



China's Foreign Aid and Aid to Africa: overview

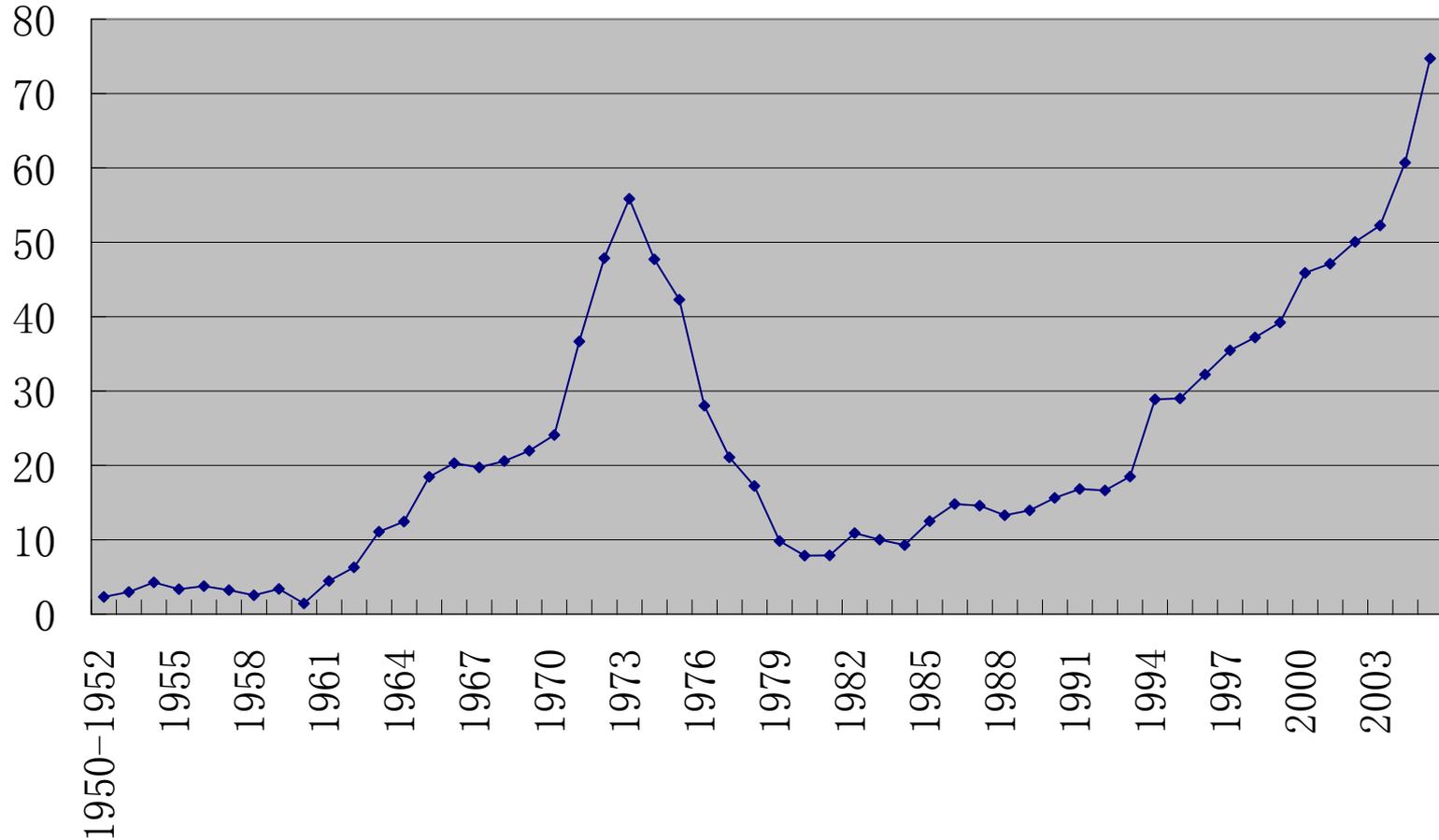
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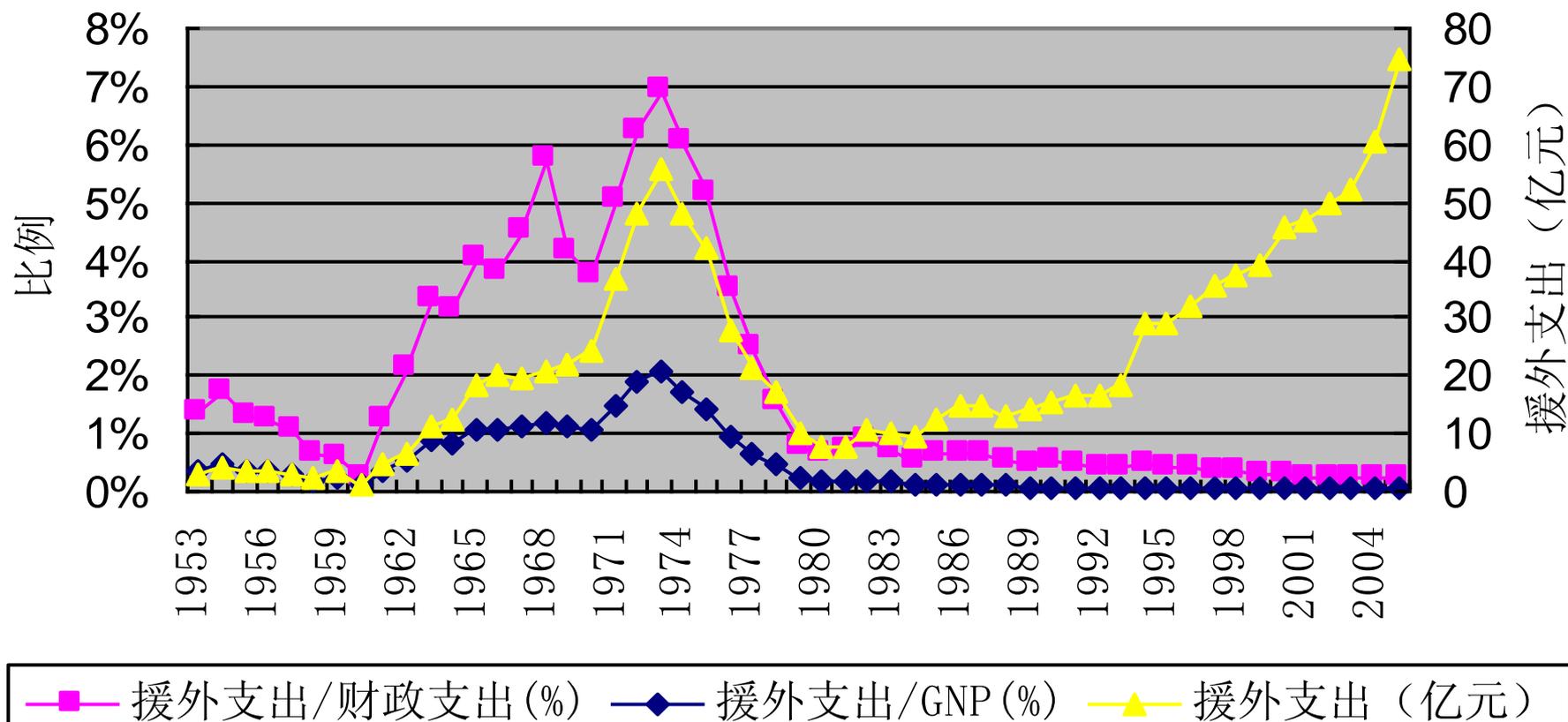
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1. Trend of China's foreign Aid (RMB)



Trend of China's foreign Aid (RMB)



2. Evolution of China's Aid and Aid to Africa

- **Phase I (1950-1974):**

the phase of political aid on ideology exportation. From 1950 to 1973, China's foreign aid had kept risen up both in terms of the total amount and its proportion in GNP and the financial expenditure in the corresponding period. The total amount of foreign aid increased to 337 million RMB in 1959 from the average annual amount of 76 million RMB during the period of 1950 to 1952, which covered 0.23 % the GNP at that time and 0.62% of the financial expenditure. In 1973, the total amount of China's foreign aid rose up to 5.584 billion RMB, which shared 2.05% of the GNP at that time and 6.9% of the financial expenditure. In the early years of 1950s, the main recipient countries of China's aid were in Asia. After 1955, the recipient of China's foreign aid has been expanded to some of the African countries.

Evolution of China's Aid and Aid to Africa

- In November 1956, the Chinese government gave 20 million Swiss Franc in cash as financial grant to the Egypt government to support their fight on the right over the Suez Canal. In 1960, the Chinese government agreed to assist Guinea to build match plant and cigarette plant, which was the first development project from China in the SSA area. In the late 1961 and early 1962, China sent seven agricultural specialists to Mali in helping their experiments on sugarcane and tea, which was also succeeded. In August 1965, China sent the investigation team to Africa to assess the feasibility of building the Tanzania-Zambia railway; in the late 1960s, China successively sent the medical teams to Tanzania, Somali, Congo, Mali and Guinea etc.**

Evolution of China's Aid and Aid to Africa

- **Phase II (1974-1990): adjustment and transformation phase**

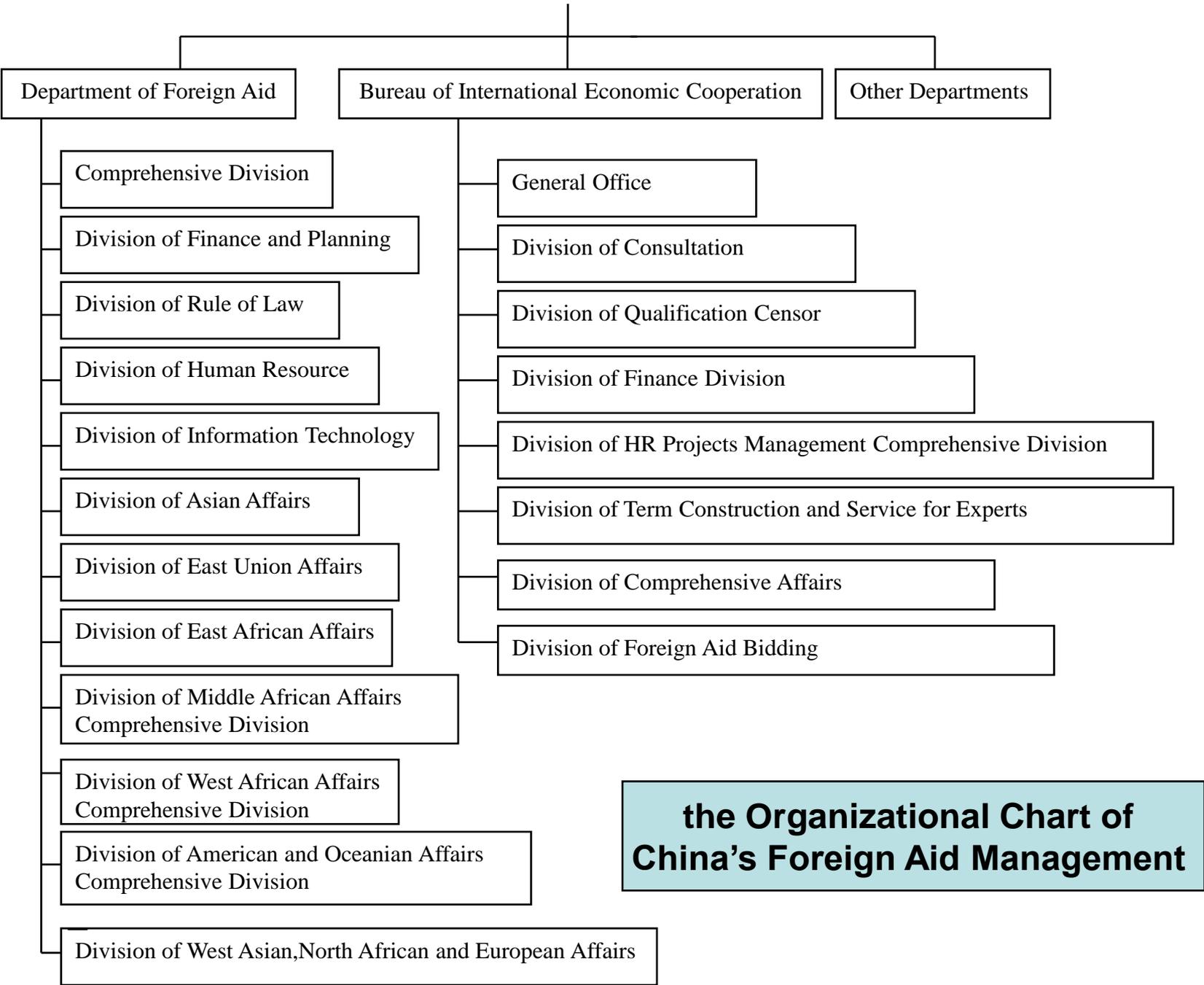
Both the total amount of the foreign aid and its proportions to GNP and the financial expenditure were all presenting a descending curve. these figures decreased from the total amount of 4.771 billion RMB, covering 1.71% of the GNP and 6.0% of the financial expenditure in 1974 down to 1.562 billion RMB of the total amount in foreign aid, covering 0.08% of GNP and 0.51% of the financial expenditure in 1990. during the same period, China's aid to Africa also decreased due to the same reasons. after the opening reform in 1978, China made adjustment in its diplomatic policies, and emphasized that the work on external relations should serve for the domestic modernization construction.

Evolution of China's Aid and Aid to Africa

- **Phase III (1991-now): the phase of financial aid and technical assistance with integrated-objectives.**

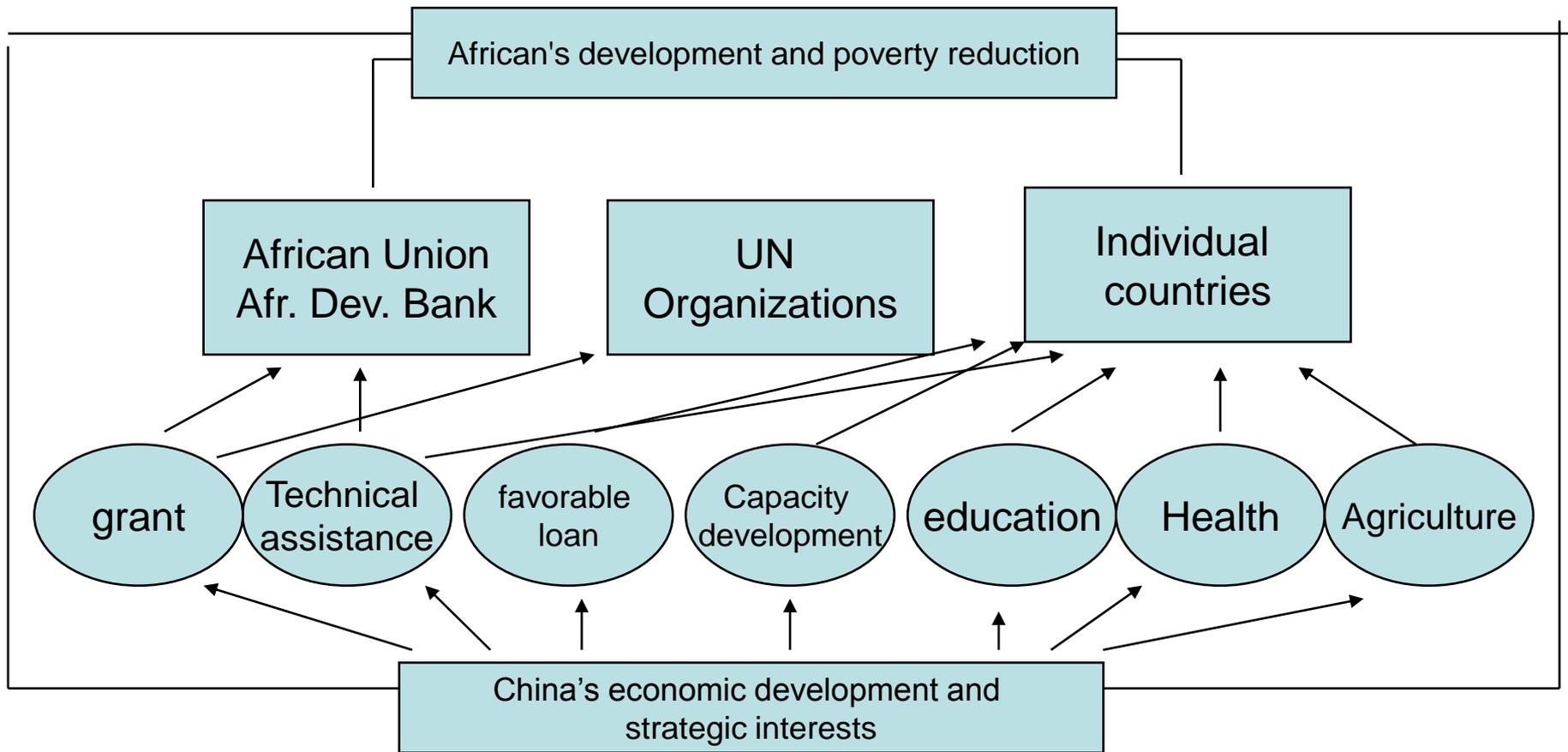
China's foreign aid had since 1990s entered a new period which emphasized on reciprocity and mutual benefit, economic benefits, the integration of the political interest and the obligations of a "big country". After the ending of the Cold War, in order to comply with the global trend, China has made reforms on its foreign aid, and increased the amount of the aid fund and expanded the coverage of recipient countries, it also made adjustments in concrete forms of its aid. During the period of 1991 to 2005, China's foreign aid expenditure had been soaring up. Its rose from 1.68 billion RMB, with the proportion of 0.08% in GNP and 0.50% in financial expenditure in 1991 up to 7.47 billion RMB, with the proportion of 0.04% and 0.22% in GNP and financial expenditure respectively. And China had chosen Africa as the main recipient area of its foreign aid. Since the past 50 years, China's foreign aid to Africa has amounted to 44.4 billion RMB covering 30% of the total amount of 120.773 billion RMB. These foreign aid to Africa has sponsored about 900 infrastructure and social development projects.

Ministry of Commerce of the People's Republic of China



the Organizational Chart of China's Foreign Aid Management

3. China's Aid strategy and modality



4. China's Aid: competitor or alternative to the West aid program?

- China's aid: “as a means of support and as a means of making change” (social –cultural aspect, political economic as well);
- Conditionality: China's “no-conditionality “aid provides possible way of developing self driven agency for Africa countries (strategic for aid effectiveness)
- Aid and economic development (infrastructure, capacity development, joint venture, domestic economy etc)
- Transaction cost of aid (less complicated procedure, no expensive studies etc.)