China and the International Aid System: Challenges and Opportunities

Opoku-Mensah, Paul Yaw

Publication date: 2009

Document Version
Publisher's PDF, also known as Version of record

Link to publication from Aalborg University

Citation for published version (APA):

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

Users may download and print one copy of any publication from the public portal for the purpose of private study or research.

You may not further distribute the material or use it for any profit-making activity or commercial gain

You may freely distribute the URL identifying the publication in the public portal

Take down policy
If you believe that this document breaches copyright please contact us at vbn@aub.aau.dk providing details, and we will remove access to the work immediately and investigate your claim.
China and the International Aid System: Challenges and Opportunities

Paul Opoku-Mensah
China and the International Aid System: Challenges and Opportunities

Paul Opoku-Mensah

Introduction

A recent increase in Chinese activity within development aid, as in many areas of the international system, is raising increasing concerns especially from the West about China’s role and impact in this international system of power and development. From a purely technical appraisal by a bureaucrat within the aid system, China’s aid activity has systemic ramifications: Here comes a very large new player on the block that has the potential of changing the landscape of overseas development assistance.¹ From a critical politico-moral-ideological standpoint, the view is less sanguine: China is effectively pricing responsible and well-meaning aid organizations out of the market in the very places where they are needed most. If they continue to succeed in pushing their alternative development model, they will succeed in underwriting a world that is more corrupt, chaotic, and authoritarian². From official China, however, the noise about Chinese aid is much ado about nothing: China is attracting external capital, and as a balance China wants to help developing countries by financing infrastructure projects. Helping your neighbours’ to have a good life is no sin³.

These three authors no doubt bring three different and relevant perspectives to Chinese aid activity. What is common to all these three, however, is the recognition that while in the recent past aid politics was discussed without reference to China, current discussions cannot ignore China. Indeed any analysis that seeks to provide understanding of aid, necessarily, has to integrate the role of China and its impact on this international system of power relations as well as the system’s underlying structures of ideologies, norms and values.

This is the objective of this chapter. It seeks to understand China’s involvement as an actor in the aid system, and its implications for restructuring the nature of

² Moisés Naím, editor in chief of Foreign Policy (cited in Naím, 2007:2).
the aid system itself. Is China fundamentally redefining the nature of the aid system in ways that effectively price out other players, and challenge the normative principles underlying the system? Or is it simply an actor helping poor neighbours with no systemic ramifications on the aid system? This chapter provides answers to these questions. Specifically, through using the case of Chinese aid to Africa, it seeks to understand and assess the nature of Chinese aid, and its effect --- if any --- on the international aid system. The chapter is structured as follows: this introduction is followed by a discussion on the international aid system and its role in the international system of power relations in general and African development in particular. This is followed by a discussion on the Chinese aid system with an emphasis on its history, characteristics, and influence in African development. Following this empirical analysis, the next section compares the dominant aid system with that of the Chinese. Following this comparison, the final section brings the discussions together in an assessment of China’s impact on the nature of the aid. The objective is to assess if China is radically transforming the aid system, or rather been integrated into this international system of power relations.

**The Aid System: An International System of Power relations**

The international development aid system remains, undoubtedly, the most powerful and enduring structural force influencing development worldwide. Established after WWII to facilitate the development of the poor countries of the “South,” it has become a distinct, very powerful and new type of international system, reflecting global power relations, and continuously developing and framing regional, national and local subsystems and organizational landscapes all over the world. As a system, it is premised on both accelerating and directing a country’s development through the transfer of, mainly concessional resources. Disbursing billions of dollars, and with immense conceptual and institutional power, it shapes institutions and policies across the world.

It is a system that comprises donor and receiver nations. The donor side includes most of the advanced countries of the OECD. On the recipient side over 160 countries around the world received aid in 2001. The bulk of this aid was concentrated on the poorest countries in Asia and sub-Saharan Africa, but with a substantial contribution also to middle-income countries, especially in Central and Eastern Europe (Fowler 2000). As was indicated in the previous chapter, what primarily produces and reproduces this system and defines its borders vis-a-vis the rest of the world and the rest of the organizational landscape is the flow and transfer of funds, and the character of this resource transfer. Thus, understanding this resource transfer becomes a prerequisite to gauging the power relations, and indeed the overall impact of the system on its various actors.
The primary sources of international assistance are from official aid—and from private donations and investment income—i.e. private aid. In 1998, $47.9 billion of tax funds were allocated as official overseas development assistance (ODA) (World Bank, 1999: 68). The major institutions providing official aid can be divided between bilateral donors—that is the specialized development agencies of Northern countries, and the multilateral agencies of the United Nations system. In 1997, 70 per cent of official aid was allocated bilaterally, the remainder through multilateral channels. By and large, the international financial institutions (IFIs) within this system—the International Monetary Fund (IMF), the World Bank Group and its sister regional development banks—provide loans for financial stabilization and reform as well as for development investment. United Nations agencies typically employ grant funding. The private aid system (of foundations, charities and international NGOs) also works on a grant basis (Fowler, 2000). The resource transfers, however, go both ways. For instance, over the period 1985-1992, developing countries transferred more in repayments and interest than they received from the North. During these years, the average annual flow of resources from South to North was US$44.39 billion. The figure became positive again in 1993 with a net flow to the South of US$11.4 billion (Microsoft Encarta, 2002).

It is a hierarchical system, even if the rhetoric sometimes is to the contrary, with donors at the helm because of their financial resources, conceptual dominance, and the unequal distribution of sanctionary instruments (Tvedt, 1998: 224; Fowler, 2000). The system is made up of sub-systems at all levels, each with its own history, logic and internal dynamics. In most countries, the system is relatively autonomous and insulated with its own developments, norm systems and value orientations (Tvedt, 1998:62). Nonetheless all these subsystems form one part of a bigger multinational, together with and mingling with other subsystems where donor states are at the core of the system. There is always a dominant discourse, appropriated by the major actors: donors, recipient states and NGOs. This powerful development discourse may change over time, but for the period it dominates, it shapes the policy responses of the actors in the system (Tvedt, 2002). The actors in this system are structurally integrated primarily via resource transfers and communication-exchange. These actors - public and private donors, recipient governments, international NGOs, local NGOs - can be conceptualized as a river and its “feeders”. A river system consists of both channels (rivers) and reservoirs. The system can be seen as consisting of different subsystems, or different tributaries or deltaic streams. The point with the river system analogy is that this social system consists of both recipient governments and NGOs as diversion channels and the donor-offices and funding sources as reservoirs.
It is a system that encourages and institutionalizes different forms of social integration, but despite the use of the word integration there is no assumption that the relationships so described are harmonious. The terms social integration and system integration as used here embrace both order and conflict. Indeed it has evolved into an international regime, with a set of norms, principles, and procedures that have been designed to defend certain economic and ideological interests and to promote international stability (van de Walle, 2001).

The influence of the aid system is structured around financial transfers, institutional arrangements, and policy frameworks. The 1990s in particular saw the particular influence of the aid system through the imposition of policy instruments like the SAPS, ERPs. The nature of interventions has also undergone change with a focus on process. Thus processes like the PRSPs become central the aid effectiveness debate, and the use of non-state channels. An understanding of these different channels becomes important to understanding the nature of international aid system, and the nature of power in the system. The influence of the aid system on Africa is near absolute, as it remains a very powerful and enduring structural force impacting institutional and policy development in African countries. In many African countries it finances the bulk of development interventions, shapes institutional arrangements, frames policy alternatives, as well as provides mediating structure(s) for societal processes. In other countries the aid system’s influence is more marginal. Nevertheless; its concepts, institutions, administrative arrangements and fiscal resources help shape the most critical aspects of development and politics on the African continent.

**Chinese Aid to Africa: Continuities and Discontinuities**

As a rising actor, the Chinese Aid system lacks the institutionalized and well developed support services made up of the numerous aid research institutions, evaluation departments of official aid agencies, and the entire consultancy industry that has developed around the Western aid system (Lancaster, 2007).

---

4 In a further elaboration, Tvedt (1998) argues that in the literature on social integration and system integration it is often noted how conflict theorists emphasize the conflict between groups of actors as the motor of social change, while normative functionalists downplay the role of actors and seek to emphasize the (functional or dysfunctional) relationships between the institutions of society. Neither approach is of course adequate, precisely because each deals with only one side of the agency versus structure problem. The task should be to overcome this dualism, but the micro versus macro distinction cannot be overcome by regarding social integration as something which should only refer to situations where actors are physically *co-present* and system integration to where they are not. This is unsatisfactory because face-to-face interactions are not confined to micro-processes, and macro-processes may be organised as face-to-face interactions.
Consequently, not as much information and/or knowledge is known about the Chinese aid system. Yet an outline of the system is gradually emerging, which a study of Chinese aid to Africa helps unravel.

A study of Chinese aid to Africa indicates, first, that Chinese aid is not new. Indeed Chinese aid to African countries was founded, in part, on a logic and motivation articulated in the 1950s by Mao Zedong that although China is a poor nation, it should take the responsibility of helping those in need, those smaller and powerless nations (Hu, 2003). Africa was identified by Mao as the key part of the “Third World” revolutionary forces in his famous “Three World Theory”\(^5\). But beyond helping poor Africa countries, Chinese aid also had other motivations, including neutralising assistance from rival countries, which were being helped by Taiwan. In the 1960’s and 70’s, for example, China aided Angola while Taiwan helped neighboring South Africa (Perlez, 2006). The modalities of Chinese aid, more so, include grants, investment/tied aid, concessional loans, and government guarantees for investment.

The historiography of Chinese aid to Africa can be disaggregated into three distinct phases, stretching from the late 1940s to the present era. The first phase, dating from the late 1940s to the end of the 1970s, was characterised by the use of aid as a moral, ideological, and foreign policy tool with aid being used by China to support other socialist countries and liberation movements. Beyond this, it also had a strategic purpose aimed at countering the Society Union’s influence in Africa, as well as promoting its one China policy through granting aid only to those African states that refused to recognise an independent and sovereign Taiwan. Practically the relations with Africa were through a two-pronged strategy of courting the newly independent African countries, while encouraging and supporting the liberation struggles of those still under colonial rule. A landmark event in the evolution of Chinese aid occurred in 1964 during the then Premier Zhou en Lai’s visit to Mali and Ghana where he launched what has become known as “China’s Eight Principles of Economic and Technical Aid” These eight principles fully give expression to the desire of China to conduct economic and cultural cooperation with the newly-emerged countries of Asia, Africa and Latin America (China, Ministry of Foreign Affairs 2000).\(^6\)

\(^5\) Mao’s Three World Theory of international relations divides the world into three political and economic blocs: the US and the Soviet Union belong to the First World; the middle elements, such as Japan, Europe, Australia, and Canada, belong to the Second World; China and the vast majority of developing countries belong to the Third World.

\(^6\) The eight principles are:

a. 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 alm [sic] but as something mutual.
By the end of 1965, 17 of the 38 African states had recognised China (compared to fourteen who continued diplomatic relations with Taiwan), and linkages had been established with at least a dozen African liberation movements. However, with the outbreak of the Cultural Revolution in 1966 the direction of China’s policy and behaviour changed. Similar to its foreign policy globally, China’s relations with Africa were curtailed. But even though operational activities were reduced and relations even suspended or terminated in a few instances, relations were intensified with select African states such as e.g. Congo (Brazzaville), Tanzania and Zambia (Yu, 1988). From 1975-1978 Chinese aid projects in Africa were seen in the light industry, agriculture, health and transport where the latter was especially seen in the construction of the TAZARA Railway. The railroad was a key project financed and executed by China. Construction was started in 1970 and operation commenced six years later. At that time, it was the largest foreign-aid project ever undertaken by China. It was built to serve the landlocked Zambia as an alternative to rail lines via Rhodesia and South Africa. The Chinese government sponsored the construction of the railway specifically to eliminate Zambia’s economic dependence on Rhodesia and South Africa (Robinson and Shambaugh, 1994).

The second phase of China’s aid to Africa, the First decade under Deng Xiaoping (1978-1989), was marked by the end of ideology, the start of

---

b. In providing aid to other countries, the Chinese Government strictly respects the sovereignty of the recipient countries, and never attaches any conditions or asks for any privileges.

c. China provides economic aid in the form of interest-free or low-interest loans and extends the time limit for repayment when necessary so as to lighten the burden of the recipient countries as far as possible.

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

e. The Chinese Government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient governments may increase their income and accumulate capital.

f. The Chinese Government provides the best-quality equipment and material of its own manufacture at international market prices. If the equipment and material provided by the Chinese Government are not up to the agreed specifications and quality, the Chinese Government undertakes to replace them.

g. In providing any technical assistance, the Chinese Government will see to it that the personnel of the recipient country fully master such technique.

h. The experts dispatched by China to help in construction in the 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 (China, Ministry of Foreign Affairs, 2000).

---

7 Tanzania-Zambia Railway Authority.
economic pragmatism, and declining aid to Africa. This was a period marked by the end of the ideological framework that had characterised the first, and the start of economic pragmatism. While the conception and rhetoric generally did not change, this phase nonetheless was characterised by a reduction in Chinese aid due to changing relations with Moscow and Washington, and an internal reorganization of the Chinese economy which was also ailing. Focus was now on mutual benefits and economic sustainability. By 1988, only thirteen African countries received Chinese aid, while trade relations increased. For example, between 1976 and 1980, Chinese exports to Nigeria rose from $128 million to $378 million; and overall trade with Africa rose by 70% in this period. Aid pledges fell, although China’s aid commitments of $258.9m in 1984 still made it Africa’s sixth largest donor.

The current and third phase, the post-Tiananmen Square era (from 1989), is marked by unparalleled institutionalized relations, with the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000, and the development of a China Africa Policy in 2006. In general this phase is characterised by a twin process of increasing the volume of Aid, as well as institutionalising the aid relations between China and Africa. Conceptually aid to Africa was still discussed in terms of south-South cooperation, rather than the North-South conception that defines traditional aid between the West and Africa. As will be shown later, this has implications for understating the nature of the relations, and China’s potential impact in the aid system. This period also marked a period of renewed interest in Africa with an increase in aid from US $60 million in 1988 to US $375 million in 1990. An expansion of collaboration was necessary due to China’s demand for resources, markets and investment possibilities, and these circumstances led to the establishment of the China-Africa Forum in order to have a means to increase political power by providing an alternative to the orthodox development route for African governments. China’s Africa Policy of 2006 and the development of the Beijing Action Plan 2007-2009 show that China’s interest in Africa is increasing. In the context of this institutionalization of the relations, Chinese Premier Wen Jiabao, speaking at FOCAC committed China to the following:

- Double its 2006 assistance to Africa by 2009
- Provide US$3 billion of preferential loans and US$2 billion of preferential buyer’s credits to Africa in the next three years
- Set up a China–Africa development fund, which would reach US$5 billion, to encourage Chinese companies to invest in Africa and provide support to them

---

8 The full text is available at [http://www.gov.cn/misc/2006-01/12/content_156490.htm](http://www.gov.cn/misc/2006-01/12/content_156490.htm).
• Cancel debt in the form of all the interest-free government loans that matured at the end of 2005 owed by the heavily indebted poor countries and the least developed countries in Africa that have diplomatic relations with China
• Increase from 190 to over 440 the number of export items to China receiving zero-tariff treatment from the least developed countries in Africa with diplomatic ties with China.
• Establish three to five trade and economic cooperation zones in Africa in the next three years
• Over the next three years, train 15,000 African professionals; send 100 senior agricultural experts to Africa; set up 10 special agricultural technology demonstration centers in Africa; build 30 hospitals in Africa and provide a grant of RMB 300 million for providing artemisinin2 and build 30 malaria prevention and treatment centers to fight malaria in Africa; dispatch 300 youth volunteers to Africa; build 100 rural schools in Africa; and increase the number of Chinese government scholarships to African students from the current 2,000 per year to 4,000 per year by 2009 (Manji, 2007:2).

The extent to which the list of commitments has been met, the motivations for China’s commitment --- whether indeed Chinese aid is good or detrimental to overall African development --- are still debated. In the midst of these debates, the fact still remains that these commitments per se represent a new phase of China’s relations with Africa --- an era of institutionalized and enlarged Chinese aid engagement in Africa.

Besides the general historiography, the second aspect of Chinese aid vis-à-vis the dominant Western model of aid relates to conception, delivery and relational aspects of Chinese aid---that is, the praxis of aid. In deed Chinese aid to Africa, and elsewhere, is not important only in terms of its volume and historical development. To the contrary, its importance is gauged when its aid praxis is compared to the praxis of the Western aid system. The first such difference is the conception for aid. Conceptually, China’s aid is framed in terms of a developing country helping another developing country, thus negating the conceptual order of the aid system as a system of relations between the developed North and the undeveloped South. This has substantive as well as symbolic implications, as will be discussed later. In addition, Chinese aid is conceived as a two way process, defined in terms of mutual benefit to China and aid recipient countries. Indeed it is official Chinese policy to disburse aid in ways that benefits China economically, i.e. tied aid in kind, technical assistance and infrastructure construction for initiatives that favour Chinese investment. Thus, a very important dimension of Chinese aid as it relates to the economic pragmatism of the post-Deng years, is the rhetoric of a “win-win” economic
cooperation and trade relations, rather than poverty reduction. This is a departure from the traditional aid which is conceived in terms of the giver helping the recipient, even if the rhetoric is not always borne out in practice.

But perhaps one of the most important differences relates to the channel of aid delivery. Traditional Western aid relies on various channels including multilateral channels (e.g., World Bank, UN agencies, EU Aid); bilateral channels (Danida, USAID; CIDA, NORAD etc); private organizations (NGOs, PVOs, CSOs). Indeed for Western aid the NGO channel, in particular, became a very important channel in the 1980s, a period referred to as the “NGO Decade” in development discourse because of the importance NGOs assumed in development. The delivery of Chinese aid, on the other hand, relies exclusively on bilateral state channels. To the extent that non-state actors are involved, they are normally private companies used in the implementation of infrastructural projects. Chinese aid is thus delivered through private-sector or state-owned enterprises. Thus the NGO channel in aid that was established since the 1980s, and has become important to Western aid, plays no role in the implementation of Chinese aid. Absent, too, are the other multiplicity of supporting actors and institutions that service, and are part of traditional Western aid. This includes the consultancy firms, the development institutes, and the ‘development diplomats’ that are essential parts of traditional aid. For instance in a comparison to World Bank practice, Jane Perlez argues that China’s aid rarely include the extra freight of expensive consultants, provisions that are common to World Bank projects (Perlez 2006: para. 8).

There are other remaining areas, such as the intersection of aid and migration, aid and trade, in which the Chinese aid model differs from its Western counterpart (Sautman, 2006).

**Restructuring Power relations in the Aid System**

This examination of Chinese aid in Africa certainly shows that in a Western-led system dominated by North-South relations and powerful countries, China is now a visible actor. And in the case of Africa, this engagement is becoming important to the continent’s development, particularly in the areas of infrastructure development (Prah, 2007; Manji and Marks, 2007; Kaplinsky et al, 2007). But is this visibility indicative of fundamental change in the structural relations of power and the rules of game in the aid system? In other words is China restructuring power in the aid system, or has it become a new actor with a different modus operandi but who will gradually be incorporated into the system. Put differently, will China be a transformer or rather be caught by the isomorphism that has characterised the aid system?
To answer the question, a recap of how power is structured and influenced in the aid system. At the time of its establishment in the years immediately after WWII, the aid system reflected the state of power relations in the global system. At the head of the system was the United States --- albeit challenged by the USSR --- followed by the colonial powers. Besides this fact that the establishment of the aid system reflected and institutionalized a system of power relations, as a system, it has its modes of exercising influence. Concretely the aid system exercises power through its financial transfers, institutional dominance, conceptual dominance, and sanctionary instruments. An assessment of China’s role in the system does have to take cognizance of this reality.

First, although China is not the dominant power in the international system, its place in the hierarchy has changed substantively. Irrespective of the standard of measurement, and areas of influence, the power of China is increasingly visible in the international hierarchy of power. This is more so reflected, particularly, in the global economic system. Within the aid system itself, the size and volume of Chinese aid, and the expectations that this will increase, is a major indicator that financially the power of the actors in the aid system has changed. For instance in terms of volume, in the course of the past 50 years China has given 44.4 billion in aid to African countries. Since 2000, China has cancelled more than US$10billion debt owed it by 31 African countries, and established a US$ 5.5 billion fund to support African development. Beyond the volume, however, the overall implications of Chinese aid in Africa can be gauged when it is compared to Western aid. In 2005, for instance, Chinese loans to three African countries: Nigeria, Angola and Mozambique was US$8.0 billion, exceeding total World Bank loans to the whole of Africa, which was US$2.3 billion. Similarly, in 2006 the amount of Chinese aid in the form of loans to Africa was thrice the total sum of loans given by all OECD member countries to African countries during the same period; and 25 times of the aid from the American Import and Export Bank (Xiaoyun, Li 2008; Lyakurwa, 2008).

Chinese aid is also distinguished by its practical focus, and direct impact: As William Lyakurwa, the Executive Director of the African Economic Research Consortium based in Nairobi, Kenya puts it:

Initially, Beijing’s aid was concentrated on national stadiums and ‘People’s Palaces’. This has given way to a more practical focus: constructing roads, dams and government buildings; upgrading power distribution systems; installing methane generating plants; and so on. The sending of medical teams and agricultural specialists continues to be a mainstay of Chinese assistance to Africa. Chinese foreign aid has tended to concentrate on these basic infrastructures and education, areas where Western donors have cut back substantially (Lyakurwa, 2008:17).
Similarly Sautman argues that while China’s aid to Africa is not entirely untied, it is distinct from Western aid in a key way:

Chinese aid is often dispensed in such a way that corrupt rulers cannot somehow use it to buy Mercedes Benzes . . . [It] is often in the form of infrastructure, such as a railroad network in Nigeria or roads in Kenya and Rwanda. Or in the form of doctors and nurses to provide health care to people who otherwise would not have access . . . . In addition, China provides scholarships for African students to study in its universities and, increasingly, funds to encourage its businessmen to invest in Africa (Sautman, 2007: 27).

The overall effect of this approach is captured by Sierra Leone’s ambassador to China who argues that while Chinese aid leads to visible results and impact in Africa, “the G-8 countries are putting in huge sums of money and they don’t see very much” (ibid). Some of these results include newly constructed roads in Ethiopia, the renovation of the railway system in Nigeria, and the construction of a US$562 million hydroelectric power plant at Bui in Ghana.

It needs to be emphasized that it is not the volume of Chinese aid resources per se that makes China an important actor in the aid system. Rather it is the fact that its resources is increasingly pricing out actors who a decade ago were undisputable leaders in the field. And this aid had become an important tool in African development, itself reflected by the ease with which China is able to routinely convene meetings of African leaders. To be sure, this does not mean that China has rendered the traditional actors irrelevant and powerless, as it has not. What is stressed therefore is the fact that within the past decade China is increasingly becoming important in an international policy area where it was an insignificant player just two decades ago.

But the power of the aid system does not reside, solely, in its financial resources. Indeed the aid system remains the major arena within which the dominant ideas in development are developed, implemented and contested (Abrahamsen, 2000; Tvedt, 2006; Opoku-Mensah, 2007; 2009; Opoku-Mensah, Lewis and Tvedt, 2007). This is an acknowledgment that politically, the powerful actors in the aid system --- the World Bank, the UN, the major donor states and the biggest and most influential development NGOs-- dominate the development and implementation of the most influential ideas and strategies of development. As Abrahamsen argues, the aid system and its most powerful institutional actors:

.... constantly update and refine knowledge about how best to achieve development, and it is also through these myriad organizations that the decrees of development filter down from the various expert offices to the local settings in Africa, Asia and Latin America. (Abrahamsen, 2000: 20-21. See also Tvedt, 2006; Wallace et al., 2006)
From this perspective, both the World Bank (Washington Consensus) and the UNDP (the New York Dissent) are part of the same aid system within which the dominant ideas in development are created, adopted, negated, distorted and/or implemented, and where different actors compete for hegemonic control over development ideas and practices. The conceptual power of the aid system to define what is good and bad development, and to impose these definitions on recipient countries, has been perhaps the most effective and vexatious exercise of the power of aid actors, as it affects the sovereignty of aid recipients. In the case of Africa some commentators argue that this definitional power of the aid system has had the most far reaching impact on the continent, as unlike other aid practices, they seek to shape the development route itself (Kankwenda, 2004).

The entry of China into the aid system is changing this power of the traditional aid system to shape the development route, as it offers a new set of ideas and practices that, first, is breaking the monopoly of Western aid to define, and second, is also proving attractive to aid recipient countries, particularly in Africa. These new set of ideas and practices, subsumed under what is increasingly called the “Beijing Consensus” (Ramo, C J, 2004; Xing, 2007), departs in some substantive ways from the aid system’s consensus on policy and practice. While the Beijing consensus, and China in general, is nowhere near replacing the institutions of the aid system as the dominant developers of development ideas, some of these practices—including the right to self determination by states, non interference in domestic political and governance issues, the leadership role of the state in development—challenges the prevailing development orthodoxy of the past two decades. But more important, the Beijing consensus gives to aid recipients to exercise choice in what the past decade has been an array of conditionalities, including vexatious political ones. The issue is not that Chinese aid does not involve conditionality. It does as it is official Chinese policy to disburse aid in ways that benefits China economically, i.e. tied aid in kind, technical assistance and infrastructure construction for initiatives that favour Chinese investment. What is different, however, is that these conditionalities do not relate to the touchy issue of sovereignty that has been at the heart of the criticisms levelled at traditional Western aid by a number of African countries (Kankwenda, 2004).

But perhaps the most important effect of Chinese aid relates to the opportunity it gives aid recipients, particularly African countries, to rethink their relations with Western aid actors who have exercised substantive power in African development. Thus for instance, in a recent interview, the Senegalese President Abdoulaye Wade argues that the continent can ignore Europe and look to China for its needs, as China offers Africa the same thing that Europe has been
offering at a better price with excellent conditions. And this ‘better conditions’ include the absence of intrusive conditionalities often associated with Western aid. As a number of analysts argue, China’s aid to Africa, while not disinterested, is not used as a political tool in the same way as aid from Western political actors in Africa. Indeed, in contrast to most other donors (especially the United States and the United Kingdom, with France much less so), China does not impose political and economic conditionality requirements. This makes the country an attractive source of aid, especially when, as in Angola and Zimbabwe, the international financial institutions like the International Monetary Fund (IMF) or World Bank are trying to alter the behaviours of governments by imposing political conditions (Lyakurwa, William, 2008:17. See also Sautman, 2007; Prah, 2008). Perhaps this is best captured by Julius Nyerere, Tanzania’s first leader, in a comment on China’s grant for building the Tanzania-Zambia railways (Tazara):

The Chinese people have not asked us to become communists in order to qualify for this loan . . . they have never at any point suggested that we should change any of our policies – internal or external” (Nyerere, 1974: 235).

To be sure, this in itself does not indicate a permanent restructuring of power relations in aid. But it does indicate that change is certainly in the making in the international aid system of power relations.

Conclusion

Exactly a decade ago, in a seminal and provocative article in Foreign Affairs titled “Does China Matter?” Gerald Segal argued that the purported influence of China is often greatly exaggerated, indeed the effect of a carefully managed theatrical performance by China itself. The Chinese involvement in aid is certainly not a theatrical performance, but one that poses a challenge to the existing international system in fundamental, unexplored, and unknown ways.

Will China’s engagement lead to long-term and permanent realignment of power relations in the aid system? Or in line with the institutional isomorphism that has characterised the aid system in the past, will China ultimately be co-opted into the established practise and consensus in the aid system? Put differently, are we

---

9 It is available at http://blog.taragana.com/n/africa-looking-towards-india-china-senegal-president-91009/
going to witness a sinization of the aid system, or simply the inclusion of an actors, even this actor sometimes operates differently?

Like most things about China’s recent rise, definitive conclusions do not exist, as we are still in the midst of the process we seek to assess. Yet contradictory tendencies can be observed. On the one hand, and as has already been argued, China’s presence in the aid system has already changed the system. The aid system and its operations cannot be adequately understood outside an analytical integration of the activities of China in this system. But similarly, Chinese aid is also already undergoing change as it interacts with the already established Western aid system (Guérin, 2008).

In the final analyses, however, perhaps the most critical question should not be the extent to which China has changed the system, or is itself changed by the aid system. Indeed the debate should not be framed as a zero-sum game. Rather the focus should be on the implications of China’s entry on the purpose of the aid system: to assist the development of the developing countries. Perhaps the question ought to be rephrased in terms of the implications of China’s recent involvement in the aid system for the purpose of aid. Concretely, the entry of China into the aid system, and the challenge it poses to the Western aid project, should be used as an entry point to reconstitute power in the system on behalf of those who, traditionally, have been dictated to. Perhaps it offers the opportunity to rationally rethink, and address the pathologies that have characterised the operandi of the Western aid system, including the sometimes paternalistic intrusion into the affairs of aid recipient countries, the imposition of one-size-fits-all development models, and the lack of effectiveness. If China’s engagement in the aid system can achieve this, it would have played a far greater role in restructuring the system than in simply changing the power relations in her interests.
References


Guérin, Emmanuel (2008) Emerging donors and global governance of development aid: What is China’s role in Africa?. N° 03/2008 | GLOBAL GOVERNANCE,


Li, Xiaoyun (2008) China’s Foreign Aid to Africa: Overview (paper). College of Humanities and Development, China Agricultural University, Beijing, 2008.


DEVELOPMENT RESEARCH SERIES
WORKING PAPERS:

No. 5: Georg Sørensen: Notes on Materialism and Boredom - Western Development Ideals, 12 pp, 1984.
No. 20: Georg Sørensen: International and External Intertwined: 5 Obstacles to Development in India. 20 pp, 1986.
No. 32: Henrik A. Nielsen: Local Community Development Around the Bay of Bengal: Context, Crises and Perspectives. 27 pp, 1994.
No. 33: Johannes Dragsbaek Schmidt: Southeast Asian State Responses to a Regionalized World Economy. 21 pp, 1994.
No. 51: Li Xing: The Dynamics of East Asian Intra-Regional Economic Relations. 22 pp, 1995.
No. 56: David Harvey: Globalization in Question. 22 pp, 1997.
No. 89: Mammo Muchie: Imagining Ethiopia Beyond War and Poverty: The two-year war between two strategic allies in the Horn of Africa. 34 pp, 2000.
No. 91: Timothy M. Shaw: Development Studies at the Start of the New Millennium in South and North. 18 pp, 2000.
No. 94: Andre Gunder Frank: ReOrient Histography and Social Theory. 41 pp, 2000