BRICS and Foreign Aid

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Abstract

This paper provides an overview of the small but growing literature on the bilateral foreign aid activities carried out by the five BRICS countries. While these so-called emerging donors are steadily gaining prominence in international development, they are certainly not new to the field, with foreign aid programs dating back as far as the 1950s. The recent increase in both the size and scope of their development activities around the globe is regarded by some as a threat to the international aid architecture dominated by the United States and its allies in Western Europe and Japan. What do we know about the size, scope and institutional design of the BRICS countries’ aid activities? What can we learn about these donors’ aid motives by analyzing the pattern of their aid recipients and focal sectors? Does the existing qualitative and quantitative literature allow us to draw conclusions about the effects of BRICS aid on economic growth, other development outcomes, governance and conflict in recipient countries? Moreover, how will BRICS aid affect the DAC-centered international aid architecture and the way the so-called traditional donors provide aid? While our examination of existing scholarly work allows us to draw some tentative conclusions, it also underscores the considerable variation BRICS donors show in their aid approaches; they rarely act as a group in international development cooperation. We also highlight the major avenues and challenges for future research.

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Contents

1. Introduction ........................................................................................................................................ 1
2. What Is Different About BRICS Aid? .............................................................................................. 4
3. Brazil .................................................................................................................................................. 7
4. Russia ............................................................................................................................................... 10
5. India .................................................................................................................................................... 13
6. China .................................................................................................................................................. 17
7. South Africa .................................................................................................................................... 23
8. Conclusions ..................................................................................................................................... 27
References ............................................................................................................................................. 29
Figures and Tables ................................................................................................................................. 44
1. Introduction

At their annual summit in the Brazilian city of Fortaleza in July 2014, the five leaders of the so-called BRICS countries (Brazil, Russia, India, China, and South Africa) launched the New Development Bank (NDB) to support the funding of infrastructure projects in developing countries. Today, the bank has been equipped with an initial subscribed capital of US$50 billion, it has opened its headquarters in Shanghai, and the Indian national K.V. Kamath has assumed his role as the Bank’s president. Together with the newly established Asian Infrastructure Investment Bank (AIIB) and the planned Shanghai Cooperation Organization (SCO) Bank, the NDB is seen as a challenger of the international aid architecture dominated by the United States and its allies in Western Europe and Japan. Unsurprisingly, the United States opposes such initiatives that question its global leadership [Desai and Vreeland, 2015; Stiglitz, 2015], but it is astonishing that many Western countries have jumped on the China-led bandwagon and become members of the AIIB.¹

These young multilateral initiatives led by BRICS countries add to the long-standing and impressively growing bilateral aid activities of these five states. Brazil, Russia, India, China, and South Africa are all not new to the aid business, in spite of which they often receive the label ‘new donor’ or ‘non-traditional donor’ [Manning, 2006; Kragelund, 2008]. China, for example, started its aid activities in 1950, while Brazil, the ‘youngster’ among the BRICS, became an aid donor in 1969 [Fuchs and Müller, 2017]. Today, the combined aid budget of the five BRICS is still small compared to the total amount of aid provided by the club of established donors organized in the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The rapid pace with which the BRICS’ aid activities have grown in size and scope, however, has drawn significant public attention [e.g., Naím, 2007; Woods, 2008; Walz and Ramachandran, 2011]. Figure 1 shows the average annual gross disbursements of Official Development Assistance (ODA) by all G7 and BRICS countries over the 2010-2014 period in millions of US dollars.² The United States is the world’s largest provider of ODA, followed by Japan and Germany. Following strict OECD definitions, BRICS aid appears to be small compared to G7 aid but such statistics hide the considerable amounts of official

¹ On the proliferation of development banks, see Pratt [2017]. On why many countries choose to join the AIIB, see Wang [2016].
² According to the OECD, ODA are “those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are: i. provided by official agencies […] or by their executive agencies; and ii. each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent […]”
non-ODA financing that the emerging powers provide to developing countries. India’s aid commitments, for example, would rise from an annual average of US$ 588 million to US$ 1.56 billion if loans by the country’s Export-Import Bank were added to the aid projects provided by the Ministry of External Affairs [Asmus et al., 2017]. Similarly, only one third of the US$ 94.31 billion in official finance commitments from China to Africa between 2000 and 2013 is classified as ODA according to AidData’s Tracking Chinese Development Finance database [Strange et al., 2017].

Despite the BRICS’ long track record as aid donors, until recently scholarship has devoted almost exclusive attention to foreign aid provided by both the member countries of the DAC and the big international financial institutions, mainly the International Monetary Fund and the World Bank. Scholars have scrutinized in depth these donors’ aid allocation [e.g., Alesina and Dollar, 2000; Kuziemko and Werker, 2006; Hoeffler and Outram, 2011]. They also investigated whether and under which conditions it is effective in promoting economic growth and other developmental goals [e.g., Burnside and Dollar, 2000; Clemens et al., 2011; Galiani et al., 2017], and examined the side-effects of its flows [e.g., Kono and Montinola, 2009; Bjørnskov, 2010; Nunn and Qian, 2014]. Unsurprisingly, several survey studies try to help researchers cut a swathe through the thicket of the aid literature [e.g., Doucouliagos and Paldam, 2008, 2011; Milner and Tingley, 2013; Fuchs et al., 2014].³

On the contrary, academic research on emerging donors outside the DAC is scarce.⁴ There are at least two main reasons why foreign aid from BRICS countries has largely flown under the radar in social sciences research. First, these countries’ bilateral aid flows have not always been sizable. This is particularly true for the 1990s, i.e., after the end of the Cold War and the abolishment of the apartheid regime in South Africa. Second, the aid activities of all BRICS donors are much more opaque compared to those of the DAC donors and the big international financial institutions, preventing researchers from conducting thorough empirical analyses. Tellingly, China, the largest BRICS donor, ranks second to last in the annually published Aid Transparency Index.⁵ Recent advances in the availability of unofficial data on BRICS aid [e.g., Tierney et al., 2011; Asmus et al., 2017; Strange et al., 2017; Brandt, n.d.] have helped to fill this research gap.

³ More recently, a growing number of scholars work with geo-referenced aid data to explore aid allocation and effectiveness at the subnational level [e.g., Strandow et al., 2011; Öhler and Nunnenkamp, 2014; Dreher and Lohmann, 2015].
⁴ See Dreher et al. [2013] for a literature review on non-DAC donors more generally.
⁵ Publish What You Fund [2016] evaluates China’s Ministry of Commerce, which is the country’s leading aid agency. Only Saudi Arabia ranks lower among the 45 rated aid agencies.
A better understanding of BRICS aid is important. Woods [2008: 16] describes the rise of non-DAC donors as “[a] silent revolution [that] is taking place in the development assistance regime.” The five BRICS countries are not members of the OECD, let alone the DAC, and thus do not have to abide by the organization’s standards. They are thus less constrained in the way they provide aid and may follow their political and economic self-interests and strategic considerations to a greater extent than DAC donors [Sato et al., 2011; Fuchs and Klann, 2013]. The BRICS donors have common ground insofar as they seek to challenge the prevailing international aid architecture through reforms or the establishment of new institutions [Tierney, 2014]. Their growing bilateral aid budgets, the joint construction of new multilateral development organizations, the often promulgated rejection of aid conditioned on policies and institutions, and a focus on aid tied to goods and services from the donor economy are said to undermine the dominance of DAC donors in the world of international development cooperation.⁶

This paper aims to provide a comprehensive overview of the small but growing literature on the bilateral foreign aid activities carried out by the five BRICS countries around the globe. It aims to answer the following questions: What do we know about the size, scope and institutional design of the BRICS countries’ aid activities? What can we learn about these donors’ aid motives by analyzing the pattern of their aid recipients and focal sectors? Does the existing qualitative and quantitative literature allow us to draw conclusions on the effects of BRICS aid on economic growth, other development outcomes, governance, or conflict in recipient countries? Moreover, how will BRICS aid affect the DAC-centered international aid architecture and the way the so-called traditional donors provide aid? While our examination of previous scholarly work allows us to draw some careful conclusions, it also reveals the heterogeneity of the five BRICS’ aid activities. Based on our findings, we highlight major avenues and challenges for future research.

We proceed as follows. The second section provides a brief discussion of the major differences between the aid policies of BRICS donors and those of the so-called traditional donors. The following five sections introduce each BRICS donor, summarize the existing research on their aid activities, and sketch avenues for future research. The final section summarizes the paper.

⁶ See Bunte [2012] for arguments why recipient governments may or may not prefer unconditional over conditional aid.
2. What Is Different About BRICS Aid?

There are several theoretical reasons why BRICS aid should differ from DAC aid. First, BRICS donors are not bound by the regulatory framework of the DAC or similar rules. Second, the BRICS countries are large in terms of population and the size of their economy but still clearly below the level of economic development of DAC donors, which may affect their aid motives. Third, the BRICS differ from (the typically Western) DAC donors since their aid philosophies—with the exception of Russia—have been anchored in the Non-aligned Movement and, more specifically, in the framework of South-South Cooperation, including the principle of non-interference in domestic affairs. In what follows, we briefly discuss each of these three points and highlight what sets the BRICS apart from the so-called traditional donors.

First, by operating outside the DAC, BRICS donors have not committed themselves to align their aid efforts with the DAC’s principles and regulations. Their actions do not have to undergo a regular peer review by the DAC [Ben-Artzi, 2017]. The DAC has established a lengthy set of principles, standards and procedures by which member donors govern their relations with recipient countries. Most notably, the 2005 Paris Declaration on Aid Effectiveness lays out principles on how to make aid more effective.7 Although Russia was negotiating its OECD membership and the OECD has run “Enhanced Engagement” programs with the other BRICS countries since 2007, none of the BRICS countries abides by DAC aid principles. It rather seems that most BRICS nations’ aid modalities resemble the aid practices of the DAC donors a couple of decades ago [Kragelund, 2010]. Sato et al. [2011: 2097] argue that the absence of “collective institutions for self-restraint” provides non-DAC donors with “a certain level of freedom to pursue their own short-term national interests through their aid activities.” For example, the BRICS donors’ decision to tie their aid deliveries to goods and services from the donor economy stands in sharp contrast to DAC principles [Kragelund, 2008]. This is of concern both from a development perspective as tied aid typically reduces its value for the recipient [Knack and

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7 Although the BRICS donors have signed the Paris Declaration, it is commonly understood that they did so as recipients and not as donors of aid [e.g., Chaturvedi, 2008; Bräutigam, 2009]. The declaration includes the following five core principles: “1. Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption. 2. Alignment: Donor countries align behind these objectives and use local systems. 3. Harmonisation: Donor countries coordinate, simplify procedures and share information to avoid duplication. 4. Results: Developing countries and donors shift focus to development results and results get measured. 5. Mutual accountability: Donors and partners are accountable for development results” (see https://www.oecd.org/dac/effectiveness/parisdeclarationandaccaagendaforaction.htm, accessed 13 February 2017). Evidence in Minasyan et al. [2016] suggests that aid effectiveness improved for those donors that enhanced their quality of aid giving after the Paris Declaration.
Smets, 2012] and from the perspective of businesses in OECD countries as it provides BRICS donors with commercial advantages vis-à-vis DAC donors. Moreover, the low share of budget support in the BRICS’ aid portfolios should also be of concern if one attaches a value to the principle of country ownership.

Second, the BRICS countries’ lower levels of income provides another argument why BRICS aid should follow self-interests more than that of DAC donors. Fuchs and Vadlamannati [2013] hypothesize that self-interest is a particularly important driver of aid from the perspective of poorer donor countries. Given the developmental challenges that a “needy” donor country faces domestically, its population’s support for altruistic development aid activities is arguably weaker. Altruistic aid can be understood as a “luxury good” [Dudley, 1979]. Governments of poorer countries are therefore more likely to emphasize the expected benefits that accrue to the donor country from engaging in foreign aid. To this effect, Naím [2007:95] holds an extreme view, arguing that “rogue aid providers [China, Iran, Saudi Arabia and Venezuela] couldn’t care less about the long term well-being of the population of the countries they ‘aid.’” Analyzing the results of the existing aid allocation literature on non-DAC donors, Dreher et al. [2013: 407] conclude that, “aid allocation by ‘new’ and ‘old’ donors appears to follow similar rules”—in the sense that both donor groups follow their geopolitical and commercial interests. Nevertheless, DAC donors seem to allocate aid towards recipient needs to a slightly higher degree than non-DAC donors [Dreher et al., 2011; Fuchs and Klann, 2013; Fuchs and Vadlamannati, 2013]. However, the observed differences between DAC and non-DAC donors are not as sharp as to “justify branding non-DAC donors as ‘rogue donors’” [Dreher et al., 2013: 407].

Third, with the exception of Russia, BRICS aid is associated with the principles of South-South Cooperation. Mwase and Yang [2012] list the objective to achieve mutual benefits (rather than poverty reduction), the lack of policy conditionality, and the focus on microsustainability of individual projects (contrasting the DAC’s attention to long-run debt sustainability) as the key differences in the BRICS’ philosophies compared to the group of DAC donors. These key differences could “be traced back to the South-South Cooperation discussions, which emphasize principles of equality, solidarity, and mutual development and complementarity” [Mwase and Yang, 2012: 4]. Similarly, Mawdsley

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8 In line with this idea, Cheng and Smyth [2016] find that support within China for outgoing aid is lower in the country’s poor provinces.

9 Russia, a country of the North, closely cooperates with the global South and shares its views on creating a multipolar world, non-conditionality in development cooperation, and non-interference into domestic affairs [Larionova et al., 2016].
[2012] identifies four characteristic features of the “symbolic regime” of Southern donors that sets them apart from ‘traditional’ aid giving. One, Southern donors call on a “developing country identity” which they would share with recipient countries. Two, they highlight their expertise in development appropriate to the context in recipient countries. Three, they oppose hierarchical donor-recipient relations. For example, they avoid the term “aid donors” and typically label themselves as “partners in South-South Cooperation.” Four, they emphasize the mutually beneficial relationship between partners. Mutual benefit is an important leitmotif of their aid giving.

Their public rejection of aid conditioned on policies and institutions is said to undermine the dominance of DAC donors. While Western donors, at least on paper, reward countries with good policies and institutions, emerging donors allegedly “provide aid without any strings attached” [Dreher et al., 2013: 405]. Authoritarian leaders of recipient countries that are hostile towards aid tied to democratic institutions or the respect of human rights may view this as an advantage. Indeed, Bermeo [2011] provides empirical evidence that supports the claim that the source of aid matters for its impact on institutions.

The BRICS countries’ principle of non-interference also affects the selection of projects within countries. In line with the Bandung principles, Southern donors claim not to interfere in the internal affairs of recipient countries or to exert pressure; their aid projects are said to solely emerge from the requests of the recipient governments. As Bräutigam [2011: 761] points out, “[T]he Chinese emphasis on local ownership can lead to ‘prestige’ projects that do not appear to be poverty-reducing: a new government office building, a sports stadium or a conference centre.” Dreher et al. [2016] identify some adverse effects of this “demand-driven” aid approach. It appears that significantly more Chinese aid flows into the birth regions of African leaders, which tend to be richer relative to the country’s average. At the same time, Dreher et al. do not find comparable effects for the World Bank.

In light of these substantial differences vis-à-vis the still dominant DAC donors, the BRICS’ aid activities are perceived as challenge to the prevailing international aid architecture. Their initiatives to reform the existing multilateral development organizations and the setup of new institutions further magnify

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10 For example, India’s Ministry of External Affairs claims that it “possess[es] skills of manpower and technology more appropriate to the geographical and ecological conditions and the stage of technological development of several developing countries” (quoted on several websites of Indian embassies, e.g., the Indian embassy in Azerbaijan, available at http://www.indianembassybaku.in/owi.php?id=itec, accessed 12 February 2017).
this perceived threat [Tierney, 2014]. However, the BRICS have not yet attempted to develop a joint
development strategy [Gu et al., 2016]. Moreover, the extent to which BRICS donors work differently
compared to the club of established donors varies among the five countries. Russia, for example, was
not exposed to the South-South Cooperation discourse as it was not part of the so-called Third World
and the related institutions such as the G77. It was even considered close to the DAC regime until the
country’s OECD accession negotiations were put on hold in 2014. While we discussed a couple of
common theoretical expectations on the BRICS countries’ aid activities, the lack of a joint aid
framework makes a separate analysis of the B, R, I, C, and S in foreign aid more appropriate. The
following sections provide an overview of the current state of research on each BRICS donor and
discuss how each of them departs from the established DAC paradigm, highlighting differences within
the group of BRICS donors.

3. Brazil

Brazil’s development cooperation dates back to the 1960s with the provision of modest technical
cooperation to other developing countries [Inoue and Vaz, 2012; Muggah and Hamann, 2012]. From
1978 onwards, following the launch of the Buenos Aires Plan of Action for Promoting and
Implementing Technical Cooperation among Developing Countries, Brazil’s technical cooperation
increased steadily [Inoue and Aoki, 2007]. In 1987, the growing administrative burden gave rise to the
establishment of the Brazilian Cooperation Agency (ABC), which is located within the Ministry of
External Relations [Cabral and Weinstock, 2010]. Finally, the inauguration of President Luis Ignacio Lula
da Silva in 2003 marked its recent emergence as an internationally recognized aid donor: Lula’s
administration prioritized social issues in its foreign relations agenda [Soares De Lima and Hirst, 2006].
From this time, Brazil’s aid activities increased significantly in both size and scope. ABC’s annual
spending increased from US$0.24 million in 2004 to US$21.5 million in 2010 [ABC, 2017]. According
to OECD estimates, 2010 marked the first year that incoming and outgoing aid projects were of
comparable size [OECD, 2017].

Under Lula’s successor, President Dilma Rousseff, both incoming and outgoing aid decreased [IPEA,
2016; OECD, 2017]. In contrast to Lula, the Rousseff administration put higher priority on domestic

11 For a general overview of Brazil’s development cooperation and the debates surrounding it, consult Vaz and Inoue (2007);
Cabral and Weinstock (2010); Inoue and Vaz (2012); and Leite et al. (2014).
social issues. Between 2010 and 2013, she reduced Brazil’s aid budget by more than 30 percent and reoriented Brazil’s international development policy towards domestic commercial interests [Leite et al., 2014; Younis et al., 2014; IPEA 2016]. Nevertheless, Brazil’s total aid remained well above pre-Lula-period levels. According to the latest available estimate, Brazil spent around US$397 million on aid in 2013 [IPEA, 2016].

Brazil’s institutional framework for development aid is decentralized and suffers from loose coordination [Alcides and Inoue, 2007; Cabral and Weinstock, 2010]. While the ABC is the main executive body mandated for technical cooperation, several other governmental institutions provide development cooperation independently from the ABC. The Ministries of Health, Agriculture, Education, and Science and Technology are all involved in Brazil’s aid activities without the obligatory involvement of the ABC or the Ministry of External Affairs.

This institutional complexity obscures Brazil’s aid activities and makes them difficult to assess. The official estimate states that only 7 percent of Brazil’s aid budget is spent on bilateral technical assistance, while 58 percent is channeled through international organizations [Inoue and Aoki, 2007]. Both the Brazilian government and third parties have undertaken first attempts to render the country’s aid activities more transparent. For example, the Institute for Applied Economic Research, a government-run think tank, has published three reports to quantify Brazil’s development cooperation [IPEA, 2011, 2014, 2016]. These reports are the only official data sources on Brazil’s total aid flows. They cover the years 2005-2013 and report aggregate numbers by year and sector. Due to the lack of a central accounting system, the reports rely on survey data and do not cover all aid institutions and types of financial cooperation [Leite et al., 2014; Bry, 2017]. Brazil’s lack of aid transparency may not only be due to bureaucratic overload but also a lack of political will. Brazil’s refusal to sign the 2005 Paris Declaration and the 2008 Accra Agenda for Action in 2008 [Cabral et al., 2014; Semrau and Thiele, 2017] highlights the country’s unwillingness to implement standards established by the DAC.

An alternative data source for Brazil’s aid activities is the AidData database, which tracks individual development finance projects by both OECD and non-OECD donors [Tierney et al., 2011]. The available data cover 1,097 projects between 1998 and 2010, with an average annual commitment

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12 For a comparison with OECD countries, peacekeeping expenditures must be excluded, which results in US$386 million.
amount of US$159,354. However, those data are limited to the ABC's aid activities and do not include projects after 2010, when the ABC stopped providing project-level information [Semrau and Thiele 2017]. Given the absence of an official aid database, future research could entail initiatives to construct a comprehensive database from a multitude of official and unofficial data sources, including media reports.13

The AidData database allows analysts to obtain a clearer—albeit incomplete—picture of Brazil's aid engagement. The geographic focus of Brazil has historically been Latin America and the Lusophone countries [Semrau and Thiele, 2017]. Although the number of recipient countries has significantly increased, totaling 159 in 2013 [IPEA, 2016], Latin America and the Lusophone world remain the priority. This can also be seen from Table 1, where we provide a list of the top 10 recipient countries of aid from Brazil (and the other BRICS donors) over the 2005-2010 period [data from Tierney et al., 2011]. In terms of sectors, contrasting China’s and India’s focus on economic infrastructure, Brazil prioritizes agriculture and social sectors such as health and education [Younis et al., 2014; Bry 2017; Semrau and Thiele, 2017]. These priorities align with the country’s domestic social agenda.

A recent econometric study sheds light on Brazil's aid motives by analyzing its aid allocation across countries [Semrau and Thiele, 2017]. The study focuses on three aspects: recipient institutions, recipient need, and Brazil’s own strategic interests. Starting with the role of recipient institutions, Brazil claims that its aid initiatives respect the national sovereignty of the recipient countries [De la Fontaine and Seifert, 2010; John de Sousa, 2010], which should imply that recipients’ institutional characteristics should not affect aid giving. Yet, some scholars argue that, as a democratic country, Brazil might ultimately favor values similar to those of the OECD countries [John de Sousa, 2010]. In line with the former idea, Semrau and Thiele [2017] find that neither the recipients’ level of corruption nor their regime type influence project allocation via the ABC. Semrau and Thiele’s findings are thus in line with Brazil's lip service to the principle of non-interference, which is also dominant in China’s and India’s foreign aid programs.14

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14 On the contrary, an earlier study by Dreher et al. [2011] finds a statistically significant negative effect of the control of corruption on the likelihood of receiving aid from Brazil. Both studies use AidData's project-level datasets [Tierney et al., 2011], but Semrau and Thiele use a more recent version. In addition, Dreher et al. do not control for Lusophone countries, which could also explain the different results.
Turning to recipient need, there is evidence that Brazil’s aid allocation is needs-driven. Semrau and Thiele [2017] show that countries with a lower GDP per capita have a higher probability of receiving Brazilian aid.\textsuperscript{15} Zondi [2013] sees the needs-based approach supported by the fact that Brazil wrote off the debt of 12 African countries to support their endogenous growth.

Finally, potential political and commercial benefits to the Brazilian government are subject to a wider debate. The focus of Brazilian aid on Latin America and the Lusophone world seems to support the claim that Brazil is trying to bolster its status as a regional power and a leader for certain regions of the developing world [Cabral et al., 2014]. A case study by Bry [2017] suggests that Brazil’s emphasis on mutual benefits and non-conditional aid indeed succeeds in creating a positive image among recipients. Although Semrau and Thiele [2017] show no quantitative evidence that Brazil favors its important export markets as recipients, other scholars discuss in detail how Brazilian aid seeks to promote national firms accessing new markets [e.g., Magnoni, 2010; Burges, 2014].

Given these inconsistent findings on the drivers of Brazil’s aid allocation pattern, more research is required—not only on the motives behind Brazil’s aid activities. If Brazilian aid continues to grow in size and scope, the effects of Brazil’s aid on the recipient countries deserve closer investigation. This could include evaluations of single aid projects at the micro level and analyses of the effects on macro indicators of economic development such as GDP growth. Future research should also address the data gaps if official data remains scattered and incomplete.

4. Russia

Russia, as the legal successor of the Soviet Union, is unique among the BRICS donors. Strictly speaking, it is neither emerging nor re-emerging but rather it has been reborn as a player in the global donor community. Beginning with the aid and trade program in 1953 [Berliner, 1959], Soviet support rapidly reached a peak of US$1 billion in 1960—a level comparable to the U.S.’ aid effort in terms of gross national product at the same time [Goldman, 1965]. Soviet aid was mainly allocated to the Middle East and South Asia. Between 1966 and 1977, for example, the largest recipients were Afghanistan, Bangladesh, Egypt, Iran, Iraq, Pakistan, Syria, and Turkey [Rai, 1980]. Main areas of support were

\textsuperscript{15} Again, the earlier study by Dreher et al. [2011] finds different results. In their study poorer countries do not receive more ABC aid flows, but the study does not control for Brazil’s bias towards Latin America and Lusophone countries.
technical assistance and academic programs: “by 1978, more than 26,000 [third-world students] were educated in the USSR” [Brun and Hersh, 1990: 148]. The construction of the steel plant at Bhilai in India and a highway program in Afghanistan, both celebrated successes, emphasized the Soviet determination to be seen as a powerful leader in the field of development cooperation [Goldman, 1965]. Another well-known example is the construction of the Aswan dam in Egypt, for which the Soviet Union won the competitive bid by offering larger loans with lower interest rates than the U.S. and the United Kingdom [Goldman, 1967].

Soviet relationships with developing countries focused on countries that share their communist ideology. A shared discontent over (Western) colonialism and the rise of capitalism provided a foundation for development cooperation [Jaster, 1969]. In a quantitative analysis of Soviet aid during the Cold War era, Rai [1980] finds correlations between Soviet aid and UN General Assembly (UNGA) voting alignment, suggesting that aid was used to reward or punish recipient countries for their foreign-policy positions. Other early studies find that the Soviet Union achieved policy concessions through foreign aid. In a recent study, Bueno de Mesquita and Smith [2016] argue that the size of policy concessions received from a recipient in exchange for aid depends, among others, on the presence of a competing donor country. For the Cold War era, they find that the U.S. spent much more on aid while receiving less security concessions once the Soviet Union entered the scene as a ‘rival’ donor in the mid-1950s.

Russia’s rapid economic decline following the dissolution of the Soviet Union implied that the country found itself on the other side of development cooperation during the 1990s [Larionova et al., 2016]. Only after spending about a decade as a net recipient, did the country slowly begin to recreate a development program in the mid-2000s [Gray, 2011]. In 2007, Russia, under the presidency of Vladimir V. Putin, adopted a concept note on development assistance, which builds on the Millennium Development Goals (MDGs), as well as Russia’s National Foreign Policy Concept and the National Security Concept [Ministry of Finance, 2007]. The official goals include poverty reduction, disaster relief, and the development of trade and economic partnerships. Other goals are “to influence global processes with a view to establishing a stable, fair and democratic world order,” “to create a belt of

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16 For example, Roeder [1985] finds that “Soviet aid […] can […] induce compliant behavior indirectly through the creation of trade dependence” and notes that Soviet aid was mostly tied to Soviet products. Lundborg [1998] models a gift exchange theory and shows that more US aid leads to more US support, while such support decreases if Soviet aid increases.
good neighborliness along the Russian national borders,” and “to strengthen the credibility of Russia and promote an unbiased attitude to the Russian Federation” [Ministry of Finance, 2007: 6]. Moreover, the government strived for cooperation with the OECD, which led to accession negotiations in the same year [OECD, 2007].

Russia reinforced its intentions to integrate with the OECD aid community through reporting its ODA statistics from 2011 onwards [Ministry of Finance, 2012]. However, in the course of increasing tensions over Ukraine, the planned referendum on Crimea’s secession, and Russia’s critical role in those events, the OECD member states decided to suspend the accession process in March 2014. In April 2014, a successor to the 2007 aid strategy concept was adopted [Ministry of Finance, 2014; Ministry of Foreign Affairs, 2014]. While it clearly builds on the previous strategy, new emphasis is put on an increase of Russia’s institutional capacity, a growing bilateral aid budget, and aid transparency.

Between 2010 and 2015, Russian ODA disbursements have more than tripled from US$520.9 million to US$1.7 billion. As a point of reference, its contribution in 2015 amounts to 36 percent of Italian aid. While the transition economies in Eastern Europe and Central Asia as well as Latin America have been the focal regions of Russian aid initially, Africa is gaining in importance. According to latest OECD data, Russia contributed on average US$44.6 million to Africa annually between 2010 and 2015, which is twice the amount of aid towards Eastern European countries (US$22.8 million). However, the former is still far from its contributions to Asia, and Central America, with these receiving US$284.8 million and US$170.8 million, respectively (see also Table 1). Examples for projects in 2014 include budget support for the Kyrgyz Republic, agricultural machinery supply in Nicaragua, delivery of Russian trucks for humanitarian operations in Afghan remote areas, assistance in Guinea to prevent the spread of Ebola, and humanitarian and food aid to Syria [Ministry of Finance, 2014]. The majority of Russian aid projects are in the education, health, food security, and public finance sectors. Additionally, debt relief and debt-for-development swaps are offered [Ministry of Foreign Affairs, 2014; OECD, 2016]. The Ministries of Finance and Foreign Affairs are mainly responsible for the framing of Russian foreign

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17 See Davis [2016] on why countries (do not) seek membership in the OECD.
18 Reported numbers begin in 2010.
19 Nonetheless, as of today, Russia still reports aid information to the OECD.
20 In 2014, around 75 percent of Russian aid is provided bilaterally, while multilateral aid contributions, especially via the World Bank Group, the United Nations and, to a much smaller extent, regional development banks and other organizations, account for the remaining 25 percent [Ministry of Finance, 2007; OECD, 2016].
assistance and overseeing its implementations [OECD, 2016]. Many more agencies add to the assistance structure, which complicates coordination [Larionova et al., 2016].

Although Moscow reports aid data to the OECD, project-level information is not made available and thus one cannot draw a detailed picture of Russia’s development cooperation. Finding comprehensive and structured information on Soviet aid is also challenging. A useful data source for Soviet economic aid is the replication data for Charles Dannehl's 1995 book, which comprises information on aid to non-communist developing states for the 1955-1989 period [Dannehl, 1995]. Scholars may also resort to reports produced by the United States' Central Intelligence Agency, containing information on economic and military aid [e.g. CIA, 1974]. However, such sources are not in line with OECD reporting standards, which complicates comparisons to other aid providers at the time. A complete account on Soviet and Russian development aid is yet to be produced and will probably only be possible in the wake of an official release of documents by the Russian government or an opening of its archives to the public.  

While many studies on Soviet aid have explained Moscow’s motives during that era, Russia’s aid strategy today is not well understood. In the 2007 concept note, Russia refers to itself as a superpower with the responsibility to contribute to international development efforts [Ministry of Finance, 2007]. It would be worthwhile to evaluate whether Russian aid sticks to its official developmental goals or rather follows the purpose of extending its sphere of influence. Russia further claims that its development cooperation aims to “foster democratic processes, development of market-oriented economies, and observance of human rights in recipient countries” [Ministry of Finance, 2007: 6]. Whether Russia indeed follows these goals in its allocation decisions should be subject to scrutiny. In the spirit of Rai’s [1980] analysis of the link between Soviet aid and recipients’ UNGA voting behavior, scholars could analyze the political benefits that accrue to Russia from its foreign aid program.

5. India

With more than US$4.5 trillion received between 1960 and 2015, India has been the world’s largest recipient of foreign aid [OECD, 2017a]. At the same time, India has run its own outward development

21 Researchers interested in a thorough analysis of Russia’s aid distribution could also consider AidData’s TUFF methodology (see section on China below).
assistance since the early years of its independence [Nehru, 1958]. India's economy and presence in the international community have grown significantly over the past two decades and its development cooperation has evolved in tandem—both in its geographic scope and sectoral coverage. India started to identify itself as a donor rather than as a recipient in the early 2000s. In the 2003-2004 budget speech, India’s minister of finance announced that India would only accept untied aid and reject new aid offers from most bilateral partners. At the same time, India planned to cancel debt for Highly Indebted Poor Countries (HIPC) and to expand its grants and project assistance under the so-called India Development Initiative [Singh, 2003]. Some observers find it puzzling that a country that continues to be comparatively “needy” increasingly provides foreign aid [Fuchs and Vadlamannati, 2013]. Others argue that the growing aid budget is simply the result of an emboldening economy coupled with a long history as a provider of development assistance [Mukherjee, 2015].

Indian development programs were initially fragmented and decentralized. The Indian Technical and Economic Cooperation Program (ITEC), created in 1964, represents India's first step towards organizing its foreign assistance and remains the flagship program to date. Together with the Special Commonwealth African Assistance Program (SCAAP), it reaches 161 countries globally through personnel training, consultancies, expert exchange, study programs, equipment donations, and humanitarian aid [Mawdsley, 2010; MEA, 2013]. In January 2012, India’s Ministry of External Affairs (MEA) established the Development Administration Partnership (DPA) to handle the increasing outflow of aid projects, combat fragmentation, and further the institutionalization of its aid efforts. Placing the DPA within the MEA highlights the close ties of India’s development cooperation to its foreign policy. Today, another increasingly important arm of India’s aid policy is the Department of Economic Affairs (DEA) within the Ministry of Finance. Among other initiatives, the DEA provides interest-equalization support to India’s Export-Import (Exim) Bank, which in turn provides concessional loans to developing countries [Arora and Mullen, 2016].

Approximately 54 percent of MEA’s 2016-17 budget was committed to grants, loans, and training towards foreign governments (US$1.314 billion), accounting for 0.46 percent of the government’s total

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22 For an overview of the early history of India’s foreign aid, see Dutt [1980].

23 In the early 2000s, 38.2 percent of India’s population still lived on less than US$1.90 a day [World Bank, 2017]. Although the most recent data show that the share almost halved until 2011 (21.2 percent), poverty is still very high compared to Brazil (11 percent), Russia (0.1 percent), China (7.9 percent), and South Africa (16.6 percent).
budget. This represents a slight decrease in development cooperation allocated by the MEA compared to the previous budget year. At the same time, foreign assistance through the DEA has doubled [Ministry of Finance, 2017]. Until 2015, 226 LoCs amounting to US$16.9 billion were allocated to developing countries, about 50 percent of which went to African states [MEA, 2015a]. Most of such credits are comprised of a grant element of at least 25 percent required to qualify as ODA by OECD standards [Hubbard and Sinha, 2011]. Some scholars, however, question whether these flows would indeed qualify as ODA as they are mainly geared towards export promotion rather than recipient development [Hubbard and Sinha, 2011]. Around 85 percent of these LoCs are tied to goods and services provided by Indian firms. They are designed to facilitate Indian firms entering African markets and mostly involve infrastructure, transportation, IT, energy, and agricultural projects [Sinha, 2011]. Hence, a substantial part of India’s development assistance is intended to benefit both sides of the transaction.

India prioritizes two geographic regions: South Asia and Africa. The main recipients in South Asia are Bhutan, Sri Lanka, Afghanistan, Nepal, and Bangladesh (see Table 1), with a majority of aid allocated towards the sectors Energy Generation and Supply, Transport and Storage, Industry, as well as Water Supply and Sanitation [Tierney et al., 2011]. Energy and infrastructure-related projects in particular enable India to benefit from its cooperation efforts in the long-term [Agrawal, 2007]. Recent schemes include the Terai Road Project, which links the Terai region in Nepal with neighboring Indian regions, or the Punatsangchu Hydroelectric Project in Bhutan, which contributes to energy exports to India [MEA, 2015b]. Many aid projects in Nepal and Bangladesh are also seen as a strategy to counter Chinese influence [Mullen and Ganguly, 2012]. It is worth noting that not all aid provided to its neighbors is perceived positively. For example, despite India’s claim that it follows Nepalese demands, the Nepalese population views India as strategic, following its own political agenda, while lacking transparency and accountability [Adhikari, 2014].

Turning to Africa, India enhances its cooperation with all countries on the continent through the India-Africa Forum Summit (IAFS), a platform for African-Indian relations held every three years.24 Its development projects in Africa mainly focus on personnel training (civil servants and engineers), loans for Indian equipment and services, as well as education and IT [Mawdsley, 2010]. One of the most

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24 The IAFS resembles China’s Forum on China-Africa Cooperation (FOCAC) in its institutional design [Taylor, 2012].
prominent projects is the Pan-African E-Network with a budget of US$125 million. This ambitious endeavor seeks to connect 53 member states of the African Union both with each other and with India to enable access to tele-education and tele-medicine [Pan-African e-Network Project, 2011]. India’s traditional link to Africa is mainly on account of its support for the African decolonization process and fight against apartheid, its active role in the Commonwealth, and its diaspora particularly in Eastern Africa [Muni, 1991; Adam, 2015]. India’s aid activities in Africa appear to be part of a larger strategy and can be seen as part of a cooperation package. Within Africa, it has strong trade ties, invests in businesses, and is one of the largest providers of UN peacekeeping forces [Naidu, 2008]. Cheru and Obi [2011] connect India’s aid activities to resource security and the development of new market opportunities. This manifests in India’s growing engagement in West Africa since the 2000s, where it has increased investments in the energy sector of resource-rich countries [Beri, 2008; Mawdsley, 2010].

Officially, Indian aid allocation is demand-driven, unconditional, and, within the horizontal South-South Cooperation framework, based on the idea of mutual assistance [George and Samuel, 2016]. Quantitative results in Fuchs and Vadlamannati [2013] show that Delhi also follows commercial and political self-interest: recipient countries that align their votes in the United Nations General Assembly (UNGA) with the Indian government and those that have strong trade ties with India receive significantly more aid. Since India is a relatively poor donor country with a longstanding democratic system, it appears to be easier for the Indian government to justify its expenditures vis-à-vis its electorate if it is provided in a more self-interested manner [Fuchs and Vadlamannati, 2013].

While most emerging donors lack an official aid database, India at least provides project-level information in the annual reports of the MEA and press releases on LoCs by the Exim Bank. AidData made this information available in an easily accessible format for the 2006-2010 period [Tierney et al., 2011]. Asmus et al. [2017] are currently extending and geo-referencing the data to allow for geospatial analysis of Indian aid worldwide for the 2006-2014 period. With the growing availability of detailed and structured data, researchers can evaluate Indian aid allocation and its effects on various outcome variables. For example, future research could analyze whether Indian aid to Africa is indeed a combination of developmental goals and commercial partnerships, and whether India is competing

25 For an interview- and media evaluation-based analysis on the domestic perception of Indian development cooperation, see Mawdsley [2014].
with China and other countries in a bigger scramble for the continent [Cheru and Obi, 2011]. Likewise, the role of the widespread Indian diaspora in its aid allocation decisions is yet to be explored. Turning to India’s neighborhood, it would be interesting to assess whether energy projects serve India’s energy supply more than they support the bordering country’s economies. Researchers could also examine whether and to what extent China’s and India’s involvement in development cooperation in South Asia affects their respective power statuses.

6. China

Despite being labeled as a ‘new donor,’ China’s foreign aid program is almost as old as the People’s Republic itself.\[26\] Egypt was Beijing’s first aid recipient in Africa in 1956, when it received its first aid tranche worth US$4.7 million [Bartke, 1989]. Using historical aid data, Dreher and Fuchs [2015] analyze the main drivers of Chinese project allocations during the history of China’s aid program. They find that political considerations, such as Beijing’s demand for international recognition, were dominant during the initial phase of China’s aid giving. After 1978, with Deng Xiaoping’s economic reforms, China opened to the West and economic considerations gained significant weight in China’s aid policy. After the Tiananmen Square protests in 1989, China actively sought diplomatic support in the developing world, which once again put political motives at the center of its aid-giving considerations. Finally, the results in Dreher and Fuchs [2015] show that after the 1995 aid reform, which introduced market principles into the aid system, China’s aid policy and practices became increasingly guided by commercial interests.

A complex network of institutions administers China’s aid activities.\[27\] The Ministry of Commerce (MOFCOM) is the coordinating agency and is directly responsible for the provision of humanitarian assistance, most grants, and interest-free loans [e.g., Bräutigam, 2009]. The Ministry of Finance leads the budgetary process, is responsible for China’s contributions to international organizations, and oversees the Export-Import (Exim) Bank of China, which is the main provider of concessional loans and export credits. The Ministry of Foreign Affairs ensures that China’s aid policy is in line with its foreign policy objectives, leads the network of China’s embassies worldwide and organizes the Forum on


China-Africa Cooperation (FOCAC). Other ministries and agencies provide aid in various areas. For example, China’s Ministry of Health is responsible for parts of China’s medical aid [Grépin et al., 2014]. China considers its aid “as a sensitive area, a state secret” [Bräutigam, 2009: 2]. This is underscored by the withdrawal of lists containing all completed aid projects from MOFCOM’s yearbooks in 2006 [Dreher and Fuchs, 2015]. An official and comprehensive aid database is not available. The few remaining official sources of information on aid projects are scattered. The White Papers on China’s Foreign Aid [State Council 2011, 2014] only provide values at a very high level of aggregation. To obtain a grasp of the universe of Chinese aid, researchers rely on unofficial estimates. Kitano and Harada [2016] estimate China’s gross foreign aid at US$5.1 billion over the 2010-2014 period, of which 8 percent was provided as multilateral aid. According to these statistics, China was the world’s sixth largest donor in 2014. The OECD [2017b] estimates China’s average annual gross ODA disbursements at US$3.0 billion over the 2010-2014 period (see again Figure 1). These values are smaller than Kitano and Harada’s estimates as they do not cover disbursements of concessional loans. AidData was able to track Chinese aid projects from various official and unofficial sources and the resulting database suggests that total Chinese aid commitments to Africa alone amounted to an annual average of US$6.7 billion over the 2000-2013 period [Strange et al., 2017]. However, only a third could be identified as ODA under DAC definitions. Overall, estimates of Chinese aid vary widely and the debate boils down to the question of what should count as aid [e.g., Lum et al., 2009; Bräutigam, 2011; Wolf et al., 2013; see Strange et al. 2017 for a discussion].

China’s aid differs from DAC aid in many respects. First, it is largely tied to goods and services from China. While aid projects provided through China’s Ministry of Commerce are principally tied to Chinese companies and products, any project can be granted an exception to this rule if deemed

28 The FOCAC meetings are China’s official forum to engage with Africa. The first meeting took place in Beijing (2000) and was followed by summits in Addis Ababa (Ethiopia, 2003), Beijing (2006), Sharm el-Sheikh (Egypt, 2009), Beijing (2012), and Johannesburg (South Africa, 2015).

29 Note that China counts only the interest-rate subsidy, not the value of the loan. Debt relief is not included in China’s definition of foreign aid.

30 All values throughout this paper obtained from the 1.2 Research Release (see http://china.aiddata.org/content/frequently_asked_questions, accessed 19 July 2017). AidData’s China in Africa dataset uses the so-called Tracking Underreported Financial Flows (TUFF) methodology. Applying a ‘ground-truthing’ approach, Muchapondwa et al. [2016] provide support for the reliability of the dataset and methodology. See also data-gathering initiatives by Brant [n.d.] for Chinese aid in the Pacific and by Gallagher and Myers [2016] for Chinese loans to Latin America.

31 According to ECOSOC [2008], the grant element (assuming a 10 percent discount rate) varies between 24.2 percent for some China Exim Bank loans to 75.1 percent for Chinese government loans.
necessary [Bräutigam, 2009]. Regarding the tying status of the Exim Bank loans, its official guidelines state that at least 50 percent of all procurement should come from China. Second, China rarely provides aid in the form of budget support and most bilateral activities come as project aid. Third, China’s aid is similar to the request-based system in early Japanese development assistance [Bräutigam, 2009; Kragelund, 2010] and, in striking contrast to DAC donors, lacked country development strategies until very recently. According to Bräutigam [2009: 308], China prefers experimentation to explore what works.

Almost every developing country in the world is a recipient of some form of Chinese aid. Only countries that maintain diplomatic relations with the government in Taipei (Taiwan) rather than Beijing are typically excluded.\textsuperscript{32} Figures published by the State Council [2014] for 2009 suggest that most Chinese aid goes to Africa (45.7 percent), followed by Asia (32.8 percent), and Latin America (12.7 percent). On the African continent, AidData could track the largest amounts of Chinese development finance in the Democratic Republic of Congo, Sudan, and Ethiopia over the 2000-2013 period [Strange et al., 2017]. Estimations of the volume of China’s aid allocation across recipient countries suggest that China’s ODA is mainly driven by Beijing’s foreign-policy interests [Dreher et al., forthcoming]. It shows no robust link with natural resource endowments [Dreher and Fuchs, 2015]. On the contrary, less concessional flows, such as export credits, correlate with economic variables such as recipients’ debt burden, access to oil, and bilateral trade volume with China [Dreher et al., forthcoming].

Not only is China’s geographical reach almost all encompassing, the same holds true to the sectoral composition of Chinese aid. While public attention focuses on large infrastructure projects and prestige projects, such as the construction of stadiums and government buildings, China is active in virtually all sectors. While social infrastructure projects, such as the provision of hospitals and government buildings, dominate in terms of project numbers, economic infrastructure projects, mainly in the areas of transport and energy, are the heavyweights in terms of financial values [Strange et al., 2017]. Although AidData was not able to track a single project on environmental protection at the time of their first study in 2013 [Strange et al., 2013], China has recently started activities in this area and

\textsuperscript{32} There are few exceptions to this rule such as humanitarian aid after severe catastrophes [e.g., Tubilewicz, 2012].
began listing “Strengthening Environmental Protection” as one of its goals in a recent White Paper [State Council, 2014].

The question as to whether Chinese aid has been effective in promoting economic growth and other development outcomes in recipient countries is largely unexplored. Critics voice doubts that Chinese aid is geared towards economic development given that China is engaged in so many prestige projects, such as government buildings and stadiums, that are not directly linked to economic growth or poverty reduction [Lum et al., 2009; Will, 2012]. Others praise China for its focus on infrastructure [Bräutigam, 2009]. According to results from panel growth regressions in Busse et al. [2016] for the 1991-2010 period, Chinese aid and foreign investment have no robust effect on economic growth in African countries. Using georeferenced aid data, Dreher et al. [2016] examine the effects of Chinese development projects on development at the subnational level. Their results suggest that Chinese aid is successful in promoting regional development as measured by nighttime light emissions. Given the short time in which Chinese aid flows are substantial and the long time lags that some types of aid require to show effects, this question should be reinvestigated as more data become available. The types of Chinese aid that are effective and the conditions that facilitate this should also be explored in greater detail.

In contrast to Western donors and the big international financial institutions, China does not link its aid to conditions that relate to recipients’ political systems or their human rights records. The Chinese government emphasizes that it “never uses foreign aid as a means to interfere in recipient countries’ internal affairs” [State Council, 2011]. Bräutigam [2009: 285] notes that “China’s rise has clearly given dictators additional financing options,” but also points to Western donors’ aid provisions to authoritarian regimes. Even if China’s aid allocation was not biased towards autocratic recipient countries, recipient countries might turn to emerging donors like China to circumvent conditions linked to their institutional setup and human rights record.

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34 This principle of non-interference, also enshrined in Indian aid, dates back at least to the Final Communiqué of the 1955 Bandung Conference. It became part of the ‘Eight Principles of China’s Foreign Aid to Developing Countries’ laid out in 1964, and has been reiterated continuously since then.
Several papers explore these links between Chinese aid and recipient institutions. A series of papers [Dreher and Fuchs, 2015; Broich, 2017; Dreher et al., forthcoming] finds that the cross-country allocation of Chinese ODA does not respond to the quality of institutions in recipient countries, in line with China’s principle of non-interference with recipients’ internal affairs. In a more direct analysis of the effects of Chinese aid on institutions, previous research provides some support for the raised concerns. In a quantitative analysis of democracy in developing countries, Kersting and Kilby [2014] find eligibility for Chinese aid to be negatively linked with democracy. Bader [2015], however, does not find that Chinese aid stabilizes autocracies, but such an effect does follow Chinese trade flows. Concerning corruption, in her response to the critique that China is favoring countries with corrupt regimes, Bräutigam [2009] emphasizes that China is very active in Africa’s best-governed countries such as Botswana, Mauritius, and South Africa. However, first studies show that Chinese aid worsens corruption within countries. Using Tanzanian survey data, Kelly et al. [2016] provide evidence suggesting that Chinese aid activities undermine a corruption-reducing effect of World Bank aid projects. Similarly, Isaksson and Kotsadamm [2016] find increased levels of corruption around active Chinese project sites but no such link for World Bank project locations.

The supposedly lax environmental and labor standards of China’s development finance are subject to criticism [see Bräutigam, 2009 for a discussion]. Kurlantzick [2006: 5], for example, is concerned that “Chinese investment could contribute to unchecked environmental destruction and poor labor standards, since Chinese firms have little experience with green policies and unions at home, and some African nations have powerful union movements.” Strange et al. [2013] list several instances of crackdowns on Chinese activities out of environmental concerns in Gabon and Sierra Leone. They also refer to a report by Human Rights Watch [2011] on labor abuses, including poor health and safety standards in Chinese state-owned copper mines in Zambia. While to date there is no systematic study on the effects of China’s aid activities on labor standards, two quantitative studies analyze their environmental impact. In the first, BenYishay et al. [2016] show that exposure to Chinese-funded infrastructure projects slows forest loss in Cambodia, but speeds it up in Tanzania. They conclude that “China’s development activities need not lead to widespread environmental damage when nearby

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35 The picture is different for other official flows, such as commercial loans, which appear to flow overproportionally to more corrupt countries [Dreher et al., forthcoming].

36 This is in line with Bermeo [2011] who shows that recipients of aid from authoritarian sources are less likely to democratize than countries that receive aid from democratic donors.
ecosystems are appropriately protected, but domestic environmental governance plays a crucial role in shaping these outcomes” [p. 24]. In the second, Hsiang and Sekar [2016] could not link a sudden increase in the production of illegal ivory through elephant poaching to greater Chinese influence through aid. These two papers form an exception and there remains much room for further research on the environmental consequences of China’s development activities.

There is little systematic evidence on the extent to which recipient populations appreciate Chinese aid. Using representative survey data, Brückner et al. [2017] find no evidence that inflows of Chinese aid, trade and investment improve or deteriorate attitudes towards China among Latin American individuals. Findley et al. [2017] conduct a large field experiment in Uganda and find some evidence that citizens prefer aid from the United States compared to Chinese aid. Chinese aid is often criticized for the high number of Chinese staff involved in its aid projects [e.g., Alden, 2005]. This is of concern as it may prevent human capital spillovers to the local population. According to Bräutigam [2009: 154], however, “the idea that the Chinese always bring over planeloads of their own workers and [do] not employ Africans is wrong.” Her own non-representative collection of project information suggests that the share of local workers in Chinese projects ranges between 0 and 96 percent with a median value of 83 percent [Bräutigam, 2014]. Similarly, Davies [2007] cites the results of a DFID survey, according to which the local labor share in Chinese construction and infrastructure projects in four selected African countries amounted to 85-95 percent, comprising mostly, but not exclusively, low-skilled labor. Nevertheless, more systematic data gathering efforts and analyses are warranted to shed more light on local human capital spillovers.

Research on China’s gains from its aid program is still scarce. Is China successfully buying foreign-policy support in international fora such as the United Nations Security Council? Do Chinese companies benefit from their government’s aid efforts and does the aid engagement have distributional consequences within the Chinese business community? In a similar vein, scholarship should investigate the effects of China’s aid on the way the established donors provide aid. Results in Granath [2016] already suggest that, in response to growing Chinese aid activities in recipient countries, DAC donors increase their own aid. In a pioneering study, Hernandez [2017] finds that countries with a larger influx of Chinese aid receive less severe conditions from the World Bank. Further avenues of research could be the effects of Chinese aid on the sectoral composition and the
concessionality of ‘traditional’ aid. There is also little research on whether Chinese aid harms the effectiveness of Western aid. An exception is Li [2017]. He finds that the democratizing effects of DAC aid to Sub-Saharan Africa have been reduced with the emergence of Chinese aid. On the positive side, the results in Strange et al. [2017] suggest that sudden withdrawals of ‘traditional’ aid are less likely to translate into violent conflict if recipient countries have access to funding from China. The extent to which Chinese aid hampers Western aid effectiveness with respect to development outcomes and the West’s ability to buy political support from developing countries also deserves close attention.

7. South Africa

South Africa is the newest BRICS member, joining the group in 2011. As an aid donor, South Africa is said to have a comparative advantage as a result of its geographical, cultural and political knowledge of Africa, and its own recent experience in building a democracy. Its aid contribution is far from reaching the volumes of the other BRICS countries (see again Figure 1). Thus, it is not surprising that South Africa’s aid initiative is largely unexplored.

The total volume of South Africa’s development aid is difficult to assess. There is no central accounting of South Africa’s bilateral aid and hence a lack of reliable data. According to one source, South Africa’s aid in 2004 amounts to approximately US$1.6 billion, which would be less than 0.01 percent of South Africa’s GDP [Alden and le Pere, 2010: 5]. Others cite relatively high numbers of 0.7-1 percent of the country’s GNI (around US$6 billion) [Grimm 2011a; Besharati, 2013a], according to which South Africa would be one of few countries in the world that achieve the United Nation’s target for international aid. However, these estimates include peacekeeping activities and multilateral contributions which are not counted under OECD definitions [Tjønneland, 2013]. In fact, just about 10 percent of its contribution from 2005-2009 went to bilateral assistance [Yanacopulos 2013]. For instance, South Africa channels substantial amounts through organizations such as the South African Customs Union (SACU), the Southern African Development Community (SADC), and the African Union (AU). Bilateral flows via the African Renaissance Fund are currently estimated at US$183 million (Figure 1), which should be a better approximation of the actual number of all bilateral flows.
The history of South Africa's development aid reaches back to the apartheid era. As Braude et al. [2008] point out, assistance to other countries emerged as an instrument to gain foreign political support. In 1968, the Economic Cooperation Promotion Loan Fund was installed as a financial instrument for South Africa’s cooperation [Besharati, 2013a]. Until the 1980s, South Africa steadily expanded its bilateral assistance to more countries but kept its focus on the African continent [Vickers, 2013]. In general, foreign policy under the apartheid regime was characterized by isolation. With the end of the apartheid regime, South Africa opened up and established a multiracial democracy in the 1990s. The presidency of Thabo Mbeki was marked by the so-called African renaissance—an idea according to which African countries could achieve cultural, political, and economic renewal through mutual support and cooperation [Yanacopoulos, 2013]. This idea was also manifested in the New Partnership of African Development (NEPAD) in 2001 [Grimm, 2011b]. In addition, Mbeki initiated the establishment of the African Renaissance Fund (ARF) in 2000, as a new institution for South Africa’s development cooperation and a replacement of the Economic Cooperation Promotion Loan Fund. In 2010, the Parliament decided that the fund needed restructuring due to several administrative failings [Besharati, 2013b]. Around the same time the idea for a central implementing agency that would better coordinate and streamline South Africa’s aid activities was born [Besharati, 2013a]. Since then the construction of the South Africa Development Partnership Agency (SADPA) has been ongoing.38

The current institutional setting of South Africa’s development aid is relatively complex. Based on interview evidence, Braude et al. [2008] estimate that “at least half of all national government departments are engaged” in development projects. Today, the ARF is the main implementing agency of South Africa’s aid activities. It is planned that SADPA will take over this role but the process has been extremely slow [Lucey, 2015]. Besada and Tok [2015] claim that the ARF currently commands a budget of ZAR 600-800 million (US$70-94 million). This is expected to increase when SAPDA starts its operations.39

37 As Braude et al. [2008:5] highlight, financial aid during the apartheid era also went to the so-called ‘Homelands’ or ‘Banustans,’ which were independent states within the South African territory designated for the black South African majority. The purpose of these flows was to strengthen the political regime by creating the image that “black South Africans had places where they could express themselves politically.” However, the independence of the ‘Banustans’ was not recognized outside of South Africa.
39 A more conservative estimate by Lucey and O’Riordan [2014] projects the prospective budget of SADPA at only ZAR 500 million (US$50 million).
South Africa's development aid concentrates on Sub-Saharan Africa. This is not surprising given that South Africa's take on South-South Cooperation is informed by "its national interest as being intrinsically linked to Africa's stability, unity, and prosperity" [DIRCO, 2011]. According to an estimate of Besharati [2013a], more than 70 percent of South Africa's development aid is channeled to member states of the Southern African Development Community (SADC). Historical exceptions to the focus on African countries have been places in humanitarian need such as Palestine or Haiti after the 2010 earthquake [Grimm, 2011a; Tjønneland, 2013; Yanacopulos, 2013].

The backbone of South Africa's development model consists of institution-building, peacekeeping, and post-conflict development [Grobbelaar, 2014]. Examples include peacekeeping interventions in Burundi, Lesotho, and most prominently the Democratic Republic of Congo [Lucey, 2015; Hengari, 2016]. Ultimately, South Africa has a self-interest in keeping the region peaceful and prosperous. South Africa draws on its own history of internal institution-building for these interventions—a fact which many scholars see as South Africa's comparative advantage [Hendricks and Lucey, 2013; Vickers, 2013; Hengari, 2016;]. This sectoral focus stands in stark contrast to South Africa's lip service to the principle of non-interference. This contradiction is also evident in aid projects that have been tied to political reforms. For instance, South Africa replied in 2011 to a request by Swaziland for a bailout with an aid offer tied to both reforms of the financial system and reforms related to democratic rights [Besharati, 2013a].

The motives behind the regional and sectoral concentration of South Africa's aid has been the subject of some debate. Besharati [2013a] names undesired migrant streams as one of the motives behind the allocation of funds. Grimm [2011a] further hypothesizes that some of the funds are meant as compensation for destabilization politics that South Africa practiced during the apartheid regime. One example is the case of Mozambique, where South Africa sponsored the militant organization during the Mozambican civil war. In addition, Yanacopulos [2013] claims that South Africa is trying to buy votes to enter the United Nations Security Council. Dreher et al. [2011] show some quantitative evidence of South Africa's aid allocation pattern. They find that poorer, more fragile states have a significantly larger probability of receiving South African aid. They also find that countries that perform worse in controlling corruption receive more aid from South Africa. These results are generally in line
with the notion that South African aid is directed towards conflict-prone countries with institutional struggles.

Whether South African can indeed capitalize on its regional knowledge and own development history is still unclear. Evidence is limited to a few case studies on the effectiveness of South African aid [Hendricks and Lucey, 2013; Hengari, 2016]. South Africa has actively participated in global meetings on aid effectiveness in Paris, Accra, and Busan [Besharati, 2013a; Grobbelaar, 2014]. It also supports regional initiatives on aid effectiveness such as the African Platform for Aid Effectiveness of the African Union and the NEPAD. However, South Africa’s own aid activities do not meet these standards. Transparency and accountability are a continuing impediment to the analysis of South African aid. Due to the decentralized structure of its aid activities, comprehensive monitoring is difficult [Besharati, 2013a]. The major implementing agency, the ARF, currently does not disclose any detailed spending accounts. Whether the SADPA will be more transparent in the use of its funds remains to be seen. The only available project-level data on South Africa’s aid activities can be found in a dataset provided by AidData, which covers projects from 2005-2009 [Tierney et al., 2011]. In the NEPAD documents, South Africa recognizes country ownership as an important pillar of aid effectiveness [Besharati, 2013a]. Although the ARF and SAPDA officially do not provide tied aid, South Africa’s development aid often comes de facto in a package with South African institutions, organizations and companies [Besharati, 2013a].

Vickers [2013] claims that South Africa does not fit into the ‘traditional’ aid donor category, primarily due to its lack of comparable financial resources. Its strength as an aid donor rather lies in its history of institution-building and knowledge of the cultural, political, and economic context of African countries. Whether this advantage in fact has a tangible impact still needs to be investigated. Future research could focus on the effects of South African aid on political stability and on the economic welfare of the recipients. More and better data is needed to make this assessment possible. In addition, future research could study the motives behind South Africa’s aid activities to better understand the underlying political agenda.
8. Conclusions

The five BRICS countries have a long history in the field of development cooperation. Since the turn of the millennium, their commitments have become sizable, and consequently, BRICS aid has moved to the center of the academic debate on foreign assistance. BRICS aid is generally associated with the principle of non-interference and an emphasis on mutual benefits. These principles run counter to the Western donors’ idea of aid untied to goods and services from the donor but tied to democracy and human rights in recipient countries. This concept questions the conventional DAC aid architecture, which in turn is often perceived as paternalistic. At the same time, it is suspected that BRICS aid is more strongly driven by their donor’s self-interests than aid provided by established donors.

Compared to aid flows from OECD countries, aid from BRICS countries is still small. It is thus unlikely that it will grow into a standalone alternative to the DAC system. Still, the aid activities of the BRICS donors—with the exception of South Africa—have gained global reach. In terms of sectors, there is large variation between the individual BRICS nations. While China invests heavily in large-scale economic infrastructure projects and India is well known for its work in the energy and IT sectors, Brazil focuses on agriculture, health, and education projects. Russia is also strongly engaged in education and health projects. Interestingly, South Africa engages very actively in peacekeeping activities. This focus stands in contrast to OECD aid, which typically avoids conflict-prone contexts. Overall, BRICS aid seems to be a complement to rather than a substitute for DAC aid. Ultimately, recipients should benefit from this growing diversity in international support.

The manner in which the BRICS countries provide aid differs substantially from the DAC guidelines. The grant share is usually smaller and export support, particularly in the cases of China and India, is substantial. While the BRICS countries are often associated with the principle of non-interference, the reality of Russian and South African aid in particular is different. According to official documents, Russia asks its aid recipients to have national programs in place that tackle domestic poverty and economic development, and a true interest in developing bilateral relations with Russia [Ministry of Finance, 2007]. South Africa even actively interferes with the governance of recipient countries, including conflicts and democratic crises. These interventions stand in stark contrast to its lip service to the non-interference principle. In general, BRICS donors seem to be motivated by their geopolitical
and commercial self-interests. However, it is important to note that existing quantitative studies show no robust evidence that they follow self-interests to a larger extent than DAC donors.

Little is known on the developmental effects of BRICS aid. The literature on this issue remains largely anecdotal, mainly due to the lack of comprehensive and well-structured data. In contrast to the DAC donors, no comprehensive official database exists that tracks BRICS donors’ aid contributions at the project level. However, in the case of China and India, some research initiatives have been initiated to track and geo-reference individual aid projects. Making such data compatible with OECD standards will facilitate comparative studies on the allocation and effects of BRICS aid as well as on the coordination and competition of the BRICS countries with other bilateral and multilateral aid activities.
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Figures and Tables

Figure 1: Annual gross disbursements of Official Development Assistance (ODA) in millions of US dollars (2010-2014 average)

Note: Estimate for Brazil is based on 2010 data, due to lack of data for other years.
Source: Own figure based on data from OECD [2017b].
Table 1: List of BRICS donors’ most important recipient countries

<table>
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<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>South Africa</th>
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Note: China is omitted from this table, as no comprehensive global database on Chinese aid exists. The list of India’s most important recipient countries is based exclusively on flows from the country’s Ministry of Foreign Affairs and Exim bank. The list of Brazil’s most important recipient countries is based exclusively on flows from the Brazilian Cooperation Agency (ABC). The list of South Africa’s most important recipient countries is based exclusively on flows from the African Renaissance Fund. Source: OECD Dataset: DAC2a [OECD, 2017a], AidData Research Release 3.0 [Tierney et al., 2011].