Africa, it offers assistance under a high degree of flexibility but pays minimal attention to the credibility and stability of African institutions. Hence, the “twin-track” approach can be applied in the sense that the U.S. is present in areas where China is not, which is in the Government and Civil Society (150) and Health (120) sectors, addressing China’s lack of consideration of these sectors. On the contrary, China can focus on the U.S. criticisms of poor aid adaptability and flexibility, thus adhering to Brant (2011)’s concern of an approach that reflects the desires of all involved stakeholders. Moreover, liberal internationalism is reflected in the “twin-track” approach with the increased efficiencies of both powers addressing global public demands and problems in their respective

ways while contributing to one another's weaknesses. However, with only a few scholars discussing this relationship, the concept of the "twin-track" approach and its effects will have to be revisited to determine whether the approach is possible and to observe to what extent the global demands and problems are addressed through this approach.

Chapter 6. Limitations and Avenues for Further Research

The most fundamental limitation of this study lies in terms of its data because of two reasons: (1) its reliance on secondary sources and some data being absent and (2) due Chinese aid being regarded as “state secrets.” While the White Papers and AidData’s database were used to analyze Chinese aid, the Growth and Transformation Plans (GTP) or the national development strategies of Ethiopia and Nigeria were referred to for the case studies. However, the White Paper failed to breakdown the amount allocated to different aid types, the aid volume allotted to individual countries, the list of recipient countries, and the quantities designated to the different sectors within these countries. Most of the data available from the White Paper were descriptive, with the document generalizing the total aid amount allocated to certain sectors. Consequently, this limitation made the accurate analysis of Chinese foreign aid impossible and an alternative method to the TUFF methodology is suggested to conduct a precise analysis on the topic. Similarly, information on the recipient countries’ development programs were not easily accessible online, as some were either unavailable or did not match the scope of this thesis. While quotations from online newspaper articles were used to overcome this limitation, access to primary government resources and interviews with government representatives and representatives from

international and local NGOs are recommended. Additionally, the above restrictions hindered the analysis on the socio-economic impacts of Chinese aid to Africa, making it necessary to numerically observe this phenomenon in the future.

The second limitation lies in the characteristics of data utilized in this thesis. By using AidData's database as the primary quantitative source, this study focused on the conventional wisdom that China funds the "hardware" to development. While this perception was verified through quantitative data ranking sectors by the amount of dollars committed to it, an analysis of the aid project counts is believed to paint a different picture. With Dreher et al. (2017) and his team pointing out that the "software" projects of development – education, governance, and health sectors received more projects compared to the "hardware" sector of energy generation, industry, mining, and construction, and transport, consequent studies should be conducted based on the aid project counts together with the characteristics of these projects. Moreover, this study only covered two countries which were among the top 10 recipients of Chinese and U.S. aid in 2000-2014. With data available on 51 African countries, research covering all these countries especially the HIPCs and LDCs is recommended. Lastly, the study focusing on a limited timeframe hinders an analysis of the long-term political and socio-economic

effects of Chinese development assistance on African countries. Hence, a longer time-series of Chinese aid prior to 2000 and post-2014 is highly recommended for a more accurate interpretation.

As such, further research is recommended on the following topics: (1) aid competition between China and the U.S., (2) the debt implications of the Chinese aid recipient countries, and (3) whether China can continue to comply to its principle of non-intervention. Numerous scholars (Bremmer, 2015; Ilunga, 2015, Yan, 2015; Shinn, 2016; Brazinsky and Kraus, 2017; Runde, 2018) voice out that foreign aid to developing countries is being utilized as a foreign policy tool for China-U.S. strategic competition. While further study is required to see whether this competition is also taking place in Africa, the debt implications for the Belt and Road Initiative (BRI) countries should be considered. Hurley, Morris, and Portelance (2018) warn that the BRI might contribute to the risk of debt distress in some borrowing countries. They claim that this will especially be a problem for small and relatively poor countries. With the most recent Debt Sustainability Analysis (DBA) stressing the alarming nature of Djibouti's borrowing program as it amounts to 60% of its GDP, the possibilities of debt distress and sovereign debt default of the African countries engaging in Chinese development aid should be discussed in the future. Moreover, Pehnelt (2007), Brautigam

(2012), and Wang and Zhou (2015) argue that China will face limitations in complying to its principle of non-intervention and will not be able to avoid the issue of governance in the future, as conflicts threaten the stability of the Sino-African relationship. Hence, these scholars predict that China will most probably experience the same learning curve the Western donors have encountered in the past, and devise similar conditionalities.

Chapter 7. Conclusion

Despite criticisms that Chinese aid policies are centered on the country's desire to secure access to natural resources, its aid characteristics and priorities lead to the realist division of labor which is beneficial to the recipient countries and the global aid architecture. This thesis addressed the above statement through three research questions, which questioned the extent of Chinese foreign aid policies influencing the country's aid allocation to African countries, the responses of African countries to Chinese aid, and the effects the co-existence of Chinese and U.S. aid brought to the global aid architecture. Through the theories on the division of labor, liberal internationalism, and realism, it has been proven that China had adhered to its aid principles under the rhetoric of common development, mutual benefit and respect, no conditionality and interference, and self-reliance and independent economic development by not only addressing its desire to secure access to natural minerals, oil, and raw materials necessary for its continuous development, but also providing African countries access to Chinese financial resources and expertise.

China prioritized the energy resources, infrastructure development, and the technology transfer-related areas to ensure a mutually beneficial win-win Sino-Ethiopian and Sino-Nigerian relations. China provided Ethiopia

with capacity building programs of its human resources to ensure the country's sustainable long-term development under the principle of common development. Moreover, Ethiopia's reaction to Chinese involvement was positive with its government officials publicly appreciating China's efforts in Ethiopian economic growth and transformation. However, some contrasting opinions from the public was noted as some Ethiopians were concerned about the influx of Chinese infrastructure and products into the domestic economy. When it came to Nigeria, Chinese realistic economic interests were best represented through the "infrastructure-for-oil" or the "Angola mode," where China was to burden 80% of the funding of the Nigerian oil refinery in exchange for a 25% controlling stake to the country's oil blocks. While Nigeria was able to address its problems of lack of equipment and initial funds and poor maintenance, its public had a stronger opposition against Chinese involvement with China's cheap locally-unavailable products and domestic workers threatening the Nigerian local economy and labor market.

Comparing the results with one of the traditional Western donors, it has been demonstrated that the U.S. addresses its realistic intentions by protecting itself from potential foreign threats through the development and sustainability of its recipient countries. While China ensured that it mutually benefitted from its projects, the realist division of labor between the two

donors was most evident as China prioritized the Industry, Mining, and Construction, Energy Generation and Supply, and the Transport and Storage sectors, whereas the U.S. focused on Action Relating to Debt, Education, Government and Civil Society, and the Health sectors. From this relationship, both Ethiopia and Nigeria were able to receive aid in a diverse range of sectors from education, government, and health to energy generation and supply and transport and storage. Amidst this division, the possibility of a “twin-track” approach of the two donors contributing to each other’s aid characteristics has been proposed. For instance, the U.S. can address the aspects of good governance and state building in China’s model of “investment without meddling” whereas China can adhere to the U.S. aid’s lack of aid adaptability and flexibility. However, the extent and possibility of this approach should be revisited beyond the scope of this thesis.

This thesis is among the few to directly compare the differing characteristics of Chinese and U.S. aid to Africa. However, there are still much grounds to be covered beyond the scope of this thesis. As consequent research, the timeline should be extended to pre-2000 and post-2014 to determine whether the donor countries still adhere to their aid principles and whether the realist division of labor can still be applied. Moreover, the HIPCs and LDCs together with the “software” aspect of aid should be covered, since

this study only dealt with the “hardware” section of development and two countries which were among the top 10 aid recipients of China and the U.S. Third, with expectations of increased Chinese participation in the global aid architecture, the effects and extent of the country’s contribution to the domestic economies of the recipient countries should be addressed. In this case, the profits from Ethiopia’s electricity export and Nigeria’s oil refinery to their respective economies, together with the benefits China obtained from these projects could be covered. Lastly, the possibility of a “twin-track” approach solidifying in the global aid architecture together with the potential of a solidarity created amongst donors with different aid characteristics and principles should be consequently observed.

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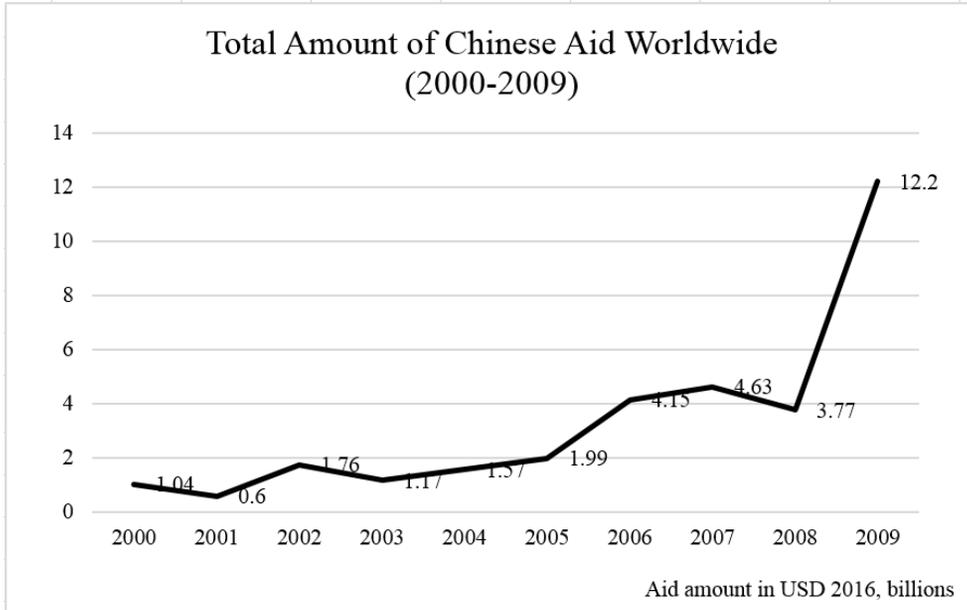
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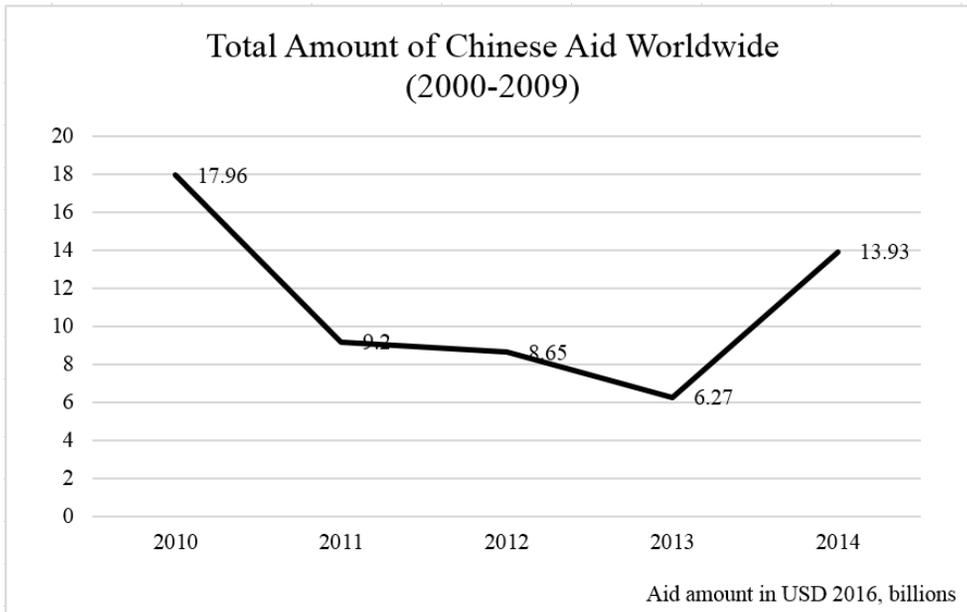
Appendix A. Total Amount of Chinese Aid Worldwide

Graph A1. Total Amount of Chinese Aid Worldwide (2000-2009)



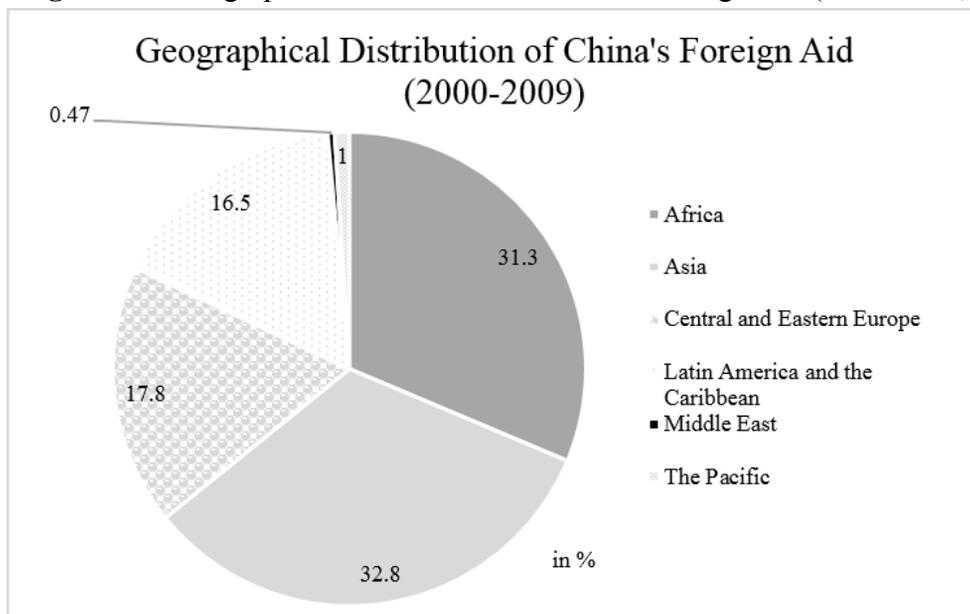
Source: Author's compilation based on Dreher, Fuchs, Parks, Strange, & Tierney (2017).

Graph A2. Total Amount of Chinese Aid Worldwide (2010-2014)



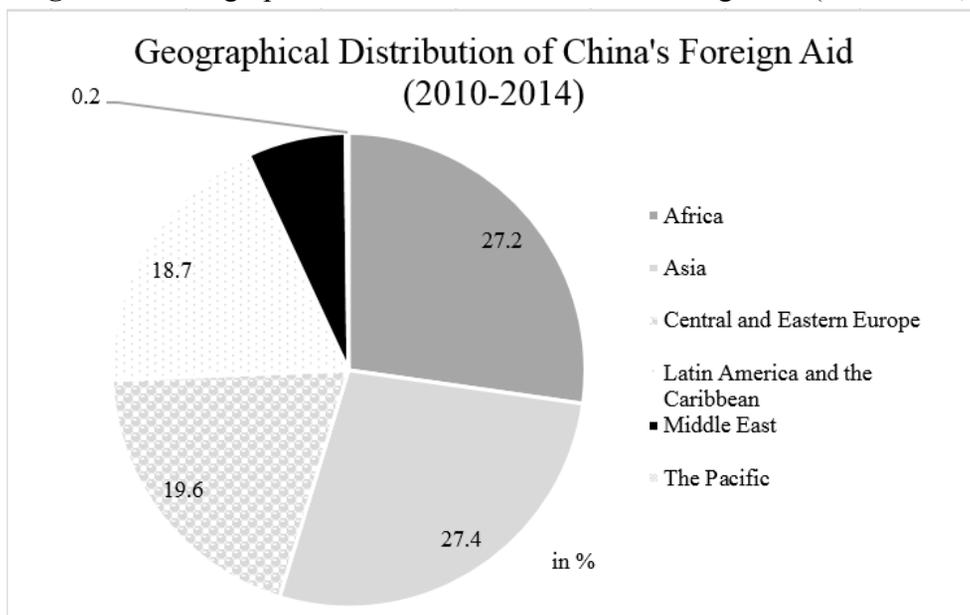
Appendix B. Geographical Distribution of China's Foreign Aid

Figure B1. Geographical Distribution of China's Foreign Aid (2000-2009)



Source: Ibid.

Figure B2. Geographical Distribution of China's Foreign Aid (2010-2014)



Appendix C. China's African Policy (2006)

1. China adheres to the **Five Principles of Peaceful Coexistence** and respects African countries' **independent choice of the road of development**;
2. China supports African countries' endeavor for economic development and nation building, carries out cooperation in **various forms in the economic and social development**, and **promotes common prosperity of China and Africa**;
3. China and Africa will **learn from and draw upon each other's experience** in governance and development, strengthen exchanges and cooperation in education, science, culture, and health; and
4. The **One-China principle** is the political foundation for the establishment and development of China's relations with African countries and regional organizations.

Source: Ministry of Foreign Affairs of the People's Republic of China (2006).

Appendix D. Top U.S. Aid Allocation to Ethiopia and Nigeria

Figure D1. Top U.S. Aid Allocation to Ethiopia (2000-2009)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
120	Health	\$172.9 m	29.6%
110	Education	\$158 m	27%
150	Government and Civil Society	\$76 m	13%
310	Agriculture, Forestry and Fishing	\$58.6 m	10%
600	Action Relating to Debt	\$38.7 m	6.63%
430	Other Multisector	\$33.4 m	5.72%
140	Water Supply and Sanitation	\$16.1 m	2.75%
160	Other Social Infrastructure and Services	\$15.8 m	2.7%
210	Transport and Storage	\$10.6 m	1.81%
240	Banking and Financial Services	\$3.49 m	0.59%
Total		\$583.5 m	100%

Source: Author's own based on the OECD Statistics, "Creditor Reporting System," <https://stats.oecd.org/>.

Figure D2. Top U.S. Aid Allocation to Ethiopia (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
120	Health	\$254 m	36.9%
310	Agriculture, Forestry and Fishing	\$182 m	26.4%
110	Education	\$117 m	17%
160	Other Social Infrastructure and Services	\$38 m	5.52%
140	Water Supply and Sanitation	\$33.3 m	4.84%
430	Other Multisector	\$27 m	3.92%
150	Government and Civil Society	\$26 m	3.78%
320	Industry, Mining, and Construction	\$7.95 m	1.15%
240	Banking and Financial Services	\$1.25 m	0.18%
230	Energy Generation and Supply	\$1.24 m	0.18%
Total		\$687.7 m	100%

Source: Ibid.

Figure D3. Top U.S. Aid Allocation to Nigeria (2000-2009)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
600	Action Relating to Debt	\$722.4 m	52%
150	Government and Civil Society	\$207 m	14.9%
120	Health	\$196 m	14.1%
110	Education	\$89 m	6.41%
160	Other Social Infrastructure and Services	\$69.4 m	5%
310	Agriculture, Forestry and Fishing	\$63.3 m	4.56%
430	Other Multisector	\$22.2 m	1.6%
240	Banking and Financial Services	\$9.60 m	0.69%
140	Water Supply and Sanitation	\$7.18 m	0.51%
220	Communications	\$1.0 m	0.07%
Total		\$1,387.08 m	100%

Source: Ibid.

Figure D4. Top U.S. Aid Allocation to Nigeria (2010-2014)

Sector Code	Sector Name	Aid Amount (in millions, USD 2016)	%
120	Health	\$324 m	49.2%
150	Government and Civil Society	\$131 m	19.9%
310	Agriculture, Forestry and Fishing	\$87 m	13.2%
110	Education	\$54 m	8.2%
230	Energy Generation and Supply	\$20.3 m	3%
430	Other Multisector	\$19.7 m	2.99%
140	Water Supply and Sanitation	\$12.8 m	1.94%
320	Industry, Mining, and Construction	\$4.41 m	0.67%
240	Banking and Financial Services	\$3 m	0.45%
160	Other Social Infrastructure and Services	\$1.78 m	0.27%
Total		\$657.99 m	100%

Source: Ibid.

국문 초록

중국의 대(對) 아프리카 대외 원조 정책과

원조금 간의 역학구도:

에티오피아와 나이지리아를 중심으로 (2000-2014)

서울대학교 국제대학원

국제학과 국제협력전공

김혜영

중국과 같은 신흥 원조 공여국의 등장은 전통적 국제원조체계에 도전장을 제시해왔다. 이러한 가운데 중국은 석유 등 천연자원을 확보하고자 하는 의도를 가지고 대외원조를 실시한다는 이유로 비판을 받아오기도 했다. 그러나 본 논문은 이러한 비판에도 불구하고 중국 원조의 특징과 우선순위를 국제원조체계 내 현실주의 분업현상을 통해 수원국과 국제원조체계에 이익이 된다는 것을 주장한다. 분석을 위해 2000년부터 2014년에 걸친 AidData와 OECD의 자료를 활용하였으며, 구체적으로는 사회분업론, 자유주의적 국제주의, 현

실주의와 같은 이론을 바탕으로 공여국(중국과 미국)과 수여국(에티오피아와 나이지리아)의 원조 형태를 살펴보았다.

본 논문의 분석 결과는 다음과 같다. 중국의 대외원조정책은 평등·호혜적인 공동 발전, 내정불간섭 원칙 고수와 자주적 발전 능력 강화 지원으로 구성된다. 중국은 공동 발전 원칙에 따라 에티오피아와 나이지리아에 재정적 지원과 동시에 능력 개발 프로그램을 제공하여 해당 국가 프로젝트가 지속 가능할 수 있도록 유도하였다. 또한 대(對) 에티오피아와 나이지리아 원조 프로젝트들이 해당 국가에 해외투자유치 등을 통한 경제적 이익을 가져다줄 것으로 기대한 중국은 자원과 인프라 프로젝트를 맞바꾸는 앙골라 모드(Angola Mode)를 통해 상호 이익을 실현하였다. 즉, 중국은 자원과 인프라를 제공하는 대신에 석유 지분을 확보하였다.

특히 분석 중 한 가지 흥미로운 점이 발견되었는데, 이는 공여국이 국익을 추구함으로써 원조 부문에서 “현실주의 분업현상”이 발생한다는 것이다. 예를 들어 미국은 대외원조 시 수여국이 미국의 국가 안보를 보장하는 동맹국의 한 국가로서 의무를 수행할 수 있도록 교육, 정부 및 시민사회와 보건 분야에 주로 집중하여 원조를 실시하고 있는 것으로 나타났다. 이와 반면에 중국은

상호이익, 전략적 동반자 관계 및 윈윈(win-win)과 같은 원칙에 중점을 두어 대외원조를 실시한 결과 에너지 생산 및 공급, 산·광업 및 건설과 운송 및 운반 분야에 주로 집중하고 있음을 발견할 수 있었다.

본 논문의 대(對) 아프리카 원조에 관해 두 가지 대조적인 접근 방식을 분석하고 중미(中美) 원조 원칙과 이들이 국익에 대처하며 나타나는 결과를 세부적으로 분석한 극소수의 연구에 해당된다는 점에서 의의가 있다. 더불어, 논문의 결과는 향후 중미(中美) 원조에 대한 토론 주제를 제시하고, 중국이 국제원조체계의 노력에 참여하고 기여할 수 있는 방법에 대한 견해를 제시한다.

주요용어: 현실주의 분업현상, 대외원조정책, 대외원조, 중국, 미국, 아프리카

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Dedicated to my best friend and role model,

My Mother