



How does the Chinese development aid differ from the ‘traditional’ development aid system in Africa?

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Executive summary

The differences between Chinese aid and traditional aid can be found in all aspects of the traditional and Chinese aid policies. Significant differences have been illustrated in its history, principles and in the impact on the recipient countries. The landmarks in the historical development of the Chinese and traditional aid policies have developed the aid policies as we know them today. For example, with the strong demand for democracy from the West in the 1980s, the Chinese and African leaders found each other to co-operate. In the periods when co-operation between the West and China was difficult, the African-Chinese relations faced some strong challenges. Due to several embargoes imposed on China by the West, China felt obliged to expand its horizon in order to diminish its dependency on the West, resulting in strengthened relationships with several African nations. In comparison to the Chinese aid system, the traditional aid system arose from a history between mostly European and African nations, the colonial era.

The main differences between the Chinese and traditional aid systems are the principles and preconditions. The characteristics of the main principles of the traditional aid policies; good governance and the Comprehensive Development Framework, consist of conditions and demands from the traditional aid donors for the aid recipient countries. Some of these preconditions are highly optimistic and unreachable for those countries in need for aid. The Chinese foreign policy has three main vectors; aid, trade and foreign direct investment. The main vectors should officially benefit China's only principle Taiwan. However, also the economic and diplomatic influences from several African nations are strongly affected. These influences should not be underestimated in the principles and methodology of the Chinese aid policy. The sovereignty and non-interference principle of the Chinese aid policy often benefit unsavoury regimes. In contrast to traditional donors, the promotion of good governance and human rights is not an aim of the Chinese foreign policy.

Furthermore, the differences between the aid policies also affect the impact on the recipient countries. The main difference in the impact on the economy of the recipient countries is China's stimulation to develop an industry based economy. Traditional aid projects focus on various aspects of development, including health, education and economy, whilst Chinese aid projects mainly focus on economy and infrastructure.

What was expected to be a significant difference between the Chinese and traditional aid policies, the level of benefit for the donors is not that big of a difference after all. To clarify, China's constant quest for natural resources to feed its national economic growth is one of the main fundamentals of the Chinese foreign aid policy. China provides natural resource backed loans in order to feed the Chinese economy whilst developing some African nations. China's own benefit results from the lack of accounting for the needs and concerns of the local citizens. Western countries/donors condemn the Chinese idea of mutual benefit while providing aid. While condemning the donor benefit, the traditional donor does, at the same time, benefit from the aid projects they finance.

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Introduction

Introduction to the topic

With the ending of the colonial era, a new partnership between former colonisers and colonies was established, this was expected to be a short-term partnership. The practice of helping friends to assist them in establishing independently growing economies ended up in billions of dollars for aid in the past six decades. According to Kremer et al. (2000): "Many African countries are still heavily dependent on aid, it is not unusual for one-third of their GDP to come from aid assistance and three-quarters of their state budgets to come from donor money". Most former colonisers became members of the Development Assistance Committee (DAC). While discussing aid a clear definition must be set. The official definition of the Official Development Assistance is;

"ODA, consist of flows to developing countries and multilateral institutions provided by official agencies, including state and local government, or by their executive agencies, each transaction of which meets the following two criteria: (1) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and (2) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)" (Riddell, 2007).

The above quoted definition of aid may raise more questions than answers; it merely demonstrates the definition in the broadest sense and is therefore more easily applicable to different aid policies such as the traditional and the Chinese aid policies. Aid "consists of all resources -physical goods, skills and technical know-how, financial grants (gifts), or loans (at concessional rates) - transferred by donors to recipients" (Riddell, 2007).

Although billions of dollars have been transferred to Africa in the past decades, stagnation in Africa has been the centre of discussions. As Alden (2007) argues: "The West, the architect of the African State system and its economic foundations, seeks to tie its prevailing commercial dominance to an ambitious agenda of structural change. By way of contrast, China has entered Africa simply to feed the insatiable hunger of its infant market economy, and has little interest in Africa's internal problems or politics". Although the statement of Alden is straightforward the interest of China and Western donors in Africa has been illustrated (Alden, 2007).

Research question and aim

This research is focused on the following question; How does the Chinese development aid differ from the 'traditional' development aid system in Africa? The purpose of this research is to present a clear overview on both the similarities and differences of the traditional and the Chinese aid policy. Over the years, both policies have gained a significant position within Africa. Focusing on the differences in history, principles and methodology will allow us to answer the research question. Furthermore, an in-depth study will be

executed regarding the impact of Chinese and traditional aid policies on the recipient countries, Rwanda and Angola. In order to answer the research question the following parts are developed;

Part one will focus on the analysis of the historical developments of both the traditional and Chinese aid policies. Furthermore, the differences between the two policies will be researched. The traditional aid policies are considered the major aid programs in Africa, leading to the question; How did the traditional aid develop itself in the dominant aid policies in Africa? Moreover, the Chinese aid policies have also a significant importance in Africa, leading to the question; How did the Chinese aid policy develop into the aid systems we know today? The sub questions will analyse either the traditional aid policy or the Chinese aid policy, allowing us to conduct a comparison between the two policies in the conclusion.

In part two, the principles and methodology from both the traditional and Chinese aid policy will be discussed and analysed. The principles and methodology from both policies will be compared. Furthermore, an analysis will be given of the major debate themes in the Chinese and traditional aid policy.

Part three will focus on the impact on the recipient countries from both the traditional and the Chinese aid policies, while also assessing the impact on the donors. The first case study will examine the level of impact on the recipient country, Rwanda, by the traditional aid policy. However, this case study will focus on a specific donor, EuropeAid from the European Commission, which is part of general traditional aid. The second case study will analyse the Chinese aid impact on Angola. Subsection three will compare the impact of the Chinese and the traditional aid policies.

Ultimately a conclusion will be given to summarise this research.

Terminology

This research will examine the differences between the Chinese and traditional aid policies on different levels in Africa. Africa is not a homogenous continent. The differences are significant including population, surface, political history, income and ethnic diversity. When discussing Africa, the focus is on Sub-Saharan Africa whilst keeping in mind the diversity of the continent. Most countries in Africa are seen as developing countries. A developing country is a country whose income per capita is low by world standards.

Traditional aid will focus on the aid implemented by the donors from the Development Assistance Committee (DAC) from the Organisation for Economic Co-operation and Development (OECD). Mainly Western countries are members of the DAC: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States of America and finally all European Union Institutions. Furthermore, DAC is seen as the major donor on the African continent.

Research methods

The main methodology for this thesis has been desk research, using primary and secondary sources. Using both sources will ensure that the discussions raised in this document will be examined from different perspectives. Especially when researching the Chinese aid policy many different points of views are raised. Furthermore, the continuing debate of the traditional western aid system results in hundreds of documents, all these documents have a focus on the same issue but from different angle. In view of this, filtering of useful and accurate documents has been of great essence. The case studies used in the third part will demonstrate the more detailed aspects of both traditional and the Chinese aid policies. In addition, they will provide an understanding of the impact of Chinese and traditional aid on the recipient countries, Angola and Rwanda. Finally, these case studies will be at the basis of the differences between the aid policies in the field of impact. The multiple sources used will provide evidence for the question: Does the Chinese and Traditional aid policies have the same impact on the development of the recipient countries?

Part 1

Chinese and traditional aid: two different histories

In this first part of the research, a historical overview of the Chinese and traditional aid policies on the African continent will be given. Significant landmarks in the history of aid in both systems will be demonstrated and explained. The historical evolution of both aid policies will help to determine current and future aid policies. In order to answer the first sub-question of how the history of Chinese and the 'traditional' aid differ from each other, two different kinds of research have been conducted. The first kind of research has focused on the traditional aid policy and its evolution in becoming one of the most dominant current aid systems. The second has focused on the Chinese aid policy and its growing influence on the development in Africa from a historical perspective.

Development aid is a recently developed concept. Until 1945, foreign aid was virtually unknown. According to Calvert (2007): "The use of economic aid as a tool of superpower competition in the Cold War established the practice, but it took much longer than that for the concept that rich countries had a duty to help poorer ones to become accepted". Additionally, according to Alden, when the period of the Cold War ended, only the United States of America, United Kingdom and France were foreign powers who had a solid interest in Africa. In the last few years, however, the People's Republic of China (henceforth referred to as China) has developed itself as a significant and influential competitor in Sub-Saharan Africa (Tull, 2006).

1.1 How did the 'traditional' aid policy become one of the most dominant aid systems we know today?

In order to evaluate the western aid policy and its current dominant position within the aid systems, especially in Africa, all major landmarks in its history must be examined. Traditional foreign aid has three major fundamentals; aid for relief, colonial development and US technical assistance. Aid for relief occurred in the 19th Century. During the beginning of the 19th Century it was unheard of to provide public concessional resources to assist people on the other side of the borders. Approaching the end of the 19th century, however, providing for public resources and public assistance had become more common. This change of attitude occurred due to information regarding disasters abroad (Lancaster, 2007). In addition, as Lancaster (2007) states: "By the end of the World War I, public assistance to the displaced and dispossessed from five years of conflict in Europe was clearly necessary. Without it, there would be widespread starvation in a number of the defeated countries". Aid for relief was never intended to bring development, rather, it was seen as temporary.

The second principle, Colonial Development, took place during the development of the European Colonial Powers' policies. Beginning in 1920, the colonial power shifted away from the colonisers' initial point of view that the colonies had to be self-financed. Public investments were used to expand health service and infrastructure (Lancaster, 2007). Little and Clifford (2009) argue: "In 1929, for the first time, provision was made for assisting colonial governments to develop their economies by means of grants and loans for what is now called 'Infrastructure' ". The final principle can be found in the United States of America in 1942. Two

government corporations were installed to manage the technical assistance given by the United States of America to the Latin American governments. The two corporations were the Institute of Inter-American Affairs and the Inter-American Education Foundation. These two government corporations had not been the result of a new point of view regarding the public concessional resources. According to Lancaster: “[...] the disruption in Latin American exports to Europe as a result of growing hostilities there plus an effort on the part of Nazi Germany to create closer ties with the governments of the region” (Lancaster, Foreign Aid, 2007). The three major fundamentals, aid for relief, colonial development and technical assistance, are the foundation for the historical development of traditional aid.

Bretton Woods Institutions and The Marshall Plan

The modern Western aid policy can be traced back for sixty years. The establishment of the Bretton Woods institutions (1944) and the inaugural speech of former American president Truman (1949) are turning points in the historical development of the traditional aid policy. The Bretton Woods institutions are the World Bank Group and the International Monetary Fund (IMF). Their establishment in July 1944 developed a change of attitude and approach to the traditional aid policies. Furthermore, former President of the United States of America, Harry Truman, addressed in his inaugural speech the importance of development aid (Kremer et al, 2009). As Truman states in his inaugural speech:

“[...] we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history, humanity possesses the knowledge and skill to relieve the suffering of these people” (Truman, 1949).

The Marshall Plan is another significant landmark within the development of the traditional aid policy we know today, including its dominant role within the aid world. The officially termed European Recovery Program (ERP) was America's first aid program. The Marshall Plan was directed at war-torn Western Europe (Kanbur, 2003). The objective of the initialisation of the Bretton Woods institutions, mainly the World Bank and the Marshall Plan, was not to stimulate development in countries but to reconstruct war-torn Europe (UNTAC, 2006). The establishment of the Bretton Woods institutions in combination with the inaugural speech of former president Truman and the Marshall Plan have played a significant role in the historical development of the traditional aid policy.

With those three major fundamentals, traditional aid has established itself with the importance and recognition in the historical development.

During the Cold War

In the 1940s and 1950s, the Cold War introduced new motivation for the West to financially support

developing nations. Despite a moral obligation felt by the West, the principle objective of the aid was according to Kanbur (2003) "[...] to stop developing countries going over to 'the other side' ". The objective to stop countries going over to 'the other side' has been used by both the West (The United States of America) and by the Soviet Bloc. As Milton Friedman observed at the time, used by Kanbur (2003):

“Foreign economic aid is widely regarded as a weapon in the ideological war in which the United States is now involved. Its assigned role is to help win over to our side those uncommitted nations that are also underdeveloped and poor.. The objectives of foreign economic aid are commendable. The means are, however, inappropriate to the objectives.. The proponents of foreign aid have unwittingly adopted a basic premise of the Communist ideology that foreign aid is intended to combat. They have accepted the view that centralised and comprehensive economic planning and control by government is an essential prerequisite for economic development...an effective program must be based on our ideology, not on the ideology we are fighting”.

Aid during the Cold War stands in contrast to the three original antecedents; aid for relief, colonial development and US technical assistance. Foreign economic aid in this era, rather, was used as a weapon in the ideological war. It was used to prevent developing countries (Third World countries) from co-operating with the 'other side', in this case, the Soviet Union. The definition of 'Third World' (formally used for developing countries) arose even during the Cold War. The Third World consists of the non-aligned and neutral countries, such as Latin America, Africa, the Middle East and South-East Asia. The First World was the United States of America and their ally; the Second World was the Soviet Union, China and its allies (Nations online, 2006).

From colonisers to supporters of development

The concept phase of the traditional aid policy is strongly interconnected with the modern Western aid policy. Western powers changed their roles from coloniser to a supporter of development. “In Africa, aid was closely linked to the process of decolonisation, the erstwhile colonial powers mixing a moral obligation to support their former colonies with a desire to retain both political influence and access to natural resources and markets” (United Nations, 2006). The postcolonial relationship was expected to be temporary; the developing economies would 'take off' with some help from their friends (post-colonisers). With this help the post-colonies would become modern, wealthy and stable, just like the Western countries (Kremer et al., 2009). The shift in ideology, from coloniser to a new post colonial partnership, had great influence on the historical development of the current traditional aid policy.

In addition, the two former biggest colonial powers in Africa, the United Kingdom and France, still represent about 20 percent of the total aid donations to Africa from 1980 to 2000. During the late 1960s, however, the two countries increased their contributions to provide 50 percent of the total aid to Africa (United Nations, 2006). Although aid donations to Africa have declined, the contribution of only two former colonial powers

still comprises 20 per cent. Only these two traditional western donor countries still provide one-fifth of the aid to Africa, which confirms the dominance of traditional aid in the Africa.

The financial push paradigm

In the 1950s and 1960s, according to Kremer et al. (2009): “[...] external financial injections were considered the main solution for development: the financial push paradigm”. Lack of development arose from a shortage of money which prevented investment. With investment in infrastructure, enterprises and education the economies would grow. As a result, the populations would become more successful. Significant theories raised in this period were the ‘Big Push’ theory by P. Rosenstein- Rodan and the ‘Take off stages’ by W. Rostow (Kremer et al., 2009).

Purpose of aid giving in the ‘70s and ‘80s

Major events and trends in the 1970s and 1980s, made the purpose of aid giving more vital in the Western World. The two major upheavals in this period were the economic and oil crises in the early 1970s and the two outbreaks of severe famine in Africa. The economic and oil crises resulted in a significant rise in the oil prices, leading to significant inflation in the Western/industrialised countries. This further resulted in high costs of manufactured goods, adding to the import bills of the developing countries. Developing countries that could borrow internationally did so. International commercial lending dried up, however, and governments of African and Latin American could not afford their external debts anymore (Lancaster, 2007). According to Lancaster (2007): “The debt crises that broke in the early 1980s and the balance of payments crises by many developing countries at this time let them to appeal to Western governments, international organisations, and commercial lenders for debt relief and additional aid”.

Another remarkable situation occurred in the 1970s that contributed to the current dominant position of traditional aid in Africa. Due to droughts in Ethiopia, a famine occurred in the country in 1974. This famine received worldwide attention, - boosting aid levels in the initial means of a temporary response to famine relief. The degree of aid continued to rise even after the famine was over. “Aid from DAC countries rose by two-thirds between 1973 and 1975, one of the largest increases even over a two-year period” (Lancaster, 2007). The second famine in Ethiopia in 1984 received even more international attention, including concerts hosted by well known rock-stars to raise money for famine relief, such as LiveAid. Aid levels rose initially to end the famine in Ethiopia and continued to develop further fund development programs and projects in Africa.

Globalisation

The end of the Cold War and globalisation changed the patterns of aid giving in the 1990s. Lancaster (2007) described the decade as “[...] one of the great changes in the world as well as important changes in foreign aid. The end of the Cold War lessened the diplomatic relevance of aid-giving for some governments but also to the emergence of new purposes for aid, including supporting economic and political changes in former socialist countries addressing global problems, promoting democracy, and post-conflict rehabilitation” (Lancaster, 2007). The 1990s was a very vibrant decade for aid development. In the early

1990s, as a result of the end of the Cold War, a significant rise in aid was noted, but was then followed by a quick decline in the middle of the 1990s and a slow recovery during the last part of the decade. The vigorous process of globalisation resulted in a rapid enlargement of international investment and trade. In addition, the ease of international travelling made the distant areas in the world accessible for tourists and business persons (Lancaster, 2007). These changes brought attention to the problems which occur in distant countries, such as poverty, civil conflict, diseases and environmental challenges. According to Lancaster (2007): “[...] globalisation facilitated the spread of problems across borders, while contributing to a heightened awareness of their existence. Reinforcing the emphasis on global problems (as well as their association with development) was a series of UN Conferences on several of those [poverty, civil conflict, diseases and environmental challenge] problems”.

Millennium Development Goals

A further international initiative was designed in the 1990s to secure the aid policies in the coming decade and beyond, namely the Millennium Development Goals. In the year 2000, the United Nations convened its Millennium Assembly. The Millennium Assembly developed the Millennium Development Goals (MDG's), which aim to reach the following goals by 2015. The MDG's are designed and signed by all UN countries, including China.

- Halve the proportion of people whose income is less than \$1 per day and those living with insufficient food,
- Achieve universal primary education,
- Eliminate gender disparities at all levels of education,
- Reduce child mortality by two-thirds and maternal mortality by three quarters,
- Halt and reverse the spread of HIV/AIDS, Malaria, and other diseases,
- Ensure environmental sustainability and reverse the loss of environmental resources,
- Halve the proportion of people without sustainable access to safe drinking water,
- Achieve by 2020 a significant improvement in the lives of slum dwellers,
- Develop a global partnership for development,

(Lancaster, Foreign Aid, 2007).

Weak and failed states

In addition to the Millennium Development Goals, several other events framed aid development in the twenty-first century. At the 2002 UN Conference on Financing Development in Monterrey, Mexico the United States of America and Member States of the European Union promised to raise their aid contributions. Former President George W. Bush of the United States of America promised to increase aid by 5 billion dollars. The Member States of the European Union agreed upon an increase of their aid to an average of 0.39 percent of the GNP by 2006 (Lancaster, 2007).

The terrorist attack on the United States in September 2001 also helped to shape the traditional aid policy. The 09/11 attack has been viewed by the media as a consequence of inequality and poverty in the world.

According to Lancaster (2007): "A more subtle and accurate connection between the terrorist and weak or failed states argued that such states could become havens for terrorist organisations and therefore it was in the interest of the world community to help prevent state failure". By expanding aid to the weaker states, these states would not fail and would not become havens for terrorist (Lancaster, 2007). A clear example of a fragile state which has become very appealing for terrorists (piracy) is Somalia, specifically the region Puntland.

1.2 How did the Chinese aid policy develop into the aid system we know today?

In order to analyse the differences in the aid systems of the traditional West and China, the Chinese aid policy must be discussed. China's current aid policy was developed by its significant and growing presence and influence in Africa. In the last thirty years, China progressed from a developing nation to a developed country. China overcame poverty, low level of education and little industrialisation. China today has become a significant world player (Kremer et al, 2009). Over the past decade, the country became significantly involved in the development in Africa, becoming a principal source of foreign aid in Africa. China's foreign aid to Africa is based on the principle of multi-polarity and non-intervention. China has presented an interesting alternative to conditional traditional aid (Tull, 2006). The principles of the Chinese aid policy will be explained and elaborated in part two.

Cold War

The first Chinese aid programs can be found during the Cold War. During the Cold War, the United States of America imposed an economic embargo on the People's Republic of China, which lasted more than 20 years. China was therefore obliged to find other (economic) partners, including North Korea. "China's aid program began in 1950 with the transfer of grain, medicine, cotton, and other industrial materials to North Korea during war" (Brautigam, 2009). China's aid was constructed to support socialist countries and Marxist independence movements.

Five Principles of Peaceful Coexistence

The development of China's foreign policy started in 1954 during negotiations with India over the Tibet conflict. Premier Zhou Enlai introduced the 'Five Principles of Peaceful Coexistence', which are still present and relevant in the current aid policy of China.

1. Mutual respect for sovereignty and territorial integrity
2. Mutual non-aggression
3. Non-interference in each other's internal affairs
4. Equality and mutual benefit
5. Peaceful coexistence

The Afro-Asian People's Solidarity Conference

At the Afro-Asian People's Solidarity Conference in 1955, held in Bandung, Indonesia, the Five Principles of Peaceful Coexistence has been adopted as the foundation of the non-aligned movement (Brautigam, 2009).

Twenty-nine countries from Asia and Africa came together to promote Afro-Asian economic and cultural co-operation (INSouth, 2011). The Afro-Asian People's Solidarity Conference was the beginning of China's foreign policy directed at Africa. Furthermore, the development of China's foreign policy became more practical in 1956 with the opening of official ties with Egypt. The Chinese involvement in Africa has a vibrant history, with periods of both intensive involvement and non- involvement (Alden, 2007). With the Bandung Conference, significant proof is given of China's great interest in the African continent.

Tiananmen Square

The aggressive reaction of The United States of America and the European Union on the massacre at the Tiananmen Square in June 1989 opened the door again, for China to strengthen its ties with other countries rather than only Western countries. The Western countries openly criticised the Chinese human rights records and imposed an arms embargo. This reaction of the West towards China made China look for closer ties with non-western countries. China and several African developing countries were able to develop coalitions to protect Beijing from Western critics (Tull, 2006). As Tull (2006) argues:

“Since many African Leaders were themselves at the time under growing domestic and external pressure to liberalise their political systems, they were more than willing to go along with China's claim that Western demands for democracy and the respect for Human Rights amounted to thinly veiled imperialistic manoeuvres intent on interfering in the domestic politics of developing states, and undermining their stability and progress at large”.

China as a developing nation

In the three years after the Tiananmen massacre in 1989, the Chinese foreign minister Qian Qichan had intensive contact with many African leaders, visiting fourteen African countries during that period. As a result of this intensive contact, a strong base was made between the African continent and China. According to Tull, however, (2006): “Although an emerging economic superpower China continues to portray itself as a developing nation, at least to African audiences, to underline the quasi-natural convergence of interests between the biggest developing country and Africa, the continent with the largest number of developing countries”. China was simultaneously positioning itself, however, as a consultant for African countries with its permanent seat in the United Nations Security Council. This was to develop more sustainable, fairer global trade and the enlargement of the UN Security Council, NEPAD (New Partnership for Africa's Development) and peace keeping missions in Africa. Although most of these promises sounded vague, China has been significantly active in the UN peace missions in Africa. Another clear example of the China-Africa ties is the Chinese support for debt-cancellation in favour of African countries. In total, for 31 African states, the bilateral debts has been cancelled by China total \$1.27 bn. (Tull, 2006).

From oil exporter to oil importer

Another important milestone in the development of China's foreign policy towards Africa was China's 1993 transition from exporting to importing oil (Alden, 2007). Modern-day China comes second in the global

consumption of oil (Manji and Marks, 2007). China's economic development increased its quest for natural resources. To protect the Chinese economic market, officials recognised the importance of securing their natural resources. According to Alden (2007): "China's current strategy of engaging developing countries and locking in their resources through government-to-government agreements is an outgrowth of this recognition, coupled with their appreciation of the dangers of political instability from Middle Eastern sources". In other words, China had to look across borders to find natural resources. The instability in the Middle East made Africa a possible supplier. Additionally, Africa has relatively unexploited energy sources, which gives China a unique possibility to lock in the resources by both formal and informal means, securing the natural resources required for its growing economy (Alden, 2007). The bilateral relations of China with the Sub-Saharan states are part of the Chinese foreign policy (Tull, 2006).

Furthermore, China's engagement with Africa is a demonstration of a significant transformation in its foreign policy. Although China's foreign policy is not solely directed at Africa, it has a great effect on China's involvement in Africa. In addition, to the harsh reaction of The United States of America and the European Union on the massacre in Tiananmen Square, two other factors have shaped the Chinese foreign policy. First, according to Tull (2006): "[...] the expected emergence of the uncontested international hegemony of the US which, it was feared, would hold back China's ascendancy as a global political power". Beijing developed the concept of multi-polarity as a manner to address this problem. Multi-polarity is defined as "the construction of more or less flexible alliances to contain every form of hegemony and to build a new and just international order" (Tull, 2006). The Chinese government reached out to non-western states to find support for its multi-polarity concept, with China obviously as one of the indispensable poles.

The Asian financial crisis of 1997 led to the second factor. The financial crises sharpened the awareness of Chinese leaders to the risk of its economic dependence as an outward oriented economy. As Tull (2006) argues: "The Chinese leadership regarded a more active foreign policy as the best strategy to defend and assert its national interest." Developing, strengthening and expanding its bilateral relations to Sub-Saharan Africa were part of this strategy (Tull, 2006).

1.3 Conclusion

Both the Chinese aid systems and the Western aid systems knew several important landmarks in their developmental history. The embargo on China by the United States of America during the Cold War era obliged China to commit to other foreign partners. At the Afro-Asian People's Solidarity Conference in 1955, China met several African leaders to discuss possible co-operation. This conference can be seen as an important landmark in the historical development of the Chinese aid policy. With the strong demand for democracy from the Western world in the 1980s, Chinese and African leaders found each other for co-operation. The Chinese aid policy focusing on Africa has faced some strong developments in the periods when the co-operation between China and the Western world experienced some difficulties. China was expanding its horizon, not to be dependent on the Western world, which had placed several embargoes on the country in the last century. The Colonial era is at the basis of the traditional western aid policy. During the

colonial era, European countries provided 'Colonial support' to African nations. In addition, the establishment of the Bretton Woods institutions, the inaugural of former president Truman and the Marshall Plan have further developed the traditional aid policy.

Although there are some significant differences between the Chinese and traditional aid policies relating to the historical development, the differences between the principles of those policies are equally important. The introduction of the 'Five Principles of Peaceful Coexistence' by former Chinese Premier Zhou Enlai in 1955 still has a great influence on China's current aid policy. The five principles are at the origin for the development of the aid policies. The principles, (1) mutual respect for sovereignty and territorial integrity and the (2) non-interference in each other's internal affairs, are at the centre of its aid policy. The difference between the traditional aid and Chinese aid in the field of the principles will be further discussed in part two.

Part 2

The principles of Chinese and traditional aid

In part two, an analysis will be given of the principles and methodology of the traditional and the Chinese aid policy. Furthermore, the principles of the two aid policies will be compared and discussed in order to compare the principles of both aid policies. The comparison will either confirm or contradict the idea that the Chinese aid policy and the traditional aid policies are based on the same principles. In addition, the discussion between the policies, but also within the individual policies themselves, will be discussed in the light of the debate.

2.1 What are the 'Traditional' principles of foreign aid?

In order to conduct a comparison of the traditional and the Chinese principles, the principles of the traditional foreign aid have been examined and analysed. Among the key factors in the traditional foreign aid policies consensus is that, according to Dante: "[...] improved aid co-ordination will lead to aid effectiveness and that recipient countries must be in the driver seat". Therefore the principle of ownership within the Comprehensive Development Framework (CDF) together with good governance are the main principles of traditional foreign aid. The fundamentals of the Comprehensive Development Framework and good governance are all interrelated principles.

Good governance

Governance refers to the legitimacy of a government. "The sum of the many ways individuals and institutions, public and private, manage their common affairs" (Commission on Global Governance, 1995). Furthermore, governance is the (in)formal rule guiding behaviour, defining rules and assigning rules regarding policy making, decision-making, implementation, information flows and the relations between the rulers and the ruled. Judgements about the nature of the (in)formal rules defined by these principles is called 'good governance'. Good governance has eight characteristics. Namely, good governance is:

- Participatory,
- Consensus oriented,
- Accountable,
- Transparent,
- Responsive,
- Effective and efficient,
- Equitable and inclusive,
- Follows the rule of law.

"It [good governance] assures that corruption is minimised, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society" (ESCAP, 2011).

The eight characteristics of good governance are important to define in order to find another piece of evidence on the path to the differences between the principles of traditional and Chinese aid. First, participation is an important characteristic of good governance. Participation needs to be organised and informed by the government. Participation can be done through legitimate representatives and institutions or direct by its citizens (ESCAP, 2011). Secondly, the government should be consensus oriented. This includes and requires a mediation of all different interests, resulting in a broad consensus in the society (ESCAP, 2011). Thirdly, the accountability characteristic requires that the private sector and the civil society organisations must be responsible to the (institutional) stake-holders and the public. Institutions and organisations are accountable to those who will bear the impact of its actions and decisions. Transparency and the rule of law are requested in the enforcement of accountability (ESCAP, 2011). Fourth, “transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations” (ESCAP, 2011). Furthermore, information should be direct and freely accessible for those who will be affected. Fifth, the principle of responsive requires that institutions will assist all stake-holders within a rational time frame. According to OECD the sixth principle of good governance ‘effective and efficient’ is defined as followed, “more information, consultation and participation in policy-making ensures better implementation by raising the level of awareness of, and compliance with, policy provision - especially among target groups who have helped to define them”. Seventh, a society should be inclusive for all its citizenships. No one should feel excluded from the mainstream of the society. Furthermore, the equitable and inclusive characteristic require that everyone should have the opportunity to improve their own well being. Finally, rule of law is a fair legal framework that enforces non discriminatory. Non discriminatory laws and a fair legal framework requires an independent judiciary and an impartial and incorruptible police force. Additionally, it requires full protection of the human rights (ESCAP, 2011).

Comprehensive Development Framework

The Comprehensive Development Framework of the World Bank is based on four interrelated principles, to specify (1) long-term holistic vision, (2) country ownership, (3) partnership and (4) a focus on development results. Through the Comprehensive Development Framework in accordance with the Paris Declaration on Aid Effectiveness of 2005, the World Bank has been at the forefront of conducting development activities (World Bank, 2001).

Effectiveness of development aid has been impaired over the last decades. Its focus was often not correctly integrated in a specific country strategic framework. Therefore the concept of long-term holistic vision has been integrated. “A coherent long-term vision provides the foundation for a medium-strategy that includes country-specific development targets, a balanced and well-sequenced set of policy measures, and a program for building the capacity needed for complementation” (World Bank, 2001).

The shift in paradigm of foreign aid represented in the Paris Declaration of Aid Effectiveness in 2005 focused mainly on the concept of ownership. Recipient countries are encouraged to take ownership of aid activities. Recipient countries will be in control of the co-ordination of aid at all levels in the collaboration with other development resources with the donors. Furthermore, the governments of the recipient countries

are encouraged to participate in the private sector and the civil society regarding the aid activities. Although the Paris Declaration has been active since 2005, the objectives of this declaration are according to the World Bank (2001) far from reached. Several elements in the relationships between recipient countries and donors demonstrate the difficulty of implementing ownership. First, an all permanent negotiation process occurs between the recipient governments and the donors in almost all policies, projects and programs. As Renzio et al. (2008) argues: "This [negotiation process] puts an immense burden on African administrative systems and leads governments to spend most of their time responding to donor initiatives, trying to work their own priorities in or waiting until implementation to steer the policy or project towards their preference". In other words, donors dominate the policy-making processes. The second element is the fragmentation of the aid management structure within the governments. The rapid growth of donors in the past, has led to a weakened policy making process within the governments. Donors often took the initiative.

The last two elements focus mainly on the fragile domestic political support. African governments are dependent of aid, to deliver the political promises they made to become popular. These governments are often hesitant to develop strategies outside the framework of the donors. A reduction in aid could result in a decrease of their political support (Renzio et al., 2008).

Focusing on a country led partnership amongst African governments and other stake-holders can develop and mobilise resources for development. Governments should focus on stake-holders such as civil society organisations and sub-national governments. As the World Bank (2001) argues: "The effectiveness of development efforts has been seriously limited by fragmentation and compartmentalisation within countries and among external partners".

"A country's national vision needs to link its overall aims to concrete development results, in a way which enables movement towards the aims of that vision to be assessed, through progress on the tangible, development results" (World Bank, 2001). Furthermore, notable attention should be given to behaviours and circumstances beyond institutional, development agencies and governments boundaries to be intended to obtain the complete benefits of aid (World Bank, 2001).

In order to introduce the Chinese principles of development aid, a brief conclusion of the principles of the traditional aid policy should be delivered. The traditional aid principles are focused on two main areas, good governance and the Comprehensive Development Framework. The characteristics of good governance and the Comprehensive Development Framework consist of demands and conditions from the donor for the recipient country. As introduced in part one, the Chinese development policy has few conditions and is focused on the 'Five Principles of Peaceful Coexistence'.

2.2 What are the Chinese principles of foreign aid?

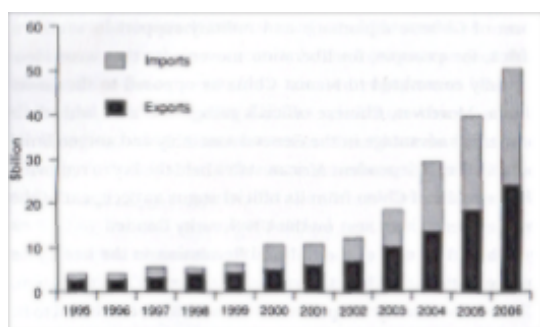
The 'Five Principles of Peaceful Coexistence' have provided a brief understanding of the initial principles of Chinese aid giving in Africa. The Chinese foreign policy connect three different vectors, namely, trade, foreign direct investment and aid. Foreign Direct Investment is an investment of foreign assets in domestic

structures, equipment and organisations. These three vectors are strongly connected. All three vectors in the Chinese foreign policy towards Africa are either complementary or competitive, or both. As an example given by Kaplinsky et al. (2006): "In the case of the trade channel, for example, China may provide SSA [Sub-Saharan Africa] with appropriate capital goods and cheap consumer goods, and SSA may provide China with the commodities it requires to fuel its continued economic expansion". In this example both China and Africa gain from the relationship. However, the export of consumer goods by China into Africa may reposition the local producers, resulting in a competitive influence on the entrepreneurs and workers in the sector.

Trade

The Chinese government initiated eleven Trade Promotion Centres around the African continent to actively promote and encourage Chinese business persons to invest in Africa and to see its investment potential. As Alden (2007) states: "Over 800 Chinese companies are doing business in 49 African countries, with 480 involved in joint ventures with African firms". The total trade in 2000 between China and Africa was \$10 billion. In 2006, the total amount of trade amongst China and Africa rose to \$50 billion. As figure 2.1 shows, the Chinese import of African commodities and goods has been significantly increased. Following the United States of America and France, China is the third largest trading partner in Africa. Furthermore, between the years 1989 and 1997 the bilateral trade volume faced a significant growth of 430 per cent. China's need to secure natural resources to support its economic growth and the offer to low-price export goods make the two regions strong trading partners (Tull, 2006).

Figure 2.1 China's Africa Trade, 1995-2006 (Alden, 2007)



Foreign direct investment

In addition, China is the leading investor of the continent (Alden, 2007). Since 2001, together with the Chinese governments 'go global' strategy, foreign direct investment has rapidly grown (Kaplinsky, 2009). Although some organisations and networks are private Chinese traders most Chinese organisations which invest in the African continent are state-owned enterprises. These enterprises are often heavily subsidised by the Chinese government. According to Zafar (2007): "Chinese firms in Africa tend to be explicitly encouraged by the government to invest abroad, especially in resource-intensive activities or in areas where there is a technological edge and manifest comparative advantage, such as textiles and apparel". Foreign direct investment enterprises often have an equity in resources or conducted long-term supply contracts. A

driving force of the Chinese foreign direct investment is the Chinese quest for raw materials (UNTAC, 2006). Four major trends can be recognised regarding the Chinese involvement in foreign direct investment in Africa.

- Investment in the resource and energy sector
- Investment in infra-structural projects
- Investment in global production network
- Invest in small scale entrepreneurship

(Kaplinsky, 2009)

Figure 2.2 China's Foreign Direct Investment in Africa (2005) (Power, 2008)



As figure 2.2 shows, China's foreign direct investment does not limit itself to only one nation. \$1.6 billion has been invested in China's foreign direct investment. The main recipient of the direct investment is Sudan with an amount of \$300 million in 2005, followed by South Africa, Zambia and Algeria all with an investment of \$100 million (Power, 2008).

Aid

As Zafar (2007) states: "China is rapidly becoming an important aid donor to Africa, and its role is beginning to overshadow that of many traditional Western donors, although precise figures on the magnitude and terms of the Chinese loans are not easily available". In other words, the Chinese government does not provide statistics of its aid allocation to Africa even though its importance is rapidly growing. Nevertheless, some figures are available. As Lum et al. (2009) argues in its figures, between 2003 and 2007 China's aid has grown from \$1.482 in 2003 to \$ 25.098 in 2007.

Figure 2.3 Reported Chinese Aid by Year, 2002-2007 (Million of US\$) (Lum et al., 2009)

Year	Total Aid
2002	51
2003	1,482
2004	10,485
2005	10,106
2006	27,518
2007	25,098

Furthermore, China allocates its aid to regions/countries where Western capital flows are low, therefore it is difficult to have an official inventory of the aid transfers (Zafar, 2007). In addition, the management of aid has been subdivided into several Chinese institutions. The Ministry of Commerce (MOFCOM) has been the main institution managing Chinese aid. However, the administration of aid has also been subdivided into various other institutions, next to the Ministry of Commerce. Moreover to the Ministry of Commerce various other institutions administer aid like; Ministry of Health and Education, Ministry of Foreign Affairs and state-owned enterprises and banks such as China Export and Import Bank (Lancaster, 2007). The following explanation of tasks by Alden (2007) gives a description of the complexity of aid and institutions in China.

“The overall budget for foreign aid is prepared by the Ministry of Finance, but it is the Ministry of Commerce’s Department of Foreign Aid which is responsible for planning and management of funds and their disbursement Monitoring and evaluations also feature in the work of the Ministry. An Economic Councillor based in the Chinese embassy abroad is responsible for administration and oversight in each individual country. The Ministry of Foreign Affairs is involved in the organisation - through not implementation - of humanitarian assistance along with other ministries”.

With the diverse Chinese institutions of aid managing and policies, it is possible that China does not keep data for the assistance they provide (Lancaster, 2007).

“Chinese aid to SSA [Sub-Saharan Africa], of which little is known, appears to be very closely linked to strategic and political objectives, perhaps even more so than the aid offered by some European countries and the US” (Kaplinksy et al., 2006). The sense of strategic focus of the Chinese foreign policy and its implications of varying inputs in the continent, especially focusing on infrastructure and mining projects, make it virtually impossible to unfold the three separate vectors; aid, foreign direct investment and trade (Kaplinksy et al., 2006).

The only actual objectives of Chinese aid focus on Taiwan. Beijing stresses that it is the only legitimate representative of the People’s Republic of China. Although the struggle for recognition between China and Taiwan is no longer as crucial as it was in the past, it remains an important objective. As an example, at the UN Security Council, African states, according to Beijing's strategy, voted the Republic of China (Taiwan) out of its permanent seat at the Security Council (Alden, 2007). This only objective demonstrates the actual principle of the Chinese aid, however, also the economic and diplomatic influences from several African nations are strongly affected.

Chinese aid has a tendency of being more beneficial for the recipient governments than traditional aid. The Chinese government finances prestigious buildings that African presidents or leaders strongly appreciate for their own political motives. According to Tull (2006): “In return, Beijing can count on valuable diplomatic support from African governments to defend its interests at the international level, particularly in multilateral organisation with ‘one country - one vote’ arrangement”. For example, according to Tull (2006): “In the

United Nations Commission on Human Rights, for instance, African countries have frequently played a prominent role in frustrating Western efforts to bring about a formal condemnation of China's human rights record". In other words, with the Chinese aid policy China has gained significant diplomatic support from the African governments (Tull, 2006).

China's principle of non-interference in the internal affairs of the recipient countries and the little to no lending criteria, have generated positive reactions. Therefore, China has presented itself as a tempting alternative for the traditional aid and gained significant and valuable diplomatic support to guard the international interest of China (Tull, 2006). Furthermore, United Nations advisor Jeffrey Sachs argued that "China gives fewer lectures and more practical help than other development partners, particularly on the use of high-yielding seeds varieties and irrigation, could potentially be used to alleviate poverty in Africa" (Zafar, 2007).

The principles of the Chinese foreign policy have been proven to be tempting for African leaders. The Chinese promotion of a policy with 'no political strings' and the promotion of trade and foreign direct investment result in a growing involvement of China in Africa. The three vectors of the Chinese foreign policy all have a complementary and a competitive edge. China's continuing search for resources to sustain its own growing economy has resulted in strong diplomatic partners.

Comparing the traditional aid policy and the Chinese aid, the traditional aid policy has several principles mainly focusing on good governance and participation, ownership and country led-partnership while the Chinese foreign policy has three vectors which are strongly connected and inseparable and securing one principle, Taiwan and the diplomatic support. Furthermore, it is very difficult to compare the two different policies due to the lack of resources, but most of all due to the different structures of the policies. Within Chinese foreign policy, trade, aid and foreign direct investment are inseparable while the traditional aid policy has an independent and separate policy purely for aid.

The principles of the traditional aid have faced some significant debate over the years. Furthermore, the Chinese foreign policy has been discussed, especially in the Western regions of the world.

2.3 Debate

The intensive change in Chinese-African relations resulted in many academic debates. China's new role in Africa had several interpretations. The dominant interpretations can be outlined as follows:

- China as a development partner
- China as an economic competitor
- China as a coloniser

China as a development partner is based on a long-term strategic arrangement to the African continent. This arrangement is based on the foundation of sharing and transferring development experiences. In addition, the commitment is driven by its own economic needs and aspirations to create an effective co-operative partnership. The second interpretation is based on China as an economic competitor. This interpretation

shows that China's commitment is a short-term commitment. It is seen as an engagement where China is viewing Africa solely as a field of resources. These discussions arose from China's insufficient accounting of local needs and concerns. Finally, the third interpretation derives from China as a coloniser (Alden, 2007). According to Alden (2007): "China's new engagement in Africa is part of a long-term strategy aimed at displacing the traditional Western orientation of the continent by forging partnerships with African elite under the rubric of south solidarity".

Furthermore, China has a growing influence on three specific groups of African countries. To specify, the democratising and transition countries, the mineral-rich countries and finally the post-conflict states within the African continent. The Chinese foreign policy puts a strong emphasis on sovereignty. China's principle of non-interference goes hand in hand with securing China's own sovereignty. The sovereignty and non-interference principle is often to the benefit of unsavoury regimes. The promotion of democracy is not an aim of Chinese foreign policy, in contrast to Western donors in Africa. According to Tull (2006): "Revenues from trade (and taxes), development assistance and other means of support widen the margins of manoeuvre of Africa's autocrats, and help them to rein in domestic demands for democracy and the respects for human rights". This reciprocal interaction is the main attraction of the Chinese policy to African leaders of the appropriate states. However, these interactions are likely to disservice the African citizens. Furthermore, as Tull (2006) argues: "China can position itself as a free-rider and is prone to win the political favour of, and by extension economic benefits from, sovereignty-conscious governments".

Western countries are developing a framework where mineral wealth in the region will transit from a 'curse' towards a vector of socio-economic development. China's involvement in this development seems unlikely. In order to join these efforts China should reduce its economic and diplomatic interest, to resolve the structural problems which mineral wealthy countries are facing. Therefore it seems highly implausible that China will participate in the development of the framework (Tull, 2006).

Furthermore, China's increasing involvement in the UN peacekeeping on the continent is twofold. China is sometimes admirable. Few western countries are willing to create troops for the continent. However, the coherence and credibility of Chinese participation in the UN peacekeeping mission has been questioned. Its influence may contribute to the eruption of violent conflict. For example, as Tull (2006) elaborates:

"[...] while China is currently an important troop-contributing country to the UN mission in Liberia, its economic interest helped President Charles Taylor to maintain himself in power. China imported half of Liberia's timber in 2000, and thus provided Taylor with considerable wherewithal".

Co-operation between China (and France) and Liberia only stopped the UN sanctions against Liberia's timber export in 2003. The combination of the decline of revenues from the timber export and the effort of several rebel groups, forced Charles Taylor to leave the country, allowing the start of the peace process (Tull, 2006). The economic interest of China in Liberia allowed a president, accused of crimes against humanity

and war crimes, to maintain his position in power. China's interest and participation in the UN Peace-building activities in Africa are therefore questionable.

In addition, as Zafar (2007) argues: “[...] China’s lack of attention to governance, democracy, and Human Rights issues in Africa, as testified by its support of pariah regimes in Sudan and Zimbabwe and its de-linking of aid from political reform, has raised concerns that the flow of Chinese aid may cause African governments to delay reform that promote openness and accountability”. In other words, the means by which China is delivering its aid has raised some strong questions from the West. Accountability is one of the main principles of the Western Aid policy and delays in accountability resulting from Chinese foreign policy, has been strongly debated in the West. However, the traditional aid policy is also a continuous debate.

Since the introduction of the Poverty Reduction Strategies, implemented by the western donors, participation of the civil society is an important principle of the traditional aid policy. Around the turn of the millennium, critics from the NGO world happily foresaw the inclusion of participation of the civil society as the breakthrough in the thinking of the IMF and the World Bank. However, unfortunately the breakthrough of aid thinking did not occur. Donors compared the principle of participation of the civil society with a stumble into a political minefield. The failure of the participation of the civil society has three major deeper lying weaknesses. Firstly, the civil society is highly overestimated and the expectations are far too optimistic. Civil society organises itself around common perceptions and interest and has a strong self-interest principle. The second weakness lies in the understanding of the political process. According to Molenaers et al. (2009): “[...] the understanding of the political process, and of state-society interaction in particular, is equally ‘angelical’. Its assumptions that the state holds a sufficiently neutral stand to acquiesce in a pro-poor strategy, that the political arena is open, and that power is distributed in such a way that the poor can weigh on political outcomes do not often match reality”. Finally, government ownership was too easily expected and assumed (Molenaers et al., 2009).

Another crucial area of controversy within the traditional aid policy is ownership and capacity. Molenaers et al., (2009) simplifies the structural adjustment policies by suggesting: “[...] that aid only thrives in favourable domestic policy environment, where political leaders are willing (ownership) and able (capacity) to promote development”. The obvious argument to this statement, however, is that the majority of nations in receipt and dependant, of aid are not in the position to utilise the relief to its most constructive extent due to lack of structural leadership and capacity. Consequently, the issues cannot, unfortunately, be resolved solely by providing aid (Molenaers et al., 2009).

Both policies have been at the centre of many academic debates. The traditional aid principles are often discussed as their impact may have failed, although significant changes in the internal policies of the recipient countries have been required by the donors. Furthermore, with the intensive and new relationship between China and the African continent, many debates arose, especially in the West. The Chinese principles

of aid are being questioned. The impact of the recipient will be discussed in the following chapter in order to examine the level of impact of both the Chinese and the traditional aid policies on the recipient countries.

Part 3

Impact of Chinese and traditional aid on the recipient countries

Part three will focus on the impact of Chinese and traditional aid on the recipient countries, while also assessing the impact on the donors. The first case study will examine the impact on the recipient country, Rwanda, and the traditional aid donor. However, this case study will focus on a specific donor, EuropeAid from the European Commission, which is part of general traditional aid. EuropeAid is the second largest donor of the OECD. The second case study will analyse the impact of the Chinese on Angola. Sub-section three will compare the impact of the Chinese and the traditional aid policies. While assessing the impact of both the Chinese and traditional aid policies the focus will be on the elements that provide evidence of its impact. China's lack of transparency in its aid distribution makes it difficult to compare the two streams of aid. Furthermore, the absence of reliable figures makes comparing the aid policies for one recipient country not possible. Although Rwanda and Angola are two different countries in Africa both have faced a recent violent history. Furthermore, both countries have experienced severe violence and whole generations have lacked education. Therefore, since the end of the violence in both countries, Angola and Rwanda have had to reconstruct their internal affairs. These recent reconstructions allow us to find the elements that provide evidence for the Chinese impact on Angola and EuropeAid's impact on Rwanda.

3.1 How does the donor, EuropeAid, a main institution of the traditional aid policy achieve its impact on Rwanda's development?

As the traditional aid policy consists of many different institutions and countries, in this case study the impact of EuropeAid on Rwanda will be researched. EuropeAid provides 11,18% of the total of the traditional aid directed at Rwanda. In 2009 Rwanda received in total \$ 934,38 million of the OECD donors. EuropeAid allocated in 2009 \$104,51 million to Rwanda (QWIDS, 2011). Rwanda's recent reconstruction after the genocide allows us to assess the evidence of EuropeAid's impact. While at the same time the impact on the donor, EuropeAid, will be explored. In order to demonstrate the impact of EuropeAid on Rwanda an understanding of both should be acknowledged.

EuropeAid

EuropeAid is the second largest traditional aid donor, after USAID of the United States of America. EuropeAid collects its budget from the member states of the European Union. The four largest member state contributors to EuropeAid are France, Germany, Italy and the United Kingdom. Together they contribute for 70 percent of EuropeAid's aid budget. EuropeAid's main focus lies in economic and human development, good governance and natural and food resources (Riddell, 2007). All European Union aid efforts are overseen by the EuropeAid co-ordination office. According to Riddell (2007): "This office's role and remit is to implement the external aid instruments of the European Community budget and the European Development Fund". The EuropeAid policy is based on the European Consensus on Development from 2005. In the European Consensus on Development European Union Member States, the European

Parliament, the European Council and the European Commission agreed upon a common European Union vision of development. Nine intervention areas were included in the consensus, which are the following:

- Trade and regional integration,
- Water and energy,
- Environment and the sustainable management of natural resources,
- Infrastructure, communication and transport,
- Rural development,
- Governance, democracy and human rights,
- Human development,
- Social cohesion and employment,
- Peace and security

(European Union, 2011).

EuropeAid's regional interests are Africa, Caribbean and the Pacific (ACP), Asia and Central Asia, Latin America, the Gulf region, neighbouring countries and Russia, and its overseas territories.

Rwanda

Rwanda, a landlocked country in the Great Lakes region, has experienced Africa's worst genocide in modern history. In April 1994, the aeroplane carrying former president Habyarimana, was shot down by Hutus to provoke the elimination of the Tutsi population. Over the course of a hundred days at least 800.000 Tutsis and moderate Hutus were massacred. Since mid July 1994 the country has been striving to rebuild its international infrastructure and economy (BBC, 2010). Half of Rwanda's population live below the poverty line. However, the percentage of the gross of school enrolment has increased from 137 in 2005 to 151 in 2008. Education is seen as a powerful tool for the reduction of inequality and poverty. Education lays the foundation for sustainable economic growth and development (Data, World Bank, 2011).

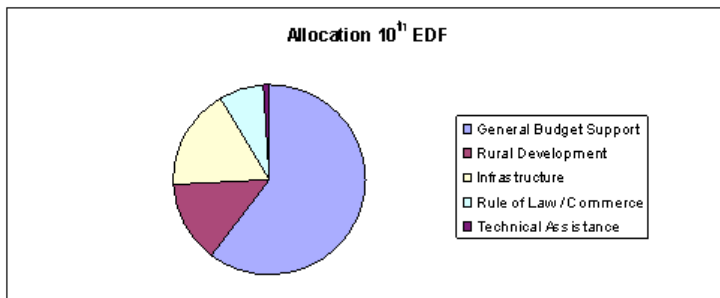
Cotonou agreement

The relationship between EuropeAid and Rwanda is regulated in the ACP-EU Partnership Agreement signed in Cotonou in June 2000 and revised in Luxembourg in 2005. According to Rwanda's Strategy Paper (2008) the Cotonou agreement is: "[...] to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries [Africa, Caribbean, Pacific] into the world economy". Furthermore, the Cotonou Agreement is the largest framework for North-South co-operation in the field of finance and politics (The Cotonou Agreement, 2010).

Under the 10th European Development Fund (EDF) (2008-2013) a total of €295.4 million Euro has been allocated to Rwanda (EuropeAid, Rwanda, 2010). To compare, during the 9th EDF, (2002-2007) a total amount of €219 million Euro was distributed to Rwanda. The 10th EDF main objective is, according to Delegation of the European Union to Rwanda (2011): "[...] to alleviate poverty in the context of sustainable development, whilst according a high priority to human rights and good governance issues. Good

governance, environment, gender balance and sustainability are cross-cutting issues through the while of the programme” (Delegation of the European Union to Rwanda, 2011). Figure 3.1 will demonstrate the allocation of the 10th EDF.

Figure 3.1 Allocation 10th EDF (Delegation of the European Union to Rwanda, 2008)



The development achieved since the genocide is impressive. Rwanda's own vision and development goals are embedded in the 'Vision 2020' made in 2002. According to the World Bank (2008);

“Vision 2020 ... seeks to transform Rwanda from a low-income agricultural-based economy to a knowledge-based, service-orientated economy by 2020. It envisages real growth of eight percent annually, to be achieved through: (I) deepening reforms, including in the business environment; (II) investing in major infrastructure (power, transport, and ICT); (III) increasing agricultural productivity; and (IV) investing in skills development needed for economic modernization”.

An annual GDP growth of eight percent is necessary to make a noteworthy dent in poverty. The current average and stable annual GDP growth is 7.5%. Furthermore, the economic crises have significant negative impact. The GDP growth fell from 11.2% in 2008 to 4.1% in 2009 (World Bank 2008).

Urunana

One of the projects EuropeAid is partly funding in Rwanda is the soap opera Urunana. During the Rwandan genocide the radio had a negative reputation. The radio was used to encourage hatred and murder (Urunana, 2010). However, since the end of the genocide the radio has been reinvented as a wide-reaching medium. Rwanda has an adult illiteracy rate of 70.3% which make written media a medium only directed at the selected few (Unit Nations, 2010). According to Gahenda (2011): “Urunana (Hand in Hand), a project of Health Poverty Action's Well Women Media Project, is a radio soap opera that works with local audiences to develop interactive weekly programmes that promote positive attitudes to women's reproductive and sexual health”. It is estimated that 74% of the population regularly listens to the opera soap (EuropeAid).

Urunana episodes, based on life in rural villages, address sensitive topics to achieve behavioural change. According to EuropeAid: “In a long-running, suspense-building format it addresses social norms which are barriers to behaviour change. Sensitive issues such as family planning, condom use, youth sexuality etc. generally considered to be taboo by Rwandan culture are addressed in the show to achieve behavioural

change and ultimately result in the improvement of people's health". Since 2000 over 1000 episodes of *Urunana* have aired, resulting in a 3.5 million women and youth beneficiaries (EuropeAid). Furthermore, the soap opera is seen as one of the most effective manners to address health education in Rwanda (*Urunana*, 2010).

Economic Partnership Agreement

The Economic Partnership Agreement (EPA) between the European Union and ACP countries (including Rwanda) is another instrument of the European Commission. Rwanda is heavily dependent on international aid with an indebtedness of 82% of the GDP. The expected result of the EPA is to strengthen trade relations between Rwanda and the European Union Member States. Rwanda's economic structure is heavily dependent on the agricultural sector (Perez, 2005). As Perez (2005) argues: "[...] instead of opening doors to economic diversification, the EPA could lead Rwanda to deepen its comparative advantages in agricultural products". Currently the agricultural sector accounts for 90% of employment in Rwanda and 44% of GDP. As expected by Perez (2005), rather than develop a broad-based economic sector, which will be based not solely on agricultural products, the EPA would only deepen the agricultural sector. An economy only based on an agricultural sector is vulnerable (Perez, 2005). According to the Trade division of the European Commission (2011), the EPA "are aimed at promoting trade between the two groupings – and through trade development, sustainable growth and poverty reduction. The EPAs set out to help ACP countries integrate into the world economy and share in the opportunities offered by globalisation". Although the aim of the EPA sounds promising it is naive. Subsidies in western countries, directed at their own farmers, obstruct the international trade market. The prices of western agricultural products are kept artificially low because of these subsidies. African farmers are unable to reach the same prices as the subsidised farmers. For example, as the Fair-trade foundation (2010) researched: "Combined, the US and EU have spent \$32bn on their cotton farmers over the past nine years. The effect is to dampen down cotton prices for West African farmers, restricting their ability to trade their way out of poverty and so perpetuating reliance on aid".

Furthermore, the trade division of the European Commission described the benefits for both European consumers and for the ACP countries, including Rwanda. European Consumers will benefit from lower prices, more choice, good quality and good value products and an ethical choice. In comparison, Rwandan farmers and manufacturers will benefit from having no quotas and duties on exports to the EU, access to a larger free market, no undue competition, no shock and wider reforms. The benefits for European consumers will directly stem from the EPA while Rwandans do not have direct benefits. The no undue competition benefit, which states that Rwanda will gradually open its economic market to EU imports, is an example of unbalanced benefits (Trade division European Commission, 2011). As discussed earlier, the subsidised farmers from the European Union are producing their products with limited costs. What will happen to the agricultural sector of Rwanda, which accounts for 44% of its GDP, as the subsidised farmers from the West sell their products on the Rwandan market? Rwandan farmers will lose the battle with Western farmers, resulting in an increase in their aid dependency.

The impact and effect of traditional aid has been a widely discussed topic since just after its inception (Riddell, 2007). In general, there is plenty of evidence of both failed and successful aid projects in traditional aid. As described above, the Urunana project can be categorised as a successful project. Health and health education are seen as one of the major pillars of development. The impact of Urunana on the rural population of Rwanda is significant. Sensitive topics such as youth sexuality, family planning and condom usage would rarely be discussed without Urunana. The impact on cultural and behavioural change results in the improvement of Rwandan citizens' health. EuropeAid's contribution in Urunana contributed to the behavioural changes of the population of Rwanda. Furthermore, the allocation of the 9th and 10th EDF has already resulted in a growing economy. In comparison, the EPA relationship has yet to prove its impact on Rwanda. One of the main issues western analysts have with the Chinese aid policy is understanding China's own benefit from aid projects. Looking at the EPA relations Europe will economically benefit from the partnership. The West's judgemental reaction of China's foreign development policies should therefore be questioned. The EPA relationship is unfortunately not equally beneficial for both the ACP countries and Europe. Moreover, the impact of the EPA relationship will result in a negative outcome for Rwanda. Rwanda's aid dependency will grow rather than shrink.

3.2 How does the Chinese aid policy affect the impact of development of Angola?

China's aid allocation statistics are not openly available. Due to the Chinese aid management, which subdivides its aid into several Chinese institutions, the transparency of Chinese aid policy can be questioned. Furthermore, China's aid is often allocated to countries where Western capital flows are low. Taking these aspects into account, a comparison between two aid policies in one African nation is difficult. However, as discussed earlier, although Rwanda and Angola are two different countries, some similarities between them allow us to assess the impact on the elements of development of both aid policies.

China's interest, involvement and policies in Africa have been inspired by its own experience. In the late 1970s China lacked infrastructure and modern technology so it leveraged its natural resources to Japan in order to attract a loan of \$10 billion. The new infrastructure and technology gained was to be repaid in natural resources such as oil and coal. The transaction between China and Japan in the 1970s is comparable to the arrangements made nowadays between China and African nations, and in this case study Angola (Brautigam, 2010).

Angola, located in the Southwest of the continent, faced a 14 year war for independence from its former coloniser, Portugal, which was followed by a civil war of 27 years. This civil war did not end until 2002. During the 41 years of war 1.5 million citizens were killed, 4 million people were forced to flee their homes. In addition, an entire generation failed to receive education. The country had to be completely rebuilt. The war pulverised Angola's infrastructure. According to the Economist (2010): "Angola feels like a gigantic building site, as roads, ports, railways, hotels, shopping centres, hospitals, universities -even whole new towns- rise up out of the bush". Due to its enormous oil reserves Angola was able to afford these massive

rebuilding projects. The rebuilding of the country and the oil reserves provide a mutual understanding between China and Angola. After Nigeria, Angola is Africa's biggest producer of oil (Economist, 2010).

Angola's struggling relationship with the IMF after 2002 provided an opportunity for the Sino-Angolan (Chinese - Angolan) relations. The Western donors, led by the IMF, demand reforms that would be very politically and economically risky for Angola, which made China's aid without conditions very appealing for Angola. The \$2 billion oil-backed loan in 2003 from China to Angola was China's first project in Angola (Traub, 2006).

Oil is traditionally not the only natural resource that has been exported by Angola. Iron ore, cotton, sisal and corn are all natural resources that have traditionally been exported. During both the war of independence and the civil war the only industry that continued to operate was the oil industry. Angola's major oil field is located in the Gulf of Guinea and the fighting did not affect the oil industry as the it could not take place on 'the bottom of the ocean' (Traub, 2006).

China's constant quest for natural resources, especially oil, make Angola an interesting investment. To maintain China's flourishing economy, vast amounts of energy are required to sustain its growth. China is the second largest consumer of oil (in the world? If so, include this phrase). As Hanson (2008) argues: "The International Energy Agency projects China's net oil imports will jump to 13.1 million barrels per day by 2030 from 3.5 million barrels per day in 2006" (Hanson, 2008). Within the next twenty years it is expected that the oil production in Africa will double, while at the same time the oil production will remain the same or even decline in the rest of the world (Traub, 2006). Since the installations of the loan's agreement between China and Angola, China increased its purchase of Angolan oil, resulting in the replacement of Saudi Arabia by Angola as the single-largest oil source for China (Traub, 2006). According to Hanson (2008):

"In Angola, which exported roughly 465.000 barrels of oil per day to China in the first six months of 2007, Beijing secured a major stake in future oil productions in 2005 with a \$2 billion package of loans and aid that includes funds for Chinese companies to build rail-roads, schools, roads, hospitals, bridges, and offices; lay a giber-optic network; and train Angolan telecommunication workers".

Angola's oil revenues account for 90% of the export earnings, 80% of government's earnings and account for over 50% of its GDP. As oil prices are constantly rising it's not surprising that oil-rich Angola has one of the world's fastest growing economies. Although the global recession has decreased oil prices significantly, it is still expected that Angola's economy will grow by 8% (Economist, 2010). As the Economist (2010) argues: "[...] Last year the economy is estimated to have grown, at best, by 1.5%. But it is bouncing back. Some say Angola will be among the world's top five performers again this year, with growth exceeding 8%".

Still, Angola is seen by the United Nations' Human Development Index as a country with Low Human Development. Angola ranks 146th out of the 169 countries in the Human Development Index. It is a country

where one out of three children dies before reaching the age of 5 and the average life expectancy is 48.1 years (Unit Nations, 2010). These figures contradict the growing economy of Angola. The wealth in Angola is surely directed to the elite. As Straub (2006) states: "Portuguese and Brazilian construction companies are building their headquarters along the perfect smooth boulevards. Members of the new corporate class are spending \$80.000 and more to buy one of the rose of pale green houses overlooking the sea". While the elite, the new corporate class, are living luxurious lives, two-thirds of the Angolans survive on \$2 or less a day, yet things are improving. Hundreds of kilometres of rail track and roads are being restored and the port has been modernised. Land mines, a dangerous remnant of the many years of war, are being removed (Straub, 2006).

Next to the oil-backed loans, the Export-Import Bank of China (China Eximbank) provided the Angolan government three loans with interest rates from LIBOR (the London Interbank Offered Rate) plus 1.25 to 1.75 percent in 2004. The LIBOR is the rate banks charge each other on loans. In comparison, most commercial lenders charged Angola a 2.25 percent rate plus the LIBOR. Furthermore, the grace period and the repayment terms are much more generous from the China Eximbank than those from most other commercial lenders (Brautigam, 2010). According to Straub (2006): "China uses its foreign aid as a means to promote opportunities for private investment, and the two countries agreed that Chinese construction companies would build the giant infrastructure projects financed by the loans". Loans such as the Eximbank loans made a significant improvement to the infrastructure in Angola.

As Brautigam (2010) argues: "[...] China's loans pose some risks for the African recipients, particular if Chinese firms are awarded infrastructure contracts without competitive bidding or if prices for the resources, the basis of the loan payments, are fixed in advance". Chinese companies often hire their staff in China. On average only 20% of the employees are of African origin, resulting in a reduction in job opportunities for Africans. Furthermore, the local employees are offered low labour standards and low wages, compared to the Chinese worker (Brautigam, 2010). Furthermore, the National Airlines of Angola decided in 2008, to launch a direct flight link between Luanda and China. The flight allows thousands of Chinese citizens to help reconstruct Angola (AFP, 2008). However, China and Angola made an agreement that Chinese companies are required to subcontract 30% of the total work to Angolan construction firms, allowing growing job opportunities for local workers.

Angola, a resource-rich country, has faced a history in which its resources were often a curse rather than a blessing. However, the vast resources of oil allowed Angola to rebuild after being destroyed during the two wars. A resource-backed loan, such as the oil-backed loan by China can act as catalyst for change. Such loans ensure at least some of the natural resources of Angola are invested in the development and reconstruction of infrastructure. While the benefit for Angola lies in the reconstruction of its infrastructure and rebuilding of the country, the oil-backed loans are also beneficial for China. The significant and still growing economy of China is in need of oil and other commodities. As the oil production in Angola is expected to continue growing while China's economy continues to grow, both China and Angola can benefit from the partnership.

China's foreign policy approach towards Angola has been successful. After having a complicated relationship with the IMF Angola has welcomed the aid policy of China. In order to rebuild war-torn Angola significant improvement had to be made to development, especially the infrastructure, schools and hospitals. The \$2 billion in loans and aid of 2005 included funding for Chinese construction companies to rebuild the infrastructure. The funding was directed to Chinese construction companies as agreed, allowing Chinese organisations to bid for contracts without competition resulting in fewer opportunities for local construction organisations. Although most infrastructure contracts were assigned to Chinese organisations the local construction organisations were able to participate. The Chinese construction companies were required to subcontract 30% of the project to local companies. The division between Chinese and Angolan employees is 80-20 percent within a Chinese organisation resulting in fewer job opportunities for the Angolan citizens. This allows them to develop themselves and to be able to sustain themselves. Another weakness in the relationship between Angola and China is the allocation of the profits from the oil. The elite benefit from the oil revenues while two-thirds of the Angolans do not feel the benefits of the significantly growing economy.

3.3 Comparison of the impact

As introduced earlier in this chapter, a comparison of the impact of Chinese and traditional aid on one African nation is difficult due to the lack of transparency of the Chinese foreign policy. Furthermore, China allocates its aid to countries where little OECD funding is allocated. The elements of development will be compared in the different settings. Those elements will provide the evidence of the impact of traditional and Chinese aid on the recipient countries.

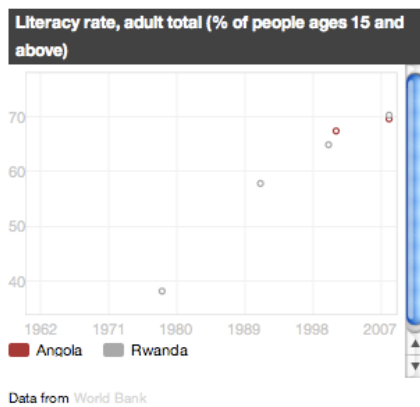
Both Rwanda and Angola have had an extremely violent history resulting in the death of millions of citizens. Entire generations lack education, one of the main pillars of development and the infrastructure has been pulverised by the wars. In order to analyse the difference of the impact of Chinese aid in Angola and EuropeAid in Rwanda a comparison will be made in the main pillars of development; health, poverty, education and economy.

This sub-chapter will be conducted by the figures of the World Bank and the Human Development Index.

	Rwanda	Angola
Rank on the Human Development Index (2010)	152	146
Rwanda and Angola are both categorised by the Human Development index as Low Human Development countries. In the last five years, Angola made a significant jump on the Human Development index. In 2005, Angola was number 160 on the list. Compared to Rwanda, in 2005 Rwanda was number 159 (United Nations, 2005).		
Ranks 1 to 42 are very high human development, 43-85 high human development, 86-127 medium human development 128-169 low human development (United Nations, 2010).		

	Rwanda	Angola
Health: Life expectancy (2010) (United Nations, 2010)	51,1 years	48,1 years
<p>Life expectancy is connected to health condition. Health conditions are an integral indicator of development. In recent years the life expectancy of both Rwanda and Angola have been growing.</p> <div data-bbox="884 374 1428 882"> <p>Life expectancy at birth, total (years)</p> <p>Y-axis: 30, 40, 50</p> <p>X-axis: 1962, 1971, 1980, 1989, 1998, 2007</p> <p>Legend: Rwanda (red), Angola (grey)</p> <p>Data from World Bank</p> </div>		
Health: Improved sanitation (% of population with access) (2008)	54%	57%
Poverty: Head count poverty (2000-2004) (United Nations, 2010)	81,4%	77,4%
<p>In the years 2000 to 2004, in Rwanda and Angola more than three-quarter of its citizens lived on less than \$2 a day. Poverty is a clear example of unsuccessful development.</p>		
Education: Literacy adult (2010)	70,3%	69,6%
<p>Education is seen as an important indicator of development. Education can reduce poverty and inequalities.</p>		
Total percentage of Official Development Assistance (ODA) of GDP (2008)	2,3%	0,5%
<p>(Data, World Bank, 2011)</p> <p>ODA is an aid system used by traditional aid donors. EuropeAid is included in the ODA. Both countries receive ODA. Angola only received in 2008, 0,5% of its GDP while Rwanda receives 2,3% (United Nations, 2010).</p>		
Economy: Agricultural (% of GDP) (2009) (Data, World Bank, 2011)	38,7%	10,2%
Economy: Industry (% of GDP) (2009) (Data, World Bank, 2011)	13,5%	59%

In the last few years both Rwanda and Angola have had notable development. However, there are some significant differences in their development. Regarding the economy, Rwanda is an agricultural economy while Angola is an industrial economy. Over half of the GDP of the latter comes from industrialisation, while only 13.5% of Rwanda's GDP comes from industry. As Kamararck argues, stated by Hoebing (2009): "[...] Sub-Saharan Africa's export consisted (and consist) mainly of one or two agricultural raw material and minerals. Dependency on primary products however complicates economic growth and makes it more difficult, because of the fluctuations in prices and total receipts, and because demand grows much more slowly than incomes in the industrialised countries". The economic figures are not surprising as Chinese aid combines its three vectors, aid, foreign direct investment and trade. Trade and foreign direct investment are especially directed toward an industrial economy.



Furthermore, the growth in education and literacy has increased in recent years in both countries. The literacy rate of adults in Rwanda grew from 65% in 2000 to 70% in 2008, with an increase of 500,000 citizens. The literacy rate of Angola grew from 67% in 2001 to 70% in 2008 (Data, World Bank, 2011).

However, the main difference between the two different aid policies and their impact on the recipient countries is the stimulation of China to develop the economic industry. The three main pillars of Chinese foreign policy; aid, trade and foreign direct investment, especially the last two vectors, influence economic development strongly. Traditional aid distributes its investments more diversely over the all the important pillars of development. Although EuropeAid also has a trading program with Rwanda it is not its major program. The same dedication is given to development projects focusing on education, infrastructure and health, with grass-root projects such as Uranana, for example.

Conclusion

The purpose of this research is to provide an answer to the question: How does the Chinese development aid differ from the 'traditional' development aid system in Africa? Firstly, a short summary of the historical developments of aid of the traditional western aid systems and of the Chinese aid policy was given. Secondly, an analysis of the principles of both aid policies was provided and analysed on the differences between the Chinese and the traditional aid policy. Furthermore, an examination was conducted on the major debate themes of both policies. Concluding with two different case studies, one on the impact of EuropeAid on Rwanda and the second case study researched the impact of China's aid policy on Angola. Both case studies allowed me to research the differences between the impact on Rwanda by EuropeAid/traditional aid and the impact of Chinese aid on Angola. The differences between Chinese aid and traditional aid can be found in all aspects of the policies. Significant differences have been illustrated in its history, principles and in the impact on the recipient countries.

After having examined the historical developments in both aid policies it is clear that both policies have a different historical development. The Cold War, however, has been a landmark in the historical development of both aid policies. During the Cold War, China had to find new economic partners, due to the economical embargo imposed on China by the United States of America and Europe. The economical outreach of China towards North Korea was China's first aid program. Furthermore, significant contributions in the historical development of the Chinese aid policy have been enhanced due to external embargoes. As discussed, the economical embargo during the Cold War established China's first outreach. In addition, the judgemental reaction of the West on China at the massacre at the Tiananmen Square, opened the door for China to strengthen its ties with non western countries. However, the greatest development of China's aid policy is the transformation from oil exporter to importer of oil and other commodities. In comparison, traditional aid has three main fundamentals. Namely, aid for relief, colonial development and technical assistance. Especially the principle of colonial development established the current traditional aid policy as the dominant donor in Africa. "In Africa, aid was closely linked to the process of decolonisation, the erstwhile colonial powers mixing a moral obligation to support their former colonies with a desire to retain both political influence and access to natural resources and markets" (United Nations, 2006). Other distinctive features in the history of traditional aid are the Bretton Woods institutions, the Marshall Plan and finally globalisation.

In part two, the principles of the aid policies have been analysed and compared. It has been clear that the principles and preconditions of both donors demonstrate a significant difference. While China has official only one precondition, relating to Taiwan, traditional aid policies has several preconditions including good governance, effectiveness, participation, ownership and country led-partnership. The characteristics of good governance and the principles of the Comprehensive Development Framework consist of demands and conditions from the donor countries before recipient country are able to receive aid. The Chinese foreign policy has three vectors; trade, foreign direct investment and aid, which are strongly connected and inseparable. Regarding the debate, for many years the traditional aid and Chinese aid policy have been

heavily discussed by mainly Western scholars. China is seen as a development partners, economical competitors or colonisers. Main focus points of the traditional aid policies such as democracy, governance and human rights have been ignored by China. Therefore, African countries with little to no acknowledgement of those focus point often co-operate with China. The enormous amounts of precondition and principles in traditional aid is at the centre of many academic debates. Some of the preconditions are too optimistic and unreachable for those countries who are in need of aid.

Part three analysed the different impacts of Chinese aid and traditional aid on recipient countries, while focusing on the main pillars of development; health, poverty, education and economy. The main pillars have provided evidence of the impact of both donors in the recipient countries. While traditional aid focus on several pillars of development, for example health (project Urunana) and economic (Economic Partnership Agreement), Chinese aid focus strongly on only economical development. Angola's industrialisation figure of 59% of GDP is not surprising as China's foreign policy combine aid, trade and foreign direct investment.

Coming back to the research question: How does the Chinese development aid differ from the 'traditional' development aid system in Africa? In all aspects of the aid policies differences between Chinese and traditional aid can be found.

	Chinese aid policy	Traditional aid policy
Foundation of aid	<ul style="list-style-type: none"> • Aid, trade, foreign direct investment, • The Five principles of Peaceful Coexistence, <ul style="list-style-type: none"> • Mutual respect for sovereignty and territorial integrity, • Mutual non-aggression, • Non-interference in each other's internal affairs, • Equality and mutual benefit, • Peaceful coexistence. 	Aid for relief, colonial development and technical assistance

	Chinese aid policy	Traditional aid policy
Landmarks in historical development of both aid policies	<ul style="list-style-type: none"> • Cold War (including economic embargo), • The Five Principles of Peaceful Coexistence, • Bandung conference, • Reaction of the West on the Tiananmen Square massacre, • China as a developing nation, • From oil exporter to oil importer, • America's international hegemony, • The Asian financial crises. 	<ul style="list-style-type: none"> • Bretton Woods institutions, • Inaugural speech Truman, • Marshall Plan, • Cold War, • Post coloniser period, • The financial push paradigm, • The 1970s oil crises and famine, outbreak in Africa, • Globalisation, • Millennium Development Goals.
Principles	<ul style="list-style-type: none"> • Taiwan 	<ul style="list-style-type: none"> • Good governance <ul style="list-style-type: none"> • Participatory, • Consensus oriented, • Accountable, • Transparent, • Responsive, • Effective and efficient, • Equitable and inclusive, • Rule of Law, • Comprehensive Development Framework <ul style="list-style-type: none"> • Long term holistic vision, • Ownership, • Partnership, • Focus on development results.
	<p>The characteristics of the two main principles of the traditional aid policies consist of demands and conditions from the donor countries for the aid receiving countries. Some of these preconditions are highly optimistic and unreachable for those countries that are in need of aid. The Chinese foreign policy has three vectors which secure China's only principle Taiwan, however, also the economic and diplomatic influences from several African nations are strongly affected. The sovereignty and non-interference principle of the Chinese aid policy often benefit unsavoury regimes. In contrary to traditional donors, the promotion of good governance and human rights is not an aim of the Chinese foreign policy.</p>	

	Chinese aid policy	Traditional aid policy
Impact on recipient countries	The stimulation of China on the recipient countries to develop the economic industry is the main difference in the impact on the economy of the recipient countries. Traditional aid project focuses on various aspects of development, including health, education and economy. Whilst Chinese aid projects mainly focus on economy and infrastructure.	
Donors benefit	China's constant quest for natural resources to feed its national growing economy is one of the main fundamentals of the Chinese foreign aid policy. Even in the Five Principles of Peaceful Coexistence from 1954 the principle of equality and mutual benefit was stated.	Western countries judge the Chinese idea of mutual benefit whilst providing aid. While assessing the impact of traditional aid on Rwanda it seemed obvious that Europe also benefits from some of its aid projects, in this case the Economic Partnership Agreement. The impact of the EPA is not equally beneficial for both donor and recipient countries. Moreover, the impact merely results in a positive outcome for Europe while for Rwanda the outcomes will be negative.

Finally, the following statement by Brautigam (2010) will demonstrates Western judgements on Chinese initiatives:

“While the West supports micro finance for the poor in Africa, China is setting up a 5\$ billion equity fund to foster investment there. The West advocates trade liberalisation to open African markets; China constructs special economic zones to draw Chinese firms to the continent. Westerners support government and democracy; the Chinese build roads and dams. In so doing, China may wind up supporting some dictatorial and corrupt regimes, but- and this is an inconvenient truth - the West also supports such regimes when it advances its interest. And given the limits of the West's success in promoting development in Africa so far, perhaps Westerners should be less judgemental and more open-minded in assessing China's initiatives there”.

Rather than only looking and questioning the initiatives of the 'other', the impact on the recipient countries should be most important. The development of the poorest regions in the world will in the end benefit everyone. Furthermore, the development of the weak and failed states will protect both the West and China from terrorists. In order to develop an aid policy which is more effective for Africa, both aid policies could learn from each other instead of criticising each other.

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