

China and Project Aid: 'New' Donor Meets Old Obstacles?

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Project aid has always been one of the most intuitive forms of aid. Can there be a better way to help a country that is lacking the facilities and services necessary for its development, then by providing these to them? Fifty years of development assistance in Africa has learned us that the answer to Africa's development needs is not that simple. For over two decades, from the beginning of the 1960s until the oil crisis of the 1970s, project aid was the only mainstream aid modality in the donor arsenal. But weak institutional capacity and lack of political will undermined the effectiveness of projects as a development modality and led to a paradigm shift towards the promotion of conditionality based program aid since the 1980s. Structural Adjustment Programs, the New Aid Approach and everything that lies in-between, became the direct descendants of this shift.

Over the last couple of years, emerging donors like China have evolved into Africa's largest providers of infrastructure projects, as they use their competitive edge in the construction industry to meet the major gap in hard infrastructure on the African continent. 'Novel' approaches are set up, such as China's 'Angola Model' agreements, where the recipient counties leverage their resources and get infrastructure in return. The agreements often include a variety of aid provisions, but are fundamentally economic deals, which are proclaimed to be of mutually benefit and should enable the emerging economy to get long term guaranteed access to African minerals and energy resources and should provide a framework for investments and market access. But this low level of conditionality and the very strong focus on project aid shares stark similarities with old and unsuccessful Western development strategies from the 1960s and 1970s. This paper analyses the key similarities and differences, both in the discourse and practical project implementation, of current Chinese projects in Africa and Western approaches to project aid since the start of Western development assistance to Africa in the 1960s. Are emerging economies able to channel their own domestic experiences into project success or will they end up in the same project aid trap?