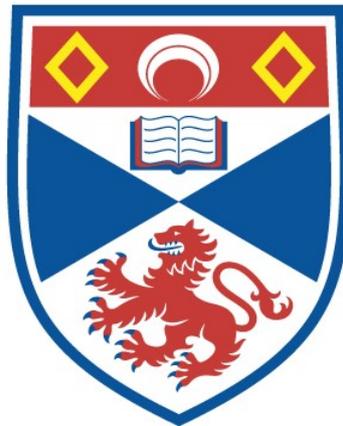


**"FRIENDSHIP" IN CHINA'S FOREIGN AID TO AFRICA:
CASE STUDIES FROM GHANA AND SIERRA LEONE**

Zhangxi Cheng

A Thesis Submitted for the Degree of PhD
at the
University of St Andrews



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**"Friendship" in China's Foreign Aid to Africa:
Case Studies from Ghana and Sierra Leone**

Zhangxi Cheng



University of
St Andrews

This thesis is submitted in partial fulfilment for the degree of
PhD in International Relations
at the
University of St Andrews

25 September 2015

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Abstract

Following the dramatic takeoff of contemporary China-Africa relationship in the late 1990s, this once neglected international phenomenon has become one of the most topical themes over the past decade. This new popularity is due not only to the growing importance of both China and Africa on the global stage, but also China's rapidly increasing foreign aid on the continent. However, whilst most scholars are focusing on the financial side of the story – the massive concessional loan deals, the generous investments in natural resources and so forth, the primary purpose of this foreign aid – assisting African recipient countries' economic and welfare development – has only generated minimal interest. Little is known regarding how China delivers its foreign aid, and even less about how this foreign aid actually works in the African recipient countries. In light of this situation, this study asks: How has China's foreign aid been assisting Africa's development?

On the basis of drawing specific attention to the effectiveness and sustainability of China's foreign aid in Africa, this study also explores the factors that affect these outcomes. Which, as this study finds out in the end, *friendship* – a factor that is often overlooked by Western scholars and patriotically examined by Chinese scholars. Not only has it continuously played a substantial role in shaping the development of China's foreign aid in Africa, but it is also frequently the most influential underlying consideration that practically undermines China's foreign aid outcomes. All in all, whilst purposed to promote China's foreign aid outcomes, this study improves our understanding of China's foreign aid in Africa. As well it delves into the development of China's foreign aid in Africa, assesses its performance, this study finds the shortcomings of China's foreign aid at present and searches for practical solutions that may contribute to its future development.

Acknowledgement

This thesis owes many special thanks to many special people – Bristol, St Andrews and home.

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Many special thanks must also be given to my family and friends. If there is one thing that I regret about doing this PhD it is the time I couldn't be by your sides. And for that, in addition to the many special thanks, I also owe you much love and sincere apologies. One person I have to mention is my wife, who has been with me all these years. Without her, I probably would have eventually finished this thesis at some point in my life, but definitely not now, nor whilst looking like a civilised human being.

At last, and most importantly, I would like to dedicate this thesis to my grandpa, my dad, and all those of you who have been and currently are working on the front line of China's African diplomacy. Without you, neither China nor Africa would be where they are today.

for my dad

who has always got my back

Author's Note

1. Unless otherwise specified, the term *China's foreign aid* in this study refers to *China's Official Bilateral Development Assistance*. It therefore differs from China's other foreign aid activities such as Military Aid, Humanitarian Aid, Peacekeeping and participation in International Multilateral Aid.
2. Whilst this study adopts official translations for titles and policies that were originally introduced in Chinese, not all of these have an official English translation. Whilst some of the interviewees spoke English as their first or second language, the majority of the interviews in this study were conducted in Chinese.

In these situations, the information obtained in Chinese has been translated into English by the author. Important titles, events, documents and quotations are accordingly noted in the body of content and footnotes in their original language for further clarification, or should additional references be required.

List of Acronyms

AIBO	Academy for International Business Officials
APC	All People's Congress
CAITEC	Chinese Academy of International Trade and Economic Cooperation
CCCPC	Central Committee of the Communist Party of China
CCP	Chinese Communist Party
CDB	China Development Bank
CECEP	China Energy Conservation and Environment Protection Group
CGC	China GEO-Engineering Corporation
CICETE	China International Centre for Economic and Technical Exchanges
CIRR	Commercial Interest Reference Rates
CNY	Chinese Yuan
COMPLANT	Complete Plant Import and Export Cooperation Group
CPC	Communist Party of China
CRTV	China Radio and TV
CSSD	Central Sterile Supply Department
CT	Computed Tomography
DAC	Development Assistance Committee
FDI	Foreign Direct Investment
FMPRC	Ministry of Foreign Affairs
FOCAC	Forum of China-Africa Cooperation
GIETC	China Guangzhou International Economic Technical Cooperation Company
HRDC	Human Resources Development Cooperation
IMF	International Monetary Fund
LDG	Least Developed Country
LIC	Low-income Country
MOC	
= MOFCOM	Ministry of Commerce
MOF	Ministry of Finance
MOFTEC	Ministry of Foreign Trade and Economic Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other Official Flows
SINOPHARMTRADE	China National Pharmaceutical Foreign Trade Corporation
SLPP	Sierra Leone People's Party
SOE	State Owned Enterprise
UN	United Nations
UNDP	United Nations Development Programme

UNIDO	United Nations Industrial Development Organization
USD	US Dollar
WB	World Bank
XINHUA	Xinhua News Agency

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Chapter One: Introduction

"我以为中国对非洲就是为了友谊"

"I deem China in Africa is for friendship" (Xinhua, 2011), the Vice Minister of the Ministry of Commerce Fu Ziyang¹ was quoted as saying in reply to a question regarding the motivation of China's foreign aid in Africa. Indeed, it was the answer to a question insinuating that China is scrambling for natural resources on the continent. The question was raised during the media conference on the release of China's first official foreign aid publication – *The White Paper on China's Foreign Aid (The White Paper)*.

Over the past two decades, the rapid development of China-Africa relationship has attracted tremendous attention worldwide. In view of China's continuously growing foreign aid input, increasing investments, and its steadily deepening cooperation with African countries, every move that China has taken on the continent becomes topical. Particularly after the launch of the Forum on China Africa Cooperation (FOCAC) in 2000, along with the theme of African development coming back to the centre of global debates, the relationship between China and Africa has also made headlines. However, what this study has found to be intriguing is that whilst all African recipient countries welcome China's foreign aid, many Western voices, on the other hand, have been tirelessly criticising China's real motivations on the continent. Not only has China therefore been accused of scrambling for African natural resources, but it also further blamed for worsening corruption in African recipient countries, hampering Western efforts in establishing African democracies, as well as causing serious environmental problems (Brautigam, 2009).

In particular Western media sources and reports, regardless of the repeated clarifications and explanations made in academic research (see Woods, 2008; Cotula et al., 2009; Dreher and Fuchs, 2012; Yan and Sautman, 2013), continuous news and articles are still being widely published condemning China for violating human rights in African recipient countries (see Dasgupta, 2015), allowing African presidents to use Chinese foreign aid for patronage politics (see Anderson, 2014), and arguing that, "China often gives aid directly to state leaders and regimes", and as a result, the receiving African government become more violent towards its citizens (see Kishi and Raleigh, 2015). Further, by completely ignoring the non-interference principle – one of the most symbolic and well-discussed feature of China's foreign aid (see Taylor, 2008; Hess and Aidoo, 2010; Condon, 2012; Grimm, 2014, and many others), one recent report from *Financial Times* even went as far as suggesting that, "few policymakers in the developing world trust China's advice" (see Donnan, 2015) – whilst it is broadly understood that China do *not* give any (development) advices at all.²

¹ Fu Ziyang was appointed Vice Minister of the MOC in between 2008 and 2011.

² For further discussion regarding this particular report, see <http://www.chinaafricarealstory.com/2015/11/ft-story-on-chinese-aid-bias-or.html>, accessed 9 November 2015.

In fact, despite recent international interest in China's foreign aid in Africa, China has a long foreign aid history that is no less than any so-called *traditional foreign aid donor country*. To provide some historical context: from 1950s onwards, China has successively brought about three foreign aid objectives in assisting African recipient countries' development. Through the implementation of these objectives, China has extended its foreign aid to 51 African countries, and improved its foreign aid approaches to include three main funding methods and six implementation methods. However, regardless of these valuable experiences as a foreign aid donor country, detailed accounts of China's foreign aid exercises in Africa are still largely absent from existing studies. In the light of this situation, apart from continuously looking for China's real motivations in Africa through different perspectives of international relations theories, or adopting estimated figures criticise China's involvements on the African continent, this study asks, shouldn't we focus on improving our understanding of China's foreign aid in Africa before making claims?

It is from this query that this study strives to find out: How does China deliver its foreign aid to Africa? How has China's foreign aid impacted upon Africa's development? And, how can the performance of China's foreign aid in Africa be further improved?

A Brief on Previous Studies

There is a developing literature on contemporary China's foreign aid to Africa. A few scholars such as Kragelund (2008) and Brautigam (2008) as well as the recently released work by the AidData³ project, have attempted estimates of China's foreign aid to Africa, bearing in the mind the absence and lack of transparency within this sector, which this study itself highlights. Nonetheless, both Kragelund and Brautigam concur that, even though China is one of Africa's major aid donor, aid flows from China are relatively small when compared to the aid flows from OECD DAC countries. Especially through her 2009 book, *The Dragon's Gift*, Brautigam discusses the differences between Official Development Assistance (ODA) and Other Official Flows (OOF), stating that most Western foreign aid is ODA while most China's foreign aid is OOF. Brautigam's work however seems strongly influenced by her extensive cooperation with Chinese officials and is in some ways too optimistic about the efficacy of China's foreign aid.

Some Western scholars (see Brautigam, 2009; Youde, 2010; Jiang, 2014) have questioned the motivation of China's foreign aid to Africa. For them, China gains both economic and political benefits; that is, China obtains more opportunities on trade projects and access to natural resources through giving aid, and its image in the African continent is enhanced, and friendship and goodwill are improved at the same time (see Askouri, 2007; Marks, 2007; Naim, 2007; Rotberg, 2008; Youde, 2010; Brautigam, 2011b). Scholars such as Pehnelt (2007) have been very critical of Chinese policies with regards to the nature, modalities and composition of Beijing's foreign aid. Pehnelt is particularly concerned about China's non-interference policy which allegedly prompt China not to take into consideration at all the

³ See <http://aiddata.org/>, accessed 6 June 2015.

quality of governance in the recipient countries. This is a familiar criticism, usually implying that China is willing to provide foreign aid to unstable, problematic and rogue countries without taking into consideration issues such as human rights. Kaplinsky and Morris (2006) also point to several examples of China's significant involvement in fragile states. It should be pointed out here however that thus far no one has attempted to provide a proven correlation to strengthen claims that China provides foreign aid with little or no regards on the recipient quality of governance.

At a 2007 conference hosted by Center for Strategic and International Studies (CSIS) and others, the subsequent conference report, *U.S. and Chinese Engagement in Africa: Prospects for Improving U.S.-China-Africa Cooperation* discusses Chinese engagement in Kenya, Nigeria and Angola. Out of that discussion, themes on areas for cooperation between the US and China emerged. CSIS proposes that the US and China work together to further their interests in Africa, drawing on CSIS research and a CSIS delegation to China to support their notion that both countries have mutual interests. As with Brautigam, CSIS has a slightly altered viewpoint due to extensive cooperation with Chinese officials.

Shinn (2009) primarily compares US and Chinese interests in Africa. Shinn discusses the interests of the US and China in Africa, concluding that they are similar despite popular opinion that they are not. He concludes that the human rights challenges faced by each country drive them closer to China and away from Western influence. Shinn suggests that the similarities between US and Chinese interests in Africa create a base for broader cooperation. As a Foreign Service Officer, Shinn has served in numerous African posts including Ambassador to Ethiopia. Thus, his viewpoint is rooted mainly in his experiences in east African countries.

Despite the above criticism, scholars such as Davies et al. (2008), whilst acknowledging some of the controversial aspects of China's foreign aid to Africa, the front role played by China in the economic development of recipient countries such as Angola and Sudan. They conclude that China's ongoing relations with both Angola and Sudan are mutual beneficial. To further support this position, Nour (2010) argues that even though there are some lapses within the parameters of China's foreign aid to Sudan, China's funding and implementation of projects aid in Sudan has had a positive impact for instance, increasing the availability of services, increases in skill levels, increases or growth in production levels, increases in the transfer of knowledge, increased availability of machinery, equipment and raw materials, increases in employment opportunities, improved training and capacity building in these projects and increases in technology transfer especially for multipurpose development tasks. Guloba et al.'s (2010) research on China's foreign aid to Uganda further supports some tentative impacts of China's foreign aid to Uganda. However, this study highlights some major concerns surrounding China's foreign aid which includes the marginal employment of locals and the continuous utilisation of Chinese expatriates where these projects are effectuated. Nonetheless, their findings indicate that China's foreign aid (which is mainly in the form of technical assistance through training in Chinese institutions, grants, interest-free loans, preferential loans, debt relief etc) have all gone towards reducing Uganda's external burden

and hence, have had a positive impact on the Ugandan peoples' welfare. Wang (2010) for their part further delineate some positive impacts of China's foreign aid by making references to China's substantial funding of multipurpose development project in sectors such as power supply (hydropower) and transportation (railways and motorways) which are sectors within recipient countries that attracts relatively small assistance from the traditional (Western) donors.

Most studies on China's foreign aid mainly emphasise the viewpoints of decision-makers, relevant policies and the performance of governments in China and African countries (see Youde, 2010; Lu, 2012; Wang et al., 2012; Shen and Fan, 2014). There are very few studies that focus on the experiences of African recipients or have detailed case studies. Researching an event or one country's diplomatic behaviour in a certain period is the character of a case study (Yan and Sun, 2001, p.131). A case study not only can work out particular conclusions but also summarises universalistic conclusions towards one international event or one country's diplomatic behaviour (ibid., p.131). It is not practical for a PhD study to research China's foreign aid to Africa in every African country due to the high economic and time costs, thus, a case study or two is really needed. The advantages of a case study are that there are deep understandings towards the object of study and the research cost is relevant low. The limitation is that any universal generalisations in the experiences of receiving China's foreign aid is not very strong (ibid., p.132).

Aim, Scope and Objectives

Having in mind the fundamental purpose of promoting China's foreign aid outcomes so that it could contribute further to African countries' development, this study aims to improve our understanding of China's foreign aid in Africa. It builds on the findings of earlier foreign aid studies and shares in part with "the 'mainstream' assumptions that underdevelopment and poverty are objective, measureable phenomena, and that foreign aid, when designed and implemented appropriately in a supportive policy and institutional environment in recipient countries, can further development" (Lancaster, 1999, p.10). In addition to this, on the basis of noting Brautigam's caveat that, "politics in the receiving country determine much of the sustainability of aid once it is received" (1998, p.3), this study is thus carried out on the assumption that whilst the recipient countries' conditions are pre-existing (may these be institutional deficiencies or a lack of human resources), the donor country, as a foreign aid provider, is responsible for adjusting its foreign aid accordingly to these conditions in order for its foreign aid to perform effectively and sustainably in these recipient countries.

Based on this assumption, this study draws particular attention to China's *traditional foreign aid*, which is the part of China's foreign aid that is solely funded by the foreign aid budget of the Chinese government, and it is "provided primarily to serve China's political interests"⁴. By definition, in accordance with the DAC, this is the part of foreign aid that is "administered with the promotion of the economic development and welfare of developing countries as its

⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

main objective";⁵ and, in the words of Chinese foreign aid officials, this is the part of foreign aid that is "with a view of building friendly foreign relationships"⁶, and it is "sincerely aimed at helping African countries' development"⁷. In line with these definitions, to further clarify this part of China's foreign aid and integrating it with the information provided by *The White Paper* (2011), this is the part of China's foreign aid that uses the funding methods⁸ of Grant and Interest-free Loan (and Low-interest Loan⁹), and is delivered via the implementation methods¹⁰ of Complete Project Aid, Technical Aid, Goods and Materials Aid, Human Resource Development Cooperation, Medical Teams and Overseas Volunteer Programs.¹¹

This part of China's foreign aid has been chosen as the focus of this study because China's traditional foreign aid conforms to the general understanding of the "aid-for-development" norm (Lancaster, 2006, p.7), and, albeit not in great detail, its amount can be easily identified via China's official publications.¹² Whereas regarding the other part of China's foreign aid – the Concessional Loan (including Preferential Buyer's Credits, and all other China EXIM Bank operated funding methods – also known as *contemporary foreign aid*¹³ in this study), not only does it to some extent deviate from the foreign aid norm given that it is provided only if the proposed project is *profitable*,¹⁴ but these contemporary foreign aid methods also often touch on fundamental questions such as "One is Aid (Concessional Loans), the Other is Not (Preferential Buyer's Credits)" (Brautigam, 2009, p.173) and cause controversy in calculations (see Lum et al., 2009; Paulo and Reisen, 2010)¹⁵. In addition, China's traditional foreign aid is

⁵ See <http://www.oecd.org/dac/stats/officialdevelopmentassisteddefinitionandcoverage.htm>, accessed 11 February 2015.

⁶ The original phrase utilised by the Chinese officials interviewed for this study was "为了建立友好关系的援助". Interviews with Chinese officials, Freetown, Sierra Leone; Accra, Ghana; Beijing, China, 2011 and 2012.

⁷ Ibid.

⁸ The term of "funding methods" is utilised in this study to replace China's official term "financial resources" for clarification purposes.

⁹ Low-interest Loan is a former funding method of China's foreign aid, which was terminated at the end of the 1980s. Although it seems rather identical to China's contemporary Concessional Loans, Low-interest Loans is established solely relying on China's government foreign aid budget, and it was *only* utilised with the intention to sustain China's foreign aid while China's economic capacity was extremely limited. More detailed discussion regarding this particular funding method can be found in both chapter three and four.

¹⁰ The term of "implementation methods" is utilised in this study to replace China's official term "forms [of foreign aid]" for clarification purposes.

¹¹ More detailed discussions regarding these funding and implementation methods are inserted throughout chapter three and four along with their inaugurations. A collective discussion is also located at the second half of chapter four in the "China's Foreign Aid in Africa: The Current Planning and Implementation Approaches" section.

¹² Unlike China's contemporary foreign aid, the amount of China's traditional foreign aid can be easily found either in *The White Paper of China's Foreign Aid*, or *China Statistical Yearbook*. More detailed discussion regarding the calculation of China's foreign aid is located at the second half of chapter four in the "How China Calculates Its Foreign Aid" section.

¹³ The terms of "traditional foreign aid" and "contemporary foreign aid" are utilised in this study to differentiate the two divergent types of China's current foreign aid in Africa. Whilst "traditional foreign aid" is referred to the part of China's foreign aid that is solely funded by China's government foreign aid budget, "contemporary foreign aid" is referred to the part of China's foreign aid that is also utilising commercial capital. More detailed discussion regarding the differences of these two types of China's foreign aid is inserted throughout chapter four along with the inauguration of the Concessional Loan.

¹⁴ According to the loan regulation for the Concessional Loan, concessional loan funded foreign aid project must meet the requirement of "具有还本付息能力" – the ability to repay capital and interests. Concessional loans "不再投向社会福利性项目, 有经济效益的除外" – are no longer applicable to social charitable projects unless they have economic benefits. Unpublished government document, *The Loan Regulations of the EXIM Bank*, obtained on 1 September 2011.

¹⁵ More detailed discussion regarding the calculation of China's foreign aid is located at the second half of

also appropriate considering that it has "a broad range of flexibility"¹⁶ in practice, which is essential to the purpose of this study – to improve China's foreign aid outcomes.

It is build on this practical foundation, that this study attaches specific importance to China's traditional foreign aid. Whilst improving our understanding of China's foreign aid in Africa, it attempts to find the ways in which this particular part of China's foreign aid could further benefit African countries' development. In order to achieve these, this study now proposes three objectives to set out the understanding of China's foreign aid in Africa: understanding the development of China's foreign aid in Africa, assessing the performance of China's foreign aid in Africa, and investigating the successes and failures of China's foreign aid in approaching the factors that affect its outcomes in Africa. To elaborate on this sequence: the first objective is particularly aimed at providing an overview of China's foreign aid in Africa. In the interests of establishing a foundation for the following assessment and investigation of China's foreign aid, this objective explores the foreign aid objectives that China has successively implemented in Africa, as well as the foreign aid planning and implementation approaches it accordingly developed to secure these objectives.

After grasping the development of China's foreign aid on paper, the second objective is then followed to take our understanding of China's foreign aid in Africa to the practical grounds. With the view of learning the effectiveness and sustainability of China's foreign aid in Africa, this objective observes and assesses three foreign aid packages that China delivered to Africa according to its foreign aid objectives, and attempts to find out the factors that affect their outcomes. Moving to the third objective, this study investigates the successes and failures of China's foreign aid in approaching the factors that affect its outcomes. In order to bring our understanding of China's foreign aid in Africa further to its substance, this objective leads this study back to the development of China's foreign aid in Africa and identifies the hidden problems that have resulted in current outcomes. In addition to this, whilst going into details regarding the decision-making processes of China's foreign aid objectives, the planning and implementation approaches of China's foreign aid projects and programs, it also searches for possible solutions that may improve the outcomes of China's foreign aid in Africa.

In short, improving our understanding of China's foreign aid in Africa is achieved in six steps:

1. Understanding the development of China's foreign aid in Africa
2. Exploring China's foreign aid objectives, planning and implementation approaches
3. Assessing the performance of China's foreign aid in Africa
4. Finding out the factors that affect China's foreign aid effectiveness and sustainability
5. Investigating how China's foreign aid approached the factors that affect its outcomes
6. Identifying the shortcomings of China's foreign aid at present

Analytical Approach

chapter four in the "How China Calculates Its Foreign Aid" section.

¹⁶ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

As a donor country centred foreign aid study, the above outlined scope of China's foreign aid, one that is driven by political interests has seemingly made the theoretical approach of this study straightforward – it almost completely reflects the realist argument that foreign aid is an instrument of the donor countries for pursuing their national interests. However, whilst this study applies the greater realist framework in understanding China's foreign aid – after all, foreign aid is an instrument of diplomacy, and diplomacy serves national interests, there are two points that need to be addressed. First, as Liu asserted, "Albeit national interest is consistently underpinning the motivation of providing foreign aid in the real world, it is never the only consideration that determines foreign aid"¹⁷. Undoubtedly, being one of the most important diplomatic instruments, foreign aid is driven by complex motivations (Brautigam, 2009). Not only does this vary from donor to donor, it also evolves over time, as Lancaster pointed out in a study of five donor countries:¹⁸ "No one theory can adequately explain this twentieth-century innovation in relations between states" (2006, p.212).

Particularly in the research on China's foreign aid in Africa, apart from the obvious political and economic interests (such as fulfilling the obligations of proletarian internationalism during the 1950s and 1970s, seeking mutually beneficial economic cooperation during the 1980s and early 2000s, and promoting China-Africa strategic partnership more recently), considering the repeated mentioning of building friendly foreign relationships – are these claims only rhetoric that hides China's real national interests in providing foreign aid, or are these *as well* appropriate explanations of China's foreign aid in Africa given that China is actually building hospitals in African recipient countries and training African human resources? With an eye to this situation, and for the sake of not complicating this study with another international relations theory that builds on completely different grounds, this study on this account introduces the concept of *friendship* – a typical moral value of the Chinese philosophy – as an aspect of China's political considerations to further complement the understanding provided by realism on China's foreign aid in Africa.¹⁹

As one of the core essence of the ancient Eastern philosophy of Confucianism (儒学, founded by Confucius, 孔子, 551-479 BC), *friendship* is the modern-day interpretation of the Confucian conception of harmony (和). Which, in accordance with Confucianism, "should be the highest pursuit of inter-state relations" (Zhang, 2012b, p.56).²⁰ Instead of solely

¹⁷ Interview with Prof. Liu Liyun, Renmin University, Beijing, China, 27 November 2011.

¹⁸ This study excludes China.

¹⁹ Albeit the concept of friendship so far has not been sufficiently discussed in Western studies on China's foreign aid, there is a developing literature on friendship in the broader context of Western international relations studies. Whilst there are no fundamental differences between the friendship per se discussed in the Western international relations studies and Confucianism – they both share the emphasis on consideration for others, one more significant difference is that Western studies tends to make distinction between friendship between states and friendship between peoples, see LU, C. 2009. Political Friendship Among Peoples. *Journal of International Political Theory*, 5, 41-58; KELLER, S. Against Friendship Between Countries. *Journal of International Political Theory*, 5, 59-74. Whereas Confucianism regards state and people as an integration (in the pursuit of friendship), "... 国之本在家, 家之本在身", "... the state has its basis in the family, and the family has its basis in oneself". See p.84, DE BARY, W. T. (ed.) 2008. *Sources of East Asian Tradition: Premodern Asia*: Columbia University Press. Hence in the Chinese language, a state is called "国家", which directly translate as: "state-family".

²⁰ See "论语·学而：礼之用，和为贵。先王之道斯为美，小大由之。" "In the practice of li [a broad range of behaviour], Harmony is the key. In the Dao [the principle of practice] of the kings of old, This was the beauty. In all affairs, great and small, follow this", p.3, ENO, R. 2015. *The Analects of Confucius* [2.2]. Available at:

emphasising power, security and such self-interest (私利), Confucianism believes that a stable international status is achieved through the emphases on both self-interest and *consideration for others* (宏义) – harmony, and further points out that even in disagreement, consideration for others should be given the utmost priority (Zhang and Qin, 2012). On the basis of stressing the balance between self-interest and consideration for others, as illustrated by the moral imperative: "Do not do to others what you would not wish done to you"²¹ (Eno, 2015, p.59), not only has Confucianism suggested that one government should be "embarrassed if their way of governing would involve naked self-interest" (Lengauer, 2011, p.43), but also overly stresses that self-interest often leads to instability.²²

In light of this philosophy, whilst it completely differs from traditional Western concepts such as "alliance" in the eyes of the realists (Lebow, 2007, pp.55-60), or, as Poncet attempted to make equal, "charity" (although she did point out that China's foreign aid tends to focus on countries with "long-established relationships") (2012, p.7), it is Lancaster's interpretation of "creating warm relations with developing countries" (2007, p.1), and Li's reading of "the substance of a *win-win* situation is not only a simple share of benefits, but requires caring for and supporting poor and developing countries" (2010, p.26) that aptly grasps the essence of this friendship in China's foreign aid. In addition, what needs to be clarified here is that although this study regards friendship as an integral part of China's national interests (it is always referred to by the Chinese foreign aid officials as a "political interest"²³) and in order to incorporate this concept with traditional Western understanding, friendship should be considered as a moral pursuit that is rooted in Chinese culture rather than a national interest that is built on Western values.²⁴

Second, there are limitations to realism, indeed, limitations to all the donor country centred approaches in interpreting how foreign aid influences the recipient countries' development, as well as in explaining the contents of foreign aid projects and programs, and the variety of implementation methods favoured by different donor countries.²⁵ Leaving aside the manner in which foreign aid influences the recipient countries' development is the central question of all foreign aid studies that concerned about the development of the recipient countries, following the realist argument that the effectiveness of foreign aid should be measured on the basis of how it contributed to the donor countries' interests (Deng, 2009), this study additionally suggests that when the foreign aid is *also* contributing to the recipient countries'

[http://www.indiana.edu/~p374/Analects_of_Confucius_\(Eno-2015\).pdf](http://www.indiana.edu/~p374/Analects_of_Confucius_(Eno-2015).pdf) [Accessed: 20 July 2015].

²¹ "论语·颜渊：己所不欲，勿施于人".

²² See "论语·里仁：放于利而行，多怨". "If one allows oneself to follow profit in one's behaviour, there will be many with cause for complaint", p.15, ENO, R. 2015. *The Analects of Confucius* [2.2]. Available at: [http://www.indiana.edu/~p374/Analects_of_Confucius_\(Eno-2015\).pdf](http://www.indiana.edu/~p374/Analects_of_Confucius_(Eno-2015).pdf) [Accessed: 20 July 2015].

²³ Interviews with Chinese officials, Freetown, Sierra Leone; Accra, Ghana; Beijing, China, 2011 and 2012.

²⁴ Interview with Prof. Liu Liyun, Renmin University, Beijing, China, 27 November 2011. There is also a wide range of research specifically studied the influences of Confucianism in China's development, and adopted Confucianism understanding the decision-making of China's foreign policy, see FENG, H. 2007. *Chinese Strategic Culture and Foreign Policy Decision-making: Confucianism, Leadership and War*: Routledge; CHEN, C.-C. & LEE, Y.-T. (eds.) 2008. *Leadership and Management in China: Philosophies, Theories, and Practices*: Cambridge University Press.

²⁵ More detailed discussion regarding the issues related to the donor country centred approach to understand foreign aid, as well as the recipient country centred approach to understand foreign aid is located in chapter two in the "The Interpretations of Foreign Aid" section.

interests, shouldn't it then improve the donor countries' chances in achieving its intended interests? It is on this ground, while equal importance is given to the understanding of how China's foreign aid influences its recipient countries' development, that this study further integrates observation into the understanding of China's foreign aid in Africa.

Thus this study takes up Bobiash's proposal that "it is essential to analyse aid as it is... aid is intertwined with the activities of states, institutions, and diverse processes of development; its analysis is enriched when researchers draw upon diverse strands of the social sciences" (1992, pp.1-2). In addition to observing and assessing the performance of China's foreign aid in Africa with the conventionally considered political and economic factors in mind, so as to maximise our understanding of China's foreign aid in Africa, this study also takes into account other social science subjects concerned with social, institutional and technological factors that likewise influence China's foreign aid performance in Africa. In all, based on the realist framework of foreign aid serving national interests, this study understands China's foreign aid in Africa with two further integrated elements: first, *friendship* is introduced as an aspect of China's political considerations to aid the conventional realist understanding of national interests of power, security and as such; second, *observation* is applied to explain how China's foreign aid influenced the recipient countries' development.

Reading, Fieldwork and Concerns

In view of Brautigam's earlier warning that "the Chinese do not publish any official reports, figures, or evaluation of their aid" (2009, p.20), and the limited and vague information stated in the published *The White Paper* (2011), this study has utilised various methods to piece together the information required for the above proposed objectives. To be specific, in the understanding of the development of China's foreign aid in Africa, a desktop research was first conducted utilising both English and Chinese language based academic studies. In order to get as close as possible to the original thoughts of Beijing in putting forward foreign aid objectives and adjusting foreign aid planning and implementation approaches, this study then consulted with well-established personal connections within the Chinese government for government documents, elite statements, and files that are not in the public domain for detailed record of the evolution of China's foreign aid. Particularly in the interpretation of China's current foreign aid development, the majority of information included in this study are based on internally circulated government documents.

Then, in meeting the second objective of this study, the assessment of China's foreign aid performance in Africa is based on fieldwork carried out in Sierra Leone and Ghana in 2011. Where funding and access allowed, this study went onsite and observed the operation of eight of China's foreign aid projects. In Sierra Leone, this study went to the Magbass Sugar Complex, the Friendship Hospital, the National Stadium and the Youyi (friendship) Building; and in Ghana, this study went to the National Theatre, the Lekma Hospital, the Bui Dam and the Asogli Power Plant. Whilst onsite, this study interviewed 26 Chinese and local foreign aid workers, as well as 4 groups of Chinese and local employees working in the Magbass Sugar Complex. In addition, this study interviewed one medical team in each of these two recipient

countries, and 21 foreign aid officials and participants (including 2 African development planning officials, 2 African foreign affairs officials, and 12 Chinese officials) to complement the information collected onsite. Further, this study also conducted research using China's government website for comparable projects and programs.

To achieve the third objective of this study, which is to investigate the successes and failures of China's foreign aid in approaching the factors that affect its outcomes in Africa, this study went to China for insights. Apart from conducting interviews and discussions with scholars in the Chinese Academy of Social Sciences, Renmin University, Zhejiang Normal University and China Agricultural University, this study carried out interviews and discussions with some twenty Chinese foreign aid officials and researchers in all main departments involved in the planning and implementation of China's foreign aid. These were, namely, the Department of Aid to Foreign Countries of the MOC, the Department of Western Asian and African Affairs of the MOC, the Chinese Academy of International Trade and Economic Cooperation, the Executive Bureau of International Economic Cooperation, the China International Centre for Economic and Technical Exchanges and the Academy for International Business Officials. In addition, in the writing process of this study, supplementary interviews with Chinese officials were conducted via telephone and Internet.

Nevertheless, even though this study benefits from exclusive access to China's foreign aid officials, participants, projects and programs in Africa, it has its limitations. These limitations are apparent particularly when it comes to choosing examples for the assessment of China's foreign aid performance in Africa. Despite multiple efforts to overcome the risk of "selection bias" (Achen and Snidal, 1989, cited in Li, 2008b, p.121), such as conducting interviews with Chinese foreign aid officials who were stationed in multiple African recipient countries, and researching on government websites for more comparable projects and programs, this study has not found all the contributing factors to China's foreign aid outcomes in Africa, nor does it explain China's entire foreign aid activity on the continent. Yet, while quantitative data are important in studying foreign aid, especially in assessing foreign aid performance, this study adopts an in-depth, case study based approach, that is appropriate to the aim of improving our understanding of China's foreign aid in Africa, and the complexity of investigating how China's foreign aid can be improved in assisting Africa's development.

Structural Layout

With a view to providing a legend for this study, as well as situating it in existing knowledge, following the introduction of this chapter, chapter two investigates the diverse discussions of the term *foreign aid*, and reviews existing literature on China's foreign aid in Africa. Whilst aimed at bringing the different definitions, categorisations and interpretations of foreign aid to the same ground so as to find the links that connect existing studies, the first section of this chapter delves into the various definitions of foreign aid utilised by different foreign aid research and participating parties. Building on an organised foundation, the second section then looks into a range of Chinese and English language based studies on the topic from both official and academic sources. On the basis of examining these studies in three groups based

on the objectives proposed by this study for a more coherent understanding (the studies that understood China's foreign aid development, the studies that assessed China's foreign aid performance and the studies that investigated China's foreign aid shortcomings), this section finds the gaps and confusing areas that remain.

Subsequent to contextualising this study with previous knowledge, the following chapters begin to pursue the objectives set to improve our understanding of China's foreign in Africa. Purposed to identify China's foreign aid objectives in Africa, and the foreign aid planning and implementation approaches it accordingly developed, the first objective of understanding China's foreign aid development in Africa is carried out chronologically through chapter three and four. Of these, chapter three focuses on the emergence and the early development of China's foreign aid in Africa. Beginning with 1955, when the Bandung Conference promoted the first modern contact of China and Africa, and ending with 1993, when China's planned economic system was exploited to the limit, this chapter studies the development of China's foreign aid in four periods: The Beginning (1955-1963), The Development (1963-1970), The Outrageous (1971-1978), and The Initial Reform (1979-1993), and investigates how China's foreign aid objectives evolved from building African industrial and agricultural foundations to reducing expenditure while consolidating foreign aid outcomes.

After grasping the initial development of China's foreign aid in Africa in chapter three, with the same purpose of identifying China's foreign aid objectives in Africa and its accordingly developed foreign aid planning and implementation approaches, chapter four focuses on the contemporary development of China's foreign aid in Africa. Beginning with 1994, when the new market economic system brought along the funding method of the Concessional Loan, and ending with 2012, when the latest FOCAC meeting held in Beijing proposed to open up new prospects for a new type of China-Africa strategic partnership, this chapter examines the development of China's foreign aid in two periods: The Further Reform (1994-2004), and The Return (2005-present). Whilst exploring how China's traditional foreign aid worked with its contemporary foreign aid, chapter four investigates China's current foreign aid objective of improving people's livelihoods. In addition to surveying the contemporary development of China's foreign aid in Africa, the second half of chapter four presents a detailed breakdown of China's current foreign aid setup.

Upon identifying the objectives of China's foreign aid in Africa, and the foreign aid planning and implementation approaches it accordingly developed to secure these objectives, chapter five brings this study to the implementation sites of China's foreign aid in Africa with a view to achieving the second objective of this study: to assess the performance of China's foreign aid in Africa. Purposed to demonstrate the effectiveness and sustainability of China's foreign aid in assisting African recipient countries' development, and finding the factors that affect these outcomes, chapter five visits three foreign aid packages that China delivered to Africa according to its successively implemented foreign aid objectives in the past 60 years. To be specific, these are: the Magbass Sugar Complex (Sierra Leone, 1982), the National Theatre (Ghana, 1992), and the Lekma Hospital (Ghana, 2010). Apart from bringing forth a practical view to the development of China's foreign aid in Africa, this chapter compares and searches

for the factors that affect the outcomes of China's foreign aid in Africa in the focusing areas of industry, agriculture, social infrastructure, and medicine and public health.

Subsequent to revealing the rather disappointing outcomes of China's foreign aid in Africa, and finding the factors that affect its performance, chapter six turns the focus back to the development of China's foreign aid in Africa with the aim of fulfilling the third objective of this study – to investigate the successes and failures of China's foreign aid in approaching the factors that affect its outcomes in Africa. Purposed to identify the hidden factors within the development of China's foreign aid itself that undermine its foreign aid outcomes in Africa, and therefore shed light on the development of China's foreign aid, this chapter individually surveys the decision-making processes of China's foreign aid objectives, the allocation and packaging of China's foreign aid projects and programs, and the handling and supervision arrangements of China's foreign aid implementation. Not only does it offer an in-depth study of the current operation and arrangement of China's foreign aid, but upon understanding the underlying *Chinese characteristics* of China's foreign aid, chapter six also explores practical solutions that may improve the outcomes of China's foreign aid in Africa.

As a result of meeting the objectives aimed at understanding China's foreign aid in Africa, chapter seven concludes this study by recapping the development of China's foreign aid in Africa centred around the intention to build friendly foreign relationships. In addition to highlighting China's largely unimproved foreign aid outcomes in assisting African recipient countries' development, and the shortcomings that China's foreign aid must overcome, it summarises the ways in which China's foreign aid may make more contributions to African recipient countries' development.

Original Contributions

Benefiting from exclusive, first-hand data and the ability to read both Chinese and English, this study contributes to the current research on foreign aid, indeed, the understanding of China's foreign aid in Africa in three main aspects. As such: first, this study brings important interviews with key decision-makers of China's foreign aid and new case studies of China's foreign aid projects and programs. In the attempt to understand China's foreign aid in Africa, this study goes into detail both the places where it began (the Ministry of Commerce of the PRC) and where it is duly implemented (the African recipient countries). Second, this study integrates the concept of friendship into the Western study of China's foreign aid. Being one of the most fundamental interests of Beijing for providing foreign aid, friendship is frequently overlooked by Western researchers, and patriotically interpreted by Chinese researchers. On the basis of exclusive interviews and case studies, not only does this study provide empirical evidences that China's (traditional) foreign aid is driven by friendship, but it also critically examines how this friendship influenced the outcomes of China's foreign aid in Africa.

Third, this study proposes a new framework assessing the performance of China's foreign aid in Africa. Instead of the previously adopted frameworks which were either based on specific projects or programs, or an individual development area, with a view to maximise the scope

of the assessment on China's foreign aid, this study assesses China's foreign aid performance according to each of its distinct foreign aid objectives in Africa. In doing so, not only is this study thus enabled to provide an alternative view of how the development of China's foreign aid is related to its foreign aid outcomes, but by reaching four main focusing areas of China's foreign aid (industry, agriculture, social infrastructure²⁶, and medicine and public health), and all of China's foreign aid implementation methods (Complete Project Aid, Technical Aid, Goods and Materials Aid, Human Resource Development Cooperation, Medical Teams) bar the recent Overseas Volunteer Programs, it also presents a comparative view of how China's foreign aid is performed in different focusing areas, as well as a clearer understanding of how China's foreign aid implementation methods worked with and influenced each other.

On the whole, this study in understanding China's foreign aid in Africa finds China's foreign aid in Africa as simple yet complicated. It is simple because for most of the time there is only one goal that the Chinese government is aimed to pursuit – friendship. At the same time, it is complicated because this friendship has been secured through miscellaneous projects and programs that are planned and implemented according to various foreign aid objectives. In essence, this study suggests that whilst aimed at helping African recipient countries achieve self-reliance, China's foreign aid is driven by the underlying political consideration of building friendly foreign relationships. Although on the one hand, this friendship is bringing China's foreign aid both the uniqueness that is welcomed by all African recipient countries and the largely unconstrained planning framework, on the other hand, it is also undermining China's foreign aid outcomes in Africa. In the end, as this study points out, if China could attach as much importance to the improvement of its foreign aid capacity as it is now emphasising on friendship, China's foreign aid may make more impact on Africa's development.

²⁶ Categorized as "public facilities" in *The White Paper*. See p.23, GOVERNMENT OF CHINA 2011. *China's Foreign Aid*, Beijing: People's Press.

Chapter Two: Foreign Aid – Measurements and Studies

Subsequent to drawing the blueprint for this study, as an initial step towards improving our understanding of China's foreign aid in Africa, chapter two first looks into the terminology of *foreign aid* and existing literature. In the interests of establishing a legend and a landscape for this study, as well as integrating it with prior knowledge and indicating its whereabouts, this chapter is arranged in two sections inquiring: What is foreign aid? And how has China's foreign aid in Africa been researched? Of these, the first question was particularly aroused during the desktop research of this study. Whilst looking through a large number of studies that individually investigated Bilateral Aid, Development Aid, Agricultural Aid and so on, what was the linkage between these books and journals? Do these studies correspond to different sub-categories of researching foreign aid, or were these studies simply carried out utilising different language interpretations and recognitions of foreign aid? Or further to the essence of this disorientation – in the realm of foreign aid, is there a common ground that suits all these differences and provides an universal understanding?

Undoubtedly, to give a definitive description to such international behaviour that is driven by complex motivations is not a straightforward task. Even amongst the noted international organisations such as the DAC, the WB and the IMF, different criteria summarises different scopes of foreign aid – development assistance. Provided this tangled situation, should one's research rely on the donor country's description of foreign aid? This can be problematic. For instance, in *The White Paper*, it stated, "Concessional Loans are mainly used to help recipient countries to undertake productive projects generating both economic and social benefits and large and medium-sized infrastructure projects" (2011, p.8); then two pages over, it wrote in the "Forms of Foreign Aid" section, "Complete projects refer to productive or civil projects constructed in recipient countries with the help of financial resources provided by China as Grants or Interest-free Loans" (2011, p.10). In light of these official definitions, what is then the *form of foreign aid* employed that happen to be delivering a productive project financed by Concessional Loan, for instance, the Bui Dam project in Ghana?¹

To shed light on the confusions created by different foreign aid research and participating parties, and finding the linkage to these prior understandings, the first section of this chapter is sorted with a deconstruction of foreign aid. By exploring the diverse criteria, perspectives and approaches adopted by different governments, organisations and research, it provides a scheme for understanding China's foreign aid in Africa. After drawing the preferences of prior knowledge to the same basis, the second section then reviews existing studies conducted in both Chinese and English languages. To put this review into a learning sequence that echoes the objectives proposed by this study, these existing studies are thus organised into three groups according to the emphases of these objectives. Specifically, understanding China's

¹ In particular this confusion raised by *The White Paper on China's Foreign Aid* (2011), the second release of *The White Paper on China's Foreign Aid* (2014) also did not manage to clarify. See http://www.gov.cn/zhengce/2014-07/10/content_2715467.htm, accessed 6 June 2015.

foreign aid development, assessing China's foreign aid performance and investigating China's foreign aid shortcomings. In sum, chapter two serves as a literature review of this study and precludes the understanding of China's foreign aid in Africa. On the basis of integrating prior knowledge, it identifies the gaps and confusing areas of the literature that still remain.

What is Foreign Aid

关于对外援助的理解

In the understanding of this most distinguished international behaviour of the 20th century, foreign aid is usually recognised in many different ways. Whilst generally speaking, according to the *Oxford Dictionary*, "Foreign Aid" is plainly defined as "Money, food, or other resources given or lent by one country to another",² in the exploration of international relations, the understanding of foreign aid is noticeably more complicated. Besides this study particularly concerned foreign aid – development assistance, or as the DAC coined: Official Development Assistance (ODA), in reference to the nature of the foreign aid, indeed that is the intention of providing this *money, food, or other resources*, foreign aid can also be regarded as: Military Aid (usually delivered in the interest of promoting military capacities of the recipient country or group), Humanitarian Aid (usually aimed to help the recipient country or group to recover from emergency situations such as conflicts or natural disasters), Peacekeeping (intended to establish conditions that favour lasting peace) and participations in International Multilateral Aid (usually utilised by International Multilateral Aid agencies for various intentions).³

With particular concerns to the ODA, in spite of that it is clearly defined by the DAC as: The official and concessional part of resource flows to developing countries that is administered with the promotion of the economic development and welfare of developing countries as its main objective,⁴ considering the substance of these parts of resource flows, it is yet farther diversely recognised. Not only based on varied criteria, the scope of these parts of resource flows is individually outlined by different foreign aid research and participating parties, but depending on the various perspectives adopted by these parties, such as the participants, the financial resources of these parts of resource flows and so forth, they are also frequently put into different categories. Even considering the research that are aimed to help explaining this international behaviour, diversified approaches also lead to different interpretations. In view of this situation, for the purpose of providing an overview of the theme of this study, this section first delves into the broadly accepted criteria, perspectives and approaches to find out where China's foreign aid resides in these miscellaneous understandings.

The Scopes of Foreign Aid

At first, this study surveys the varied criteria introduced by different foreign aid research and participating parties in recognising the scope of foreign aid. On the basis of the above stated ODA definition given by the DAC, there are two internationally accepted criteria. To be exact,

² See <http://www.oxforddictionaries.com/definition/english/foreign-aid?q=foreign+aid>, accessed 11 February 2015.

³ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

⁴ See <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>, accessed 11 February 2015.

the DAC's criteria (for recognising the scope of foreign aid to ODA recipients and ODA eligible organisations⁵), and the WB and IMF's criteria (for recognising the scope of foreign aid to Low-income Country[ies], LICs⁶):

1. The DAC's Criteria

In accordance with the Development Assistance Committee of the Organisation for Economic Co-operation and Development, foreign aid (ODA) is the part of resource flows to developing countries that is provided by official agencies, including state and local governments, or by their executive agencies, and is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).⁷

2. The WB and the IMF's Criteria

Based on the revision implemented in October 2013, the WB and the IMF currently adopt a single, fixed and unified rate of discount to calculate the grant element of the resource flows (foreign aid) to LICs. In contrast to the previous rate of discount based on currency-specific Commercial Interest Reference Rates (CIRRs)⁸, the new rate of discount is set at 5 per cent and will be calculated based only on the USD value of the resource flows only.

The Categories of Foreign Aid

Secondly, this study looks into the perspectives adopted by different foreign aid research and participating parties in categorising foreign aid. Apart from the earlier introduced greater categories, which determined by the nature of the foreign aid, with regards to development assistance in particular, there also are four broadly adopted perspectives used for classifying its conduct. Namely: the participants of the foreign aid, the financial resources of the foreign aid, the packaging of the foreign aid and the focusing area of the foreign aid.⁹

1. The Participants of the Foreign Aid

According to the channel of circulation of the foreign aid, the exercise of foreign aid is usually divided into two main categories: Bilateral Aid and Multilateral Aid.

Bilateral Aid

双边援助

⁵ For the DAC List of ODA Recipients, see <http://www.oecd.org/dac/stats/daclist.htm>; for List of ODA eligible organisations, see <http://www.oecd.org/dac/stats/annex2-procedure.htm>, accessed 11 February 2015.

⁶ For List of Low-income Country[ies], see <http://data.worldbank.org/about/country-and-lending-groups>, accessed 11 February 2015.

⁷ See <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>, accessed 11 February 2015.

⁸ Commercial Interest Reference Rates only applies to the currencies of the participating countries of the OECD, which excludes China. See <http://www.oecd.org/tad/xcred/rates.htm>, accessed 11 February 2015.

⁹ See LI, X., TANG, L. & WU, J. 2009. *International Development Assistance: Evolution, Management and Institutions*, Beijing: Social Sciences Academic Press; ZHANG, Y. 2012b. *Research of China Foreign Aid 1950-2010*, Beijing: Jiuzhou Press. For examples of studies that carried out based on different categories, see YUN, Z. & HAN, J. 1997. A Comparative View of Our Concessional Loans. *International Economic Cooperation*, 36-38; LIU, B. 2004. The Completion of Our Foreign Aid Projects In Sudan. *Arab World Studies*, 31-33; CORKIN, L. & BURKE, C. 2006. China's Interest and Activity in Africa's Construction and Infrastructure Sectors. *Report prepared for DFID China*. Stellenbosch: Stellenbosch University; JIANG, H. 2013. Agricultural Aid to Africa (1971-1983): A Case Study of China's Aid Model and Effectiveness in Africa. *Foreign Affairs Review*, 30-49.

Bilateral Aid refers to the foreign aid that the donor country directly transfers resources to its recipient countries. Although in recent years, there has been an increase in participation in International Multilateral Aid, provided that "around 70% of ODA from the DAC participating countries are Bilateral Aid at any given time" (Zhang, 2012b, p.27), Bilateral Aid remains the primary practice in development assistance. As far as implementation is concerned, Bilateral Aid is considerably easier to process than International Multilateral Aid, more importantly, whilst Bilateral Aid only involves the donor and the recipient country as the participants, it also "grants the donor country much greater flexibility in terms of integrating particular aims to its foreign aid so that the donor country can achieve its national interests and establish its national image" (Ding, 2010, p.19).

Multilateral Aid

多边援助

On the basis of that participations in International Multilateral Aid are generally not regarded as development assistance, in the study of China's foreign aid, the term of Multilateral Aid is recognised differently from traditional English language based foreign aid studies. Instead of referring to donations to International Multilateral Aid agencies, Multilateral Aid, particularly in Chinese language based literatures, refers *only* to "China's foreign aid to multiple recipient countries"¹⁰. For example, one training program that China organised enrolling participants from several recipient countries. With the view of separating China's Multilateral Aid from its participations in International Multilateral Aid, as one senior Chinese researcher suggested, "All of China's participations in International Multilateral Aid are detailed and stated as it is in Chinese language based literatures, including official publications"¹¹.

2. The Financial Resources of the Foreign Aid

On the ground of the financial resources of the foreign aid, the majority of foreign aid can be classified into two main categories: Grant Aid and Loan Aid.

Grant Aid

无偿援助

Grant Aid is the type of foreign aid in which the donor country transfers resources to its recipient countries without any financial reservations. With Grant Aid, the recipient country is not held responsible for compensating the resources received, meaning that it can use the resources free of charge and need not repay the principal or interest. As for the recipient country, this is one of the most enjoyable types of foreign aid, although towards the donor country, since Grant Aid is practically organised on a donation basis, the scale of Grant Aid is generally small in comparison to Loan Aid.

Loan Aid

贷款援助

In contrast to Grant Aid, Loan Aid refers to the foreign aid which the recipient country is held responsible for compensating the resources received. Although this is the most challenging

¹⁰ Interview with senior Chinese official, Beijing, China, 16 November 2011.

¹¹ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

type of foreign aid to determine – based on varied criteria, one could be regarded as foreign aid and the other is not, given the opportunity of receiving both principal and interests, Loan Aid is the preferred practice by most donor countries. Considering the recipient country, while the resources borrowed from donor countries complement the domestic shortage, the lower interest rate and longer repayment period also are acceptable in favour.

3. The Packaging of the Foreign Aid

Depending on the ways of how the foreign aid is utilised, indeed that is the contents of the foreign aid packages, foreign aid is primarily studied in two categories. In particular: Project Aid and Programme Aid.

Project Aid

项目援助

Project Aid concerns the foreign aid which the donor country applies its foreign aid budget directly in the assistance of particular development projects in the recipient countries. Other than constructing development facilities such as factories, roads and hospitals, the programs organised for training human resources, medical assistances and so on are also regarded as Project Aid. At present, Project Aid is the most common type of foreign aid utilised by both emerging and traditional donor countries.

Programme Aid

方案援助

Programme Aid refers to the foreign aid that is supporting particular development plans in the recipient countries. Instead of building or organising specific foreign aid projects, it is in general utilised for import allocations, budget subsidies, allowance for balance of payments, debt repayment and regional development planning. Besides frequently employed by the UN Development System for International Multilateral Aid, Programme Aid is especially favoured by traditional foreign aid donor countries.

4. The Focusing Area of the Foreign Aid

In reference to the development areas that the foreign aid is intended to assist, foreign aid is also often put into several different categories. Of which, the most common categories are: Industrial Aid and Agricultural Aid.

Industrial Aid

工业援助

As the name suggests, Industrial Aid mainly involves the foreign aid that is aimed to promote the recipient country's industrial development. Provided the scale and complexities of most industrial projects, this particular type of foreign aid is usually financed by Loan Aid, and it is delivered through Project Aid including a combination of the construction of the project and training programs. Where the recipient country require, Industrial Aid at times also include the marketing of the final product.

Agricultural Aid

农业援助

Similar to Industrial Aid, Agricultural Aid is referred to the foreign aid that is aimed to assist the recipient country's agricultural development. Owing to the relatively longer period of investment, Agricultural Aid is also commonly financed by Loan Aid, and it is delivered via Project Aid generally involving the dispatch of agricultural experts, the building of farmland, irrigation stations, agricultural technology demonstration centres and the supply of related agricultural machineries, implements and materials.

The Interpretations of Foreign Aid

At last, this study investigates the diversified approaches employed by different foreign aid research and participating parties in understanding foreign aid. Principally concerned for the intentions, influences as well as the applications of foreign aid, the understandings of foreign aid are mainly carried out through two pathways at the suggestions of mainstream political theories, to be exact: the donor country centred approach and the recipient country centred approach.

1. The Donor Country Centred Approach

The donor country centred approach is derived from the research of international relations. On the basis of addressing the central question of why foreign aid is provided (Wang, 2004a), this approach is primarily focused on the donor countries' foreign aid motives, exercises and how their foreign aid performed in accordance with their own development interests. Of this approach, Idealism and Realism are the most commonly adopted theories to interpret this donor-recipient relationship.¹² Concentrated on the role of moral consciousness and public opinions in the decision-making of foreign aid, idealism sees foreign aid the obligation of rich countries. Whilst suggesting "the citizens of developed countries have a moral responsibility to support the poor peoples in developing countries" (Liu, 2005, p.85), idealism believes that foreign aid is a genuine gift to the developing countries and therefore should not be tied up with specific interests of the donor countries. In addition to attaching importance to the promotion of international cooperation, it also calls upon the application of International Multilateral Aid (Zhang, 2012a).

Realism on the other hand stresses on the national interests of donor countries through the implementations of foreign aid. Based upon the argument that all states are struggling for power in an anarchic international system, it considers foreign aid as an instrument of the donor countries for pursuing their national interests, particularly under the circumstances where national interests cannot be secured by military means and traditional methods of diplomacy are only in part appropriate. In the research for a political theory of foreign aid, Morgenthau identified six types of foreign aid, namely: humanitarian foreign aid, subsistence foreign aid (for the prevention of potential breakdowns of order and the disintegration of organised society), military foreign aid, bribery (for purchasing favours), prestige foreign aid

¹² See for example, ARNOLD, G. 1985. *Aid and the Third World: The North-South Divide*, London: Robert Royce Ltd; STOKKE, O. 1989. *Western Middle Powers and Global Poverty: The Determinants of the Aid Policies of Canada, Denmark, the Netherlands, Norway, and Sweden*, Uppsala: The Nordic Africa Institute; RIDDELL, R. 1987. *Foreign Aid Reconsidered*, Baltimore: Johns Hopkins University Press.

(for the illusion of economic development) and foreign aid for economic development (1962, pp.301-304). Of these distinct types of foreign aid, while humanitarian aid is the only one per se non-political, as his theory indicated, within a political context, it as well is in the nature of bribes like all other types of foreign aid and is purposed for national interests (ibid.).

Further to Morgenthau's interpretation of foreign aid, Waltz pointed out that in the state of anarchy where the great powers of the world compete and striving for security, foreign aid is a tool for pursuing hegemony (2010). Whilst military aid directly strengthens the security of a bipolar world, economic aid secures alliances and particularly aid to the cause of "make and maintain world order" (ibid., p.200). Moreover, as a more radical realism argued, via "the use of pressure, by the donor, in terms of threatening to terminate aid... if conditions are not met by the recipient. Foreign aid is used as a lever to promote objectives set by the donor which the recipient government would not otherwise have agreed to" (Stokke, 2013, pp.11-12). Nonetheless, despite how foreign aid is used in an anarchic world, while it essentially serves national interests, as realists suggested, the effectiveness of foreign aid should be measured in terms of how it benefited the donor country's interests rather than how it contributed to the recipient country's development, and when donor countries plan foreign aid, primary considerations should be given to their own circumstances and interests (Deng, 2009).

2. The Recipient Country Centred Approach

Instead of focusing on how donor countries' various intentions and exercises shaped foreign aid, the recipient country centred approach emphasises on the recipient country's intentions in receiving the foreign aid, as well as how different foreign aid influenced its development. Even though foreign aid begins from the donor countries, these theories believe that when the recipient country receives the foreign aid, it is not entirely situated in a passive position. Meaning that the recipient country has the freedom to accept or reject the foreign aid, or indeed to combine its domestic development demands with its relationship with the donor countries to determine which donor country's foreign aid to receive (Zhang, 2012a). From this standpoint, given the assumption that foreign aid "is simply a resource at the disposal of governments, like any other resource" at the time when it arrived at the recipient countries (White, 1974, p.132), as these theories pointed out, "The aid 'contract' should thus seek to improve the [foreign aid] agents' incentives to use aid effectively, given the circumstances of the developing country" (Paul, 2006, p.1).

China's Foreign Aid

All in all, on the ground of the above identified definitions of foreign aid, with exceptions of a margin of government foreign aid budget being utilised for Military Aid, Humanitarian Aid, Peacekeeping and participation in International Multilateral Aid, it can be found that based on the information given by *The White Paper* (2011), China's foreign aid is primarily arranged as bilateral development assistance following the aim of helping recipient countries achieve self-reliance. Whilst China's Grand Aid and Loan Aid (Interest-free Loan; Concessional Loan) measure up to both the DAC and the UN and IMF's criteria, it is comprehensively focused on improving the recipient countries' development capacities in industry, agricultural, economic

infrastructure, public facilities, education, medicine and public health, and clean energy and coping with climate change. In the delivery of these development assistance to developing countries, China's foreign aid is overall packaged as Project Aid assorting six implementation methods of Complete Project Aid, Technical Aid, Goods and Materials Aid, Human Resource Development Cooperation, Medical Teams and Overseas Volunteer Programs.

With particular attention given to the interpretation of China's foreign aid, whilst neither the donor country centred approach nor the recipient country centred approach is able to supply a comprehensive understanding of China's foreign aid in Africa – the former only took into account the donor countries' interests in providing the foreign aid, but failed to consider how it influenced the recipient countries' development; the latter only grasped how the recipient countries utilised the foreign aid, but not answering why the foreign aid is given in the first place. This study first adopts the donor country centred approach as a basic framework to understand this relation in between China and Africa, so as to explain why China provides foreign aid to African countries. And then, in the interest of completing this understanding and exploring how China's foreign aid can be further improved in assisting African recipient countries' development, this study supplements this donor country centred approach with observations on China's foreign aid projects and programs to find out how China's foreign aid influenced African recipient countries' development at the domestic level.

How has China's Foreign Aid in Africa been Researched

关于中国对非援助的研究

After looking into the term of foreign aid and identifying its various definitions, this section reviews existing literature on the topic. Ever since the swift takeoff of modern China-Africa relationship in the late-1990s, the interest in this arguably the most important international relations of the 21st century has along grew dramatically. With an eye to China's more than doubled foreign aid input, and its massively increased investment in Africa, every step that China has taken on this promising continent attracts tremendous attention. However, in spite of this great interest, whilst the studies on foreign aid¹³, and indeed, China-Africa relations¹⁴ are fast expanding, the studies that particularly focused on China's foreign aid in Africa are still remaining noticeably limited. Besides only some efforts were made to understand the development and the practices of China's foreign aid in Africa, even less is known about how it benefited Africa's development. Having in mind this situation, in the interest of specifying

¹³ See for example, LANCASTER, C. 1999. *Aid to Africa: So Much to Do, So Little Done*, Chicago; London: University of Chicago Press; ZHOU, H. (ed.) 2002. *Foreign Aid and International Relations*, Beijing: China Social Science Press; EASTERLY, W. 2006. *The White Man's Burden: Why the West's Efforts to Aid the East Have Done So Much Ill and So Little Good*, Oxford: Oxford University Press; RIDDELL, R. 2008. *Does Foreign Aid Really Work?*, Oxford: Oxford University Press; MOYO, D. 2009. *Dead Aid: Why Aid Is Not Working and How There Is A Better Way for Africa*, London: Penguin Books.

¹⁴ See for example, TAYLOR, I. 2006. *China and Africa: Engagement and Compromise*, London: Routledge; KAPLINSKY, R., MCCORMICK, D. & MORRIS, M. 2007. *The Impact of China on Sub-Saharan Africa. Working Paper*. Brighton: Institute of Development Studies; ALDEN, C. 2007. *China in Africa*, London: Zed Books; HON, T., JANSSON, J., SHELTON, G., LIU, H., BURKE, C. & KIALA, C. 2010. *Evaluating China's FOCAC Commitments to Africa and Mapping the Way Ahead. Prepared for the Rockefeller Foundation*. Stellenbosch: Stellenbosch University; SHINN, D. H. & EISENMAN, J. 2012. *China and Africa: A Century of Engagement*, Philadelphia: University of Pennsylvania Press.

the gaps and confusing areas in prior knowledge and situating this study, this section now investigates what have we already learnt about China's foreign aid in Africa.

Before reviewing the existing literature, there is one point and two books that need to be first mentioned. First, with regard to the structure of this literature review, even though this study attempts to organise these literatures into three groups – according to the objectives purposed by this study for a more coherent understanding – the existing body of literature is nonetheless diverse and multi-dimensional. Similar to the various discussions of *foreign aid* delved into earlier, on that basis of that there are no fixed model for studying foreign aid, the existing studies surrounding China's foreign aid in Africa have been carried out on different grounds and set out for miscellaneous objectives. Although the intention to provide a linear way of categorising existing literatures is tempting, this is proven to be a difficult task. Hence to avoid arbitrary categorisation for the sake of linear categorisation, this study reviews and discusses existing literatures based on the objectives they have chosen understanding the development, the performance and the shortcomings of China's foreign aid in Africa, as well as the approaches they utilised to achieve these objectives.

Secondly, on the basis of this complicated situation, which involved with diverse approaches and objectives, towards a greater view of China's foreign aid in Africa, there are two arguably comprehensive books: namely, *Economic Cooperation with Foreign Countries* (对外经济合作, 石林, 1989) by Shi Lin, and *The Dragon's Gift: The Real Story of China in Africa* (2009) by Deborah Brautigam. Having practically founded the Chinese study of China's foreign aid, Shi has extensively recorded the development of China's foreign aid before the 1990s. Albeit not specifically aimed at understanding China's foreign aid *in Africa*, but benefited from being one of the primary decision-makers of China's foreign aid the author himself,¹⁵ not only has Shi observed and assessed the performance of China's foreign aid with exclusive figures, field reports and government documents, but he also objectively criticised the works of China's foreign aid and proposed practical development suggestions. Unique to the study of China's foreign aid during the Cultural Revolution period (1966-1976), *Economic Cooperation with Foreign Countries* is arguably the only Chinese resource available to the public.

Whereas concerning Brautigam's book – completed upon her valuable insights and extensive fieldwork carried out in both China and Africa, *The Dragon's Gift* has scholarly brought the understanding of China's foreign aid in Africa to the West, and clarified a number of prevalent myths via a realist approach (Marks, 2010). Whilst aimed at revealing China's real foreign aid activities, it also aptly extended to the greater scope of the whole of China's involvement on the continent – the investments, the immigrants and other various by-products that China's foreign aid has brought along to its recipient countries. Especially in an attempt to figure out China's foreign aid expenditure, Brautigam has made notable effort in distinguishing China's foreign aid input and its government investment. Additionally, she has also placed particular focus on China's industrial and agricultural aid. In all, as Brautigam suggests, China's foreign

¹⁵ Shi Lin joined the works of China's foreign aid in 1964 as the Chief of the Executive Bureau of International Economic Affairs (国际经济事务局) of the Foreign Economic Liaison Commission. He was then promoted the Vice Minister of the Ministry of Foreign Economic Liaison in 1973 and stayed in office until his retirement in 1982.

aid serves its national interests like any other foreign aid and is based on the development experience of itself; and the investments, trades and technologies that this foreign aid along brings, "may be the dragon's ultimate, ambiguous gift" to Africa (2009, p.312).

Still, even though these two important literatures built a solid foundation for understanding China's foreign aid in Africa, whilst Shi's study is completely out of date, Brautigam's study remains a Western approach – it only to some extent understood China's foreign aid from the *Chinese perspective*. In particular the drive of China's foreign aid in Africa, on the basis of arguing that it is provided for three reasons: "strategic diplomacy, commercial benefit, and as a reflection of society's ideologies and values" (ibid., p.15), she almost automatically deemed *friendship* – which at least is one of the primary interests of Beijing, a "rosy picture" (ibid., p.3). Furthermore, in the assessment of China's foreign aid outcomes, despite Brautigam did survey how China's domestic politics, ideologies and various other factors shaped its foreign aid, upon going into details China's current institutional setup for foreign aid, she only broadly discussed how this arrangement influenced China's foreign aid outcomes in Africa. Nevertheless, in addition to these two arguably all sided literatures, how have other studies understood the development, the performance and the shortcomings of China's foreign aid?

Studies that Understood the Development of China's Foreign Aid

In reference to the studies that surveyed the development of China's foreign aid, one recent Chinese publication needs to be first mentioned – Zhang Yuhui's *Research of China's Foreign Aid 1950-2010* (中国对外援助研究 1950-2010, 张郁慧, 2012). Based on her PhD thesis and her expertise in History Studies, Zhang has thoroughly investigated into the evolution of the motivations, objectives and practices of China's foreign aid over the past six decades, and introduced a great amount of first hand data regarding the scales and distributions of China's foreign aid in different development periods. Although similar to *Economic Cooperation with Foreign Countries* (Shi, 1989), Zhang's study is not specifically focused on China's foreign aid in Africa, but built on a theoretical foundation which integrated with Chinese ideologies and Western understandings, Zhang has successfully brought our understanding to an academic ground and carried it to the present day. However, a lack of empirical evidences to practically examine the development of China's foreign aid and to support her arguments for improving China's foreign aid is the main shortcoming of this otherwise inclusive study.

Apart from this dedicated literature on China's foreign aid development, the development of China's foreign aid in Africa has been surveyed with various intentions in mind. Whilst a small number of Chinese studies delved into the development of China's foreign aid in Africa for the purpose of grasping China's economic cooperation with foreign countries (see Li, 2003; Liu, 2009), and enhancing an understanding on China-Africa relations (see Zhang, 2006a; Li, 2006a), the majority of these studies are carried out for two objectives – exploring China's motivations for providing foreign aid and investigating how China delivers its foreign aid. With regard to the studies that read China's motivations, most of these studies have come to the conclusion that China's foreign aid is driven by national interests – whether political or economic, or both, depending on the development period (see Sun, 2007; Davies et al., 2008; Wang and Zhu, 2008; Brautigam, 2009; Li, 2010; Zhang, 2010). In addition to some Chinese

studies (see Bin, 2008; Zhang, 2012b), Lengauer's *China's Foreign Aid Policy: Motive and Method* (2011) is one of the rare English studies which also surveyed the development of China's foreign aid in Africa taking into account its cultural influences.

Whereas concerning the studies that surveyed how China delivers its foreign aid, *Economic Cooperation with Foreign Countries* (Shi, 1989) remains the only literature that demonstrated the development of all the aspects of China's foreign aid arrangement (including institutions, operating mechanisms, planning and implementation approaches). Albeit much dated, whilst recent studies attempted to update this understanding, the majority of these only captured the evolvement of some aspects of China's foreign aid arrangement (see Chaponniere, 2009; He, 2011). Amongst the scholars who focused on China's foreign aid arrangement, Huang Meibo (黃梅波) is one of the most noteworthy given that he has consistently followed the development of China's foreign aid institutions, operating mechanisms, and implementation approaches (see Huang, 2007; Huang and Hu, 2009; Huang and Lang, 2010). Besides these studies which particularly surveyed the development of China's foreign aid arrangement, there also are studies that looked into its current setup (see Lancaster, 2007; Mao, 2012), and provided diagrams illustrating its administrating and funding processes (see Chin and Frolic, 2007; Zhou, 2008b; Davies et al., 2008; Brautigam, 2009).

However, whilst most of these studies are limited in explaining the development of all the aspects of China's foreign aid arrangement but to some extent complement each other, two studies need to be specifically pointed out given that they have provided inaccurate and inappropriate understandings. To be specific, *How China Delivers Development Assistance to Africa* (Davies et al., 2008) first inappropriately examined "grant aid & technical assistance" (ibid., p.11) together – as the former is a funding method and the latter is an implementation method of China's foreign aid. Within the same section, it also inaccurately suggested that "technical assistance from China is often in the form of turnkey joint ventures" (ibid., p.11), since technical assistance¹⁶ is mainly carried out as onsite training courses;¹⁷ Secondly, on the basis of again improperly grouping "concessional finance & interest-free loans" (ibid., p.12) – as the former is funded mostly by commercial funding from China EXIM Bank and the latter is entirely relied on China's government foreign aid budget, it is incorrect by asserting that "these are medium to long-term loans with an emphasis on the profitability of projects" (ibid., p.12), whilst the latter is emphasised *only* on promoting development.¹⁸

The other problematic study that gave inaccurate understandings regarding China's foreign aid arrangement is *Emerging Donors in International Development Assistance: The China Case* (Chin and Frolic, 2007). Whilst arguing that this study is built on complete imagination may be a (small) step too far, the legitimate information in this study is indeed scarce. To give some examples, this study was instituted on a misleading ground by indicating that the grant

¹⁶ Technical assistance is known as Technical Aid in this study.

¹⁷ More detailed discussion regarding the funding and implementation methods of China's foreign aid is located at the second half of chapter four in the "China's Foreign Aid in Africa: The Current Planning and Implementation Approaches" section.

¹⁸ More detailed discussion regarding the funding methods of China's foreign aid is located at the second half of chapter four in the "The Funding Methods of China's Foreign Aid" section.

portion of China's foreign aid is managed by four organisations – "Ministry of Commerce (known as MOFCOM in this study), Ministry of Foreign Affairs, select line ministries¹⁹, and the International Liaison Office of the CCP Central Committee" (ibid., p.6) – its management should be *led* by the Ministry of Commerce, Ministry of Foreign Affairs and Ministry of Finance, and *jointly participated* by 19 other government institutions.²⁰ Then, while placing a specific emphasis on China's "Support for Research for Development" (ibid., p.9), this study even went as far as claiming that "MOFCOM administers 90 percent of all grant aid, while MOST [Ministry of Science and Technology] controls 10 percent" (ibid., p.8) – neither with a reference nor is remotely true at any given point in the history of China's foreign aid.²¹

Nevertheless, despite the contributions that these existing studies have made to improve our understanding of China's foreign aid in Africa, on the basis of only a small number of them were especially concerned about explaining the development of China's foreign aid in Africa with the impact of Chinese characteristics in mind, and most of them insufficiently illustrated the development of China's foreign aid arrangement, the main gap amongst these studies is a lack of empirical evidences to practically examine the development of China's foreign aid in Africa. Regardless of whether aimed at exploring China's motivations for providing foreign aid or investigating how it delivers foreign aid, the majority of these studies only managed to survey the development of China's foreign aid in Africa through theoretical approaches and policy analyses. Apart from only few studies integrated with recent case studies (see Davies et al., 2008) and brief case studies (see Liu, 1998; Zhang, 2012b), it is again the two arguably all sided literatures (Shi, 1989, and Brautigam, 2009) additionally provided a practical view to the development of China's foreign aid in Africa.

Studies that Assessed the Performance of China's Foreign Aid

With regard to the studies that assessed the performance of China's foreign aid, the majority of these studies are based on specific projects or programs, or an individual focusing area of China's foreign aid in Africa. Besides some studies such as Grimm et al.'s *Coordinating China and DAC Development Partners: Challenges to the Aid Architecture in Rwanda* (2010) which assessed the performance of China's foreign aid with a view to find out the possibilities of cooperation in between China and traditional foreign aid donor countries, most of these studies are emphasised on two objectives – assessing how China's foreign aid influenced the recipient countries' development, and investigating how the outcomes of China's foreign aid are being affected. Concerning the studies that assessed the effectiveness and sustainability of China's foreign aid in Africa, these studies are primarily carried out by academic scholars.

¹⁹ "Including MOST (Ministry of Science and Technology), the Ministry of Agriculture (MOA), the Ministry of Education (MOE), the Ministry of Health (MOH), and the Ministry of Communications (MOC)". See p.6, CHIN, G. T. & FROLIC, B. M. 2007. *Emerging Donors in International Development Assistance: The China Case* (Summary). IDRC/CRDI.

²⁰ Whether before or after the establishment of the Foreign Aid Inter-agency Liaison Mechanism in 2008. Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012. More detailed discussion regarding the institutional setup of China's foreign aid is located at the second half of chapter four in the "The Planning of China's Foreign Aid" section.

²¹ The participating government institutions *altogether* share less than 10% of China's foreign aid budget planned for grant. Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012. More detailed discussion regarding the distribution of funds in China's foreign aid is located at the second half of chapter four in the "The Funding Methods of China's Foreign Aid" section.

Whilst specific projects or programs are plenty (see Li, 2009; Yu and Yuan, 2010; Niu, 2011; Buckley, 2011), there are studies looked into the focusing areas of agriculture, education, and medicine and public health of China's foreign aid in Africa (see Brautigam, 1998; Zhang et al., 2013; Tang et al., 2014; Cheng et al., 2015).

Amongst the studies that focused on specific projects or programs of China's foreign aid in Africa, one of the most chosen case study is the Tanzam railway²². While remaining the single largest foreign aid project ever undertaken by China, the Tanzam railway has been studied all the way from the 1970s (see Yu, 1971) when it was still under construction to now where it is still connecting China's two oldest friends on the continent – Tanzania and Zambia (see Chen, 2012). Not only there are studies particularly surveyed the decision-making (see Lu, 2006; Wu, 2008), the implementation (see Bailey, 1976; Jin, 1996), and the operation of the project (see Jin, 1987; Anon., 1988c), there also are studies assessed its prospective development (see Hu, 2000; Zhang, 2006c). Of these, Jamie Monson's *Africa's Freedom Railway: How A Chinese Development Project Changed Lives and Livelihoods in Tanzania* (2009) is arguably one of the most noteworthy studies which specifically and continuously investigated the influences of the Tanzam Railway. On the basis of observing that The Eight Principles²³ were fully realised in the implementation of the project, it pointed out that China's foreign aid is aimed at promoting African self-reliance rather than making Africa dependent.

Whereas in reference to the studies that investigated how the outcomes of China's foreign aid are being affected, these studies are primarily conducted by foreign aid participants and engineering specialists in regard to their working projects.²⁴ Apart from a few studies that were positive about the outcomes and prospects of China's foreign aid in Africa (these are mainly the studies carried out prior to the 1990s) (see Guo, 1965; Feng, 1987; Anon., 1988a; Anon., 1988b), the majority of these studies have raised concerns about the African recipient countries' diverse domestic conditions, and thought how their foreign aid projects could continue under these drastic political, social and institutional impacts (see Lai, 1995; Li, 2000; Li et al., 2010; He, 2013). However, whilst most of these studies are critical – on the one hand, China's foreign aid fulfilled the gaps commonly disregarded by Western traditional foreign aid donor countries; on the other hand, China's foreign aid resulted in difficulties in terms of effectiveness and sustainability – China's foreign aid only to some extent benefited African recipient countries' development, the most evident limitation amongst these studies is the limitation of case study selection approaches.

To be specific, in addition to a particular favour on specific projects and programs, these studies have only reached some focusing areas of China's foreign aid – agriculture, industry, economic infrastructure, education, medicine and public health – and left aside one of the

²² Also known as the TAZARA Railway, or the Uhuru Railway.

²³ The Eight Principles for Economic Aid and Technical Assistance to Other Countries. Detailed discussion regarding this principal guideline for China's foreign aid is located in the "The Development" section in chapter three. For full article, see Appendix I.

²⁴ These studies are often published via the journal of *International Economic Cooperation* (国际经济合作). This particular journal is edited by the Chinese Academy of International Trade and Economic Cooperation – a subsidiary academy of the Ministry of Commerce.

most important focusing areas of China's foreign aid in Africa: social infrastructure²⁵ (which includes both landmark projects and people's livelihoods related projects). Whilst some of these studies were able to compare the performance of specific projects and programs in an individual focusing area of China's foreign aid in Africa, owing to a lack of a comprehensive ground which enables assessment across these focusing areas, these studies are also limited in providing a comparative view of how China's foreign aid performed in different focusing areas (e.g. is China's industrial aid more appropriate to African recipient countries than social infrastructure aid?). As a consequence of these limitations, in spite of the outcomes and the contributing factors that these studies have assessed, they do not paint an overall picture of how China's foreign aid has performed in Africa.

Studies that Investigated the Shortcomings of China's Foreign Aid

Concerning the studies that investigated the shortcomings of China's foreign aid, instead of assessing the performance of China's foreign aid in Africa, these studies are mainly focused on the practices of China's foreign aid itself. Whilst a great of these studies are found to be *urban myths*, and were collectively investigated and made clear by Brautigam (2009), such as "China hurts efforts to strengthen democracy and human rights in Africa" (ibid., p.284) – in light of China's arguably the most welcoming and famous foreign aid principle: "In providing aid to other countries, the Chinese government... never attaches any conditions..."²⁶ (see Manning, 2006; McGreal, 2007); "China is making corruption worse" (Brautigam, 2009, p.292) – with a view to China's *liberal-minded* friendship with some of the most corrupted countries on the continent and its rather handsome sum of foreign aid input in them (see Naim, 2007; Malone, 2008), the majority of the *constructive* Western studies are focused on one of the most challenging issues regarding China's foreign aid practices, or the lack thereof that "fuels rumours" (Brautigam, 2009, p.187) – transparency (see Lancaster, 2007; Lum et al., 2009; Paulo and Reisen, 2010; Brautigam, 2011a).

Of these studies which attempted to read China's foreign aid expenditures in Africa, Grimm et al.'s *Transparency of Chinese Aid: An Analysis of the Published Information on Chinese External Financial Flows* (2011) is amongst one of the most thorough studies which both pointed out that the sensitivity of China in publicising its foreign aid figures is owing to its "cultural traditions and philosophy" and "persisting high demands for development finances 'at home'" (ibid., p.4), and suggested how China can take steps to improve its transparency (1. Develop a publication schedule for aid information; 2. Facilitate the dissemination and use of this information; 3. Build systems) (ibid., p.27). Whilst paying specific attention to published data, not only this study put forward a considerably more accurate way of understanding China's foreign aid inputs – it looked into the currently available information rather than estimated figures, or indeed continues to produce further estimates, but it also investigated and grouped different figures made available by different foreign aid participants. In the end, as this study suggests, "The Chinese government, overall, publishes less data than 'traditional

²⁵ Social infrastructure (known as public facilities in *The White Paper on China's Foreign Aid*) accounted for 670 of total 2,025 Complete Project Aid projects that China delivered by the end of 2009. Within the same period, China delivered 635 industrial projects and 215 agricultural projects. See p.11, GOVERNMENT OF CHINA 2011. *China's Foreign Aid*, Beijing: People's Press.

²⁶ The 2nd principle of The Eight Principles, see Appendix I.

donors', but provides more than usually believed" (ibid., p.23).

In contrast to Western studies, which placed a specific stress on *best practice*, the Chinese studies that investigated the shortcomings of China's foreign aid, on the other hand, are mainly focused on building China's foreign aid capacity. Whilst some studies looked into the developing implementation methods of China's foreign aid at the given period and provided suggestions for adjustment, such as boosting the efficiency of Management Cooperation (Lu, 1988); and completing Overseas Volunteer Programs (Cao, 2013), more studies had an eye on the underdeveloped administration of China's foreign aid. In particular, the incompetent foreign aid implementation management, the insufficient coordination between foreign aid institutions and the need for establishing a dedicated foreign aid institution (see Zhao and Xue, 2010; Hu and Huang, 2012; Huang and Xie, 2013; Lu et al., 2014). In addition to these, there has also been a recent increase in discussing the much lagged legal development of China's foreign aid, and these studies suggest that China should promptly transform its current, primarily ministerial codes of practices presented foreign aid regulations to relevant legislation (see Li, 2014; Guo, 2014; Cao, 2014; Wang, 2014).

Nevertheless, in spite of the understandings contributed by these existing studies, while the shortcomings highlighted by Western studies are for the greater part built on Western values – foreign aid is aimed at helping recipient countries' development, but not necessarily their *democracy* development, the shortcomings pointed out in most Chinese studies are a lack of empirical evidences – neither examined with a practical flaw within the institutions involved in the planning and implementation of China's foreign aid, nor an observed failing outcome of China's foreign aid projects and programs in Africa. More to the point, with a glance to the solutions brought forward by these studies, on the basis of the majority of these studies did not go into details exploring the practical situation of the Chinese government, indeed, the real capacities of China's foreign aid, as a result of this negligence, as constructive as these solutions may *conceptually* be to the improvement of China's foreign aid, they are in general unrealistic to China's immediate development agenda, and only to some extent beneficial to China's long-term foreign aid development planning.

The Under Researched Areas of China's Foreign Aid in Africa

On the whole, despite the diverse and multi-dimensional nature of existing studies, as this study has found out based on reviewing the above literature, there remain several gaps and confusing areas in the current understanding of the development, the performance and the shortcomings of China's foreign aid in Africa. First, on the basis of some understandings were given in regard to China's evolving motivations for providing foreign aid, and its developing practices and arrangements for delivering foreign aid, these existing studies do not include sufficient empirical examinations of China's foreign aid development. As a result of a lack of practical demonstrations, not only it is difficult to grasp why, in the development of China's foreign aid in Africa, one foreign aid objective is particularly emphasised and implemented over another (other than political and economic considerations, or international influences), but it is also a challenge to find the practical reasons that drive the development of China's

foreign aid planning and implementation approaches.

Secondly, while a number of assessments were offered regarding specific projects, programs, and particular focusing areas of China's foreign aid in Africa, these existing studies do not supply an overall understanding of how China's foreign aid has performed in Africa. Owing to the limitation of existing case study selection approaches, some focusing areas of China's foreign aid remain unexamined. This is a limitation that becomes apparent when it comes to finding the particular focusing areas in which China's foreign aid has worked more effectively and sustainably. Thirdly, although there are studies that have investigated the shortcomings of China's foreign aid from both a Western and a Chinese point of view, these studies are only minimally beneficial to those seeking to improve China's foreign aid. In addition to again a general lack of empirical evidence supporting the identified shortcomings, there is also a common failure to take into account the real capacities of China's foreign aid; thus, neither are the shortcomings that these studies identified straightforward to understand, nor are their proposed solutions realistic.

Last and most importantly, given that so far the majority of the studies on China's foreign aid development and China's foreign aid performance are carried out separately – the former only focused on grasping the evolvement of the objectives, planning and implementation approaches of China's foreign aid; and the latter only focused on assessing the effectiveness and sustainability of China's foreign in Africa – the current understanding do not explain how the development of China's foreign aid is related to its foreign aid outcomes in Africa. Not only is such an explanation vital to the identification of the factors that affect China's foreign aid outcomes in Africa – in particular the factors within the development of China's foreign aid itself, but also when proposing suggestions to China's next foreign aid development – to understand what previous development have succeeded and what have failed in improving China's foreign aid outcomes in Africa.

Chapter Summary

Having explored the different discussions of *foreign aid* and the literatures that attempted to grasp the development, the performance and the shortcomings of China's foreign aid in Africa, it can be found that the gaps and confusing areas of existing studies are primarily in the divergent identifications of foreign aid, and the multi-dimensional approaches to the understanding of China's foreign aid in Africa. As well an universal categorisation of foreign aid is unavailable, there is also a lack of fixed models in understanding China's foreign aid in Africa. With a view to overcome such a complicated situation, and therefore provide a more detailed and systematic understanding of China's foreign aid in Africa – one that both fulfils the gaps and confusing areas within existing studies, and coherent to potential publications further from the Chinese government – this study is committed to the following approaches: First, this study adopts the terminologies and categorisations of foreign aid introduced by the Chinese government (as stated in *The White Paper on China's Foreign Aid, 2011*) for a more standardised and coherent understanding.

Secondly, so as to establish a practical understanding of China's foreign aid development in Africa, and find out which focusing areas of China's foreign aid more appropriate to African recipient countries' development, this study selects case studies according to each of China's foreign aid objectives that it introduced in Africa in successive development periods. As well this approach extends our understanding to additional focusing area of China's foreign aid, offers a comparative view of how China's foreign aid performed in different focusing areas, it also enables this study to understand how the development of China's foreign aid is related to its foreign aid outcomes in Africa. Thirdly, in the interest of bringing forward development suggestions that the Chinese government is in a position to implement, this study goes into details surveying the capacities and operations of all major government institutions involved in the planning and implementation of China's foreign aid. In addition to this, it supplements this finding with interviews and discussions carried out with key decision-makers of China's foreign aid for increased suitability.

In all, with the purpose of promoting China's foreign aid outcomes, this study improves our understanding of China's foreign aid in Africa with an in-depth, case study based approach. Not only it draws on extensive government documents that are not in the public domain to reconstruct the development of China's foreign aid in Africa, but this study also assesses the performance and investigates the shortcomings of China's foreign aid in Africa with exclusive interviews and discussions conducted with foreign aid participants. To begin understanding China's foreign aid in Africa, the next two chapters first explores the development of China's foreign aid in between 1955 and 2012. With emphases placed on identifying China's foreign aid objectives in Africa, and the planning and implementation approaches that it accordingly developed, so as to establish a foundation for the following assessments and investigations, chapter three examines the route that led China's foreign aid to its current formation, while chapter four surveys China's foreign aid at present. A detailed breakdown of China's current foreign aid arrangement is introduced at the second half of chapter four.

Chapter Three: The History of China's Foreign Aid in Africa

As a result of learning the grounds of foreign aid and finding the confusing areas in existing knowledge, the previous chapter has provided a foundation for improving our understanding of China's foreign aid in Africa. Now, the next two chapters aim to fulfil the first objective of this study – to understand China's foreign aid development. Arranged in chronological order, chapter three and four study the historical and present-day conditions of China's foreign aid in Africa respectively. With the view of identifying China's foreign aid objectives in Africa, and the foreign aid planning and implementation approaches it developed accordingly, chapter three focuses on the emergence and early development of China's foreign aid. It addresses two primary questions: how has China's foreign aid objective in Africa progressed? And, how have China's foreign aid practices developed? Along with these queries, this chapter surveys China's foreign aid development between 1955 and 1993 when foreign aid was primarily influenced by China's political pursuits, and it is divided into two sections by the reform policy inaugurated in 1978 which historically altered China's foreign aid approaches.

In the first section, this study examines China's foreign aid development prior to the reform period. It is inclusive of three distinct development periods: The Beginning (1955-1963), The Development (1963-1970) and The Outrageous (1971-1978). On the basis of finding that the aims of China's foreign aid in Africa evolved from liberating the oppressed peoples in the third-world; to strengthening global forces against imperialism, colonialism and hegemonism; to helping African countries achieve self-reliance; this section reveals that in line with its duly determined foreign aid objective of building African industrial and agricultural foundations, China has not only established practical foreign aid planning and implementation approaches, but to some extent, successfully delivered development assistance to Africa whilst meeting its political interests. However, this rather sound outcome was eventually torn apart when China's political and economic demands went to one extreme during the Cultural Revolution, and consequent upon the devastating domestic financial situation, China was therefore forced to reconsider the continuation of its foreign aid.

In the second section, this study centres on the most substantial historical turning point of China's development, the implementation of the reform policy and the carrying of China's foreign aid development in a fourth period, that of The Initial Reform (1979-1993). It surveys the dramatic shift of China's foreign aid objective in Africa as it moved towards reducing expenditure while consolidating foreign aid outcomes, which came as a result of the ending of the Cultural Revolution and the stabilising of the international environment. In this phase, this section finds that China placed considerably greater emphasis on the economic aspect of its foreign aid while attempting to relieve its financial burdens. Regardless of such changes however, Beijing did little to benefit the development of Africa in comparison to the previous period. By the early 1990s, China's planned economic system had been stretched to the limit, and it is on this note, this chapter concludes the study of China's foreign aid history and looks towards the growing preparation of China's market economic system. Indeed, this is the

corner stone leading to the contemporary era of China's foreign aid.

In conclusion, the study of the history of China's foreign aid in Africa highlights the attempts that China has made to deliver and improve its foreign aid prior to 1993. While exploring China's aims in determining its foreign aid objectives in Africa, this chapter places particular attention on China's planning and implementation approaches that were introduced to secure these objectives. Therefore, it addresses the origin of China's foreign aid, as well as brings out the measures required for the subsequent assessments of China's foreign aid performance. To achieve these proposed aims, aside from pointing out the domestic and international background of the times, this chapter identifies China's foreign aid objectives in Africa and its developing foreign aid practices through an examination of elites' speeches, government documents, existing research and field interviews. Where available, quantitative data are also utilised to indicate the scale of China's foreign aid.

China's Foreign Aid in Africa:

From the Bandung Conference to the End of Cultural Revolution 1955 – 1978

从万隆会议到文化大革命结束

"Ever since the establishment of the People's Republic of China, the Chinese government has always taken foreign aid as an integral part of its foreign diplomacy and fixed obligations of proletarian internationalism (无产阶级国际主义)" (Li, 2010, p.19).

As pointed out by Chairman Mao Zedong¹ at the very beginning, "Considering the fact that China is a country that has 9.6 million square kilometres of land and 600 million people, it has an obligation to contribute to the whole of mankind" (Xinhua, 1956b). He also made specific his belief that, "those who have already emerged victorious from revolutions should help those who are still striving for independence. This is our obligation to proletarian internationalism" (Xinhua, 1963). In particular, this combination of internationalism and patriotism was based on two ideas: firstly, as a country that had just emerged from colonial rule, China must support the other oppressed peoples struggling for national independence, and help them progress from political independence towards economic independence. Secondly, as an economically underdeveloped country, China's request for a fair political and economic international environment was consistent with the mass of third-world countries. Therefore, helping other third-world countries meant improving China's own external situation (Zhou, 2008a).

Deriving from this internationalist responsibility and determination to support oppressed peoples in the third-world countries who were striving for and defending their national independence, China began to deliver Foreign Economic and Technical Assistance (对外经济技术援助)² shortly after its own independence (Li, 2010). Specifically regarding China's foreign aid in Africa, it began with the Asian-African Conference held in 1955. At that time, China's priority was to reverse the extreme financial situation left by the feudal regime, as

¹ Mao Zedong was the first Chairman of the PRC. He was in office between 1949 and 1976.

² The official terminology for China's foreign aid.

well as to break out of what it perceived as the United States led military threats and economic blockades. Meanwhile in Africa, rising nationalism pushed liberation movements to a breaking point and many nations were confronting the long-lasting rule of colonialism (Luo and Liu, 2007). In view of this situation, and regardless of the immediate needs of domestic recovery, China adopted a *one-sided* foreign policy in response to its urgent and alarming external threats, and promptly developed diplomatic relationships with the Soviet Union, other socialist countries and potential socialist countries (Zhang, 2011).

To be specific, China at this stage was on the one hand, highly concerned about the battles against capitalist invasions in North Korea and Vietnam, and was supporting their recovery and economic development. On the other hand, it was keen to establish relationships with other third-world countries and to assist the liberation movements of the Asian, African and Latin American peoples (CCCPC Party Literature Research Office, 1990). Hence, against this background, with similarly modern historical experiences and mutual sympathy, the newly established People's Republic of China and Africa moved closer together.

The Beginning

From 18 to 24 April, 1955, the seminal event of the Asian-African Conference (万隆会议, also known as the Bandung Conference) staged in Bandung, Indonesia, provided the very first modern opportunity for China to make tentative approach to the leaders of Africa (Taylor, 2006). Based on the mutual understandings developed by a Chinese delegation led by Prime Minister Zhou Enlai³, it established optimal conditions for China to cooperate with Asian and African countries. As a prelude to China's foreign aid, in regards to the principles of cooperation among Asian and African countries, *The Final Communiqué of the Asian-African Conference* stated: "The Asian-African Conference recognises the immediacy of promoting economic development of the Asian-African region, and the common aspiration among the participating countries to mutual beneficial and respected economic cooperation" (1955). And, regarding these approaches, it further stated, "all the participating countries agree to provide technical assistance to the best of their ability, in the methods of overseas experts, training programs, engineering equipment, technology exchanges, and so on" (ibid.).

Concerned with realising this economic and technical cooperation agreement so as to break out of China's diplomatic isolation created by the United States led capitalist world at the first opportunity, Zhou delivered his opinions on initialising China's foreign aid at the 3rd Session of the First National People's Congress. He said:

On the basis of China is a newly liberated country, with an as of yet underdeveloped and dependent economy, we are primarily seeking for trade based economic cooperation. However, since we also are aware of the significances of economic development in consolidating political independence, China is willing to maximise its contributions in assisting other countries' economic development within its capacity. (Xinhua, 1956a)

³ Zhou Enlai was the first Prime Minister of the PRC. He was in office between 1949 and 1976.

More to the point, as Zhou further stressed, the principles in conducting foreign economic and technical assistance are such that: "China upholds the principle of equality and mutual respect for sovereignty. Therefore it will never intervene or impose political, economic and military disadvantages on other countries in the name of economic cooperation" (ibid.).

Meanwhile in Africa, and echoing China's eagerness to establish diplomatic relationships based on mutual respect and cooperation, Africa's liberation movements were also further encouraged by the Bandung conference of which China's support for Egypt in the Suez Crisis officially marked the outset of China's foreign aid involvement in Africa. Emerging in August 1956, the decision of the Egyptian government in nationalising the Suez Canal resulted in invasions by Britain, France and Israel. In order to assist the Egyptian government in defending itself against this three-nation alliance, the Chinese government sent 20 million Swiss Franc in cash and dispatched medical teams to Egypt. As well as this assistance contributed to the final victory of the Egyptian government, it also made Egypt the first African recipient country of China's foreign aid (Li and Wu, 2009, p.47).

Subsequent to this historical episode, in October 1958, with consideration to advance the importance of foreign aid, the Central Committee (中共中央) approved for the first time an official paper⁴ regarding China's foreign aid. As it stated, "Foreign economic and technical assistance is both a serious political mission, and the Chinese people's internationalist obligation to brotherhood and nationalist countries" (CCCPC). In light of this confirmation, Zhou immediately gathered the corresponding ministries and introduced the very first objective of China's foreign aid:

In accordance with the growth of China's economic and technological capacities, China's foreign aid will become an increasingly onerous task. We should uphold the spirit of internationalism, assist those socialist countries that are in the need, earnestly carry out existing assistance to North Korea, Vietnam, Mongolia and Albania, and arrange foreign aid with the priorities and appropriateness in economic development focused aspects. In the meantime, within our allowance, we also should assist those economically underdeveloped Asian and African nationalist countries, to help them build their own industrial foundations on a small to medium project basis. (Shi, 1989)

1955 to 1963 was the emerging period of China's foreign aid in Africa. At this stage, while the political interests in proletarian internationalism were dominating China's development, the foreign aid decisions were made primarily to assist the communist battle against imperialism, colonialism and hegemonism. There was only secondary awareness placed on the liberation movements of third-world countries. In this sequence, despite the successful appearance that China's foreign aid made in Africa subsequent to the Bandung Conference, and provided with the endangering national security due to the capitalist invasions to China's neighbouring countries, the priorities of China's foreign aid in this period were given to Vietnam, North Korea and other surrounding socialist countries (Li et al., 2009). To be specific, among the 20

⁴ "关于加强对外经济、技术援助工作领导的请示报告". *Report on Strengthening Foreign Economic and Technical Cooperation*.

countries that signed the Economic and Technical Cooperation Agreement (经济技术合作协定, also known as the Comprehensive Loan Aid Agreement) with China, only 6 were African countries⁵.

With regards to China's foreign aid administration, owing to the limited number of recipient countries, China's foreign aid was directly governed by the Central People's Government (中央人民政府) and coordinated by the State Planning Commission (国家计划委员会) at the beginning. In August 1952, along with the consolidating communist regime, the Ministry of Foreign Trade [of the Central People's Government] (1952-1954, 中央人民政府对外贸易部) was then established to take over the management of Goods and Materials Aid, as well as subsidiary institutions responsible for project implementation. The management of Cash Aid, meanwhile, was along devolved to the Ministry of Finance (MOF). Two years later in 1954, the Ministry of Foreign Trade was renamed the Ministry of Foreign Trade [of the PRC] (1954-1982, 中华人民共和国对外贸易部), and it was assigned the management of the newly introduced Complete Project Aid. As for the implementation of Complete Project Aid, the State Planning Commission was again charged with coordinating such projects with the relevant government institutions.

As a result of the growing number of independent third-world countries, and the subsequent foreign aid demand in the late 1950s, the 12th Session of the Standing Committee of the Second National People's Congress approved the establishment of the Bureau of Foreign Economic Liaison (1961-1964, 对外经济联络总局). As a government institution that took *direct instruction* (归口管理) from the State Council, it was appointed to unify the divided management of foreign aid, and to house China's foreign aid under the same administrative roof (Huang and Hu, 2009). Anticipating this merger, China has also introduced the Delivery Ministry In-chief Mechanism (总交货人部制) to organise its foreign aid implementations. Largely based on the Soviet Union's management of Complete Project Aid, this mechanism was operated as follows: first the State Planning Commission appointed a delivery ministry according to the specialty of the foreign aid projects, then this delivery ministry organised the project implementation, and this project would either be commissioned within the ministry or assigned to subordinate institutions or provincial bureaus (Zhang, 2012b).

In conclusion, scanning the emerging period of China's foreign aid in Africa, on the basis of the majority of China's foreign aid was directed to cope with its immediate national security threats, and to support Africa's liberation movements, China's foreign aid during this period was largely organised in the military and humanitarian aspects, and it provided only a limited amount of assistance to African recipient countries to support their economic development. Nevertheless, although China's foreign aid in Africa at that stage had yet to progress to *development assistance*, it promptly proposed the objective of building African industrial foundations on a small to medium project basis; and in pursuit of this objective, China founded its basic foreign aid institutions, basic operating mechanism, three foreign aid implementation methods and built a solid foundation for the forthcoming foreign aid.

⁵ There were 6 African countries signed the Agreement on Economic and Technical Cooperation with China between 1955 and 1963, which were: Egypt, Algeria, Guinea, Ghana, Mali and Somalia.

The Development

Struggling in the battle against imperialism, colonialism and hegemonism, the widening gap between the political parties of China and the Soviet Union worsened China's external situation at the beginning of the 1960s. Rooted in ideological divergence, China's objection to the Soviet Union's practice of "revisionism", and the continuing blockade led by the United States at this stage almost completely immobilised China's diplomatic relations (Zhou, 2007, p.14). In order to escape these difficult circumstances, rather than relentlessly confronting both superpowers, China quickly shifted its primary interests from the few developing socialist countries to the considerably larger number of Asian and African countries. Meanwhile, the progression of African liberation movements also chanced to bringing in newly independent African countries to the international playground. In such ways, China began to balance its foreign aid priorities towards Asian and African countries, and placed particular emphasis on the latter (Zhang, 2012b).

On 13 December 1963, in the interest of further deepening China's relationship with Asian and African countries, Zhou embarked on his Fourteen Countries Tour⁶ – China's first ministerial-level visit to Africa. During his stop in Accra, and in response to the Ghanaian President Nkrumah's proposal to work on "seeking the best way to achieve peaceful co-existence" (Chen, 2007, p.207), Zhou promptly offered the framework that he sketched for conducting China's foreign aid: The Eight Principles for Economic Aid and Technical Assistance to Other Countries (The Eight Principles, 中国政府对外经济技术援助八项原则)⁷. By placing the emphasis on The Eight Principles, China clearly stated that when it provides foreign aid to other countries it acts on the principles of: unity and friendship, respect for the recipient country's sovereignty, non-interference in another country's internal affairs, freedom from political conditions attached to their foreign aid and never asking for any privileges. These principles not only significantly improved China's diplomatic relations with African countries, but also took China's foreign aid to a whole new level.

At the same time in China however, the Three Years of Natural Disasters (1959-1961, 三年自然灾害) and the sudden loss of major support from the Soviet Union (CPC, 1960) caused great domestic production difficulties. In view of the continuously expanding foreign aid input, this brought a number of opposing voices against Zhou's foreign aid diplomacy. Thus, Zhou argued at the 1st Session of the Third National People's Congress that:

The foundation of China's foreign aid is the persistence of proletarian internationalism, that is to support brotherhood countries to establish socialist regimes; to support global liberation movements; and to support the newly independent countries to achieve self-reliance, and to strengthen their anti-imperialist capabilities. And that is also beneficial to us. In the past it was suggested that we should reduce our assistance to

⁶ Duration: 13 December 1963 to 1 March 1964; the countries visited were: the United Arab Republic (Egypt and Syria), Algeria, Morocco, Tunisia, Ghana, Mali, Guinea, Sudan, Ethiopia, Somalia, Myanmar, Pakistan and Ceylon (Sri Lanka).

⁷ For full article, see Appendix I.

other countries, and that is completely wrong. In pace with China's growing economy, we should provide more foreign aid, and make greater contribution to the cause of internationalism. (Xinhua, 1964)

1964 to 1970 was the developing period of China's foreign aid in Africa. On the grounds of China's urgent diplomatic needs and African countries' increasing development demands, The Eight Principles were significantly improving the relationship between China and Africa. Consisting of foreign aid arrangements and objectives, not only was this guidance aptly standardising China's foreign aid approaches, it consequently became the most influential bilateral development guidance for relations between China and Africa (Shi, 1989). From this point, in the pursuit of supporting liberation movements and helping newly independent countries achieve self-reliance, The Eight Principles introduced China's foreign aid to a further 11 countries, bringing the total number of its foreign aid recipient countries to 31, including 14 African countries⁸.

Subsequent to this success in putting forward foreign aid principles and in the interest of improving the administration of China's foreign aid, the Central Committee promptly revoked the Bureau of Foreign Economic Liaison and established the Foreign Economic Liaison Commission (1964-1970, 对外经济联络委员会) in June 1964 to further upgrade China's foreign aid capacity. Arranged as four bureaus and one office, the Foreign Economic Liaison Commission allocated three bureaus to individually manage foreign aid to the then major recipient groups; namely, Socialist countries, Asian countries and African countries. The other bureau and the office were tasked with the coordination of technical support and foreign aid equipment and materials. Along with this institutional advancement, the funding methods of China's foreign aid were also confirmed as the Grant, the Interest-free Loan and the Low-interest Loan⁹ (ibid.).

Furthermore, when Africa became a priority recipient of China's foreign aid leading to the dramatic changes of China's external situation, a delegation led by the Vice Director of the State Planning Commission Fang Yi¹⁰ was dispatched to Algeria, Mali and Guinea at the turn of 1964 in order to explore the most appropriate measures to be taken for planning practical and effective foreign aid packages to these countries. Based on observations of the colonial devastation in Africa, which induced limited economic development and shortages in human resources, it was decided that the immediate foreign aid objective in Africa at the time was the delivery of the basic necessities such as food and clothes. To fulfil China's foreign aid aim in Africa, that is to help them make use of their natural resources, master technologies and ultimately achieve self-reliance, the long-term foreign aid objective was then determined on

⁸ There were 8 additional African countries signed the Agreement on Economic and Technical Cooperation with China between 1964 and 1970, which were: Kenya, Tanzania, Congo, the Central African Republic, Mauritania, Zambia, Sudan and Uganda.

⁹ China's Low-interest Loan is restricted to a maximum interests rate of 2%. See SHI, L. 1989. *Economic Cooperation with Foreign Countries* [eBook version]. Beijing: China Social Sciences Press. Available at: <http://www.1921.org.cn/tushu.php?ac=inlist4&bid=1054> [Accessed: 2 November 2010].

¹⁰ Fang Yi was appointed Vice Director of the State Planning Commission in between 1961 and 1963, and he was subsequently appointed Head of the Foreign Economic Liaison Commission in between 1964 and 1970 and Minister of the Ministry of Foreign Economic Liaison in between 1970 and 1976.

the support of African industrial and agricultural foundations building, through a combined approach of Complete Project Aid and Technical Aid (Xue, 2013a).

In addition to these efforts, what was also found to be noticeable is that along with the increase in foreign aid demand, the lasting effects of colonialism were still impacting Africa's development and indeed China's foreign aid implementations. As Shi pointed out:

While a number of African countries agreed on China's foreign aid, some of them were as ever hesitated due to the influences from the capitalist countries, certainly their former colonies. However, demonstrated by the completion of the first lot of foreign aid projects, China has evidently proved its commitments as of The Eight Principles. Aside from it reassured the existing foreign aid recipient countries' confidences, the uncertain minds of the *hesitated* African countries were also removed, and thereafter attracted further African countries to request foreign aid from China. (1989)

Summarising the developing period of China's foreign aid in Africa: since the inauguration of The Eight Principles, the influences of China's foreign aid expanded notably on the African continent. Not only faced with the subsequently improved external situation, the Chinese government quickly realised the potential of foreign aid in strengthening diplomatic relations, but following Fang's investigation, as well Africa's immediate needs were addressed, the objective of China's foreign aid in Africa was also confirmed on building African industrial and agricultural foundations to further suit African conditions. In pursuit of this objective, besides the along progressed foreign aid administration and the approval of foreign aid funding methods, according to Shi, "China in total delivered 313 Complete Project Aid projects in 20 countries during this period, an increase of 210% in comparison to the period of 1950 to 1963" (ibid.), the introduction of Technical Aid and the sharp increase of Complete Project Aid clearly demonstrated its rapid development. Seeing this swift progress, China's foreign aid evidently began to evolve into *development assistance*.

The Outrageous

Moving on to a discussion of the next decade, with China's external situation continuing to improve, the 26th Session of the UN General Assembly Resolution took place on 25 October 1971 and introduced a completely new paradigm for China's foreign relationships. Passed with a two-thirds majority vote, including those of 26 African countries, The UN General Assembly Resolution 2758 recognised the People's Republic of China as "The only legitimate representative of China to the United Nations" (1971).¹¹ As a consequence of this diplomatic victory over Taiwan, the majority of developing countries among the 76 endorsing countries, particularly those African countries that were anxiously waiting for replacements for the now vacated Taiwan agricultural projects, quickly established diplomatic relationship with China and became the recipients of China's foreign aid. However, provided China's underdeveloped

¹¹ Among the total of 23 proposing countries, there were 11 African countries including: Algeria, Sierra Leone, Equatorial Guinea, Guinea, Mali, Mauritania, Congo, Somalia, Sudan, Tanzania and Zambia. The 26 African countries, among the total of 76 endorsing countries were: Algeria, Burundi, Botswana, Cameroon, Egypt, Equatorial Guinea, Ethiopia, Ghana, Guinea, Kenya, Libya, Mali, Mauritania, Morocco, Nigeria, Congo, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Togo, Tunisia, Uganda, Tanzania and Zambia.

economy at the time as a result of the raging Cultural Revolution, China found itself in great financial difficulties and struggled to fulfil such a rapid increase in foreign aid demand.

Concerned with meeting these foreign aid requests, the Chinese government successively convened five National Conferences on Foreign Aid (全国援外工作会议) in the 1970s of which the first three conferences were directly addressed by the Central Committee. Aside from repeatedly emphasising the diplomatic importance of China's foreign aid, the Chinese government promptly brought in provincial departments to take part in the overloaded foreign aid implementations, and furthermore, it outlined a number of instructions to be followed in order to maintain foreign aid outcomes. These instructions included: "Upholding proletarian internationalism and The Eight Principles", "Preventing and overcoming great power poses, focusing on recipient countries' conditions and striving for practical results", "Preventing unrealistic planning and prodigal practices, to ensure a steady and reliable progress" (Zhang, 2012b, p.138).

In June 1975, after three years of straining the limits of China's financial capacity, as Fang investigated in an early study of China's foreign aid expenditure, "The percentage of China's national budget earmarked for foreign aid was only a cut above 1% during the first and second five-year plan periods (1953-1957; 1958-1962), but in fiscal years 1972, 1973 and 1974, this amount had risen to 6.7%, 7.2% and 6.3%, respectively" (1984, p.544, cited in Shi, 1989). The outrageously high foreign aid expenditure eventually exceeded China's bottom line and forced the government to amend its foreign aid strategy. As the Central Committee and the State Council's resolution delivered at the 4th National Conference on Foreign Aid stated:

Considering China's limited financial resources, further foreign aid agreements should be approached with extreme caution. While earnestly implementing the already agreed terms, the subsequent annual foreign aid budget, indeed the quota of new agreements must be restricted within China's financial allowance; the structure of foreign aid in the meanwhile, also needs to be further adjusted towards Complete Project Aid; in addition to these, the allocation of foreign aid projects and programs to each recipient countries should be planned comprehensively, with particular attentions drawn to match the local conditions. (Shi, 1989)

One year after these adjustments, the end of the Cultural Revolution in October 1976 finally put an end to the most disastrous political chaos in China's contemporary history, retrieved China's political order and reinstated the *sense of propriety* in delivering foreign aid. During the subsequent 5th National Conference on Foreign Aid convened in June 1977, the Chinese government first criticised, and settled the political interference that, the Jiang Qing led Anti-Party Clique (四人帮, also known as the Gang of Four) caused to the planning of China's foreign aid, which had been the primary cause for the generous foreign aid disbursements. After summarising China's two decades of foreign aid experiences, this conference was then concluded with the new instruction that China's foreign aid in the future should "uphold proletarian internationalism, uphold The Eight Principles, actively and steadily, focuses clear

and comprehensively bringing up the recipient countries' economic capacity and help them achieve self-reliance" (ibid.).

Following the conference, the Central Committee approved and distributed the Ministry of Foreign Economic Liaison's *Report on Further Improving the Work of Foreign Aid*¹², which for the first time officially restricted the budgetary allowance of China's foreign aid. As it stated:

Along with the rapid development of China's foreign relations, the foreign aid requests from the developing countries are becoming increasingly demanding. While China's own economic and industrial resources are still limited, it is suggested that other than exceptional circumstances, further foreign aid expenditures should not exceed the ratio of 4% of total annual governmental budget. (Fang, 1984, p.586, cited in Shi, 1989)

1971 to 1978 was the surging period of China's foreign aid in Africa. As a result of its previous diplomatic successes, the victory of China's UN legitimacy pushed its pursuit of proletarian internationalism to the ultimate conclusion. During the Cultural Revolution, and eager to manifest China's greater responsibility in international affairs and with a sincere desire to return the favour to the countries who endorsed the UN motion that established China's legitimacy; not only did China donate 0.4 million USD and 38 million CNY to the United Nation Development Programme (UNDP) (MOFCOM, 1995, p.816), but it also approved foreign aid requests from an additional 35 developing countries, sharply increasing the total number of its foreign aid recipient countries to 66. Amongst these, the African continent made up of 27 countries¹³ alone. This decision was primarily made in line with Mao's appreciation, as he said: "It was our African friends who brought us back to the UN, we shouldn't forget the helping hand lent by the third-world countries in any way" (Weng, 1995, p.9 cited in Li, 2006a, p.18).

Further in line with this determination, and with the goal of administrating the approved foreign aid requests from the 1960s and preparing for the continuing diplomatic successes guaranteed increase in foreign aid demand, in June 1970, the Central Committee and the State Council promoted the Foreign Economic Liaison Commission to the Ministry of Foreign Economic Liaison (1970-1982, 对外经济联络部). In this upgrading process, two additional bureaus were introduced to deal with budget planning and foreign economic cooperation with the intention to further complete China's foreign aid administration. In addition to this advancement, with considerations to bringing up the effectiveness of Complete Project Aid implementation, a dedicated subsidiary public institution (事业单位) to the newly upgraded ministry, that is the Complete Plant Export Company (成套设备出口公司) was established to manage the implementation of such projects. Moreover, an addition of 26 provincial foreign aid departments were also set up.

¹² 对外经济联络部的"关于进一步做好援外工作的报告".

¹³ There were 27 additional African countries signed the Agreement on Economic and Technical Cooperation with China between 1971 and 1978, which were: Equatorial Guinea, Sierra Leone, Ethiopia, Rwanda, Mauritius, Tunisia, Togo, Burundi, Madagascar, Benin, Zaire (DRC), Cameroon, Chad, Senegal, Upper Volta (Burkina Faso), Niger, Gabon, Mozambique, Morocco, Gambia, Guinea-Bissau, Cape Verde, São Tomé and Príncipe, Comoros, Botswana, Seychelles and Liberia.

Subsequent to this institutional change, and on the basis of recognising the incompetence of the existing foreign aid operating mechanism, the Ministry of Foreign Economic Liaison promptly replaced the Delivery Ministry In-chief Mechanism with the Contract Ministry In-Chief Mechanism (承建部负责制). Particularly concerned with the ability to cope with the dramatically increased foreign aid demand, the advantages of this new operating mechanism were that it only required the appointed implementation (contract) ministry to monitor foreign aid expenses and project quality, whereas elements of the implementation process such as the design and construction of foreign aid packages were allocated to provincial departments. In this way, the new operating mechanism both relieved the stress on the Ministry of Foreign Economic Liaison and mobilised additional support and productivity from the provincial foreign aid departments (Huang and Hu, 2009).

Furthermore, concerning the pitfalls that China's foreign aid encountered in this period, in spite of the largely consistent foreign aid objective – to assist African countries to build their own industrial and agricultural foundations with a small to medium project based, Complete Project Aid and Technical Aid combined approach, what needed to be particularly addressed was that, with the interference of the Cultural Revolution and peaking pursuit of proletarian internationalism, this foreign aid objective was broadly implemented involving "enormous investment, gigantic planning and technical complexity" (Shi, 1989). As a result of a failure to abide by the instructed foreign aid objective and practices, a number of the most demanding Complete Project Aid projects were constructed in the 1970s. These project included: the Guinea Tinkisso Hydroelectric Power Station, the Mali Sugar Complex, the Sudan Hasahaisa Textile Plant, the world renowned Tanzam Railway and so forth; and they rapidly propelled the financial burden of China's foreign aid to its highest level in history (Li et al., 2009).

To conclude the discussion of this outrageous development period of China's foreign aid in Africa, it can be seen that it was on account of China's proletarian internationalist diplomacy and the influence of the Cultural Revolution that the excessively approved foreign aid requests threatened China's domestic development. Despite the assistance provided by the provincial departments or the further upgraded foreign aid administrative capacity, China's foreign aid continuously prioritised achieving its political pursuits to the extent that it undermined China's as yet underdeveloped economy. At the end of 1977, together with the devastating financial situation, the anti-China policy adopted by Vietnam and Albania (then the main foreign aid recipients) brought China's proletarian internationalist foreign aid to these countries to a standstill,¹⁴ and forced China to earnestly reconsider its interests in delivering further foreign aid (Shi, 1989).

The Beginning of China's Foreign Aid in Africa

Looking through this pre-reform period, China's foreign aid developed predominately under the political influence of proletarian internationalism, and it had been implemented only to

¹⁴ China terminated its foreign aid to Vietnam and Albania on 3 and 7 July 1978, respectively. See <http://cpc.people.com.cn/GB/4162/64165/67447/67450/4554967.html>, accessed 2 November 2010.

serve China's political interests (Zhang et al., 2010). To be specific, China's foreign aid began as an instrument for consolidating its independence and for defending itself against capitalist invasions of neighbouring countries. Indeed, it was used to strengthen the socialist alliance against imperialism, colonialism and hegemonism. In 1960, in response to China's diplomatic break-up with the Soviet Union, foreign aid began to be utilised in improving its foreign relationships with potential socialist as well as China-friendly countries. After obtaining sole UN legitimacy in 1971, the external situation for China improved and as a result China's foreign aid was promoted as a sign of appreciation for developing countries' political support in the process of legitimisation. In the case of Africa, China planned its foreign aid through three aims: to support African liberation movements, to unite African countries against the imperialist world and to assist African countries in achieving self-reliance (Li, 2006a).

To achieve these aims, besides inaugurating the guidance of The Eight Principles, China made substantial efforts in developing its foreign aid in pace with China and Africa's evolving requirements. For instance, along with the increase of recipient countries and after foreign aid demands, China's multiple institutions involved in foreign aid administration gradually unified under the sole authority of the Ministry of Foreign Economic Liaison. Subsequently, this ministry was successively accommodated by the Delivery Ministry In-chief Mechanism and the Contract Department In-chief Mechanism to regulate its yet underdeveloped foreign aid capacity. And then, in addition to participating in International Multilateral Aid, China adopted three funding methods to make best use of its limited foreign aid budget. Of these, the "Interest-free Loan was utilised as the primary method to fund China's foreign aid in Africa while Low-interest Loan was arranged for recipient countries with relatively sufficient economic resources, and Grant was delivered to those recipient countries that were still striving for independence or facing particular financial difficulty" (Shi, 1989).

More to the point, to realise China's foreign aid objective in Africa meant assisting these countries in building their own industrial and agricultural foundations on a small to medium project basis. China introduced four foreign aid implementation methods, namely: Complete Project Aid, Technical Aid, Goods and Materials Aid¹⁵, and Cash Aid¹⁶. First Introduced in 1954, Complete Project Aid was initially inaugurated to assist North Korea and Vietnam in rebuilding infrastructures lost during foreign invasions. Then, as a result of the development of China-Africa relationships in the 1960s, Complete Project Aid was thereafter brought to the repertoire of China's foreign aid in Africa so as to demonstrate China's aim to support African liberation movements, to unite African countries against the imperialist world and to assist African countries in achieving self-reliance. It was accordingly utilised in building African industrial and agricultural foundations. Through the implementations of Complete Project Aid, China was not only required to provide project construction, but it was also responsible for field surveys, project design, technology and management transfers and marketing of the final product.

¹⁵ Goods and Materials Aid refers to the foreign aid which mainly provides recipient countries' livelihoods supplies, technical products and individual equipment.

¹⁶ Cash Aid is similar to Programme Aid in practice. It mainly involves direct transfers of funds from the donor country to recipient countries.

Coordinated in conjunction with Complete Project Aid, Technical Aid was introduced to improve the effectiveness of technology and management transfers. As a main segment of The Eight Principles, it was the fulfilment of the principle of "in giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology"¹⁷. Furthermore, what also needs to be pointed out is that at the early stage of China's foreign aid development, along with other Individual Programs (单项援助)¹⁸, both Medical Teams and overseas training programs were classed as Technical Aid. Whereas the former evolved into a permanent feature of China's foreign aid in 1963, the latter became individualised in the 1970s. As an exploratory attempt at the subsequently promoted Human Resource Development Cooperation, the China-based training courses were offered as Foreign Internships and Overseas Student Programs. While the internships were arranged to train technicians to run delivered projects, the Overseas Student Programs were specifically implemented to meet the vast employment demand of the Tanzam Railway, and were later developed into the Overseas Scholarship Programs (Shi, 1989).

With regards to the collaboration of these foreign aid implementation methods, Complete Project Aid and Technical Aid were utilised as the primary methods in assisting Africa's development, and both have seen continuous expansion since their introduction. Goods and Materials Aid only accounted for minor contributions for development to Africa since it was mainly organised through military and humanitarian efforts. While it was primarily offered to neighbouring communist countries that were battling with foreign invasions, Goods and Materials Aid was only applied to African countries to supply their immediate needs for basic necessities. At last, owing to China's extremely limited foreign exchange reserves, Cash Aid was rarely delivered at all and only in urgent situations (ibid.). In general, by the end of this pre-reform period, African countries had gradually become the largest recipient group of China's foreign aid and as Li et al. pointed out, "from the 1950s when China's delivered its first lot of foreign aid to Africa to the end of Cultural Revolution in 1978, 56.96% of China's total foreign aid budget was delivered to 43 African countries" (2009, p.336).¹⁹

However, given the significant efforts that the Chinese government made in assisting Africa's development, a number of drawbacks also appeared which damaged both China's economic development and its foreign aid outcomes in Africa (Shi, 1989), despite the fact that China's political interests *were* achieved as evidenced by its substantially improved international status. Grounded in the most dramatic ideological confrontation in the 20th century, and established in order to defend China's proletarian internationalism, China's foreign aid was deeply involved in global political conflicts and revolutionary causes. Furthermore, this combination resulted in the acceptance of outrageous foreign aid requests and disappointing

¹⁷ The 7th principle of The Eight Principles, see Appendix I.

¹⁸ For example, conducting a geological survey, water exploration, etc.

¹⁹ Li et al., suggest that there were 43 African countries receiving China's foreign aid by the end of 1978, but they do not provide a specific breakdown by country. In accordance with the primary resource for figures regarding China's foreign aid of this particular period, Shi pointed out that there were 41 African countries receiving China's foreign aid at the same time. See SHI, L. 1989. *Economic Cooperation with Foreign Countries* [eBook version]. Beijing: China Social Sciences Press. Available at: <http://www.1921.org.cn/tushu.php?ac=inlist4&bid=1054> [Accessed: 2 November 2010].

foreign aid outcomes (Zhou, 2008a) which to a large extent, steered China's foreign aid away from what promised to be a cooperation based mutual development cooperation, and turned it into a political instrument dedicated to China's ideological concerns. As plainly pointed out by Zhang, "China was trading Africa's diplomatic recognition and ideological support with its continuous development assistance" (2006a, p.44).

To be specific, China's proletarian internationalism underpinning foreign aid in Africa had shortcomings in four major instances during this pre-reform period. In regards to the foreign aid decision-making process, the fact that China's "foreign aid served political objectives" (Shu, 2010, p.84) not only restricted its foreign aid diplomacy to socialist and third-world countries, but also the amount of foreign aid to a particular recipient country was heavily influenced by their ideological stance. According to this logic, depending on the recipient country's relationships with the United States and the Soviet Union, or both, China's foreign aid was endlessly involved in a dilemma. China either missed the opportunity to obtain *non-politically* considered development interests, or suddenly turned against its foreign aid recipient country due to changes in political strategies as seen with Albania and Vietnam. Therefore, the result was foreign aid waste (Xue, 2013a).

More to the point, whilst China delivered its foreign aid to the countries that it trusted politically, so as to fulfil obligations of proletarian internationalism, likewise this substantial political emphasis overshadowed the economic consideration of China's foreign aid (Liu, 2008b). It also oversimplified the planning of such foreign aid and therefore led to failed outcomes. As a senior Chinese official noted:

China's foreign aid at this stage was mostly agreed during the visits between principal decision-makers and considered only in terms of political interests. Unsurprisingly, given the lack of financial assessments, feasibility studies, and other necessary processes of foreign aid planning, a number of China's foreign aid projects were unable to meet the recipient countries' demand.²⁰

As a consequence of this extremely politically biased foreign aid planning, as well as failure to meet the principal aim of helping the recipient countries to achieve self-reliance, depending on that China's foreign aid was practically implemented as "political missions", this tendency sometimes also result in the worst scenario of foreign aid dependencies (Zhang, 2001, p.44).

In addition to these concerns appeared in the process of China's foreign aid planning, given that the foreign aid operating mechanisms were built on China's planned economic system, its foreign aid implementations were also open to doubt. In spite of the Delivery Ministry In-chief Mechanism and Contract Department In-chief Mechanism adapted to their current situations, these mechanisms were managing China's foreign aid on an administrative basis instead of an economic basis. Together with China's foreign aid expenditures which were at

²⁰ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

the same time *reimbursed upon invoice* (实报实销), the investment, construction period, as well as the quality of the foreign aid implementations were essentially disconnected from the economic interests of the implementation parties. This arrangement inevitably resulted in the excessive reimbursement of foreign aid costs, and it worked to the disadvantage of mobilising the interests of implementation. As confirmed by Shi, "The drawbacks of these administrative means based operating mechanisms become increasingly problematic in the late 1970s" (1989).

Furthermore, while government budgets remained the only financial resource for China's foreign aid, the foreign aid funding methods were found to be questionable in channelling China's limited foreign aid budget. Not only were two-thirds of these methods (the Grant and the Interest-free Loan²¹) established on an unidirectional financial basis (Xiao and Zhang, 2002), as pointed out by a senior Chinese official, "The chances of receiving repayments of both these loans were [also] extremely low, as they are no different financially to Grants to a large extent"²². Therefore, all of China's foreign aid funding methods were in essence based on a donation approach. This fundamentally flawed financial arrangement of China's foreign aid directly affected its domestic development – especially on China's as yet underdeveloped economy and during the peak political chaos reached in the Cultural Revolution period, as Xue noted, "The shortage of domestic production and development assets even jeopardised the livelihoods of China's own people" (2013a, p.111).

To conclude, by 1978, China's foreign aid in Africa had developed as many successes as shortcomings. On the one hand, it had significantly improved China's external situation and provided African recipient countries with noticeable development assistance, which had built a solid foundation for the ensuing cooperation between China and Africa. On the other hand, the proletarian internationalist obligations underpinning foreign aid drove it to political extremes, as "the leader [Mao] normally planned foreign aid according to his personal ideological considerations. Although arguably he was making decisions by strategic level, the negligence to China's financial situation has caused great difficulties to China's domestic development" (Yuan and Yang, 2003, p.576 cited in Zhang, 2012b, p.136). Furthermore, when this situation was accompanied by China's yet to be competent foreign aid practices, this predominant political concern also resulted in limited foreign aid outcomes. In view of these inapprehensive consequences, chance on the global development emphasis begins shifting towards economy, China initiated its foreign aid reform.

China's Foreign Aid in Africa: From the Initial Reform to the End of Cold War 1979 – 1993

从改革开放到冷战结束

With peace and development gradually evolving into an international theme in the 1980s,

²¹ Although lacking a specific breakdown, the government document suggests that in this pre-reform period, China's foreign aid was "主要" mainly provided with Grants and Interest-free Loans. See p.728, CCCPC PARTY LITERATURE RESEARCH OFFICE (ed.) 1982b. *Important File Selection Since The 3rd Plenary Session of the Eleventh CPC Central Committee*, Beijing: People's Press.

²² Interview with senior Chinese official, Freetown, Sierra Leone, 29 August 2011.

revolutionary causes and ideological conflicts were no longer the top priorities for China and Africa. Rather, the economy and technology were leading concerns. From China's standpoint, seeing the drawbacks of ideologically determined policies, it was vital to realise immediate domestic recovery as a result of the Cultural Revolution; thus, the importance of economic development became increasingly obvious. In the mean time, on the basis that most African countries had achieved political independence and now wanted to break away from poverty and become self-reliance, economic development was also pushed to the front of their agendas. On the ground, provided with the opportunity granted by the switch of leadership, China promptly replaced its *one-sided* foreign policy with *non-aligned* diplomatic approaches, and began to implement its foreign aid in Africa with an emphasis on the long promised mutually beneficial economic cooperation (Liu, 2008b).

In December 1978, based on summarising previous foreign aid experiences, the 3rd Plenary Session of the Eleventh Central Committee of the CPC (中国共产党第十一届中央委员会第三次全体会议) brought China's development assistance into a completely new era. Indeed, it introduced a transitional period to China's foreign aid development, as this session stated:

On the basis of achieving self-reliance, China should actively develop equal and mutually beneficial relationships with all foreign countries, and effectively take advantage of world leading technologies and equipment... In order to realise China's socialist modernisation, we should utilise both domestic and international resources, open up both domestic and international markets, and acquire the ability to both realise domestic constructions as well as develop foreign economic relations. (CCCPC Party Literature Research Office, 1982a, p.5)

In light of these instructions, China began to accept international multilateral development assistance in the following year (Penny, 2007, cited in Zhou, 2008a). While fully concentrating on domestic development, in July 1979, the current leader Deng Xiaoping²³ pointed out in the Central Meeting on the Works of Foreign Affairs (中央外事工作会议):

We should acknowledge that the decision to assist the third-world countries was correct. Although our economy is still having difficulties, we have to come up with the necessary budget for foreign aid. From a strategic standpoint, when we are developed, we need to provide more assistance to other countries. China should always keep this in mind. In providing foreign aid, we should continue to comply with The Eight Principles, but it is the specifics that we have to adjust in order to really benefit the recipient countries. (Wang, 1998, cited in Liu, 2009, p.51)

Guided by his words, China continued to deliver development assistance to third-world countries while also gradually recovering domestic productivity and subsequent economic capacity. It was then that China launched a complete reform of its foreign aid.

²³ Deng Xiaoping was appointed Chairman of the National Committee of the Chinese People's Political Consultative Conference in between 1978 and 1983.

The Initial Reform

Since Deng's assertion, as well as those of the 3rd Plenary Session of the Eleventh Central Committee of the CPC, and in line with the newly determined diplomatic objective of expanding foreign economic relations, in March 1980, the Ministry of Foreign Economic Liaison put forward a guideline for conducting further foreign aid during the National Conference on Foreign Economics (全国外经工作会议). The guideline confirmed that China's foreign aid should "uphold proletarian internationalism, stand by The Eight Principles, expand foreign economic and technological cooperation, to provide and to receive equally and to mutual benefit, make due contributions to friendly countries and accelerate China's Four Modernisations (四个现代化)" (Shi, 1989). Later in May of that year, with formal approval of this guideline from the State Council, not only did the Chinese government affirm that its foreign aid would be an integral part of foreign economic cooperation, but it also plainly implied that economic interests were no longer secondary to political concerns. Instead, economic interests became a decisive factor for China's providing of foreign aid.

However, due to Vietnam and Albania's continuing problematic relations with China, both the Chinese public and officials hesitated regarding China's foreign aid, questioning whether to provide foreign aid at all. Despite the revised guidelines, the implementation of China's foreign aid encountered a number of difficulties in the early 1980s (ibid.). In order to cope with this situation, the Central Committee and the State Council delivered *The Comments on Conscientiously Providing Foreign Aid*²⁴ in response. This document stated:

Since the establishment of China, foreign aid has directly coordinated with China's foreign conflicts, improved China's foreign diplomatic relations and consolidated the international alliance against imperialism, colonialism and hegemonism. Provided with China's current international status, it is aided by the support of third-world countries. Although problems and issues have surfaced, some of them have been sorted out and the rest are being resolved. (CCCPC Party Literature Research Office, 1982b, p.727)

Added to these comments, the General Secretary of the CPC Hu Yaobang²⁵ again stressed the meaning of China's foreign aid:

To assist people in the third-world defend their national independence, and that to help them develop their economy is our compelling obligation. In the past 30 years, we have devoted ourselves to this mission. Although there have been some mistakes, generally speaking, our work has played an important role in international affairs... Our comrades should know that delivering foreign aid to third-world countries is a strategic matter, it is too serious to be taken lightly. (CCCPC Party Literature Research Office, 1982b, p.1127)

Subsequent to both of these efforts in reinstating confidence in providing foreign aid, the 12th National Congress of the CPC further commented on China's foreign policy. It suggested

²⁴ "关于认真做好对外援助工作的意见". This document was delivered in November 1980.

²⁵ Hu Yaobang was appointed General Secretary of the Communist Party in between 1982 and 1987.

that when China approaches another country, it should abide by the principles of politically mutual trust, mutual respect and non-interference in each other's internal affairs; strive for mutual economic benefits and achieve common development (Li, 2006b, p.17). To this point, not only had China's foreign relations in substance broken away from dominant political influences by abandoning ideological preferences, but its foreign aid development had also expanded to a notably broader ground.

In December 1982, to further promote confidence in the effectiveness of China's foreign aid and economic cooperation with third-world countries, the Prime Minister Zhao Ziyang²⁶ conducted China's second ministerial tour of Africa²⁷. Upon completion, Zhao announced in Dar es Salaam that²⁸:

On the basis of continuingly providing available foreign aid, the Chinese government is seeking to expand economic and technical relations with African countries, to advance the essentially donated, unidirectional assistance to effect mutually beneficial economic and technical cooperation; therefore promoting Sino-African relations as the power to achieve our individual economic development and modernisation. (Xinhua, 1983)

Such an aim was summarised on Zhao's return as the intention of China to uphold equality and mutual benefit, place emphasis on practical results, bring forward diverse methods and achieve common progress (ibid.). These words later became the specific guideline for China's foreign aid in Africa – The Four Principles of Economic and Technical Cooperation between China and African Countries (The Four Principles, 中非经济技术合作四项原则)²⁹.

To implement these new principles, carry on further research and devise measures for the future of foreign aid, the 6th National Conference on Foreign Aid was convened in September 1983. In addition to re-stressing the importance of consolidation and cooperation with third-world countries, it placed particular emphasis on the cost-effectiveness of foreign aid. As this conference concluded:

In order to conduct further foreign aid, China needs to arrange projects and programs in accordance with the available resources, to explore varied methods and therefore to utilise the limited funds available to achieve maximum practical results. While keeping foreign aid expenditure within China's financial capacity, the distribution of foreign aid must also be optimised in order to strictly avoid past mistakes where certain countries were allocated significantly more foreign aid than others. (Li, 2010, p.22)

As a result of this conference, not only was China's foreign aid given a new framework to increase on its economic concerns, but the confidence in providing foreign aid was also resumed, thus guaranteeing the ensuing foreign aid implementations. Further, in accordance

²⁶ Zhao Ziyang was appointed Prime Minister of the PRC in between 1980 and 1987.

²⁷ Duration: 20 December 1982 to 17 January 1983; the visited countries were: Egypt, Algeria, Morocco, Guinea, Gabon, Zaire, Congo, Zambia, Zimbabwe, Tanzania and Kenya.

²⁸ This announcement was made on 13 January 1983.

²⁹ For full article, see Appendix II.

with these instructions, Zhao subsequently outlined³⁰ the specific foreign aid emphases in a government report as follows:

For the existing foreign aid with third-world countries, we will continue to provide services to realise their economic potentials. For the agreed foreign aid projects and programs, we will continue to fulfil them to the highest standard. As for the third-world countries that are suffering particular difficulties, we will keep on providing available foreign aid, with the focus on less financially demanding, more effective projects and programs that directly benefits the local people. (1986, p.504)

Adhering to these emphases, China began to request the recipient countries share some of the foreign aid costs, and officially adjusted its foreign aid objective in Africa from building African industrial and agricultural foundations to reducing expenditure while consolidating foreign aid outcomes (Zhou, 2008a). Moreover, on the basis that China instructed its further foreign aid planning to be downsized in order to reduce foreign aid expenditures, and in consideration to the recipient countries' contemporary productivity and management capacities as learnt in the pre-reform period, the less financially demanding and less technical landmark projects replaced the industrial and agricultural foundation projects (Yang and Chen, 2010).

What ensued was a decade of continuing foreign aid reform and implementation, until the collapse of the Soviet Union in the early 1990s changed the international landscape once again, as it initiated the current wave of political and economic liberalisation across many third-world countries. Meanwhile, with its planned economic system deemed unable to cope with new development demands, China thus took this opportunity to proceed with its conversion to a market economy (Mao, 2011). That also included a conversion of its foreign aid approaches, as indicated by the Minister of Foreign Economic and Trade Li Lanqing³¹, "Where possible, China's foreign aid in the future should be further integrated with economic and technical cooperation, to develop across financial and human resources sectors and comprehensively establish cooperation based relationship with the recipient countries" (1993, cited in Zhang, 2009).

Aside from China's realisation that, "according to previous experiences, the simple donation based foreign aid approach aid is not beneficial to the development of both China and Africa" (CCCPC Party Literature Research Office, 1982b, p.1128), with considerations to African perspective, as seen in the Tokyo International Conference on African Development³², "The productivity development based on the increase of foreign trade and overseas investment is significantly more effective than the traditional inter-government cooperation" (Zhang, 1994, p.62). It can be seen that by 1993, both China and its African recipient countries had realised the disappointments in relying on foreign aid *alone* to improve the development of Africa. In seeking to integrate foreign aid with economic cooperation, so as

³⁰ This government report was introduced on 15 May 1984.

³¹ Li Lanqing was appointed Minister of the Ministry of Foreign Economic and Trade in between 1990 and 1993.

³² This conference was convened in October 1993.

to further foreign aid effectiveness with available resources, China decided to proceed to the next step in foreign aid reform – those opportunities brought along by the new market economic system.

1979 to 1993 was the transitional period of China's foreign aid in Africa. As a result of the Cultural Revolution, China's collapsed economy left it devastated with a need to reform its development agenda. As Li and Wu pointed out, "At this stage, China was compelled to reinstate its domestic productivity. In spite of weakened yet demanding political interests, China's foreign aid was needed to facilitate urgent economic development" (2009, p.48). Under these circumstances, China's foreign aid experienced a decrease between 1979 and 1982 as a consequence of the assets required for initiating domestic economic recovery (Liu, 2008a). Along with the improving economy, in 1983 China gradually resumed its foreign aid to Africa; and, as noted by Kong, "China delivered more than 130 Complete Project Aid and Technical Aid in more than 30 African countries by 1993" (1989, cited in Liu, 2008b, p.84), subsequently establishing diplomatic relationships with an addition of 7 African countries³³, which increased the total number foreign aid recipient countries on the continent to 48.

To coordinate with China's emphasis on domestic development, aside from introducing The Four Principles as an Africa-centred, economic interests-emphasised addition to The Eight Principles, China's foreign aid administration was restructured along with major reforms to accommodate the new objective of reducing expenditure while consolidating foreign aid outcomes. In March 1982, with approval from the Standing Committee of the 5th National People's Congress, the Ministry of Foreign Trade, Ministry of Foreign Economic Liaison, State Planning Committee and Foreign Investment Managing Committee (1979-1982, 外国投资管理委员会) merged into the Ministry of Foreign Economic and Trade (1982-1993, 对外经济贸易部). In this process, the Ministry of Foreign Economic Liaison transformed into a single department (the Department of Aid to Foreign Countries, 援外司) within the new ministry. It took charge of foreign aid planning and budget management, while the management of foreign aid implementations was entirely delegated to the Complete Plant Export Company (at this stage also known as the Foreign Aid Implementation Bureau, 援外项目执行局).

Ensuing this institutional merger, China's foreign aid was upgraded with the Investment Responsibility Mechanism (投资包干制)³⁴ and the Contract Responsibility Mechanism (承包责任制)³⁵ respectively. Of these operating mechanisms, the former was implemented particularly to replace the Delivery Department In-chief Mechanism which was found unable to adequately control China's foreign aid expenditure. It assigned the responsibility of overseeing the entire implementation process of a foreign aid project to the given ministerial

³³ There were 7 additional African countries signed the Agreement on Economic and Technical Cooperation with China between 1979 and 1993, which were: Djibouti, Zimbabwe, Lesotho, Angola, Ivory Coast, Namibia and Eritrea.

³⁴ See "关于对外经援项目试行投资包干制的暂行办法", *Notice of the Ministry of Foreign Economic Liaison on Issuing the Trial Measure for the Foreign Aid Investment Responsibility Mechanism*. Implemented by the Ministry of Foreign Economic Liaison in December 1980.

³⁵ See "对外经援项目承包责任制暂行办法", *Notice of the Ministry of Foreign Economic and Trade on Issuing the Measure for the Foreign aid Contract Responsibility Mechanism*. Implemented by the Ministry of Foreign Economic and Trade in December 1983.

or provincial department, therefore granting it autonomy. Following three years of piloting, in December 1983, the Contract Responsibility Mechanism was then implemented based on a policy of creating separate enterprises from government administrations³⁶. Instead of ministerial and provincial institutions, the newly established subsidiary enterprises of these institutions (State Owned Enterprise, SOE, 企业单位) became the main parties of foreign aid implementation. They were made to work to the advantage of realising financial autonomy, and thus improved the implementation efficiency of foreign aid (Huang and Hu, 2009).

Furthermore, given the sharp increase in the number of delivered projects, the question of how to sustain project effectiveness also became a progressively more important issue in the 1980s, especially with regards to the industrial and agricultural foundation projects agreed to in previous periods. In spite of the Technical Aid organised specifically in order to transfer the required technical and management skills to the local people, a lack of understanding of the complexities of local conditions and the extreme interpretation of the principle of "non-interference with each other's internal affairs"³⁷ significantly dampened the outcomes of such foreign aid. During implementations, Chinese experts were mainly focused on delivering technical training; however, they also dared to participate in the management of the project, and even caused further foreign aid to be increasingly delivered on a turnkey basis. In this situation, given the lack of local human resources and policy protection, not only did the majority of China's foreign aid projects suffer deficient productions, but some of them were even pushed to the verge of collapse (Shi, 1989).

To overcome these difficulties, China thereafter trialled a number of tailored methods based on the existing Technical Aid package, including Management Participating, Management Cooperation, Mandatory Administration, Joint Investment Cooperation and Contract by Lease (Lu, 1988). In order to move these individual trials to standard practice, and with the aim of fundamentally revising the situation of "a number of projects that have suffered great loss due to the backwards nature of local technical and management conditions" (Zhang, 2009), in January 1984, the Ministry of Foreign Economic and Trade delivered additional instructions in the work of *Opinions Regarding the Consolidation of Constructed Complete Projects*³⁸. On the basis of integrating Management Cooperation (管理合作) into Technical Aid, this government work enabled the Chinese experts to be directly involved in project management and operation, a move that notably enhanced the sustainability of China's foreign aid (Zhou, 2008a).

With positive outcomes beginning to appear as a result of this integration, China continued to search for methods of delivering effective and sustainable foreign aid. In 1987, owing to the lack of technical and managerial capacities of the recipient country, a team of Chinese experts was dispatched to lease the Togo Anie Sugar Refinery³⁹. In view of the improved

³⁶ The policy of "政企分开" creating separate enterprises from government administration is a major part of China's devolution, first introduced by the reform policy in 1978. See <http://politics.rmlt.com.cn/zhoukan/special/lijiesanzhongquanhui/>, accessed 12 January 2011.

³⁷ The 2nd principle of The Eight Principles, see Appendix I.

³⁸ "关于巩固建成经援成套项目成果的意见".

³⁹ The Togo Anie Sugar Refinery project was delivered by China's foreign aid in January 1987.

production subsequent to the lease, this leasing cooperation based approach quickly became a new implementation method of China's foreign aid: Foreign Aid Joint Ventures and Cooperative Projects (援外项目合资合作)⁴⁰ and received publicity in 1992 (Li, 2006a). In support of this method, the State Council also approved the Fund of Multiple Foreign Aid Forms (多种形式援外专项资金)⁴¹ and allocated it to the management of the MOFTEC and MOF. Regardless of it being relatively limited in scale (maximum 200 million CNY from China's foreign aid budget per annum), it was nevertheless the first attempt by the Chinese government in the promotion of mutually beneficial, cooperation based foreign aid approach (Liu, 1998).

By the beginning of 1993, in order to prepare China's foreign aid for the market economy as well as to further encourage its potential economic interests, the 1st Session of the Eighth National People's Congress promptly advanced the Ministry of Foreign Economic and Trade to the Ministry of Foreign Trade and Economic Cooperation (MOFTEC, 1993-2003, 对外贸易经济合作部). It also reorganised the Complete Plant Export Company to the Complete Plant Import and Export Cooperation Group (COMPLANT, 成套设备进出口集团公司) by making it a SOE instead of a subsidiary public institution.⁴² While completely centralising foreign aid administration to MOFTEC, COMPLANT was therefore made responsible solely for foreign aid implementation, which substantially improved China's foreign aid planning integration and maximised the financial autonomy of foreign aid implementation. In addition, the operating mechanism of China's foreign aid, meanwhile, was also upgraded to the Enterprise Contract Responsibility Mechanism (企业总承包责任制) to further accommodate this institutional reform (Zhang, 2012b).

With regards to the improvement of China's foreign aid implementation methods in this period, besides the above mentioned developments of Complete Project Aid and Technical Aid, noticeable progress was also made in its Medical Teams and overseas training programs (both were still categorised as Technical Aid). For instance, formerly arranged by the Ministry of Health but negotiated and dispatched by the correspondent foreign aid institutions, the management of Medical Teams was completely delegated to the Ministry of Health in 1985 in order to increase efficiency in allocating specialised teams and thus to maximise overall budget control.⁴³ Concerning China's overseas training programs, as well as the foreign aid projects related Foreign Internship programs, these were swiftly increased in scale to adapt to the rising number of delivered projects. The Overseas Scholarship Program at this stage also became a permanent feature of China's foreign aid (Li et al., 2009). As for China's

⁴⁰ Foreign Aid Joint Ventures and Cooperative Projects refer to the projects agreed in principle between the Chinese and the recipient governments with the benefit of both policy and financial supports, jointly or cooperatively established projects (or solely established by Chinese enterprise).

⁴¹ Although this fund was established with margins of China's government foreign aid budget, owing to its commercially approached operation, it is not considered to be a method of China's traditional foreign aid with which this study is concerned. See "多种形式援外专项资金管理办法", *Notice of the Ministry of Finance and the Ministry of Foreign Economic and Trade on Issuing the Measure for the Fund of Multiple Foreign Aid Forms*. Ministry of Finance and Ministry of Foreign Economic and Trade [1992], No. 966.

⁴² See "关于我部改革援外管理体制的通知", *Notice of the Ministry of Foreign Trade and Economic Cooperation on Reforming Foreign Aid Administration*. Ministry of Foreign Trade and Economic Cooperation [1993], No. 89.

⁴³ Interview with senior Chinese official, Beijing, China, 1 December 2011.

participation in International Multilateral Aid, it joined the UN Technical Cooperation among Developing Countries (TCDC) in 1982 (Shi, 1989).

To sum up this transitional period of China's foreign aid in Africa, following the inauguration of the reform policy and additional foreign aid principles, China's foreign aid focuses were further adjusted to Africa, and the newly stressed economic interests significantly improved the efficiency of China's foreign aid. Leads to the heavily reformed foreign aid administration and the introduction of various cooperative implementation methods, not only did this initial reform of foreign aid relieve China's financial burdens carried over from the previous period, but it also introduced China's foreign aid development to a route emphasising both political and economic benefits. However, while China's foreign aid at this stage seemingly coped with its domestic development concerns and Africa's development needs, the evolving international circumstances meant that both the insufficiencies of traditional foreign aid approaches and China's planned economic system became increasingly apparent towards the end of this period.

The Initial Reform of China's Foreign Aid in Africa

Surveying this initial reform period, China's foreign aid successfully broke away from its earlier situation dominated by political interests. It began to take shape in a relatively balanced agenda that encompassed both economic and political interests. Consequent to settling the 10 years of political unrest, the stabilising international environment to a degree softened China's extreme pursuit of proletarian internationalism. Not only was China at this stage enabled with international assistance to promote domestic development, but its foreign aid also transformed from being predominately an instrument of political ideology to an approach for promoting bilateral economic development. Consistent with the principal aim of helping African countries achieve self-reliance, this additional dimension of economic interests attached to China's foreign aid replaced the objective of building African industrial and agricultural foundations. With a new emphasis placed on reducing expenditure while consolidating foreign aid outcomes, it brought along the landmark projects as well as guided China's foreign aid to the exploration of mutually beneficial cooperation.

In line with this revised objective, The Four Principles were subsequently put forward to lead China's foreign aid through this period. Being an inheritance from and development of The Eight Principles, this new guidance was established on China's principles of internal affairs non-interference and mutual respect. With particular attentions placed on "the strong points and potentials of both sides on the basis of their actual needs and possibilities"⁴⁴, it has been stressed that this bilateral economic and technical cooperation should be implemented with a rational and pragmatic vision, instead of idealistic passion. More importantly, foreign aid to other countries should not undermine China's own development, but should foster both China and Africa's development progress (Zheng, 2000). Upon the introduction of these principles, China's foreign aid finally escaped from the extreme situation it was in during the

⁴⁴ The 2nd principle of The Four Principles, see Appendix II.

Cultural Revolution. Confidence was also restored in foreign aid implementation, and for the first time foreign aid was made secondary to China's domestic development.

To adapt to this adjusted foreign aid guidance, the Chinese government centralised the administrations of foreign aid, foreign economic and foreign trade to boost institutional integration, it also established SOEs to take over foreign aid implementations and modified foreign aid operating mechanisms accordingly to maximise the economic interests of foreign aid. Moreover, determined to reduce China's foreign aid expenditure, with regards to the progression of foreign aid implementation methods, this transitional period of China's foreign aid development witnessed the creation of a number of cooperative methods. Not only were explorations carried out in the implementations of foreign aid projects and programs, China also attempted to direct its foreign aid towards mutually beneficial cooperation by initiating particular funds. Further, whilst Goods and Materials Aid and Cash Aid continuously decreasing given their emergency based applications, Complete Project Aid and the Management Cooperation integrated Technical Aid again led China's development assistance to Africa in this period.⁴⁵

Nevertheless, alongside the successes of the initial reform, the extreme situation that China arrived at during the previous period had a number of consequences that continued to affect its foreign aid in the 1980s. In particular, the shortage of financial capacity forced China to opt for the less financially demanding and less technical landmark projects. "Albeit such an alteration seemingly catered for both China's contemporary economic situation and African countries' divergent local conditions, the nature of these projects determined its limitations in delivering a similar degree of development assistance compared to the industrial and agricultural projects"⁴⁶. Further, as a result of the inadequately delivered Complete Projects Aid and Technical Aid, the shortage of human resources led to foreign aid insufficiencies, regardless of the promptly implemented Management Cooperation that was particularly arranged to resolve this issue. As noted by Zheng, "Even with the switch to landmark projects, most of the African recipient countries have still failed to maintain their functionality, and eventually became dependent on China's foreign aid" (2000, p.98).

To conclude, during the initial reform of China's foreign aid, other than some improvements made in accordance with China's development concerns, the outcomes of China's foreign aid in Africa by and large remained the same. From the Chinese standpoint, as well it put forward the objective of reducing expenditure while consolidating foreign aid outcomes to preserve its domestic development, China's foreign aid began to transform from the donation based approach to mutually beneficial cooperation (Zhou, 2008a). From the African side, given the general incompetency of China's foreign aid, some of the recipient countries raised concerns and felt that, "the Chinese are keen on securing foreign exchanges rather than providing development assistance" (Yan, 1987, p.53). Furthermore, as pointed out by Li,

⁴⁵ The proportion of Complete Project Aid and Technical Aid had risen to 74% in the mid-1980s. See SHI, L. 1989. *Economic Cooperation with Foreign Countries* [eBook version]. Beijing: China Social Sciences Press. Available at: <http://www.1921.org.cn/tushu.php?ac=inlist4&bid=1054> [Accessed: 2 November 2010].

⁴⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 29 August 2011.

"Despite China's new funding method and Management Cooperation, the majority of its foreign aid have stayed in non-profit forms nonetheless" (2010, p.24). On these notes, with both the donor and recipient countries struggling with the initial reform of China's foreign aid, the opportunity carried by global political and economic liberalisation brought another series of reforms.

Chapter Summary

In looking at the way China's foreign aid in Africa developed from the Bandung Conference in 1955 to the end of the initial reform period in 1993, one can see that it had successes in meeting China's political and economic interests and that China's foreign aid developed to a stage where it was capable of delivering some development assistance to Africa. As a result of evolving international and domestic conditions, China successively introduced foreign aid to support Africa's liberation movements, strengthen African countries' capacities against the imperialist world and help African countries achieve self-reliance. In the pursuit of these aims, other than the initial humanitarian and military aid delivered to African countries to assist them achieve national independence, China consistently provided development assistance to help African countries achieve self-reliance, and duly determined objectives of building industrial and agricultural foundations to boost Africa's development capacity, as well as reducing expenditure while consolidating foreign aid outcomes to explore mutually beneficial cooperation and improve foreign aid effectiveness.

Along these objectives, the development of China's foreign aid before the reform period was overwhelmingly influenced by Mao's political considerations centring on the desire to protect China's political sovereignty and expand China's diplomatic relations. With The Eight Principles emphasising equality and mutual benefit, not only was China's foreign aid grounded on a friendship basis by stressing that "It [China] never regards such aid as a kind of unilateral alms but as something mutual"⁴⁷, it was deeply impacted by the belief in proletarian internationalism and to a large extent this prohibited it from attaching any conditions such as pursuing economic benefits. When furthered by the extreme political ambitions raised during the Cultural Revolution period, China's foreign aid was organised completely on political grounds, so much so that it neglected China's own economic capacity and resulted in substantial harm to China's domestic development. For these reasons, whether China's foreign aid was aimed at liberating third-world countries or helping African countries achieve self-reliance, it was predominately driven by China's political interests.

Then came the reform policy. On the basis of China's significantly elevated global status and the disastrous development caused by the Cultural Revolution, the stabilising international environment promptly brought economic interests to bear on China's foreign aid. While The Four Principles placed additional emphasis on cooperation between China and Africa, Deng's argument that China should provide more foreign aid once it developed itself substantially revised the order of priority attached to domestic development and foreign aid, and gave

⁴⁷ The 1st principle of The Eight Principles, see Appendix I.

priority to the economic development of both China and Africa. However, in spite of these new economic interests underpinning the development of China's foreign aid, China's foreign aid in essence only changed in the details of implementation so as to preserve China's domestic development and to promote foreign aid outcomes in Africa. The motivation for China's foreign aid, on the other hand, remained in line with its political interests to actively develop equal and mutually beneficial foreign relationships.

Working towards these political aims, China's foreign aid achieved a number of notable developments. Regarding China's foreign aid administration, while it was initially governed by the Central People's Government and coordinated by its subsidiary institutions, the administration of China's foreign aid was first devolved to state institutions. This was followed by two mergers: the unification of foreign aid administration prior to the reform, and the integration with foreign economic and trade administrations during the reform. By the end of 1993, with the intention to further promote the economic interests of foreign aid, China completely separated the administration and implementation of foreign aid. In doing so, China delegated the former to the MOFTEC and devolved the latter to the COMPLANT; thus, it effectively granted financial autonomy to foreign aid implementations. In short, the development of China's foreign aid administration accommodated to both the demands of foreign aid implementations and China's interests in the given period.

Regarding the operating mechanisms adopted for China's foreign aid, China successively introduced the Delivery Ministry In-chief Mechanism and the Contract Department In-chief Mechanism in the pre-reform period. With foreign aid implementations undertaken by the relevant ministries and provincial departments, these mechanisms exploited China's yet limited capacity and satisfied the growing demand for China's foreign aid. Following the domestic reform, and in view of the potential weaknesses of these administrative means based mechanisms, China promptly put forward the economic means orientated Investment Responsibility Mechanism, Contract Responsibility Mechanism, and Enterprise Contract Responsibility Mechanism during the initial reform period. Although still restricted within the planned economic system, these improved mechanisms adequately coordinated with the devolvement of China's foreign aid administration, significantly enhanced the efficiency of China's foreign aid implementations and prepared it for the coming market economy.

Furthermore, in providing foreign aid to African countries, China accordingly developed three main foreign aid funding methods and four implementation methods. In particular, whilst China's foreign aid budget was being utilised through the applications of Grant, Interest-free Loan and Low-interest Loan, Complete Project Aid was established as the primary method for both building African industrial and agricultural foundations, and the delivery of landmark projects. In conjunction, Technical Aid was then introduced to improve the transfer of the required technical and management skills to the recipient countries; and, subsequent to the reform, it became the pilot for China's pursuit of mutually beneficial cooperation. Moreover, given the emergency based applications, although the other two implementation methods – Goods and Materials Aid and Cash Aid were gradually dropping out of China's foreign aid to African countries during the initial reform, both of these methods contributed

in assisting African countries' liberation movement at the very beginning.

Owing to these efforts, China's foreign aid accomplished many successes for both China and Africa. From the Chinese point of view, foreign aid first helped in the battles against the capitalist invasions to its neighbouring countries, consolidated the communist regime and improved China's external situation by creating allies with countries from the continent of Africa. Then, in the political rivalry with the US and Soviet Union, foreign aid lifted China out of the diplomatic quandary and supported its competition with Taiwan over the legitimacy in the UN. As a result of China's significantly elevated international status, foreign aid not only subsequently became the instrument to manifest China's international responsibility, it also contributed to the ensuing cooperation between China and Africa. Whereas in the search for economic development during the reform, upon political interests were for the first time made secondary to China's domestic development, Beijing quickly integrated economic interests into its foreign aid and began to transform it into a cooperative link connecting China's domestic economic development and the markets of the recipient countries.

From the African perspective, they benefited early from China's support for their liberation. China's foreign aid first assisted African countries in their opposition to colonial domination. And then, following Africa's political independences, China's foreign aid swiftly transformed into development assistance and provided Africa's immediate need for basic supplies, as well as delivered support for the development of industrial and agricultural foundations to assist Africa's economic independence. After forwarding development focus to the economy, aside from continuing to support Africa's infrastructure building with landmark projects, China's foreign aid also contributed to Africa's human resource development in consideration to African countries' current development capacities. Although it is impossible to make clear the impacts of China's foreign aid to Africa given the secrecy of the Chinese government, in view of the large amount and significant Complete Project Aid projects that were delivered to Africa as identified earlier, it can still be adequately argued that China's foreign aid to some extent contributed to Africa's self-reliance.

It is also worth noting that, alongside the delivery of these sound results, China's foreign aid had a number of drawbacks and particularities that affected its outcomes, as well as China's domestic development. To be exact, with regards to China's politically motivated foreign aid decisions, foreign aid delayed China's domestic recovery from the turmoil left by the feudal regime. Meanwhile, with the foreign aid distribution likewise tied to political considerations, the development of China's foreign relations had been restricted only to socialist and nationalist countries. Furthermore, as a result of this overwhelming political influence and the rapidly evolving international circumstance, in addition to causing substantial waste of development resources when the recipient countries suddenly adopted a strategic change, considering the overly approved foreign aid requests for fulfilling obligations of proletarian internationalism, this political interests dominated foreign aid impacted as extensive as the livelihoods of China's own population.

More to the point, apart from these strategic planning related consequences, the funding

methods of China's foreign aid were also problematic. Provided that the government budget remains the only financial resource to China's foreign aid, in spite of China's intention to utilise Interest-free Loan as its primary foreign aid funding method, or to allocate Grants to only recipient countries in great financial difficulties, the pessimistic repayment rate of both loan methods brought China's foreign aid to an unidirectional financial basis, hence again intensifying the financial burden to China's domestic development. Even though during the initial reform period, China attempted to overcome this situation by introducing alternative funding methods to drive its foreign aid towards mutually beneficial cooperation, China only managed to put forward marginal funding in this thinking, but was unable to implement adjustment to the financial resources of foreign aid, which is arguably the key point to the improvement of the financial situation of China's foreign aid.

With concerns to the outcomes of China's foreign aid in Africa, in spite of the efforts and compromises that China made in helping African countries achieve self-reliance, both the effectiveness and sustainability of China's foreign aid in Africa was also largely undermined. With exceptions for some of the projects that eventually managed to contribute to the recipient countries' development as intended, the majority of China's foreign aid projects required immediate Technical Aid and additional attentions after the transfers, regardless of whether it was the relatively straightforward landmark projects, or the piloted cooperation methods that were introduced particularly to address this issue. Depending on the extreme interpretations to The Eight Principles, and the massive gap between China's understandings and African countries' diverse domestic conditions, China was under pressure to maintain its foreign aid outcomes, while most of the African recipient countries were left with insufficient foreign aid and continued to struggle along foreign aid dependencies.

To conclude the research on the history of China's foreign aid in Africa: from assisting Africa's liberation movements to the pursuit of mutually beneficial economic cooperation, China's foreign aid evolved from being dominated by political interests to emphasising both political interests and economic development needs. In this process, besides from actively contributing to Africa's liberation movements at the beginning, China's foreign aid has insisted on helping African countries achieve self-reliance, and duly determined objectives in building African industrial and agricultural foundations, as well as reducing expenditure while consolidating foreign aid outcomes. Through the exercise of these objectives, by promptly advancing foreign aid planning and implementation approaches in pace with the evolving domestic and international situation, not only was China's foreign aid successfully en route from simply donating to Africa to providing the capacity for African countries to develop, but China's political demands were also followed.

By the end of 1993, in view of the declining foreign aid outcomes and the need to adjust domestic economic structure, China began to further reform its foreign aid. On the basis of the now reformed foreign aid administration and mechanisms, how China's foreign aid sought to satisfy African recipient countries' demand for productivity development based foreign trade and overseas investment, and how China's foreign aid evolved along with the increasing concern on economic interests became central. With these issues in mind, the

next chapter focuses on China's foreign aid development at present, and aims to uncover the changes in China's foreign aid objectives, planning and implementation approaches. By placing particular attentions on the newly inaugurated foreign aid funding method of the Concessional Loan, and the further progressed traditional foreign aid objective of improving people's livelihoods, chapter four understands how China's commercial interests orientated contemporary foreign aid collaborates with its friendship building emphasised traditional development assistance.

Chapter Four: The Present of China's Foreign Aid in Africa

After discussing the route that brought China's foreign aid in Africa to its current formation, and understanding China's earlier foreign aid objectives and practices, chapter four examines the development of China's foreign aid in Africa between 1994 and 2012. Continuing with the same purpose of identifying China's foreign aid objectives in Africa, and the foreign aid planning and implementation approaches it accordingly developed, this chapter focuses on two primary questions: what is China's current foreign aid objective in Africa? And how does China deliver its foreign aid to Africa at present? With these questions in mind, chapter four is arranged in two sections exploring first the contemporary aims of China's foreign aid in Africa, and then the foreign aid practices it developed in pursuit of these aims.

In the first section, this study investigates China's foreign aid development from 1994 when China arrived at the final preparation of its market economy transformation. It covers two of China's succeeding foreign aid development periods: The Further Reform (1994-2004) and The Return (2005-present). On the basis of finding that the development of China's foreign aid in Africa was further pushed to explore mutually beneficial economic cooperation, this section first brings out China's *profitability* grounded foreign aid funding method in the Concessional Loan. And then, upon discovering this steadily expanded commercial approach to foreign aid overshadowed China's traditional foreign aid for almost an entire decade, it surveys China's current foreign aid objective of improving people's livelihoods and finds that China's foreign aid of today, not only accommodates China's political and economic interests, but also seeks to fulfil Africa's development needs.

Subsequent to identifying China's current foreign aid objectives in Africa, the second section focuses on China's duly developed foreign aid planning and implementation approaches. On the basis of elaborating on the framework introduced by *The White Paper* (2011), it is composed of three parts that detail the current practices of China's foreign aid. To be specific, the first part summarises the institutions involved in planning and managing China's foreign aid, and sets out China's current foreign aid operating mechanisms. In the second part, this study outlines the funding methods of China's foreign aid and explains the foreign aid statistical regulations that the Chinese government has adopted. Finally, based on reviewing China's foreign aid implementation methods, the third part links each of these methods with its dedicated management institutions, and points out the current packaging preference of China's foreign aid.

In summary, the study of China's current foreign aid development in Africa inspects China's attempts to promote its foreign aid for mutual benefit. Whilst following up on China's considerations in determining its foreign aid objectives in Africa, it draws particular attention to China's developed foreign aid planning and implementation approaches. Therefore, this chapter completes our understanding of China's foreign aid development; it builds up the knowledge required for the ensuing assessments of China's foreign aid performance in Africa,

and indeed for the investigation into the successes and failures of China's foreign aid in the past six decades. To achieve these aims, this chapter looks at elites' speeches, government documents, existing research, field interviews and unpublished materials to identify China's current foreign aid objectives and practices. Again, where available, quantitative data are utilised to indicate the scale of China's foreign aid.

Further, as a prelude to understanding China's current foreign aid in Africa, what needs to be recapitulated here is that China's foreign aid development has split into two paths since the inauguration of the Concessional Loan in 1994. In accordance with the specifics pointed out by the Chinese officials put forth in the introduction chapter, this study is concentrated on the foreign aid solely funded by Chinese government budgets and used for the promotion of recipient countries' economic development and welfare. More to the point, this is seen as *traditional foreign aid* in this chapter and is distinguished from the Concessional Loan as a new, integrated type of foreign aid. In terms of the Concessional Loan, as identified earlier, it to some extent conflicts with the general understanding recognised foreign aid norms and as such it is not considered as China's foreign aid in this study, but rather as a *competitively rated* commercial funding method.

China's Foreign Aid in Africa:

From the Grand Economic Strategy to the 5th FOCAC Meeting 1994 – 2012

从经贸大战略到第五届中非合作论坛

In pace with the evolving global development trend and China's deepening domestic reform, both the internal and external situations of China's foreign aid have undergone profound changes. With the ending of the Cold War and the stabilising of the international situation, political rivalry and military confrontations declined between states. In contrast, economic and, science and technology based competitions have taken the centre stage. Provided the increased economic emphasis in development, traditional foreign aid donor countries have shifted their priorities away from the Least Developed Country[ies] (LDGs) and have begun focusing instead on China, India and other minority developing countries that possess greater capabilities of repayment and development of markets. Since the mid-1990s, this current has gradually pushed Grant based foreign aid out of the focus of international development assistance whilst business orientated, cooperation based foreign aid is now the theme in modern day donor-recipient relations (Yuan and Yang, 2003).

Regarding China's foreign aid specifically: realising that inter-government cooperation based foreign aid is no longer satisfactory to both China and Africa, China has taken advantage of the collapse of the Soviet Union and the resulting liberalisation of the international market to complete its own transformation to a market economic system, as well as to speed up its transformation of foreign aid towards one in which further economic interests of China are embedded. Following the institutional adjustments at the end of 1993, which established the market economic system adapted foreign aid arrangement; the MOFTEC for foreign aid administration and the COMPLANT for foreign aid implementation, the Chinese government promptly introduced development guidance for its current foreign aid – The Grand Economic

Strategy (大经贸战略). In line with this strategy, to push forward foreign aid restructuring, to promote direct cooperation between Chinese and recipient countries' enterprises thereafter became the new goals of China's foreign aid (Lin, 1995).

The Further Reform

On 11 May 1994, following the conclusion of China's foreign aid institutional reform and market economic system conversion, the Minister of MOFTEC Wu Yi¹ addressed The 1990s China's International Business Strategy Seminar², saying:

Considering the next step of Reform and Opening Up, the increasing demand for further development and the current circumstances of foreign trade, China's foreign economic relations in the 1990s must proceed in accordance with import and export trade based; goods, capital, technology, labour cooperation and exchange integrated; foreign trade, manufacturing, technology, finance and other institutions jointly participated Grand Economic Strategy. (1994, p.4)

In light of this talk, not only was China's foreign aid continuously asked to uphold friendship building, but it was also intended to stimulate China's foreign economic and trade, to assist Chinese enterprises to open up the markets of the recipient countries, and to carry out various funding methods based and comprehensively focused cooperation (Zhang, 2012b).

Apparently, Grant based, non-profit driven traditional foreign aid was unable to achieve this advanced and economically based objective. To break out of such a restrained framework and interact on China's newly founded market economy, the next step of China's foreign aid reform was twofold: on the one hand it focused on diversifying foreign aid implementation participants in order to truly pass on the financial autonomy of foreign aid implementation to enterprises, as well as to improve budget coordination amongst financial institutions. On the other hand, it stressed on expanding the current implementation approaches in order to explore economic cooperation that was grounded in business orientated development assistance (Li, 2010). Abiding by this thinking, after a year of research and preparation, the State Council brought forward a paper entitled *On the Issues Related to the Foreign Aid Reform Approval*³, which officially launched the sequence of China's foreign aid reform emphasising on domestic economic development needs (Huang, 2010).

In accordance with this formal approval, whilst also reconfirming on the guidance of The Eight Principles and The Four Principles to China's foreign aid in the subsequently convened National Conference on Foreign Aid, the State Council clearly expressed its encouragement for all foreign aid projects that were going to be carried out on any kind of joint management, cooperative management and Chinese enterprises solely operated basis (Huang and Lang, 2010).⁴ Aimed at integrating China's reform experience with its foreign aid, and to initiate a

¹ Wu Yi was appointed Minister of the MOFTEC in between 1993 and 1998.

² "吴仪在90年代中国外经贸战略国际研讨会上的主旨报告". *Wu Yi's Principal Report*.

³ "关于改革援外工作有关问题的批复". This document was delivered in May 1995.

⁴ This conference was convened in October 1995.

foreign aid and overseas investment combined economic and trade relationship to fully exploit the potentials of African markets, the Vice Prime Minister Zhu Rongji⁵ pointed out in regards to China's foreign aid objective in developing countries, particularly the African developing countries:

We have to adopt incentive policies to support our outstanding enterprises to conduct various sector resided economic cooperation in Africa, to promote those recourses viable, marketable and profitable medium to small sized projects, to push forward direct cooperation between competitive Chinese and recipient countries' enterprises. (Qi, 1995, p.4)

To put these words into practice, in the successive report of *Implementation of the State Council's Directives, Further Reform of Foreign Aid*⁶, Wu pointed out the specifics for China's further foreign aid adjustments. With regards to the packaging of China's foreign aid, she first suggested that China should promote the existing implementation method of Foreign Aid Joint Ventures and Cooperative Projects, as well as the newly introduced funding method of the Government Subsidised Concessional Loan (Concessional Loan, 政府贴息优惠贷款)⁷. And then, concerning the utilisation of these, Wu added that the Chinese government should encourage and support enterprises to apply the former method to reinstate the operations of the delivered projects; and to employ the latter method to initiate viable, marketable and profitable medium to small sized foreign aid projects. Whereas considering the future budget planning of China's foreign aid, as she additionally confirmed, "Aside from continuingly fulfil the already agreed Interest-free Loans, China hereafter terminates this funding method fully supports the promotion of Concessional Loan and Grant" (Zou, 1995).

Following these instructions, China made a number of efforts in Africa in promoting these new variants of its foreign aid. In addition to the Vice Prime Ministers Zhu Rongji, Li Lanqing⁸ and Qian Qichen's⁹ 18 visits in 1995 (Li, 2012, p.19), Chairman Jiang Zemin¹⁰ conducted China's first Supremo African tour in 1996.¹¹ Subsequent to finding that African countries' rich resources and vast potential markets were highly complementary to China's economic development, he noted, "Africa's immense territory and rich natural resources has provided it with great potentials for economic development... China should place particular attention on conducting variously sized, broadly focused mutual beneficial cooperation between capable Chinese and African enterprises" (Chen, 2008). On his return, not only were these words put forward as China's contemporary economic development guidance – The Going

⁵ Zhu Rongji was appointed Vice Prime Minister of the State Council in between 1991 and 1997.

⁶ "贯彻国务院指示, 进一步改革援外工作". This document was delivered in October 1995.

⁷ Concessional Loan is a foreign aid funding method that mobilises funds from commercial banks where the interests is subsidised by the government budget, so that the loan interest rate is reduced for recipient countries, and loan conditions become more favourable. Unpublished government document, *The Loan Regulations of the EXIM Bank*, obtained on 1 September 2011.

⁸ Li Lanqing was promoted to Vice Prime Minister of the State Council in 1993 and stayed in office until 2002.

⁹ Qian Qichen was appointed Vice Prime Minister of the State Council in between 1993 and 2003.

¹⁰ Jiang Zemin was appointed Chairman of the PRC in between 1993 and 2003.

¹¹ Duration: the 8 to the 22 of May 1996; the countries visited were: Kenya, Egypt, Ethiopia, Mali, Namibia and Zimbabwe.

Out (走出去战略), but China's foreign aid thereafter stepped up from the passive role of China-Africa relations and become the initiative that drove China's economic links to the continent.

After three years of successful foreign aid reform, and in response to Africa's readily growing interests in China's business orientated combination of cooperation and foreign aid, China decided to advance this relationship to an institutional level. Thus, it launched the Forum of China-Africa Cooperation (FOCAC) and convened its first ministerial meeting in Beijing on 10 October 2000 (Zhang, 2006a). This conference was concluded with *The Beijing Declaration*¹² and *The Program for China-Africa Cooperation in Economic and Social Development*¹³ as guides for the development of China-Africa relations in the 21st century, in the words of Minister of MOFTEC Shi Guangsheng¹⁴, China additionally promised:

To gradually increase foreign aid to Africa to implement projects and programs across extensive sectors; to cancel the debt of 10 billion CNY to relief the Heavily Indebted Poor Countries (HIPC) and LDGs; to set up particular fund for joint ventures and cooperative projects; and to establish Africa Human Resources Development Fund (非洲人力资源开发基金) to help African countries training professional talents. (2000)

As a result of the establishment of this multilateral liaising platform, the FOCAC ensured a steady development of China-Africa relationships so that by the time the second ministerial meeting convened in Addis Ababa in 2003, China's compliance with The Beijing Declaration and its prompt efforts in realising its pledges had won abundant praise from the African participants.¹⁵ Not only had it straightforwardly demonstrated that China had competently integrated its own economic interests with its foreign aid, but the progress of the FOCAC also built a solid foundation for the continuous implementation of The Going Out policy.

1994 to 2004 was the improvement period of China's foreign aid in Africa. To adapt to the switch from Cold War confrontation, China's foreign aid development progressed from an economic interests appended exploratory reform to an entirely financial benefits concerned transformation. Guided by The Grand Economic Strategy and The Going Out policy, this further reform advanced China's foreign aid with government, enterprises and financial institutions working in a joint participation framework. It also diversified China's foreign aid funding and implementation methods (Zhang, 2007), as well as revolutionised the previous inter-government cooperation based foreign aid approach to business grounded cooperation

¹² "中非合作论坛北京宣言". See <http://www.focac.org/eng/ltada/dyjbzjhy/DOC12009/t606796.htm>, accessed 16 June 2012.

¹³ "中非经济和社会发展合作纲领". See <http://www.fmprc.gov.cn/zflt/eng/wjjh/hywj/t157834.htm>, accessed 16 June 2012.

¹⁴ Shi Guangsheng was appointed Minister of the MOFTEC in between 1998 and 2003.

¹⁵ These efforts include but not limited to: establishing 22 special committees to liaise with foreign aid implementation, relieving due loan of 10.9 billion CNY by June 2002, delivering 72 complete projects, introducing 1.2 billion USD investment with 826 Chinese enterprises, training more than 7,000 professional personnel, achieving more than 20 bilateral ministerial visits. Unpublished government document, October 2006, *Follow Up Report of the FOCAC 2000*, p.4. WANG, Q. 2004b. The Addis Ministerial Conference Addressing Sino - African Cooperative Operation. *West Asia and Africa*, 42-45.

between Chinese and African enterprises, and notably improved the situation of "regarding China's foreign aid, the recipient country is the dominant and only beneficiary" (Li, 1999, p.93). At this stage, China officially determined Africa to be its main economic cooperation partner, and vice versa, so Africa became the primary ground for China's foreign aid.

Along with this substantial shift towards economic development, China carried out a number of adjustments to its foreign aid approaches. Of these, the most significant changes were the introduction of the Concessional Loan and the promotion of the Foreign Aid Joint Ventures and Cooperative Projects. Not only a dedicated policy bank – the Export and Import Bank (EXIM Bank) was consequently established in 1994 to manage the former, but by collecting repayments on China's early Interest-free Loans, Low-interest Loans, and the Fund of Multiple Foreign Aid Forms, the Fund of Foreign Aid Joint Ventures and Cooperative Projects (援外合资合作项目基金) was also set up four years on to support the latter. However, what needs to be pointed out is that Foreign Aid Joint Ventures and Cooperative Projects was only a small part of China's foreign aid (Lin, 1997). It was more a supportive method owing to its particular focus of *China's earlier delivered projects*, and its rather limited financial allowance (each loan generally did not exceed the amount of 10 million CNY or 1.53 million USD).¹⁶

In addition to these newly integrated commercial implementation and funding methods to China's foreign aid, regarding the development of China's traditional foreign aid approaches in this period, in spite of China's at large unimproved foreign aid budget, it individualised the Human Resource Development Cooperation (HRDC) from Technical Aid in 1998. Replacing the previous training programs and scholarships that were focused on Chinese foreign aid projects, while this improved HRDC was broadly organised in the subjects of Government Official Seminar, Technical Professional Training, Overseas Student Scholarship, Expert Going Out Program and Exchange Program (Li et al., 2009), it further pushed the emphasis of China's traditional foreign aid towards developing African human resource capacity. More to the point, according to the pledges that China made in the FOCAC meeting in 2000, and in addition to setting up the Africa Human Resources Development Fund to support the above mentioned programs, China's foreign aid also welcomed a new implementation method of Debt Relief.¹⁷

Together with these improvements in China's foreign aid approaches, the changes applied to China's foreign aid institutions and mechanisms can be considered. Subsequent to the establishment of the MOFTEC and COMPLANT in 1993, China successively introduced the Project Tendering Mechanism (援外项目招投标机制), Project Supervision Mechanism (援外项目设计施工监理机制) and other integral mechanisms to encourage the involvement of SOEs (Xue, 2011), and to further expand the scope of participants in foreign aid deliveries

¹⁶ Although this fund was established with margins of China's government foreign aid budget, owing to its commercially approached operation, it is not considered to be a method of China's traditional foreign aid with which this study is concerned. See "援外合资合作项目基金管理办法", *Notice of the Ministry of Foreign Trade and Economic Cooperation and the Ministry of Finance on Issuing the Measures for the Management of the Fund of Foreign Aid Joint Ventures and Cooperative Projects*. Ministry of Foreign Trade and Economic Cooperation and the Ministry of Finance [1998], No. 481.

¹⁷ See *Program for China-Africa Cooperation in Economic and Social Development*, <http://www.fmprc.gov.cn/zflt/eng/wjjh/hywj/t157834.htm>, accessed 29 June 2012.

(Xiao and Zhang, 2002). Additionally, China also put forward a series of codes of practices to govern the amplified foreign aid process.¹⁸ In March 2003, with the purpose of further integrating China's domestic trade with its international economic cooperation, the 1st Plenary Session of the Tenth National People's Congress elevated MOFTEC to the Ministry of Commerce (MOC, 2003-present, 商务部) and appointed to it the complete administration of China's internal and external economic and trade affairs.

To conclude, this further reform period of China's foreign aid in Africa led to the arrival of China's economic development climax where China prominently integrated foreign aid into its overseas economic and trade cooperation, and strategically fixed its partnership with Africa. Provided with the extensive promotion and wide acceptance of its new cooperative foreign aid approaches, not only did China realise its domestic development and Africa's economic growth (Zhang et al., 2010), but it substantially altered the earlier situation where only the bare minimum of loan repayments were received. As implied by a senior Chinese official, "By providing foreign aid loans through a commercially managed policy bank in essence changed the scenario from that of a *friendly government loan* to that of a *business loan*, and in doing so China has managed to recover more than 98% of its total loans due from Africa"¹⁹. As a result of this significantly improved financial situation, the Concessional Loan became the most prominent funding method of China's foreign aid in this period.

In contrast, while China's commercial approach to foreign aid created economic benefits for both China and Africa, the development of China's traditional foreign aid has yet to make any substantial progress throughout this decade. Aside from the HRDC programs introduced in the late 1990s, China's traditional foreign aid has at large remained focused on providing landmark projects as per the initial reform.²⁰ Until August 2004, subsequent to the change in principal leadership, China's traditional foreign aid at long last caught the attention of its decision-makers once again. As indicated in China's first Conference on China's Economic Diplomacy in Developing Countries (全国对发展中国家经济外交的工作会议), "For future foreign aid works, China has to make due improvements in both its political and economic influences in the international ground, adequately places foreign aid emphasis on people's livelihoods related projects, emergency humanitarian assistance, medical teams and human resources training" (Xinhua, 2004).

The Return

A year after this conference, on the basis of continuing to promote the economic interests emphasised foreign aid approaches, China's traditional foreign aid made a sharp return on 15 September 2005, when Chairman Hu Jintao²¹ delivered the speech entitled *Strive to Build*

¹⁸ These codes of practices include but not limited to: "对外援助支出预算资金管理办法", *Measures for the Financial Administration of General Foreign Aid Provided by the Chinese Government* [1998], "对外援助成套项目施工任务实施企业资格认定办法试行", *Measures for Accreditation of Qualifications of the Enterprises Undertaking the Construction of the Complete Foreign Aid Projects* [2004], "对外援助物资项目实施企业资格认定办法试行", *Measures for Accreditation of Qualifications of the Enterprises Undertaking Foreign Aid Material Projects* [2004].

¹⁹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

²⁰ Interview with senior Chinese official, Beijing, China, 1 December 2011.

²¹ Hu Jintao was appointed Chairman of the PRC in between 2003 and 2013.

*A Harmonious World, Where There Are Permanent Peace and Common Prosperity*²² at the Summit on the 60th Anniversary of the Establishment of the United Nations. The key points of his speech focused on the need to "uphold equality and realise harmonious cooperation, persist in mutual trust and realise common security, uphold mutual benefits and realise common development, uphold the spirit of inclusiveness and realise civilised dialogue" (Xinhua, 2005). This plainly pointed out to the fact that "the substance of a *win-win* situation is not only a simple share of benefits, but requires caring for and supporting poor and developing countries" (Li, 2010, p.26). Being one of the most important carriers of China's mutually beneficial development strategy, foreign aid swiftly entered a new development phase in the aim of building a harmonious world.

To demonstrate China's commitment, Hu announced in the successive UN High-Level Meeting on Financing for Development, The Five Measures to Accelerate development for Developing Countries (中国加强与发展中国家经济合作的五项举措)²³ duly outlining the promises of China's next phase of foreign aid. According to this announcement, besides continuing to support the recipient countries' economic development utilising Debt Relief, Concessional Loan (and Preferential Buyer's Credit, 优惠出口买方信贷)²⁴ and Zero-tax Treatment, two of the five measures directly emphasised improving people's livelihoods. In addition to restating the importance of medical and health development, particularly with consideration to Africa's current development conditions, China's determination to advance developing countries' human resources capacities was for the first time elevated to a primary concern in its foreign aid.

Subsequent to this UN meeting, and in view of further aligning China's Going Out policy towards Africa, the Chinese government quickly released the first issue of *China's African Policy Paper* (中国对非洲政策文件) in January 2006. This paper first suggested that China and Africa should establish a politically mutual trust, economically mutual beneficial, and culturally mutual referenced new type of strategic partnership to further expand the scope of China-Africa cooperation. And then, it thoroughly elaborated additional plans for political dialogue, economic cooperation, medical and health support, humanitarian assistance and peace building operations. Likewise, these plans were correspondingly stated in China's 11th Five-Year Development Guidelines (2006-2010), as again stressed by Hu in the next Central Meeting on the Works of Foreign Affairs²⁵:

We should accordingly increase our foreign aid as our economic capacity improves, particularly in consideration to support the developing countries to accelerate their economic development, and to improve their people's livelihoods standards. (Xinhua, 2006a)

²² "努力建设持久和平、共同繁荣的和谐世界". See

<http://cpc.people.com.cn/18/n/2012/1103/c351073-19483816.html>, accessed 2 August 2012.

²³ For full article, see Appendix III.

²⁴ Introduced in 2002, Preferential Buyer's Credit is a variation on the Concessional Loan, and it is also solely managed by the EXIM Bank of China. Unpublished government document, *The Loan Regulations of the EXIM Bank*, obtained on 1 September 2011.

²⁵ This conference was convened in August 2006.

Later in December 2006, in order to follow up China's commitments and Hu's instructions and in order to advance this cooperative relationship to strategic partnership, "deepening political relations of equality and mutual trust, expanding mutually beneficial economic cooperation, boosting mutual learning and cultural exchange, promoting balanced and harmonious global development, and strengthening mutually supported international cooperation" (XinHua, 2006b), the FOCAC Beijing Summit²⁶ quickly came to the agreements of a Declaration²⁷ and an Action Plan²⁸. As a concluding remark, China also put forward an Eight-Point Plan (中国对非洲合作八项举措)²⁹ to coordinate this newly established strategic partnership. Initiated with the intention to "increase assistance to African countries, and by 2009 double the size of its assistance to African countries in 2006"³⁰, this practical plan advanced the development of China's traditional foreign aid by a number of specified projects and programs related to improving people's livelihoods. In addition, it also included the building of the African Union Headquarters.

From this point onwards, on the basis of setting the developing principles of the China-Africa strategic partnership (Liu, 2008a), the desire to improve people's livelihoods has officially evolved into the objective of China traditional foreign aid. In accordance with which, not only have the packages of China's traditional foreign aid become increasingly complete, blending Complete Project Aid, Technical Aid, Goods and Materials Aid, Medical Teams and HRDC, the advantages of this friendship building purposed foreign aid was also clearly exercised – by explicitly revolving around Africa's underlying needs of livelihoods improvement and human resources capacity building, it indeed echoed China's principal foreign aid aim of helping African countries achieve self-reliance. More to the point, considering the current landmark projects were no longer adequate for this revised objective, schools, hospitals, training programs and other people's livelihoods related projects and programs in turn became the main theme of China's foreign aid in Africa.³¹

In the mean time, while attention was on the HRDC, in July 2007, the Minister of the MOC Bo Xilai³² stressed at the 1st National Conference on Foreign Aid HRDC (全国援外培训工作会议) that, "since the progress of international development assistances gradually places emphasis on *social* development, in providing China's HRDC, we should follow this tendency, and meet the recipient countries' development concerns so as to create an optimised external environment for our enterprises *going out* and enhance China's international influence"³³. To

²⁶ The third FOCAC ministerial Conference.

²⁷ "中非合作论坛北京峰会宣言", *The Declaration of the Beijing Summit*. See <http://www.focac.org/eng/ltda/dscbjhy/DOC32009/t606841.htm>, accessed 2 August 2012.

²⁸ "中非合作论坛 - 北京行动计划", *The FOCAC - Beijing Action Plan (2007-2009)*. See <http://www.focac.org/eng/ltda/dscbjhy/DOC32009/t280369.htm>, accessed 2 August 2012.

²⁹ For full article, see Appendix IV.

³⁰ The 1st point of The Eight-Point Plan. Although it was unclearly stated in the official publication, "the size of its (China's) assistance to African countries" refers to "the annual government foreign aid budget to African countries". Interview with senior Chinese official, Freetown, Sierra Leone, 29 August 2011.

³¹ Interview with senior Chinese official, Beijing, China, 16 November 2011.

³² Bo Xilai was appointed Minister of MOC in between 2004 and 2007.

³³ Unpublished government document, August 2007, *Bo Xilai Speaks in the National Conference on Foreign Aid*, p.5.

be specific about the promotion of HRDC in Africa, as Vice Prime Minister Wu Yi³⁴ indicated during the specialised ministerial meeting, "China's massive investments in African human resources is owed to the rising international importance of Africa and to the particularities of African human resources development in strengthening the China-Africa friendship"³⁵. As a result of these instructions, in addition to revising HRDC programs to further accommodate the individual conditions of Africa, China's entire foreign aid planning priorities began to shift from a focus on infrastructures to a focus on building African human resources capacity.³⁶

Following two years of promptly realising its latest commitments,³⁷ in September 2008, Prime Minister Wen Jiabao³⁸ delivered China's future concerns for developing countries and additional foreign aid plans at the UN High-Level Meeting on the Millennium Development Goals (MDGs) (Xinhua, 2008). Beginning by demanding that developed countries create an accommodating environment in which developing countries could focus on improving their people's livelihoods instead of simply aiming for economic development, Wen insisted on adopting a "selfless and non-conditional"³⁹ approach in providing international development assistance. Upon stressing "China's commitments to honour its responsibility"⁴⁰, he proposed The Six Measures for Foreign Aid (对外援助六项措施)⁴¹ for the promotion of the MDGs achievement. Besides focusing on the much emphasised issues of education, agriculture, medicine and health, China introduced the issue of clean energy development to its foreign aid as a way to take Africa's development into the 21st century.

However, by the end of 2008, the dramatic global economic crisis substantially impacted Africa's development once again. Many of the traditional foreign aid donor countries found great difficulties in realising their promised ODA targets, and the result was a minimum of a one third decrease in overall international development assistance (Li et al., 2009, p.334). In this situation, China's foreign aid became even more critical to Africa's development. With the aim of building Africa's confidence in China's foreign aid, in February 2009, Hu conducted his second African tour⁴² and announced in Mali that, "although China is also suffering from this economic crisis, nonetheless China will insistently fulfil all the pledges made in the 2006 FOCAC meeting, continuously increase foreign aid to Africa wherever possible within its capacity allowance, and expand the scale of trade and investment so as to boost pragmatic cooperation between China and Africa" (Xinhua, 2009).

To prove his commitment to honouring China's responsibility, in the immediate 2009 FOCAC

³⁴ Wu Yi was promoted to Vice Prime Minister of the State Council in 2003 and stayed in office until 2008.

³⁵ "对外援外培训工作会议". Conference on Foreign Aid HRDC to Africa, convened on the 25 of February 2008. Unpublished government documents, March 2008, *Wu Speaks at the Conference on Foreign Aid Human Resource Development Cooperation to Africa*, p.4.

³⁶ Unpublished government document, March 2008, *Increase the Delivery of 'Soft Elements', Boost Our International Influences*, p.39.

³⁷ Unpublished government document, January 2008, *The Current Foreign Aid Works*, p.8.

³⁸ Wen Jiabao was appointed Prime Minister of the State Council in between 2003 and 2013.

³⁹ See *Wen Speaks at the UN High-Level Meeting on the Millennium Development Goals*, <http://www.un.org/chinese/focus/wen/mdg.shtml>, accessed 4 November 2012.

⁴⁰ Ibid.

⁴¹ For full article, see Appendix V.

⁴² Duration: the 10 to the 17 of February 2009; the visited countries were: Mali, Senegal, Tanzania and Mauritius.

Ministerial Conference held in Egypt, while noting that China already fulfilled more than 90% of its 2006 FOCAC pledges,⁴³ the participants promptly agreed on a Declaration⁴⁴ and an Action Plan⁴⁵ again to proceed with China-Africa strategic cooperation in the next three years. Additionally, following Wen's speech of Deepening the New Type of China-Africa Strategic Partnership for Sustainable Development⁴⁶, China announced The New Eight-Point Plan (中国对非洲合作新八项举措)⁴⁷ to further encourage strategic cooperation between China and Africa. Aside from broadening the scale of projects and programs used to drive international development, the current global concerns regarding the environmental and climate changes were also brought to bear on China's foreign aid in Africa.

Subsequent to putting forward these agreements and pledges, and in line with the focus on improving people's livelihoods and the newly added aim of providing developing countries with an accommodative developing environment, the Minister of the MOC Chen Deming⁴⁸ explained in regards to the next phase of China's foreign aid implementation:

The New Eight-Point Plan is primarily aimed at improving Africa's self-development capacities. That is in practice, we should keep on building up our HRDC capacity, train more technical and management professionals to accelerate African countries' infrastructure development, improve African people's livelihoods, take further effective measures to reduce poverty and upgrade education and medical standards, support more Chinese enterprises to invest in the cause of African people's livelihoods and create more employment opportunities to deliver the benefits directly to the hands of African people. (MOC, 2009b)

Not only did The New Eight-Point Plan continue the principles of China's previous pledges, but evolve in accordance with this new promise, the implementations of China's foreign aid became increasingly versatile.

Provided with these continually adjusted foreign aid aims and objectives, in the interest of upgrading China's foreign aid capacity to accommodate these changes, in the 9th National

⁴³ According to an unpublished government report, by November 2009, China was aiming to complete its 2006 FOCAC pledges by the end of the year, and the current progress was: trained 14,441 professionals, dispatched 104 agricultural experts, began construction of 10 agricultural demonstration centres, began construction of 26 hospitals with the planning of the remaining 2 hospitals completed, delivered 2 lots of medical equipment, built 30 anti-malaria centres, supplied 300 million CNY worth of anti-malaria drugs, dispatched 300 youth volunteers, and constructed 65 rural schools with 26 under construction and 30 of which completed rural schools fully equipped (the 100 pledged rural schools was adjust to 96 rural schools with full equipment for 30 schools). Unpublished government document, November 2009, *Doubles China's Foreign Aid in Africa by the End of the Year*, p.6.

⁴⁴ "中非合作论坛沙姆沙伊赫计划", *Declaration of Sharm El Sheikh of FOCAC*. See

<http://www.focac.org/eng/ltda/dsjbjzjhy/hywj/t626388.htm>, accessed 8 November 2012.

⁴⁵ "中非合作论坛 - 沙姆沙伊赫行动计划", *FOCAC-Sharm El Sheikh Action Plan (2010-2012)*". See

<http://www.focac.org/eng/ltda/dsjbjzjhy/hywj/t626387.htm>, accessed 8 November 2012.

⁴⁶ "全面推进中非新型战略伙伴关系". See http://news.xinhuanet.com/world/2009-11/09/content_12413059.htm, accessed 8 November 2012.

⁴⁷ For full article, see Appendix VI.

⁴⁸ Chen Deming was appointed Minister of MOC in between 2007 and 2013.

Conference on Foreign Aid⁴⁹, Wen addressed the key points to improve the performance of China's foreign aid:

Further foreign aid has to be alert to the aspects of foreign aid distribution: pushing the balance further towards LDGs, inland and island countries, increasing the proportion of projects that favour local people. It just also be aware of foreign aid quality: upholding scientific appraisal, adequately plan foreign aid projects and improving on feasibility research. Additionally, besides focusing on bring up recipient countries' development capacities, attentions also needs to be placed on upgrading foreign aid mechanism: speed up the process of building an active, effective and flexible foreign aid processing mechanism. (Xinhua, 2010)

Explicitly pointed out the existing issue of the unbalanced development of China's foreign aid and the growing requirements of international development assistance, not only was Wen's instructions highlighted the immediate need to improve China foreign aid capacity, but the ways to further adapt China's foreign aid to African conditions were also brought forward.

Shortly after this conference, Wen attended the UN High-Level Meeting on the MDGs⁵⁰ for a second time. With the experiences attained in implementing China's previous Six Measures for Foreign Aid, and realistic expectation of achieving the MDGs under current circumstances, Wen pointed out the difficulties caused in recent years by natural disasters and the global economic crisis. Whilst calling attention to China's present concerns for developing countries' livelihoods and economic development, Wen once again put forward a (New) Six Measures for Foreign Aid (对外援助六项新措施)⁵¹ to assist developing countries to achieve their MDGs. Largely planned in reference to the previous Six Measures, these measures expanded the list of qualifying countries and products exempt from import duty as well as extended the debt relief terms. In addition to these items, China also repeatedly pledged a number of projects and programs considering Africa's agricultural, educational and human resources development.

In order to realise Wen's instructions and China's global promises, the Central Committee designated the following year (2011) as the Year of Foreign Aid Quality (援外质量年). The Minister of the MOC Chen named five objectives to its annual foreign aid development agenda: "Steadily increase foreign aid scale, promote foreign aid legal construction, improve the quality of foreign aid works, boost foreign aid capacity building, and carry out foreign aid research"⁵². Guided by these objectives, as well as promptly releasing 12 codes of practices and initiating 19 research projects in the same year, the MOC enforced comprehensive evaluations of China's foreign aid delivered since its first modern pledges made in 2006. Throughout these evaluations, not only were the foreign aid management institutions and delivery enterprises sent to seminars to study China's foreign aid policies; but after

⁴⁹ This conference was convened in August 2010.

⁵⁰ This conference was convened in September 2010.

⁵¹ For full article, see Appendix VII.

⁵² Unpublished government document, February 2011, *MOC launches Inter-agency Coordination Mechanism*, p.5.

inspecting the planning and implementation standard of each projects and programs, the MOC rescinded the qualifications of enterprises that had delivered substandard outcomes, and rewarded those who had achieved excellences.⁵³

Moreover, besides these efforts in improving China's foreign aid capacity, the MOC released an official publication in April revealing how China's foreign aid works. Mainly concerned with obtaining domestic and international support, demonstrating China's determinations in global poverty reduction and comprehensive development, and sharing China's foreign aid experience with the international community, *The White Paper on China's Foreign Aid*⁵⁴ systematically explained China's foreign aid policy, key areas of focus, financial resources, and funding and implementation approaches. Albeit in the context of this paper, the primary figures of China's foreign aid were at large provided in a vague and indistinct manner, it was nevertheless the first attempt by Beijing to make China's foreign aid transparent.

After emphasising improving foreign aid quality in 2011, themed on *Open Up New Prospects for A New Type of China-Africa Strategic Partnership*⁵⁵, the 5th Ministerial Conference of the FOCAC convened in Beijing in 2012. On the basis of celebrating the progress of China-Africa cooperation since 2006 and the realisation of both the old and new Eight-Point Plan (FOCAC, 2012c), Hu pointed out that tremendous changes that had taken place in the world in those past six years. Not only was the impact of the global financial crisis still affecting developing countries, but uncertainties and destabilising factors in international developments also increased (FOCAC, 2012a). Given such a situation, he proposed five priority areas for foreign aid to be used to advance the China-Africa strategic partnership, which were:

To expand cooperation in investment and financing, to increase development assistance and deliver the benefits to the African people, to support African integration and help Africa bring up overall development capacity, to carry out people-to-people friendship tying actions, and to promote peace and stability in Africa to create a secure developing environment. (FOCAC, 2012b)

In the interest of furthering the China-Africa strategic partnership, this proposal inherited the principles of China's previous international commitments; and more, with concerns to open up new prospects for development, it pointed out additional needs for promoting cultural exchange as well as African integration. Guided by these development prospects, this conference was concluded with a Declaration⁵⁶ and an Action Plan⁵⁷ once more to direct China-Africa strategic cooperation in the next three years. By this stage, not only was the development of China's foreign aid in Africa began evolving towards fulfilling China's political and economic pursuits, but it was also sought to caring for both Africa's individuals and the

⁵³ Unpublished government document, January 2012, *Report on Foreign Aid in 2011*, p.5.

⁵⁴ For full article, see <http://www.scio.gov.cn/zfbps/ndhf/2011/201104/t896982.htm>, accessed 18 May 2011.

⁵⁵ "继往开来，开创中非新型战略伙伴关系新局面". See http://www.china.org.cn/learning_english/2012-07/20/content_25963650.htm, accessed 1 December 2012.

⁵⁶ "中非合作论坛北京宣言", *Beijing Declaration of the 5th FOCAC*. See <http://www.focac.org/eng/ltda/dwjbzjjhys/hywj/t954245.htm>, accessed 18 November 2012.

⁵⁷ "中非合作论坛第五届部长级会议 - 北京行动计划", *FOCAC - Beijing Action Plan (2013-2015)*". See <http://www.focac.org/eng/ltda/dwjbzjjhys/hywj/t954620.htm>, accessed 18 November 2012.

unity of Africa as a whole.

All in all, concerning the future development of China's foreign aid in Africa, China's foreign aid is currently placing attention on three key areas: First, while continuously focusing on people's livelihoods improvement, in order to enhance African countries' development capacities, "further assistance is going to be increased in the forms of HRDC instead of the then concentrated *hardware* projects"⁵⁸; Second, to improve the outcomes of China's foreign aid and to accommodate the influence of China's foreign aid across African borders, "China is going to promote its foreign aid on the sub-regional level, and drive the common bilateral foreign aid towards multilateral cooperation"⁵⁹; Third, to encourage exchanges in between governments, enterprises and the peoples, that is, to create a supportive environment for China's enterprises *going out*, "China is going to extensively boost China-Africa friendship development at the individual level, initiate and support media visits, research activities and other forms of cultural exchange programs"⁶⁰.

2005 to 2012 was the comprehensive development period of China's foreign aid in Africa. Following a decade of peaking economic interests, Hu's proposal for building a harmonious world eventually brought China's traditional foreign aid back to the diplomatic frontline, and successfully integrated it into China's business expansion on the African continent. Especially after the 2006 FOCAC meeting, and the successively implemented Plan[s] and Measures, China's traditional foreign aid entered a phase of rapid development so as to achieve the objective of improving people's livelihoods. As evidenced by the rapidly elevated bilateral relationships – from the mutually beneficial cooperative relationship to the mutual progress emphasised strategic partnership; from the quest for sustainable development to the calling for new prospects, by pursuing both politically and economically emphasised development cooperation, China's foreign aid has become ever effective in accomplishing the demands of China and Africa.

In the wake of this contemporary framework, China's foreign aid was made able to achieve a number of improvements under the administration of the MOC. With regards to China's traditional foreign aid, while putting forward Multilateral Training Programs to associate all the participating countries, and introducing Bilateral Training Programs to satisfy the specific need of an individual country,⁶¹ five national institutions⁶² were appointed to accommodate China's rapidly expanding HRDC programs from 2008. In the interest of improving the efficiencies of Medical Teams, its allocation principles were adjusted so as to prioritise the regions with established Chinese foreign aid hospitals, so that the Medical Teams could be better integrated and thus enhance overall outcomes.⁶³ In addition to these changes made

⁵⁸ Unpublished government document, August 2012, *Chen Instructs After the FOCAC Meeting*, pp.29-39.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Unpublished government document, March 2008, *Wu Yi Stress on Human Resources Development Program*, p.4.

⁶² The five national institutions are: Academy for International Business Officials, China Foreign Affairs University, China Executive Leadership Academy in Pudong, Fujian Foreign Economic and Trade Officials Training Centre and The Training Center of Hubei Agricultural Officials.

⁶³ Interview with Chinese official, Freetown, Sierra Leone, 2 September 2011.

in the implementation process, besides the above mentioned inauguration of the codes of practices, research projects, and supervision tours, China also established a Foreign Aid Expert Database (援外专家库) and a Foreign Aid Project Database (援助项目数据库) to further enhances its foreign aid capacity.⁶⁴

Regarding China's commercial interests emphasised foreign aid approaches, what needs to be particularly clarified is that although the old and new Eight-Point Plan seems to have introduced two new funding methods to China's foreign aid in Africa – the China-Africa Development Fund (CADF, 中非发展基金) and the Special Loan for the Development of African SMEs (非洲中小企业发展专项贷款), neither of these funding methods are foreign aid. In spite of their specified arrangements aiming to encourage Chinese enterprises to set up cooperation businesses in Africa and to support the development of African small to medium sized businesses, or as explained by Chen, "[To support] the development of local infrastructure, people's livelihood, agricultural, employment, environmental protection, and in particular the capacity building for the host country to achieve an independent and sustainable future" (cited in CDB, 2009, p.5), both of these China Development Bank (CDB, 中国发展银行) managed funding methods are operating on a *complete* commercial basis.

In sum, as a result of the balance and integration of foreign aid development priorities, along with the deepening strategic relationship of China and Africa, China's traditional foreign aid was taken to the heart of China's African diplomacy once again, and it was successfully merged into a modern development plan concerned with both friendship building and economic benefits. Through the successively settled Declarations and Action Plans, indeed the old and new Eight-Point Plan and Six Measures, not only China's foreign aid continued to focus on the development of Africa's *hardware*, but it also began to balance the emphasis towards Africa's social development as well as improving its own capacity. In contrast to past foreign aid that was particularly biased towards prompting recipient countries' economic development, and was primarily the result of inter-government cooperation, it can be said that China's current foreign aid is gradually transforming into a people focused and most importantly, people benefited comprehensive development assistance.

The Lead of China's Foreign Aid in Africa at Present

To survey the current aims and objectives of China's foreign aid, following the introduction of The Grand Economic Strategy in 1994, China's foreign aid development initially went to one extreme where it placed predominate emphasis on economic interests. Leading to the intention of transforming its previously donation-based foreign aid to mutually beneficial cooperation, China promptly integrated its internal and external economic and trade into its foreign aid; and further, replaced its long favoured turnkey projects with cooperative enterprises. Entering the past decade with China's steadily increasing global responsibility, China appointed new objectives to its traditional foreign aid and duly integrated it with the business orientated contemporary foreign aid (Wang and Zhu, 2008). As summarised by Hu

⁶⁴ Unpublished government document, June 2008, *Fu Emphasises On Seven Points*, p.4.

and Liu, "When Western countries gradually reduced their investments in Africa in the late 1990s, China has rightly confronted Africa's development difficulties, and adequately placed its foreign aid emphasis on African countries' economic development as well as their urgent needs of improving people's livelihoods" (2009, p.20).

Built on these revised aim and objectives, China's foreign aid achieved rapid development in the new century (Zhang, 2006b). Not only have the implementation approaches of China's foreign aid progressed with a variety of methods developed to cope with African countries' diverse development needs, upon convening the routine planning meetings of the FOCAC, this multilateral liaising platform has significantly promoted cooperation between China and Africa, and swiftly advanced the focuses of China's traditional foreign aid from infrastructure to education, science and technology, cultural and other people's livelihoods related sectors. In addition to these improvements, the present-day development of China's foreign aid also placed particular attention on its beneficiaries and practicality, that is, the emphasis on enhancing African countries' human resource development and the ways to realise this emphasis. A typical metaphor utilised by Chinese scholars is to say that China's foreign aid in Africa has successfully evolved from providing a "blood transfusion" to encouraging "blood production" (Shu, 2010, p.85).

In view of these adjustments to China's foreign aid in Africa, on the basis of upholding the consistently followed determination of helping African countries achieve self-reliance, the development of China's foreign aid at present can be summarised as follows. On the one hand, it keenly focuses on the improvement of itself – advancing foreign aid planning and implementation approaches, promoting foreign aid quality and upgrading institutional mechanisms. On the other hand, it progressively chases the objective of improving African people's livelihoods – promoting higher education, health and medical standards, questing for the enhancement of African countries' development capacity. And then, to a broader extent, it facilitates Africa's integration and push for regional stability. In a word, along with the commitments raised through FOCAC and international meetings, not only has China's current foreign aid adjusted to both its political and economic interests, but it has also at the same time, developed to accommodate Africa's development concerns.

China's Foreign Aid in Africa: The Current Planning and Implementation Approaches

当代中国对外援助的计划和实施

Having explored the aims and objectives of China's current foreign aid above, this section details the planning and implementation approaches China developed as a result. Aimed at improving our understanding of China's foreign aid practices as well as building up the measures required for the subsequent investigation of China's foreign aid performance, this section is structured in three parts that closely examines China's foreign aid institutions, funding and implementation methods. In accordance with *The White Paper* (2011), the MOC is the administrative ministry authorised by the State Council to oversee foreign aid, along with the Executive Bureau of International Economic Cooperation, the China International

Centre for Economic and Technical Exchanges and the Academy of International Business Officials which are in charge of foreign aid implementation management. Given the earlier finding that China's foreign aid currently employs three primary funding methods and eight implementation methods, this section now explores: how are each of these institutions and methods related? And, how is China's foreign aid operated?

The Planning of China's Foreign Aid

中国对外援助的规划

With regards to the planning of China's foreign aid, the authority over decision-making has always resided in the hands of the Central People's Government.⁶⁵ Since the first foreign aid China delivered in the 1950s, the State Council has continuously introduced and reformed foreign aid institutions and mechanisms so as to finally arrive at this current point in which the MOC, the MOF and the Ministry of Foreign Affairs (FMPRC, 1954-present, 外交部) lead twenty-one central and provincial institutions in a joint participation foreign aid planning arrangement. Through the foreign aid planning process, the MOC is primarily concerned with the economic aspect of foreign aid and mainly deals with the establishment of foreign aid policies, the drafting of country specific foreign aid plans and the coordination of foreign aid implementations. The FMPRC on the other hand, is responsible for the political aspect of foreign aid such as the foreign aid principles and the decisions on supply. Additionally, the MOF controls the distribution of China's annual foreign aid budget (Huang and Hu, 2009).

Aside from these larger foreign aid planning responsibilities, there are other institutions that take part in China's foreign aid according to their specialities, and they undertake planning for specific foreign aid projects and programs. For example, the Ministry of Agriculture arranges agricultural experts to transfer the required technologies to Chinese agricultural sites while the Ministry of Health allocates medical personnel, medicines and medical equipment to dispatch Medical Teams. In addition to these planning responsibilities, the management of these specialised project and program implementations are also passed to these institutions. Furthermore, adhering to the *Notification of Adjustments of Foreign Aid Project Management*⁶⁶ implemented by the MOC in 2008, the implementation management of China's primary foreign aid methods; namely, Complete Project Aid, Goods and Materials Aid and HRDC, were likewise assigned to the subsidiary public institutions of MOC to further enhance administrative efficiency.⁶⁷

However, what needs to be particularly pointed out is that although the participation of specialised institutions have gradually increased in recent years, representing the Chinese government negotiates and signs off foreign aid agreements, the MOC remains the most important foreign aid institution of China (He, 2010). Altogether within the MOC, there are seven departments and institutions associated with the policy making, management and liaison of China's foreign aid.

⁶⁵ The original words utilised by this Chinese official were "中央事权，国家行为", which directly translate as: "central authority, state behaviour". Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁶⁶ "商务部办公厅关于调整援外项目管理工作职能分工的通知". MOC [2008], No. 34.

⁶⁷ Unpublished government document, January 2009, *MOC Adjusts Its Foreign Aid Management Allocation*, p.42.

The Policy Making Departments

对外援助的政策制定机构

1. Department of Western Asian and African Affairs of the MOC⁶⁸

商务部西亚非洲司

Liaising with all of the Economic and Commercial Counsellor's Offices stationed in the West Asian and African region, this department collects and researches country specific data and provides policy suggestions to the ministry. Apart from bringing together foreign aid related information, it also files other reports investigating the recipient country's trade, economic cooperation, and cultural backgrounds.

2. Department of Aid to Foreign Countries of the MOC⁶⁹

商务部对外援助司

The Department of Aid to Foreign Countries is the central administrative division of China's foreign aid. On the basis of planning for China's annual foreign aid, this department does the following: internationally, it negotiates with the recipient country's government in regards to developing foreign aid agreements; and domestically, it supervises the institutions managing foreign aid and further, develops and enforces foreign aid policies and codes of practices.

3. Chinese Academy of International Trade and Economic Cooperation (CAITEC)⁷⁰

商务部国际贸易经济合作研究院

As a subsidiary academy of the MOC, the CAITEC only respond to the researches initiated by the ministry, and it publishes internally circulated journals and statistics. This academy also edits and releases China's official publications such as *The White Paper on China's Foreign Aid*. Besides general economic and trade focused researches, it has a dedicated China-Africa Research Centre that was established in 2010.

The Implementation Management Institutions

对外援助的执行机构

4. The Executive Bureau of International Economic Cooperation

商务部国际经济合作事务局

Established in 2003, this executive bureau is appointed and commissioned by the MOC to manage the implementation of Complete Project Aid, promote foreign aid services and support Chinese enterprises *going out*. Primarily concerned with the management of Complete Project Aid, it organises the project bidding, tendering enterprises verification, supervision and inspection of contract execution as well as the construction of Complete Project Aid expert teams and database. In addition, this executive bureau also currently manages the implementation of Technical Aid.

⁶⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁶⁹ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁷⁰ Interview with senior Chinese researcher, Beijing, China, 22 November 2011,

5. China International Centre for Economic and Technical Exchanges (CICETE)

中国国际经济技术交流中心

The CICETE was founded in 1983 as a subsidiary public institution of the Ministry of Foreign Economic and Trade. It was first assigned to manage the cooperative projects between China and the United Nations' organisations such as the UNDP⁷¹ and the UNIDO⁷² to promote human resources exchanges and to increase economic and trade cooperation to support the modernisation of China. It was later appointed to provide training courses for Chinese foreign aid personnel and to procure China's Humanitarian Aid supplies. In 2008, the CICETE was additionally assigned to the implementation management of Goods and Materials Aid.

6. Academy for International Business Officials (AIBO)

商务部培训中心

Being the only associated training centre of the MOC, the AIBO is one of the first the State Council approved Foreign Aid Training Centres (援外培训基地). When AIBO began to engage in HRDC programs in 1998, it was initially assigned to provide economic seminars for the developing countries' commercial officials. Subsequent to the foreign aid management adjustment in 2008, it became the principal coordinator of China's HRDC programs. In addition to preparing training courses for high-level officials, the AIBO was also appointed to arrange specialised training courses and associated training centres.

The Liaison Office

对外援助的联络机构

7. Economic and Commercial Counsellor's Office⁷³

中国驻外使(领)馆

Since China established its first Economic and Commercial Counsellor's Office in Vietnam in 1956, these worldwide offices have become the frontline communication and management institutions of China's foreign aid. Principally focused on the local environment research, contract negotiation, foreign aid personnel protection and implementation supervision, the office not only assists in the planning of China's foreign aid, but it also supervises the foreign aid project and program deliveries, as well as monitoring effectiveness and sustainability after project submission.

How China Processes Its Foreign Aid

In the process of providing foreign aid, the involved institutions closely liaise and cooperate. When the MOC draws up country specific foreign aid plans, it seeks advises from the FMPRC and MOF along with other participating institutions to assist and manage specialised foreign aid projects and programs. To be specific, the exercise of China's foreign aid usually begins either with a Letter of Intention from the recipient country to the local Economic and

⁷¹ The United Nations Development Programme.

⁷² The United Nations Industrial Development Organization.

⁷³ China currently established Economic and Commercial Counsellor's Office in 53 African countries, with the exception of Sao Tome and Principe, Swaziland, Burkina Faso and Gambia, which in the meantime ties diplomatically with Taiwan.

Commercial Counsellor's Office or with recommendations from the local Chinese embassy. Upon a feasibility consultation within the office (normally the request far exceeds China's foreign aid planning⁷⁴), the initially approved requests or accepted recommendations are sent back to the MOC for a final decision. While most of the proposals are processed within the ministry, projects that exceed 100 million CNY (approximately 12.5 million USD) need to be put to the State Council for further approval. Once approved, the Department of Aid to Foreign Countries then assigns responsibilities to the relevant implementation management institutions.

In October 2008, the MOC, FMPRC and MOF established the Foreign Aid Inter-agency Liaison Mechanism (对外援助部际联系机制)⁷⁵ to improve collaboration between China's foreign aid institutions, and this mechanism was upgraded to the Foreign Aid Inter-agency Coordination Mechanism (对外援助部际协调机制)⁷⁶ in February 2011. This latest mechanism is jointly participated in by: the International Department of the CCCPC, the Ministry of National Defence, the National Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Human Resources and Social Security, the Ministry of Land and Resources, the Ministry of Transport, the Ministry of Agriculture, the Ministry of Culture, the Ministry of Health, the People's Bank of China, the China EXIM Bank and the China Export & Credit Insurance Corporation. It is aimed at ensuring the comprehensiveness of China's foreign aid and to maximise the contribution foreign aid makes to China's domestic development agenda.

The Funding Methods of China's Foreign Aid

中国对外援助的资金

Concerning the financial resources underpinning China's foreign aid, China currently utilises two financial resources: China's annual government foreign aid budget and the EXIM Bank raised commercial capital to finance its five primary funding methods: Grant, Interest-free Loan, Low-interest Loan, Concessional Loan and Preferential Buyer's Credit. Despite the concerns raised by Brautigam of the latter two funding methods, "One is aid, the other is not" (2009, p.173), of particular concern to this study is China's traditional foreign aid which depends on being solely funded by the Chinese government budget and used for the promotion of recipient countries' economic development and welfare. Hence only the Grant, the Interest-free Loan and the Low-interest Loan are considered as foreign aid in this study, provided that the profitability grounded Concessional Loan and Preferential Buyer's Credit are not meeting this criteria. Building from these points, and minus the earlier terminated funding method of the Low-interest Loan,⁷⁷ this section elaborates on China's traditional foreign aid funding methods of the Grant and the Interest-free Loan.

⁷⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁷⁵ Unpublished government document, November 2008, *MOC launches Inter-agency Liaison Mechanism*, p.4.

⁷⁶ Unpublished government document, February 2011, *MOC launches Inter-agency Coordination Mechanism*, p.5.

⁷⁷ Albeit without providing an official document or specific date, one Chinese official pointed out that Low-interest Loan was terminated at the end of the 1980s. Interview with Chinese official, Freetown, Sierra Leone, 3 September 2011.

Before going further it is important to note that, as an initial step towards drafting country specific foreign aid plans, China first plans its foreign aid budget by individual country – that is, it has a Country Specific Foreign Aid Budget (国别拨款). Despite China's overall foreign aid policy framework, when the MOC and other participating government institutions draw up foreign aid plans, the standard practice is to first calculate and submit an annual foreign aid budget plan to the State Council as per *each* recipient country. Once approved, the planned budgets are then distributed by the MOF to each government institution for the building of foreign aid packages. When the recipient countries' request exceeds China's foreign aid planning for that specific country, in particular, the "single mega project" as referred to by Chinese officials⁷⁸, China disaggregates the funding application and finances the project over successive annual budgets. In extreme situations, for example when a project demands the budget of several succeeding fiscal years, China will then propose to the recipient country to finance the project with a combination of Grant and Concessional Loan.⁷⁹

1. The Grant

无偿援助

Grants are the primary funding method of China's traditional foreign aid. Whilst mainly used for insolvent recipient countries or HIPC's, they focus on projects and programs related to improving people's livelihoods. Besides China's currently favoured HRDC programs, Grants are also utilised to deliver Complete Project Aid such as hospitals, schools, and low-cost housing according to the recipient country's requests. Additionally, Grants are employed to fund Technical Aid as well as other supportive foreign aid methods, such as Medical Teams and Overseas Volunteer Programs. What needs to be particularly pointed out is that a margin of the foreign aid budget planned for Grants are also used to finance China's Humanitarian Aid. Upon the delivery of Humanitarian Aid, the expenditures are accounted for in that country's next annual foreign aid budget plan.⁸⁰

2. The Interest-free Loan

无息贷款

Financed in the same way as the Grant, the Interest-free Loans are likewise solely reliant upon China's annual government foreign aid budget and focus on the project and programs related to improving people's livelihoods. Owing to the non-profit nature of such projects and programs,⁸¹ the tenure of Interest-free Loans are usually 20 years, and this period includes: 5 years of use, 5 years of grace and 10 years of repayment (Government of China, 2011, p.7). Since the implementation of The Grand Economic Strategy in 1994, China has only kept a minimal amount of Interest-free Loans available for developing countries that have relatively sound economic foundations. In accordance with the principle of "to lighten the burden on recipient countries as far as possible"⁸², these loans are expected to be

⁷⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁷⁹ Ibid.

⁸⁰ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁸¹ Ibid.

⁸² The 3rd principle of The Eight Principles, see Appendix I.

gradually transformed to Grants.⁸³

How China Calculates Its Foreign Aid

Since the inauguration of the Concessional Loan in 1995, China's foreign aid expenditures have been closely monitored by the EXIM Bank and the MOF in the categories of Loans and Government Budgets, respectively. Brautigam suggests that to estimate China's foreign aid, three areas need to be assessed: "Ministry of Finance external assistance expenditure, China Eximbank concessional loans, and debt relief" (2009, p. 168). In contrast, this study believes that in order to learn the extent of China's foreign aid, two references should be primarily considered. First, as Zhou pointed out, "With concerns to China's current calculation, only direct financial transfers between governments are regarded as *aid*, including the proportion of *government subsidised interests* of Concessional Loans, but not the rest of the capital that this subsidised interests has brought" (2008a, p.40). Second, according to a senior Chinese official, "Debt Relief is contributed from China's earlier⁸⁴ overdue (write-off) Interest-free and Low-interest loans"⁸⁵.

Therefore, while China has yet to adopt the DAC introduced foreign aid statistical system, this study suggests that to understand the expenditure of China's traditional foreign aid, the National Bureau of Statistics (国家统计局) published *China Statistical Yearbook* is the way to collect data on the entire annual government budget of China's foreign aid. This budget includes China's expenditures for infrastructure, agricultural projects, human resources training courses, dispatching medical teams, as well as the subsidised proportion of Concessional Loan interests, with the only exceptions of the rest of the Concessional Loan capital and Debt Relief. To be specific, in line with the approach proposed by this study, these annual statistics includes the expenditures channelled by the funding methods of Grant and Interest-free Loan,⁸⁶ and these two funding methods financed implementation methods of Complete Project Aid, Technical Aid, Goods and Materials Aid, HRDC, Medical Teams and Overseas Volunteer Programs.

Moreover, whilst this annual government foreign aid budget also includes a margin for Military Aid, Humanitarian Aid, International Multilateral Aid and subsidising the interests of Concessional Loan, it only funded a part of the Fund of Foreign Aid Joint Ventures and Cooperative Projects.⁸⁷ To be exact, this particular fund was formed with repayments from

⁸³ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁸⁴ "Prior to 1993", as this senior Chinese official further explained.

⁸⁵ Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012. With regards to this particular explanation, see also p.13, DAVIES, M., EDINGER, H., TAY, N. & NAIDU, S. 2008. *How China Delivers Development Assistance to Africa*. Stellenbosch: Centre for Chinese Studies, University of Stellenbosch.

⁸⁶ For earlier case studies, these statistics also includes the expenditures of the currently terminated funding method of the Low-interest Loan.

⁸⁷ See "多种形式援外专项资金管理办法", *Notice of the Ministry of Finance and the Ministry of Foreign Economic and Trade on Issuing the Measure for the Fund of Multiple Foreign Aid Forms*. Ministry of Finance and Ministry of Foreign Economic and Trade [1992], No. 966; "援外合资合作项目基金管理办法", *Notice of the Ministry of Foreign Trade and Economic Cooperation and the Ministry of Finance on Issuing the Measures for the Management of the Fund of Foreign Aid Joint Ventures and Cooperative Projects*. Ministry of Foreign Trade and Economic Cooperation and the Ministry of Finance [1998], No. 481.

China's early Interest-free Loans, Low-interest Loans, and the Fund of Multiple Foreign Aid Forms, with the latter fund collected from the margins of China's foreign aid budget in the 8th Five-Year Plan (1991-1995) period. Hence under these circumstances, although this fund has been operating on a commercial basis since its establishment, it is not sufficient to argue that, "China have used some of their foreign aid money to support joint ventures between Chinese firms and firms in developing countries" (Brautigam, 2009, p.166), without making clear that this fund is both currently individualised and is also the result of China's early attempts in generating financial benefits from its (traditional) foreign aid.

The Implementation Methods of China's Foreign Aid

中国对外援助的方式

With consideration given to the delivery of China's foreign aid, utilising the funds of Grant and Interest-free Loan, China at present offers six foreign aid implementation methods in accordance with the ODA criteria introduced by the DAC: Complete Project Aid, Technical Aid, Goods and Materials Aid, Human Resource Development Cooperation, Medical Teams and Overseas Volunteer Programs. Whilst China's foreign aid is primarily focused on improving recipient countries' productivity, development foundations and local health and education standards, these implementation methods are being comprehensively employed in the development areas including industry, agricultural, economic infrastructure, public facilities, education, medicine and public health, as well as clean energy and coping with climate change (Government of China, 2011, pp.20-26).

1. Complete Project Aid

成套项目援助

Managed by the Executive Bureau of International Economic Cooperation, Complete Project Aid has always been the primary implementation method of China's foreign aid. It refers to the projects where China is responsible for providing project survey, design, construction equipment and materials, engineers and technical personnel (sometimes also the marketing of the final product). As of 2009, according to *The White Paper* (2011), China has provided 2,025 Complete Project Aid projects in total in developing countries which have accounted for 40% of China's foreign aid expenditure (ibid., p.10). These projects are distributed across a range of sectors including Agriculture (215), Public Facilities (670), Economic Infrastructure (390), Industry (635) and Others (115).

2. Technical Aid

技术合作援助

As Complete Project Aid, Technical Aid is also currently managed by the Executive Bureau of International Economic Cooperation. Since its inauguration in the 1960s, Technical Aid has focused on transferring technical and management skills after the completion of Complete Project Aid. Thus it was previously integrated with Overseas Training Programs, Medical Teams, and a variety of other Individual Programs as well as Management Cooperation. However, in the 1990s, owing to the failing outcomes of Management Cooperation and the individualisations of HRDC and Medical Teams, China gradually scaled back its Technical Aid

and at present only provides short-term onsite training following the implementations of Complete Project Aid projects.⁸⁸

3. Goods and Materials Aid

物资项目援助

Under the management of the CICETE, Goods and Materials Aid was one of the earliest introduced implementation methods of China's foreign aid and it was primarily utilised to assist China's neighbouring countries who was still battling with foreign invasions. Currently, Goods and Materials Aid is mainly concerned with the foreign aid that provides the recipient country's livelihoods supplies, technical products and individual equipment. Likewise, it supports Complete Project Aid projects in regards to the required construction materials and equipment. After the delivery of goods and materials, the CICETE is also responsible for providing warranty services as well as training courses for the operation of the delivered equipment.

4. Human Resource Development Cooperation (HRDC)

人力资源开发合作

Initially integrated with Technical Aid, the beginning of China's HRDC programs can be traced back to the 1950s, when China offered studentships for North Korean refugee children to study in China. Presently, with China's rapidly increased attentions on recipient countries' development capacities, HRDC has achieved substantial development in the aim of building a harmonious world. In contrast to the situation in 1998, when only 28 African officials attended the very first African Economic and Management Officer Seminar, in 2008, 10,515 people were training in China in over 150 different subjects.⁸⁹ Currently, China's HRDC is organised in two categories: Bilateral and Multilateral Seminars (China to multiple recipient countries), and the courses are offered in three levels: Official, Technician and Student.⁹⁰

5. Medical Teams

援外医疗队

Also Introduced at the very beginning of China's foreign aid, Chinese medical teams first appeared in Egypt in 1956, they then became a permanent feature of China's foreign aid in 1963. Since 1985, Medical Teams has been directly managed and dispatched by the Ministry of Health. In addition to medical personnel, it includes the supplies of medical equipment, medicines, as well as training courses to local doctors and nurses. Other than emergency situations, Chinese medical teams work in two-year shifts in the recipient country, and following the take off of China-Africa relationship in the 1970s, China has implemented this practice⁹¹ which *teams up* Chinese province with the recipient country to provide sustained medical services.⁹²

⁸⁸ The current Technical Aid period is usually 2 weeks. Telephone interview with Chinese official, 30 June 2012.

⁸⁹ Unpublished government document, July 2009, *Fu Speaks at HRDC Experience Exchange*, p.4.

⁹⁰ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁹¹ For example, Hunan province has been responsible for organising medical teams to Sierra Leone since 1973. This was discontinued in 1997 due to the Sierra Leonean Civil War and resumed again in 2000. See p.30, Li, A. 2009. *The History, Scale and Impact of Chinese Medical Teams*. *Foreign Affairs Review*, 25-45.

⁹² Interview with senior Chinese official, Beijing, China, 1 December 2011.

6. Overseas Volunteer Programs⁹³

援外志愿者

Commissioned by the MOC, the Chinese Young Volunteers Association (CYVA, 中国青年志愿者协会) undertakes the recruitment, training and dispatch of Chinese overseas volunteers. Being one of the most recently introduced foreign aid implementation methods, it is aimed at delivering the benefits of China's foreign aid directly to local people. Offered in programs lasting in duration from six months to two years, the volunteers are dispatched to the recipient countries' education, health or other social development related domain. Currently, the majority of these programs are organised in Chinese Language Courses. In spite of a recent government report suggesting that "demand has yet to be found in most African countries"⁹⁴, it is expected to expand in Physical Education and Information Technology.⁹⁵

How China Packages Its Foreign Aid

In the pursuit of China's successively introduced foreign aid objectives, the implementation methods of China's foreign aid complement one other and are based on collaboration. Besides the specialised foreign aid works of Medicals Teams, HRDC and Overseas Volunteer Programs which are organised according to China's Plan[s] and Measures promised in the FOCAC and international meetings, the primary feature of China's foreign aid – Complete Project Aid, is usually determined individually. Provided the importance of Complete Project Aid which often forms the foundation for other foreign aid implementation methods (such as Technical Aid and Goods and Materials Aid), as well as China's limited foreign aid capacity and requests that tends to far exceed China's planned country specific foreign aid budget, China has some guidelines for determining Complete Project Aid projects regardless of its claimed *requests based* foreign aid approach.

As a senior Chinese official⁹⁶ pointed out, although China has yet to issue official instructions for identifying definitive criteria for accepting foreign aid proposals, it has preferences which are (in descending order): the project must be within budget allowance, the project at large is in accordance with the need of the recipient country, the project is mainly concerned with improving people's livelihoods (schools, hospitals, etc), it is easy to operate and maintain (as with landmark projects), it is non-productive or technology based (economic infrastructure), it involves agricultural development. Hence, on the basis of noting that China has an annual foreign aid budget plan for each of its recipient countries and, to some extent, it also has a framework for packaging its foreign aid, this finding contrasts Davies et al.'s suggestions that "there is no fixed aid model [from China] and that disbursements are based on the requests received from the recipient country" (2008, p.51).

⁹³ See "援外青年志愿者选派和管理暂行办法", *The Interim Measures for Designation and Administration of Foreign Aid Youth Volunteers*. MOC [2004], No. 18.

⁹⁴ Unpublished government documents, December 2009, *Dispatch of 300 Overseas Volunteers Completed*, p.7.

⁹⁵ Unpublished government documents, February 2011, *Improve the Management of Overseas Volunteers, Brining Up Overseas Services*, p.36.

⁹⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

The Practices of China's Foreign Aid at Present

Inspecting China's current foreign aid practices, along with the successively introduced and continuously refined foreign aid aims and objectives, the exercising of China's foreign aid has become increasingly proficient and versatile. With considerations given to the planning and implementation management of China's foreign aid, on the basis of introducing specialised institutions to cope with the expanded foreign aid focuses, China first brought forward the twenty-four institutions jointly participated Inter-agency Coordination Mechanism to boost the cooperation amongst foreign aid institutions. With the specialised institutions directly managing projects and programs in their speciality, the MOC then established subsidiary public institutions to manage the implementation of China's primary foreign aid features to improve its foreign aid process. Moreover, concerning China's foreign aid implementation approaches, China restructured its main foreign aid funding methods and adapted its foreign aid implementation methods to coordinate with its further specified foreign aid objectives.

As a result of these contemporary advancements, instead of the previous dilemmas caused by rival political and economic interests, the integrated application of Concessional Loans, Preferential Buyer's Credits and government's foreign aid budget has granted China with the opportunity to realise both mutually economic benefits and friendship building; and further, through the utilisation of Complete Project Aid in the assistance given to Africa's *hardware* development, and exercise of Technical Aid, Goods and Materials Aid, HRDC, Medical Teams and Overseas Volunteer Programs in the assistance of Africa's social development, the focus of China's foreign aid was also made able to extend to both African people's livelihoods and development capacity. Given these efforts that China has made in improving its foreign aid practices, it can be said that the development of China's foreign aid in Africa at present has been competently advanced to pursue the goals of promoting Africa's health and education standards, productivity and development foundations.

Chapter summary

Looking through the current evolution of China's foreign aid in Africa, from the inauguration of The Grand Economic Strategy in 1994 to the opening up of New Prospects for A New Type of China-Africa Strategic Partnership in 2012, China's foreign aid has developed to an extent where it is seeking to accomplish both China and Africa's development demands. Leading to Africa's growing importance to China's domestic development, as well as China's interest in the balancing of political and economic benefits, China has placed its foreign aid emphasis on chasing mutual economic benefits and supporting strategic partnership building. Albeit China's economic benefits grounded contemporary foreign aid approaches to some extent altered the fundamental purpose of development assistance, with particular attention called to China's traditional foreign aid that is aimed to improve African people's livelihoods, bring up Africa's development capacities and facilitate Africa's regional integration, the principal aim of China's foreign aid in Africa has remained consistent with the determination to help African countries achieve self-reliance.

Built on the calming international landscape after the end of the Cold War, the development of China's foreign aid in this period first gave way to its domestic economic development needs. Primarily owed to the financial insufficiency caused by the previous donation based foreign aid practices, and the unsuccessful attempts in pursuing mutually benefits, the development of China's foreign aid was immediately directed to the business ground after the integration with foreign economic and trade. On the basis of extensively promoting the profitability grounded Concessional Loan, and the Fund of Foreign Aid Joint Ventures and Cooperative Projects, these commercial approaches quickly boosted cooperation between Chinese and African enterprises and, as a result, China escaped the financial burdens of simply being a foreign aid donor and began to realise Africa's great potential to contribute to its domestic economic development. However, upon obtaining this sound outcome, China has gone on neglecting its traditional foreign aid and continued to follow commercial thinking and established the multilateral liaising platform of the FOCAC.

Moving on to the 21st century, along with the sound progression of China-Africa relationship and China's elevated international responsibility, China's proposal of building a harmonious world dramatically changed its foreign aid development. Not only did China swiftly resume the exercise of traditional foreign aid and use it to emphasis the objective of improving people's livelihoods, but through the successive FOCAC and international meetings, China also put forward Plan[s] and Measures to drive its traditional foreign aid in the direction of advancing Africa's development capacity as well as assisting Africa's regional integration. At this stage, while China's international commitments bring additional economic cooperation opportunities, by utilising both government funds and commercial capitals, China achieved its political interests with the financial benefits generated by the Concessional Loan and other commercially operated contemporary foreign aid approaches. Its economic interests on the other hand, were also successfully secured with the recipient countries' development centred traditional foreign aid.

Moreover, to accommodate this integrated foreign aid development, several refinements were also made in order to improve China's foreign aid capacity. In addition to setting up the EXIM Bank and allocating specific funds to support the newly introduced business orientated foreign aid approaches, China gradually revised its foreign aid planning and implementation approaches in response to the return of traditional foreign aid. To be specific, in order to upgrade China's foreign aid administrative capacity, China first assigned twenty-four central and provincial institutions to jointly participate in foreign aid planning and implementation management. And then, in the interest of reassuring foreign aid quality, China introduced a number of codes of practices to oversee its foreign aid implementation. Thirdly, with the view of explaining the works of China's foreign aid, China for the first time made its foreign aid relatively transparent. And lastly, leading to the swift expansion of foreign aid focuses, China further refined its foreign aid implementation methods with the aim of promoting comprehensiveness in assisting Africa's development.

To conclude the study of the current development of China's foreign aid in Africa: from the quest for economic development to the building of a harmonious world, China's foreign aid

has evolved from an economic and trade integrated grand economic pursuit to economic and political interests both being considered comprehensive development assistance. Not only it increasingly attends to the improvement of itself, but by combining traditional foreign aid and economic benefits grounded contemporary foreign aid approaches, that is in essence, employing friendship building purposed foreign aid as an *initiative* to facilitate enterprises *going out*, China's foreign aid is now seeking to fulfil the political and economic development requests of both China and Africa. Instead of the previous foreign aid attempts which were predominately aimed to promote economic development, by shifting the emphasis towards recipient countries' people's livelihoods, human resources capacities, indeed that are in effect their development strengths, China's current foreign aid has become notably more insisted on assisting African countries' capacity building.

Subsequent to understanding the development of China's foreign aid, what has been found to be particularly *irresponsible* is that while identifying China's foreign aid objectives in Africa, and learning from its foreign aid planning and implementation approaches, the outcomes of China's foreign aid in Africa has been continuously left in the dark by Beijing. In view of the objectives of building African industrial and agricultural foundations, reducing expenditure while consolidating foreign aid outcomes and improving people's livelihoods, has China achieved any of these objectives? Or more immediately speaking, how is China's foreign aid influencing Africa's development at present? With these questions in mind, the next chapter takes this study to Africa where the exercises and outcomes of China's foreign aid are plainly demonstrated. On the basis of observing and assessing three foreign aid packages that were being implemented according to the afore identified objectives and approaches, chapter five attempts to *empirically* understand the development of China's foreign aid, as well as the effectiveness and sustainability of China's 60 years of friendship commitments.

Chapter Five: China's Foreign Aid in Africa – Assessments

Having understood both China's foreign aid objectives in Africa and its foreign aid planning and implementation approaches more broadly, chapter five addresses the next step towards improving our understanding of this theme. This chapter meets the second objective of this study: that is, to understand the effectiveness and sustainability of China's foreign aid in Africa. In order to survey the performance of China's attempts in helping African countries achieve self-reliance, as well as the factors that affect this performance, it asks two questions: How has China's foreign aid been influencing Africa's development? And how have China's foreign aid outcomes been affected? With these aims in mind, this chapter brings the focus to the implementation sites of China's foreign aid in Africa. In doing so, it observes and assesses three traditional foreign aid packages that have been implemented according to the successive development of China's foreign aid objectives: to build African industrial and agricultural foundations (1958-1978), to reduce expenditure while consolidating foreign aid outcomes (1982-1993), and to improve people's livelihoods (2005-present).

To maximise the scope of these assessments, besides selecting cases on the basis that each one must coincide with China's distinct foreign aid objective in Africa of the given periods for both demonstration and comparison purposes, in view of extending the assessment in terms of China's foreign aid implementation methods, the method of Complete Project Aid is duly determined owing to its underlying character of frequently forming the foundation for other implementation methods.¹ It is through this thinking that chapter five understands China's foreign aid in Africa to the maximum possible extent while taking into consideration both its objectives and practices. As a result, the Magbass Sugar Complex in Sierra Leone, the Ghana National Theatre and the Lekma Hospital (also in Ghana) have been selected as case studies to represent China's industrial and agricultural projects, landmark projects, and people's livelihoods projects, respectively. In addition to each being a Complete Project Aid project, these projects are also in association with other implementation methods including Goods and Materials Aid, Technical Aid, HRDC and Medical Teams.

What needs to be addressed before looking at the case studies is that, while putting forward specific foreign aid objectives in Africa, China has no restrictions on the projects and programs that are *not* coinciding with the particular objective in that given period. According to The Eight Principles, "In providing aid to other countries, the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges"², China's principally *request based* foreign aid approach requires its foreign aid liaising institutions – the Economic and Commercial Counsellor's Offices only to propose, but not to interfere, and also to respect the final decisions made solely by the recipient governments.³ Therefore, apart from China's foreign aid objectives, there may also be other

¹ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

² The 3rd principle of The Eight Principles, see Appendix I.

³ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

projects and programs delivered to the recipient country at the same time. For example, in spite of China's most recent objective of improving people's livelihoods, upon one recipient country's foreign aid request, China delivered 20 vehicles to that recipient country for its government's use.⁴

The study of China's foreign aid performance in Africa investigates the effectiveness and sustainability of China's foreign aid objectives and approaches. Whilst it observes and assesses China's foreign aid packages, this investigation draws particular attention to the factors that have affected and continue to affect China's foreign aid outcomes, regardless of whether these factors are underpinned by political, economic, or other social science subjects concerned with social, institutional and technological behaviours. Such a study is not only significant to the understanding of China's foreign aid in Africa, but it is also essential to the fundamental purpose of this study – to improve the outcomes of China's foreign aid. To achieve these objectives, this chapter brings in exclusive observations of China's foreign aid planning and implementation exercises; and further, draws on extensive interviews with foreign aid officials, workers, and academics. In addition to this, at the end of each primary case study, available government data on other similar projects and programs are also supplied to supplement the arguments raised by this study.

To "Build African Industrial and Agricultural Foundations" (1958 – 1978)

以“帮助非洲国家建立自己的工业，农业基础”为导向的援助

From the beginning of China's foreign aid in Africa to the end of the Cultural Revolution, China's foreign aid has been predominantly influenced by its political underpinnings: that is, the obligations of proletarian internationalism. Whilst its aims in Africa evolved from the desire to support African peoples' liberation movements, to unite African countries against the imperialist world, and then to assist African countries achieve self-reliance, China's foreign aid has consistently concentrated on the objective of building African industrial and agricultural foundations. However, at the early stages, Africa was a completely new continent for China's foreign aid. Thus, in an attempt to identify the most appropriate measures for planning practical and effective foreign aid suited to African conditions, China dispatched a delegation to Africa at the turn of 1964 to explore its economic, cultural, and environmental characteristics as they contrasted with China's familiar Asian neighbours.

Based on this research visit to Algeria, Mali and Guinea, with consideration to improve Africa's long-suffered economic insufficiencies and shortage in human resources, as well China placed the immediate foreign aid emphasis on providing African people's livelihoods related necessities, in the interest of fulfilling its principal aim of helping African countries achieve self-reliance, China also confirmed its long-term foreign aid objective on supporting the development of African industrial and agricultural foundations, with a Complete Project Aid and Technical Aid combined approach. Abiding by these practical instructions, with the foremost guidance of The Eight Principles overseeing foreign aid implementations, not only

⁴ This example was provided by a Chinese official. Interview with Chinese official, Freetown, Sierra Leone, 6 August 2011.

was China's industrial and agricultural foundations building centred foreign aid materially contributed to its return to the UN in 1971, by the end of 1978, it was providing 41 African countries with development assistance.

Given the rapidly growing number of delivered projects as a result of two decades of prompt industrial and agricultural foundations building, in the mid-1980s, how to help the recipient countries to sustain the project effectiveness soon became an increasingly prominent issue. Owing to the often advanced technology of China's foreign aid and the insufficiently carried out technology and management transfers, a number of delivered projects failed to achieve the planned outcomes. In order to improve this situation, the Ministry of Foreign Economic and Trade rolled out the Technical Aid package with various Management Cooperation methods in 1984. On the basis of this new implementation approach, Chinese experts were encouraged to be more involved in the operation of the delivered projects so that while they were providing technical guidance and training, they were also encouraged to participate in project management.

In summary, through the delivery of industrial and agricultural foundations to Africa, China's first foreign aid objective fulfilled its political pursuits and provided some development assistance to Africa. However, subsequent to the inauguration of domestic reform in 1978, not only did China revise this rather sound foreign aid objective, but by the early 1990s, it had gradually reduced its Technical Aid. Based on this evidence as well as China's concern in reducing foreign aid expenditure, the following question arises: What caused the scale back of the arguably essential Technical Aid? Furthermore, considering the achievement of China's political interests, how has the realisation of this objective been effected? Next, this study looks at these concerns through the example of the Magbass Sugar Complex project in order to investigate the effectiveness and sustainability of China's industrial and agricultural foundations building promised foreign aid.

Magbass Sugar Complex,⁵ Tonkolili, Sierra Leone, 1982 – 1995 and 2003 – present

马格巴斯糖联

The Magbass Sugar Complex is a Low-interest Loan funded Complete Project Aid project delivered to Sierra Leone according to an Economic and Technical Cooperation Agreement settled in October 1972.⁶ As well as a sugar refinery and sugar cane fields, the complete packaging of this project also included a fertiliser field and a year of technical cooperation (Technical Aid). Whilst it was agreed in the first year that China and Sierra Leone established diplomatic relationship, this project is believed to be one of the many foreign aid projects that China has delivered to Africa as appreciation for supporting its return to the UN.⁷ Whether it was the Chinese or Sierra Leonean government who proposed this particular Sugar Complex project is untraceable today; although, as a senior Chinese official suggested, it was "most likely to be selected from an *achievable* project and program list based on Sierra

⁵ Unless otherwise noted, all figures presented in this case study have been collected from the Fujian Provincial Chronicle. See <http://www.fjsq.gov.cn/showtext.asp?ToBook=217&index=134>, accessed 3 March 2012.

⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁷ Sierra Leone is one of the 11 countries which both proposed and agreed to bring China back to the UN.

Leone's foreign aid request"⁸.

In February 1973, four months after the initial agreement, the Ministry of Foreign Economic Liaison assigned the project implementation to Fujian Provincial Foreign Aid Department. This department then immediately dispatched a 13-member team of experts to inspect the local conditions. Following a 6-month geological survey, this provincial department identified three locations out of eleven proposed areas in the Northern Province of Sierra Leone, and submitted a report to the Chinese and Sierra Leonean governments for further review as to which location would be best suited to the project. Subsequent to selecting Tonkolili District for project implementation in November of that same year, an 11-month project planning process lastly resulted in drawing up a contract for the creation of 1,280 hectares of sugar cane fields (including 280 hectares of green manure crops), a 400-ton per day sugar refinery (by-producing 6,000 litres of alcohol), and an estimated annual production of 150 days.

After the construction began in January 1977, the Fujian Provincial Foreign Aid Department dispatched 779 agricultural experts and professional workers to facilitate the implementation of the project. On the basis of finishing the contract, this department also additionally formatted 1,850 hectares of land, constructed a 460kw water pumping station, a 70.12km cultivation channel, a 98.2km commuting route, and supplied 13 categories of supporting equipment totalling 108 units. By the time the full completion of the Sugar Complex was reached in April 1981, the cost of the project added up to 21.9 million CNY (approximately 30 million USD at the time). After a year of technical cooperation, running of the project was officially transferred to Sierra Leonean government in February 1982. Immediately following the transfer, the local government contracted the Chinese experts and technicians again to further participation in the project operation.

Observation

In general, the Magbass Sugar Complex is a comprehensively designed foreign aid project in comparison to the modern turnkey projects. "Particularly in terms of the overall packaging, it is indeed rather considerate", asserted the general manager Li Mao, who has been working in the Sugar Complex for over a decade⁹. But to look more closely at the outcomes: when the Sierra Leonean Civil War broke out in 1991, more than 50 Chinese experts and technicians were still working on site and the whole refinery was in need of an overhaul. The sugar cane fields were largely disintegrating and, as Lai summarised, "The 14 years of production at Magbass relied heavily on China's continuous financial supports, mechanical parts supplies, productive material import tax exemption, and protective retailing policy" (1995, p.8). After more than a decade of supplying technical and management support to the Sugar Complex, it is not difficult to come to the conclusion that the project is not sustainable at all. The project planning seems to be fairly thoughtful, yet the project is unsustainable, so we must

⁸ As further explained by this official, "At the early stages of China's foreign aid development, according to the recipient country's foreign aid requests, China normally proposes a list of project and program offers that it considered to be possible to deliver". Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁹ Interview with Li Mao, General Manager of Magbass Sugar Complex (1991-1995 and 2003-present), Freetown, Sierra Leone, 3 September 2011.

ask: what happened at Magbass?

Firstly, [a senior Chinese technician pointed out] the location of the project is most definitely inadequate, it is right in the middle of Sierra Leone, hence the transportation cost is high since Sierra Leone produces nothing that is required by the Sugar Complex, so everything has to come from China. Although arguably no one would construct such an agricultural-industrial project in the city, this location is far too inland [...]. And then with concerns to the field, it is also not even remotely close to the suitable condition for growing sugar cane.¹⁰

Although the location is within a traditional farming region, neither the field conditions nor the transportation links seems to up to standard for producing sugar at an industrial level. However, did Chinese experts at the beginning survey the location of the project? A senior Chinese official admitted that the reason behind that decision was primarily due to President Siaka Stevens¹¹ strategic attempts to neutralise the tense situation in Tonkolili district in the 1970s.¹²

Even though off the official record, a report from the Truth and Reconciliation Commission indicated that:

When Siaka Stevens came to power in 1968, he faced increasing pressure on various issues from prominent natives of Tonkolili District who were in the Army or were members of his APC party... Foday Sankoh, the leader of the Revolutionary United Front hailed from the Tonkolili District.

Setting aside the question of whether utilisation of a foreign aid project to maintain regional peace is rational or not, when looking at the nature of the Magbass Sugar Complex, we must understand that "as an industrial foreign aid project, indeed all productive projects require a supportive environment in terms of the location and the quality of the local work force"¹³. In fact, "to implement the project in Tonkolili hardly makes any sense", as pointed out by a Chinese technician who was injured twice during the previous strikes by local employees¹⁴.

Apart from the problems raised by choosing the location based on Sierra Leonean politics, "China's feasibility study was also problematic", explained one Chinese manager during a conversation over lunch¹⁵. "What China did was a field condition study, but it did not take into consideration the surrounding social environment". A Chinese technician replied: "That is because there are no such employment issues in China"¹⁶. Another said: "Five thousand years of history has taught us basic morality and farming skills". While still another pointed

¹⁰ Interview with Chinese technician, Freetown, Sierra Leone, 3 September 2011.

¹¹ Siaka Stevens was appointed President of Sierra Leone in between 1971 and 1985.

¹² Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

¹³ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

¹⁴ Interview with Chinese technician, Freetown, Sierra Leone, 3 September 2011.

¹⁵ Interview with Chinese manager, Freetown, Sierra Leone, 3 September 2011.

¹⁶ Interview with a group of Chinese technicians, Freetown, Sierra Leone, 3 September 2011.

out that, "if we weren't laid-off when our factories were privatised back at home, no one would've come here". Tonkolili District is considered to be a "lesser developed region" in Sierra Leone, and the local residents are "more traditionally behaved... even our own Sierra Leonean people would not deal with them", as pointed out by a former local employee, who resigned after three months of apprenticeship in the Sugar Complex¹⁷. In view of these strong comments on the social conditions, and despite China's efforts in supporting the project, the Magbass Sugar Complex had a rather challenging beginning.

By 1995, it was already considered to be a "dated and problematic project" (Lai, 1995, p.8). During the period when Chinese experts and technicians were contracted, six institutions from both China and Sierra Leone were either directly or indirectly making decisions on the development of the Sugar Complex.¹⁸ In addition to this confusing institutional set up, "the [decision-making] responsibilities were unevenly distributed, for example, while the Chinese teams were supervising production, the local managers only cared about and fought for the welfare of local workers"¹⁹. "Local employees asking for bribes²⁰" was also a common scene in Magbass, as a group of Chinese employees pointed out²¹: "From bags of sugar to bribing, they [the local workers] believe that is what they deserve, and you wouldn't get anything done without it". However the paradox was that, "the local government repeatedly accused the Sugar Complex of not contributing enough to the country", explained the leader of the interviewing group, "That is simply because everyone of you gets a share [and thus reduces the profit margin]".

Aside from the tangled management of the project, and taking into consideration China's limited foreign aid capacity in the 1980s, the execution of Technical Aid was also largely questionable. As a senior Chinese manager pointed out: "None of the Chinese experts or technicians could speak English or any local language, and there was a lack of appropriately trained translators, so communications were mainly done through body languages in the Complex; therefore, no one had a clue about what each other was saying"²². Although in the end, some of the local employees managed to acquire some skills based on Chinese-offered training and through months of work experience, it was impossible for the Chinese experts to establish successful technology and management transfers. As a result of this, less than half of the full-time technical apprentices had learnt the skills needed to work individually.²³ By the early 1990s, frustrated anticipation with China's foreign aid to the local conditions eventually had negative consequences.

As Lai highlighted:

¹⁷ Interview with former local employee who had worked for 3 months in the Sugar Complex in 2006, Freetown, Sierra Leone, 5 September 2011.

¹⁸ 3 of these institutions were from China: the Ministry of Foreign Economic Liaison, the Fujian Light Industrial Department, and the Fujian Agriculture Department.

¹⁹ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

²⁰ The original words said in the interviews were "吃拿卡要", and which directly translate as: "eat, take, extort and demand".

²¹ Interview with a group of Chinese employees, Freetown, Sierra Leone, 4 September 2011.

²² Interview with senior Chinese manager, Freetown, Sierra Leone, 3 September 2011.

²³ Ibid.

The most confusing issue is the endlessly postponed Major Overhaul Contract. Whilst the Sugar Complex was operating with machineries that breaks on a daily basis, the Sierra Leonean government has decided to enforce import tax on China's granted replacement equipment and mechanical parts. It was impossible for the Chinese government to implement such a contract. (1995, p.9)

"Even without the civil war, the Sugar Complex was going nowhere and was desperately in need of complete management reform"²⁴. For 14 years, from the official hand over of the project in 1982, until the Sierra Leonean Civil War fully broke out in 1995, the operation of the Sugar Complex continuously depended on China's technical and financial support.

Nevertheless, the story of China's foreign aid in Sierra Leone that focused on building industrial and agricultural foundations does not end here. In August 2002, fuelled by the encouragement of the Chinese government in resuming the productions of its earlier delivered projects, an expert team formed by COMPLANT and Si Chuan Africa-Asia Company (formally a provincial foreign aid department) visited Magbass upon the request of the Sierra Leonean government. Despite the "near-terminal" damage done to the Sugar Complex during the Sierra Leonean Civil War (Huang, 2004, p.58), COMPLANT found that there was potential in the complex. "It is still comparatively cheaper to rehabilitate the Sugar Complex rather than build a completely new project", asserted Li, the current general manager²⁵. A year later, a 30-year Lease Contract on Magbass Sugar Complex was agreed between the Ministry of Agriculture and Food Security of Sierra Leone and COMPLANT, with concessional terms of import tax, company income, and work permit exemptions. Upon this agreement, the rehabilitation was started immediately and completed two years later in 2005. At this point, the Magbass Sugar Complex came back into production.

As promising as such progress sounds, China's domestic economic take off did not seem to have provided any positive influence to its approach of managing a productive foreign aid project in Africa. "Problems remained" was the most frequently heard response during this fieldwork. Despite this new lease-based cooperative management approach that has been specifically developed to reduce government influences and to stimulate productivity, an almost identical set of complications has subsequently surfaced. "Besides the usual bribes collected by the local government, the quality of the local work force is even worse than before", complained a Chinese employee, who refused to provide his name even under promises of anonymity²⁶. "Most of the local workers are former rebels, they are very hard to work with", he continued. Because the Sugar Complex is still a SOE, COMPLANT was required to employ a large number of ex-rebels by the local government. Although no official figures were disclosed, the anonymous interviewee estimated that a minimum of 40% of current local employees are former rebels.

²⁴ Interview with senior COMPLANT official, who was stationed in the Complex during the 1980s, Beijing, China, 15 November 2011.

²⁵ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

²⁶ Interview with Chinese employee, Freetown, Sierra Leone, 3 September 2011.

Given this further worsened social condition, a worrying scene was consequently brought to Magbass. "Since we came back in 2002, strikes have become the biggest problem here", pointed out by general manager Li²⁷, "they occur twice a year at least, and the reason is simple and consistent – *salary*". Despite the lack of actual income figures, Li argued that the Sugar Complex is providing the same salary level as other European industries operating in the capital, assuming Li's figures are correct, for a small village like as Magbass, such salary is considerably more than the regional average.

As general manager Li continued:

And none of these strikes were legitimate. We were supposed to be given 21-days prior notice, but all the strikes happened without warning and during the busiest harvest season²⁸. In such a situation the strike must be resolved in their favour. If not, they will stop other people from working too, and the strike leader will close all the routes in and out of the premises, so nobody can come to replace them, and no one can leave unless they [the striking workers] get a pay rise. In fact, we have just raised their salary again, and he [an injured Chinese technician] was just trying to switch on the sugar cane processor.

The local manner in which Sierra Leonean workers exercise their rights is certainly not what the Chinese employees were prepared for; however, there are always two sides of every story. As two groups of local employees argued: "We should be paid more for working here, it is a very hard job, we have to fight for ourselves, or we will not get what we want"²⁹. This is a logic that coincides with Brautigam's findings regarding the stealing issue in Magbass, where her interviewee argued: "If you don't want us to steal, pay us better. That was the whole problem" (2009, p.261). Concerning *the whole problem*, a senior Chinese investor in Sierra Leone pointed out what could arguably be the real issue, "The lack of language skills that made us blind to the local laws"³⁰. Indeed, prior to the first official *Investment Guide Series*³¹ published in 2009, the Chinese management barely understood any local legislation, especially in terms of protecting their own rights.³² "And because of that", the investor added, "the Chinese people working in Africa are well-known for using money to get things sorted out. As for the African employees, who doesn't want more money?".

With concerns leading back to the language issues that have troubled China's foreign aid from the very beginning, the two groups of local employees also shared their opinions on

²⁷ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

²⁸ During the harvest season (annual production period), the production of the refinery has to be continuous until all the sugar canes are processed.

²⁹ Interview with two groups of local employees, Tonkolili, Sierra Leone, 4 September 2011.

³⁰ Interview with senior Chinese investor, Ma, Tema, Ghana, 16 August 2011.

³¹ "中国对外投资和经济合作国别(地区)指南", *Investment Guide Series*. First published by the MOC in 2009. Also available online at: <http://fec.mofcom.gov.cn/gbzn/gobiezhinan.shtml>, accessed 20 June 2009.

³² Admitted all interviewed Chinese companies, including: Yan Tai International, Economic Counsellor's office rehabilitation, Ghana; BUCG, Bintumani Hotel, Sierra Leone; COMPLANT, Magbass Sugar Complex, Sierra Leone; Shenzhen Energy, Sunon Asogli Power Plant, Ghana; SINOHYDRO, Bui Dam, Ghana.

this everlasting obstacle. "Most managers and technicians here don't speak any English at all, and they don't want to talk to us", one worker said. While another pointed out: "We can't learn anything from waving hands". Has China's technology transfer not improved at all since the coming of the new century? As a Chinese technician explained:

Even with our translator, the difficulties in training local people are beyond your imagination. They don't have any knowledge of basic chemistry and machinery. It is easy to tell them when to open a valve, but why open this valve at this particular time? You cannot explain this question to someone who doesn't even know the character of alcohol.³³

Returning to the same arguments raised more than two decades ago, it is apparent that the Chinese experts are still struggling with the local conditions, conditions that include language – local or English – and the lack thereof. Undoubtedly, "as much as we [COMPLANT] have tried to implement technology and management transfer, it has yet to be accomplished"³⁴.

Moreover, besides the strike-fighting management and the miscommunication in Magbass, frequent resignations and movement of local employees have also become an increasingly significant issue in recent years. With the discovery of iron mines in Tonkolili in 2008 and the subsequent entrance of a European mining company (African Minerals Limited), the Sugar Complex lost almost a quarter of its local employees in the following year.³⁵ "Although in Magbass, we are paying as much as the European factories, we are still falling short in terms of working conditions and welfare benefits", admitted general manager Li³⁶, "given that the government restricted 40% of our products to local market, there is not much room for welfare improvement based on our current pay rate". Apart from this, "regular runaways are also not uncommon", one Chinese technician pointed out³⁷, "a notable number of local employees left right after the training courses with the jump suit, boots, and other safety equipment the Complex had provided. There are so many jobs in town nowadays, that it is not only Magbass, but other Chinese companies too that are losing employees to European companies".

In addition to the complications grounded in social and institutional behaviours, two years into COMPLANT's management and operation, the 2007 Sierra Leonean presidential election had a significant impact on the Sugar Complex as it became involved in the rivalry of the People's Party (SLPP) and the All People's Congress (APC). As a result, the Lease Contract of the Magbass Sugar Complex, which was agreed by the SLPP, was repeatedly described by the APC as "a humiliation to Sierra Leone and a forfeit of the country's sovereignty. This contract has cost significant benefits to the Sierra Leonean people"³⁸. It followed that with the defeat of the SLPP, the APC immediately repealed most of the concessional terms so that "the tax

³³ Interview with Chinese technician, Freetown, Sierra Leone, 3 September 2011.

³⁴ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

³⁵ Interview with Chinese informant, Freetown, Sierra Leone, 2 September 2011.

³⁶ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

³⁷ Interview with Chinese technician, Freetown, Sierra Leone, 3 September 2011.

³⁸ Quoted by Li Mao. Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

exemptions and work permit exemptions were all gone"³⁹. At the time of fieldwork in 2011, the Magbass Sugar Complex was operating with a number of obstacles both inside and outside of the premises. Although as general manager Li's optimism suggested, "the Sugar Complex is still running, and we are going to hire a lawyer to defend ourselves"⁴⁰, the future of the Magbass Sugar Complex remains challenging.

Whether the Sugar Complex subsequently hired a lawyer is unknown. After the fieldwork finished at the end of 2011, general manager Li also left Magbass in early 2012. However, with its new appointment in view of improvement, the problems are remaining. According to Sierra Leone News Hunters, residents in seven villages surrounding the Sugar Complex have expressed their dissatisfaction about the project operations in their different communities. Mainly concerned about the poor management and limited social contribution of the project, the local residents pointed out that, "workers in the company are dismissed unlawfully" and "the Chinese have never helped them in terms of scholarships for their children or even building schools" (2012). Regardless of whether the latter concerns should be responsible of a *Sugar Complex*, on the other hand, the Paramount Chief "urged his people to stop stealing from the project" (ibid.). Furthermore, according to a very recent report, the Magbass Sugar Complex was charged by the Labour Committee for over non-compliance with environmental concerns (The New Citizen, 2014).

Assessment

To assess the outcomes of the Magbass Sugar Complex project, during the Technical Aid and Management Cooperation periods, this project has achieved its objective of building African industrial and agricultural foundations, and it has to some extent fulfilled China's principal foreign aid aim of helping African countries achieve self-reliance. Prior to the Sierra Leonean Civil War, the Sugar Complex managed to produce 6,000 tons of sugar annually, which equalled 25% of Sierra Leone's sugar imports; and it also produced as a by-product 500,000 litres of spirit. Furthermore, during the lease period of COMPLANT (since 2005), production reached 8,000 tons of sugar annually (Corkin and Burke, 2006, p.39). Not only has the Magbass Sugar Complex ended Sierra Leone's dependency on import sugar while at the same time benefiting Sierra Leone's economic development, it has also provided permanent employment for more than 300 local people, and seasonal employment for 1,500 additional local people. Until 2014, the Magbass Sugar Complex remained the only sugar producing enterprise in Sierra Leone.⁴¹

However, alongside these achievements, there also are a number of shortcomings that have affected the outcomes of the Sugar Complex. For instance, concerning the effectiveness of the project, because of the feasibility study only considered the geological condition of the recipient country, this oversimplified foreign aid allocation approach first made it had to deal with unknown local conditions. And then, due to the influences of the local decision-makers who favoured the political impacts of the Sugar Complex instead of its practical purposes,

³⁹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁴⁰ Interview with Li Mao, Freetown, Sierra Leone, 3 September 2011.

⁴¹ Ibid.

the project was further put into more complicated situations. Moreover, in addition to the multi-pronged management approach which created conflicts between the Sugar Complex's need for production and local employees' demand for social welfare, as a result of the donor country's restrictive policy of non-interference with the recipient country's internal affairs, the operation of the Sugar Complex was forced to tolerate regular bribes collected by the local government. These conditions brought forth significant financial loss, and also further worsened the local institutional environment.

In consideration to the sustainability of the Sugar Complex project, it is clearly demonstrated that there is no possibility of sustaining production without technical and financial support from the donor country, as general manager Li suggested, "In addition to China's continual provision of production materials and equipment, there was a minimum of 78 Chinese experts and technicians working on site at any given time between 1982 and 1995, fully responsible for the operation of Sugar Complex"⁴². It was the donor country's incompetent Technical Aid and indeed the shortage of foreign aid professionals that primarily caused this disappointing outcome. Furthermore, apart from this issue of unsuccessful technology and management transfers to the recipient country, the domestic political competitions in the recipient country and the excessive local brain-drain situation also contributed to the untenable operation of the project. All in all, in spite of the seemingly satisfactory outcomes delivered by the Magbass Sugar Complex at first glance, there are three major factors that have affected its effectiveness and sustainability:

1. Political interference

The political influence on this project originated from both the donor and the recipient countries. First, there was the recipient government's repeated interferences, which first saw this project introduced into a domestic conflict zone and then later led it into an awkward political rivalry. Second, there was the donor's country's restrictive foreign aid policy – The Eight Principles. Although arguably these principles to some extent guaranteed the foreign aid implementation standards, given the dominate political emphases of such a guidance, it also prohibited the donor country from enforcing positive solutions to the recipient country's management behaviours, regardless of whether these behaviours indulged local corruption or undermined the eventual foreign aid outcome.

2. Limited foreign aid capacity

Given the donor country's limited foreign aid capacity, its incompetent project planning and implementation caused many noticeable complications to the project outcomes. Aside from the incomprehensible project planning which failed to consider the local conditions at the beginning, there were also issues with the tangled project management and the shortages of appropriately skilled foreign aid professionals. As a consequence, not only was this project continuously involved in complex situations, but it was also sent to divergent development directions as well as failing in technology and management transfers. In the end, regardless of the donor country's efforts of Management Cooperation and Lease Contract, these issues

⁴² Ibid.

to a degree pushed the recipient country to foreign aid dependency.

3. Unsupportive institutional environment

In addition to the political interferences and the donor country's limited foreign aid capacity, the neglected brain-drain situation by the recipient country has also notably harmed the positive outcomes of the project. Owing to the extremely limited number of skilled local employees, and the unmatched welfare and income standards between emerging and traditional enterprises and donors, the lack of control over employment migration has caused an estimated 20% of domestic brain-drain. As a result, in the consequently created employment competition between foreign companies in Sierra Leone, particular attention is called to the uncompetitive China's foreign aid and low-level of wages, welfares and so on. The project outcomes were further worsened due to the hefty loss of employees.⁴³

Sincere But With Only Limited Capacity

To conclude the study of China's foreign aid that focused on building African industrial and agricultural foundations in a project in Sierra Leone, China's first foreign aid objective only delivered some development assistance. As estimated by a senior Chinese official:

The survival rate of the early industrial and agricultural projects is less than 5%... not only have these projects generally failed in the sustainability aspect, extreme cases such as the Rice Processing Factory in Sierra Leone (which has not operated at all due to the inexistence of rice grain) are also no rarity to China's foreign aid in this period.⁴⁴

Albeit there is an absence of detailed official statistics on China's industrial and agricultural projects in Africa, with concerns to the general outcomes of these projects, Shi pointed out that, "by the end of 1985, most of the effective and sustained industrial projects survived on China's continuing support" (1989). Whereas with regards to the scale of these projects, *The White Paper* recorded 635 Industrial Projects and 215 Agricultural Projects, making up 41.9% of Complete Project Aid projects that China has delivered globally up until 2009 (2011, p.10).

Based on available statistics, the majority of effective and sustained projects have seen similar situations as the Magbass Sugar Complex project assessed above, for example: the Mulungushi Textile Factory delivered to Zambia in 1983, which first transformed from a joint investment project to Grant project in 1979, and then survived with Chinese Management Cooperation from 1984 (Lin, 1997, p.6); the Conakry Match and Tobacco Factory delivered to Guinea in 1964, which first requested an overhaul and an additional Tobacco Cultivation Centre in 1972, then a complete upgrade in 1976 (Government of China). Even considering some exceptional examples, such as the Rwanda Cement Factory (transferred in 1984, Management Cooperation until 2006), which both fulfilled the domestic need and achieved

⁴³ Estimated by the managers of Sunon Asogli Power Plant, Ghana; Bui Dam, Ghana; Magbass Sugar Complex, Sierra Leone; CRSQHW road construction project, Sierra Leone; and two senior Chinese officials interviewed in Sierra Leone and Ghana on 1 September 2011, 20 August 2011, respectively.

⁴⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

exportation (MOC, 2004), and the Burundi Bujumbura Textile Factory (opened in 1980, equipment first upgraded in 1997, and then again in 2006), which obtained significant profits (Lin, 1997, p.7), the result of foreign aid dependencies of China's industrial and agricultural projects in Africa are nonetheless plainly obvious. Without continuous Chinese support, these projects would all have failed.

Given these almost identical results, it can be seen that as well as China's determination in building African industrial and agricultural foundations being affected by the political impacts, the contrasting social behaviour and the underdeveloped local institutional environment, the outcomes of these projects were fundamentally undermined by China's incompetent foreign aid planning and implementation. To be specific, in addition to the inept allocation approach which initially overlooked the local conditions, and the restrictive foreign aid principles that rigidly prohibited China's involvement in local affairs, China's lack of adequate foreign aid professionals and management approaches have directly driven its foreign aid to insufficient project operations and unsuccessful technology and management transfers. Although after China's domestic reform, the newly founded cooperative foreign aid approaches improved the project sustainability in the short-term, provided with the remain politically tied foreign aid principles and the unimproved Technical Aid, both these factors have steered China's industrial and agricultural foundation projects to disappointing results.

Nevertheless, as pointed out by Liu, "With the deepest belief in proletarian internationalism, China's attempt in building African industrial and agricultural foundations was sincerely minded in assisting Africa's development"⁴⁵. Albeit it at large failed to deliver the promised development assistance, the exercise of this foreign aid objective significantly improved China's foreign aid capacity and to some extent benefited Africa's development. By the early 1990s, regardless of China's improving domestic economy, given that the revised Technical Aid continued to failing in sustaining delivered industrial and agricultural projects, China stopped this foreign aid implementation method and invited its further productive foreign aid requests to the newly inaugurated Concessional Loan. While adopting commercial funding to improve the outcomes of productive foreign aid projects as well as to fulfil China's economic interests, in consideration to China's political interests concerned, government budget funded traditional foreign aid, it has continued with the delivery of less financially demanding and less technical landmark projects.

To "Reduce Expenditure While Consolidating Foreign Aid Outcomes" (1982 – 1993)

以“减少支出，巩固援外成果”为重点的对外援助

Following the rapid development of China's diplomatic relationships in the early 1970s, the excessively delivered industrial and agricultural foundations building focused foreign aid induced tremendous challenges to China's domestic development. As a result of the break out of the Cultural Revolution and China's successful return to the UN, China's political interests emphasised foreign aid and pushed the ignorance of economic considerations,

⁴⁵ Interview with Prof. Liu Liyun, Renmin University, Beijing, China, 27 November 2011.

indeed the over acceptance of foreign aid requests ensued domestic financial burdens to China. In view of this situation, and provided the stabilising international environment and China's government reforms, China implemented the reform policy and adjusted its foreign aid approaches. Subsequent to which, not only the political dominance to China's foreign aid was finally concluded, but these changes saw the newly awakened economic interests swiftly evolve into The Four Principles used to guide China's further foreign aid implementation.

As an Africa centred, economic interests emphasised addition to The Eight Principles, The Four Principles continued to build on the concepts of non-interference with each other's internal affairs and mutual respect, while remaining faithful to the aim of helping African countries achieve self-reliance. On the basis of abiding by the terms introduced by The Eight Principles, it placed additional emphasis on the realisations of mutual benefit, practical results, diversified implementation forms and the achievement of common progress. In line with this revised guidance, and acting on the newly raised foreign aid objective of reduce expenditure while consolidating foreign aid outcomes, the Chinese government immediately reinstated limits for its foreign aid budget and requested that further foreign aid be based on improved feasibility studies, with specific attention to be paid to the appropriateness of the recipient country's local conditions.

Further, in order to improve the planning and implementation approaches of China's foreign aid according to this new objective, China first upgraded its Technical Aid with Management Cooperation to promote project sustainability. And then, in the interest of reducing foreign aid expenditure and planning projects and programs that directly benefits the local people, China introduced the less financially demanding and less technical landmark projects. In addition to concern for African countries' shortages in management and human resources capacity, this landmark project planning was also proposed in consideration of maintaining African countries' confidence in China's foreign aid. As pointed out by a Chinese official, "Provided the overall reduction of foreign aid budget in the 1980s, landmark projects can make up the friendly relationship pursued by the Chinese government, and that is the reason why most of China's landmark projects were named with *friendship*"⁴⁶.

Owing to the conservative nature of landmark projects, this new planning approach allowed for both China's financial shortages and African countries' disadvantages in development capacities. However, it has fundamental limitations in providing adequate development assistance, let alone providing for the need to "increase income and accumulate capital"⁴⁷ as promised by The Eight Principles. At present, while landmark projects remain the *secondary choice* of China's foreign aid planning,⁴⁸ the effectiveness and sustainability of these projects are still largely undiscovered. Therefore, given the significant number of landmark projects that China has delivered, and is still delivering to Africa, the question arises: how have these projects been influencing Africa's development? And, should China carry on delivering landmark projects as development assistance? Next, this study brings these queries to one of

⁴⁶ Interview with Chinese official, Freetown, Sierra Leone, 29 August 2011.

⁴⁷ The 5th principle of The Eight Principles, see Appendix I.

⁴⁸ Interview with senior Chinese official, Accra, Ghana, 20 August 2011.

the most iconic Chinese landmark projects in Africa – the Ghana National Theatre, to find out the outcomes of China's friendship projects.

National Theatre, Accra, Ghana, 1992 – present

加纳国家剧院

The Ghana National Theatre is an Interest-free Loan funded, Complete Project Aid project agreed during President Jerry Rawlings' visit to Beijing, 18 September 1985.⁴⁹ Located in the downtown of the capital city of Accra, this multi-functional theatre is fitted with a 1,500-seat Drama Hall, Rehearsal Rooms, Office Buildings, and a range of other supportive facilities. After the agreement, this project was contracted to Hangzhou Architectural Design Institute for design and allocated to China Guangzhou International Economic Technical Cooperation Company (GIETC is a subsidiary provincial enterprise established by the Ministry of Foreign Economic and Trade) and China Radio and TV (CRTV) for construction. The total cost was 60 million CNY (approximately 15 million USD at the time) (GIETC). Upon completed in 1992, the theatre was immediately transferred to the Ghanaian government and went into operation.

After more than a decade of service, the Ghanaian government approached China again for foreign aid regarding the rehabilitation of the theatre in 2005. Considering the significance of the project and the historical ties between China and Ghana, China granted 2 million USD for the request, and using this money, it repaired equipment and upgraded the theatre to modern standard (FMPRC, 2005). To mark the opening of the renovated theatre, not only did the Ghanaian government adopt the theatre's image for its newly released 20,000 Cedi currency, but during Jia Qinglin's⁵⁰ visit in 2007, the initial Interest-free Loan provided for the project was waived along with other debts that had been due before 2005 (MOFCOM, 2007). Currently, the National Theatre houses three resident companies: the National Dance Ensemble, the National Symphony Orchestra, and the National Drama Company.

Observation

With all the projects possible to launch using China's principally *request based* foreign aid planning approach, why would Ghana have requested help creating a National Theatre while still being rated by the UN as a Least Developed Country in 1985? This is one of the primary questions that encouraged this entire study, and it has always been the most confusing of them all. Naturally, this was one the first questions that the researcher asked when arriving at the National Theatre for the first time. As explained by one of the theatre's senior employees, who seemed rather intrigued:

We are trying to develop, and we have the people to develop performing arts, that including, music, singing, dancing, comedy. All of these subjects are being studied in schools and universities, and when all these people graduate, where are they going to have the office to practice, to bring up the young ones? There was no such place at that

⁴⁹ Jerry Rawlings was the first President of Ghana, and he was in office in between 1993 and 2001.

⁵⁰ Jia Qingling was appointed Chairman of the National Committee of the Chinese People's Political Consultative Conference in between 2003 and 2013.

time.⁵¹

Regardless of the importance of the performing arts in Ghana, indeed in Africa as a whole, in the 1980s, 60 million CNY would have built hospitals, schools, or many other non-productive but reasonably development based projects. But a theatre was even more important in Ghana than such projects because "art can also diagnose a lot, people can go to theatres to cure mental problems that even psychologist cannot do. Also there were hospitals, roads, and malaria centres. Although not enough, but we do have some. As for arts, there were nothing", argued a senior manager who has been with the theatre since the construction⁵². "Before the theatre", he continued, "there was only a small drama studio in Accra with less than 100 seats, but Ghana needed something big, a theatre for everybody. So Ghana asked China for help, and then China made two offers: a stadium or a theatre. At that time, the theatre planning had already come out, so it was the obvious choice".

Although arguably a straightforward reason, whether the Ghanaian planning or the Chinese offers really are the adequate development solution for a Least Developed Country remains controversial. However, in the particular case of Ghana, as further explained by the theatre's employees, "Ghana as a whole country, it has its priority needs, but development also needs to be level. No one sector should develop further than the other. If road develops further than industries, what is the point? They should complement each other"⁵³. And then, as another employee said: "Even though Ghana had other problems at that time, Ghana also needed a theatre. If the Chinese hadn't give us the theatre, we don't know who will give us, may be it will take another 50 years"⁵⁴. Further, as explained by a young drum player, "Now in the West Africa sub-region, there are a lot of conflicts. So it's a good idea that we have a theatre, where everybody can sit down and have a laugh. That is the reason why Ghana is in still peace"⁵⁵.

For an even development progress or for peace building? In contrast to the perspectives of the theatre employees and musicians, politicians saw the project in another light. As pointed out by a senior government official who was at the negotiation table in Beijing in 1985:

Relationship usually develops informally, it builds without frames or structures, and the theatre project is how it started... At that time, China and Ghana had just begin rebuilding our relationship and looking for cultural cooperation, so it was natural to settle the aspirations on a National Theatre. Besides, the Ghanaian government also recognises the expertise of China in cultural development and building construction... After the theatre, we have done a few projects, and China and Ghana are now known to each other much better. So in recent times, especially after President Mills⁵⁶ visit to

⁵¹ Interview with Public Relations Officer, Francis Aklie, Accra, Ghana, 19 August 2011.

⁵² Interview with Estate Manager, Kwesi Wilson, Accra, Ghana, 19 August 2011.

⁵³ Ibid.

⁵⁴ Interview with General Management Officer, Accra, Ghana, 24 August 2011.

⁵⁵ Interview with resident Drum Player, Accra, Ghana, 19 August 2011.

⁵⁶ John Atta Mills was appointed President of Ghana in between 2009 and 2012. Prior to which position, he was appointed Vice President in between 1997 and 2001 to President Jerry Rawlings.

Beijing in 2010 in regards to a framework agreement with the Chinese government, we have decided that China and Ghana should do it within a more comprehensive package.⁵⁷

Expert in cultural development or not, China was only just recovering from the chaos of the Cultural Revolution at the time. While both China and Ghana were striving for development, it is not hard to realise that from a political standpoint, the National Theatre project was only regarded as a gift or, in political terms, a sign of commitment to the relationship. Whether it was going to be a theatre or a stadium was to a large extent irrelevant, as long as there was a project that demonstrated the intentions for bilateral relations. In this particular instance, the National Theatre definitely made a contribution to improving the relationship between China and Ghana. However, as a foreign aid project that was framed in terms of development assistance, neither cultural needs nor relationship building seems to be the adequate answer. As Brautigam plainly pointed out in a case study of building the Bo City Stadium in Sierra Leone, "They don't meet *our* definition of what a poor country 'should' do with pledges of aid" (2009, p.138).

Nevertheless, while the National Theatre certainly fulfilled its political responsibilities, how has it actually contributed to society as a theatre? "The theatre is not accomplishing what it should, because it is supposed to promote arts, put up small theatres and support traditional arts in all ten regions in Ghana, so arts can really meet the whole country", pointed out one of the theatre's employees highlighting the aims put forward in The Ghana National Theatre Act (1991)⁵⁸⁵⁹. "But due to government financial constrains, it was impossible for the theatre to achieve that", added another employee:

And now the government has stopped funding us from last year, we don't know how long this theatre will stay open. It is true that the theatre has to be self-sufficient, but it takes time, and we have not been very lucky. Chairman Mao led China to development, but in Ghana, we have not been able to do so. There is always some other decision made for something else. The theatre is here 20 years, but the policy is still the same.⁶⁰

Whilst the interviewees refused to discuss the *unlucky* details of the claimed government constrains, and noting the importance of supporting policies for a state-owned property, with considerations regarding the operation of the theatre, it seems to have a more obvious issue – why has a ticket-selling theatre required two decades of government support? As one management employee explained: "We are losing a lot of programs. The resident companies hardly stages any shows, and sponsorship is also very difficult to find in Ghana. Since each of the companies has their own directors, sources and bank accounts, they prefer to play and earn elsewhere"⁶¹. Another pointed out: "Only some of the internal generated funds were

⁵⁷ Interview with senior Ghanaian official, Accra, Ghana, 18 August 2011.

⁵⁸ Interview with Public Relations Officer, Accra, Ghana, 19 August 2011.

⁵⁹ The Ghana National Theatre Act is available online at: <http://ghanalegal.com/?id=3&law=517&t=ghana-laws>.

⁶⁰ Interview with senior National Theatre employee, Accra, Ghana, 24 August 2011.

⁶¹ Interview with General Management Officer, Accra, Ghana, 24 August 2011.

used to support the saloon, most of them were used for the end of year party"⁶². Yet another employee picked up on this point of mismanagement: "Someone also says that maybe we should bring back the white man, so they can manage it for us"⁶³.

As desperate as the current situation sounds, with limited government support and a rather slack management approach, the reason why the theatre still struggles to sustain itself is becoming clear. In addition to the domestic conditions, as this employee added, "Do you see the air conditioning? It has stopped running for two years. We don't have the money to fix it, but it also shows that the Chinese product is not very good, this is a new system that they installed in 2005"⁶⁴. With concerns moved to the project built quality, as this study later found out with one Chinese official:

Nothing lasts forever. Particularly when you are not servicing it as you should. When China rehabilitated the theatre in 2005, one of the primary reason why we updated the equipment is because they are beyond repair. Ghana does not have the technicians to maintain the equipment, nor the funds.⁶⁵

As well as a first-hand experience, this is likewise a concern that highlighted one of the major issues with China's foreign aid in Africa. In terms of the foreign aid packaging, what technical standards should China adopt to? The local standard, or according to The Eight Principles: "The best-quality equipment and materials manufactured by China"⁶⁶? More to the point, with regards to the *Made in China* perspective of China's foreign aid, a complement was also offered by one of the National Theatre's senior managers:

There always are some lazy people trying to blame the others. The Chinese people came here to build the national theatre, they requested for a place to stay near the project site. Why? To cut down the transportation cost, to cut down on man-hours wasted on the journey. At the same time, we were also putting up the International Conference Centre, the contractors went further away to accommodate in a fancy hotel. When the Chinese come to work, they are fully equipped with working clothes on. The other guys, when they come here, they are in fully air-conditioned buses. And when the buses were found unpaid for custom duty and confiscated, it became a big problem for them to move the project people to the site. Whereas the only time the Chinese stopped working is because the locals stole the materials, and when the project is delayed, they [the locals] turn back to blame them [the Chinese].⁶⁷

The initial plan was to build a theatre for the local people to enjoy and arts graduates to perform, but the resident companies are not staging any programs that earn a ticket to

⁶² Interview with National Theatre employee, Accra, Ghana, 24 August 2011.

⁶³ Interview with Public Relation Officer, Accra, Ghana, 24 August 2011.

⁶⁴ Ibid.

⁶⁵ Telephone interview with the project leader of the National Theatre Rehabilitation, Beijing, China, 2 November 2011.

⁶⁶ The 6th principle of The Eight Principles, see Appendix I.

⁶⁷ Interview with Estate Manager, Kwesi Wilson, Accra, Ghana, 24 August 2011.

sustain the theatre. The initial plan was to develop a good relationship between China and Ghana, the proof of which saw Ghana ending up with a state-owned, subvention demanding foreign aid project. The initial plan was considerate of both China's financial shortages and African countries' limited development capacities, but then China had to eventually come back to maintain the project. When all these issues are added up, it is obvious that even today, Ghana's domestic management and human resources capacities are still unable to coping with a state-owned theatre. Although such conclusion might have overlooked the sound political outcome – the stable and close relationship developed in between China and Ghana, but as a development promised foreign aid project perhaps, the end-result of a financial burdening theatre was not really a sound *gift* for Ghana at all, and this raises the broader question of whether or not China should continuing to deliver landmark projects.

To provide an update of the running of the project after fieldwork, in October 2012, one report suggested that the National Theatre appointed a new Executive Director and a new Deputy Executive Director in view of "[they could] play a pivotal role in the development of institutions linkages and mutually beneficial relationships between the National Theatre of Ghana and other artistic and cultural institutions in Ghana and abroad" (Modern Ghana). However, according to a visiting note entitled *Save Ghana's National Theatre Now* published two years later, the situation of the theatre "required that I [the author] inquire about some few issues concerning the maintenance of the place" (Sarpon, 2014). As the author pointed out, "Filthy fountain in front of the theatre... the mountain of garbage heaped just at the entrance...", whilst additionally stating that, "the National Theatre houses at least three resident companies... but performances either within or outside the country are least heard of" (ibid.). Assuming this visiting report was done objective, the Chinese workers might be coming back to the premises very shortly for the second time.

Assessment

To assess the outcomes of the National Theatre project, we return to the principal architect's revisiting report in 1996, which reported: "the National Theatre staged almost 300 plays in the past two years" (Cheng, p.5), and elaborated that this project appears to have benefited the recipient country's cultural development in the short-term. Considering the theatre has also provided employment opportunities for three performing arts companies, a number of administrative staffs, as well as supporting for the current political relationship between China and Ghana, it seems to have contributed to the recipient country in the long-term. Further, since the theatre adopted a commercial approach as a result of the termination of government subvention in 2010, it has to some extent improved in aspects related to sustainability.⁶⁸ However, while the practical results of this improvement are yet to be seen as far as the theatre's designated purpose of promoting cultural development goes, it has indeed failed in terms of both project effectiveness and sustainability.

In spite of the immediate development benefits, the overall political successes, and recent financial improvements, there are a number of factors that have harmed the ability of the

⁶⁸ Interview with Public Relations Officer, Francis Aklie, Accra, Ghana, 19 August 2011.

theatre to promote cultural development. Regarding project effectiveness in particular, even though there was continuous policy support granted by the local government and successive financial assistance packages delivered by the donor country, this did not solve the problem of a lack of an appropriate management approach. As one senior theatre employee put it: "It is common for the staff to not show up until 11 am"⁶⁹. Moreover, such absences of the resident companies and administrative employees have had knock-on effects on the ability to promote cultural development. They have also driven to financial insufficiencies in the project. Because detailed records do not exist, it is impossible to determine whether the absences of main employees led to insufficient project funding or vice versa, but both of these factors have had a negative impact on effectiveness of this project.

As for the sustainability of the project, in addition to the problems caused by the absences of main employees, the continuation of the National Theatre was substantially limited by the inadequately planned project standard. As the principal architect suggested, the project planning was conducted jointly by both donor and recipient countries, and further it was planned and implemented in accordance with the donor country's foreign aid principles so that the project "reflected our [the donor country's] latest technological achievements in this ground" (Cheng, 1996, p.6).⁷⁰ As a result of failing to package the foreign aid according to the recipient country's technical and management development conditions, not only has the project demanded a great deal of local government supports, the donor country was also brought back to provide further assistance in the maintenance and functional upgrade of the project. With all these brought together, there are two major factors that have affected the effectiveness and sustainability of this project:

1. Limited foreign aid capacity

Because of the donor country's limited foreign aid capacity, the project outcomes were fundamentally undermined by its inadequate project planning which failed to accommodate the recipient country's technical and management development conditions. Although in this particular case, the advanced technical standard arranged and implemented for the project benefited the recipient country's cultural development in the short-term, provided the lack of planning on additional technical and management support to begin with, the unsuitable project standard has materially restricted the long-term effectiveness and continuation of the project.

2. Unsupportive institutional environment

Aside from the claimed government constraints, which according to the interviewees, to some extent sabotaged the financial outcomes of the project, based on the available project details, the lack of policy enforcement from the local government has substantially harmed the project operation. In spite of the recipient country's efforts in introducing legislation related to the running of the project, the unsatisfactory execution of such legislation and the

⁶⁹ Interview with senior employee, Accra, Ghana, 19 August 2011.

⁷⁰ In addition, the Ghana National Theatre was also awarded "Outstanding Foreign Aid Project" by the Ministry of Foreign Economic and Trade in 1992. Data obtained in the Economic and Commercial Counsellor's Office of the Embassy of the PRC in the Republic of Ghana, Accra, Ghana, 29 July 2008.

uncontrolled budget allocation have driven this project to complete financial meltdown. The behaviour of its employees in the meanwhile have also made major contribution to its failing situation.

Foreign Aid Subject to Domestic Development

To summarise the study of China's foreign aid that was planned to reduce expenditure while consolidating foreign aid outcomes, whilst it was primarily realised in the implementation of landmark projects, China's second foreign aid objective has, at least with regard to the National Theatre in Accra, not been able to deliver adequate development assistance. Albeit there are no official statistics regarding landmark projects, as for the distribution of this particular type of foreign aid projects, an early study conducted by Law indicated that, "the building of sports stadia is one of the most prominent forms of Chinese aid to Africa: China has constructed, or plans to construct, stadia in 17 African countries; present almost every country along the West African coast has a Chinese-built stadium" (1984, pp.337-38); and further, *The White Paper* listed the building of 85 Conference Buildings, 85 Sports Facilities, 12 Theatres & Cinemas, 143 Civil Buildings and 37 Municipal Facilities, which made up 17.9% of China's Complete Project Aid projects delivered globally prior to 2009 (2011, p.10).

In addition to the Ghana National Theatre project assessed above, China's landmark projects are generally characterised by the unattainable sustainability of such projects. As this study found out the following projects all are evident failures: the National Stadium delivered to Sierra Leone in 1979, which subsequently required two Chinese Grants for rehabilitations in 1992 and 2002 (MOC, 2003b); the Benin Cotonou Friendship Stadium delivered in 1982, which first required repair of its tennis court in 1988, and then maintenance of its Light Tower in 1993, and major rehabilitation in 2002 (MOC, 2003a); and the Uganda Stadium delivered in 1994, which required maintenance in 2011 (MOC, 2010b). Even considering the relatively *less* demanding projects such as Palaces or Civil Buildings, they too have required additional assistance in their up keep. For instance, the Zaire People's Palace delivered in 1979, required major rehabilitation in 2012 (MOC, 2012); while the Djibouti People's Palace delivered in 1985, required a complete upgrade in 2011 (MOC, 2010a).

In light of these almost identical results, taking into account China's already problematic Technical Aid which was purposed to transfer the required technical and management skills to recipient countries, China's landmark projects were substantially undermined by its inadequate foreign aid planning. As plainly summarised by a Chinese scholar, "When the foreign aid package does not match the recipient country's development conditions, it is not going to have sustainable outcomes"⁷¹. "Take for example the National Stadium delivered to Tanzania in 2004", as she further added⁷², "it is closed most of the time due to its massive running costs. However, the smaller sports centre next door is as busy as a Sunday market. Although these [landmark] projects provided some development assistance to the recipient country, the practical value is extremely low". Moreover, as a result of inadequate project

⁷¹ Interview with Chinese scholar, Zhejiang Normal University, Zhejiang, China, 14 October 2011.

⁷² Ibid.

planning, "China has to protect its *landmarks*, and a significant amount of foreign aid budget has been wasted on maintenance rather than providing further assistances"⁷³.

Nevertheless, whilst China was recovering from domestic development chaos in the early 1980s, the alteration to the less expensive landmark projects has fulfilled both of its political and economic interests. Although on the other hand, this new foreign aid project planning has to a large extent failed to provide adequate development assistance to Africa, it has undoubtedly benefited development of bilateral relationships. At the end of 1994, with further reforms quickly taking place, the newly introduced Concessional Loan drove China's foreign aid in a completely different direction. Not only has this commercial fund based foreign aid funding method finally led China's foreign aid to greater mutual benefits when it comes to development cooperation, it has propelled China's economic development swiftly forward. However, regardless of this significant improvement to foreign aid coming into the contemporary era, with concerns to China's political interests emphasised traditional foreign aid, it remained consistently with the choice of landmark projects.

To "Improve People's Livelihoods" (2005 – present)

以“改善人民生活”为目标的民生项目援助

Subsequent to switching to the delivery of landmark projects in the 1980s, China's foreign aid progressed and led to an awakening of its economic interests. First, concerning a rapid increase in domestic development demand, China has trialled a variety of management cooperation methods to reduce expenditure and consolidate its foreign aid outcomes. And then, it has introduced the Foreign Aid Joint Ventures and Cooperative Projects to attempt to create greater financial benefit. Further, at the end of the Cold War and upon conversion to a nascent market economy, China launched the funding method of Concessional Loans to take over further foreign aid requests of productive projects. As a result of these changes, China's foreign aid developed into two divergent paths in the 1990s that aimed to accomplish both of its political and economic pursuits. However, given the significant success of Concessional Loans which continuously bring China financial benefits, the development of China's political interests emphasised traditional foreign aid was to a large extent unattended.

After being overshadowed by the spark of Concessional Loan for almost an entire decade, the government reappointment in 2002 and China's fast growing international responsibility have finally brought its attention back to the development of traditional foreign aid. In line with the goal of building a harmonious world proposed by Chairman Hu which subsequently advanced China's foreign aid objective to improve people's livelihoods, China resumed the promotion of traditional foreign aid. To implement this new objective, rather than solely relying on government budget funded traditional foreign aid as previously approached, China introduced traditional foreign aid, Concessional Loan, Zero Duty Treatment and Debt Relief combined Eight-Point Plans through FOCAC ministerial meetings. Meanwhile, additional Measures were also being presented through UN High-Level meetings to further accelerate

⁷³ Ibid.

its involvement in Africa's development.

According to these Plans and Measures, China's foreign aid at this stage begins to focus on long-term impacts instead of temporary sensations. As the Minister of MOC Fu emphasised: "Let the recipient countries share China's development experience, future foreign aid have to be planned with a minimum of five-year consideration"⁷⁴. While continuously developing foreign aid planning and implementation approaches, in order to comprehensively benefit African countries' development, China has also put forward a number of supplementary adjustments to the objective of improving people's livelihoods. In particular, on the basis of focusing on medical and health related development, China determines to improve Africa's human resources capacity to provide Africa with the ability to develop. And then, to drive common bilateral foreign aid towards integrated multilateral cooperation, China pushes for foreign aid collaboration in the African sub-regions. Finally, to promote cultural exchanges, China encourages the development of China-Africa friendship at the individual level.

In sum, whilst pursuing financial benefits through the business orientated loan approaches, and improving people's livelihoods with the HRDC, Medical Teams and Overseas Volunteer Programs supplemented traditional foreign aid,⁷⁵ China's current foreign aid in Africa is purposed to accomplish both its political and economic pursuits. However, with particular attention called to its recipient country's development centred traditional foreign aid that this study is concerned, provided it seems to have successfully facilitated Chinese enterprises *going out*, how has it been improving African people's livelihoods? Or in other words: In view of the adjusted and improved objectives, planning and implementation approaches of China's traditional foreign aid, has it managed to enhance African countries' self-reliance capacities *without* creating further foreign aid dependency? With these concerns in mind, this study travels to the recently transferred Lekma Hospital project in Ghana, to observe and assess the results of China's foreign aid at present.

Lekma Hospital, Teshie, Ghana, 2010 – present

中国-加纳友好医院

The Lekma Hospital (known as the China-Ghana Friendship Hospital in China) is a Grant funded, Complete Project Aid project that was implemented according to China's first Eight-Point Plan.⁷⁶ With a budget of 51 million CNY (approximately 7.7 million USD at the time), it is comprised of an Outpatient Building, a Medical Technology Building, a Ward (100 beds), an Auxiliary Building, an Anti-malaria Centre and a range of supplementary medical equipment and medicines.⁷⁷ The complete contract was won by China GEO-Engineering Corporation (CGC), while the provisioning of medical supplies was sub-contracted to China National Pharmaceutical Foreign Trade Corporation (SINOPHARM FOREIGN TRADE).

⁷⁴ Unpublished government document, August 2008, *Fu Ziying Speaks in Regional Economic Counsellors' Training*, p.4.

⁷⁵ Unpublished government document, August 2007, *Wu Yi Stresses the Obligations of Foreign aid in Serving China's Foreign Policy*, p.4.

⁷⁶ For full article, see Appendix IV.

⁷⁷ This is *not* one of the 30 Anti-malaria Centres promised by Beijing in 2006, the included hospital in Ghana is situated in the Korle Bu Teaching Hospital. See <http://gh.chineseembassy.org/chn/xwdt/t623239.htm>, accessed 23 August 2011.

Located in Teshie, a suburban district of Accra, the construction of the Lekma Hospital was started in April 2009 and finished over a 15-month period (including the installation and testing of all medical equipment). Upon completion in December 2010, it was transferred to the Ghanaian government and immediately achieved total Ghanaian ownership. Currently, the hospital employs 20 doctors, 128 nurses and 34 maintenance workers.⁷⁸ What is also worth noting is that, since the Lekma Hospital was the first hospital delivered of China's 30 promised hospitals in Africa, its successful transfer to the local government also marked the beginning of the realisation of China's 2006 FOCAC pledges (MOC, 2009a).

Observation

Medical Aid mainly refers to the dispatching of medical teams, the provisioning of medical equipment and medicines, the building of hospitals, and the training of medical professionals. It is arguably one of the most needed development assistance in Africa. Since China sent its first Medical Teams to Egypt in 1956, in accordance with *The White Paper*, altogether it has dispatched 21,000 medical personnel overseas by the end of 2009. Further, in 2009 alone, "60 Chinese medical teams composed of 1,324 members provided medical services at 130 medical institutions in 57 developing countries" (2011, p.15). Although in the particular case of Ghana, China's first medical team only arrived in 2009, Ghana welcomed its first Chinese hospital as early as 2000 (Dangme East Hospital). Given the previous medical aid and hospital building experiences in Ghana, the Lekma Hospital seemed to be a rather straightforward project on paper. However, problems with this hospital appeared even before it opening in December 2010.

To begin with, while the construction of the hospital was fully completed in July 2010⁷⁹, it opened five months later. Why was there such a delay? Some explanations follow: "No, the training was already done, it only took a month. The delay was due to the schedule of the president who insisted on being present and announcing the opening of the hospital", argued the managing director of CGC, Feng Nian⁸⁰. On the other hand, the hospital director Boasiako pointed out that he was the only "almost" available hospital director at that time, and he was initially assigned to direct another hospital and unexpectedly allocated to Lekma Hospital⁸¹. Lastly, one Chinese informant said, "The reason is because the local government wanted China to operate the hospital as well. Ghana has a National Health Insurance Scheme where the government is responsible for the cost of medical services and medicines. If China takes over the hospital, then the local government would be seen to be providing medical services at no further expense"⁸².

In spite of what actually happened, none of these scenarios (real or imagined) indicates a promising beginning to the *friendship* hospital. However, in view of these dilemmas, the

⁷⁸ Interview with Hospital Director, Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

⁷⁹ Interview with China Geo-Engineering Corporation Managing Director, Feng Nian, Accra, Ghana, 26 August 2011.

⁸⁰ Ibid.

⁸¹ Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

⁸² Interview with Chinese informant, Accra, Ghana, 24 August 2011.

question is: Did Ghana really need another hospital? Or, more strictly speaking, did Ghana have the capacity to *operate* another hospital? "300 beds should be the capacity for this area, but this hospital lacks focus. There is no CT⁸³ needed for a 100 beds hospital", pointed out Boasiako⁸⁴, who seemed fairly confused. "I was initially told that China would be delivering an Anti-malaria Centre in Ridge Hospital⁸⁵, and then somehow China decided to build a general hospital instead". This point was later clarified by a senior Chinese official, who said: "Building an additional sector of a hospital is a lot less recognisable than building a hospital on its own, right?"⁸⁶ Livelihoods improvement project or landmark project, why not both? China believed that this was possible, especially since "the location was very carefully selected, it was close to a slum area where there used to be no hospital at all"⁸⁷.

Although arguably politically minded, while there is nothing that seems to be drifting away from China's primary objective of improving people's livelihoods, it is hard to criticise this of China's last-minute adjustment, and setting aside the dilemmas above noted, the Lekma Hospital was successfully opened by the then Vice President John Mahama⁸⁸ on 23 December 2010. Since then, as reported by China Energy Conservation and Environment Protection Group (CECEP)⁸⁹: "As of 21 January 2011, the Lekma Hospital has already treated more than 2,000 patients... it is the biggest, most comprehensively equipped, first class General Hospital and Anti-malaria Centre so far delivered by the Chinese government in Ghana" (CECEP, 2011). However, with no further confirmation on this rather sound result by Boasiako, he pointed out another side of the story: "after the hospital opened, I had to see the Health Minister immediately for equipment such as a bench chair for patients, office equipment for us and so on. None of which were included in the hospital contract".

Was this the result of inconsiderate Chinese project planning or incompetent Ghanaian preparation? While Boasiako responded the question with a smile, he continued discussing the terms that are included in the contract:

The construction of the building is generally OK, although there are some defects, such as half of the door locks do not work. The immediate problem is the equipment – some are malfunctioning, some are not working at all, and some are not here. For instance, the X-Ray, the CSSD (Central Sterile Supply Department) and the CT are not powered, these machines require a built-in power supply in the construction and that is not properly done; the X-Ray doesn't come with the back plate, film, and the chemical analyser in the laboratory is missing cables; the gas plant that supplies oxygen to the ward and theatres is not working; besides the limited capacity (8), the mortuary has never worked; an ambulance like vehicle was provided, but that is only an ordinary van

⁸³ Computed Tomography is a technology that uses computer-processed X-Rays to produce tomographic images. Since it is generally considered as an advanced medical technology than X-Ray, CT machines are commonly equipped in relatively larger general hospitals.

⁸⁴ Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

⁸⁵ Ridge Hospital is a considerably larger hospital in central Accra.

⁸⁶ Telephone interview with senior Chinese official, Accra, Ghana, 24 August 2011.

⁸⁷ Interview with Chinese official, Accra, Ghana, 26 August 2011.

⁸⁸ John Dramani Mahama was appointed Vice President of Ghana in between 2009 and 2012.

⁸⁹ CECEP is the parent company of China Geo-Engineering Corporation.

with flat seats and oxygen cylinders, and that is broken down after 2 months...⁹⁰

As the examples rapidly piled up, this interview, initially agreed for only 30 minutes, quickly turned into a half-day discussion, and we were soon joined by a radiologist, who approached us hastily with relief in his voice when asking, "Are you the engineer?"⁹¹ Upon finding out that this research was studying China's foreign aid, he continued with Boasiako's complaints. "The hospital is not doing well at the moment. If I want to take an X-Ray of a patient, I have to ask him to go to another hospital", he explained. This is a straightforward description of the current status of the hospital. Continuing, he said, "apart from the unlead doors of the X-Ray room and the seriously outdated CT equipment, both of the operating boards and the unconnected power distribution cabinets are labelled in Chinese. It requires a lot more than a medical degree to get this equipment into operation". On realising that there are no specialist engineers in the hospital, nor in Ghana, SINOPHARM FOREIGN TRADE attempted to teach the radiologist to connect the power cables to the machines through the medium of webcam. "I am not that skilful", the radiologist admitted, "I am a doctor".

Meanwhile, Boasiako tried to switch the topic to possible solutions, saying:

It would be much better if China could send some experienced doctors to help us, not only with the equipment, but also for the herbal treatment department. Although we do have some local specialists, they are not experienced. We also need acupuncturists, people who can teach proper massage. These departments are all still closed.⁹²

But then he further pointed out that, "Ghana is short of medical staff, a lot of the doctors went to developed countries. This hospital is put together with doctors from other hospitals, and we are still trying to locate a malaria specialist". Since the Chinese-run hospital attempt failed at the very beginning, Chinese medical teams also seems to be pulled away from participation in the Lekma Hospital project.⁹³ In addition to the notable shortage of doctors, indeed the many unavailable departments and an anti-malaria centre remaining an empty room with packed equipment, the immediate way out for the hospital is directly pointing at China's HRDC programs.

Purposed for "helping recipient countries build up their self-development capacity" as stated in *The White Paper* (2011, p.5), China's HRDC offers around 200 training programs to Ghana annually. Seven of these programs are medical related with a total of 19 places.⁹⁴ "Although these programs are *not* specifically designed for our [Ghanaian] immediate needs, the competition for a place is very intense", pointed out Boasiako⁹⁵, and after a "very friendly presentation" to the Chinese embassy, he has managed to secure 15 places in all seven training programs. However, it turned out that, "some of the programs are really useful, but

⁹⁰ Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

⁹¹ Interview with resident Radiologist, Dr. Jaren N. Oblitey, Accra, Ghana, 23 August 2011.

⁹² Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

⁹³ China's Medical Team in Ghana has been continuously practising in the Korle Bu Teaching Hospital.

⁹⁴ Data based on 2011 Medical Training Programs (Ghana), obtained on 24 August 2011, see Appendix VIII.

⁹⁵ Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

others are barely relevant", explained one of the doctors who was enrolled in the Training Course on Malaria Diagnosis Technique and Equipment Usage for Anti-malaria Centres in Africa⁹⁶. "The title suggests that it is for the diagnosis of malaria, but it is actually a dedicated laboratory training". "Besides the title, there were no details whatsoever", added another doctor⁹⁷. "I am happy that China is trying to do something here, but I am also so frustrated because it could just have been better".

So here we see inadequate project planning, sub-standard construction and uncoordinated HRDC programs. Despite China's development in foreign aid planning and implementation approaches, it has hardly made any improvement at all on these fronts. If anything, it has gone backwards. Hence, what went wrong with China's foreign aid planning? As a senior Ghanaian development planning official commented:

I am sure somebody will eventually realise, that there is only a particular amount of money available. From the Ghanaian point of view, they were saying, "Let's get as much as we can, let us add to it overtime", and then you really depend on the best project, but it is never going to be. On the other hand, the Chinese are also saying "Oh, you did not plan ahead, we have this money, you want a hospital, and we built it for you", so nobody is insisting on comprehensiveness. For China in this particular view, not just to have a plan of this foreign aid portfolio for Africa, but with the area they have identified, when they go into any country, they must sit down and discuss comprehensively with the recipient country's planning authority, not only by name, but by scope, so that it can have the maximum impact on the people.⁹⁸

Furthermore, with concerns to the issues of implementation, while no prior hospital building experiences were discovered with CGC⁹⁹, it is not hard to realise why the hospital had been constructed in such a way that it was literally disconnected from its equipment. Additionally, even though without detailed information on the bidding of the Lekma Hospital contract, this finding also suggests that there definitely were drawbacks in MOC's process of qualifying foreign aid implementation contractors. Whereas considering the quality and standard of the medical equipment – the outdated and broken down machines, while the responsibility is on SINOPHARM FOREIGN TRADE, as a senior Chinese official explained: "This is a Grant [funded] project, so all materials have to be imported from China. Although it is common for donor countries to restrict Grant foreign aid purchases to its own products, in the particular case of China's pharmaceutical equipment, that is where the problem lies"¹⁰⁰, and how obvious this problem is – "Most ambulances in Beijing are also vans with flat seats at the back"¹⁰¹.

⁹⁶ Interview with resident doctor, Accra, Ghana, 23 August 2011.

⁹⁷ Interview with resident doctor, Accra, Ghana, 23 August 2011.

⁹⁸ Interview with senior Ghanaian development planning official, Accra, Ghana, 18 August 2011.

⁹⁹ As a Chinese informant suggested, the Lekma Hospital was the first hospital that CGC ever constructed. Interview with Chinese informant, Accra, Ghana, 24 August 2011. See also the CGC's website: "The CGC INT'L overseas business is mainly contracted various international projects, including drinking water and waste water treatment, irrigation, housing construction, road and bridge, borehole drilling and geological prospecting". Available at: <http://www.cgcint.com/english/about/intro.asp>, accessed 15 June 2012.

¹⁰⁰ Interview with senior Chinese official, Accra, Ghana, 26 August 2011.

¹⁰¹ Interview with Chinese informant, Accra, Ghana, 26 August 2011.

Since the opening of the Lekma Hospital, Boasiako has repeatedly been in contact with the Chinese embassy, and "the embassy said that they have to report back to China for further reviews and solutions. But they did promise that the missing equipment will arrive very soon, and all the problems will be sorted before December"¹⁰². With that reassurance, Boasiako was also asked to resolve an issue regarding his duty: "Last time when I invited the Chinese officials to see the problems, the only problem they brought up was that they are not happy that the China-Ghana Friendship Hospital plaque at the main gate is missing the Malaria Centre quote"¹⁰³. By the time this researcher visited in August 2011, the problems that had been solved were: "Some X-Ray films, a Haematology Analyser, and three operating manuals in English"¹⁰⁴ had been provided. Further, based on the request from the Chinese officials, an additional plaque was installed at the main gate stating China-Ghana Malaria Prevention and Treatment Centre. However, the centre was standing vacant.

Albeit there are no detailed further information regarding the operation of Lekma Hospital, after the researcher left it at the end of 2011, one report stated that the Ghanaian Health Minister moved to solve problems facing the hospital in February 2013. By which time, the concerns already extended from the above found to "inadequate doctors and senior nurses at the hospital... unavailability of mosquito nets, inappropriate mortuary facility as well as water and electricity supply" (Ghana Health Nest). In addition to this, on the World Malaria Day that year (25 April), Modern Ghana published a report filed by Day Break revealed that not only the hospital is "decaying and a far cry from the original vision and project dreamed of and initialled by Ghana", but it also "not responded to basic health care contingencies" (2013). As a result, the report concluded, "Most residents in the outlying communities prefer visiting other nearby facilities, some of which are not as esteemed or reputable as the State facility, but which could be relied upon to deliver basic services" (ibid.).

Assessment

To assess the outcomes of the Lekma Hospital project, this project to some extent achieved its objective of improving people's livelihoods, even given its limited capacities. However, with regards to the fulfilment of China's principal foreign aid aim, it has generally not been able to advancing African countries' ability in achieving self-reliance. Although as estimated by Boasiako during fieldwork in 2011: "On the basis of successfully advance medicines and medical equipment against its future income, the hospital has the ability to provide basic medical treatment and housing inpatients"¹⁰⁵, considering the situation of the hospital: the already terminated government subvention,¹⁰⁶ the incomplete and malfunctioning medical equipment, and the shortages of specialist doctors, this estimation remains a tall order nonetheless. Further, while China's HRDC programs are yet to be beneficial, this project has indeed failed to attain its intended outcomes.

¹⁰² Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

¹⁰³ Ibid.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ The Ghanaian government stopped providing subvention to its hospitals in 2009. Ibid.

On the ground, after only eight months in operation, there are a number of drawbacks that have affected the Lekma Hospital's outcomes and future prospects. For instance, regarding project effectiveness, much as seemingly influenced by local considerations, it was the donor country's inappropriate foreign aid planning that first established an overly broad-concerned project unsuited to the recipient country's domestic conditions. And then, bearing in mind the recipient country's unsettled plans for project acceptance, the project operation was significantly postponed. More to the point, leading to the donor country's limited foreign aid capacity, not only did its underdeveloped technology fail to meet the recipient country's current requirements, but its problematic implementation supervising mechanisms have also led to sub-standard project constructions, as well as fragmentary delivery and delivery of deficient equipment. In that case, both the immediate and future outcomes of the project were further undermined.

Moreover, considering the sustainability of the project, whilst the project is still not fully completed by contract terms, there is minimal possibility to sustain its outcomes with only partly delivered equipment. In addition to the consequences introduced by sub-standard construction and insufficient equipment delivery, there were also inadequately coordinated Technical Aid and HRDC programs, as well as excessive domestic brain drain. Even though as Boasiako claimed, "I am responsible for identifying the people who are dedicated to the hospital, and who are definitely going to come back after overseas training"¹⁰⁷, the shortage of human resources remains a critical issue for the continuation of the project. On the whole, taking notice of the marginal political influences from both donor and recipient country, and the extent of outward brain flow, there is only one major factor that has affected the outcomes of the Lekma Hospital project:

1. Limited foreign aid capacity

Provided the donor country's limited foreign aid capacity, both its inadequate planning and incompetent implementation have led to disappointing project outcomes. Aside from the underlying deficiencies of the project which were primarily caused by the planning failure to take into account the recipient country's current domestic conditions, the donor country's lack of appropriate supervisory mechanisms and supportive measures have directly brought about sub-standard project implementation and absence of project operating personnel. As a result of these shortcomings, not only did the project barely achieve any positive outcomes, it was also immediately driven to restricted continuation.

Good Will Orientated Business Initiatives

To sum up the study of China's foreign aid that was purposed to improve people's livelihoods, China's current foreign aid objective has generally not been able to deliver the anticipated outcomes in Africa. Given that there are no official statistics on the allocations and scopes of China's people's livelihoods related projects and programs, *The White Paper* recorded 236 projects in the category of Science, Education and Health Care, made up 11.6% of Complete

¹⁰⁷ Interview with Dr. Yaw Antwi Boasiako, Accra, Ghana, 23 August 2011.

Project Aid projects that China has delivered globally until 2009 (2011, p.10). In addition to this figure, according to China's FOCAC and UN pledges made between 2006 and 2010, China has in total promised to deliver 30 hospitals, 30 anti-malaria centres, and 350 schools; to dispatch 3,000 medical experts; and to train 3,000 education and 9,000 medical personnel¹⁰⁸. Moreover, with regards to the realisation of these pledges, a government report indicated that, "by the end of 2009... 30 pledged hospitals have all begun construction; 30 anti-malaria centres and 100 rural schools have been completely transferred"¹⁰⁹.

Of these pledged projects and programs, aside from the Lekma Hospital project assessed above, this study has also identified and investigated two other people's livelihoods projects: the Sierra Leone-China Friendship Hospital and the China-Guinea Friendship Hospital¹¹⁰. This study has, unfortunately, found similar outcomes for all projects. To be specific: concerning the hospital project in Sierra Leone, though it was officially transferred on 13 May 2011, it was unable to open due to a lack of medical personnel and utility supplies. As pointed out by a Chinese informant: "Let alone the shortages of water and electricity, the whole country only has less than 80 doctors, so how can it operate a general hospital?"¹¹¹ And then, given the uncoordinated support of Chinese Medical Teams,¹¹² this project was renegotiated in March 2012 and a co-management between Shandong Qushan Hospital and the Ministry of Health of Sierra Leone was agreed to. On the basis of adopting a fully commercialised operating approach, this hospital eventually came into operation on 13 November 2012, 18 months after the official transfer.¹¹³

Regarding the China-Guinea Friendship Hospital project, while it was completed in July 2010, it was officially transferred to the local government nine months later on 13 April 2011 owing to an unsettled management agreement. After the transfer, in spite of the hospital benefiting from the assistance of a Chinese Medical Team in installing and operating Chinese labelled equipment, it was still unable to come into full operation due to "absences of initial capital and electricity"¹¹⁴. In the end, the hospital ended up depending on a power generator and medicines provided by China in addition to the original project. Subsequent to receiving this replenishment, the hospital finally managed to officially open and deliver most of its planned features a year later on 11 April 2012.¹¹⁵ Furthermore, a Chinese informant explained the impact of the intense domestic demand for medical professionals in Guinea: "While the local doctors only care about China's next donation of equipment and medicine, and showing up only part-time as they simultaneously take positions elsewhere; we [China] are not likely to fully hand over this hospital project any time soon"¹¹⁶.

Taking into account these virtually identical outcomes in Ghana, Sierra Leone and Guinea,

¹⁰⁸ For full articles, see Appendix III ~ VII.

¹⁰⁹ Unpublished government document, January 2010, *Summary of China's Foreign Aid in 2009*, p.9.

¹¹⁰ Title in the original language "Hôpital de l'Amitié Sino-Guinéenne".

¹¹¹ Interview with Chinese informant, Freetown, Sierra Leone, 2 September 2011.

¹¹² China's Medical Team in Sierra Leone has been continuously practising in the King Harmon Road Hospital.

¹¹³ Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012.

¹¹⁴ Online interview with Chinese informant, St Andrews, Scotland, 24 November 2012.

¹¹⁵ Ibid.

¹¹⁶ Ibid.

despite China's efforts in adjusting its foreign aid objective to further accommodate recipient countries' needs, China's current foreign aid is substantially undermined by its incompetent foreign aid planning and implementation. As well China's inconsiderate foreign aid allocation and packaging which to a great extent neglected the recipient country's domestic conditions, as a result of the lack of appropriate implementation supervising mechanisms and effective supporting foreign aid methods, the failing implementation standards and uncoordinated HRDC programs have directly led to China's improving people's livelihoods centred foreign aid to have limited outcomes, and in extreme cases, to foreign aid dependencies. Albeit the co-management and Medical Team integration to some extent improved project outcomes, however, not only neither of these new approaches are standard foreign aid arrangements at present, but both of them have failed to overcome the setbacks brought on by incompetent foreign aid planning and implementation approaches.

In general, since China decided to focus on traditional foreign aid once again, and since it decided to further promote its relationships with Africa, China's foreign aid has emphasised improving people's livelihoods and has been welcomed by almost every African recipient country. However, despite the fact that China's traditional foreign aid later introduced additional focuses of promoting Africa's human resource capacity, supporting Africa regional integration, encouraging cultural exchanges, and indeed developing its own capacity, it has at large not been able to improve African people's livelihoods as proposed. At present, albeit China's traditional foreign aid seems to have arrived at a development phase where in it is accomplishing both China's political and economic demands – promoting friendship building as well as supporting Chinese enterprises *going out*, given its still limited foreign aid planning and implementation capacities, the promising intention of helping African recipient countries achieve self-reliance is yet to be met.

Chapter summary

Looking at China's foreign aid in light of the above examples of project and program outcome failure, China's recipient countries centred traditional foreign aid has not been able to deliver adequate development assistance to Africa. From building Africa's industrial and agricultural foundations (with a Complete Project Aid and Technical Aid combined approach), to reducing expenditure while consolidating foreign aid outcomes (with landmark projects and assorted Management Cooperation), to improving people's livelihoods (with the integration of HRDC, Medical Team and Overseas Volunteer programs), on the basis of achieving its successively emphasised political and economic demands, China's traditional foreign aid has only worked in Africa to some extent. Whilst there were some short-term benefits provided by China's traditional foreign aid, considering the generally unsatisfactory long-term outcomes and disappointing prospects, China's traditional foreign aid has neither fulfilled its objectives in full, nor delivered sufficient development assistance without causing further complications, at least in the case studies examined.

Whilst the case studies all demonstrated recipient country's influences on China's foreign aid to some degree, this study has found that the outcomes of China's foreign aid in Africa were

substantially affected by its limited foreign aid capacity. For instance, with regards to China's inadequate foreign aid planning, the insufficient understanding of African countries' diverse domestic conditions resulted in a number of pitfalls. Besides the oversimplified foreign aid allocation approach which at first overlooked the political, social and institutional behaviours of recipient countries and placed China's foreign aid into complicated situations, leading to the false notion on their technical and management development capacities, the improperly arranged foreign aid packages then further puzzled the circumstances where the technology based projects were only able to deliver short-term benefits, and the non-technology based projects struggled to be effective at all. In the end, together with fundamentally restricted foreign aid outcomes, the majority of China's foreign aid projects were only able to continue operating with additional inputs of foreign aid and continued Chinese help.

In addition to the consequences caused by inadequate planning, with reference to China's incompetent foreign aid implementation, China's ineffective foreign aid administration also led to project outcomes characterised by foreign aid dependency. As a result, as well as the previously provided technical cooperation and China based training programs declined due to the lack of foreign aid professionals, the recent HRDC programs also failed to sustain the outcomes of the delivered projects. Although arguably the HRDC programs to some extent addressed the concerns over China's shortage of foreign aid human resources, it was yet another example of inadequate foreign aid planning. Likewise, the integration of HRDC and the coordination of all China's foreign aid implementation methods were found disorganised. Furthermore, since China has been delegating foreign aid implementations, and promoting traditional foreign aid as a way to encourage its enterprises *going out*, given the unequally developed supervisory mechanisms, the implementation quality of China's foreign aid has also become an increasing concern.

To conclude the assessments of China's foreign aid performance: as much as China sought to improve its foreign aid effectiveness and sustainability, leading to the still underdeveloped foreign aid planning and implementation approaches, China has in general not been able to improve its foreign aid outcomes, or to deliver the proposed development assistance to Africa. Given that China's development agenda continues to lean heavily towards promoting the economic interests underpinning Concessional Loan rather than improving the recipient countries centred traditional foreign aid, as illustrated in the case studies, there remain many unresolved concerns. Such concerns include: a lack of understanding of African countries' diverse domestic conditions and an absence of adequate foreign aid administration. These concerns have hampered the continuous effort that China has made in promoting its foreign aid outcomes in Africa. In summary, as a result of China's limited foreign aid capacity, and regardless of its unending attempts and consistent determination to help African countries achieve self-reliance, China's foreign aid continues to face many challenges.

After investigating the outcomes of China's foreign aid in Africa and identifying the factors that have affected these outcomes, attention is drawn back to the development of China's foreign aid: After more than six decades, why have the effectiveness and sustainability of China's foreign aid in Africa barely improved? Through pursuing the objectives of building

African industrial and agricultural foundations, reducing expenditure while consolidating foreign aid outcomes, and improving people's livelihoods; and advancing implementation methods of Complete Project Aid, Goods and Materials Aid, Technical Aid, HRDC, Medical Teams and Overseas Volunteers Programs... what reason is there for China's foreign aid to still be struggling to cope with Africa's domestic conditions? In order to find the answers to these questions, the next chapter brings this study back to the making of China's foreign aid. Along with looking at China's successes and failures in coping with the factors that have affected and are affecting its foreign aid outcomes in Africa, it reveals the underlying *Chinese characteristics* of China's foreign aid.

Chapter Six: China's Foreign Aid in Africa – Efforts & Concerns

Subsequent to understanding the development of China's foreign aid in Africa and finding out the factors that affect its performance, chapter six directs the understanding of China's foreign aid further to its substance so as to meet the third and final objective of this study: that is, to understand the successes and failures of China's foreign aid in approaching the factors that affect its outcomes in Africa. Particularly after learning about the development of China's foreign aid and its disappointing outcomes in assisting Africa's development, one query has been repeatedly coming to mind: What has gone wrong with China's foreign aid? Seeing the arguably considerate foreign aid objectives, and the planning and implementation approaches that were continuously improved upon, for what reasons is China's foreign aid still struggling to really benefit Africa's development? Or, more immediately speaking, how can China's foreign aid be further improved? Aimed to find the answers to these questions, this chapter revisits the making of China's foreign aid and searches for the *hidden problems* that have led it to current outcomes in Africa.

With the purpose of investigating the underlying characteristics of China's foreign aid, as well as exploring the possible solutions to the factors that affect its performance, chapter six is broken down into three sections with each one of them following part of the process in China's foreign aid: decision-making, planning and implementation. In the first section, this study examines the decision-making processes of China's foreign aid to delve into problems in putting forward its foreign aid objectives. As discovered from the development of China's foreign aid in previous chapters, China has introduced three objectives for foreign aid to Africa, namely: to build African industrial and agricultural foundations (1958-1978), to reduce expenditure while consolidating foreign aid outcomes (1982-1993), and to improve people's livelihoods (2005-present). However, besides China's own development concerns, this study has found that the objectives of China's foreign aid in Africa were heavily influenced by its domestic political consideration and a lack of *scientific research* – which arguably is the only way to identify appropriate foreign aid objectives.

After understanding the underpinning of China's foreign aid objectives, the second and third sections of this chapter investigate China's foreign aid in practice. In the interests of grasping the essence of China's foreign aid planning, and assessing the drawbacks brought about by the insufficient understanding of African countries' diverse domestic conditions, the second section looks into the allocation approach and packaging of China's foreign aid. It discovers that whilst China's foreign aid was allocated on a *friendship* basis in Africa, the packaging of this equally depended on China's own considerations rather than the recipient countries' development conditions. Following on, the third section examines China's foreign aid implementation. For the purpose of figuring out the ineffective foreign aid administration resulted difficulties, it surveys the handling and supervision arrangements of China's foreign aid. In contrast to the previous sections which are aimed at understanding China's distinctive underlying considerations of foreign aid, this section places particular emphasis on its as yet

underdeveloped foreign aid capacity.

In sum, the study of the successes and failures of China's foreign aid in approaching the factors that affect its outcomes in Africa investigates the shortcomings that China's foreign aid must overcome. Whilst being directed at the scenes behind the observable behaviours of the Chinese government and exploring the hidden problems that have led its foreign aid in Africa to have continuously limited outcomes, this chapter discusses the current weaknesses of China's foreign aid. As well understanding the underlying characteristics of China's foreign aid in Africa, this chapter also searches for possible measures to improve China's foreign aid outcomes in the foreseeable future. In order to do so, this chapter draws from unpublished government studies, exclusive interviews with Chinese foreign aid officials and academics, and brings in supplementary discussions with foreign aid participants from both China and Africa. Additionally, brief case studies are also introduced to support the arguments raised by this study and the key concerns surrounding China's foreign aid in Africa that were pointed out during interviews and discussions.

Before going into the quest for problems in China's foreign aid, what needs to be particularly pointed out is that while this study is attempting to break down and differentiate the process of China's foreign aid, the decision-making, planning and implementation of China's foreign aid are indeed interconnected – after the decision-maker *plans* foreign aid objectives, the foreign aid participating institutions *implement* the foreign aid planning and the projects and programs accordingly. However, whilst these processes are very similar to each other (the decision-making of foreign aid objectives and the planning of foreign aid packages according to these objectives) and highly interact at times (both the planning of foreign aid packages and the implementation of foreign aid projects and programs are managed by the same institution), they all have their individual impacts on the eventual outcomes of China's foreign aid in Africa. It is on this ground, from the practical point of view, which this study is laid upon, and for the fundamental purpose of improving China's foreign aid outcomes, that this chapter examines these processes one at a time in separate but coherent sections.

How China Decides Its Foreign Aid Objectives in Africa

中国对非援助的决策

Having consistently been aimed at helping African recipient countries achieve self-reliance, the development of China's foreign aid in Africa has seen three distinct objectives over the past six decades. In the period from 1955 to 1978, when China was striving to consolidate its communist regime and break out of the diplomatic isolation created by the capitalist world, China first utilised its foreign aid as a stepping stone to expand its relationship with African countries. Set against an international background in which both China and African countries were trying to pursue complete independence and become self-reliant, China placed its first foreign aid objective in Africa on helping them building their own industrial and agricultural foundations. Although this objective was established subsequent to a research visit led by the State Planning Commission to three African countries in 1964 – Algeria, Mali and Guinea, during its execution, not only did African countries' divergent local conditions exceed China's

expectations, but China's capacity was also weakened. As a result, this objective cost both China's domestic development and its foreign aid outcomes.

In the interests of revising this situation and directing China's foreign aid towards mutually beneficial cooperation, during the period from 1979 to 1993, the inauguration of the reform policy drove China's foreign aid to the objective of reducing expenditure while consolidating foreign aid outcomes. Aimed at both preserving China's development capacity and coping with African countries' divergent local conditions, this objective was primarily implemented in the forms of the less financially demanding and less technical landmark projects as well as Management Cooperation. To a broader extent, this objective achieved its purposes – maintaining as it did vital assets for China's domestic development and benefiting African recipient countries' development in the short-term. Still, as for long-term effects, this objective neither managed to bring financial benefits to China nor sustained positive outcomes in Africa. As a result, China terminated its Management Cooperation in the early 1990s and focused most of its attention on the creation of the Concessional Loan as it sought further economic benefits.

Since this objective only requires relatively little financial input from Beijing, landmark projects remained the primary choice of China's foreign aid in Africa until the new century, when the contemporary takeoff of China-Africa relationship once again came to the attention of the Chinese government. By this time, a growing interest in Africa as a major partner in development as well as China's raising international responsibility led China's foreign aid to embrace a third objective – to improve people's livelihoods. However, despite this again revising the development assistance aim, the outcomes of China's foreign aid in Africa have stayed largely the same thus far. According to the case studies, it is still creating foreign aid dependencies while only marginally benefiting Africa's development. In light of these results, besides the already identified domestic development concerns such as the urgent need to improve China's diplomatic relations and the pressing demand to promote economic development, what continues to be obscure is what is fundamentally driving the development of Beijing's foreign aid objectives?

The Foundation of China's Foreign Aid

中国对非援助的基础

Where the foreign aid focuses is one of the most important decisions that any government with foreign aid aspirations must make. Although it seems like a more technical process that mainly involves feasibility research, the considerations and criteria that determine it are far reaching. As Lancaster pointed out in a study of eight bilateral and multilateral donors (the United States, France, the United Kingdom, Japan, Sweden, Italy, the World Bank and the European Union), "Promoting economic development in recipient countries is typically only one of the objectives for which aid is given and not always the predominant one. Others include advancing political and security concerns... Domestic and bureaucratic politics also frequently play a role in aid decisions" (1999, p.74). However, in the particular case of China, its foreign aid decision-making is completely different from those of these traditional donors. For the most part, it is *only* the domestic politics that account for determining foreign aid

objectives. Hence, as an initial step towards understanding the decision-making process of China's foreign aid objectives, this study first explores its underlying considerations.

As a senior Chinese official specified:

Friendship (友好) and assistance (帮助) – these are the foundations of China's foreign aid. China's foreign aid is provided insisting on maintaining friendly foreign relationships. Regardless of the recently emerged economic interests of foreign aid, these must *not* interfere with the political interests of foreign aid at any time.¹

To elaborate on this point, as stated in one government report:

China's foreign aid is a state behaviour. Its projects and programs are the substance of cooperation between the Chinese government and recipient countries' governments. China's foreign aid is not a business activity, nor poverty alleviation, and more is not commercial programs for enterprises to make profits.²

Indeed, "it is concerned about maintaining national interests and national security"³, but in the main, in the words of the Chinese government:

The goal of foreign aid is to through implementing foreign aid projects and programs, to build, to consolidate and to develop our [China's] friendly cooperative relationship (友好合作关系) with developing countries.⁴

It is built on this friendship emphasised foundation that China's foreign aid put forward three distinct foreign aid objectives in Africa. At the beginning when this friendship was exercised through the belief in proletarian internationalism, it was materialised in the building of African industrial and agricultural foundations to initiate China's friendly relationship with African countries. With the purpose of boosting their capacities to stand against imperialism, colonialism and hegemonism, as well as assisting these "brotherhood countries" (CCCPC, 1958) to acquire economic independence and ultimately achieve self-reliance, not only did this friendship quickly evolve into "our [China's] obligation to proletarian internationalism" (Xinhua, 1963), but when installing foreign aid principles, it also insisted that China's foreign aid was something mutual rather than a kind of unilateral alms.⁵ Further, even when China was suffering from the most disastrous effects of the Cultural Revolution in the 1970s, it yet decidedly continued with friendship building through foreign aid to the detriment of China's own economic development.⁶

¹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

² Unpublished government document, October 2006, *Discussions with Foreign Aid Participating Enterprises*, p.4.

³ Interview with Prof. Liu Liyun, Renmin University, Beijing, China, 27 November 2011.

⁴ Unpublished government document, October 2006, *Discussions with Foreign Aid Participating Enterprises*, p.4.

⁵ The 1st principle of The Eight Principles, see Appendix I.

⁶ The issue of how foreign aid affected China's economic development during the 1970s is discussed in detail in chapter three in the "The Outrageous" section, see p.35.

Then came along the reform policy, which was primarily inaugurated to rescue China's own economic development. However, given the financial circumstance that China was in and the pressing domestic demand, this friendship was still transformed into "the necessary budget for foreign aid" (Wang, 1998, cited in Liu, 2009, p.51), with an additional claim that, "when we [China] are developed, we need to provide more assistance to other countries" (ibid.). At this stage, within the context of financial shortage and the experiences gathered from the previous period, this friendship was realised in landmark projects across the African recipient countries that begin their title with *Friendship*. They were funded so as to maintain friendly relationships with China and to aid social infrastructure development. In addition to this, China also introduced Management Cooperation to enhance its earlier foreign aid efforts. Meanwhile, although China began to explore financial benefits from its foreign aid with the view of reducing foreign aid expenditure, fundamentally, it is nevertheless intended to "actively develop equal and mutually beneficial relationships with all foreign countries" (CCCPC Party Literature Research Office, 1982a, p.5).

Moving towards the end of the 20th century, the continuously failing foreign aid outcomes to some extent frustrated China's friendship building determination, and given the demand of economic development, China went on searching for mutual benefits from its contemporary foreign aid. Nonetheless, whilst promoting the financial benefits emphasised Concessional Loan, this friendship building was still carried on through the delivery of landmark projects using China's government budget funded traditional foreign aid. By the early 2000s, and with a much increased financial capacity, this friendship was directed to improving people's livelihoods to further advance China's friendly relationship with African countries. Aimed at raising their development capacities, this friendship emerged via health and educational projects and programs promised through FOCAC and international meetings, along with a stress on "the particularities of African human resources development in strengthening the China-Africa friendship"⁷, it also appeared in the rapidly expanded HRDC programs and led China's current foreign aid to a peoples focused development assistance.

To put together these developments in China's foreign aid objectives in Africa, although it can be seen that the underpinnings of China's foreign aid have step by step progressed from the political interests dominated situation before the reform, to now where political interests and economic interests are both being considered – promoting friendship building as well as supporting Chinese enterprises *going out*, but to look more closely into this development, China's foreign aid is nevertheless driven by the underlying political consideration of building friendly foreign relationships. As one senior Chinese researcher affirmed, "In substance, the economic interests are nonetheless *attached* to the political interests of China's foreign aid rather than dictated its making"⁸. "It is owing to this friendship emphasis and the equality and mutually beneficial stresses there embodied, that the non-conditionalities underlining China's foreign aid is welcomed by all African recipient countries"⁹.

⁷ Unpublished government documents, March 2008, *Wu Speaks at the Conference on Foreign Aid Human Resource Development Cooperation to Africa*, p.4.

⁸ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

⁹ Interview with senior Chinese official, Beijing, China, 2 November 2011.

Be that as it may, despite these foreign aid objectives all to some extent satisfying African recipient countries' development concerns while carrying through China's own development agenda, on the other hand, the friendship emphasis underpinning decision-makings has also resulted in complications both domestically and abroad. In particular, because of the insistence on friendship, the initial economic development of the People's Republic of China was much delayed. At the time when China was trying to recover its domestic development from the turmoil left by the feudal regime, this friendship emphasis first took up China's development resources to engage in foreign aid to African countries. And then, not only did this output keep raising, but when the Cultural Revolution broke out in the mid-1960s, it was already disturbing China's economic development. By the 1970s, this friendship building demand went on affecting the livelihoods of China's own people (Xue, 2013a). It was only until the inauguration of the reform policy in 1978, that the repeated stress of "act according to one's capability (量力而行)" (Shi, 1989) finally calmed this outrageous expenditure.

Apart from hampering China's domestic development, subject to the friendship emphasis, the outcomes of China's foreign aid in Africa were also to some degree undermined. Given that neither China nor Africa placed sufficient attention on exploring appropriate foreign aid objectives for Africa, but instead simply relied on aspirations that can be characterised as friendship building, the objectives that China implemented hitherto have never been exact to the immediate development concerns of Africa. As admitted by an African development planning official:

China doesn't seem to have a firm idea of what we [Africans] really need. But that said, nor does Africa. So while China's foreign aid is generally beneficial to our development, we just pick what China has got on offer.¹⁰

In addition to this lack of insistency from the recipient countries, with consideration to the responsibilities of the donor country, a senior Chinese official also indicated that the current objective of improving people's livelihoods, and indeed all of China's foreign aid objectives, were primarily determined upon its principal decision-makers' personal visits to recipient countries and were predominately considered at *only* friendship building.¹¹

More to the point, considering that China has always regarded African countries as a whole in determining foreign aid objectives (Li, 2008a), as one senior Chinese official pointed out:

Whilst all of our [China's] foreign aid objectives were extensively concerned for Africa's development difficulties, they were clearly lacking pertinences to each African recipient country.¹²

In this situation, with both donor and recipient countries being indifferent to the immediate

¹⁰ Interview with African development planning official, Accra, Ghana, 21 August 2011.

¹¹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

¹² Interview with senior Chinese official, Beijing, China, 15 November 2011.

development concerns of the recipient country, indeed to Africa en masse, the overly broad settlement on friendship has directly limited China's foreign aid efforts. In a word, despite China's foreign aid objectives all duly determined according to the "observable development concerns"¹³ of Africa, given they were at the same time only emphasised on friendship and for the greater part influenced by decision-makers' personal preferences, not only did these objectives fail to adapt to the immediate development concerns of each African recipient country, but they were also only to some extent accommodating the general development concerns of the African continent.

The Friendship Emphasis

To take account of these fundamental pitfalls in determining foreign aid objectives, whilst China is now providing foreign aid to 51 African countries, and in 2009 alone, 45.7% of its foreign aid expenditures went into these countries (Government of China, 2011, pp.18-19), with the view of improving the efficiency of this input, and therefore really benefiting Africa's development, China needs to place specific emphasis on pushing forward its foreign aid from friendly help to practical development assistance. As well, "the decision-making of China's foreign aid objectives should be further allowed for scientific research" (Huang, 2007, p.10), and additionally adjusted to each recipient country's immediate development concerns rather than the general needs of the African continent as a whole.¹⁴ An African development planning official strongly called upon:

China and Africa need to work a lot more closely together, to help us [Africa] strengthen our process and planning arrangements, therefore for us to be better able to program our national development structures, and to identify priority development areas where China can help.¹⁵

All in all, despite more than 60 years of foreign aid experience in Africa, China is still unable to come up with adequate approaches for identifying appropriate foreign aid objectives, nor to help its African recipient countries setting up *priority development areas*. Not only are the decision-making goals of China's foreign aid objectives overwhelmingly and only emphasised on friendship, but they are also additionally influenced by the decision-makers' personal preferences. As a result of this fundamental lack of scientific research and pertinence, the objectives that China has introduced over the years have to an extent undermined both China's domestic development and its foreign aid outcomes in Africa. Given this friendship emphasis in the meanwhile also provides a rather flexible framework for China and Africa to explore appropriate foreign aid objectives that are unconstrained by other economic or political interests, in order to contribute the maximum impact on African recipient countries, China and Africa need to work much more closely together to find which areas one recipient country should focus the most on, and for China to assist.

¹³ Ibid.

¹⁴ Unpublished government document, April 2007, *Discussion With Foreign Aid Experts And Academics*, p.8.

¹⁵ Interview with African development planning official, Accra, Ghana, 21 August 2011.

Although the decision-making processes of China's foreign aid are heavily influenced by its domestic political consideration, this friendship emphasis does not interfere with the "aid-for-development" (Lancaster, 2006, p.7) norm, and to a large extent, the objectives that China has put forward do correspond to the general development concerns of African recipient countries. The next two sections investigate the practices of China's foreign aid. Provided the objectives that China has implemented until now have all generally been unsuccessful in contributing materially to Africa's development, and taking account of their arguably considered proposals (building African industrial and agricultural foundations to help them obtain economic independence, utilising less technical landmark projects to assist Africa's social infrastructure development, and improving African people's livelihoods to enhance their development capacities), how have China's underdeveloped foreign aid planning and implementation failed to deliver these intended development goals? And, how can they be improved so as to ultimately help African countries achieve self-reliance?

How China Plans Its Foreign Aid in Africa

中国对非援助的规划

In regards to the planning of China's foreign aid in Africa, while China has been continuously increasing its foreign aid inputs and adjusting its foreign aid implementation methods, there still remain many drawbacks with its foreign aid planning approaches. In particular, this study has found that the oversimplified foreign aid allocation approach and the improperly arranged foreign aid packages are the main weaknesses of China's foreign aid planning in Africa. Not only have such issues led China's foreign aid into unknown local conditions, but they have also brought inappropriate technical and management standards to the recipient countries' development conditions, as well as inadequate coordination of foreign aid implementation methods. Even though China has been attempting to overcome these drawbacks for years, it is still unable to provide suitable solutions. In view of this situation, and given that planning of China's foreign aid in Africa has undergone significant evolution, how did China make progress on its foreign aid allocation and packaging?

To recapitulate the development of the planning approaches of China's foreign aid in Africa: the distribution of China's foreign aid was at the beginning fully dependent on the recipient countries' relationships with the Soviet Union and the United States. During the middle of the 20th century when the political confrontation between communism and capitalism was at its peak, China's foreign aid was prioritised to neighbouring communist and Asian countries and African nationalist countries. Aside from this greater planning arrangement, the amount of foreign aid to each recipient country, as well as the packaging of China's foreign aid in the meantime, were also mainly settled according to China's principal decision-makers' political considerations. With political interests dominating China's foreign aid planning, subsequent to the research visit in 1964, the initial packaging of China's foreign aid in Africa was decided on industrial and agricultural projects, with a combined approach of Complete Project Aid and Technical Aid to help them make use of their natural resources, master technologies and ultimately achieve self-reliance.

Following the change of principal leadership in 1978, China's growing demand for economic development and a stabilising international environment directed the planning of China's foreign aid to prioritising domestic development. Along with the inauguration of the reform policy, China adjusted its foreign aid objective to reducing expenditure while consolidating foreign aid outcomes. In line with this adjustment, during the 1980s and early 1990s, the less financially demanding and less technical landmark projects became the primary choice of China's foreign aid packaging in Africa, and this was collaborated with the Management Cooperation integrated Technical Aid paying attention to the earlier delivered industrial and agricultural projects. At this stage, on the basis of China beginning to accept development assistance from traditional foreign aid donors – that is, the capitalist countries, its political bias towards communist and nationalist countries in providing foreign aid was also duly dropped, thus extending the reach of China's foreign aid to include a wider range of African countries, regardless of their political stances.

By the mid-1990s, in the light of Africa's continuously raising strategic importance to China's domestic development, China's foreign aid planning was first steered to promote economic cooperation with the introduction of the Concessional Loan. Following substantial economic development in the early 2000s, China's foreign aid planning shifted to improving people's livelihoods, with prospects set for advancing both Africa's social and infrastructure development. Today, while being directed by the twenty-four government institutions jointly participating in the Inter-agency Coordination Mechanism, the planning of China's foreign aid is focused on the development sectors including: industry, agricultural, economic infrastructure, medicine and public health, education, public facilities, and clean energy and coping with climate change. Further, it is employing two funding methods of Grant and Interest-free Loan, and six implementation methods of Complete Project Aid, Technical Aid, Goods and Materials Aid, HRDC, Medical Teams and Overseas Volunteer Programs in the assistance of Africa's development.

Nevertheless, in spite of this progress to China's foreign aid planning capacity, as identified in the case studies, China's insufficient understanding of African countries' diverse domestic conditions is still undermining its foreign aid outcomes. To be specific, regarding China's first foreign aid objective, which was packaged with industrial and agricultural projects as well as technical and management support, it was commonly planned only considering the political interests and natural environments of the recipient countries. Because of this oversimplified foreign aid allocation approach which fundamentally disregarded the political, social and institutional conditions of the recipient countries, not only did the unknown conditions of the local work force and management behaviours affect the operations of China's industrial and agricultural projects immediately after transfers, but this problematic planning also put the continuation of these projects in further complicated situations given the restrictiveness of China's foreign aid principles.¹⁶ As a result, whilst Chinese involvements were largely prohibited from local affairs, these projects widely ended in continuous dilemmas.

¹⁶ The 2nd principle of The Eight Principles, see Appendix I.

Subsequent to confronting this situation in the implementation of industrial and agricultural projects, by the time China proposed its second foreign aid objective centred on delivering landmark projects, Beijing began specifically asking for attention to be paid to the local conditions, and introduced Management Cooperation to promote the outcomes of the earlier delivered industrial and agricultural projects. However, depending on the remaining restrictive foreign aid principles emphasising "The Chinese government provides the best-quality equipment and materials manufactured by China..."¹⁷, although the planning of China's foreign aid was now taking into account the recipient countries' political, social and institutional conditions by adopting the less financially demanding and less technical [less recipient country involving] landmark projects, due to the largely neglected development conditions of the recipient countries, these landmark projects (which were often packaged with advanced technologies) only benefited the recipient countries' development in the short-term. Concerning their long-term effects, the Chinese government was required to provide additional foreign aid input to sustain the outcomes of these projects.

Coming into the new century, the increased foreign aid inputs and adjusted implementation methods to some extent improved this situation as China began to aim for comprehensively assisting Africa's development. Following the intention of bringing up both Africa's social and infrastructure development, the planning of China's foreign aid benefited with a considerably expanded scope, a number of additional implementation methods and a multiple institutions jointly participated mechanism. However, despite these significant improvements, not only is the problematic foreign aid allocation approach still producing complications in Africa, but the improperly arranged foreign aid packages are also undermining the efforts that China has made in advancing other areas of its foreign aid. As a result, as well as often being involved in complex local situations, China's recently delivered foreign aid projects and programs have also failed to match the recipient countries' development conditions and coordinate with each other. In response to these unsatisfactory outcomes, this section now examines the allocation approach and the packaging of China's foreign aid in Africa to find out what problems are there buried in its foreign aid planning.

The Allocation Approach of China's Foreign Aid

中国对非援助的分配方式

Regarding the allocation approach of China's foreign aid in Africa, at the beginning when China's foreign aid was primarily utilised for political purposes, its allocation was heavily influenced by its principal decision-makers' political considerations and to a large extent lacked financial assessments, feasibility studies, and other necessary processes of adequate planning. After the political chaos generated by the Cultural Revolution, and the realisation that political interests driven foreign aid allocation approach was broadly delivering disappointing outcomes and resulting in foreign aid dependencies, the allocation of China's foreign aid was then asked to be "planned comprehensively, with particular attention drawn to match the local conditions" (Shi, 1989). Particularly after the inauguration of the reform policy, as well as China opting for landmark projects in an attempt to minimise local

¹⁷ The 6th principle of The Eight Principles, see Appendix I.

influences, it also laid out Management Cooperation with a view to overcoming the setbacks brought about by the differences between local conditions and China's understandings.

However, regardless of these early attempts to cope with the recipient countries' divergent political, social and institutional conditions, by the time China returned its attention back to Africa in the new century with the newly adjusted foreign aid objective of improving people's livelihoods, along with another stress on "feasibility research"¹⁸ almost thirty years apart, a number of these people's livelihoods related projects are again found to be suffering from the recipient countries' local conditions. Not only were they led to have fundamentally restricted effectiveness, but as pointed out by both Chinese foreign aid experts and African officials, these projects are also facing substantial difficulties in terms of prospective development.¹⁹ In the light of this situation, and given that China has greater capacities for foreign aid now than ever before, what reasons are there for its foreign aid to still be made to have to deal with complex local conditions? And more to the point, after many frustrating experiences in Africa in the early years and successfully identifying the pitfalls, how in practice does China allocate its foreign aid at present?

The Allocation Principles of China's Foreign Aid

中国对外援助的分配原则

"*Traditional friendly countries* (传统友好国家)"²⁰ is the most commonly adopted concept by the Chinese officials interviewed for this study when inquired with the question: How does China allocate foreign aid to each of its recipient countries? As one of the most fundamental decisions that the Chinese government must make before drafting foreign aid plans, indeed prior to reviewing foreign aid requests, China determines the input of foreign aid to each of its recipient countries (Country Specific Foreign Aid Budget) according to the "level of friendliness"²¹. As a senior Chinese official indicated, "Even though the allocation of foreign aid was repeatedly requested to take into consideration the recipient countries' local conditions, the changes applied to the shares of foreign aid input to each recipient country over the years are only marginal"²². And, as specified by another official, "Except in extreme situations such as civil wars or diplomatic breakdown, whilst the amount of foreign aid to each recipient country is raised by a certain proportion every year, the percentage to each of them remained almost exactly the same as Prime Minister Zhou outlined in the 1970s"²³.

Further, this was elaborated by two more senior Chinese officials, saying:

Although arguably traditional friendly countries almost always have better creditability

¹⁸ A stress on feasibility research was made by Prime Minister Wen Jiabao again during the 9th National Conference on Foreign Aid convened in August 2010. See XINHUA. 2010. National Conference on Foreign Aid Convened in Beijing, Wen Delivers an Important Speech. People's Daily, 15 August.

¹⁹ Interviews with Chinese foreign aid officials, workers and African officials, Freetown, Sierra Leone; Accra and Tema, Ghana; Beijing, China, 2011 and 2012.

²⁰ Interview with Chinese foreign aid officials and researchers, Freetown, Sierra Leone; Accra, Ghana; Beijing, China, 2011 and 2012. Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012.

²¹ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

²² Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

²³ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

in terms of responding to our [China's] political interests and economic cooperation, frankly speaking, the allocation of our foreign aid is neither dependent on the recipient countries' strategic importance to China nor their economic potential, but it is solely rested with how traditionally friendly they are to China.²⁴

Whether the recipient country is politically stable, or institutionally suitable for a certain amount of foreign aid input; or in fact, whether the recipient country is in need of our foreign aid, these factors are not a part of our consideration for providing foreign aid. It is simply only friendship that matters.²⁵

Not only does there still lack a scientifically emphasised approach to the allocation of China's foreign aid in Africa, but even allowing for the continuously changing international relations, as another Chinese official pointed out:

Carry on (沿袭) is practically what we [China] have been doing, and are doing at the moment. After Prime Minister Zhou sketched the foreign aid allocation framework, no one dared to make adjustments, and to be fair, it is still largely reasonable provided the friendship emphasis.²⁶

Moreover, as another senior Chinese official admitted about the current situation:

Even if we [China] have encountered so much problems with some of the African recipient countries' divergent local conditions, such as changes of governing parties and local behaviours, it is not that we are not attaching importance to these conditions. On the one hand, we are strictly prohibited by The Eight Principles in participating local affairs; on the other hand, we are tied by the friendship determined foreign aid inputs – where you have to spend it all.²⁷

In spite of the potential challenging outcomes, as one other senior Chinese official asserted, "If the allocated budget weren't fully turned into foreign aid agreements by the third quarter, we [China] will even have to intentionally look for additional projects to fulfil it"²⁸. It is owing to this friendship underlying consideration, that concerns over local conditions are only secondary to the friendliness emphasis (if not ignored outright). As a consequence, the divergent political, social and institutional conditions of the recipient countries have led the outcomes of China's foreign aid to various complications.

Specifically, due to the failure to adapt to the political conditions of the recipient countries, China's oversimplified foreign aid allocation approach undermines its efforts in building friendly foreign relationships. This shortcoming caused substantial waste of China's development resources, and hampered the confidences of the Chinese people in providing

²⁴ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

²⁵ Ibid.

²⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

²⁷ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

²⁸ Ibid.

foreign aid when the recipient countries suddenly adopted a political change (as explored in the cases of Vietnam and Albania which turned against China at the end of the 1970s). Subsequent to introducing Management Cooperation in the 1980s, and of course people's livelihoods related projects more recently, this shortcoming has pushed a number of China's foreign aid projects into political situations in the recipient countries. As a senior Chinese official pointed out:

One of the biggest challenges that our [China's] foreign aid is facing in Africa is actually their presidential electoral system. When the political leader of the recipient country is suddenly changed, the friendship that we have been building can be ruined as quickly as overnight.²⁹

And then, whilst causing this greater concern, the neglected political conditions of the recipient countries also sabotage the outcomes of China's foreign aid. As a senior Chinese foreign aid worker said: "Even with a relatively minor political alteration such as the change of the Minister of Finance and Economic Planning, the outcomes of our [China's] foreign aid can also be affected given that the new Minister almost always has other concerns for the project operation"³⁰. Particularly "when taking account of the commonness of the alterations of African ministerial-level officials, a lack of consistent development strategy will promptly drive our [China's] projects to a halt"³¹. In the worst scenario, as seen in one case study especially favoured by Chinese officials, the foreign aid ends up financing something like the CNADC's Cocoa Processing Factory in Ghana (a Concessional Loan funded project)³². Even when this project was under the recipient country's government for financial responsibilities, it never operated, not even for a day, because it was tied up in local political competitions and is currently still looking for ways to escape this dilemma.³³

Furthermore, in making attempts to "bypass the increasingly proficient democratic systems of the African recipient countries"³⁴, the planning of China's foreign aid gradually led to include more turnkey projects, instead of the early prioritised BOT approach (Build, Operation and Transfer)³⁵ which required considerable more involvement of the recipient countries. As a senior Chinese official indicated:

Apart from opting for turnkey projects at every opportunity, we [China] are also looking

²⁹ Ibid.

³⁰ Interview with senior Chinese foreign aid worker, Accra, Ghana, 21 August 2011.

³¹ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

³² The CNADC's cocoa processing factory was delivered to Ghana in 2003 as a part of a Concessional Loan package agreed in 1996. On the basis of costing 8 million USD in total, the Ghanaian government held 45% of the factory and China International Cooperation Company for Agricultural, Livestock and Fisheries (CALF) of China National Agricultural Development Group Corporation (CNADC) held the rest. Telephone interview with senior Chinese official, Accra, Ghana, 24 August 2011. Discussion with senior Chinese officials, Beijing, China, 19 November 2011. See also BRAUTIGAM, D. 2009. *The Dragon's Gift: The Real Story of China in Africa*, New York: Oxford University Press.

³³ See <http://www.sasac.gov.cn/n1180/n12534878/n13979253/n14016300/14052447.html>, accessed 29 July 2012.

³⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

³⁵ BOT was China's primary foreign aid approach prior to the 1980s. Ibid.

with favour on short-term projects and programs. Particularly when there is only one year ahead of the next presidential election in the recipient country, all of our new foreign aid agreements are most likely to be set up to be complete before then.³⁶

It is following this step by step less the recipient countries concerned foreign aid planning,³⁷ indeed, the regardless of "The Chinese government will see to it that the personnel of the recipient country fully master the technology"³⁸ as stressed in The Eight Principles, *all* three previously examined case studies of hospital projects delivered to Africa of late have suffered with significant delays in operation and fundamentally limited effectiveness.

With regard to the complications resulted by the ignored social conditions of the recipient countries, as asserted by a senior Chinese official: "The differences between African local workers and common labourers in China is amongst one of the most substantial impacts on China's foreign aid outcomes"³⁹. Not only are the African workers generally found to be incompetent in terms of basic technical and management skills, but due to the lack of attention paid by the local government, the frequent resignations and movement of employees in the recipient countries and the shortage of human resources to begin with have also noticeably worsened the sustainability of China's foreign aid. Especially under the circumstances when China's Technical Aid was inefficient and the recent HRDC programs were unorganised, as a Chinese official pointed out:

Whilst it was already needing a considerable amount of effort training local employees, the frequent migration of them have hugely affected our [China's] project operations. There is no wonder why a number of our early cooperation programs (Technical Aid) went on as long as two decades.⁴⁰

Moreover, in consideration of the overlooked institutional conditions of the recipient countries, as earlier identified the local governments were neither in control of brain drain nor aptly supporting the operations of foreign aid projects, as pointed out by several Chinese officials during interviews and discussions, "Most of the African recipient countries are (also) having difficulties reading the foreign aid contract"⁴¹. To be specific, one of the most common requirements of China's foreign aid is that the recipient countries prepare for the arrival of the foreign aid projects by providing "the supply of water, electricity, roads and levelled ground (三通一平)"⁴². However, as it turns out:

Not only do most of the African recipient countries tend to make unexpected demands

³⁶ Interview with senior Chinese official, Beijing, China, 16 November 2011.

³⁷ As estimated by one Chinese official, "Less than 5% of foreign aid projects nowadays are planned with a run-in period". Interview with Chinese official, Freetown, Sierra Leone, 3 September 2011.

³⁸ The 7th principle of The Eight Principles, see Appendix I.

³⁹ Interview with senior Chinese official, Freetown, Sierra Leone, 3 September 2011.

⁴⁰ Interview with Chinese official, Accra, Ghana, 26 August 2011.

⁴¹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011. Interview with senior Chinese official, Beijing, China, 10 November 2011. Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

⁴² Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

half way through the project implementation, such as additional roads or an extension of the number of floors [of a building project], but they are also often unable to fulfil their part of the contract responsibilities and thus cause significant delays that require much additional foreign aid input.⁴³

The Packaging of China's Foreign Aid

中国对非援助的组织

Subsequent to understanding the oversimplified foreign aid allocation approach which at first directed China's foreign aid to the divergent local conditions of the African recipient countries, this study examines the packaging of China's foreign aid. As found to be the other contributing factor to the planning failure of China's foreign aid in Africa, since China opted for landmark projects in the 1980s, and gradually scaled back both its Technical Aid and Management Cooperation, the improperly arranged foreign aid packages have led the effectiveness and sustainability of China's foreign aid to further complicated situations. Not only was this a result of the absence of supportive implementation methods in the first place which broadly restricted the outcomes of China's foreign aid, but due to the inappropriately identified technical and management standards, its landmark projects were only able to deliver short-term effects or struggled to be effective at all. Moreover, even the effective projects were unsustainable without additional foreign aid inputs.

At present, the packaging of China's foreign aid is put together by the MOC, FMPRC and MOF – twenty-four institutions jointly participating in the Inter-agency Coordination Mechanism. Aside from being supported by the specialised institutions in planning specific foreign aid projects and programs, it has also benefited from the expanded foreign aid focus and the specifically refined foreign aid implementation methods. However, in spite of these improvements, with regards to China's recently delivered people's livelihoods related projects and programs, as demonstrated in the cases studies, they are still largely unsuited to the recipient countries' development conditions. Equally, these projects and programs have also failed to coordinate with each other. In light of these current outcomes, after studying China's foreign aid project identification preferences and its foreign aid planning mechanism more broadly in chapter four, how does China practically package its foreign aid? And, how is the Inter-agency Coordination Mechanism bringing into play the advantages of the much diversified implementation methods?

The Project Identification of China's Foreign Aid

中国对外援助的项目选择

"To deliver what kind of foreign aid projects and programs and utilising which method – this decision is still being made largely according to The Eight Principles"⁴⁴, states one senior Chinese official who has been in the seat of reviewing foreign aid requests for more than two

⁴³ Interview with senior Chinese official, Beijing, China, 16 November 2011. See also "商务部关于进一步加快对外援助项目实施进度的意见", *Notice of the Department of Aid to Foreign Countries of the Ministry of Commerce on Further Promote the Implementation Process of Foreign Aid Projects and Programs*. Ministry of Commerce [2005], No. 623.

⁴⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 5 August 2011.

decades. "In short, it is basically what China has, and what the recipient country needs"⁴⁵. After the State Council approves the planning for a Country Specific Foreign Aid Budget and allocates them to each corresponding government institutions, the Economic and Commercial Counsellor's Offices situated in the recipient countries are then tasked to begin to review foreign aid requests, or should the requests be "either too big or unrealistic"⁴⁶, to make proposals for foreign aid projects and programs in accordance with the foreign aid objective of the given period. In practice, apart from the previously examined project identification preferences, the packaging of China's foreign aid in Africa is principally organised on the basis of "Keep in mind the primary principles, respond creatively to the practical situations"⁴⁷.

Even though the input of China's foreign aid is specifically allocated to each of its recipient countries, the packaging of this is exceptionally flexible. As one senior Chinese official indicated:

As long as the projects and programs to some degree correspond to the primary emphasis on building friendly foreign relationships, and the budget in the application is within the allowance of that particular country, it will most likely be approved without any further investigations.⁴⁸

Whilst neither China nor Africa are especially clear on what Africa really needs, nor have either been able to propose an adequate approach to identifying priority development areas for African recipient countries, the packaging of China's foreign aid is consequently "referred back to the friendship emphasis"⁴⁹; and, following this tendency, "The Chinese government provides the best-quality equipment and materials manufactured by China..."⁵⁰ as addressed in The Eight Principles. Whether or not the foreign aid package is appropriate to the recipient country's current development capacities, it is (again) "not a part of our [China's] consideration"⁵¹.

In general, "We [China] only take into account the natural environments of the recipient countries", stated one senior Chinese official⁵². Given that the allocated foreign aid budget is set up on a *must-spend* basis, the packaging of China's foreign aid can also be sometimes based on conjecture. Take, for example, the packaging of contemporary people's livelihoods related projects and programs. As one Chinese official explained, "With consideration to the current objective, most of the African recipient countries were actually requesting food supplies, as in bread. But we have been providing food for many years, so we changed it to schools"⁵³. "Even if there is no one in the recipient countries to operate the schools, it cannot

⁴⁵ Ibid.

⁴⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁴⁷ The original phrase utilised by this official was "掌握大的原则，根据实际情况自由应对". Ibid.

⁴⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁴⁹ Ibid.

⁵⁰ The 6th principle of The Eight Principles, see Appendix I.

⁵¹ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁵² Ibid.

⁵³ Interview with Chinese official, Beijing, China, 15 November 2011.

always be food"⁵⁴. This is one typical logic of China's foreign aid packaging at present. Moreover, looking at the other side of the situation, as repeatedly argued by another Chinese official during a discussion:

In spite of some of the projects not quite suiting the development capacities of the recipient countries, every single project that we [China] delivered is agreed to by them if not proposed by them in the first place.⁵⁵

The Coordination of China's Foreign Aid

中国对外援助的协调

Paying specific attention to the coordination of China's foreign aid: Although China has made some efforts to reform this by launching the Inter-agency Liaison Mechanism in 2008 (and subsequently upgrading it to the Inter-agency Coordination Mechanism in 2011), these mechanisms only convene all the participating institutions on an annual basis.⁵⁶ Further, as asserted by Guo, "Whilst there is no legislation laid down to govern this mechanism, and its administrating division⁵⁷ is not an individual government institution, the orders enacted by one institution is very difficult to coordinate other participating institutions" (2014). On this ground, it is not hard to explain why "when a British official asked the Ministry of Health's International Cooperation Department where China was building the hospitals and malaria centres promised in the 2006 Beijing Summit, they replied that they had no clue, they were waiting for the Ministry of Commerce to inform them" (Brautigam, 2009, p.109). Even when a similar question was asked of the Department of Aid to Foreign Countries of the MOC itself, the reply was likewise unsettling: "We are waiting for higher-level instructions"⁵⁸.

With an eye to this situation, set aside the yet to be functional Inter-agency Coordination Mechanism (which could also arguably be a consequence of failure to have a respect for the recipient countries' development conditions), seeing the reliance on projects and programs that agree with the primary emphasis on building friendly foreign relationships, it is once more this friendship underlying consideration that has disoriented the packaging of China's foreign aid. As a result, due to the largely assumed development needs of the recipient countries, the general feasibility of China's foreign aid is called into question. As one senior Chinese official pointed out with regards to the recent tendency towards making international pledges (i.e. the Eight-Point plan[s] and the Six Measures):

Given the pre-determined projects and programs, as well as the allocated foreign aid budget, the usual planning practice of 'looking for projects with money in hand' has caused a number of our [China's] hospitals and schools delivered to Africa of late, if not

⁵⁴ Ibid.

⁵⁵ Discussion with Chinese officials, Beijing, China, 17 November 2011.

⁵⁶ Unpublished government document, November 2008, *The Official Launch of The Foreign Aid Inter-agency Liaison Mechanism*, p.5.

⁵⁷ There is only one Secretary Office established in the Department of Aid to Foreign Countries of the MOC operating this mechanism. Ibid.

⁵⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

all of them, to be unable to open or immediately falling into foreign aid dependencies.⁵⁹

Grounded on falsely identified project standards, the overall outcomes of China's foreign aid are fundamentally limited. Besides identified in the case studies in chapter five a tendency to be additionally being landmark for friendship demonstration purposes, as another senior Chinese official asserted:

Whilst the planning of most of our [China's] hospitals and schools is not concerned for the recipient countries' development capacities in accepting the projects, these projects can only deliver limited development assistance if they are lucky enough to operate at all.⁶⁰

As well the earlier landmark projects, which were frequently found to have only short-term effectiveness at best, a similar pattern is quickly beginning to appear with the recent people's livelihoods related projects.⁶¹ In the meantime, "we [China] are trying to sort out this problem. For example, instead of planning for a university or a general hospital, we will think out primary schools and district clinics for better suitability"⁶². This minor alteration however does not seem to be adequate in coping with the much broader concern of African countries' generally limited development capacities.⁶³

Even considering the foreign aid projects that have to some extent reflected the immediate development needs of the recipient countries and suited their technical and management development capacities, the misleading positioning of the project sometimes also leads to further concerns. As a senior Chinese official pointed out:

Under the implication of 'foreign aid should be superior than the current standard of living in the recipient countries', the project is largely appropriate to the recipient country's development capacity, or relatively comprehensively packaged, yet it can still be ended up in dilemmas.⁶⁴

According to an example given by another Chinese official with regards to China's preference for building rice projects in Africa instead of supporting their cassava cultivation: While rice is generally considered to be a classy food in Africa, in contrast to cassava which is considered to be a traditional and low-cost food, "given the significantly higher production cost of rice, it neither makes economic sense nor is acceptable to the general public of African recipient countries".⁶⁵

Furthermore, regarding the problematic coordination of China's foreign aid in particular, as

⁵⁹ Interview with senior Chinese official, Beijing, China, 15 November 2011.

⁶⁰ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁶¹ Interviews with Chinese foreign aid officials, workers and African officials, Freetown, Sierra Leone; Accra, Tema, Ghana; Beijing, China, 2011 and 2012.

⁶² Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁶³ Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012.

⁶⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁶⁵ Interview with Chinese official, Freetown, Sierra Leone, 3 September 2011.

well as its contributions to the limited effectiveness of China's foreign aid, as several senior Chinese officials raised in a discussion, "Whilst the projects are commonly unable to match the recipient countries' development capacity, the supportive implementation methods are vital to the survival of China's foreign aid projects"⁶⁶. In the absence of such measures after the transfers of Complete Project Aid projects, as investigated in the case studies, two out of three hospital projects looked at would never operate. "Although at present, China is beginning to integrate corresponding training programs into its people's livelihoods projects, the compatibility of these programs are still in need of principal adjustments"⁶⁷. In the long run, as one more senior Chinese official summarised:

It is that we [China] have to emphasis in friendship which has made our foreign aid unique and possibly of benefit to African recipient countries' development. However, if everything is referred back to the friendship emphasis and blind to the practical situation, it is not going to work for both China and Africa.⁶⁸

The Rather Vague Ideas

Having in mind this friendship consideration that has fundamentally frustrated the planning of China's foreign aid in Africa, it can be said that similar to the decision-makings of China's foreign aid objectives, while following after the primary emphasis on building friendly foreign relationships, China only has very vague ideas allocating its foreign aid inputs and arranging its foreign aid packages. To practically improve its foreign aid outcomes in Africa, China needs to attach particular importance to the adaptations of its foreign aid projects and programs to the recipient countries' diverse domestic conditions. Specifically speaking, with regards to the allocation of China's foreign aid, the foreign aid input to each of its recipient countries should be adequately and promptly adjusted according to their local conditions. While it is not possible at the moment to make major alterations to the allocation framework per se, "attempts should be considered in the long-term country specific foreign aid planning so that the allocated budget can be preserved in the meantime and utilised in relatively suitable circumstances of the recipient countries"⁶⁹.

In addition to this greater arrangement, with concern to the project identification of China's foreign aid, as well as making allowances for scientific research, it should be appropriately adjusted to the development scheme and priority needs of each of the African recipient countries.⁷⁰ Also, as discussed before in the assessment of the Lekma Hospital project in Ghana, subsequent to identifying the development areas it intends to focus on, China "must sit down and discuss comprehensively with the recipient country's planning authority, not only by name, but by scope, so that it can have the maximum impact on the people"⁷¹.

⁶⁶ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

⁶⁷ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

⁶⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁶⁹ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁷⁰ Unpublished government document, June 2008, *Thoughts and Suggestions Regarding The 4th Tokyo International Conference on African Development*, p.53.

⁷¹ Interview with senior Ghanaian development planning official, Accra, Ghana, 18 August 2011.

Especially concerning the adaptations of project standards, as Brown and Woods pointed out to the emerging donor governments (although China is definitely not among one of those lesser experienced): "More inclusive processes for setting standards need to be developed, so as to ensure that emerging donor governments... are all engaged in generating standards that countries and communities are in a position to implement" (2007, p.78).

Furthermore, regarding the coordination of foreign aid projects and programs, apart from the additional efforts needed to improve the current Inter-agency Coordination Mechanism, one senior Chinese official has suggested, "The universal packaging of China's foreign aid should take note of the agricultural projects and programs that we [China] delivered to Africa"⁷², and use them as a guide to best practice. Given that each of the Agricultural Demonstration Centres came packaged with equipment and training programs,⁷³ and all of the agricultural expert teams were integrated with minority language interpreters in the initial planning,⁷⁴ "they have a much better chance of achieving the intended outcomes"⁷⁵. To elaborate on the importance of arranging "self-sufficient foreign aid packages"⁷⁶, as another senior Chinese official asserted:

The planning of China's foreign aid should be paying a lot more attention to long-term effects. Instead of continuing to build new projects, priorities should be given to the continuation of existing projects. Indeed, that is the emphasis on integrating supportive measures to ensure existing projects are able to make the most and sustainable impacts on Africa's development.⁷⁷

In short, after decades of attempting to promote foreign aid outcomes, the underlying tendency of *friendship-for-all* remains standing as one of the most predominant drawbacks that is influencing China's foreign aid outcomes in Africa. Regardless of the advantages that this friendship emphasis is bringing to China's foreign aid, at the same time, it has made the planning of China's foreign aid neglect the local conditions of the recipient countries, the reliance on which also have caused China's foreign aid to be continuously unsuited to the recipient countries' development conditions. Whether the planning of China's foreign aid is intentionally emphasised on the level of friendliness, or as a consequence of not knowing the priority development areas of the African recipient countries, China needs to take the initiative to act upon these conditions. Not only should scientific research play a role in the planning of China's foreign aid in Africa, but with particular attention given to its projects and programs coordination, self-sufficient foreign aid packages in the meantime should also see

⁷² Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁷³ In addition to these, China's Agricultural Demonstration Centres in Africa also benefit from government subvention in the first four years of operation, and are instructed to become self-reliant from the fifth year onwards. Interview with Chinese official, Freetown, Sierra Leone, 3 September 2011.

⁷⁴ For example, besides English interpreters, the 100 agro-technology experts to Africa promised in the Eight-Point Plan that China pledged at the FOCAC Beijing Summit in 2006 were integrated with 21 French, Spanish and Portuguese interpreters. Unpublished government document, December 2009, *Successful Completion of The Dispatch Of The One Hundred Agricultural Experts To African Countries*, p.10.

⁷⁵ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁷⁶ Ibid.

⁷⁷ Interview with senior Chinese official, Beijing, China, 19 November 2011.

materially improved end results.

How China Implements Its Foreign Aid in Africa

中国对非援助的执行

With concerns given to the implementation of China's foreign aid in Africa, on the basis of knowing that China has been continuously developing its foreign aid capacities in terms of both governing institutions and operating mechanisms, the outcomes of China's foreign aid have arguably scarcely achieved any significant improvements. Although as surveyed in the previous sections, the outcomes of China's foreign aid in Africa were affected by the friendship emphasised objectives and the largely inconsiderate planning, in addition to these concerns, the implementation approaches of China's foreign aid were problematic. Specifically, this study has found that the lack of foreign aid professionals and the unequally developed supervisory mechanisms are the principal deficiencies of China's foreign aid implementation. Not only have these issues caused the failing in technology and management transfers ever since the establishment of China's foreign aid, but they have also led to the recent decline in foreign aid implementation quality. In consideration of this situation, how did China build up its foreign aid implementation?

To review the development of the implementation approaches of China's foreign aid: China's foreign aid was solely administrated by the Central People's Government and coordinated by the State Planning Commission at the beginning. After the establishment of the specialised ministries in the 1950s, the foreign aid administration was then taken over by them while the project and program implementation was delegated to their subsidiary institutions. In 1961, the administration of China's foreign aid was fully unified under the Bureau of Foreign Economic Liaison, and the Delivery Ministry In-chief Mechanism was set up to conduct China's foreign aid. Three years later, China's foreign aid gained its first upgrade as the bureau was elevated to the Foreign Economic Liaison Commission in 1964. By 1970, this was elevated again given the rapidly increasing foreign aid demands so that the Ministry of Foreign Economic Liaison was therefore established. At the same time, the Complete Plant Export Company was also founded to manage the implementation of China's foreign aid whilst the Contract Ministry In-Chief Mechanism was introduced to organise the process.

Into the 1980s, in accordance with the reform policy that was inaugurated to promote domestic development, the Ministry of Foreign Trade, Ministry of Foreign Economic Liaison, State Planning Committee and Foreign Investment Managing Committee merged into the Ministry of Foreign Economic and Trade. In this merger, the management of foreign aid implementation was completely delegated to the Complete Plant Export Company while SOEs were established to replace government subsidiary institutions for project and program implementation. At this stage, the Investment Responsibility Mechanism and the Contract Responsibility Mechanism were duly introduced to operate China's foreign aid, respectively. By the beginning of 1993, in order to further boost China's foreign aid capacity, the existing ministry was promoted to the Ministry of Foreign Trade and Economic Cooperation, and the Complete Plant Export Company was transformed into the Complete Plant Import and Export

Cooperation Group as an enterprise implementing China's foreign aid. This new setup was conducted by the Enterprise Contract Responsibility Mechanism.

Moving into the contemporary era, and with rapidly growing international responsibilities, China's foreign aid first concentrated on organising integral mechanisms to encourage the participation of SOEs and introducing codes of practices to govern the amplified foreign aid process. And then in 2003, in the interest of integrating its domestic economic and trade into overseas economic cooperation, China elevated the Ministry of Foreign Trade and Economic Cooperation to the Ministry of Commerce and charged it with the complete administration of China's internal and external economic and trade affairs. After laying this foundation for current foreign aid implementation, not only has China's foreign aid further benefited with a number of dedicated databases coordinating foreign aid experts and projects and programs, but by fully delegating the implementation management to the subsidiary public institutions of the Ministry of Commerce and other specialised institutions, the administrative capacity and overall implementation arrangement of China's foreign aid were also better able to cope with the large increased in foreign aid works.

However, despite these continuous improvements to the implementation capacity of China's foreign aid, as investigated in the case studies, its yet ineffective foreign aid administration is nevertheless delivering disappointing outcomes in Africa. To begin with, considering the first objective of China's foreign aid: the building of African industrial and agricultural foundations has instead resulted in foreign aid dependencies. Apart from some of the projects eventually making profits and becoming sustainable, the majority of China's foreign aid delivered in between the 1950s and 1970s suffered with unsuccessful technology and management transfers due to a lack of foreign aid human resources. Hence, when the second foreign aid objective was proposed in the 1980s, China specifically called for the less technical landmark projects and upgraded its failing in Technical Aid with Management Cooperation. Still, while the human resources of China's foreign aid remained largely unimproved, this fundamental issue went on affecting the outcomes of China's foreign aid in Africa so much so that China had to scale back its Technical Aid and terminate its Management Cooperation by the beginning of the 1990s.

After focusing on delivering the less technical landmark projects for almost two decades, the introduction of the HRDC programs at the turn of the century to some extent improved this situation by providing technology and management training in China. Particularly after the inauguration of the third foreign aid objective in 2005, which emphasised Africa's social development, the rapidly expanding HRDC has significantly improved the diversity and capacity of China's foreign aid training programs. However, at this stage, due to China's incompetent foreign aid planning, the improperly arranged foreign aid packages have caused these HRDC programs to be at large uncoordinated with China's people's livelihoods focused foreign aid projects. At present, China only offers short-term onsite training following the transfers of Complete Project Aid projects that usually takes two weeks, and as assessed in the previous chapter, neither do the HRDC programs nor the extremely compressed onsite trainings meet the current demands of the recipient countries, or make up for the difficulties

brought about by the underlying deficiency of foreign aid professionals.

Moreover, apart from this human resources capacity based drawback to China's foreign aid implementation, the supervision of which was commonly found to be problematic. Regardless of what The Four Principles promised: "The Chinese side will see to it that the signed contracts are observed, the quality of the work guaranteed..."⁷⁸, and the continuous efforts that China has made in putting forward mechanisms and codes of practices to guide its foreign aid implementation, since the introduction of the market economic system in the early 1990s, the competitions consequently developed amongst foreign aid implementation parties have to a great degree threatened the quality of China's foreign aid. As a result of the shortage of foreign aid professionals and the unequally developed supervisory mechanisms, as a senior Chinese foreign aid worker mentioned: "While the projects that we [China] built in the 1960s are still up and running, the maintenance team has already come back twice on a recently transferred project"⁷⁹. In reference to these complications, this section now delves into the handling and the supervisory mechanisms of China's foreign aid to explore the shortcomings that are hidden within its foreign aid implementation.

The Handling of China's Foreign Aid

中国对非援助的处理

First, this study examines the handling of China's foreign aid. As learnt in chapter four, in the course of delivering foreign aid, the related departments of the Chinese government closely liaise and cooperate with each other. From the planning of foreign aid works to the eventual transfer, each foreign aid project and program are at the least processed through three institutions within the Chinese government. These are, the Economic and Commercial Counsellor's Office, the Department of Aid to Foreign Countries of the MOC, and the relevant implementation management institutions. In assistance to these primary institutions which take care of the negotiation, establishment, and implementation of foreign aid works, there are also the Department of Western Asian and African Affairs of the MOC and the Chinese Academy of International Trade and Economic Cooperation carrying out foreign aid research, a number of specialised government institutions providing planning suggestions and aiding in implementations of specific foreign aid projects and programs, as well as the State Council overseeing the whole process.

However, given all of these institutions collectively processing China's foreign aid, and the recently founded databases in support, why are the human resources of China's foreign aid still turning out to be insufficient in assisting Africa's development? As explained by Brautigam earlier, "The Department of Foreign Aid⁸⁰ is unbelievably small, with a staff of only about 100 (seventy professionals) in thirteen divisions⁸¹" (2009, p.109). Whereas with concern to the front line of China's foreign aid, she additionally revealed that: "The Chinese Economic and Commercial Counsellor's office attached to China's embassy will designate one

⁷⁸ The 3rd principle of The Four Principles, see Appendix II.

⁷⁹ Interview with senior Chinese foreign aid worker, Freetown, Sierra Leone, 4 September 2011.

⁸⁰ Currently known as the Department of Aid to Foreign Countries of the MOC.

⁸¹ Eight divisions for regions, including five for Africa, and five administrative divisions (human resources, financial management and planning, laws and regulations, information systems, and overall coordination).

or more staff to oversee the aid program, trouble-shooting, monitoring, and checking up at their completion. These officials are not expected to be experts in development" (ibid.). As much as this is problematic, as surveyed by this study, the human resources foundation of China's foreign aid is even more hard pressed. Hence, as well as providing an update, this study goes into details regarding the institutions involved in the processing of China's foreign aid and further clarifies its professional capacity at present.

The Human Resources of China's Foreign Aid

中国对外援助的人力资源

At the outset of China's foreign aid where the initial agreements are negotiated and signed, this study has identified similar circumstances as Brautigam found in 2009. Where located in the Economic and Commercial Counsellor's Offices attached to the Chinese embassies, there is generally only *one* person who is assigned to take charge of China's foreign aid full-time, and this person is not expected to be experienced in foreign aid.⁸² Apart from the Counsellor who is primarily involved in the negotiations of foreign aid items with the recipient country, this one person deals with the contract drafting, the liaison with the Ministry of Commerce; and, after the establishment of the foreign aid works, the supervision of the implementation and problem-solving. In the particular case of Africa, where the staffing of the Economic and Commercial Counsellor's Offices are also arranged according to the concept of *traditional friendly countries*, a minimum of 70% of these offices are staffed with less than 8 people in total.⁸³ In these cases, this one person who is assigned to take charge of foreign aid is also often required to attend to other tasks at the same time.

After sending the foreign aid proposal back to China for further review, the first department it reaches (the Department of Aid to Foreign Countries of the MOC) now has 15 divisions. In contrast to Brautigam's findings, there are only 4 divisions for Africa, and there is a general office taking charge of internal works. Other than these differences, there is also a division established after her research which organises international exchange and cooperation.⁸⁴ As the central administrative department of China's foreign aid, as well as the largest department of the MOC, the staffing of the Department of Aid to Foreign Countries is in total set up for 96 people, plus an additional secondment of 80 people (mainly coordinated from other central and provincial economic departments).⁸⁵ With particular attention on Africa, the 4 regional divisions on average have one person dealing with 3 recipient countries at a time.⁸⁶ Taking account of the person who is assigned to handle foreign aid in the Economic and Commercial Counsellor's Office, as one senior Chinese official described the current situation, "There is an average of 1.3 people looking after each African recipient country"⁸⁷.

After the foreign aid requests are approved, these are then passed on to the appropriate

⁸² As this official further pointed out, this person is "almost always a secondment from provincial economic departments". Interview with senior Chinese official, Freetown, Sierra Leone, 6 August 2011.

⁸³ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

⁸⁴ This new division is the Division of International Exchange and Cooperation.

⁸⁵ Interview with senior Chinese official, Beijing, China, 10 November 2011.

⁸⁶ Ibid.

⁸⁷ Ibid.

implementation management institutions for contract bidding, preparation and implementation of the agreed terms. Aside from the specific foreign aid works such as Medical Teams and Youth Volunteer Programs, which are assigned to specialised government institutions (each of these specialised institutions have one dedicated office for organising foreign aid related tasks), the primary features of China's foreign aid – Complete Project Aid, Goods and Materials Aid, and HRDC are thus processed by the subsidiary public institutions of the MOC. Of these, the Executive Bureau of International Economic Cooperation is set up with 96 staff spread between 17 divisions arranging Complete Project Aid and Technical Aid.⁸⁸ The China International Centre for Economic and Technical Exchanges, on the other hand, has 18 divisions and employs 140 people in the management of Goods and Materials Aid.⁸⁹ Finally, executing and coordinating China's HRDC programs, the Academy for International Business Officials has 190 staff spread across 18 divisions.⁹⁰

As for the research departments of China's foreign aid: the Department of Western Asian and African Affairs of the MOC is set up with only 30 staff, whom are processing the information gathered from the Economic and Commercial Counsellor's Offices located in 13 Asian and 53 African countries – that is an average of 5 countries per person.⁹¹ The Chinese Academy of International Trade and Economic Cooperation in the meanwhile has 4 people focusing on research related to development assistance (including the statistics of China's foreign aid). In addition to this, the China-Africa Research Centre housed within this academy has 10 researchers.⁹² Whereas with consideration to the databases that are constructed also in support of China's foreign aid implementation: in spite of accessible data that indicated that the Foreign Aid Expert Database had already registered 4,373 experts by the end of 2008,⁹³ the problem is that, as pointed out by one Chinese researcher, these foreign aid experts are all "experts in technical fields, such as construction and water exploration"⁹⁴, but none of them are experts in development.

In view of this significant shortage of foreign aid professionals, it is not hard to realise how the implementation of China's foreign aid in Africa encountered substantial difficulties over the past six decades – and indeed, continues to face challenging situations at present. However, after revealing these alarming figures and understanding the steady evolvement of the institutions involved in China's foreign aid, what this study has found to be even more confusing is that why have the human resources capacities of these institutions not improved along? As one senior Chinese researcher pointed out the dilemma: "It is because of the staffing plan (人员编制) set for these ministries"⁹⁵. Due to the staffing arrangement of the Chinese government, the number of staff recruited in each government institutions is

⁸⁸ Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁸⁹ Interview with Chinese official, Beijing, China, 12 November 2011.

⁹⁰ Ibid.

⁹¹ "Exclusive of the administrative staff and so forth", as this official added. Interview with senior Chinese official, Beijing, China, 16 November 2011.

⁹² Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

⁹³ Unpublished government document, January 2009, *Strive for the Advancement of Both Foreign Aid Management and Promotion*, p.14.

⁹⁴ Interview with Chinese researcher, Beijing, China, 28 November 2011.

⁹⁵ Discussion with Chinese researchers, Beijing, China, 22 November 2011.

strictly controlled. Whilst it is not possible to increase the human resources capacity of one government institution over another, the Adjustments of Foreign Aid Project Management implemented by the MOC in 2008 (which devolved its foreign aid implementation management to its subsidiary public institutions) was particularly purposed to cope with this situation.⁹⁶

"Of course this is much behind the rapid development of our [China's] foreign aid works"⁹⁷, stated one senior Chinese researcher. Considering the possibility of establishing a dedicated institution administrating foreign aid as the traditional foreign aid donor countries, another Chinese researcher affirmed: "Highly unlikely to happen within the next two decades". It is built on this greatly restricted human resources foundation, that the current implementation capacity of China's foreign aid remains fundamentally the same as during the pre-reform era,⁹⁸ regardless of the continuous institutional reforms and the adjustments of operating mechanisms that have been accomplished over the years. As a consequence, not only is "the lack of expertise of the seconding staff troubling the process of our [China's] foreign aid implementations"⁹⁹, but as pointed out by another Chinese official:

Not to mention that we [the MOC] are at the moment unable to provide any foreign aid planning suggestions longer than a one-year period, with regard to foreign aid research, evaluation, projects and programs coordination – these institutional functions are all extremely limited.¹⁰⁰

Furthermore, with particular concerns to the *technical* experts of China's foreign aid, whilst they are all seem to be amply located through the Foreign Aid Expert Database nowadays, as pointed out by one Chinese official:

Consider our current foreign aid expert teams, including teachers, engineers, doctors and so forth. Despite that they are all competent in terms of their own specialities, they are helpless in terms of language skills.¹⁰¹

Even though China is now organising language training courses for all of its foreign aid expert teams before their overseas duties, and is continuously focused on improving the capacity of its HRDC programs, neither of these attempts is delivering the intended result at present. The lack of foreign aid human resources with appropriate language skills remains one of the primary drawbacks that is affecting China's foreign aid implementation in Africa.¹⁰² Not only does this shortage repeatedly cause China's foreign aid in Africa to fail in technology and management transfers, it sometimes also drives foreign aid dependency amongst recipient countries.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ Interview with senior Chinese official, Freetown, Sierra Leone, 3 September 2011.

⁹⁹ Interview with senior Chinese official, Beijing, China, 16 November 2011.

¹⁰⁰ Discussion with Chinese officials, Beijing, China, 17 November 2011.

¹⁰¹ Interview with Chinese official, Freetown, Sierra Leone, 2 September 2011.

¹⁰² Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

The Supervision of China's Foreign Aid

中国对非援助的监督

After surveying the extremely limited human resources of China's foreign aid, this study now explores its supervisory arrangement. As identified to be the other factor that is also affecting the implementation of China's foreign aid in Africa, the unequally developed supervisory mechanisms have resulted in a number of difficulties in recent years. Particularly after the introduction of the market economic system in the early 1990s, the implementation quality of China's foreign aid has step by step declined. Although there are no official figures recording the unsatisfactory projects and programs, as asserted by several Chinese foreign aid officials and workers, and as assessed by this study, a notable proportion of the projects and programs delivered to Africa of late are "found to be sub-standard"¹⁰³. Leaving aside the inadequately planned technological standard of the equipment, even the installation of such equipment and the construction of China's foreign aid buildings are also often turned out to be disappointing in terms of both the local standards and in comparison to the foreign aid projects that China had delivered previously.

At present, the supervision of China's foreign aid is mainly carried out by the Department of Aid to Foreign Countries of the MOC. Besides administrating the entire foreign aid process, it is responsible for both the development and enforcement of China's foreign aid polices and codes of practices. Working in conjunction with this department, there is also the Economic and Commercial Counsellor's Office onsite overseeing the implementation of China's foreign aid as well as monitoring the operation after transfers. In addition to this basic arrangement, following the lead of the Central Committee which designated 2011 as the Year of Foreign Aid Quality, the MOC executed a comprehensive inspection of the projects and programs that China had delivered since its first modern pledges made in 2006. However, in spite of these supervisory measures introduced by Beijing, as investigated by this study in reference to the identified sub-standard implementation of China's recent foreign aid projects and programs in Africa, there still remain many drawbacks regarding the auditing and legislation setup of China's foreign aid.

The Audit of China's Foreign Aid

中国对外援助的审计

With concerns to the calculation of China's foreign aid, as understood earlier, it is currently dealt with by the Chinese Academy of International Trade and Economic Cooperation, and it is summed by the National Bureau of Statistics and published via *China Statistical Yearbook*. Although such figures are virtually statistics, in other words, *aggregates* rather than the result of an in-depth audit, as a senior Chinese official asserted, "It is the only calculation of China's foreign aid at the moment"¹⁰⁴ (This only refers to China's traditional foreign aid which depends on being solely funded by the Chinese government budget. The Concessional Loan, on the other hand, is separately administrated by the EXIM Bank). Since China's foreign

¹⁰³ Interviews with Chinese foreign aid officials and workers, Freetown, Sierra Leone; Accra and Tema, Ghana; Beijing, China, 2011 and 2012.

¹⁰⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

aid has always been implemented as a state behaviour, that is, it has no relevance to the Chinese people, there has never been an auditing mechanism or department established. As for the need to keep a detailed record for the Chinese government itself, the argument is even more straightforward, as this official further pointed out the initial thought of Beijing: "Foreign aid is our [China's] gift to our friendly countries, what is the reason for an audit?"¹⁰⁵.

Quickly is the reasoning referred back to the friendship emphasis again, in fact, it was only in 2010 that the need for auditing foreign aid was first brought forward.¹⁰⁶ While the progress on this request is unknown, the Chinese Academy of International Trade and Economic Cooperation is now only putting together two sets of figures which sum up China's total foreign aid expenditures and foreign aid expenditures by specific countries. Whereas with regards to the other part of auditing – the evaluation of China's foreign aid implementation, the Financial Management and Planning Division of the Department of Aid to Foreign Countries of the MOC has 10 staff monitoring the execution of the *whole* of China's foreign aid.¹⁰⁷ Even though it is briefed by the one person from the Economic and Commercial Counsellor's Offices onsite and is now aided by the Foreign Aid Expert Database, this remains the weakest link in China's foreign aid implementation.¹⁰⁸ In fact, as far as this study is concerned, the MOC practically only sees the completions of China's foreign aid projects and programs, but whether they are serving the intended purposes or not, stays only with the ones who are receiving them.¹⁰⁹

The Regulations of China's Foreign Aid

中国对外援助的立法

Regarding the construction of rules and regulations for China's foreign aid, subsequent to the inauguration of The Eight Principles in 1964, it has become the *only* norm for China's foreign aid works (Huang, 2007). Aside from The Four Principles which was later brought in as an addition to The Eight Principles, China has been continuously setting up internal mechanisms and codes of practices to conduct its foreign aid implementation. For example, following introducing enterprises to take part in foreign aid deliveries in 1983, China implemented the Contract Responsibility Mechanism to administrate the process. After the launch of the Fund of Foreign Aid Joint Ventures and Cooperative Projects in 1998, China installed the Measures for the Management of the Fund of Foreign Aid Joint Ventures and Cooperative Projects to supervise its application. However, despite these attempts in regulating the implementation of China's foreign aid, none of them has the restraining force of law.¹¹⁰ At present, similar to the much needed foreign aid auditing mechanisms, there has not been any legislation laid down to *legally* govern China's foreign aid implementation.

¹⁰⁵ Ibid.

¹⁰⁶ This was first brought forward by Prime Minister Wen Jiabao during the 9th National Conference on Foreign Aid, convened in August 2010. See XINHUA. 2010. National Conference on Foreign Aid Convened in Beijing, Wen Delivers an Important Speech. *People's Daily*, 15 August.

¹⁰⁷ Interview with senior Chinese official, Beijing, China, 10 November 2011.

¹⁰⁸ Discussion with Chinese officials, Beijing, China, 17 November 2011.

¹⁰⁹ As one of the Chinese officials further pointed out during this discussion: "Whether the projects and programs worked or not is not a part of the evaluation, at least it is not one of the main purpose". Ibid.

¹¹⁰ Interview with senior Chinese researcher, Beijing, China, 22 November 2011.

Given the deficiency of both adequate auditing mechanisms and effective legislation, albeit this at first glance highlights the considerably lagged development of China's foreign aid supervision, as one senior Chinese official pointed out, "It is because of that we [the MOC] are significantly short of hands"¹¹¹. "It is not the first time that we [the MOC] have been asked to improve on evaluations and take the current rules and regulations up to a legislation level, but with less than 20 people put together (the Financial Management and Planning Division and the Laws and Regulations Division of the Department of Aid to Foreign Countries of the MOC), even the ongoing tasks are more than demanding"¹¹². It is again as a result of the substantial shortage of foreign aid human resources, that the implementation capacity of China's foreign aid has been materially undermined. Not only has the consequent lack of adequate auditing setup caused China's foreign aid to have incompetent evaluations, but due to the underdeveloped legislation, the existing rules and regulations cannot be effectively enforced to govern the implementation of China's foreign aid.¹¹³

With both of these drawbacks brought together, provided that China's development agenda continues to lean heavily towards promoting economic interests and indeed supporting its enterprises *going out*, the unequally developed supervisory mechanisms have immediately pushed the implementation of China's foreign aid to "dangerous zones"¹¹⁴. On the basis that the criteria for qualifying foreign aid implementation parties are now "overwhelmingly stressed on their business competitive capacities, and specifically laid upon their ability of staying out rather than their practical project implementation quality"¹¹⁵, in addition to the works of China's foreign aid are no longer guaranteed, as further pointed out by a senior Chinese official:

Whilst our [China's] foreign aid subtly progressed from 'strictly a political mission' to additionally considering 'establishing businesses in recipient countries', the regardless of the implementation quality [even] to some extent confused the primary emphasis on building friendly foreign relationships.¹¹⁶

Given China's foreign aid in Africa is at present not being supervised at either end – neither concerned with the workmanship of the implementation parties nor the foreign aid outcomes after transfers, the implementation quality of China's foreign aid continues to decline.

The Obvious Short of Hands

Following up these shortcomings that have fundamentally impaired the implementation of China's foreign aid, it can be seen that as much as China sought to advance its foreign aid capacities, in order to materially improve its foreign aid outcomes in Africa, it is still in need

¹¹¹ Interview with senior Chinese official, Beijing, China, 16 November 2011.

¹¹² Discussion with Chinese officials, Beijing, China, 17 November 2011.

¹¹³ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

¹¹⁴ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

¹¹⁵ Online interview with senior Chinese official, St Andrews, Scotland, 10 November 2012.

¹¹⁶ Interview with senior Chinese official, Freetown, Sierra Leone, 2 September 2011.

of sorting out its phenomenal shortage of foreign aid human resources. To be specific, with regard to the lack of professionals in the offices: whilst the staffing plans of the current foreign aid institutions cannot be increased, and a dedicated foreign aid institution is highly unlikely to be established in the foreseeable future, the MOC should search for measures to further devolve its foreign aid management to public institutions or specialised institutions to keep up with the rapid development of China's foreign aid.¹¹⁷ On the basis of additionally concentrating the administrative responsibility of the MOC and allowing it to be fully focused on foreign aid planning and construction of foreign aid regulations, China should also take steps to train human resources specialised in development to assist in both the MOC and the Economic and Commercial Counsellor's Offices to improve efficiency.¹¹⁸

As for the research and supervision of China's foreign aid in particular: aside from passing on these tasks to other government institutions, as a senior Chinese official suggested, the MOC could also sub-contract them to professional institutions, such as academic institutions and auditing agencies, to promote the scientific research and the transparency of China's foreign aid.¹¹⁹ Especially in consideration of the research of China's foreign aid, given that it is at present not contributing adequately to both the decision-makings of China's foreign aid objectives and the planning of China's foreign aid projects and programs, as He called on:

It is not sufficient to gather experiences and train human resources through 'learning by doing' any more... Whilst delivering foreign aid large-scale, we [China] should also focus on building up our own foreign aid research capacity. (2010, p.19)

Moreover, in view of the versatility of the Foreign Aid Expert Database and its conveniences under the current staffing arrangement, in addition to continuously expanding its capacity, efforts should be likewise made to introduce development specialised experts to be included in the database.¹²⁰

With attentions calling to the shortage of foreign aid experts with appropriate language skills in the field: China needs to be appropriately addressing this "the most prominent but least considered"¹²¹ issue and bringing it to urgent attention – whether to advance the language training for foreign aid experts, or to include interpreters as an integral part of the expert teams as China has done with the agricultural expert teams. Additionally, as one Chinese official recommended, giving an example of China's Foreign Aid Medical Teams:

While retaining the criteria of senior doctors to ensure the performance of our [China's] Medical Teams (one of the primary criteria for participating in China's Medical Teams is that the member must be qualified for Associate Chief Physician or above), we could as well invite some of the doctors from the younger generation with adequate language

¹¹⁷ "Such as foreign aid research, implementation supervision and the enforcement of rules and regulations", as one Chinese official further pointed out. Discussion with Chinese officials, Beijing, China, 17 November 2011.

¹¹⁸ Interview with Chinese researcher, Beijing, China, 28 November 2011.

¹¹⁹ Discussion with senior Chinese officials, Beijing, China, 19 November 2011.

¹²⁰ Interview with Chinese researcher, Beijing, China, 28 November 2011.

¹²¹ Interview with senior Chinese official, Freetown, Sierra Leone, 3 September 2011.

skills to join in.¹²²

Besides further expanding the diversity of the foreign aid expert teams, as another Chinese official suggested, "If our [China's] training programs can be better coordinated with the implementation of our foreign aid projects, as carried out during the construction of projects instead of after the transfer, this should also help a lot"¹²³.

In summary, after delivering foreign aid to Africa for more than half a century, the shortage of foreign aid human resources is still one of the most fundamental shortcomings that is undermining China's foreign aid outcomes in Africa. Not only has it directed China's foreign aid to fail in technology and management transfers, but it also led China's foreign aid to have continuously declined in implementation quality. While it is not possible to rectify this shortcoming with a simple increase in administration capacity, China needs to seek other ways to boost its foreign aid human resources. As explored by this study, the viable solutions include: an expanded participation of other professional institutions, advanced trainings for foreign aid human resources, and improved coordination of foreign aid human resources and HRDC training programs. Nevertheless, in spite of the possibilities for improvement provided by these solutions, in the end, it is still the concerns over human resources capacity. Indeed, the staffing arrangement of the Chinese government needs to be addressed. Before successful measures can be taken, the outcomes of China's foreign aid in Africa is going to be continuously kept in challenging situations.

Chapter Summary

Looking through the above identified *Chinese characteristics* of China's foreign aid, it can be found that after more than six decades of continuous developments, China's foreign aid today is still left with a number of fundamental shortcomings that are undermining its outcomes in Africa. On the basis of the successively implemented objectives of building African industrial and agricultural foundations, reducing expenditure while consolidating foreign aid outcomes, and improving people's livelihoods; the noticeably broadened foreign aid planning focus of both Africa's social and infrastructure development; and the step by step refined foreign aid implementation methods of Complete Project Aid, Technical Aid, Goods and Materials Aid, HRDC, Medical Teams and Overseas Volunteer Programs, China's overall foreign aid capacity has only improved to some extent. Whilst China's foreign aid in the meantime is only aimed at building friendly foreign relationships, as this study found out, in the interest of materially improve the outcomes of China's foreign aid in Africa, Beijing needs to pay attention to two primary concerns on the instant.

First off, there is the underlying consideration of friendship. Although on the one hand, this friendship emphasis has brought China's foreign aid both uniqueness that is welcomed by almost all African recipient countries, and the planning framework that is unconstrained by other economic or political interests; on the other hand, it has substantially simplified the

¹²² Ibid.

¹²³ Interview with Chinese official, Accra, Ghana, 26 August 2011.

decision-makings of China's foreign aid objectives and confused China's foreign aid planning. To be specific, whilst the foreign aid objectives in Africa that China has implemented thus far were all practically decided upon its principal decision-makers' personal visits to African recipient countries, and only concerned about building friendly foreign relationships, the consequently neglected scientific research and other necessary processes of decision-making have made these objectives only to a small degree adapted to the general development concerns of Africa. Meanwhile, given that China has always taken African recipient countries as a whole in drawing up these objectives, they also never made alterations for each African recipient country's immediate development concerns.

With regard to the planning of China's foreign aid, subject to this friendship emphasis, the allocation of China's foreign aid overlooked the local conditions of the African recipient countries. In as much as the level of friendliness determined foreign aid input and the emphasis on it must-be-spend, the majority of China's foreign aid projects delivered to Africa had to deal with complex local political, social and institutional conditions. As a result of not knowing the priority development areas of the African recipient countries, the tendency of relying on friendship as a prime determinant has then led China's foreign aid to be often planned inappropriate to their development conditions. In the end, following the rather vague ideas in planning foreign aid projects and programs in Africa, not only was the general effectiveness of China's foreign aid widely restricted owing to the oversimplified foreign aid allocation approach, but it depended on the ineptly arranged foreign aid packages and the incompetent coordination of supportive foreign aid implementation methods, the universal sustainability of China's foreign aid were also further limited.

Secondly, there is the shortage of foreign aid human resources. Whilst China's foreign aid has continuously boosted in scale, expanded in focusing areas and diversified in implementation methods, the largely unimproved foreign aid human resources foundation has materially constrained the implementation of China's foreign aid. As well the lack of foreign aid human resources in the administrative departments, a number of institutional functions of China's foreign aid were thus disabled, such as foreign aid research, supervision and coordination of foreign aid projects and programs, leading to the lack of expertise of the seconded staff in these departments, the normal processes of foreign aid implementation were also to some extent troubled. Further, apart from hampering the administrative capacity of China's foreign aid, as a consequence of the shortage of foreign aid experts with competent language skills in the field, unsuccessful technology and management transfers is at present still remaining one of the primary failures that is affecting the overall outcomes of China's foreign aid in Africa and a major cause of foreign aid dependencies.

As for the improvement of these fundamental shortcomings: whilst the friendship emphasis does not necessarily lead to unsuccessful foreign aid outcomes, and it is the primary drive of China's foreign aid, the decision-making of China's foreign aid objectives should additionally allow for scientific research to aid in identifying the priority development areas of African recipient countries, and further attend to their individual development needs. At the same time, given that it is not possible to alter the level of friendliness determined foreign aid

allocation framework, China could attempt to modify its long-term country specific planning so that the allocated foreign aid budget could be used in appropriate situations. In addition to these, considering the packaging of China's foreign aid, as well as it also needs to have a greater regard for scientific research, and accordingly adjusted to each African recipient country's needs, attention should be paid to the generation of foreign aid standards that the recipient countries are in a position to implement. Moreover, apt coordination of foreign aid projects and programs should also be duly stressed.

With concerns to the shortage of foreign aid human resources, on the basis of attaching sufficient importance to this prominent issue that has practically undermined China's foreign aid implementation from the very beginning, China should introduce additional training for its existing foreign aid officials and experts in the immediate agenda. Whilst a dedicated foreign aid institution is highly unlikely to be established in the near future, and given the currently set staffing arrangement, further devolvement of foreign aid management and other attainable measures for distributing foreign aid works should be primarily considered. In particular to foreign aid research which is essential to both satisfying foreign aid objectives and suitable foreign aid packages, attention needs to be specifically called to participation of academic institutions. Further, concerning the shortage of foreign aid human resources in the field, solutions can be explored via adequate coordination of specialist human resources and more integrated HRDC programs. Improved administration of the Foreign Aid Expert Database should also benefit the eventual outcomes.

To conclude the survey of the successes and failures of China's foreign aid in approaching the factors that affect its performance in Africa: subsequent to repeated efforts made to adjust foreign aid objectives, advance foreign aid planning and implementation approaches, there still remains a number of fundamental shortcomings that undermine China's foreign aid outcomes in Africa. Even though driven by the underlying political consideration of building friendly foreign relationships, China has managed to boost its foreign aid capacity in some respects, it is at present still urgently in need of sorting out the concerns over the emphasis and the reliance on the friendship underlying consideration, as well as the phenomenal shortage of foreign aid human resources. In sum, as this study found out, if China could account the adaptation of its foreign aid to African countries' diverse domestic conditions as serious as it is emphasising on friendship, if the input to the improvement of China's foreign aid capacity can catch up to the growth of its foreign aid input to Africa, then China's foreign aid may be more effective in helping African countries achieve self-reliance.

Chapter Seven: Concluding Remarks

With the aim of improving our understanding of China's foreign aid in Africa, and promoting China's foreign aid outcomes, this study has surveyed one of the fastest expanding but least explored foreign aid practices in the contemporary world: China's foreign aid in Africa. Whilst previous studies have made much account of China's massive concessional loan deals and the generous investments in natural resources, very little is known so far with regard to how China delivers its foreign aid, and even less is known about how this foreign aid works in African recipient countries. With a view to addressing this gap in our prior knowledge, and to shed light on its development in the near future, this study has delved into the development, the performance and the shortcomings of China's foreign aid over the past 60 years. Built on practical grounds, it has attached importance to both China's traditional foreign aid (the part of China's foreign aid that is primarily aimed at promoting Africa's economic and welfare development), as well as China's responsibility in making this foreign aid work under the diverse domestic conditions of African recipient countries.

At the beginning of China's foreign aid in Africa (1955-1978), this study found that with the purpose of breaking out of the diplomatic isolation created by the capitalist countries, and consolidating China's newly founded communist regime, China's foreign aid emerged from a devastating domestic background left by the feudal regime. With a desire to build friendship with African countries, China's foreign aid settled on the principal aim of helping African countries achieve self-reliance after political independence. The goals then quickly began with an objective of building African industrial and agricultural foundations to help them achieve economic independence. During the implementation of this objective, not only China continuously reformed its foreign aid administration and operating mechanisms, but along with the increase in foreign aid recipient countries, it also expanded its foreign aid implementation approaches to include three funding methods (Grant, Interest-free Loan and Low-interest Loan), and four implementation methods (Complete Project Aid, Technical Aid, Goods and Materials Aid and Cash Aid).

However, whilst this early development of China's foreign aid in Africa swiftly extended China's diplomatic relationships to 41 countries on the continent by the end of 1978 (and successfully brought it back to the UN in 1971), and made China's foreign aid capable of completing a number of complex projects, such as the single largest foreign aid project in the history of China's foreign aid in Africa – the Tanzam Railway, the majority of the industrial and agricultural foundations that China delivered to Africa during this period were mired in continued dilemmas. As a result of the decision-makers' personal preferences, a friendship determined foreign aid allocation and packaging; and the yet underdeveloped foreign aid capacity, the neglected political, social and institutional conditions of the African recipient countries widely drove these projects to classic foreign aid dependencies. Additionally, on the basis that China's foreign aid was primarily carried out as obligations to proletarian internationalism and ignored China's domestic economic situation, it also hampered China's

own development.

During the initial reform of China's foreign aid in Africa (1979-1993), despite the frustrating foreign aid outcomes from the previous period and the domestic demand for economic development, China still came up with a necessary budget for foreign aid. Built on an underlying consideration of consolidating friendship with African countries, China's foreign aid was now driven by a second objective of reducing expenditure while consolidating foreign aid outcomes. With a view to preserving the assets for China's domestic economic development and to cope with African recipient countries' divergent local conditions, China's foreign aid at this stage was primarily focused on delivering landmark projects that were less demanding both financially and technically. Apart from further reforming the foreign aid administration and operating mechanisms to support the eventually paid attention to economic consideration (and therefore mobilising the newly established SOEs for foreign aid implementation), it also integrated Technical Aid with Management Cooperation to assist those industrial and agricultural projects that had been delivered earlier.

Nevertheless, even though the initial reform of China's foreign aid in Africa helped China's diplomatic relationship expand to an additional 7 African countries, and to some extent balanced the political emphasis and economic considerations of China's foreign aid, it has only minimally impacted African recipient countries' development. Owing to the still friendship emphasised foreign aid planning approaches which essentially disregards the divergent development conditions of the African recipient countries, indeed, that was the emphasis that, "The Chinese government provides the best-quality equipment and materials manufactured by China..."¹, that the landmark projects China delivered during this period were commonly only of short-term benefit at best. Further, given the persistent emphasis that, "the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions..."²; and the largely unimproved foreign aid capacity, despite the immediate contributions made by the Management Cooperation, it was also unable to sustain China's foreign aid outcomes in the long-term.

Moving into the contemporary development of China's foreign aid in Africa (1994-present), China's foreign aid was first directed to search for mutual benefits via the implementation of the Concessional Loan. As a result of substantial economic development at the turn of the century and growing international responsibility, and following an intention to continuously develop friendships with African countries, China's foreign aid was then led to embrace a third objective – to improve people's livelihoods. By this time, China integrated its domestic economic and trade into overseas economic cooperation so as to fulfil both its political and economic pursuits. China thus adjusted its foreign aid implementation approaches, and inaugurated the twenty-four government institutions jointly participating in the Inter-agency Coordination Mechanism and established a number of dedicated databases to improve its foreign aid planning capacity. In the meantime, China also completely delegated the foreign aid implementation management to the subsidiary public institutions of the MOC and other

¹ The 6th principle of The Eight Principles, see Appendix I.

² The 2nd principle of The Eight Principles, see Appendix I.

specialised institutions to cope with the increase in foreign aid.

On the basis of this contemporary development in China's foreign aid in Africa has pushed forward the China-Africa relationship to a strategic ground, and has driven China's foreign aid to attend both Africa's social and infrastructure development. However, China's foreign aid currently is still struggling to materially benefit African recipient countries' development. On account of the problematic foreign aid planning approaches which continuously emphasis friendship, many China's people's livelihoods related projects delivered to Africa of late have been unsuited to the recipient countries' domestic conditions. Although the recent Human Resource Development Cooperation significantly improved China's capacity in transferring the required technical and management skills to recipient countries (in comparison to the late terminated Management Cooperation and the greatly scaled back Technical Aid), because of inept planning, they have been mostly uncoordinated with China's foreign aid projects. Furthermore, due to the limited foreign aid capacity, the implementation of China's foreign aid was also in decline in terms of quality.

On the whole, after learning about the development of China's foreign aid and discovering its disappointing outcomes in assisting African recipient countries' development, this study has come to the conclusion that, whilst meeting China's national interests, China's foreign aid has only worked in African recipient countries to some extent. Despite the underlying consideration of building friendly foreign relationships which sustained and promoted this foreign aid even when China was in difficulties and in need itself, this friendship commitment has in general not been able to improve African recipient countries' abilities in achieving self-reliance. In the interest of really improving China's foreign aid so that it can really benefit African recipient countries' development, this study has identified two factors that demand China's immediate attention. They are as follows:

Friendship – a factor that is frequently overlooked by Western scholars and one that is often patriotically interpreted by Chinese scholars – as a political interest sits at the top of China's national interests, and both guides China's foreign aid development and influences China's foreign aid outcomes. Even though the emphasis on friendship has brought China's foreign aid the uniqueness that is welcomed by almost all African recipient countries, and the planning framework that is unconstrained by other economic or political interests, it also substantially simplifies the decision-making process of China's foreign aid objectives and confuses China's foreign aid planning. Besides once sacrificed China's own development for the goal of building friendly foreign relationships, the emphasis on friendship has made China's foreign aid objectives unaligned to the immediate development concerns of the African recipient countries. Whilst causing China's foreign aid projects and programs to have to deal with complex local political, social and institutional situations, it has also made these projects and programs largely unsuited to the recipient countries' development conditions.

Nevertheless, given that this emphasis on friendship does not interfere with the objective of promoting African recipient countries' economic and welfare development, as this study has found out, with a view to improving foreign aid outcomes, China at first needs to allow for

additional scientific research in the decision-making processes of foreign aid objectives. After identifying the priority development areas for each African recipient countries (rather than regarding African countries as a whole), scientific research also needs to be taken into account in the allocation and packaging of foreign aid projects and programs so that they accommodate the recipient countries' diverse domestic conditions. Particularly regarding the packaging of China's foreign aid projects and programs, apart from focusing on generating standards that the recipient countries are in a position to implement, and improving the efficiency of the current Inter-agency Coordination Mechanism to properly bring into play the advantages of the HRDC programs, the planning of self-sufficient foreign aid packages should also benefit the effectiveness and sustainability of China's foreign aid.

People – the fundamental driving force behind every development – have been kept in the shade for too long in the study of China's foreign aid in Africa. Whilst it may be too basic to draw attention to in an examination of one of the most complex contemporary relations between states, it is nevertheless responsible for many shortcomings in China's foreign aid implementation. Not only has the shortage of appropriate foreign aid human resources made China's foreign aid continuously incompetent in carrying out successful technology and management transfers, it has also impaired China's capacity to conduct foreign aid research, supervision, projects and programs coordination, and has troubled the implementation process of China's foreign aid. Although China has been attempting to overcome this basic weakness by reforming its foreign aid administration – introducing provincial institutions to take part in foreign aid implementation (1970s), establishing SOEs to implement foreign aid projects and programs (1980s), and delegating foreign aid implementation management (2000s) – it has not been able to improve upon this difficult situation.

In order to materially boost China's foreign aid capacity, this study suggests that China should further devolve its foreign aid management to public institutions. Since a dedicated foreign aid institution is highly unlikely to be established in the near future, China could alternatively pass on its foreign aid management to other government institutions so as to concentrate the MOC's capacity in foreign aid planning, and construction and enforcement of foreign aid rules and regulations. Moreover, China could sub-contract specific tasks such as auditing and research to specialised institutions to promote scientific research and transparency in China's foreign aid. In particular the immediate development of China's foreign aid, while expanding the foreign aid databases given their convenience under the current staffing arrangement of China's foreign aid, China should focus on advancing language training courses for existing foreign aid experts, or to including interpreters as an integral part of the expert teams. In the meantime, an improved coordination of HRDC programs and implementation of foreign aid projects should also benefit China's foreign aid outcomes.

To conclude this study on China's foreign aid in Africa: *friendship* – a factor that, for the most part, is meaningless in the Western study of China's foreign aid – as a moral pursuit that is deeply rooted in Chinese culture, is driving the development of China's foreign aid in Africa and indeed, influencing China's foreign aid outcomes nonetheless. If China could bring about this friendship in a more considerate way in its foreign aid planning and implementation, and

of course, in improving its foreign aid capacity, China's foreign aid might make more impact upon African recipient countries' development. At the same time we remember Chairman Mao's emphasis that, "It was our African friends who brought us back to the UN, we shouldn't forget the helping hand lent by the third-world countries in any way", maybe we should remember something else that this first and foremost leader of the People's Republic also once pointed out: "As long as the line is correct, the future is bright"³.

"方向搞对头，一步一层楼"

³ This is a widely quoted public interpretation of Chairman Mao's indication of "路线是个纲，纲举目张" during the Cultural Revolution period (1967-1977), which directly translate as "once the key link is grasped, everything else falls into place". The original indication was made by Chairman Mao during his visit to the southern provinces in August 1971. See XUE, Q. 2013b. *Mao Tes-tung Southern Decision* [eBook version]. Beijing: Sino-culture Press. Available at: <http://dangshi.people.com.cn/n/2013/1029/c85037-23365193-2.html> [Accessed: 14 July 2015].

Appendices

Appendix I

China's Eight Principles for Economic Aid and Technical Assistance to Other Countries (January 1964), "对外经济技术援助援助八项原则".

1. The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.
2. In providing aid to other countries, the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges.
3. China provides economic aid in the form of interest-free or low-interest loans, and extends the time limit for the repayment when necessary so as to lighten the burden on recipient countries as far as possible.
4. In providing aid to other countries, the purpose of the Chinese government is not to make recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.
5. The Chinese government does its best to help recipient countries complete projects which require less investment but yield quicker results, so that the latter may increase their income and accumulate capital.
6. The Chinese government provides the best-quality equipment and materials manufactured by China at international market prices. If the equipment and materials provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them or refund the payment.
7. In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology.
8. The experts dispatched by China to help in construction in recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.

Appendix II

The Four Principles of Economic and Technical Cooperation between China and African Countries (January 1983)¹, "中非经济技术合作四项原则".

1. In carrying out economic and technological cooperation with African countries, China abides by the principles of unity and friendship, equality and mutual benefit, respects their sovereignty, does not interfere in their internal affairs, attaches no political conditions and asks for no privileges whatsoever.

2. In China's economic and technological cooperation with African countries, full play will be given to the strong points and potentials of both sides on the basis of their actual needs and possibilities, and efforts will be made to achieve good economic results with less investment, shorter construction cycles and quicker returns.

3. China's economic and technological cooperation with African countries takes a variety of forms suited to the specific conditions, such as offering technical services, training technical and management personnel, engaging in scientific and technological exchanges, undertaking construction projects, entering into cooperative production and joint ventures. With regard to the cooperative projects it undertakes, the Chinese side will see to it that the signed contracts are observed, the quality of work guaranteed and stress laid on friendship. The experts and technical personnel dispatched by the Chinese side do not ask for special treatment.

4. The purpose of China's economic and technological cooperation with African countries is to contribute to the enhancement of the self-reliant capabilities of both sides and promote the growth of the respective national economies by complementing and helping each other.

¹ Beijing Review, 1983, p.19, cited in p.314, BRAUTIGAM, D. 2009. *The Dragon's Gift: The Real Story of China in Africa*, New York: Oxford University Press.

Appendix III

Five Measures Announced by the Chinese Government at the UN High-Level Meeting on Financing for Development (September 2005), "中国政府在联合国发展筹资高级别会议上宣布的 5 项举措".

1. China has decided to accord zero tariff treatment to some products from all the 39 least developed countries (LDCs) having diplomatic relations with China, which covers most of the China-bound exports from these countries.

2. China will further expand its aid programs to the heavily-indebted poor countries (HIPC) and LDCs, and, through bilateral channels, write off or forgive in other ways, within the next two years, all the overdue parts as of the end of 2004 of the interest-free or low-interest governmental loans owed by all the HIPC) having diplomatic relations with China.

3. Within the next three years, China will provide USD 10 billion in concessional loans and preferential export buyer's credit to other developing countries to improve their infrastructure and cooperation between enterprises on both sides.

4. China will, in the next three years, increase its assistance to other developing countries, African countries in particular, by providing them with anti-malaria drugs and other medicines, helping them set up and improve medical facilities and training medical staff. Specific programs will be implemented through such mechanisms as the Forum on China-Africa Cooperation as well as bilateral channels.

5. China will train 30,000 personnel of various professions from other developing countries within the next three years so as to help them speed up their human resources development.

Appendix IV

The Eight-Point Plan China Pledged at the FOCAC Beijing Summit (November 2006), "中国政府在中非合作论坛北京峰会上宣布的 8 项举措".

1. Increase assistance to African countries, and by 2009 double the size of its assistance to African countries in 2006.
2. Provide USD 3 billion in concessional loans and USD 2 billion in preferential export buyer's credit to African countries in the next three years.
3. Set up the China-Africa Development Fund, the total amount of which will gradually reach USD 5 billion, to give encouragement and support to Chinese companies investing in projects in Africa.
4. Help the African Union to build a convention center in order to support African countries in their efforts to strengthen themselves through unity and speed up African integration.
5. Cancel the repayment of interest-free government loans that had become due by the end of 2005 to China by Heavily Indebted Poor Countries (HIPCs) and Least Developed Countries (LDCs) in Africa that have diplomatic ties with China.
6. Further open the Chinese market to Africa, expand the scope of imports from African LDCs having diplomatic ties with China entitled to zero duty treatment from 190 tariff lines to over 440 tariff lines.
7. Set up three to five overseas economic and trade cooperation zones in African countries in the next three years.
8. Train 15,000 professionals for African countries in the next three years; send 100 senior agro-technology experts to Africa; set up in Africa 10 agro-technology demonstration centers with special features; assist African countries in building 30 hospitals and provide African countries with a grant of 300 million Yuan that is used to supply anti-malaria drugs like artemisinin and build 30 centers for prevention and treatment of malaria; dispatch 300 youth volunteers to African countries; help African countries set up 100 rural schools; increase the number of Chinese government scholarships for African students from the current 2,000 per year to 4,000 per year by the end of 2008.

Appendix V

Six Measures for Foreign Aid Pledged by the Chinese Government at the 2008 UN High-Level Meeting on the Millennium Development Goals (September 2008), "中国政府在 2008 年联合国千年发展目标高级别会议上宣布的 6 项对外援助措施".

1. In the coming five years, China will double the number of agricultural technology demonstration centers it builds for other developing countries to 30, increase the number of agricultural experts and technicians it sends overseas by 1,000 to double the present figure, and provide agricultural training opportunities in China for 3,000 people from other developing countries.
2. China will contribute USD 30 million to the UN Food and Agriculture Organization to establish a trust fund for projects and activities designed to help other developing countries enhance agricultural productivity.
3. China will increase exports and aid to countries facing food shortages.
4. In the coming five years, China will give 10,000 more scholarships to other developing countries and offer training programs exclusively for 1,500 principals and teachers from African countries. China will ensure that the 30 hospitals it builds for African countries are properly staffed and equipped, and train 1,000 doctors, nurses and managers for the recipient countries.
5. China will cancel the outstanding interest-free loans extended to LDCs that mature before the end of 2008, and give zero-tariff treatment to 95% of products from the relevant LDCs.
6. In the coming five years, China will develop 100 small-scale clean energy projects for other developing countries, including small hydropower, solar power and bio-gas projects.

Appendix VI

The New Eight-Point Plan China Pledged at the Fourth FOCAC Ministerial Conference (November 2009), "中国政府在中非合作论坛第四届部长级会议上宣布的新 8 项举措".

1. China proposes the establishment of a China-Africa partnership in addressing climate change and the holding of senior official consultations on a non-regular basis, and strengthening of cooperation in satellite weather monitoring, development and use of new energy, prevention and control of desertification, and urban environmental protection. The Chinese government decides to assist African countries with 100 clean energy projects in the fields of solar energy, bio-gas and small hydropower stations.

2. To intensify cooperation in science and technology, China proposes to launch the China-Africa Science and Technology Partnership Plan, carry out 100 joint research demonstration projects, invite 100 African post-doctoral students to conduct scientific research in China and subsidize them when they return to their home countries to work.

3. In order to improve African countries' capacity in financing, the Chinese government will provide USD 10 billion in concessional loans to African countries. China supports the establishment by Chinese financial institutions of a special loan of USD 1 billion for the development of small and medium enterprises (SMEs) in Africa. The Chinese government will cancel debts of interest-free government loans that mature by the end of 2009 owed by all HIPC and the LDCs in Africa having diplomatic relations with China.

4. China will further open its market to African countries. It will gradually give zero-tariff treatment to 95% of exports from the LDCs in Africa having diplomatic relations with China. As the first step, China grants zero-tariff treatment to 60% of the exported commodities from those countries in 2010.

5. In order to further strengthen agricultural cooperation and improve African countries' capacity for food security, China will increase to 20 the total number of agro-technology demonstration centers built for African countries, send 50 agro-technology teams to Africa and help train 2,000 agro-technicians for African countries.

6. China will continue to deepen China-African cooperation in medical care and public health service. It will provide 500 million Yuan worth of medical equipment and malaria-fighting materials to 30 hospitals and 30 malaria prevention and treatment centers which have been built with China's assistance, and help African countries train a total of 3,000 doctors and nurses.

7. In order to further enhance cooperation in human resource development and education, China will help African countries to build 50 China-Africa friendship schools and train 1,500 school principals and teachers; increase the number of Chinese government scholarships for

African students to 5,500 by 2012; and train a total of 20,000 professionals in various sectors for African countries in the next three years.

8. To enlarge people-to-people exchanges, China proposes to implement a China-Africa Joint Research and Exchange Plan to strengthen cooperation and exchanges between scholars and think tanks, which will also provide intellectual support for better policy-making regarding cooperation between the two sides.

Appendix VII

Six Measures for Foreign Aid Pledged by the Chinese Government at the 2010 UN High-Level Meeting on the Millennium Development Goals (September 2010), "中国政府在 2010 年联合国千年发展目标高级别会议上宣布的 6 项对外援助措施".

1. Helping improve the people's livelihood in developing countries is the primary objective of China's foreign aid. To date, China has built over 150 schools, nearly 100 hospitals, more than 70 drinking water facilities and 60-plus stadiums for other developing countries. China has sent more than 20,000 medical personnel to nearly 70 countries, offering treatment to hundreds of millions of patients. In the coming five years, China will take the following steps in support of a better livelihood for people in other developing countries: building 200 schools; dispatching 3,000 medical experts, training 5,000 local medical personnel, and providing medical equipment and medicines to 100 hospitals, with priority being given to women's and children's health, and the prevention and treatment of malaria, tuberculosis and AIDS; building 200 clean energy and environmental protection projects; and increasing assistance to small-island developing states in the fields of disaster prevention and mitigation to help build their capacity for countering climate change. China will, within the next three years, donate USD 14 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

2. Reducing and cancelling the debts of the LDCs. By the end of 2009, the Chinese government had cancelled debts worth 25.6 billion Yuan owed to it by 50 HIPC and LDCs. Moreover, China will cancel their debts associated with the outstanding governmental interest-free loans that mature in 2010.

3. Deepening financial cooperation with developing countries. To help other developing countries counter the adverse effects of the international financial crisis, China has provided USD 10 billion in concessional loans to African countries and USD 15 billion in credit support to ASEAN countries, including Vietnam, Cambodia, Laos and Indonesia. China has contributed an additional USD 50 billion to the IMF, with an explicit request that the fund should be used, first and foremost, to help LDCs. China will continue to extend financial support of a certain scale to developing countries in the form of concessional loans and preferential export buyer's credit.

4. Broadening economic and trade ties with developing countries. China has worked consistently to create conditions for developing countries to increase their exports to China through tariff relief and other measures. China has made a commitment to phasing in zero-tariff treatment to 95% of products from relevant LDCs. Since July 2010, China has given zero-tariff treatment to imported products from 33 LDCs covering more than 4,700 tariff lines, accounting for the overwhelming majority of the products from these countries. In the future, the Chinese government will give zero-tariff treatment to more products and let more countries benefit from this arrangement, while continuing to encourage Chinese companies to expand investment in developing countries.

5. Strengthening agricultural cooperation with developing countries. China has completed more than 200 agricultural cooperation projects in developing countries, and sent a large number of agro-technology experts to those countries, giving a strong boost to their agricultural development. In the next five years, China will dispatch 3,000 agricultural experts and technical staff abroad, provide 5,000 agriculture-related training opportunities in China, and give priority to cooperation with other developing countries in agricultural planning, hybrid rice cultivation, aquaculture, farmland water conservancy and agricultural machinery development.

6. Helping developing countries enhance their human resources. China has held over 4,000 training courses and trained 120,000 managerial and technical personnel in various professions for developing countries, helping recipient countries build human resources, which are their most valuable assets. In the next five years, China will train another 80,000 professionals in various fields for developing countries. It will also increase the number of scholarships and on-the-job master's degree programs for people from developing countries, and provide training opportunities in China to 3,000 school principals and teachers.

Appendix VIII

2011 Medical Training Programs (Ghana)

No.	Opening Date	Closing Date	Official/Technical	Name of Project	Quota	Duration	Deadline of Application	Intended Candidates	Venue
12	04.12	07.11	Technical	发展中国家针灸及推拿技术临床应用培训班 Training Course on Clinical Application of Chinese Acupuncture as well as Tuina towards the Developing Countries	① 1-2	91 days	25-Mar	Technicians under 45 years old	Taiyuan Shanxi
17	04.20	05.31	Technical	援非洲英语国家医院医疗技术及设备运用培训班 (第一期) Training Course on Medical Techniques and Equipments Application for Hospitals of English-speaking Countries in Africa (Project NO.1)	1-3	② 21 days	31-Mar	Technicians under 45 years old	Guangzhou Guangdong
18	04.21	06.29	Technical	援非洲英语国家医院护理技术培训班 (第一期) Nursing Technique Training Course for English-Speaking Countries in Africa (No.1)	1-2	② 70 days	31-Mar	Technicians under 45 years old	Shanghai
90	06.08	06.28	Technical	援非洲英语国家疟疾防治中心疟疾检测及设备使用技术培训培训班 (第一期) Training course on malaria diagnosis technique and equipment usage for anti-malaria centers in Africa (I)	1-3	③ 21 days	18-May	Technicians under 45 years old	Wuxi Jiangsu
115	06.22	07.12	Official	援非洲英语国家医院管理研修班 Seminar on Hospital Management for English-speaking Countries in Africa	1-3	④ 21 days	2-Jun	Officials under 45 years old	Guangzhou Guangdong
147	08.01	08.28	Technical	发展中国家中医药技术培训班 Seminar on Traditional Chinese Medicine Technique for Developing English-speaking Countries	1-3	① 28 days	10-Jul	Technicians under 45 years old	Beijing
187	09.06	09.26	Technical	援非洲英语国家疟疾防治中心疟疾检测及设备使用技术培训培训班 (第二期) Training course on malaria diagnosis technique and equipment usage for anti-malaria centers in Africa (II)	1-3	② 21 days	15-Aug	Technicians under 45 years old	Wuxi Jiangsu

Training Program in 2011

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