THESIS WORK

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How Do Political Ideologies of Donor Governments Affect Foreign Aid Policies?

Aid policies of the socialist China and the capitalist United States in Sub-Saharan African countries between 2008 and 2014

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Abbreviations

OECD Organization for Economic Co-operation and Development

ODA Official Development Assistance

DAC Development Assistance Committee

DFA Ministry of Commerce of the People’s Republic of China Department of Foreign Assistance

MOFCOM Ministry of Commerce of the People’s Republic of China

LDCs Least Developed Countries

MDGs Millennium Development Goals

SDGs Sustainable Development Goals

CPC Central Committee of the Communist Party of China

MFA Ministry of Foreign Affairs

MoF Ministry of Finance

China Exim China Export-Import Bank

Bank

USAID United States Agency for International Development

GNI Gross National Income.

JECC Joint Ethiopia China Commission
1. Introduction

This paper aims to investigate how do political ideologies of donor governments influence their foreign aid policies. There are number of recent studies have shed light on the effect of donor ideology on foreign aid (Tingley, 2009; Brech & Potrafke, 2009, 2013; Milner & Tingley, 2010; Dreher, Minasyan, & Nunnenkamp, 2015; Dreher, Nunnenkamp, & Schmaljohann, 2015). Scholars use left-right spectrum to examine donor ideology and find left-wing donor governments are willing to provide more aid than right-wing governments (Milner & Tingley, 2010; Brech & Potrafke, 2013). However, socialist ideology and capitalist ideology have been missing when examining political ideologies of donor governments. This paper tries to fill this gap by focusing on investigating how socialist ideology and capitalist ideology drive donor governments’ foreign aid policies.

There are two propositions made in this paper. First, socialist ideology driven donor governments provide foreign aid without conditions, but capitalist ideology leads donor governments offer foreign assistance with conditions attached. Second, socialist ideology driven donor governments provide foreign aid mainly focus on economic infrastructure development, meanwhile capitalist ideology guides foreign assistance offered by donor governments mainly emphasizes development on social infrastructure.

This paper focuses on evaluating the bilateral foreign aid from China and the United State to Sub-Saharan African countries over the period of 2008 to 2014. Recent years, China has become the largest contributor of foreign aid to Sub-Saharan African countries, meanwhile U.S. remains the largest bilateral donor in same region (Amusa, Monkam, & Viegi, 2016). China and U.S. implement different foreign aid policies, which Chinese foreign aid policy is heavily influenced by socialist ideology, and U.S. foreign assistance policy is driven by capitalist ideology. This paper analyses Chinese foreign aid by using the data published by AidData (Dreher, et al., 2017), which is projects based data analysis. Data used for evaluating U.S. foreign assistance came from GreenBook (USAID, 2017). Over the period
between 2008 and 2014, there is a comparative transparent aid data for Chinese foreign aid on project based view. Meanwhile, over the same period, U.S. shows a relatively stable political ideology influenced by Obama’s party.

In order to examine two propositions, official documents published by China and the United States on foreign aid policies will be reviewed. Moreover, this paper investigates composition of foreign aid types provided by China and the United States and examines their aid sectoral distribution. In addition, hypotheses will be inspected in the cases of Ethiopia, Kenya and Tanzania. These three countries were shown in top 5 recipient country list of both China and U.S. over the period of 2008 to 2014, and keep long-term bilateral aid relationships with both donor countries. All three recipient countries experienced economic and political reform which supported by Western foreign aid, meanwhile, there is an increasing number of Chinese foreign aid projects have been completed in Ethiopia, Kenya and Tanzania.

The main findings indicate that socialist country provides foreign aid without conditions, and capitalist ideology driven foreign aid policy with conditions. Thus, the first proposition can be accepted. However, there is no strong evidence to support socialist country provides foreign aid mainly for economic infrastructure development. Only capitalist ideology leads donor governments provide foreign assistances mainly focus on social infrastructure development can be confirmed.

The rest of this paper will be organized as follows. Chapter 2 demonstrates different definitions applied by China and the United States. Chapter 3 provides a review of socialist ideology and capitalist ideology and its influences on China and U.S. foreign aid policies respectively. Hypotheses will be developed in this chapter. The methodology, data examination, case studies and main findings will be shown and explained in Chapter 4. Chapter 5 concludes and discusses limitations in this paper.
2. Conceptual Clarity

The main purpose of this chapter is to demonstrate different definitions of foreign aid applied by China and the United States by reviewing government documents and website. China and the United States have different understandings for foreign aid compare to the universally used ODA\textsuperscript{1} definitions\textsuperscript{2}. This chapter will be organized to introduce aid objectives, policies and foreign aid policy decision making structures for both countries.

2.1 The definitions and strategies applied by the Ministry of Commerce of the People’s Republic of China Department of Foreign Assistance

This section starts with introducing the organizational structure of Chinese foreign aid management, providing the chart to illustrate the decision-making structure and clarifying the role of DFA\textsuperscript{3} within the organization. Followed by demonstrating the definitions of Chinese foreign aid which defined by Chinese government in government documents and explaining the China’s foreign aid policy and basic principles. At the end shows three types of Chinese foreign assistance, which grants, interest-free loan and concession loan, and main activities included in each type and its responsible department.

2.1.1 Organization and decision-making structure

\begin{itemize}
\item [\textsuperscript{1}] ODA: Official development assistance
\item [\textsuperscript{2}] Universal ODA definitions: ODA is defined by Development Assistance Committee (DAC) as those flows to countries and territories on DAC List of ODA Recipients and to multilateral institutions which are provided by official agencies, including state and local governments, or by their executive agencies, meanwhile each transaction of which is administered with the promotion of the economic development and welfare of developing countries as its main objective and is concessional in character and conveys a grant element of at least 25 per cent (OECD, 2017). Organization for Economic Co-operation and Development (OECD) emphasizes that ODA includes grants, ‘soft’ loans and the provision of technical assistance, however loans and credits for military purposes are excluded (OECD, 2008; OECD, 2017).
\item [\textsuperscript{3}] DFA: Ministry of Commerce of the People’s Republic of China Department of Foreign Assistance
\end{itemize}
The DFA is one division under MOFCOM\(^4\), as an administrative department which is authorized by the State Council to oversee foreign aid. The main responsibilities are formulating and implementing foreign aid policies, negotiating and signing foreign aid agreements, and planning and supervising foreign aid projects (Foreign Aid Division, 2015). Besides those responsibilities mentioned above, Kobayashi examines the changes introduced by a series of reforms in external assistance since 1995 and lists other DFA’s functions, for instance, reforming of aid schemes, improving aid-related statistics, making decisions on individual aid projects and programs while DFA is also responsible for expenditures of funds, scrutinizing the qualification of firms bidding for various projects (Kobayashi, 2008), the figure 2.10 created by Kobayashi, shows the details of institutional framework of Chinese aid delivery system and structure.

FIGURE 2.10 INSTITUTIONAL FRAMEWORK OF CHINA’S AID DELIVERY SYSTEM: HOW FUNDS ARE CHANNELLED TO AID PROJECTS


\(^4\) MOFCOM: Ministry of Commerce of the People’s Republic of China
The CPC\(^5\) has the top decision-making power regarding foreign aid, MOFCOM can be seen as an implementing agency for the Party, figure 2.11 provides an overview of the organization structure of MOFCOM (Xiaoyun, 2009). In 2008, the foreign aid inter-agency liaison mechanism has been first officially established by the ministries of commerce, foreign affairs and finance, and was upgraded into an inter-agency coordination mechanism in 2011 (China's Information Office of the State Council, 2011). MOFCOM as chair of this coordination mechanism, plays key role to coordinate aid policies with other ministries, and organize the regular meeting for discussing policy planning and institution building, there are two deputy chair which MFA\(^6\) and MoF\(^7\), the ministries such as Agriculture and Health, and China Exim Bank\(^8\) and the Bank of China are also presented together (Denghua & Graeme, 2017). MOFCOM is the main aid agency in China, however has limited independence. For instance, technical assistance and education assistance are controlled by Ministry of Science and Technology and Ministry of Education (Xide, 2004; Deleanu, 2015). China’s foreign aid and its responsible ministries can be concluded as following: grants and interest-free loans managed by the MOFCOM; scholarships provided by the Ministry of Education to students from other developing countries; the estimated amount of interest subsidies on concessional loans which is deducted from the total amount of aid (Kitano & Harada, 2014).

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\(^5\) CPC: Central Committee of the Communist Party of China  
\(^6\) MFA: Ministry of Foreign Affairs  
\(^7\) MoF: Ministry of Finance  
\(^8\) China Exim Bank: China Export-Import Bank
2.1.2 The definition of Chinese foreign aid

Chinese foreign aid is defined to provide to other developing countries, especially the LDCs, mainly to help recipient countries to strengthen their own capacities and abilities for self-development, promote their economic growth and social progress, reduce poverty and improve livelihood. China directly provides assisting funds to low-income developing countries to promote the realization of MDGs and SDGs for now. Moreover, Chinese

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9 LDCs: Least Developed Countries
10 MDGs: Millennium Development Goals, the United Nations Millennium Development Goals are eight goals that all 191 UN member states have agreed to try to achieve by the year 2015. The Eight Millennium Development Goals are: to eradicate extreme poverty and hunger; to achieve universal primary education; to promote gender equality and empower women; to reduce child mortality; to improve maternal health; to combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; and to develop a global partnership for development.
11 SDGs: The 2030 Agenda for Sustainable Development calls on countries to begin efforts to achieve the 17 SDGs, which build on the eight MDGs, include no poverty; zero hunger; good health and well-being; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and
government issued the first version white paper on China’s foreign aid in 2011, the White Paper 2011 (China's Information Office of the State Council, 2011) says development is an arduous and long-standing task, China’s foreign aid falls into the category of South-South cooperation and is mutual help between developing countries, since China is the world’s largest developing country.

China’s foreign aid policy considers both China’s actual conditions and the needs of the recipient countries. The guideline for foreign aid policy mentioned in the White Paper 2014 (China's Information Office of the State Council, 2014) are the following:

- Do not impose any political conditions;
- Do not interfering in the internal affairs of the recipient countries and fully respect their rights to independently choosing their own paths and model of development.

The basic principles can be concluded as mutual respect, equality, keeping promises, mutual benefits and win-win. The principles are closely in line with the Eight Principles for China’s Foreign Aids, promoted by Chinese premier Zhou Enlai in 1964, included equality and mutual benefits; respect for sovereignty with no conditions attached; provided through interest-free or low interest loans; promotes self-reliance, not dependency; quick results; uses best-quality equipment of Chinese manufacture; emphasizes technology transfer through technical assistance; Chinese experts will live at the standard of local experts (Bräutigam, 2011).

Both foreign aid definition, policy and principles emphasized by Chinese government point that Chinese foreign aid provided to recipient countries with no conditions attached. This is clearly claimed in Chinese foreign aid definition since 1964 that respect for sovereignty with no conditions attached.

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community; responsible consumption and production; climate action; life below water; life on land; peace, justice and strong institutions; partnerships for the goals (UN News Centre, 2015).
2.1.3 Types of Chinese foreign aid

China provides foreign aid in different types, each type of aid offered to support different aid projects in recipient countries, such as grant and interest-free loan mainly provided to support social infrastructure projects and concessional loan focuses on promoting economic infrastructure projects. This section will describe and explain all types of Chinese foreign aid and its aims.

There are three types of China’s foreign assistance: grant, interest-free loan and concessional loan. China’s Foreign Aid (China's Information Office of the State Council, 2014) explains, grant is mainly provided for helping recipient countries complete and develop social welfare programs, include human resources development cooperation, technical cooperation, material assistance and emergency humanitarian aid; interest-free loan is mainly used to help recipient countries with public facilities construction, improve local people’s living standard; concessional loan is offered to help recipient countries undertake manufacturing projects, large and medium-sized infrastructure projects, or the projects which supply of complete plants, machinery and electronic products with economic and social benefits, figure 2.12 illustrates various types of aid and different responsible institutions. Deborah (Bräutigam, 2011) says both grants and interest-free loan provide by China are usually promote broad diplomacy objectives, the concessional foreign aid loan projects always mix diplomacy, development and business objectives.
2.2 The definitions and strategies applied by the United States Agency for International Development

This section firstly introduces the role of USAID\textsuperscript{12} in U.S. foreign assistance and its functions, provides the organization structure chart of USAID. Then it explains the definitions of U.S. foreign assistance, which divided into two broad categories, economic assistance and military assistance. At the end of this section, it demonstrates six types of

\textsuperscript{12} USAID: United States Agency for International Development
U.S. foreign assistance, grant; loan; military assistance; obligation; deobligation and net obligations, and explains its values.

2.2.1 Organization and decision-making structure

USAID is the leading U.S. Government development agency with a mission of helping partner to end extreme poverty and to promote the development of resilient, democratic societies to realize their potential (USAID, 2017). Meanwhile USAID is responsible for reporting and maintaining official foreign assistance data with all information and details to Congress, providing the report called U.S. Overseas Loans and Grants (GreenBook). Moreover, USAID also reports to the DAC of the OECD on an annual basis (USAID, 2017). In July 2013, USAID published detailed, disaggregated data and information at the individual transaction level, which updates data every quarter.

USAID leads U.S. foreign assistant programs, maintains data base, prepares report for U.S. Government and for the OECD DAC, manages funds from other government agencies. The ADS\textsuperscript{13} contains the organization and functions of USAID, together with the policies and procedures that provide guidance for Agency’s programs and operations (USAID, 2017). There are over 200 chapters organized under six functional series: Agency Organization and Legal Affairs, Programming, Acquisition and Assistance, Human Resources, Management Services, and Budget and Finance. According to the changing of Federal regulations, Administrator policy statements, and other overarching guidance, the information within ADS will be keeping updated. Furthermore, even USAID gets funded from other government agencies, it has own individual offices to manage and organize funds and relative programs, such as Bureau for Food Security, Bureau for Economic Growth, Education, and Environment, Bureau for Democracy, Conflict and Humanitarian Assistance, Bureau for Global Health and etc. Besides functional bureaus mentioned above, there are also geographic bureaus, central bureaus and independent offices within USAID organization structure under the lead of Administrator, figure 2.20 provides an overview of

\textsuperscript{13} ADS: The Automated Directives System
the organization of USAID, all individual office within the organization has authority for decision making and responsible for funds etc. USAID can be seen as an independent government agency with decision making power.

2.2.2 The definition of U.S. foreign assistance

Although U.S. is an official member of DAC, it has its own understanding of foreign aid. Foreign assistance is defined by Foreign Assistance Act (USAID, 2015) as any tangible or intangible item provided by the United States Government to a foreign country or international organization under this or any other Act, including but not limited to any training, service, or technical advice, any item of real, personal, or mixed property, any agricultural commodity, United States dollars, and any currencies of any foreign country which are owned by the U.S. Government. Stated in GreenBook, U.S. foreign assistance is categorized as either economic assistance or military assistance (USAID, 2017). The latest
GreenBook (USAID, 2015) presents foreign assistance equal economic assistance plus military assistance.

3.2.3 Types of U.S. foreign assistance

USAID (USAID, 2017) reports U.S. foreign aid into six types, shown in figure 2.20. Foreign assistance does not represent a democratic value or a Republican value, but an American value, USAID may work side-by-side with the military in active conflicts for keeping nation’s stability (USAID, 2017). USAID believes foreign aid helps improve the local living standard, keep stable environment and ease conflict also helps keep stable and safety in homeland. In some ways, foreign aid for economy development, such as investing in agriculture, health systems and democratic institutions, has same using with military assistant, but it is smarter, safer and less costly than sending in soldiers.

FIGURE 2.20 TYPES OF U.S. FOREIGN ASSISTANCE

<table>
<thead>
<tr>
<th><strong>Foreign Assistance</strong> = Economic Assistance + Military Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant</strong> – transfers of goods, services, or cash for which the recipient incurs no legal debt.</td>
</tr>
<tr>
<td><strong>Loan</strong> – transfers for which the recipient incurs a legal debt and repayment is required over time, with or without interest, in convertible currencies or in kind.</td>
</tr>
<tr>
<td><strong>Military Assistance</strong> – foreign aid for programs primarily for the benefit of recipient government armed forces, or aid which subsidizes or substantially enhances military capability.</td>
</tr>
<tr>
<td><strong>Obligation</strong> – a binding agreement that will result in outlays, immediately or in the future. Budget resources must be available before obligations can be legally incurred.</td>
</tr>
<tr>
<td><strong>Deobligation</strong> – a cancellation or downward adjustment of previously incurred obligations. De-obligated funds may be re-obligated within the same time period.</td>
</tr>
<tr>
<td><strong>Net Obligations</strong> – the sum of new grant obligations and deobligations.</td>
</tr>
</tbody>
</table>

*Source: USAID. (2017, October 13). U.S. overseas loans and grants (GreenBook).*

USAID carries out U.S. foreign policy focuses on promoting broad-scale human progress, meanwhile expands stable, free societies, creates markets and trade partners for the U.S. and fosters good will abroad (USAID, 2017). The main value is enhancing American and
global security and prosperity by mitigating the risks of tomorrow. Since USAID believes U.S. is safer if fewer people face destitution, trading partners are flourishing, all countries have abilities withstand crisis, and societies are freer, more democratic, and more inclusive, protecting the basic rights and human dignity of all citizens. There are several basic requirements for ending extreme poverty, which are enabling inclusive, sustainable growth; promoting free, peaceful, and self-reliant societies with effective, legitimate governments; building human capital and creating social safety nets that reach the poorest and most vulnerable. In order to meet all basic requirements mentioned above and further realization development goals, USAID seeks to empower and support through collaboration, work hand-in-hand with recipient countries.

Foreign assistance provided by U.S. emphasizes to promote a more democratic world for people who are in low-income countries, achieve economic and political freedom, provide education opportunities and support human rights (Radelet, U.S. Foreign Assistance After September 11th Testimony for the House Committee on International Relations, 2004). USAID (USAID, 2017) points democratic societies are essential for sustaining development, as it has feature broad based economic growth; healthy, well-nourished, and educated populations; and environmental sustainability. Moreover, democratic societies embrace not only elections, but also legitimate, inclusive, and accountable institutions that effectively deliver services to all of their people, respect and promote human rights, and strive to advance freedom, human dignity and development. Foreign assistance provided by U.S. supports for organizations or actors who uphold anticorruption work, democratic transition, human rights, and good governance. Mandaville (Mandaville, 2017) emphasizes bilateral democracy support is funded directly by U.S. agencies, U.S. assistance goes to poorer countries that have already demonstrated a capacity to put in place pro-growth policies that support the rights and opportunities of their citizens. Improving human rights, health and education can be considered as the priority for U.S. foreign assistance and a well governance society could be seen as main target to be achieved. USAID (USAID, 2017) emphasizes democratic governance and human rights are critical components of sustainable development and lasting peace. The key effort of U.S. foreign assistance is to
ensure recipient countries must increasingly be able to meet the needs of their citizen whether by providing health care, education, or economic opportunity.

2.3 Comparing foreign aid definitions of China and U.S.

Both Chinese foreign aid and U.S. foreign assistance emphasize foreign aid provided in order to help recipient countries, to end extreme poverty and to improve living standard, however, there are three significant differences between the two policies.

Firstly, the differences on main objective and aim. China as the largest developing country in the world, provides aid to other developing countries within the framework of South-South cooperation\(^\text{14}\) which is emphasizing mutual help between developing countries and with mutual respect, equality, keeping promise, mutual benefits and win-win as the basic principles. Regard to U.S. as developed country, foreign assistance provided mainly focuses on promoting local democracy, through economic and political, in order to ensure both state and global security.

Furthermore, the differences in the way to achieve their objective. Chinese foreign aid provided mainly for economic infrastructure development without political intervention. On the contrary, U.S. foreign assistance focusing on economic and political environment reform toward to democracy, social infrastructure development can be considered as the priority task in aid programs.

Lastly, the differences in decision-making. In China, CPC has the top decision-making power, DFA as major responsible department for foreign aid which has limited authority

\(^{14}\text{South-South Cooperation: is a broad framework of collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, intraregional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Recent developments in South-South cooperation have taken the form of increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges (United Nations Office for South-South Cooperation, 2017).}\)
for decision-making. Moreover, all funds are managed by different departments. On the other hand, USAID has independent authority for using and managing the foreign assistance funds.

These differences in political action regarding foreign aid, are highly influenced by nation’s ideas, beliefs and values, which can be considered as ideology.

3. Literature review, Theory and Hypotheses

This chapter reviews literature of political ideology on socialist and capitalist respectively, and provides propositions. This chapter firstly explains the role of ideology in foreign aid policy. After this, there are two main sections demonstrate a comprehensive literature review of socialist ideology and capitalist ideology and its development in China and U.S. respectively. According to the literature and empirical studies, this paper proposes the basic proposition that foreign aid provided by socialist countries focuses on economic development, and capitalist country provides foreign aid mainly for social development in each section.

3.1 The role of ideology in foreign aid policy – A general review

Donor government ideology is one possible factor to explain their foreign aid policy (James, Poe, & Steven C., 1998). Ideology can be considered as a key factor while devising a foreign policy at both internal and external levels (Javaid, Naz, Watoo, & Rashid, 2016). The way of how leadership and ruling party formulate policies can be seen as a manifestation of internal level ideology, while external level includes activities suit their system. Ideologies map the political and social worlds, operate as a means of control and direction within power systems in order to achieve political ends, moreover, give structure, cohesiveness and functionality to social practices (Brown, 2012). Eagleton
(Eagleton, 1991) points that ideology forms of thought motivated by social interests. Boschini and Olofsgard (Boschini & Olofsgard, 2001) identifies ideology as an explanatory factor in the determination of aid during the Cold War. Survey data (Potrafke & Ursprung, 2013) and political rhetoric suggest that foreign aid policies are highly divisive ideologically (Brech & Potrafke, 2013). Mazrul (Mazrul, 1978) emphasizes that culture and ideology play important roles in whole process of foreign aid, he concludes that liberal political culture in capitalist societies may raise more charity activities and score high on self-interest, socialist aid also includes a strong component of self-interest, but scores low on straight charity. China and the United States as socialist country and capitalist country, their foreign aid policies are heavily influenced by their political ideologies. Their foreign aid policies also reflect their own characteristics, generated with their specific development paths and experiences.

3.2 The role of socialist ideology in foreign aid policy – the case of China

This section first shows the main features of the classical socialist ideology and explains its development in China, which called socialist ideology with Chinese Characteristics. The second part demonstrates the influences of socialist ideology on Chinese foreign aid policy. Along with related literature and empirical studies, provides the two hypotheses at the end.

3.2.1 Classical socialist ideology

Kornai (Kornai, 1992) mentions the early ideas and values of socialism are closely connected with socialist revolutions, and changed in revolutionary-transitional stage. During this stage, the Communist party also makes its own transition from a revolutionary party to a governing party with full responsibility, then finally influenced by the leaders of the national parties, this also explains why the official ideology of classical socialism varies from country to country.
Emphasized by Kornai (Kornai, 1992) theoretically the socialist system has incomparable superiority of capitalism, he says the most important component in official socialist ideology is socialist system is superior to the capitalist, and emphasizes this superior comes from the system itself. Firstly, socialist production relations create more favourable environment for economy development, by eliminating competition, recessions and depressions through planning. Secondly, socialist political system represents the fundamental interests of labourers who are proletarians. There are several basic promises made to the population by the party when it comes to power. Normally classical socialism system emerges in a country which has been poor and backward before the revolution, the basic promise would be the socialist country will catch up with the most highly developed capitalist countries, relies on the original superiority of the system. Moreover, another group of promises regards to the citizens’ way of life and their obligations in system, such as everyone able to work has opportunity to work, gets access to basic needs, state will be responsible for providing jobs, food, heath care, education, and other services required by citizens. Structure of power and the party’s role in this structure can be considered as another important component of the socialist ideology. Kornai (Kornai, 1992) argues in a bourgeois society there is dictatorship of the bourgeoisie, and under a socialist system dictatorship is exercised by the proletariat, at the same time the working class cannot exercise power directly, it is represented by the party. This party supposed not only to stand at the head of the working class, but see farther than the working class at same time. People believe that the party and state will see to and forecast everything, this assumption is a major ideological justification for centralization and the bureaucratic organization of power in classical socialist ideology.

3.2.2 Socialism with Chinese characteristic

Based on classical socialist ideology and learning from history, CPC continues developing socialist ideology with Chinese characteristics. David (Shambaugh, 2008) says Chinese policy-makers learn from the failure of dissolution of the Soviet Union, believe that the
party ideology should be dynamic, but not rigid, disconnected from reality. The introduction of Marxism-Leninism\textsuperscript{15} to China provided a new vision of social and power structure, Maoist ideology\textsuperscript{16} applied the classical socialist ideology into the unique conditions in China, Brown (Brown, 2012) explains that Maoist ideology created of a Party-state, the party with its ideological justification, occupied a specific social space supplying unity, legitimacy and an all embracing social belief system. In 1978, Chinese party ideology had a new direction along with the reforms during the Deng era, created a socialist market economy. The key objective of the party is removing of class struggle, from 1980, communes were removed, town and village enterprises were built, special economic zones and most boldly the initial tolerance followed by the enfranchisement of non-state sector through processes of marketization. This was given the unique formulation of ‘socialism with Chinese characteristics’, applying a market while maintaining a privileged adjudicating role for the Party (Brown, 2012), which a society seems overtly capitalist and yet politically maintaining fidelity to socialism.

In the 1990s, the increasing importance of the non-state sector and civil society required the party rethink the role of the state in economic productivity, redefine its role and maintain its privileged position in new structure. Party Secretary and President Jiang Zemin emphasizes the need to enfranchise non-state actors, especially entrepreneurs within the institutions and discourse of the CPC, and he formulates the ‘Three Represents’ theory mentions the CPC represents the development trends of advanced productive forces; represents the orientations of an advanced culture; represents the fundamental interests of the overwhelming majority of the people of China (Communist Party of China, 2006). The private sector was recognized in the Party Constitution and entrepreneurs were allowed to join the CPC since 2002. Along with the economy development, inequality has been one of

\textsuperscript{15} Marxism-Leninism: Ideology is defined by Marxism-Leninism as a system of ideas and opinions held by a certain social class or group about society as a whole. Its purpose is to defend the interests of a classes, to enhance its social position, or even to disturb the position of other classes and groups (Cruickshank, 1980).

\textsuperscript{16} Maoist Ideology: Maoist Ideology, or ‘Mao Zedong Though’, believes a vigorous organization of the peasantry under communist leadership and a radical land policy were needed. He thought that ‘revolutionary impetuosity’ had to be avoided, and developed tactical ideas about the need for a base area, organized military forces and guerrilla tactics - 'encircling the city with the country'. Mao’s ideology adaptation of Marxism-Leninism for a peasant mass base won support, as it was seen to work. In Yan’an, he also encouraged voluntarism, mass mobilization and self-criticism (What were the origins of Maoist ideology?).
the great challenges of the Hu Jintao era. In 2003, Hu emphasized the main task was not only focus on economic development, but also social development, and made statements to strengthen the core ideological beliefs of the CPC, emphasizes that only CPC can become the nucleus of power to lead the Chinese revolution, construction, and reform, only it is able to bear the great trust of the Chinese people and the Chinese nationality; CPC represents the best interests of the people, aim to take China towards a harmonious society with scientific development, construct the new socialist countryside and industrial infrastructure. CPC as leading party in China believes that China has to deepen its own development, improve productivity, combine the joint leadership of the Party and the people, emphasize the Party and the people are one, the Party had to act for the whole good of the people.

3.2.3 The impact of socialist ideology on the Chinese foreign aid policy and Hypotheses

The socialist ideology with Chinese characteristics and its historical experiences as recipient country are heavily influencing the Chinese foreign aid policy, its objectives and strategy. Nowak (Nowak, 2015) claims that China provided foreign assistance to promote communist ideology from 1950 to 1978. Firstly, China provided foreign aid to support independence movements, after the Sino-Soviet split, aid became a useful tool in the competition with the Soviet Union for influence in newly independent countries, special in African countries. The research of Friedman (Friedman, 2010) finds Chinese aid was mainly offered as grants or non-interest loans in 1960s, in contrast to the Soviet loans offered at a rate of 2.5% in the same period. In the period of economic reforms, Chinese foreign aid became more pragmatic than political, foreign aid projects were used as tools for promoting both donor and recipient countries’ economy development, emphasized South-South cooperation which respects sovereignty, does not interfere in recipients’ internal affairs, attaches no political conditions, and asks for no privileges was promoted (Potter, 2010). In 1994, Chinese foreign assistance was linked with investment and trade, as economic cooperation tool, China Export-Import Bank was established and manages
concessional loans. Socialist ideology leads China provides foreign aid with no conditions and political intervention in recipient countries and makes Chinese foreign aid focus on economic infrastructure development.

Another impact of ideology on foreign aid policy is the decision-making structure, there is no independent department has full authority for foreign aid management, CPC has the top decision-making. The objectives of Chinese foreign aid show the ideology of CPC, meanwhile CPC makes the strategy to achieve its goals and aims. Wang and Ozanne (Wang & Ozanne, 2010) claim that Chinese political system and decision-making structure make it difficult to impose political conditions on others, since China has often been castigated for its own human rights record. Chinese foreign aid is designed to maximize the mutual benefits, emphasizes loans rather than grants, and focuses on the economic infrastructure more than social infrastructure development.

3.2.3.1 Socialist driven Chinese Foreign Aid Policy without conditions

The no conditions attached foreign aid policy reflects socialist ideology in two ways, firstly, all countries are equal, as equal partners, neither side has the authority to teach the other, secondly, both economic and political reforms can only be success within the country, but not imposed and innerved externally. Chinese foreign aid policy with no conditions attached, clearly stated in the Eight Principles, which as fundamental guidelines for legal framework for Chinese foreign aid and first proposed in 1964. Aid provided by China based on the negotiations according to the recipient countries’ needs without political requirements (Ling, 2010). However, Chinese foreign aid policy has some economic conditions, yet it does force economic reform nor improves local governance. Firstly, by providing concessional aid, China may require that the project implementer should be from home land; a certain percentage of procurements should be acquired from

17 The Eight Principles: (1) for the purpose of self-reliance and independent economic growth of the recipient countries, such as increased income and capital accumulation; (2) with no attached conditions and no requests for privileges; (3) based upon mutual development rather than unilateral aid; (4) economic aid with a deferrable repayment data; (5) Chinese equipment and materials of the best quality at negotiable prices, based upon international market prices; (6) assistance to local construction projects of the recipient countries; (7) technical assistance with the guarantee of ensuring that local staff fully master the techniques; and (8) the development of experts without special demands.
the Chinese market (Ling, 2010); the projected work is undertaken by Chinese companies; the funds transfers are from Chinese government and banks to those Chinese companies (Wang, Ozanne, & Hao, 2014).

Meanwhile these economic conditions are in line with mutual benefits and win-win achievement. Chinese aid usually involves a complete package, combined technical support and with financing backed by state-owned banks, together with Chinese labour to implement projects, mentioned by Wang, Ozanne and Hao (Wang, Ozanne, & Hao, 2014) China sends workers to Africa for training Africa workers. Lancaster (Lancaster, 2007) points Chinese foreign aid does not explicitly require conditions such as a good human rights performance, strong economic management, environmentally responsible policies or political openness in recipient governments. Wang and Ozanne (Wang & Ozanne, 2010) explain that Chinese foreign aid without conditions can be considered as a mixture of principle and expediency, pointed by Pehnelt (Pehnelt, 2007) that one major pillar of China’s foreign policy is the principle of sovereignty doctrine, which contrasts strongly with the aid policy with conditions. Ky, Lee and Stauvermann (Ky, Lee, & Stauvermann, 2012) point that the purpose for China provides foreign aid is seeking economic and trade cooperation with other developing countries, approved by the White Paper 2011 (China's Information Office of the State Council, 2011), which announced by China’s state Council that Chinese foreign aid falls into the category of South-South cooperation. Classical socialist ideology provides the basic promise to socialism country that they will soon catch up with the economic level of the most developed capitalist countries. Furthermore, socialist ideology with Chinese characteristics emphasizes mutual respect, equality, keeping promises, mutual benefits and win-win in foreign aid policy.

In line with literature and empirical studies, the first prediction made in this paper is:

**Hypothesis 1a Socialist country provides foreign aid without economic and political reforms as conditions attached**
3.2.3.2 Socialist driven Chinese Foreign Aid focuses on Economic Infrastructure

In this section, the second proposition will be developed according to a number of empirical studies on Chinese foreign aid.

Ling (Ling, 2010) argues that Chinese foreign aid focuses on economic infrastructure in aid-cooperation mainly in the form of concessional loans, which covered different sectors, such as power, transportation, telecommunications and water supply infrastructure. This is also mentioned by Nowak (Nowak, 2015) that Chinese foreign aid is directly used to large-scale infrastructure projects, such as energy facilities, railway and highway construction, seaports and airports. Lum (Lum, 2009) provides several Chinese foreign aid projects as examples to claim Chinese aid mainly focuses on economic infrastructure, for instance railways construction in Angola; infrastructure and mining projects in Democratic Republic OF Congo; projects of oil refining, hydro power and infrastructure in Sudan; projects of iron ore mining, infrastructure, hydro power and port facilities in Gabon; dam construction, infrastructure, and national stadium projects in Mozambique; infrastructure, telecommunications, public buildings, hydropower and light industry in Ethiopia; and projects of offshore oil development, railways construction in Nigeria. Chinese government takes the poor infrastructure situation as a critical barrier to for recipient countries to accelerating growth and alleviating poverty (Ling, 2010). For example, currently one in four Africans does not have access to electricity; travel times on African roads and export routes are two to three times higher than in Asia, it increases the prices of traded goods; power generation capacity is around half the levels achieved in South Asia. Due to lacking basic infrastructure is the bottleneck in recipient countries for pursuing sustainable development. Meanwhile, according to China’s development experiences, the rapid expansion of infrastructure plays an essential and crucial role for promoting China’s economy growth, Chinese always say that building roads if the prerequisite to becoming rich. Besides, China also has a comparative advantage in providing economic infrastructure, with both the financial resources and the construction industry capacity to meet recipient countries’ need for basic infrastructure development, this is the best illustration of win-win co-operation.
Consequently, the second prediction provided in this paper is:

**Hypothesis 2a** Socialist country provides aid focus on economic infrastructure development

### 3.3 The role of capitalist ideology in foreign aid policy – the case of the United States

This section will firstly explain the feature of pure capitalism as economic ideology which based on free market, then emphasizes the important roles of democracy in market economies and points the liberal democracy ideology is strongly in favour of a capitalist economic system. Following by interpretation of national survey based report to understand political ideology in U.S. which as the leading capitalist country in the world, explains the core values of U.S. political can be concluded as increasing democratic freedom, promoting global stability and supporting free-market capitalism, which also can be considered as important aims for U.S. provides foreign assistance. Finally, proposing two hypotheses based on extant literature and empirical studies.

#### 3.3.1 Classical capitalist ideology

Andrew and Howard (Zimbalist & Sherman, 1984) define pure capitalism as a system wherein all of the means of production, which include both physical and capital resources, are privately owned and run by the capitalist class for pursuing profit, meanwhile, most people are proletariats, work for capitalists in order to get salary or wage, and they do not own any capital or product. In their book, Andrew and Howard (Zimbalist & Sherman, 1984) give four examples of capitalism, the United States, Japan, Sweden and France, they emphasize none of those four countries are pure capitalist systems and every country is unique and differs with others.
Adam Smith developed the framework for a capitalist economic system in the Mercantilist Era\(^\text{18}\) (Bassiry & Jones, 1993), which a market driven, consumer-based economic system as an alternative to the political economy of mercantilism. Firstly, the capitalism system emphasizes the importance of maximizing the welfare of the economic consumer, by providing goods and services according to the market forces of supply and demand. This idea is in line with democratic political system, which oriented to maximizing the welfare of the citizen as a political consumer. Secondly, within the capitalism system, anyone can set up own business and enter into market without control over what is produced if they have resources, this requires both property rights and free market, which can be considered a foundation for political democracy (Zimbalist & Sherman, 1984). Scott (Scott, 2006) argues that invisible hand of the market ensures certain equilibrium in the prices. As for the role of the government, the government has to provide physical security for persons and property as well as the laws and regulations. In line with this thought, the liberal democracy ideology is strongly in favor of a capitalist economic system, since classical liberals also emphasize free market. Meanwhile, liberalism as a philosophy of markets and democracy that was developed as foundation of American society during the Cold War (Amadae, 2003).

3.3.2 Capitalism with U.S.

U.S. is the leading capitalist country, meanwhile it follows the ideology of liberal democracy. Faust (Faust, 2013) emphasizes the central idea of liberal democracy is inclusive participatory rights of all citizens, free and fair elections, which protect the fundamental rights, are institutional principles that characterize democratic system. Monten (Monten, 2005) argues that U.S. political and security interests are advanced by the spread of liberal political institutions and values abroad, meanwhile, a liberal international order grounded in U.S. military and political power. Halpin and Agne (Halpin

\(^{18}\) Mercantilism was an economic system geared to maximize the power of the nation-state relative to other nation-states through pursuit of autarky, such as self-sufficiency.
& Agne, 2009) mention there are three distinct groupings in U.S. society: liberal, moderate, and conservative, they emphasize the 2008 presidential election marked a significant turn in the ideological landscape of the electorate. The State of American Political Ideology (Halpin & Agne, 2009) demonstrates the nature and contours of political ideology, values and beliefs in America in four areas: the role of government; culture/social values; economics and domestic policy; international affairs and national security.

According to the national survey based report (Halpin & Agne, 2009) provides some findings about political ideology in U.S. society. Regarding to the role of government, the majority people agree that government investment in education, infrastructure, and science which are necessary to ensure America’s long-term economic growth. Moreover, another broad agreement is that government needs to be responsible to provide financial support for the poor, the sick, and the elderly. The idea towards to economic and domestic policy is the federal government should guarantee affordable health coverage for every American. Finally, ideology about international affairs and national security shows, most Americans agree that a positive image of America around the world is necessary to achieve their national security goals and America’s security is best promoted by working through diplomacy, alliances and international institutions, there are also people support that America should spend more to help meet the basic economic, health, and education needs of people around the world. As liberalism democracy society, the result from survey reflects the main political ideology of the nation. U.S. citizens generally agree that social infrastructure is key element for long-term economic growth, such as development in education and health, meanwhile they also support that government should take care of people around the world, on the other hand, America’s security can be promoted by working through diplomacy. These can be considered that foreign aid provided by U.S. mainly focusing on social infrastructure development, such as education and health.

3.3.3 The impact of capitalist ideology on U.S. foreign assistance
The core value of U.S. ideology can be concluded as increasing democratic freedom, promoting global stability, and supporting free-market capitalism. Scott (Scott, 2006) argues that capitalism relies on the pricing mechanism to balance supply and demand in markets; it relies on the profit motive to allocate opportunities and resources among competing suppliers; and it relies upon a political authority, such as government, to establish the rules and regulations so that they include all appropriate societal costs and benefits. Government and its agents have to provide physical security for persons and property. Capitalist development requires that government provides and maintains the institutions that underpin capitalism and democracy. Furthermore, state in capitalist countries needs provide social infrastructure, such as schools, public health and welfare organizations, because the private sector in capitalism system typically under-invests in such services, since social infrastructure requires large investments with limited return. As pointed by Faust (Faust, 2013) free and fair elections, the freedom of assembly, the protection of fundamental rights are institutional principles that characterize democratic systems, moreover, western prosperity and consumption are associated with democracy. Mandaville (Mandaville, 2017) applies these value into the U.S. foreign assistance policies and concludes that U.S. foreign assistance helps support global stability, in order to keep American citizens safe through five general ways. These ways are the following; humanitarian response\textsuperscript{19}, economic growth/support\textsuperscript{20}, human development\textsuperscript{21}, democracy support/governance\textsuperscript{22} and security assistance\textsuperscript{23}. The main motivation of U.S. foreign assistance can be explained as ensuring nation security by promoting democratic society in the recipient countries. In order to achieve these goals, U.S. foreign assistance focuses on social development.

\textsuperscript{19} Humanitarian response: This includes all United States’ efforts to reduce or respond to human suffering in the face of pandemics (Ebola), natural disasters, and conflict/war.

\textsuperscript{20} Economic growth/support: These programs include investments to generate economic impact, reduce poverty, or shore up economic stability.

\textsuperscript{21} Human development: This category incorporates a variety of investments in projects that improve lives – health, education, food security, provision of basic services and other human development outcomes.

\textsuperscript{22} Democracy support/governance: This category includes support for organizations or actors who uphold anticorruption work, democratic transitions, human rights, and good governance.

\textsuperscript{23} Security assistance: This represents the use of U.S. resources to directly support military and policing capacity of other countries.
3.3.3.1 Capitalist driven U.S. Foreign Aid Policy with conditions

Nelson (Nelson, 1992) mentions that aid was used for policy-based lending to promote economic and political reforms during 1980s and 1990s, U.S. uses the term political conditionally that the aid will give more weight to recipient countries’ observance of human rights and democracy, meanwhile, political reforms will be considered as conditions for economic assistance. Conditionality includes firstly economic reform, such as the adoption of the neoliberal macroeconomic policy, exercise of good governance, secondly political reform, which also can be explained as value-based objectives, such as promoting liberal democracy and human rights, improving the quality of public administration and the system of justice, against corruption (Ling, 2010). Radelet (Radelet, 2006) mentions donors provide conditionally aid by requiring that certain goods or services have to be purchased from specific firms in the donor’s home country, for instance, automobiles, airline tickets, and consulting services financed by U.S. foreign aid in most cases must be purchased from U.S. firms, U.S. provided conditionally aid around 75 percent historically. The Europeans and Americans stress free and fair business climate (Ohno & Ohno, 2013). Aid might help promote recipient countries’ development with good economic policies, it might fail due to corruption or uncertainty of economy environment, Radelet (Radelet, 2006) argues aid works with good governance policy in recipient countries, if recipient government policies have led to high inflation rates, massive inefficiencies and waste of public spending, and extensive corruption, then providing aid without requiring fundamental change would create damage. Triantis (Triantis, 1962) explains the words of Benham (Benham, 1961) that donor country has authority to refuse or curtail its aid to recipient country if recipient country disagrees some aspects of the latter’s development and economic policy. Milner and Tingley (Milner & Tingley, 2008) find that U.S. has increased exports to the developing countries which are in transition from state-dominated economies to free market economies. Raudino (Raudino, 2016) argues that democracy and political liberalism are prerequisites for economic growth and social development, political and economic freedom are mutually reinforcing. The main value of U.S. foreign assistant closely in line with this argument. Furthermore, he also points that democracy favours development, the West consider a free political system
is a pre-requisite of economic growth. Capitalist ideology emphasizes the concept of free market, requires fundamentally good governance regard to law and market system. Meanwhile, capitalist country believes liberal democracy is important for formulating good government and social welfare. Democracy, free economy, human rights and the West being a force of universal good (Raudino, 2016).

Therefore, the following prediction made in this paper:

**Hypothesis 1b Capitalist country provides foreign aid with economic and political reforms as conditions attached**

3.3.3.1 *Capitalist driven U.S. Foreign Aid focuses on Social Infrastructure*

Foreign assistance provided by capitalist countries typically considers the development on macro-economic, legal, social or governance aspects (Ohno & Ohno, 2013). Husain (Husain, 2017) claims the Euro-American governments provided foreign aid as a conditional financial assistance to support political development in emerging economies, which can be explained as development aid and humanitarian aid are mutually exclusive. Schraeder, Hook and Taylor (Schraeder, Hook, & Taylor, 1998) review foreign aid from capitalist countries, such as the U.S., French and Sweden and find that foreign assistant from capitalist countries show the same and strong feature: giving aid for democratization, human rights development and humanitarian needs in recipient countries. Carbone (Carbone, 2011) points foreign aid provided by West can be seen as propagating North-South dynamics, supported a comprehensive model for economic, social and political development, with particular emphasis on human rights and democratic governance. Amusa, Monkam and Viegi (Amusa, Monkam, & Viegi, 2016) argue that foreign aid provided by U.S. is concentrated in the social development, such as health and education sectors. Moreover U.S. aid policy is geared towards to recipient countries which have a good human rights record or maintain good governance (Demirel-Pegg & Moskowitz, 2009). Mandaville (Mandaville, 2017) emphasizes that U.S. foreign assistance mainly provided for increasing democratic freedom; promoting global stability, stopping diseases
and supporting free-market capitalism, due to U.S. fundamentally believes that foreign assistance is a vital tool for strengthening national security and promoting democracy around world, which liberal democracy society and well governance market could ensure global security and social welfare. The main values for U.S. foreign assistance are helping recipient country achieve political freedom; supporting human rights; some assistance provided for conflict prevention. According to extant literatures and empirical studies, the prediction made here would be foreign assistance from capitalist country may emphasizes social infrastructure development.

Thus, this paper suggests the next proposition:

**Hypothesis 2b Capitalist country provides aid focus on social infrastructure**

**4. Research Methodology**

The hypotheses will be examined and proved in this chapter by reviewing the official foreign aid documents announced by Chinese and U.S. governments respectively and by evaluating relative aid numbers and compositions by financed type and sectoral distribution. Finally, this chapter analyses foreign aid projects in selected Sub-Saharan African countries during the period of 2008 and 2014 as case studies to further test the two predictions.

This paper explains how donor political ideology influences its foreign aid policy by evaluating bilateral foreign aid relationship between donors and recipient countries in Sub-Saharan Africa region between the period of 2008 and 2014. First, bilateral aid policy fully reflects and influenced by donors’ political ideology. Second, Sub-Saharan African region is the highest aid-dependent region in the world (UNDP; Thomas, et al., 2011; Ogundipe, Ojeaga, & Ogundipe, 2014; Ilorah, 2011). Third, between the period of 2008 and 2014, U.S. foreign assistance policy in the Sub-Saharan African region was driven by Obama’s

This paper focuses upon the cases of Ethiopia, Kenya and Tanzania as recipient countries in the following section. The top 5 Chinese bilateral aid projects recipient countries in Sub-Saharan African region were Zimbabwe, Tanzania, Kenya, Liberia and Ethiopia during the period of 2008 and 2014. Zimbabwe received 94 bilateral aid projects from China, Tanzania received 75, Kenya got 69 projects, Liberia received 68 projects and Ethiopia received 66 projects in total (Dreher, et al., 2017). Meanwhile, over the same period, Ethiopia, Kenya, Sudan, Tanzania and Nigeria were the top 5 bilateral aid recipient partners for U.S. foreign assistance in same region. Ethiopia, Kenya and Tanzania were shown as top bilateral partners for both China and U.S. in the same period (USAID, 2017). All of these three countries have shown success stories in political and economic reform, decentralization, promoting democratic society and human rights.

This chapter will be organized as following: First, a general overview of the tendencies in the Chinese and U.S. foreign aid to Sub-Saharan African countries over the period of 2008-2014 will be demonstrated. The second section comprises three sub-sections, which explain aid from China and U.S. to Ethiopia, Kenya and Tanzania respectively. Main findings will be listed in the end of this chapter. The main findings will be illustrated at the end of this chapter. There are strong evidences to prove that Chinese foreign aid provided with no conditions attached and U.S. provides foreign assistance with conditions. Moreover, prediction of U.S. foreign assistance focuses on social infrastructure also can be confirmed. However, there is no strong evidence to support proposition of Chinese foreign aid provided mainly for economic infrastructure development.
4.1 Overview of the Foreign aid tendencies over the period of 2008 and 2014

This section designed to illustrate the tendencies in Chinese and U.S. foreign aid over the period of 2008 and 2014. First, this section reviews aid policies over this period and finds that Chinese foreign assistance emphasized cooperation between developing countries which without any condition attached, but U.S. provides foreign aid with conditions that recipient countries keep stability, democracy and good governance society. Second, by examining the aid data composition, projects categories, and aid in sectors, this section proves that Chinese foreign aid mainly used into economic infrastructure development, on contrary, aid from U.S. focuses on social infrastructure development.

4.11 Chinese Foreign Aid

China’s Information Office of the State Council issued the first white paper on China’s foreign aid in 2011, and updated it in 2014. Both versions of the White Paper (China's Information Office of the State Council, 2011, 2014) emphasize China as a developing country provides foreign aid to other developing countries, which including aid to African countries, within the framework of South-South cooperation, which is mutual help between developing countries and with mutual respect, equality, keeping promise, mutual benefits and win-win as the basic principles.

In the White Paper 2011 (China's Information Office of the State Council, 2011) mentions along with applied the socialist market economy, the Chinese government set up the Foreign Aid Fund for Joint Ventures and Cooperative Projects, which mainly used to support Chinese small and medium enterprises to build joint ventures or conduct cooperation with the recipient countries in production. Chinese foreign aid policy focuses on helping recipient countries build up their own development capacity, through improving local educated and skilled labor force, building infrastructure; respecting recipient countries’ right to independently select their own development model; promoting friendly
bilateral relations and mutual benefit through economic and technical cooperation. Both White Paper 2011 and 2014 introduce three types of Chinese foreign assistance: grant, interest-free loan and concessional loan. According the data indicated in papers, figure 4.10 shows the composition of Chinese foreign assistance during the period from 2009 to 2012. According to the data published in White Paper 2014 (China's Information Office of the State Council, 2014), over the period between 2010 and 2012, China provided foreign aid in total 89.34 billion yuan, about 14.41 billion U.S. dollars in three types, grant, interest-free loan and concessional loan. Grant is mainly provided to help recipient countries build small or medium-sized social welfare projects which was about 32.32 billion yuan (China's Information Office of the State Council, 2014), 36.2 percent of the total assistance. Interest-free loan is offered to help recipient countries construct public facilities and launch projects to improve living standard, was about 7.26 billion yuan (China's Information Office of the State Council, 2014), took up 8.1 percent of total assistance volume. Concessional loan was provided in total 49.76 billion yuan (China's Information Office of the State Council, 2014), about 55.7 percent of total volume in the same period, mainly used to undertake manufacturing projects and large and medium-sized infrastructure projects with economic benefits.
The two White Papers also provide a list for various forms of Chinese foreign aid, which include undertaking complete projects, mainly with infrastructure and agricultures industry; providing goods and materials; conducting technical cooperation and human resources development cooperation; dispatching medical teams and volunteers; offering emergency humanitarian aid; and reducing or exempting the debts of the recipient countries. Figure 4.11 shows aid projects completed by China by the end of 2009 in different sectors, which cover industry, agriculture, culture and education, health care, communication, power supply, energy, transportation and others.
FIGURE 4.11 SECTORAL DISTRIBUTION OF COMPLETE PROJECTS OVERSEAS COMPLETED (2009)

By reviewing the official White Papers in 2011 and 2014 and evaluating the general data, hypotheses 1a and 2a can be proved. Chinese foreign aid provided without conditions attached for recipient countries. Foreign aid enhances South-South cooperation, emphasizes mutual development between developing countries. Donor countries and recipient countries cooperate with mutual respect, mutual benefits and win-win, but without any political intervention as the basic requirement. Moreover, the composition of Chinese foreign aid shows over fifty percent of aid were provided as concession loan, which means Chinese foreign aid provided mainly emphasizes manufacturing projects, large and medium-sized infrastructure projects with economic benefits, majority completed projects are also belong to construction projects. These can prove that Chinese foreign aid provided mainly for economic infrastructure development in recipient countries.

4.12 U.S. Foreign Assistance
USAID emphasizes its critical role in U.S. nation’s effort to stabilize countries. On the one hand working side-by-side with the military in active conflicts, help recipient countries build responsive local governance, on the other hand investing in agriculture, health systems and democratic institutions to help recipient countries ease the transition between conflict and long-term. U.S. foreign assistance provided firstly for promoting stability in recipient countries with good governance and democratic institution and secondly for development in education, health and human rights, in order to seek sustainable development in recipient countries. The main purpose for providing foreign aid is promoting recipient countries democratic, which could explain U.S. provides foreign aid with political and economic reform as condition to help recipient countries achieve democratic society.

U.S. Overseas Loans and Grants (Greenbook) contains summary data of U.S. foreign assistance since 1945. Mentioned in Greenbook (USAID, 2015) U.S. foreign assistance is comprised of economic and military assistance. Economic assistance is defined as foreign aid for programs with a development or humanitarian objective, mainly provided to foster sustainable, broad-based economic progress and sociopolitical stability in recipient countries. Military assistance is defined as foreign aid for programs primarily for the benefit of recipient government armed forces, or aid which subsidizes or substantially enhances military capability. The definitions for two category foreign assistances can be understood that economic assistance includes aid for economic development and social development, meanwhile military assistance provided only for social development because it mainly used for promoting and keeping a stability society in recipient countries. Figure 4.12 presents U.S. foreign assistance composition and trend over the period of 2008 to 2014, it shows economic assistance occupied about 68 percent in total foreign aid from U.S. and military assistance was about 32 percent. Meanwhile military assistance shows generally decline trend during the same period, and economic assistance increased a little in the same period. However as mentioned above, economic assistance comprised by social development and economic development, even military assistance shows small percentage and decreasing trend, it cannot be concluded that U.S. foreign assistance did not focus on
social development. Reviewing U.S. foreign assistance by sector should be considered in this section.


USAID (USAID, 2017) reports U.S. foreign assistance in the following sectors: Administrative Costs; Agriculture; Commodity Assistance; Economic Growth; Education; Governance; Health and Population; Humanitarian; Infrastructure and Other. Figure 4.13 displays composition of U.S. foreign assistance in sectors by percentage. Aid used into Governance sector shows the largest percentage during the period between 2008 and 2014, it occupied about 47.7%, 50.65%, 45.47% 49.79%, 46.55%, 40.98% and 34.79% respectively, foreign assistance in this category mainly provided for Conflict, Peace, and Security; Government and Civil Society; Other Social Infrastructure and Services activities, which can be considered as social infrastructure development purpose. The second large sector for providing aid is Health and Population, which includes Basic Health; Health, General; Population Policies and Reproductive Health Water Supply and Sanitation. The other sectors, such as Humanitarian and Education, are aid designed for social infrastructure development. Foreign aid provided into other sectors, for instance, Commodity Assistance, Economic Growth which includes Construction, Industry, Mineral
Resources and Mining, can be considered aid for economic infrastructure development, however, it only took up 7-10% every year over the same period.

**FIGURE 4.13 U.S. FOREIGN ASSISTANCE COMPOSITION BY SECTOR 2008-2014**

![U.S. Foreign Assistance Composition by sector 2008-2014](image)


Foreign assistance from U.S. emphasizes a stability and good governance society in recipient countries. U.S. offers aid to help recipient countries solve conflicts and maintain peace, promote human rights and social welfare. This could prove hypothesis 1b that U.S. provides aid with political condition that recipient countries required to be a stability and democratic society. By analyzing the data published by USAID, hypothesis 2b which U.S. foreign assistance provided mainly for social infrastructure development can be proved. Since there is about one third foreign assistance in military category for keeping and maintain stability in recipient country, which can be considered as social development. Meanwhile majority foreign aid used in social development sectors which are education, health, and others. Aid for economic development only took small percentage in the same period.
4.2 Case Studies

This section demonstrates Chinese foreign aid and U.S. foreign assistance in Ethiopia, Kenya and Tanzania respectively. There are three sub-sections for each recipient country, foreign aid policy, aid financed type and composition by section will be discussed in detail for donor countries, China and U.S. respectively. Every sub-section starts with demonstrating general aid received information over the period of 2008 to 2014. The next part introduces bilateral aid partnership between donor and recipient country, illustrates foreign aid policy in Ethiopia, Kenya and Tanzania. Shows China provided aid with no political and economic reform condition, which aid offered by U.S. requires recipient country has stability and well governance government and promotes human rights development. By investigating the composition of foreign aid financed types, and aid projects and programmes distribution by sectors, find out that Chinese foreign aid mainly financed by concessional loan in three countries, meanwhile, U.S. foreign assistance provided for promoting social infrastructure development, such as health and education in Ethiopia, Kenya and Tanzania.

4.2.1 Ethiopia

Foreign aid plays a major role in Ethiopia’s development. In order to provide an overview of the proportions of aid in Ethiopia, this section uses the data released by the World Bank (The World Bank, 2017). Data shows Ethiopia received Net ODA average US$40 per capita in 2008-2014 period, remains below the sub-Saharan average of US$45 per capita (Global Partnership for Effective Development Co-operation, 2016), and shows slightly decreasing trend, shown in figure 4.20. Figure 4.20 demonstrates Net ODA received per capita and Net ODA in percentage of GNI, illustrates a decline trend and was about 6.4% in 2014.

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24 GNI: Gross National Income.
Foreign assistance received by Ethiopia is important for the development of human capital, administrative capacity, institutional building, and policy reforms. There are more than 30 bilateral partnership with Ethiopia (Alemu, 2009), the United States, the United Kingdom can be considered as the major donor (Global Partnership for Effective Development Co-operation, 2016). Ethiopia also received bilateral foreign aid from non-DAC partners, China is the main donor in bilateral partnership with Ethiopia.

4.2.1.1 Bilateral Aid Partnership between China and Ethiopia

Chinese foreign aid policy in Ethiopia follows the guiding principles: sovereignty, equality and mutual respect (China's Information Office of the State Council, 2014). Consequently, non-interference in the domestic political and economic politics of Ethiopia can be highlighted as main feature of Chinese foreign aid. China provides foreign assistance with no conditions attached, which makes its aid policies and strategies could match and promote domestic political and economic dynamics, as result the Ethiopian government views Chinese aid as compatible with its national development strategies; relatively faster in disbursement and relatively more certain. Lack of conditionality makes Chinese aid
become a welcome relief to Ethiopia, particularly during times of Ethiopia following the disputed 2005 general election and the political disturbances, when Ethiopian traditional western aid partners have withheld or reduced their aid to country (Ochieng, 2011). Specially after 2005, disputed presidential elections in Ethiopia led Western nations to condition their foreign aid with a number of political reforms, such as good governance, observance of human rights, multi-party democracy. However, Ethiopia could continue seeking to finance its 5-year national development plan, through Chinese foreign assistance which without intervention in domestic political environment. Ochieng (Ochieng, 2011) mentions Ethiopia has shown remarkable determination in trying to align its development priorities with Chinese foreign assistance.

According to the data published by AidData (Dreher, et al., 2017), over the period of 2008-2014, China provided 66 foreign aid projects to Ethiopia as bilateral foreign assistance. There are five flow types of Chinese foreign aid projects, including grant; export credits; free-standing technical assistance; loan and scholarships or training in the donor country. Within export credits and loan, divided by loan types which are concessional and interest-free loan.

Figure 4.21 illustrates the composition of Chinese foreign aid projects by flow types and loan types. It shows Chinese aid projects financed by loan occupied over 50%, was about 53 percent in total projects in the same period. There is about 73% supported with Concessional Loan, projects provided mainly for economic infrastructure development, such as China Exim Bank loans Ethiopia 680 million USD for construction or Loans 800 USD million for expansion of Airport, etc. Table 4.0 attached in appendix shows projects with no specific loan type (Dreher, et al., 2017).
Ochieng (Ochieng, 2011) finds Chinese foreign aid in Ethiopia is project based, which concentrated in infrastructural, construction and manufacturing sectors. Figure 4.22 displays Chinese foreign aid projects in Ethiopia by sectors during the period between 2008 and 2014. There are 12 projects in Transport and Storage sector and 10 projects in sector Energy Generation and Supply, which can be considered as economic infrastructure projects (Ochieng, 2011). Meanwhile projects in sector Social Infrastructure and Services and Healthy only took up 1 project and 7 projects. Projects in social infrastructure development show relative small weight than projects in economic infrastructure development. Chinese foreign aid in Ethiopia shows a large number of modern infrastructural, housing, electricity and construction projects, for instance: Rehabilitation of the Addis Ababa International Airport; The ultra-modern Addis Ring Road; Gibe and Tekeze hydro-electric power dams; Ethiopia’s first industrial park; Renovation of the Africa Union Hall and Ethio-China Polytechnic College in Addis Ababa.

Pointed by Ochieng (Ochieng, 2011) that bilateral foreign assistance relationship between China and Ethiopia has taken a commercial orientation, moreover Chinese aid in Ethiopia is often mutual benefits (Ochieng, 2011). As result Chinese foreign aid provided to promote economic infrastructure development, through cooperative and aid-based joint venture investment projects, table 4.1 in appendix shows details of these projects.

In addition, JECC\(^{25}\) which established in 1988 had introduced a bilateral framework for economic, technological and cultural cooperation between China and Ethiopia. Chinese foreign aid provided to Ethiopia remains operated under the JECC, meanwhile, Ethiopian requests foreign assistance from the JECC have concentrated on infrastructure projects, particularly on roads construction. A majority of Chinese foreign aid projects concentrated in the construction and manufacturing sectors which required by Ethiopian government. According to the information published by Ochieng (Ochieng, 2011), Davies, Edinger, Tay and Naidu (Davies, Edinger, Tay, & Naidu, 2008) investigate Chinese foreign aid strategy in Africa and find, by the end of 2008, the values of Chinese projects in Ethiopia, mainly in economic infrastructural projects such as roads, power, water and housing had doubled to US$ 1.7 billion from US$ 800 million two year earlies. Chinese companies control up to

\(^{25}\) JEDD: Joint Ethiopia China Commission
60% of the construction sector in Ethiopia and also heavily involved in the manufacturing sector, such as machinery, steel, chemicals, pharmaceuticals, glass and paper.

By reviewing the bilateral aid partnership between China and Ethiopia and by examining the composition of Chinese aid in Ethiopia by sector, hypotheses 1a and 1b are proved. This section showed that Chinese foreign aid does not require any economic and political reform in Ethiopia, hence no conditions were attached to foreign aid. Meanwhile, by examining Chinese aid projects financed loan type, this section elucidated that Chinese foreign aid in the form of concessional loan which focus on economic infrastructure development.

### 4.2.1.2 Bilateral Aid Partnership between U.S. and Ethiopia

The U.S. is the main bilateral donor for Ethiopia in 2006 (Alemu, 2009). USAID (USAID, 2017) emphasizes roughly 34 percent of Ethiopians live below the poverty line of US$ 1.9 a day, approximately 10.1 million people needed emergency food assistance in 2016. The Ethiopian government has committed itself to a five-year Growth and Transformation Plan and includes sustainable improving rural livelihoods and national food security. U.S. foreign assistance provided to Ethiopian government which to increase economic growth with resiliency, deliver quality basic public health and education services and promote a governance environment that is conducive for sustainable economic and social development (USAID, 2017). A good governance in recipient country can be considered as precondition for U.S. provides foreign assistance.

Foreign assistance provided by U.S. government to Ethiopia with objectives included democracy, food security and health initiatives. USAID’s close work with Ethiopian government in assistance programs in primary health and primary education. Addition with the formation of the permanent-elected government, assistance provided by USAID in democracy and governance moved away from elections and constitutional support to working with the newly elected National Parliament and strengthening local governments.
and judicial structures at both national and local levels. Since 2008, foreign aid in Ethiopia with strategic objectives included:

- Peace and Security: Counter-Terrorism; Stabilization Operations and Security Sector Reform
- Governing Justly: Rule of Law and Human Rights; Good Governance; Political Competition and Consensus Building; Civil Society
- Investing in People: Health; Education; Social Services and Protection for Especially Vulnerable People
- Economic Growth: Trade and Investment; Agriculture; Private Sector Competitiveness; Economic Opportunity; Environment
- Humanitarian Assistance: Protection, Assistance and Solutions; Disaster Readiness

Figure 4.23 demonstrates U.S. foreign assistance composition and trend in Ethiopia during the period from 2008 to 2014 by types which economic and military. It shows military assistance only took up 0.28% in total foreign assistance, economic assistance occupied 99.72%. Economic assistance shows between US$1.4 to 1.7 billion (USAID, 2017), shown in figure 4.23, economic assistance refers to the value in left axis, military assistance, which value displays in right axis only shown about 1 to 8 million US$. Although economic assistance shows a slightly decreasing trend over this period, and military assistance was increasing during the same period, economic assistance still shows comparative large volume than military assistance.
U.S. foreign assistance to Ethiopia also provided into different sectors, such as humanitarian, health and population, commodity assistance, agriculture, education, administrative costs, governance, other, infrastructure and economic growth. Figure 4.24 illustrates the distribution of U.S. foreign assistance to Ethiopia by sector over the period between 2008 and 2014. It shows large percentage of foreign assistance followed to sectors, such as Humanitarian, Health and Population. Mainly focused on Emergency food aid, material relief assistance and services, development of population policies and reproductive health, basic health and food security assistance. Foreign aid provided into sector, for instance Infrastructure and Economic Growth shows relative small component.
FIGURE 4.24 U.S. FOREIGN ASSISTANCE IN ETHIOPIA BY SECTOR 2008-2014


USAID (USAID, 2017) emphasizes aid provided to Ethiopia for improving the reading abilities of primary school children, promoting gender equality via equal access to economic opportunities and education while supporting the health of women and their families. In addition, U.S. foreign assistance strives to address the root causes of domestic violence, child marriage, and female genital mutilation in Ethiopia. Moreover, USAID provides integrated program, which supports the government of Ethiopia’s National Nutrition Program, to improve overall health, treatment of infectious diseases, access to clean water, and the nutritional status of targeted communities (USAID, 2017).

U.S. foreign assistance policy to Ethiopia shows U.S. provides aid with conditions by requiring Ethiopian government committed to promote a good governance environment, develop basic public health and education sector and improve human rights. Ethiopian government and local organizations as key partners with USAID have to be promoted and strengthen to increase transparency and good governance. Meanwhile U.S. foreign assistance keep supporting Ethiopian government and civil society interaction to improve conflict management policies and practices at the local, regional, and national levels.
Furthermore, confirmed by figures displayed on above, foreign aid provided by U.S. mainly followed into social infrastructure development sector. Both hypothesis 1b and 2b can be proved in case of U.S. foreign aid to Ethiopia.

4.2.2 Kenya

Kenya has been receiving development assistance since independence and gained achievements in political stability and economic strengths. Kenya has young, ambitious and well-educated workforce eager to contribute to the development of the country. Today Kenya becomes technological hub and plays a vital role as a transportation hub. Its economy is among the largest in sub-Saharan Africa (Global Partnership for Effective Development Co-operation, 2016). In 2014, Kenya received US$2,665 million in ODA, was about US$57.8 per capita and 4.4% of its GNI. With receiving foreign aid average US$52.7 per capita during 2008-2014 period, higher than the sub-Saharan average of US$45 per capita, Kenya can be considered as a country highly depend on foreign assistance. According to the data published by the World Bank (The World Bank, 2017), figure 4.25 illustrates both Net ODA received per capita and percentage of GNI in Kenya shows an increasing trend from 2008 to 2014. Net ODA received per capita increased from US$34.8 in 2008 to US$ 57.8 in 2014. Although Net ODA received in percentage of GNI shows decreased in 2014 from 6.0% in 2013, still demonstrates an increasing trend in same period.
Kenya received approximately 70 percent of its total aid from bilateral donors (Mwega, 2009). Bilateral aid from traditional donor has been mainly in the form of grants, U.S. is one of the largest development partners of Kenya (Global Partnership for Effective Development Co-operation, 2016). Onjala (Onjala, 2008) points loans and grants from China became significant in size after 2002 in Kenya and since then China appears in Kenyan national statistics among bilateral donor. Mwega (Mwega, 2009) mentions Chinese foreign aid in Kenya became one of the largest by 2005.

4.2.2.1 Bilateral Aid Partnership between China and Kenya

Bilateral aid relationship between China and Kenya have been developing smoothly with the traditional friendship continuously deepened and friendly cooperation in all areas increasingly expended (Onjala, 2008). Development aid from China in Kenya shows difference character from aid provided by Western donors. China provides assistance with no political condition attached and China is not so much concerned about the issues of internal governance, human rights and democracy in Kenya, there is no conditionality.
imposed on the recipient country. Chinese foreign assistance to Kenya is exclusively project based, by using Chinese companies and procurement of materials in China.

Pointed by Onjala (Onjala, 2008), China provides both monetary and non-monetary aid to Kenya, grants and loans offered by China mainly used to support investment in infrastructure, equipment and plant; academic training; technical training; human relief. Data published by AidData (Dreher, et al., 2017) shows during the period between 2008 and 2014, China provided 69 bilateral foreign aid projects to Kenya, included 38 grants projects; 1 export credits project; 4 free-standing technical assistance projects; 19 loan projects and 1 scholarships or training in the donor country. Another 6 projects without specific aid type are belong to sectors such as Education, Government, Health and Emergency Response respectively.

Figure 4.26 demonstrates the composition of Chinese foreign aid projects by flow types and loan types. Chinese foreign assistance to Kenya mainly offered as grant, which shows 55% in total aid. Loan and Export credits take up to around 30% together. By examining the composition of loan type find that Concession Loan takes larger percentage than Interest-Free Loan, which is about 60%. There are about 25% projects do not show specific loan type. For these unspecific projects, Table 4.2 attached in appendix lists the details.
Figure 4.27 displays the distribution of Chinese foreign aid to Kenya by sector. During the period between 2008 and 2014, Chinese foreign assistance in Kenya shows 12 projects in Education sector out of 69 projects in total and 9 projects in Health sector as second largest sector supported by Chinese aid. Transport and Storage projects and Energy Generation and Supply projects shows 9 and 7, it cannot be considered as significant important sector for attracting Chinese foreign aid.

FIGURE 4.27 CHINESE AID PROJECTS TO KENYA BY SECTOR 2008-2014


Onjala (Onjala, 2008) investigates Chinese aid, trade and investment in Kenya and argues that main projects in Kenya supported by Chinese aid are road construction projects, rural electrification, water, renovation of international sports centre, medical and drugs for fighting malaria, and construction of a malaria research centre. However, by examining aid data over the period of 2008-2014, Chinese foreign assistance in Kenya mainly focus on Education and Health sector.

There are projects supported by Chinese aid in economic infrastructure development, such as the Moi International Sports Complex project in Kasarani; the upgrading of the Moi Referral Hospital in Eldoret; Concessional Loans for construction of various roads, including Kipsigak-Serem-Shamakhoho road, Kima/Emusustwi Road and the Gambogi-Serem road. Besides, there are projects aim to promote social infrastructure development, for instance, China provides scholarships to Kenyan students who wish to undertake their studies in China in diverse fields. There are about 100 scholarships are given by the Chinese government to Kenyans each year, twenty of which are in medical related fields (Onjala, 2008). Moreover, approximately 500 people are benefit with technical training each year. Chinese foreign aid contributes to build short term courses for improving local
education level, for example the Confucius Chinese and Language Centre which hosted by the University of Nairobi in Kenya.

China provides foreign assistance to Kenya with no political attached, this could prove hypothesis 1a. However, hypothesis 2a cannot be confirmed clearly in case of Kenya. Although majority Chinese aid projects in Kenya were financed by concessional loan, which can be considered projects provided in infrastructure construction, by examining Chinese foreign aid distribution by sector, find that China provided aid mainly in social development sectors, such as Education and Health. Mainly through providing scholarships to Kenyan students and building local institutions to promote local health condition and improve education level. This is contrary with prediction that Chinese foreign aid provided towards to economic infrastructure development.

4.2.2.2 Bilateral Aid Partnership between U.S. and Kenya

Kenya is a significant recipient of U.S. foreign assistance since its independence (USAID, 2017). Foreign aid provided by U.S. focuses on strengthening institutions; preserving natural resources; and improving the lives of Kenyans through better healthcare, education and economic opportunities. USAID (USAID, 2016) emphasizes it supports the Government of Kenya to transform the governance and economy of Kenya in a sustainable way, especially by supporting devolution. U.S. foreign assistance provided for Kenyan government to teach millions of children to be fluent readers and help young people get jobs. Meanwhile, USAID works to strengthen health care and democracy in Kenya, supports citizens to participate peacefully in the political process.

With the help of U.S. foreign assistance, Kenya has achieved many democratic milestones, such as the creation of 47 new county governments, effectively creating a new devolved system of political power. USAID promoted Kenya’s Independent Electoral and Boundaries Commission introduced international best practices in 2013, including the application of technology into the electoral process. Judged by both local and international observers to have been free, fair and for the most part peaceful, the 2013 general elections
were a testament to the resolve of Kenyan citizens who desire more accountable and inclusive government. In 2013, USAID also launched a series foreign aid activities to help create local governments with devolution process, the new framework that brings representation and decision-making closer to the people.

USAID states its development strategy is centred on the implementation of devolution, a long can challenging process at the core of Kenya’s constitutional reform agenda. U.S. foreign assistance keeps supporting county governments as they strive to operate with greater transparency, accountability and inclusivity, as well as provide better public services to residents. This political reform process can be seen as the condition for U.S. offering foreign assistance to Kenya.

The composition and trend of U.S. foreign assistance in Kenya over the period between 2008 and 2014 is demonstrated in figure 4.28. It shows U.S. provided aid mainly with economic assistance, which occupied about 98.52%. Military assistance only took up 1.48% of total foreign aid. Economic assistance shows continue increasing trend, growth from slightly above 0.8 billion US$ in 2008 to around 1.7 billion US$ IN 2014, which refers to the value in left axis. Meanwhile, in the same period, military assistance, which value displays in right axis, shows only around 55 million US$ in 2014.
The general sector U.S. foreign assistance followed to can be divided as Health and Population; Humanitarian; Governance; Education; Agriculture; Administrative Costs; Infrastructure; Economic Growth and Others. Figure 4.29 provides an overview on the distribution of U.S. foreign assistance by sector. It displays foreign aid provided by U.S. mainly used into Health and Population sector which shows more than US$650 million. It mainly for promoting development on population policies and reproductive health, basic health, health in general, water supply and sanitation. Aid used for business and other services, and trade policy and regulations shows negative number represent de-obligations, which are cancellation or downward adjustments of previously incurred obligation. These negative obligations mainly shown in Economic Growth sector.
U.S. foreign assistance provided to Kenya to build strong, healthy, resilient communities (USAID, 2016). USAID emphasizes the importance for providing foreign assistance in areas with high maternal and child mortality. Health facilities in these areas are now providing safer, more respectful antenatal care and giving children a healthy start to life.

Building health systems that are responsive to the day-to-day needs of individuals, families and communities is a top priority for U.S. foreign assistance in Kenya. USAID supports the government of Kenya and county governments to improve access to quality health services by strengthening aspects of Kenyan health system, financing and the supply and management of critical commodities such as drugs and medical equipment. Improving health condition can be considered as priority of U.S. foreign assistance.

USAID has joined national and county governments to support systems that deliver critical and affordable goods and services to more Kenyans. This could prove hypothesis 1b, U.S. provides foreign assistance with condition, since USAID participated into Kenya political activities in both national and county levels. Furthermore, by investigating the distribution of U.S. foreign aid in Kenya by sector, hypothesis 2b can be proved that foreign assistance
provided by U.S. mainly used into health sector, which can be seen as contribution in social infrastructure development.

4.2.3 Tanzania

Tanzania is one of Africa’s fastest growing economies with nearly 7% annual GDP growth rate since 2000, however, the high growth rate did not result in commensurate poverty reduction (Economic and Social Research Foundation, 2015). The livelihoods of the population are highly dependent on the environment and use of nature resources, since Tanzania is rich in natural resources (Global Partnership for Effective Development Co-operation, 2016). But unsustainable use of these resources threatens to perpetuate the cycle of poverty.

Tanzania receives approximately US$2.5 billion ODA per year from traditional bilateral and multilateral OECD partner (DPG, 2017) and has fulfilled several MDGs, such as goals related to HIV and AIDS, primary school enrolment and infant and under-five mortality, but continuous effort is needed to improve maternal health eradicate extreme poverty and hunger and ensure environmental sustainability (Global Partnership for Effective Development Co-operation, 2016). Over the period from 2008 to 2014, with receiving Net ODA on average US$58.7 per capita, Tanzania can be considered a country heavily depends on bilateral and multilateral sources of development aid, Ethiopia received average US$39.4 per capita and US$52.8 for Kenya. Figure 4.30 shows the trend of Net ODA per capita and percentage of GNI of Tanzania during the period of 2008-2014, Net ODA received per capita reminds similar level. Meanwhile it shows a decreasing trend of Net ODA received in percentage of GNI, from around 8.6% to 5.5% in 2014.
Unlike many other African recipient countries, Tanzania was highly state controlled economy in the pursuit of socialist objectives (Moshi & Mtui, 2008). Foreign aid provided has helped Tanzania strengthen institutions that advance accountability and supported a status quo that undermines accountability and democratization (Tripp, 2012). Tanzania can be considered as a relative success story in Africa in terms of political reform and economy liberalization with the help of foreign assistance. Tanzania is the second largest recipient of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Partnership for Effective Development Co-operation, 2016). Although the donor support landscape has changed in recent years, U.S. remains the largest bilateral donor to Tanzania. Meanwhile development aid and non-concessional loans from non-DAC partners keep increasing, such as China, Brazil, India etc. (DPG, 2017).

4.2.3.1 Bilateral Aid Partnership between China and Tanzania

Bilateral relationship between China and Tanzania has established since 1964, two countries have undertaken extensive political, economic, military and cultural cooperation supported by foreign aid projects (Ministry of Foreign Affairs of the People's Republic of
Jansson, Burke and Hon (Jansson, Burke, & Hon, 2009) investigate the patterns of Chinese investment, aid and trade in Tanzania and find Tanzania is a major recipient country of Chinese foreign aid in Africa. Chinese foreign aid provided to Tanzania has been guided by the principle of ‘equality and mutual benefit’, Zhang (Zhang, 2016) argues this principle indicates that interplay of aid and FDI in international development cooperation is a default arrangement.

China has carefully aligned its foreign policy to its domestic development strategy (Moshi & Mtui, 2008), which could be explained Chinese foreign policy with no political intervention and fully respect local government authority. Moshi and Mtui (Moshi & Mtui, 2008) point China and Tanzania have long-term healthy and steady cooperation since two countries share the common goals of seeking peace and development through strengthened political and military exchanges, cooperation in areas like culture, education, health and economic ties. Meanwhile they also argue that with low conditionality, Chinese foreign aid may provide opportunities for broadening policy space for Tanzanian government that aim to implement policies that would not be supported by the Western aid.

China provided 75 foreign aid projects to Tanzania as bilateral foreign assistance within the period between 2008 and 2014 (Dreher, et al., 2017), which in forms of grant, free-standing technical assistance, loan. The composition of Chinese foreign aid projects in Tanzania by flow types and loan types displayed in figure 4.31. Chinese aid projects were mainly provided by grant, occupied around 49.3% of total aid. Foreign assistance supported by loan only took up 29.3% in the same period. There are three projects, which do not show any specific aid form, were listed in following: China Extends US$4.4 million for the rehabilitation of the State Radio and Television; ICBC signs funding support agreement for development in Tanzania; and China pledges to construct Centre for Research and Training on Alternative Energy in Tanzania. Meanwhile within projects supported by loan, majority projects are financed by concessional loan which take up to 45.45%, interest-free loan took up about 18% in same period. Projects supported by loan, but do not indicate specific loan type, which list details in table 4.3 attached in appendix.
The most famous bilateral aid projects between China and Tanzania is the Tanzania-Zambia Railway, financed through an interest free loan of US$500 million (Jansson, Burke, & Hon, 2009). Moshi and Mtui (Moshi & Mtui, 2008) mention the most recent aid project supported by China is the construction of Tanzania National stadium in 2004. The modern 60,000-seater stadium, which was completed in 2007, which cost US$43.5 million in total through joint financed by Chinese soft loan. Besides construction projects, China also provided technical assistance to a number of sectors, such as agriculture, mining, and social services which are beneficial to the people of Tanzania. Projects included the Mbarali Rice Farm and China Sisal Farm are belong to this category.

Figure 4.32 demonstrate the distribution of Chinese foreign aid projects in Tanzania by sector. It shows in the period of 2008-2014, top three sectors supported by Chinese foreign aid are Education, Health and Government and Civil Society, with 10 projects for each sector. There were only 9 projects in Transport and Storage sector and 7 projects
Communications sector. Chinese foreign aid in Tanzania can be considered as focuses on social infrastructure development in this period.

FIGURE 4.32 CHINESE AID PROJECTS TO TANZANIA BY SECTOR 2008-2014

Chinese foreign aid provided to Tanzania is not subjected to any political or economic conditions. The government of Tanzania could have more political freedom compare receiving aid from traditional partner. China provides foreign assistance to support local government development strategy, this in line with hypothesis 1a that Chinese foreign aid policy with no conditions attached. On the other hand, China provided majority foreign aid financed by concession loan, which means there is large portion of projects were provided in infrastructure construction. However, by examining the composition of Chinese foreign aid project by sector, find that China supported mainly in social infrastructure development, such as Education and Health. Hypothesis 2a, which Chinese foreign aid focuses on economic infrastructure development can be rejected in case of Tanzania.

4.2.3.2 Bilateral Aid Partnership between U.S. and Tanzania
Tanzania is a favoured recipient country of bilateral aid support from the U.S. since it has low levels of ethnic tension, political stability and sustained economic growth in recent years (USAID, 2017). In order to promote Tanzania national development goals and support Tanzania’s National Strategy which aim to improve the standard of living and social welfare of Tanzanians; accelerate economic growth and reduce poverty; and promote good governance and accountability. USAID foreign assistance programs in Tanzania emphasize empowering women and youth; sustaining inclusive broad based economic growth; and improving democratic governance.

Country Development Cooperation Strategy (USAID) reports Tanzania is a key partner in President Obama’s Strategy toward sub-Saharan Africa 26. Tanzania and U.S. have established strong bilateral aid partnership for over five decades. The priorities for U.S. foreign assistance in Tanzania were: (1) promoting a transparent and democratic government that respects the full scope of human rights; (2) fostering sustainable and inclusive socio-economic development, including positive health outcomes; and (3) advancing regional peace and security. USAID emphasizes (USAID) the cooperation strategy between U.S. and Tanzania implemented only when Tanzania empowers its women and youth and sustains inclusive broad-based economic growth. Moreover, Tanzania began macroeconomic reforms from 1980s and continues its slow transition from socialism towards a free-market system can be considered as the most important condition for U.S. provides foreign assistance.

Figure 4.33 in below shows the composition and trend of U.S. foreign assistance in Tanzania during the period between 2008 and 2014. U.S. foreign assistance provided mainly in form of economic assistance, which shows about 99.53%, meanwhile military assistance only took up 0.47% in the same period. Both economic assistance and military assistance display an increasing trend in the same period. Economic assistance shows decrease from slightly above US$1.2 billion in 2008 to around US$0.6 billion in 2009, since 2009, it was continuous increasing to around US$1.2 billion in 2014. At same time,

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military assistance shows stable increasing trend from about US$0.3 million in 2008 to over US$11 million in 2014.

FIGURE 4.33 U.S. FOREIGN ASSISTANCE IN TANZANIA COMPOSITION AND TREND 2008-2014


USAID works in Tanzania in different sectors, such as agriculture and food security; democracy, human rights, and governance; economic growth and trade; education; energy; environment and global climate change; gender and youth; global health; water; working in crisis and conflict. According to the data published by USAID, Health and Population can be considered as the main sector for aid provided by U.S., figure 4.34 indicates the distribution of U.S. foreign assistance by sector. There were almost US$450 million provided for promoting the development on Health and Population sector, which include aid for developing on population policies and reproductive health, basic health. Foreign aid used for Infrastructure and Economic Growth sectors shows relatively smaller portion.
U.S. foreign assistance contributed to the impressive improvements in the health status of Tanzania’s people (USAID). For example, there has been significant progress in reducing the infant and under-five mortality rates largely attributed in investments in malaria control and improvement in access to safe drinking water. Meanwhile promoted by foreign assistance provided by U.S., Tanzania has made good progress in creating policies and strategies to advance women’s empowerment and gender equality.

Established of bilateral aid partnership between U.S. and Tanzania emphasizes as recipient country, Tanzania must implement of policy and regulatory reforms that promote private investment in key productive sectors and curb corruption. Hypothesis 1b can be confirmed in aid relationship between U.S. and Tanzania, since foreign assistance provided to Tanzania with political and economic reform condition. Tanzania has to demonstrate steady progress in democratization and respect for human rights for keeping receiving U.S. foreign assistance. Meanwhile, by examining the allocation of foreign aid by sector, hypothesis 2b can be accepted. U.S. provided foreign assistance mainly focuses on social
infrastructure development, such as sectors of Health and Education, but pay less attention on economic infrastructure development, for instance Infrastructure and Economic Growth sector.

4.3 Findings

By reviewing China and U.S. foreign aid policies to Sub-Saharan Africa region over the period between 2008 and 2014, and by examining aid composition and by identifying the type of foreign aid disbursed by sectors, the main findings are listed below:

- Chinese foreign aid provided with no economic and political condition attached. China’s foreign aid policy has been guided by the principle of ‘sovereignty respect, equality and mutual benefit’, respect for government’s authority in recipient countries. Consequently, non-interference in the domestic politics of recipient countries has been highlighted as a key feature of Chinese aid. Moreover, bilateral foreign aid strategy has been designed in line with local condition and promoting domestic authorities’ national strategy. Hence hypothesis 1a was proved.

- U.S. offers foreign assistance to recipient countries with political and economic conditions, such as good governance, observance of human rights, multi-party democracy. Development aid provided by U.S. requires recipient countries promise aim to judicial reforms to enhance governance, accountability and transparency, decentralization and empowerment and capacity building of both private and public sectors. Bilateral aid programs organized by U.S. emphasize recipient countries’ government capability to promote democratic society and human rights. Consequently, hypothesis 1b was confirmed.

- China provided aid mainly financed by concessional loan, according to the White Paper 2014 (China's Information Office of the State Council, 2014), concessional loan is mainly used to undertake manufacturing projects and large and medium-sized infrastructure projects to promote economic and social infrastructure development. The sectoral distribution of Chinese foreign aid projects indicates that
majority projects focused on industry and infrastructure development sector over the period of 2008-2014. Therefore, hypothesis 2a was accepted.

- U.S. foreign assistance mainly provided to promote social infrastructure development, such as improve local health and education level, promote democratic governance institution and human rights in recipient countries. Bilateral aid offered by U.S. emphasize the stability in recipient countries, making transition from conflict to peaceful and democratic society. USAID aims to help local government build a transparent governance institution and promote local human rights, keep improving local health and education level. Thus, hypothesis 2b was supported.

Through investigating bilateral foreign aid from China and U.S. to Ethiopia, Kenya and Tanzania, the main findings are the following:

- Chinese foreign aid policy to Ethiopia, Kenya and Tanzania followed the basic principles and with no condition attached. Therefore, hypothesis 1a can be confirmed in all three cases.
- U.S. provides foreign assistance with economic and political conditions for domestic government in Ethiopia, Kenya and Tanzania. Hence, hypothesis 1b can be accepted.
- China provided aid projects to Ethiopia, Kenya and Tanzania were mainly financed by concessional loan between 2008-2014. However, by investigating the sectoral distribution of aid projects, only projects in Ethiopia shows large portion of projects followed into economic infrastructure sectors. Aid projects provided by China in Kenya and Tanzania mainly focused on the development on social sectors, such as health and education. Consequently, the cases for Kenya and Tanzania do not show strong evidences to prove hypothesis 2a that Chinese foreign aid provided mainly focus on economic infrastructure development.
- U.S. foreign assistances to Ethiopia, Kenya and Tanzania were shown the same pattern. During the period of 2008-2014, the U.S. provided larger portion economic assistance than military assistance to three countries. However, by examining the composition of U.S. foreign assistance by sector, find majority U.S. foreign aid
provided to promote social infrastructure development. Hypothesis 2b can be confirmed in cases of all three countries, that U.S. provides foreign assistance emphasizes local social development, such as improving local health condition and education level, promoting human rights and democratic society.

5. Conclusion and Discussion

The main purpose of this paper is investigating how do political ideologies of donor governments affect their foreign aid policies. Main prediction proposed in this paper is that, socialist ideology driven foreign aid provided with no conditions attached and focuses on economic infrastructure development, but capitalist ideology driven foreign aid policy imposes conditions and aid provided mainly for social infrastructure development.

Through reviewing foreign aid policies implemented by China and the United States during the period between 2008 and 2014. The findings suggest that foreign aid provided by socialist country with no conditions imposed on recipient countries, but capitalist country provides foreign aid with conditions attached. In addition, by examining bilateral foreign aid relationship between China, the United States and Ethiopia, Kenya, and Tanzania respectively. The findings confirm that foreign aid from capitalist country emphasized social infrastructure development, however there is no strong evidence can prove that socialist country provides foreign aid mainly focuses on economic infrastructure development.

While, due to lack of available financial data on Chinese foreign aid, this paper examines Chinese foreign aid based on aid projects. According to the findings, indeed China provided more foreign aid projects to promote social infrastructure development in Kenya and Tanzania over the period of 2008-2014. However, it may show different findings if analysed foreign aid by using aid financial data.
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## 7. Appendix

### TABLE 4.0 LIST OF CHINESE FOREIGN AID PROJECTS TO ETHIOPIA WITH UNSPECIFIC LOAN TYPE 2008-2014

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>China loans 150 million ETB for development projects</td>
<td>On July 20, 2010, Ethiopia and China signed a 150 million ETB loan and aid agreement. About 80 million ETB of the amount will be used for projects to be carried out with Chinese assistance. The status of the loan is uncertain.</td>
<td>2010</td>
</tr>
<tr>
<td>ICBC loans $420 million for construction of Gibe III Dam in Ethiopia</td>
<td>In May 2010, Ethiopia and Chinese hydropower company, Dongfang Electric signed a $459 million agreement for work on the Gilgel Gibe III hydropower project for mechanical parts and sub-contract, with the Industrial and Commercial Bank of China providing a loan for the construction costs. The cost for electro-mechanical and hydraulic steel structure works is $495 million, 85 percent of the cost will be covered by the ICBC loan amounting to $420 million. Dongfang Electric agreed to supply electrical and mechanical equipment (turbines) for the construction of the Gibe III dam. Construction works of Gibe III began in July 2006 along the Omo River and has received considerable backlash from environmental activists. In August 2015 Ethiopia commissioned the first phase of electricity generation at the Gibe III plant from three turbines with an output of 561MW. On December 17, 2016, Ethiopia inaugurated the Gibe III dam. The plant has 10 turbines each with a capacity of 187MW equaling a total capacity of 1,870MW, and will increase Ethiopia’s total electricity output to 4,238 megawatts.</td>
<td>2010</td>
</tr>
<tr>
<td>Loan for agriculture, agro-processing, and manufacturing industries</td>
<td>On December 19, 2012, the Chinese Development Bank signed a loan with the Development Bank of Ethiopia for 25 million USD. The commitment included Libor 6 months for interest, a 3-year grace period, and a 10-year maturity. The goal is to provide smaller businesses with financial security in the specific areas of agriculture, agro-processing, and manufacturing industries.</td>
<td>2012</td>
</tr>
</tbody>
</table>


### TABLE 4.1 SOME OF THE MAJOR CHINESE AID BASED JOIN VENTURE PROJECTS IN ETHIOPIA 2008-2014

<table>
<thead>
<tr>
<th>Project</th>
<th>million USD</th>
<th>Description</th>
<th>Chinese companies involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial park</td>
<td>713</td>
<td>Ethiopia’s first Industrial Park. Being built at Dukem, 37 km east of Addis Ababa. Expected to draw investments from up to 80 Chinese companies in textiles, leather and manufacturing and construction</td>
<td>Jiangsu Qiyaan Investment Group</td>
</tr>
<tr>
<td>Gibe Dam 111</td>
<td>500</td>
<td>Situated on the OMO river, has 1,870 MW capacity</td>
<td>Industrial and Commercial Bank of China; Dongfang Electric Corporation</td>
</tr>
<tr>
<td>Tekeze Dam</td>
<td>350</td>
<td>The tallest dam in Africa at 188 meters high, with a power generation capacity of 300 MW</td>
<td>of Sinohydro-CWHEC (49%), and China Gezhouba Water and Power Group</td>
</tr>
<tr>
<td>Addis-Nazaret</td>
<td>349</td>
<td>80km Modern highway linking Ethiopia’s capital with</td>
<td>China Road and Bridge</td>
</tr>
</tbody>
</table>
#### TABLE 4.2 LIST OF CHINESE FOREIGN AID PROJECTS TO KENYA WITH UNSPECIFIC LOAN

**TYPE 2008-2014**

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Malaria Prevention and Control Training</td>
<td>In 2008, a joint program between Kenya and China was implemented. The course is a Malaria prevention training course associated with the Kenyan Ministry of Health and the Chinese Ministry of Science and Technology. Chinese pharmaceutical company Beijing Holley-Cotec is co-sponsoring the event, providing expertise. Several experts were to attend the program as well. It is unclear if the course is still being implemented.</td>
<td>2008</td>
</tr>
<tr>
<td>China Sends Volunteer Teachers to Kenya</td>
<td>Five volunteers from Jiangxi Normal University arrived in Kenya on September 11, 2009. They would be teaching at 3 universities (University of Nairobi, Egerton University, Moi University) for a year</td>
<td>2009</td>
</tr>
<tr>
<td>China Provides $23.75 Million USD to Kenya to Build an ICT Center</td>
<td>China provided Kenya with $23.75 million USD funding for an ICT laboratory in the ICT Centre. The aid will help improve access to computers for training and education. The Ministry in charge of this project is the State Department for Basic Education, under the program ‘Technical Vocational Education and Training.’</td>
<td>2009</td>
</tr>
<tr>
<td>CDB loans $50-m to Kenya Equity Bank</td>
<td>On May 17, 2010 China Development Bank (CDB) signed an agreement for a 50 million USD loan to Kenya Equity Bank. Kenya Equity Bank will use the loan to finance further loans that boost small and medium-sized enterprises (SMEs) in Kenya, especially agro-processing for exports. Kenya Equity will provide 3-7 year loans for a six-year period, advanced to SMEs at interest rates of between 3 and 7 percent. The project is a portion of an Africa-wide loan of $1.454 billion USD tracking 55 projects in the development of small and medium enterprises. This loan was committed by the end of January 2012. Another source suggests that a $5 billion USD loan has been issued from the CDB to the Equity Bank but there is no date attached to this source nor external confirmation.</td>
<td>2010</td>
</tr>
<tr>
<td>Chinese Peace Ark offers free medical service to Kenya</td>
<td>On October 13, 2010, the Chinese Navy Peace Ark Hospital Ship arrived in the Kenyan port of Mombasa. The ship, with 428 soldiers, officers and medical workers aboard, stayed in Mombasa for 5 days with the crew offering free medical services including diagnosis and treatment at the Kenya Red Cross Unit. The ship is equipped with a rescue helicopter, 300 hospital beds, 428 medical doctors, nurses and supporting staff, 32 medical departments including ICU, emergency treatment, internal medicine, surgery, respiratory, ophthalmology, neurology, dermatology, radiology, blood transfusion, traditional Chinese treatment, and more. The amount is unknown.</td>
<td>2010</td>
</tr>
<tr>
<td>China loans 1.5 billion KES for construction of housing units</td>
<td>In 2011, Kenya secured a loan worth 1.5 billion KES from the Chinese Development Bank to increase housing units in Kenya. The funds were planned to be used to put up 800 residential units in Kisumu and hostels for female students at Masinde Muliro University in Kakamega. The Ministry of Housing said they were seeking competent contractors to complete construction within a year, but the current status and start and end dates are unknown.</td>
<td>2011</td>
</tr>
<tr>
<td>China funds the construction of a Nyahururu-</td>
<td>The Chinese government will fund the construction of a 132-kilovolt transmission line between Nyahururu and Maralal, which will cost 1.77 billion KES. The project will be implemented by the Kenya Electricity Transmission Company Limited. The project was</td>
<td>2012</td>
</tr>
<tr>
<td>Project Description</td>
<td>Details</td>
<td>Year</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Maralal transmission line approved July 1, 2014, is expected to be implemented starting January 5, 2015, and is expected to be completed January 31, 2017. The loan is described by a Chinese source as a preferential loan, and construction is expected to last approximately 27 months.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>China aids Kenyan Government in setting up enterprise messaging and collaboration system During a March 18, 2011 visit to Kenya, senior Communist Party of China official Wan Qishan signed an agreement for the creation of an enterprise messaging and collaboration system (EMACS). The purpose of the project is to set up an e-government platform, Government Shared Service Application (GSSA) to improve interoffice collaboration, thus reducing government costs. The amount committed at the time was 52 million USD or 3.88 billion Kenyan Shillings (KES), though as of August 2013, 4.656 billion KES had actually been disbursed. The project started in October 1, 2011 and was scheduled to be finished on December 31, 2013.</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>ICBC funds $80 million of debt-refinancing package for Kenyan oil plant In 2013, Triumph Kenya, Kenya's CFC Stanbic Bank (a member of Standard Bank Group of South Africa), and China's ICBC signed an $108 million debt-financing package for the construction of an 83MW heavy fuel oil plant 25 km from Nairobi. $28 million of the debt financing is provided by CFC Stanbic Bank, and the remaining $80 million will be financed by the ICBC.</td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>China offers 48 scholarships to Kenyan students Since 1982, the government of China has offered dozens of scholarships to Kenya students to enable them to pursue courses like engineering, medicine and information technology. 48 students departed to study various disciplines at Chinese universities on September 2nd, 2014. The Chinese ambassador to Kenya, Liu Xianfa, presided over a farewell ceremony before the students' departure. Currently, there are 200 Kenyan students studying in Chinese universities through government funded scholarships.</td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>China pledges to aid Kenya's health sector with increased Malaria aid In 2014, China and Kenya signed several cooperation pacts, including an MoU on Agricultural Cooperation between the two countries on health cooperation and preventing malaria. Wang Li, vice-director for international cooperation at the National Health and Family Planning Commission, pledged recently that China will assist the African Union in building centers for disease control and prevention. He also stated China will devote more resources to cultivating health and medical talent. The cooperation MoU agreements are detailed below.</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>China to establish cultural center in Kenya On May 12th 2014, China and Kenya signed a record of 15 agreements to enhance cooperation. One of them is to establish a cultural center in Kenya. The documents signed at a ceremony witnessed by President Uhuru Kenyatta and Chinese Premier Li Keying at State House. Construction began in early March 2016 on a China-backed 'International Language and Culture Center' at Kenya's Kenyatta University in Nairobi. The center will house the Confucius Institute, the Institute of Africa Studies, local and foreign language laboratories and international cultural center. One source reports that the center is funded by interest-free credit from Chinese government and will cost 1.2 billion Kenyan Shillings ($1.18 million).</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>China to establish a molecular biology lab in Kenya On May 12, 2014, China and Kenya signed a record 15 agreements to enhance cooperation. One of the MoUs establishes China-Kenya Joint Laboratory for Crop Molecular Biology between the Kenyan Ministry of Education, Science, and Technology and the Chinese Ministry of Science and Technology. This joint laboratory is estimated to cost Sh5.1 billion. The crop molecular biology laboratory will be established by China's Ministry of Science and Technology at Egerton University, Njoro, in Nakuru County.</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>China to assist with repatriation of Somali refugees in Kenya On May 12th 2014, China and Kenya signed a record of 15 agreements to enhance cooperation. One of the them is that Chinese government also pledged support for the repatriation of the Somali refugees residing in Kenya.</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>China funds vocational training for Kenyans In September of 2014, Kenya's Ministry of Education, Science and Technology and China's AVIC International Holding Corporation launched Africa Tech Challenge, a joint program to help the students. Eighteen teams from various universities or technical training institutes all around Kenya were trained in production technology, which will upgrade manufacturing. Each team had three students. The program cost was about Sh2 billion between China and Kenya. ATC is the latest effort of a Chinese company to help improve the system of technical and vocational education and training in Africa. The cost for the program contributed by China is unclear.</td>
<td>2014</td>
<td></td>
</tr>
</tbody>
</table>

### TABLE 4.3 LIST OF CHINESE FOREIGN AID PROJECTS TO TANZANIA WITH UNSPECIFIC LOAN

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Julius Nyerere Convention Center</td>
<td>On January 15, 2010, the groundbreaking ceremony for the Julius Nyerere International Convention Center was held. In photos from September of 2012, the Tanzanian Minister of Finance Dr. William Mgwiria (MP) and Zhai Jun, the Vice Minister of the Ministry of Foreign Affairs in China signed an exchange of letters for the office building at the Mwalimu Julius Nyerere Convention Center. Interviews suggest that China invested 33.4 million USD for the construction of the center, and it was co-financed with the Tanzanian government. At the March 2013 signing of numerous package deals, the Tanzanian Minister of Foreign Affairs Bernard Membe and the Chinese Minister of Commerce signed the hand over certificate for the building, which was inaugurated that month.</td>
<td></td>
</tr>
<tr>
<td>China helps set up Tanzania Agricultural Development Bank</td>
<td>On October 27, 2009, The Tanzanian and Chinese governments announced plans to set up a farmers’ bank in Tanzania. The Chinese government had set aside $500 million USD as capital to support local farmers to get loan facilities and other related activities. The bank opened in May 2012. Funding for the bank will instead be coming from the Tanzanian government, who will provide $48 million USD every year for 8 years.</td>
<td>2009</td>
</tr>
<tr>
<td>Infrastructure Development Cooperation Phase 1 (1.28 trillion Tanzanian shillings)</td>
<td>In March of 2013, China and Tanzania signed 19 agreements involving various infrastructure projects and loan terms. One of the agreements signed involved the start to an Infrastructure Development Cooperation in which Phase 1 was agreed upon. The agreement was signed by the Ministry of Finance of Tanzania and Mr. Yuan Liping, Vice President of the China Development Bank Corporation. The total sum of agreements was 1.28 trillion Tanzanian shillings, but it is unclear how much was devoted to this project. Staff_note: CDB means flow type cannot be grant: double check flow type and class.</td>
<td>2013</td>
</tr>
<tr>
<td>China to improve water facilities and other services in Tanzania</td>
<td>In March 2013, China agreed to fund a project to help Zanzibar in Tanzania improve its water facilities and services through non-conditional loans. This project was committed along with 6 other agreements, which include the expansion of Karume Airport, the construction of Mtwara Harbor, the improvement of water facilities, a center for training in fishery, investment in the deep sea and a joint investment on industrial products. The loan agreements for this project are unknown.</td>
<td>2013</td>
</tr>
<tr>
<td>China Loans 73.85 million USD to Zanzibar for Karume Airport</td>
<td>In 2013, the Chinese government gave a 30 year, 73.85 million USD (480 million CNY) preferential loan to the government of Zanzibar for expansion work to Abeid Amani Karume International Airport (AAKIA) on Pemba Island. The airport construction work includes expansion to the runway, a 17 thousand square meter terminal, a small power station, and a bigger apron. The work is currently being implemented by Beijing Construction Engineering Group.</td>
<td>2013</td>
</tr>
<tr>
<td>China to Invest in Bagamoyo Special Economic Zone</td>
<td>The Bagamoyo Special Economic Zone is part of the port development plan for the area. The zone will foster economic development through promotion of exports, attracting foreign direct investment, and creating new jobs. The zone may contain various industrial and economic parks within its borders. It was announced that Tanzania signed a framework agreement with China Merchants Holding International Co. Ltd. to carry out the construction of the port as well as the railway network leading to it and the special economic zone. The total amount involved in the port project is estimated at over $10 billion.</td>
<td>2014</td>
</tr>
<tr>
<td>China extends 200 million USD soft loan to Tanzania for the Kidunda dam</td>
<td>On July 4, 2014, the Chinese government signed an MOU for a loan of 320 billion shillings for the construction of the Kidunda dam. Dar es Salaam Water and Sewerage Authority then signed a 320-billion-shilling memorandum of understanding with the China National Aero Technology International Corporation for the construction of the dam. The dam will provide 20 kws of electricity and fresh water for 2 million people. The project is expected to reach completion by 2016.</td>
<td>2014</td>
</tr>
<tr>
<td>China loans Tanzania 136</td>
<td>In 2014, the Export-Import Bank of China agreed to loan Tanzania a soft loan of 226.7 billion Tsh [136 million USD] for a wind power project at Kasasida village in the Singida</td>
<td>2014</td>
</tr>
</tbody>
</table>
76 million USD for wind power project at the 38th Dar es Salaam International Trade Fair (DITF) in National Development Cooperation Pavilion. It is to generate 50 MW through a firm called Geo Wind Power Tanzania Limited by 2016, stated by Abdallah Mandwanga who is NDC Head of Chemical Industry. Mandwanga stated that research, land ownership, environmental permissions and pay compensation for nearby residents around the village are already completed. The project is to start in December 2014, and the Chinese contractor is to begin building the power infrastructure and the 12 kms transmission system connected to the national grid at Kisasida. Sources are unclear as to whether the loan has been delivered yet, and details of the loan were not specified.