

**EMERGING POWERS AS DEVELOPMENT
ASSISTANCE PROVIDERS: A COMPARATIVE
STUDY OF BRAZIL, CHINA AND INDIA**

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CHITHRA PURUSHOTHAMAN



International Politics Division

Centre for International Politics, Organisation and Disarmament

School of International Studies

JAWAHARLAL NEHRU UNIVERSITY

New Delhi- 110067

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Date: 20/07/2016

DECLARATION

I declare that the thesis entitled “**Emerging Powers as Development Assistance Providers: A Comparative Study of Brazil, China and India**” submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

CHITHRA PURUSHOTHAMAN

CERTIFICATE

We recommend that this thesis be placed before the examiners for evaluation.

Prof. C.S.R. Murthy

(Chairperson, CIPOD)



Chairperson,
Centre for International Politics,
Organization and Disarmament
School of International Studies
Jawaharlal Nehru University
New Delhi-110067

Prof. Jayati Srivastava

(Supervisor)



Supervisor,
Centre for International Politics,
Organization and Disarmament
School of International Studies
Jawaharlal Nehru University
New Delhi-110067

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ABBREVIATIONS

AAA	Accra Agenda for Action
ABC	Brazilian Cooperation Agency
ACTO	Amazon Cooperation Treaty Organization
ADB	Asian Development Bank
ADF	African Development Fund
ADR	Aid to Disaster Relief
AFD	French Development Agency
AIIB	Asian Infrastructure Investment Bank
APCTT	Asian and Pacific Centre for Transfer of Technology
ASEAN	Association of Southeast Asian Nations
AU	African Union
BAPA	Buenos Aires Plan of Action
BMZ	German Federal Ministry of Economic Development and Cooperation
CAGR	Compound Annual Growth Rate
CARICOM	Caribbean Community
CELAC	Community of Latin American and Caribbean States
CEPAL	Economic Commission for Latin America
China Exim Bank	China Export-Import Bank
COBRADI	Brazilian Cooperation for International Development
COMESA	Common Market of Eastern and Southern Africa
CPR	Centre for Policy Research
CVRD	Companhia Vale de Rio Doce
EBRD	European Bank for Reconstruction and Development

ECD	Economic and Coordination Division
ECOSOC	Economic and Social Council
ECW	Economic Cooperation Wing
EU	European Union
EXIM Bank	Export-Import Bank of India
DAC	Development Assistance Committee
DAG	Development Assistance Group
DCF	Development Cooperation Forum
DCOPT	Division of International Technical Cooperation
DEA	Department of Economic Affairs
DFID	Department for International Development
DPA	Development Partnership Administration
DPRK	Democratic People's Republic of Korea
EMBRAPA	Brazilian Agricultural Research Corporation
EPC	Engineering Procurement Construction
EU	European Union
FA	Financial Aid
FAO	Food and Agriculture Organization of the UN
FC	Federal Constitution
Fiocruz	Oswaldo Cruz Foundation
FOCAC	Forum on China-Africa Cooperation
G-20	Group of Twenty
G-77	Group of 77 countries
GDP	Gross Domestic Product
GNI	Gross National Income
GOI	Government of India
HIPC	Highly Indebted Poor Countries

HRF	Haiti Reconstruction Fund
IAFS	The India-Africa Forum Summit
IAM	Indian Aid Mission
IASO	Ibero-American States Organization
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
ICGEB	International Center for Genetic Engineering and Biotechnology
ICM	Indian Cooperation Mission
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IDA	International Development Association
IDB	Inter-American Development Bank
IDC	Indian Development Cooperation
IDCR	The Indian Development Cooperation Research
IDEAS	Indian Development and Economic Assistance Scheme
IDI	India Development Initiative
IFIs	International Financial Institutions
IICA	Inter-American Institute for Cooperation in Agriculture
IIDCA	India International Development Cooperation Agency
IMF	International Monetary Fund
IOC	Indian Oil Corporation
IOs	International Organisations
ILO	International Labour Organization
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IPEA	Institute for Applied Economic Research
ITEC	Indian Technical and Economic Cooperation
ITP	Investment and Technology Promotion Division
JC	Joint Commission

JICA	Japan International Cooperation Agency
LDCs	Least Developed Countries
LOCs	Lines of Credit
MCT	Ministry of Science and Technology
MCTI	Ministry of Science, Technology and Innovation
MD	Ministry of Defense
MDGs	Millennium Development Goals
MEA	Ministry of External Affairs
MEC	Ministry of Education
MERCOSUR	Southern Common Market
MINUSTAH	United Nations Stabilisation Mission in Haiti
MoCI	Ministry of Commerce and Industry
MoF	Ministry of Finance
MOFCOM	Ministry of Commerce
MoU	Memorandum of Understanding
MP	Ministry of Planning, Budget and Management
MRE	Ministry of External Relations
MS	Ministry of Health
NAM	Non-Aligned Movement
NDB	New Development Bank
NGOs	Non-Governmental Organisations
NIDC	National Industrial Development Cooperation
NIEO	New International Economic Order
OA	Official Aid
OAS	Organisation of American States
OBOR	One Belt and One Road
ODA	Official Development Assistance

OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
ONGC	Oil and Natural Gas Corporation
OPEC	Organisation of the Petroleum Exporting Countries
PALOPs	Portuguese-speaking African countries
PMNRF	Prime Minister's National Relief Fund
PPP	Purchasing Power Parity
PRC	People's Republic of China
ProSavana	Mozambique Tropical Savannah Agricultural Development Project
PRSPs	Poverty Reduction Strategy Papers
RCB	Regional Centre for Biotechnology
SADC	Southern African Development Community
SAIS-CARI	School of Advanced International Studies-China Africa Research Initiative
SAPs	Structural Adjustment Programmes
SCAAP	Special Commonwealth Assistance for Africa Programme
SCO	Shanghai Cooperation Organization
SENAI	National Service for Industrial Training
SEPLAN	Secretariat for Planning
SMEs	Small and Medium Enterprises
SSC	South-South Cooperation
SSDC	South-South Development Cooperation
STC	Scientific and Technological Cooperation
SUBIN	Sub-secretariat for International Technical and Economic Cooperation
SVP	Special Volunteers Programme
TA	Technical Aid
TCDC	Technical Cooperation among Developing Countries

TCS	Technical Cooperation Scheme
UERJ	State University of Rio de Janeiro
UFRJ	Federal University of Rio de Janeiro
UK	United Kingdom
UnB	University of Brasilia
UN	United Nations
UNASUR	Union of South American Nations
UNCTAD	United Nations Conference on Trade and Development
UNDEF	United Nations Democracy Fund
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFAO	United Nations Food and Agriculture Organization
UNFPA	United Nations Population Fund
UNIDO	UN Industrial Development Organization
UNSC	United Nations Security Council
US	United States
USAID	United States Agency for International Development
USP	University of Sao Paulo
USSR	Union of Soviet Socialist Republics
WB	World Bank
WFP	World Food Program
WTO	World Trade Organization

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CHAPTER 1

INTRODUCTION

The contemporary form of foreign aid emerged in response to a dramatically changing global political and economic milieu since the end of the Second World War (1939-1945). The war-torn Europe was on the verge of collapse and there was an urgent need for economic reconstruction of the European countries for their recovery from the catastrophe. This led to the introduction of the Marshall Plan¹ by the United States (US) in 1948. While the key concerns that guided the US to give foreign aid to western Europe was the containment of Communism, getting access to natural resources and raw materials, and gaining a prominent role in the global trade and investment system; altruistic claims of the US helped them mobilize support from a wide spectrum of political opinion both at home and abroad (Tarp, 2006: 26). The motives behind the US aid could therefore be characterised as multi-faceted.

After the success of the Marshall Plan, the attention of the industrialised developed countries turned to the developing countries, many of which became independent in the decade of 1960s. Later, the provision of development assistance to poorer countries came to be considered as a taken-for-granted function played by all major Western democracies (Alesina and Dollar, 2000). With the Marshall Plan, began the legacy of the foreign aid programmes and aid transfers from the developed to the less-developed countries. Eventually, the North to South flows of money and resources came to be understood as an established feature of the international political economy and international aid architecture became a new theatre of power play between countries.

However, the idea of international aid architecture being exclusively a North to South flow of resources has been challenged by those countries of the Global South who were providing development assistance to other developing countries. Some of the countries of the Global South despite being recipients of Western aid have been involved in providing development assistance to their peers in the Global South for almost six decades. This dual role of a recipient and a donor has been the common

¹From 1948 to 1951, under the Marshall Plan, the Western Europe received \$13 billion in aid from the US (De Long and Eichengreen, 1991:2).

feature of many countries in the Global South like China, India and Brazil. Even though their development assistance volume and scale is much smaller than the traditional donors, they have been involved in development assistance for as long as the developed countries. What is new now is that these countries have increased their development assistance budgets and scope, thereby receiving much greater attention from both the Western donors and also from the recipient countries which have got more choice when it comes to aid providers. These developing countries have been repositioning themselves from recipients to that of ‘providers’ of development assistance, thereby endorsing and further strengthening South-South Cooperation (SSC).

With the emerging powers gaining more visibility and ensuring their presence in the international aid framework, there are visible changes in the way foreign aid has been envisaged by the players, both the donors and the recipients. The traditional donors’ exclusive competence in the international aid architecture has been declining with the emerging powers’ development assistance programme.

The traditional donors claim that the emerging powers’ development cooperation has been harmful for the recipient country in the long-term because they encourage poor policies like absence of conditionalities; extending support to even rogue states; lowering standards especially environmental standards and good governance; and increasing debt burdens by giving too many loans to their ‘partner’ countries (Woods, 2008:2). However, emerging powers’ development assistance has become more appealing to recipient countries mainly because of the failures of the traditional donors to increase aid, reduce the strict conditionalities imposed on the recipients, enhance alignment and coordination, and reform the traditional aid architecture (Woods, 2008:2).

Emerging powers like Brazil, China and India do pose certain challenges for the development assistance regime set up by the traditional donors. One of the key features of their development assistance is respect for the sovereignty of their partner countries, which has gained them much advantage over traditional donors. For example, Brazil uses the term ‘development cooperation’ instead of development assistance or foreign aid and considers respect for sovereignty and non-interference as most important tenet of its development cooperation. China also emphasises

sovereignty, equality and mutual respect. Likewise, Indian development assistance is centred on respect for sovereignty, non-interference in domestic affairs of partner countries, equality, peaceful coexistence and mutual benefit. By “quietly” offering alternatives to the recipients, emerging powers are bringing “competitive pressures into the existing system thereby weakening the bargaining position of Western donors” (Woods, 2008:17).

The current structure of international aid framework is no more just the North-South hierarchical donor-recipient configuration as it also constitutes SSC which is based on horizontal partnership, equality, mutual benefit and win-win situation for both partners. The principles of SSC brought a fresh perspective into the aid architecture which is based on partnership and solidarity of the Global South. The emerging powers’ own colonial past and experience as a recipient of traditional aid makes them better understand the concerns and challenges faced by other developing countries in similar stages of development. The foundation of SSC in development is built on friendship, solidarity and mutual goodwill. The emerging powers have consciously distanced themselves from the policies of the traditional donors and have always emphasised their identity as one amongst the Global South.

What distinguishes countries like Brazil, China or India is not their richness or poverty but the “desire of the country for power” (Griffin and Enos, 1970: 314). Generally, it is the powerful countries who are found to give assistance to the less powerful (Griffin and Enos, 1970). It is the motives of these countries in granting aid and the resulting consequences that is important to this study. The main objective of this study is to examine the increasing role of emerging powers as development assistance providers, their motivations and agendas, and the scope and reach of their development assistance programmes. The comparative study of the three major emerging powers, Brazil, China and India; would help us to understand how these states have carved out a niche of their own in international aid architecture, how they use development assistance as an instrument of economic statecraft, and in what ways are they similar and where all do they differ from each other.

Even though the emerging powers are leaving a mark in international development through their changing roles and identities, they prefer not to join the traditional donors club of the Organisation for Economic Cooperation and Development (OECD)

- Development Assistance Committee (DAC) and continue to maintain their Third World/ Southern identities. This study will look into these changing identities of the emerging powers and its overall impact on the broader theatre of international politics.

Rationale and Scope of the Study

This study focus on the changing roles of Brazil, China and India from being principal recipients to development assistance providers, the motives and orientations behind their development cooperation programme; their development cooperation policies, strategies and agendas. It will also assess how emerging powers use development cooperation as an instrument of economic statecraft and how their development cooperation is different from the traditional donor's aid. Brazil, China and India have been chosen as they act as a lens for building a general understanding of the emerging powers as development assistance providers, their nature, volume, scope, motives and markedly their changing identities. The study locates the overall impact of the changing role of these countries in international politics.

A comparative study of the three emerging powers, Brazil, China and India as development assistance providers delves into the convergences and divergences of their development cooperation policies and agendas. At the same time, these emerging powers' development cooperation is compared to the traditional donors' aid to know what new agenda do the emerging powers bring to the table. Furthermore, the emerging powers not being a homogenous entity, their similarities and differences has been brought out through an in-depth analysis. The ambit of this study is the changing bilateral aid architecture and how the emerging powers are positioning themselves in a system dominated by the developed donor country club, the OECD-DAC.

Brazil, China and India make strong cases for comparative study keeping in view their similarities and dissimilarities. As developing countries, Brazil, China and India act in similar ways in many crucial issues and areas. Their structural positioning in international relations also shows proximity. These states are unusually large for their extended neighbourhood, i.e., Brazil in Latin America, China in East Asia and India in South Asia. Thus, their resulting regional roles and responsibilities are similarly huge. All three of them are rapidly developing countries; huge in size and population;

all three are regional powers and are aiming for a powerful global role. Poverty is one of the central challenges faced by these countries. They have been recipients of aid for considerably long time but have been giving some amount of aid to select countries as a part of SSC. Besides, they have been able to reach an admirable overall economic growth. Now they are trying to establish their position in the international development landscape which was largely dominated by the economically developed countries.

Their development cooperation policies also show certain common tenets, i.e., they do not belong to the OECD- DAC, impose less conditionalities, try to wield influence and resources from their fellow developing countries and aspires for the leadership role of the developing countries of the Global South. They also qualify as the three largest emerging powers who are development assistance providers. Along with similarities, they have several dissimilarities amongst each other. While Brazil's development cooperation is more focussed on multilateral and trilateral cooperation with maximum assistance going to Latin American countries followed by the Portuguese-speaking countries in Africa, which shows more historical, geographic, cultural and linguistic proximity, and development experiences similar to their own; China is keen on its policy goals and orientations and plays with both hard and soft power whenever necessary to increase its trade and investments; India is more of a user soft power and diplomatic orientations in order to strengthen regional solidarity, trade and investment opportunities and search for new markets. Thus they divert at many crucial policy areas including definition of development cooperation, geographical scope, modalities and agendas behind their development cooperation.

Key Terminologies Used

Various terminologies have been used by the traditional donors to denote developing countries of the Global South who give development assistance, including non-DAC donors², non-traditional donors³, emerging donors⁴, new donors⁵ and re-emerging

² Non-DAC donors denote those countries which give foreign aid but are not a part of the OECD-DAC (Sato et. al, 2010:1).

³ These are countries that are not a part of traditional donors' club of the OECD, but are still involved in giving foreign aid (Kragelund, 2010: 18).

⁴ The countries who are new to the field of foreign aid-giving are also being called emerging donors. However, it is important to note that developing countries like China and India have been involved in development cooperation, since the 1950s, as long as the traditional donors.

donors⁶. However, these countries themselves do not agree with these terminologies and have officially declared their discomfort at being called as donors, which they consider a Western construct. Most of these countries consider themselves as development partners in the growth story of other developing countries. Furthermore, these countries have been also called emerging powers, rising powers, regional powers or middle-powers by various scholars (Hurrell, 2006: 9; Quadir, 2013; Sahni, 2012, Jordaan, 2003; Nel, 2010). According to Varun Sahni (2012), a rising power has a significant systemic player today and their actions would have an effect on the system. On the other hand, emerging power is one that has showed its willingness and capability to play a systemic role but do not have the system shaping capabilities at present. These emerging powers are also the middle powers in the system. In this manner, China is rising, India and Brazil are emerging (Sahni, 2012).

The terminology of ‘emerging powers’ used in this study rather resonate with the ideas and language used by the countries that are becoming significant development assistance providers and are making a prominent leap from being aid recipients. The following section will focus on the concept of emerging powers and its definition, as well as understanding their expanding role as development assistance providers.

Emerging Powers

There are several definitions of what an emerging power is. Many scholars have focussed on defining emerging powers and their increasing role in the international system. However, there exists no commonly accepted definition of what an emerging power is.

The expression “emerging country”⁷ comes from the field of economics and even finance. The term “emerging market economies”, which is in use since the 1980s, refers to “rapidly growing economies that offer investment opportunities for

⁵ The countries that have recently made their forays into international aid architecture are also termed new donors by some scholars (Manning 2006: 374; Dreher et. al., 2010:3).

⁶ The re-emerging donors are those countries who have been giving foreign aid for long but their volume was almost negligible, which has changed in recent times and have started to be noted by other countries because of their increased volume, geographical spread and scope of their foreign aid (Mawdsley, 2012).

⁷ Jaffrelot (2008:1) notes that emerging country label has been given to certain developing countries by some financial organisations such as the International Monetary Fund (IMF) or the World Bank (WB). However, the list of emerging countries is in constant flux and countries can be included or excluded from the list depending on the IMF criterias.

companies in developed countries” (Jaffrelot, 2008:1). With the growing economic weight of some developing countries in the world economy, the term emerging power came to be used primarily to denote their “economic take-off” (Jaffrelot, 2008:1, 2).

Gabas and Losch (2008) observe that these developing countries were those “underdeveloped category” of countries, which emerged after the Second World War that was later renamed as Third World countries and then rechristened as the Global South (Gabas and Losch, 2008:15).

Andrew Hurrell (2006) argues that the emerging powers are countries that could be considered as “pivotal states in international relations” (Hurrell, 2006:9). These countries aim to manoeuvre a greater role and influence, both in their own region and the outside world (Hurrell, 2006: 9, 2008: 4). It is through their increasing economic capabilities that they hope to change the economic and political setting of the 21st century (Hart and Jones, 2010:65). However, the concept of emerging powers presupposes common traits.

Chenoy (2010), lays out the characteristics of an emerging power, including

high growth rates; influence on international economics through purchase of bonds, impact on trade, foreign exchange and competitiveness; stable political systems and demographic depth. They are also found to be high military spenders with huge standing armies (Chenoy, 2010:2).

These countries, through their increasing military spending and nuclear capabilities, aim to enhance their regional and international influence (Chenoy, 2010). They are also increasingly found to have strategic partnerships with other developing countries. The group of Brazil, Russia, India, China and South Africa (BRICS) and the group of India, Brazil and South Africa (IBSA) are examples of the emerging powers’ groupings that these countries think would enhance their status internationally. Furthermore, these emerging powers are also an inevitable part of global governance institutions. The expansion of G-8 into G-20 is a significant reminder of the West’s acceptance of the emerging powers as important actors in international politics.

Schirm (2006) affirms that the emerging powers’ geographic size, high population, economic and military capacities have helped them play a greater role in international politics. Countries like China, India and Brazil have a dominant position in terms of

“power over resources”, including demographic depth, huge territory, high gross domestic product (GDP) and good military strength (Schirm, 2006:2).

Emphasising the weight of economic power in the era of globalisation, Mistry (2004) asserts that “economic power is as significant as military might in determining a country’s world standing” (Mistry, 2004: 66). The emerging powers have been able to maintain a high economic growth and this has favoured them tremendously in consolidating their national power, which has put them in an advantageous position in the international front (Mistry, 2004). Some of the emerging powers are also nuclear powers, like India and China with a huge military spending. Despite that, they have been keen to use external aid as a part of their economic diplomacy.

Apart from high growth rates and growing integration into the world economy, emerging powers have a stabilised institutional apparatus and some form of capitalism, despite the differences in the nature of their trajectories (Jaffrelot, 2008:3). The institutional stability helps these emerging powers in sustaining the high economic growth enjoyed by them in the past several years (Jaffrelot, 2008:3). Relying on the increased economic clout and demographic dividends, emerging powers have exhibited their renewed political ambitions for a greater role in international politics (Jaffrelot, 2008:4). Furthermore, these countries have increasingly shown their readiness, capacity and willingness to be leaders in their regions as well as internationally (Schirm, 2006:2).

Currently, the emerging powers play a prominent role in managing climate change to nuclear proliferation which makes them inevitable partners in all institutions of global governance (Hurrell, 2010: 12). Furthermore, these countries themselves are quite vocal about their demands for an equitable international political and economic system. Emerging powers like India, Brazil and South Africa have been pushing for changes at various international institutions dominated by the Western countries, most important of which has been a permanent seat for them in the reformed United Nations Security Council (UNSC). Also, the emerging powers have initiated their own financial institutions like the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB). The increased development assistance from these emerging powers like Brazil, China and India are pointers of the readiness

of these countries to take a global role and their willingness to share responsibilities in the global system.

All these emerging countries, including Brazil, China and India have “power over resources” and have enjoyed a high economic growth in the 21st century. Even though these countries have institutional stability and economic growth, all of them have crippling domestic issues like severe poverty and high income inequality. Despite pressing issues at home, these countries are playing an increasingly important role in the international system. Andrew Hurrell (2010) claims that “both the international political system and the structures of global capitalism can be said to be in a state of flux and uncertainty” (Hurrell, 2010:1). He asserts that the “power shift” of the 21st century has focused on the emerging powers (Hurrell, 2010: 1). Emerging powers, like Brazil, China and India, through their relentless efforts, have been trying to bring changes into the power calculus that existed both regionally and internationally.

In this study, emerging powers have been considered in the context of development cooperation. These countries have been giving development assistance for almost six decades. But, the volume of the development assistance from these countries has been considerably low when compared to traditional donors. Despite the low volume and scope of their development assistance, these countries are carving out a niche of their own in the international aid architecture. They are not following the rules created by the developed countries and are trying to make their own rules and regulations for their development assistance based on horizontal cooperation, mutual benefit, non-interference, equality and no-conditionalities. They are not status-quoist powers in the international aid architecture as they have brought fresh ideas and imperatives into the development cooperation framework which has made even the traditional donors look at them in a new light. Undoubtedly, there are changes in the international aid architecture which has been the result of emerging powers’ efforts to bring their own ideas and struggles.

Over the past one and half decades, the volume and scope of emerging powers’ development cooperation has been visibly increasing and that have brought them into the limelight. However, the emerging powers are not a replacement to the traditional donors aid but complementary. Reason for this is that though the emerging powers have been involved in development cooperation for over six decades, their

development cooperation is still in nascent stages mainly in terms of volume and scope, definition, institutions or concrete policies or agendas. However, their presence and visibility has increased considerably in the 21st century with the increasing volume, scope and geographical reach, additional resources, and specific expertise, which has made it all the more important to study these emerging powers in development cooperation.

The emerging powers have articulated their discomfort in terming their development assistance as foreign aid. Like they discard the idea of foreign aid, emerging powers do not consider the concept of donor-recipient classification which according to them is rather a hierarchical Western construct. They prefer to call themselves as partners in development cooperation and not donors of foreign aid (Purushothaman, 2014). However, when partner could mean both the countries involved, the partner who gives development assistance here would be referred to as 'development assistance provider'.

Methodology

A comparative study of three emerging powers in international development, Brazil, China and India is carefully undertaken primarily to analyse their development assistance programme; scope, nature and volume; and agendas, aspirations, strategies and motives behind their development cooperation. This study is mostly qualitative in nature. However, data from various primary and secondary sources is used to support the arguments.

This study relies on published primary and secondary sources, such as government documents, newspaper articles, books, journals, research papers, working papers of projects etc., as well as interviews with government officials, academia and policy-makers. The resources available on the website of various think tanks and research foundations have also been used. The major source of data for the development cooperation volume and scope of these three countries has been the official data published by their respective ministries which play a role in their development cooperation activities. Interviews with senior and serving bureaucrats, experts from government and private think tanks, and academia of Brazil and India stand as a major source of information on the Brazilian and Indian development cooperation. Extensive field study was conducted in India during 2015-2016 and Brazil during

March-April 2015, for interviews and data collection. In the case of China, the major primary source of data has been two White Papers on Foreign Aid published in 2011 and 2014. Although, a field study could not be conducted in China, all the publically available primary sources have been put to full use in this study.

Data Sources

Lack of transparency has been one of the major issues in dealing with the emerging powers' development assistance. All the three countries, Brazil, China and India are criticised for this lack of transparency about their development cooperation. Even though Brazil and China have reports and White Papers on development cooperation published by the government, the data is considered to be neither comprehensive nor accurate. However, for the purpose of analysis, the government data has been used despite the discrepancies. For India, there are no separate government projections or reports on development cooperation available. Data has been culled out from the Annual Reports of the Ministry of External Affairs (MEA), MEA Outcome Budgets, Export-Import Bank (EXIM Bank) Reports and Economic Survey.

With the lack of regular dissemination of official data and no accountability mechanisms in place, it becomes truly difficult to capture the precise financial flows from these countries under development assistance heading. This problem is further worsened with no clarity in definition of their development assistance, the existence of numerous institutions responsible for their development assistance, and different modalities. This has been found true for most of the emerging powers including India, Brazil and China.

Brazil

In the case of Brazil, the major primary source of data are the two Brazilian Cooperation for International Development/ Cooperação Brasileira para o Desenvolvimento Internacional (Cobradi) Reports, Brazilian Cooperation for International Development 2005-2009 and Brazilian Cooperation for International Development 2010, published in 2010 and 2014 respectively. These reports are published by the Instituto de Pesquisa Econômica Aplicada/ Institute for Applied

Economic Research (IPEA)⁸. The available data is only till 2010 and no new Cobradi reports have been published since 2014.

As per the IPEA reports, the Cobradi totalled R\$1.6 billion (USD 923 million) in 2010. Of this, R\$1.3 billion (USD 752 million), which accounts 81.4% of the total, was allotted for multilateral cooperation and R\$ 302 million (USD 171 million) (i.e. 18.6% of the total amount allocated), was for bilateral cooperation. Regarding the geographical spread of Cobradi, Latin America and the Caribbean gets the maximum assistance amounting to R\$ 192 million (USD 111 million) followed by Africa which received R\$65 million (USD 37 million) (IPEA, 2014).

In the interviews⁹ conducted with the officials at Agência Brasileira de Cooperação/ Brazilian Cooperation Agency (ABC) and IPEA, they made it clear that the real volume of Cobradi could be much higher than government projections. Even though the government projections are approximately USD 923 million, the actual volume could go much higher than these projections if all the institutions involved in development cooperation are brought together and the actual amounts were revealed. Several institutions involved in Brazilian development cooperation that have not been brought under the radar while calculating development cooperation including federated states and the municipalities.

Even though the efforts made by IPEA in coordinating more than 100 agencies involved in development cooperation is commendable, noticeably, these data might not be comprehensive in predicting the real amounts given by each agency. Also, ABC is not the single institution managing and coordinating Brazilian development cooperation, most of the ministries can directly deal with the partner country and decide on the projects and volume of development assistance to be given.

Despite the creation of the ABC, the centralised coordination of Brazilian development cooperation remained a distant dream. The actors involved in Cobradi also includes the non-traditional state actors like federal agencies¹⁰ and subnational

⁸ IPEA is a public foundation that offers technical and institutional support to the Federal government of Brazil.

⁹ Interviews with the officials of the ABC, IPEA and the Ministry of External Relations (MRE) were conducted in Brasilia during March, 2015.

¹⁰ Like the Brazilian Agricultural Research Corporation (Embrapa) and the Oswaldo Cruz Foundation (Fiocruz) that are affiliated to the Ministry of Agriculture and the Ministry of Health respectively.

entities¹¹; non-state actors; and private sector businesses (Milani, 2014:5)¹². These actors do not work under the authority of the Presidency of the Republic of Brazil. They could advance their own agendas, different from that of the Federal government's agendas, which could affect the authority of the state as the real centre of power in executing the development cooperation policy (Milani, 2014:5). The plurality of actors and agendas makes it a herculean task to manage, quantify and access accurate data on Brazilian development cooperation. This rather becomes impossible with no state control on the international agendas of the non-state and private sector actors. This also makes it hard for the ABC and the IPEA to calculate the volume of Cobradi and hence make the volume quoted in the Cobradi report problematic and inaccurate by a huge margin.

Decentralisation of the Brazilian development cooperation was further encouraged and legitimised by the federal government in 2012 through the Decentralised Programme for South–South Technical Cooperation (Planalto, 2016).¹³ This further led to proliferation of agendas and actors in the field of Brazilian foreign policy in general and its development policy in particular. The debate on building centralised institutional structures for Cobradi was further diluted with this move and Itamaraty¹⁴ further lost its monopoly over its development cooperation programme. With the federated states and municipalities playing a greater role internationally, it has become common that most governmental agencies have their own budget for their endeavours abroad (Milani, 2014:11).

Furthermore, the Federal government outlines its development cooperation as based only on grants and anything that doesn't reach 100% grants will fail to get included as the Cobradi. This means that all the loans, credits and donations, and investments by Brazil gets removed from Cobradi. All this has led to much lower figures of Cobradi than what it should actually be.

¹¹ This includes federated states and municipalities.

¹² Prof. Carlos Milani, during an interview with him on 3rd April 2015, explained this issue in detail. Similar views were expressed by interviewees like Prof. Alcides Costa Vaz of University of Brasilia (UnB) and Mr. Marcio Correa of ABC.

¹³ The main objective of this programme was to encourage Brazilian states and municipalities to develop international technical cooperation projects with their counterparts in other developing countries (Planalto, 2016a).

¹⁴ Brazil's Ministry of External Relations is called Itamaraty.

China

In the case of China, the major sources of data are the two White Papers on Foreign Aid published in 2011 and 2014 respectively. These White Papers only give the data for the years 2009 to 2012. China does not publish data regularly and there are several gaps in the White Papers. Even though the White Papers give an overall volume of Chinese development assistance, this has not been a comprehensive report of country-wise data and project details. Hence, the lack of micro-analysis results in data incompatibility for comparisons with other countries.

Furthermore, a centralised institution for managing development assistance would have brought more coherence into the development cooperation efforts of China. Also, several field studies conducted in the recipient countries totally invalidate the data given in the White Paper. Although various secondary sources of data are available, they do not give a comprehensive figure as how much China is giving as development cooperation, as they are based on case studies or sector-based investigation. Even though, the data from these secondary sources have also been used in this study, the main source of data still remains the White Papers.

India

The Development Partnership Administration (DPA) was set up in 2012 under the Ministry of External Affairs (MEA) as the agency entrusted with the responsibility to coordinate India's development cooperation. Apart from the MEA, there are two other important government institutions that are involved in India's development assistance, Ministry of Finance (MoF) and the Ministry of Commerce and Industry (MoCI).

MEA has the coordinating role and enjoys a greater decision-making power over the others despite the fact that other ministries are equally important players in India's development cooperation. Another important player is the Department of Economic Affairs (DEA) in the MoF that is in charge of coordinating bilateral cooperation with other developing countries. MoCI also plays an important role in Indian development cooperation, especially with the increasing interweaving of trade and India's development cooperation flows. The Indian Export-Import Bank (EXIM)¹⁵ also plays

¹⁵ EXIM Bank is India's apex financial institution that has the responsibility to promote and facilitate India's international trade around the world (EXIM Bank, 2015: 21).

an important role in financing projects and sanctioning loans. EXIM Bank handles India's Line of Credit (LOC), which has been a major component of Indian development Cooperation (IDC). LOCs, that is tied to Indian goods and services, has been instrumental in supporting India's small and medium enterprises (SMEs).

Further, the Indian embassies and consulates have been entrusted with the duty of periodic assessment of the projects on the ground so that IDC is utilised properly. The presence of a varied number of institutions and the lack of dissemination of data from each of these organisations publicly makes it difficult to calculate the volume of development assistance from India.

Since the emerging powers like Brazil, China and India do not belong to the OECD or any other donors' club which demand transparency, they are not obliged to disseminate data systematically and accurately. Several other factors further complicate the data challenge. The lack of a common and clearly stated definition for development cooperation makes the comparing of data rather difficult. Conceptualisation of development cooperation has been different for these countries and all three of them have different definitions and ideas of what constitutes their development assistance. Furthermore, the diversity in each country's development cooperation modalities and the multiplicity of institutions involved in development cooperation makes the data comparisons largely inaccurate and non-comparable. Another major hurdle in data comparisons is the absence of systematic availability of data which makes it impossible to track the patterns of development cooperation for any specific time period. With technical and institutional problems in data reporting looming large, comparing any two emerging powers' development cooperation becomes difficult. Because of the unavailability of data, and the inaccuracy and discrepancies in the available data; the volume of development assistance from these three countries will not be compared in this study.

Research Questions and Chapterisation

Though the emerging powers lack the political and military might of the developed countries, they are seen to be making a mark on the economic realm. They have shown their capacity to influence international economics and development finance.

The increasing prominence of the emerging economies of the Global South has given a boost to the idea of SSC. Apart from trade and investments, these countries have come to use development assistance as an instrument to facilitate their economic ties with countries of the Global South. These countries wield a greater economic and political influence in their respective regions and countries like China and India have been expanding their footprints from their region to other far-off lands.

Even though China, India and Brazil could be labelled as the largest development assistance providers from the Global South, other developing countries like South Africa, Indonesia and Mexico also have been playing an increasingly important role in providing development assistance to other developing countries (Kragelund, 2010: VI). Some of these countries like Mexico, South Korea and Turkey have shown a keen interest in the Western development financing that led them to join the OECD. However, countries like China, India, Brazil or South Africa has always distanced themselves from the Western donors' club and their mechanisms for development finance to the lesser developed countries. These countries have also tried to develop their own unique system for development cooperation that suits their ideologies and interests.

The emerging powers' development cooperation has some common features that have been seen in a favourable light by other developing countries. This includes lack of conditionalities; emphasis on equal partnership between the provider and receiver; use of local technology and expertise that suits the economic and institutional development stage of their beneficiaries; and their own experience as a recipient of foreign aid which gives them a greater understanding of the needs of their partners and the limitations of the OECD aid. Collectively, they give emerging donors some comparative advantages in development assistance, as suggested by the increasing demand for their cooperation from the developing countries (ODI, 2010:2).

There are visible changes even in the foreign aid arena as aid has been increasingly used by these emerging powers as an instrument of economic statecraft. Emerging powers have become important players in the international aid architecture, making changes in the way foreign aid has been traditionally conceptualised and implemented by the traditional donors. The emerging powers' development cooperation has become more attractive to the developing countries which has made the international

aid system increasingly competitive (Woods, 2008). This has given the recipients a greater choice and say on their incoming development assistance flows with the emerging powers' assistance flowing in and the traditional donors' bargaining position weakened.

Despite the fact that traditional donors still occupy the prominent position in international aid architecture, their influence has been quietly challenged by the emerging powers whose development assistance is receiving great amount support from their partner countries. Apart from giving development assistance based on lesser conditionalities and mutual benefit, what has been attractive about emerging powers' development cooperation is that it is need-based and tailor-made based on the specifications suggested by the partner countries. This gives the partners a greater leverage as compared to their standing as recipient of Western aid.

The emerging powers, through aid, are trying to alter their Third World status and trying to reposition themselves into a more influential and legitimate status. Hence they are using a combination of hard and soft powers to lead the developing countries. Though there are varied constraints and challenges in front of the emerging powers, they are showing their readiness to play the leadership role not only in their respective regions but also in the developing Global South. Therefore, this study analyses the roles, motives and strategies of the emerging powers and how this has resulted in far-reaching changes in their identities and its implications on international politics.

This study critically analyses the following questions; who are emerging donors and what is their significance in international aid architecture? What is the nature and volume of aid from Brazil, China and India? What are the possible factors driving the development assistance policies of the emerging donors, especially Brazil, China and India, towards their recipients? How are the strategies and motivations of emerging donors different from that of the established donors? Are the development assistance policies of emerging powers guided by their experience and learnings that they had as aid recipients? What are the impacts of the emerging powers' development assistance programme on the recipients? What are the implications of the emerging powers' growing influence in the field of international politics?

This thesis is divided into seven chapters including introduction (chapter 1). The second chapter, "The Evolving Bilateral Aid Architecture", introduces the main thrust

of the research and also outlines the major themes and concepts of this study. This chapter deals with both emerging donors and established donors in detail. The major concern is to examine and compare their development assistance policy, their motives and agendas behind aid-giving; institutions involved; focus areas; geographical coverage etc. The chapter provides an in-depth analysis of the evolving bilateral aid architecture and its functioning and how emerging powers are contributing to its transformation.

The third chapter, “Brazil’s Development Cooperation”, looks into the historical background of Brazil’s development assistance programme. The focus is on the motives and objectives involved in its development assistance. It examines the institutional framework, operational components, and disbursement pattern of country’s development assistance. It also analyses as to how they are similar/dissimilar to established donors.

The fourth chapter, “China’s Development Assistance”, focuses on Chinese development assistance policy, the motives behind their development assistance programme, their strategies, aspirations, interests etc. in aid-giving. The chapter also analyses how their role as an aid donor has affected their position/status in international politics.

The fifth chapter, “India’s Development Partnership”, sketches the historical trajectory of India’s aid-giving and further goes about analysing its motives, aspirations, strategies, institutions involved and geographical spread. This chapter also examines the influence of India’s development assistance programme on the bilateral aid architecture.

The sixth chapter “Brazil, China and India in Comparative Perspective”, juxtaposes the three case studies and analyse them in comparative perspective. It looks into the similarities and the dissimilarities that the cases offer. This chapter also analyses the areas where the trio cooperate and/or compete.

The concluding chapter seven summarises the theoretical arguments and the major findings of the study.

CHAPTER 2

THE EVOLVING BILATERAL AID ARCHITECTURE

Foreign aid has occupied a prominent place in debates on development since the Marshall Plan. The mainstream literature and narratives on foreign aid has focussed largely on the North-South relations. Brautigam (2010) defines the international aid architecture as “the system of institutions, rules, norms, and practices that govern the transfer of concessional resources for development” (Brautigam, 2010:5). Initially, the only actors that had legitimacy and a standing in international aid architecture was the OECD-DAC. The definition of aid or official development assistance (ODA) given by the OECD-DAC and the rules and regulations made by them was the norm. Aid flows were considered unidirectional, i.e. from the developed countries of the Global North to the developing or underdeveloped countries of the Global South.

The Global North still remains a formidable force in international development landscape as the power and influence exercised by them on the aid architecture has been huge, considering the high volume of aid, scope, geographical reach, modalities and strong institutional structures in place.

The increasing visibility and presence of the emerging powers of the Global South has brought noticeable changes in the structure of development landscape over the years. The Global South, which was always considered to be on the receiving-end of foreign aid, started to reposition themselves as the providers of development assistance. Their role and significance have changed dramatically over the years. The emerging powers like China, India and Brazil have been changing the map of development assistance that was largely a dominion of the Global North. These developing countries of the Global South have been making inroads into the international development landscape since long. However, it is recently that they have managed to gain attention with the increasing volume, scope and geographical reach of their development assistance. These countries have been changing the development landscape with their increasing role in international aid architecture, in addition to making their own rules and regulations, and carving out a niche of their own in both the international development landscape and in the development agenda of their partner countries. The

emerging powers floated their own idea of development cooperation based on the principle of South-South Cooperation (SSC).

In this chapter, along with an in-depth analysis of the evolving bilateral aid architecture and its functioning, the role of emerging powers as development assistance providers has been explored. This chapter also examines the changing dynamics of international aid architecture, comprised of “institutions and actors, volume and composition, instruments and modalities, and rules and standards”; with the increasing momentum in SSC (Brautigam, 2010:5). It also assesses whether the rise of the emerging powers in the development aid architecture challenge the long-standing binary constructions of ‘North’ and ‘South’, ‘East’ and ‘West’, ‘developed’ and ‘developing’ and ‘First’, ‘Second’ and ‘Third’ Worlds (Sidaway, 2012).

Evolution of Foreign Aid

Over the past seven decades, the international aid architecture has transformed to include several actors, institutional structures, changes in definition, modalities and motives from that of Marshall Plan of 1948. Hence, there arises a need to sketch the evolution of international aid architecture that would give us a fair idea of how the traditional donors have regulated the aid system for so long and how the developing countries of the Global South has made inroads into this system and the institutions that has been set up by the traditional players as per their own needs and interests.

Pronk (2001) sketches the decade-wise changes in the aid structure based on the major developments in international politics and how aid was modified accordingly. While the early years of aid to developing countries were focussed on the technical assistance, it slowly gave way to supporting community development in the 1950s. In the 1960s aid was seen filling up the trade and investment gaps and in the following decade aid was provided for the basic human needs. The 1980s foreign aid programmes were dedicated to structural adjustment and debt relief. The 1990s saw the end of Cold War which led to foreign aid being targeted for humanitarian assistance along with efforts towards conflict prevention, democracy promotion and good governance (Pronk, 2001: 612).

One of the major classifications of periods of aid-giving has been given by Fraser (2006), whose classification could be useful model in understanding how the

traditional donors have played out their role after the Second World War. Fraser classifies the foreign aid-giving into five neat time-periods; “the post-colonial moment (1945-75); the mid-70s turn (1975-1980); the early structural adjustment era (1980s); adjustment after the Cold War (1990s); and presently, the partnership era (2000s)” (Fraser, 2006: 6).

By the end of the Second World War, the power structures changed considerably with the new economic power-houses like the United States (US) and the Union of Soviet Socialist Republics (USSR) taking the leadership role earlier assumed by major powers like the United Kingdom (UK), France and Germany. With the beginning of the Cold War, foreign aid was being used as an instrument for garnering support and forming Cold War alliances by both the US and the USSR. In the Third World, this period was also marked by independence movements from the Western colonisers and also by the struggle to sustain newly gained freedom by some countries. The donor policies towards these newly independent developing countries were driven by the Cold War politics. With the colonial world order nearly coming to an end by 1966, the former colonies realised the importance of foreign aid as harbinger of growth and development. The role of aid in this period largely focused on the strategies and interests of the superpowers. The superpowers could intervene in the domestic and foreign policy decisions of their recipients at their will despite them agreeing to the norms of self-rule and state sovereignty that are enshrined in the United Nations (UN) Charter. Many developing countries maintained friendly relations with these superpowers who reciprocated in order to safeguard their geo-political alliances and also to ensure their free access to raw materials in the developing country recipient (Fraser, 2006:7). For instance, Bolivia received maximum aid from the US during 1953-1961. This was the US strategy to discourage Bolivia from joining the Soviet bloc and later, to leverage domestic policy changes in the recipient country (Fraser, 2006: 8). The USSR also was very keen to cast itself as a natural ally for the newly independent countries and was providing aid for defence and boosting infrastructure development in the recipient countries. This period was also marked by several new ideas and solidarity initiatives from the Global South, marked by Bandung Conference, Colombo Plan, Non-Aligned Movement (NAM) and Group of 77 countries (G-77). These were major initiatives in the direction of SSC and solidarity amongst the Global South.

In the mid-1970s, the aid-flows from the North to South started showing a major slowdown mainly because of the economic crisis faced by the capitalist countries. This had a severe impact on the developing world, which was thoroughly dependent on the foreign aid from the West (Fraser, 2006: 15). The industrial production in the West dropped which automatically resulted in a sharp decline in the demand for raw materials from the developing countries. This made the situations worse for the aid-dependent countries of the Global South. However, this dependence was not one-sided and the West was quick to realise this with “the Vietnam War, the Organization of the Petroleum Exporting Countries (OPEC) oil cartel and large-scale nationalization in Chile, Iraq, Peru, Libya and Venezuela” (Fraser, 2006: 12). This “reverse dependence” of the North on the South was mainly due to “geo-strategic advantage”, and the need to access to natural resources and commodities, and for gaining influence on their domestic economy (Fraser, 2006: 12). The G77 and NAM, during this period, pushed for a New International Economic Order (NIEO), and through the United Nations Conference on Trade and Development (UNCTAD), worked for the revision of the existing Bretton Woods institutions for an equitable international economic system in favour of the developing countries of the Global South. Hence, in the mid-1970s the solidarity among developing countries brought more strength to their negotiations with the OECD, although the long term gains remained rather limited. However, a major development in the field of SSC was the conference of the Global South on technical cooperation among developing countries (TCDC) held in Buenos Aires in 1978, which resulted in the adoption of the Buenos Aires Plan of Action (BAPA) for promoting and implementing TCDC. Fifteen focal areas for TCDC was identified and insisted on giving “special attention to the least developed countries, the landlocked developing countries, and the small island developing states” (UNOSSC, 2016).

The energy crisis in the 1970s hit several developing countries hard, leading them to be overly dependent on external economic assistance. It was in this period that the International Monetary Fund (IMF) and the World Bank introduced the structural adjustment programme (SAPs) which made aid disbursement either through loans or lending conditional on enforcing policy changes in order to reduce inflation and fiscal imbalances in the struggling countries. SAPs focussed on conditionalities like good governance and free market policy that forced the developing countries to liberalise

their economies. While SAPs were effective in certain developing countries with an institutional framework, it had adverse effect on the poorest countries with no institutional mechanisms in place, like Sub-Saharan Africa, leading to economic crisis, inflation and adverse effects on the social sector. It soon became evident that the SAPs were not focussed on poverty-reduction in the recipient country and faced a lot of criticism which forced a change in the SAPs, allowing social spending. In 1999, the World Bank and the IMF replaced SAPs with the Poverty Reduction Strategy Papers (PRSPs). However, the PRSPs were also at a loss to address the flaws within the global economy which rather reinforced and legitimized global inequities (Mosley, 2004: F236). This was not making the foreign aid architecture any better for the recipient developing country apart from fortifying the vertical relationship between the donor and the recipient.

With the end of the Cold War, the foreign aid priorities of the traditional donors changed. The US was focussed on supporting the smooth transitioning of the Eastern European countries to democratic and free market economies. The OECD donors began to push for democratisation with greater energy and imposed aid sanctions on recipients who do not comply. They increased their focus on surveillance so that their aid brings desired outcomes (Fraser, 2006: 13).

The 21st century international aid architecture has been marked by the increasing presence of the emerging powers as development assistance providers. There have been considerable changes in the aid architecture in the contemporary era as development cooperation from the emerging powers such as China, India, Brazil and South Africa are increasing. Despite being aid recipients from the traditional donors, these countries have been involved in providing development assistance from as early as 1950s. What is new has not been their role in giving development assistance but the increased volume, scope and nature of their development cooperation. This has garnered a lot of attention from the international community. Their dual role as both a recipient and a donor has given them a better understanding of the foreign aid architecture, which these countries are trying to bring changes into.

Theoretical Underpinnings

Morgenthau (1962) considers foreign aid as constituting of six types that have a single commonality, i.e. “the transfer of money, goods and services from one nation to

another". These can be classified as humanitarian foreign aid¹⁶, subsistence foreign aid¹⁷, military foreign aid¹⁸, bribery, prestige foreign aid¹⁹, and foreign aid for economic development²⁰ (Morgenthau, 1962: 301). He contends that all types of foreign aid are used by the donors to fulfil their national interest and the only exception in this could be humanitarian aid which could be non-political. However, he does not dismiss the idea that humanitarian assistance could also be used to wield influence if given to the recipients in a political context.

Like Morgenthau, Hoy also puts forth 6 different types of aid i.e. project aid²¹, programme aid²², technical assistance²³, food aid²⁴, emergency or humanitarian assistance²⁵ and military aid²⁶ (Hoy, 1998).

Different strands of thought have diverse opinion on what makes donors give foreign aid and the determinants of donor interests while selecting recipients. For political economists, foreign aid is driven by the donors' political and economic goals. Factors like culture, institutions, power distribution and the dynamics of competitive interests have a decisive role in determining the donor motivations behind aid giving (Gilpin, 1987; Schraeder et. al., 1998). Realist scholars consider political hierarchy based on the distribution of strategic capabilities as an important factor in determining and

¹⁶ Humanitarian aid is provided by governments to those nations which have suffered natural disasters like floods or famines.

¹⁷ Subsistence aid is given by governments to prevent the breakdown of law and order situation in a recipient country.

¹⁸ Aid for military purposes is used by governments to build and strengthen their alliances. Apart from alliance building, military aid has been given for strategic reasons to even neutral countries depending on their strategic positioning in international politics.

¹⁹ Prestige aid is a major form of assistance given mainly to the underdeveloped countries to build infrastructure projects like a highway, airport or a stadium which leads to increase in prestige of both the donor and the recipient. It is rather a show of modernity and power and not a conscious effort by donor to get economic or political dividends. However, donors have gained several political advantages including greater goodwill through their efforts in supporting such projects.

²⁰ This form of aid has been given based on the proposition that the developed countries have an obligation to support the economically deprived countries by taking them on the path of development.

²¹ Project aid constitutes a grant or loan designated for a specific project or outcome.

²² Programme aid is usually a policy-based loan given to create suitable economic conditions in recipient country.

²³ It involves providing equipment or experts for a specific sector or outcome.

²⁴ Food aid is given to those countries that suffer natural or man-made disasters, such as floods, famines and armed conflicts.

²⁵ It includes grants, materials and relief to meet the demands of the victims of any disaster.

²⁶ It is given to strengthen the military of the recipient governments. It is the least benign form of assistance.

reinforcing the inequalities between the donor and the recipient. Liberal Internationalists believe that aid acts as a means to fill the gaps existing between the higher and lower stages of economic development. For them, the expansion of international trade and finance is also an important factor in mitigating this gap over a period of time. The critical theorists argue that aid has played an instrumental role in expanding world capitalism, constraining the recipient's development path to mere dependence on the world market and creating a relationship of symbolic domination (Hattori, 2001:639).

Pierre Bourdieu calls foreign aid as “symbolic domination, or a practice that signals and euphemizes social hierarchies”. Such practices constitute what he describes as “the gentle invisible violence, unrecognized as such, chosen as much as undergone” (Bourdieu, 1990: 98). The donors give those material goods to the recipients which they urgently need or those they desire to have. Through aid that is given as a gift to the recipients, the donors aim to transform their status from that of dominant to generous. As this gift given by the donor could not be reciprocated, the recipients generally become grateful to the donor which is what gives foreign aid its social power (Hattori 2001:640).

While majority of scholars have argued that foreign aid is driven by selfish motives of the donors, ethical claims also exist. Aristotle's view of “giving as a civic virtue” could be considered one of the important ethical claims. Lumsdaine (1993) also emphasizes the moral vision of the donors in giving aid. He argues that “foreign aid cannot be explained on the basis of the economic and political interests of the donor countries alone, and any satisfactory explanation must give a central place to the influence of humanitarian and egalitarian convictions upon aid donors” (Lumsdaine 1993: 35). He emphasises that factors such as colonial history, the democratic status of the recipients and income levels have a decisive role in the direction of the aid flows.

Hattori (2001) puts forth three distinct ethical justifications for foreign aid i.e. foreign aid as a fundamental human right, as a moral response to difficulties and finally, as embodying the ideal of humanitarianism. According to him, it is the material inequality between countries that have prompted the rich donors to give foreign aid to their poor recipients who lack the resources essential for their development (Hattori

2001:639). Like Hattori (2001), Pronk (2001) also maintains that foreign aid is given based on three factors- charity, economic and political. Aid given for eradicating hunger, misery and despair in the recipient country is branded as charity. The main economic objective of aid is to help the underdeveloped recipient country attain certain levels of sustainable economic growth and the political objectives comprise factors like creating political stability, supporting peace and democracy promotion in the recipient country (Pronk, 2001:613). However, he adds two other factors including preserving political independence of former colonies and maintaining the sphere of influence of the donor country which does not entirely fit into his ethical justification of aid (Pronk, 2001).

Though the ethical justifications for foreign aid continues to be the most favourite among the donors, the actual reason for giving aid captures our curiosity as aid-giving is not simply a function of intent as displayed by the donors. Rather, there are multiple objectives and motivations of aid, some of which can be said to be in conflict with each other. Hence, the complexity of donor motivations makes it difficult to assume that the major objectives behind foreign aid giving are the economic growth and development of the recipient.

The priority factor for a donor to decide on giving aid to a particular country has been strategic considerations. This has been evident from the early Cold War days during which aid was used as an important instrument by the US and the USSR for their strategic benefits without any consideration for the economic development of the recipient country (Radelet, 2006). Apart from the Cold War considerations of curbing communism or capitalism, there are other strategic interests playing out an important role as well. For instance, the US has been an important donor to Afghanistan, Israel and Iraq. While there are several underdeveloped countries which are in dire need of external financing, US preferred to give aid to those countries strategically important for the US and therefore received a major portion of the US aid.

Foreign policy and political interests also determine the aid from a donor to their particular recipients (Radelet, 2006). Furthermore, aid is given by the donor country to gain favour and to influence the domestic and foreign policy of the recipient country (Griffin and Enos, 1970). In order to get support and diplomatic recognition from countries around the world, Taiwan and China compete against each other to

give aid to several developing countries to choose between Beijing and Taipei. The conflict for recognition between the two has led to an increase in aid to those countries which supports them. Both have been giving considerable amount of aid to Latin American countries for eliciting their support. China has been more successful in its efforts compared to Taiwan and has been able to sever links of many countries with Taiwan (For example, Grenada). In the diplomatic battlefield between China and Taiwan, the recipient countries of one had to accept antagonisms from the other. It makes it difficult for these recipient countries to accept assistance without getting involved in the tussle.

Alesina & Dollar (2000: 33) indicate that a number of factors could drive the donors to give foreign aid, including strategic interests, colonial ties, quest for natural resources, trade, and democratic promotion. While humanitarian concerns might drive donors to give aid in certain occasions, aid largely ensures that donor interests are fulfilled (Boone, 1995). Sometimes, the donor decisions are also governed by the economic and political interests of the influential groups within the donor country, boosting their benefits (Hopkins, 2000). Recipient needs rarely figure in the aid picture. A few situations when the humanitarian angle could be spotted are during severe natural calamities (Tarp, 2006, Griffin and Enos, 1970).

Both Griffin and Enos (1970) and Alesina and Dollar (2000) argue that philanthropy is not one of the reasons for giving aid, as foreign aid is generally an instrument in the hands of the donor countries to wield influence. Furthermore, apart from economic, political or strategic reasons, cultural motive is often equally prevalent in this process.

Griffin and Enos maintain that economic aid from the rich and powerful to the poor countries reflects the power politics at play in which the strong can engage in symbolic battles without any physical injury (Griffin and Enos, 1970). Therefore, national interest tops the list of factors driving the donors to give aid. For the donors, foreign aid is a way to strengthen the bilateral ties with their recipients as well as maintaining the status-quo (Griffin and Enos, 1970).

Self-interest of donor countries have always influenced the decision of foreign aid flows (Hook, 1998). Before the end of the Cold War, the aid flows were based on political and historical interests. The focus slowly shifted to donors' commercial interests in the recipient countries, including trade and investments (Berthelemy and

Tichit, 2002: 19). Either way, the donor's motives are clearly supposed to have an impact on the recipients.

Evaluating Aid and Development

Many of the recipients view foreign aid as a critical ingredient in their development strategy. Indeed, aid and development came to be so closely linked that they are almost used interchangeably now (Huntington, 1970-1971: 164). Aid-effectiveness is an issue that concerns both the donors and the recipients. Aid cannot be equally effective everywhere. But the question is whether aid-effectiveness for donor can be considered as aid-effectiveness for the recipient? Here, the merit of the concept of aid-effectiveness itself comes to doubt as it is ambiguous. The issue of aid-effectiveness has led to increasing debates on good governance, aid fatigue among donors, and conditionalities which are the issues that have surfaced as a part and parcel of the efforts to increase aid-effectiveness on the part of the donors.

There has been quite a lot of debate regarding the link between aid, development and conditionalities. Divergent views exist regarding the impact of conditionalities on increasing aid-effectiveness. But conditionalities remain an indispensable part of aid and have been used by the donors to wield greater influence on their recipients.

With the end of the Cold War, the major donors gained confidence to attach political and economic conditionalities on the recipients without being concerned that they would lose their allies. This period also marked the rise of pro-democracy movements in various parts of the world, including Eastern Europe, Africa and Latin America (Chhotray and Hulme, 2007). This gave a greater momentum to the traditional donors' pursuit of democracy promotion and good governance, which were explicitly driven by political considerations of the donors. However, conditionalities helped the donors to cover their political motivations which helped them gain legitimacy. The charters of the IMF and WB restrict the donors from having any political considerations while giving aid. These institutions push for aid to the recipient country governments and respect for the sovereignty of the recipient country (Chhotray and Hulme, 2007:3). However, aid has been used to infringe the national sovereignty of the recipient country.

The donors explain that the rationale for using aid conditionalities is that they prove to be important mechanisms for the growth and development of the recipient country and aid is more beneficial when accompanied by conditionalities. Donors go to the extent of arguing that aid is not given for any monetary benefits of the donor but for “aid to act as a lever for the policy reforms” (Radelet, 2006:13).

However, certain scholars argue that conditionalities do not help in bringing policy reforms in the recipient country (Bird, 1999; Hoy, 1998). Collier and et. al. (1997:1406) proposes that “aid allocation should reflect ex post growth performance and human development rather than ex ante policy conditionality”.

In fact, there are no set rules for conditionalities imposed by the donors. Collier and Dollar (1999) says “poverty reduction is a function of growth and growth alone.” In order to reduce poverty in the recipient country, economic growth is a must. However, the donors assume that aid is more effective when the recipients have democratic institutions that are transparent and accountable, and sound economic policies to support growth and development (Hansen and Tarp, 2000; Lensink and White, 2000a; Erixon, 2005; Radelet, 2006). Tarp (2006) argues that aid works only in those countries that have transparent institutions and good policies. While good policies of the recipients helped them get continuous supply of aid, the strategic interests of the donors also played an important role in ensuring this aid flow (Pronk et. al., 2004: 12). For the recipients, conditionalities imposed on them are harsh and has had severe domestic consequences.

Western donors have increasingly emphasised on good governance as an inevitable condition for foreign aid. While the relevance of good governance on aid architecture has been increasingly emphasised, unfortunately there exists no single definition of good governance. Certain scholars consider good governance in a narrow sense that is limited to improving institutions and their role in development (Knack, 2000; Aubut, 2004).

Aubut (2004: 9) claims that governance “not only refers to the rules of the game, but also to the ‘players’ of the game, such as politicians and bureaucrats”. The players are important as they are capable of using the institutions to manage resources that could propel growth and development.

The most common accepted definition of good governance is the one propounded by the World Bank, according to which governance is “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank, 1992:1). The World Bank also refers to good governance as “sound development management and sees it as central to creating and sustaining an environment which fosters strong and equitable development and is an essential complement to sound economic policies” (World Bank, 1992:1).

Both the World Bank and the OECD (1995) have similar definition of what governance is. However, OECD also relates governance with participatory development and democratisation. In order to achieve and maintain high levels of development, the OECD laid down four elements of good governance that are crucial for the recipients to follow, including the rule of law, controlling corruption, public sector management, and reduction of military spending (OECD, 1995). Further, human rights and democracy have also been incorporated as main aspects of governance (Neumayer, 2003). As the concept of good governance gained prominence, the donor countries also started adopting their own definitions of good governance. While they consider the World Bank and the OECD definitions as important, the Western donor countries also focussed on specific criteria for governance. For example, the US prioritises “lawful governance” while Sweden emphasises on “public management and administration” (Aubut, 2004: 10).

However, the Western notion of governance may not be universally applicable. Several scholars argue that the developed donor countries’ claim that aid effectiveness is governed by good policies is not always true (Pronk et. al., 2004; Doornbos, 2001; Mosley, 1999). Aid could be effective only when the political, economic and the cultural context of the recipient are taken into consideration (Doornbos, 2001; Mosley, 1999). Donor perspectives on good and bad policy might not work for all recipients and therefore should not be seen as absolutes (Mosley, 1999). Instead, these policies work subjectively based on the level of development and resource availability of the recipients. If not, the donor conditionalities would have produced similar outcomes everywhere.

The idea of conceptualising governance in aid policy gained momentum with the increasing acknowledgment that the recipient political situation decides the

effectiveness of aid. Even though aid has been ineffective in bringing growth and development in many countries, it is supposed to bring positive results when both the donors and recipients meet the quality conditions (Barder and Birdsall, 2006). Some scholars argue that one of the important quality conditions that make aid successful is good governance (Barder and Birdsall, 2006).

Barder and Birdsall (2006) outlined a mechanism for progress-based aid that ensures accountability and resources are utilised properly in the recipient country. In this mechanism, those countries get more funds that choose better institutions and policy reforms. The aim is to ensure transparency and effectiveness, at the same time reducing the costs. Most importantly, this is supposed to enable recipient countries to strengthen their local institutional capacity that is inevitable for economic growth and development (Barder and Birdsall, 2006: 21). However, aid for progress has its own downsides. Countries with poor governance and high levels of poverty need more aid for making any difference in their country. Many countries are entirely dependent on foreign aid to achieve the Millennium Development Goals (MDGs). Hence, there is a need to increase aid to these countries despite their poor policies so that they achieve economic growth (Barder and Birdsall, 2006: 3). The trend of rewarding good policy reforms existed as early as 1990s. Many donors decide on their recipients also by the institutional structures and good governance. However, this approach is said to emphasise short-term results “at the expense of long-term institutional development” (Berthelemy and Tichit, 2002).

In the mid-1990s, we could see a shift among the donors towards “process conditionality.” Process conditionality emphasises “minimum levels of corruption, respect for human rights, adherence to the rule of law, and greater accountability of government to its citizens” (Barder and Birdsall, 2006: 6). Recipient governments were supposed to ensure local ownership of policy reforms for uninterrupted flow of aid from donors. Indeed, donors began to categorise countries on the basis of one or more political and institutional characteristics. These characteristics also determined the delivery mechanisms adopted by donors to these countries, i.e. bilateral, multilateral or aid through the NGOs. However, this emphasis on process conditionality and selectivity brought new problems with it. Several countries with lack of proper institutions and poor governance were kept out of aid system despite having efficient leaders who can make a difference to the domestic situation of the

country with greater funds at disposal. Furthermore, process conditionality has been instrumental in strengthening civil society groups in the recipient country. According to Barder and Birdsall (2006: 6), “process conditionality may be harder to measure and enforce than policy conditionality.”

For all these reasons, Pronk et. al. (2004) opines that “well-focused aid conditionality is preferable to rigid selectivity.” He explains that “selectivity is a special kind of conditionality.” Any kind of selectivity or conditionality is based on certain criterias. The difference between them is one “between ex-post and ex-ante” (Pronk et. al. 2004: 16). While selectivity asks for performance for aid delivery, conditionality helps countries to meet the conditions for policy reforms and good governance. Several donors use selectivity to decide their aid flows. However, not many of them have actually discarded conditionalities from their aid and most of them use a combination of both these practices (Lockwood, 2005; Mosse, 2005; Chhotray and Hulme, 2007).

Conditionality, both political and economic, has been important aspect of aid for long. However, these do not yield desired results most of the time and are fraught with severe problems from the conception stage to the level of implementation. There is an urgent need to examine the political and economic impact of aid on the recipient countries.

Boone (1996) compared aid’s effect in different regimes, including elitist, egalitarian and laissez-faire political regimes, and concluded that the type of regime in these recipient countries has no effect on the effectiveness of aid. He argues that aid plays no role in increasing the recipient’s economic growth. However, aid is found to have an effect on government consumption, which increases without any exception in regimes. Hence, aid is found to be not so effective even in democratic regimes with good policy and governance (Aubut, 2004: 18).

Peter Bauer (1991) argues that aid is seldom effective and has been used by the donors without any consideration for the development of the recipient. He maintains that aid could only be considered as donor government subsidy to the recipient government that caters to the rich people in the recipient countries and has no impact in lifting the poor people out of poverty. Overall development of the recipient country does not figure in the priority list of both the donor and recipient governments. It is

only the political elites in the recipient country who benefit from the flow of aid. The situation in Ethiopia and Burma in the 1980s demonstrated that aid was mostly diverted for the benefit of the rich. By supporting corrupt and inefficient governments, aid has resulted in causing a poverty trap (Boone, 1996). These governments, instead of fostering economic growth and development, have diverted it for the benefit of their political elites (Aubut, 2004: 12).

Further, many a time the donors decide the institutional specifications for the recipients which are not suitable to their stage of economic growth and do not take into consideration the local needs and demands. These institutions remain in place only until the aid flow continues from that donor (Meyer, 1992). Aid has had diverse effects on the recipient countries. Recipients find it hard to manage aid flows from several donors as most of these donors impose different conditionalities that make it a huge challenge for them to cope with.

The steady rise of foreign aid since the mid-nineteenth century peaked by 1990. However, with the end of the Cold War, the foreign aid flows fell considerably (Hopkins, 2000; Berthelemy and Tichit, 2002; Aubut, 2004: 1). Apart from end of Cold War, an important reason for reduced foreign aid flows has been 'aid fatigue'²⁷ syndrome experienced by donors (Hoy, 1998; Bird, 1999; Aubut, 2004). Aid fatigue was a result of the realisation among donors that aid has not been able to bring much positive outcomes in the recipient countries. This resulted in debates and discussions on aid effectiveness and the main concern was that despite giving money and resources to their recipients, most of them still remain in severe poverty (Aubut, 2004: 1). The lack of effectiveness of aid led to an anti-aid atmosphere in the donor countries (Hoy, 1998; Bird, 1999). Donor fatigue became an important issue in foreign aid and was raised as an important concern in the budgetary discussions of donor countries (Chang, 1998:3). The decline in aid after the Cold War may be a manifestation of aid fatigue which is a result of the perception of ineffectiveness of aid. Furthermore, this could be also because of the dominant neo-liberal ideology which mandated a deducted government spending and a greater thrust towards private players.

²⁷ Even total assistance from US, the largest provider of foreign aid, saw a decline since 2005. The total development assistance from the US fell 22 percent since 2005 from USD27.9 billion to USD21.8 billion in 2007 (Radelet, 2008).

Hopkins offer six strong reasons for the decline of the aid since the last decade of the 19th century which include

the reduced significance of aid with the end of the cold war, growing budget pressures on the donors, disappointment with the effectiveness of aid, weakened popular support for aid in donor countries, donor country's weakened special interest coalitions that supported aid and that the intellectual foundations of aid were challenged by the neo-liberal philosophies (Hopkins, 2000:7).

Though the aid given by the developed OECD countries has shown a decline, what is most interesting is that the aid given by the emerging powers are increasing steadily. This new phenomenon can be said as bringing fresh insights into the debate on aid. Those who were recipients till now have emerged as donors. For instance, China has increased their foreign aid considerably.²⁸

Amidst such flux, there is a vibrant call for an urgent need to reform the international aid architecture. All the major actors and stakeholders in aid system should actively engage and agree with the growing issues related to aid. Apart from individual donor countries, multilateral donor agencies and civil society and private sector need to be engaged to ensure the legitimacy and effectiveness of the reforms (Burall et. al, 2006: 13). The recipient countries need to be engaged in to understand their needs and concerns which could help make aid more effective.

Bird (1999) suggests that the reform of foreign aid should focus first on moving away from bilateral aid towards multilateral aid, and second, on reforming the conditionality of the multilateral aid agencies, in particular the World Bank, in a way that minimizes conditionality and concentrates more broadly on key areas on economic policy and performance. Multilateral aid is considered altruistic as the donors do not decide their aid recipients and the recipients also are unaware who the original donor is (Hattori, 2003: 234). Here, the recipients do not have any obligations to the donor and there is no direct links between the donor and the recipient. This stands in sharp contrast to bilateral aid where the donor-recipient hierarchy exists and the donor preferences are driven by their strategic interests in the recipient countries. The emphasis on demonstrating the effectiveness of aid has led to calls for improved monitoring, evaluation and results-based management.

²⁸ China has increased its external assistance from USD588 million in 2001 to USD1903 million in 2009 and concessional loans rose from USD128 million in 2001 to USD3003 million in 2009. (Schuller and John, 2011)

Donors consider the factors existing within the recipient country responsible for the alleged failure of foreign assistance, including corruption and incompetence, lack of proper infrastructure facilities and good governance (Walle, 1999: 350). However, it would be good to note that if these factors did not exist in these countries, they would not have needed any external aid.

The following sections specifically looks into the international bilateral aid architecture and how the emerging powers as development assistance providers is making in-roads into the already existing system and institutions established and managed by the traditional donors. Although North-South flows are of significance to this study, the thrust of this study is emerging powers and their external development cooperation programmes.

Bilateral Aid Architecture

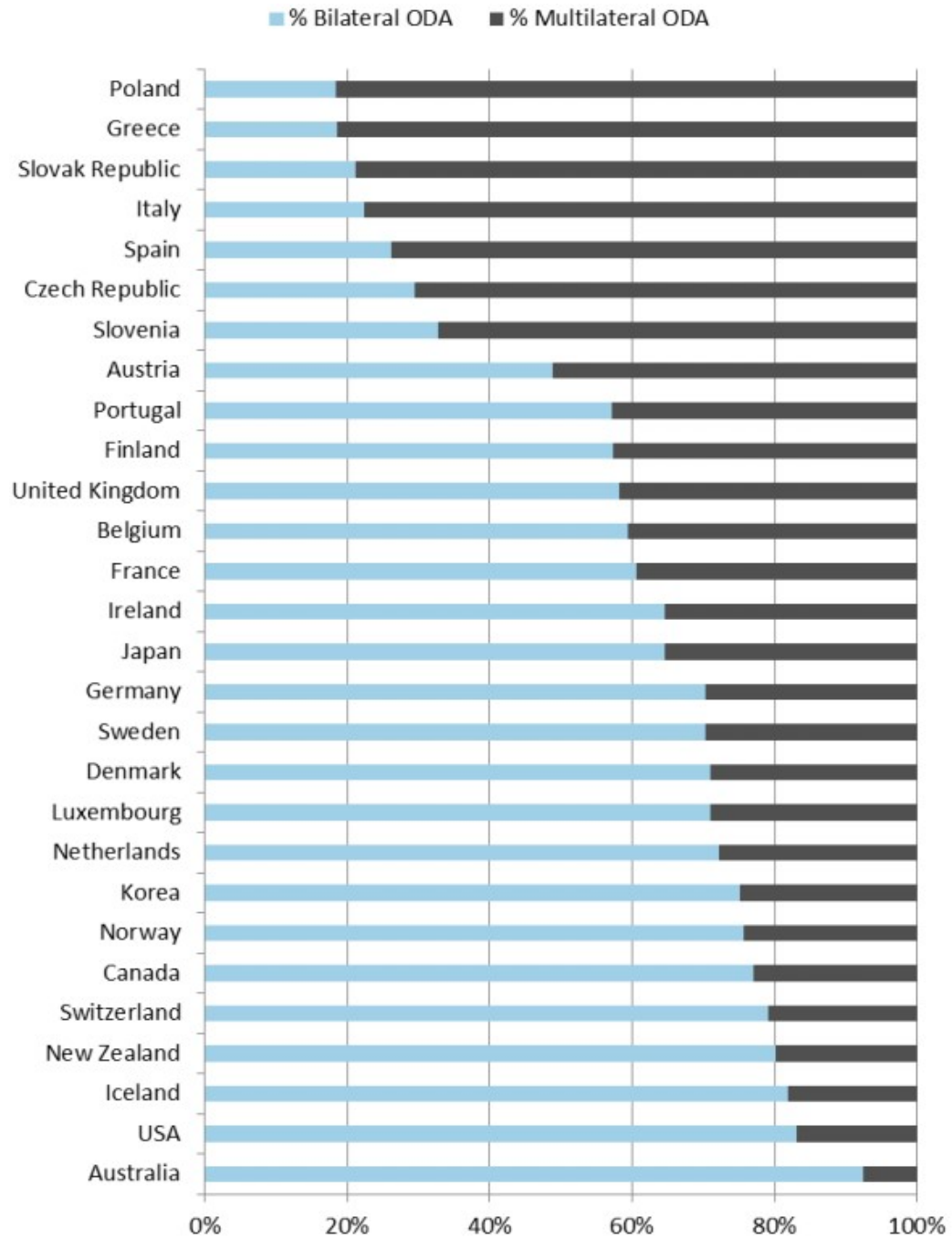
Foreign aid could successfully transform itself with changing times to cater to a variety of aims and objectives that it was supposed to deliver. This made the categorisation of aid too complex and difficult (Burnell, 2004). There are three main vehicles through which the donors provide foreign assistance, i.e. bilateral aid, multilateral aid and aid through the non-governmental organisations (NGOs) (Hoy, 1998:4).

Earlier, most aid was given as bilateral aid, i.e. direct flow of resources from one country to another. The major economic powers, like the United Kingdom (UK), France, and the US provided bulk of their foreign aid through bilateral channels. Major colonial powers directed their aid to their former colonies²⁹ or to countries that are strategically important to them.³⁰ For example, the US reciprocated Pakistan's support on the war on terror with huge amount of aid. Even now, most donors prefer to give bilateral aid in comparison to multilateral aid (see, Figure 2.1).

²⁹For instance, UK gives most part of its aid to its former colonies. Its maximum aid was being diverted to India, a former colony, until 2010. UK's aid to India was reduced when New Delhi declared that it is not dependent on foreign aid. Since then, UK increased its aid to Pakistan and Bangladesh, both former colonies of UK; and Ethiopia (DFID, 2015:32).

³⁰The US has a history of providing aid to countries it sees as strategic partners. For instance, its increasing aid to South Asia especially, Afghanistan and Pakistan.

Figure.2.1 Bilateral and Multilateral ODA from DAC donors (as a percentage of net ODA), 2014



Source: DFID (2015: 24).

Multilateral development assistance has also been a platform for donor countries for providing assistance with the UN and its agencies, especially the United Nations

Development Programme (UNDP) and the Economic and Social Council (ECOSOC), playing out a major role in development story of the poorest countries of the world.

Furthermore, many donor countries are also making their contributions to NGOs that are engaged in providing assistance to the recipient countries in several ways and doling out money through these NGOs gives these donors a greater control over their funding.

The type of aid-flows, be it bilateral or multilateral, has always influenced the types of projects that are being funded by the donor countries. Through bilateral aid, the donors tend to place stricter political, diplomatic or economic conditionalities on the recipients. On the other hand, multilateral aid is considered to be less harsh on recipients in terms of conditionalities as the donor interests are less reflected (Hoy, 1998:4). However, the history of World Bank and IMF austerity programmes and SAPs amply demonstrated that sometimes multilateral aid can also be as coercive as bilateral aid (Minch, 2010).

The following sections in this chapter would examine closely the bilateral development assistance flows from North to South as well as from South to South.

North-South Cooperation: The Established Donors

The North-South flow of aid is managed by the club of developed countries called the OECD, officially established on 30 September 1961. It is the successor of the Organisation for European Economic Cooperation (OEEC), established in 1948 to look into the smooth functioning of the Marshall Plan. It is now a 34 member organisation of the developed countries of the world. The OECD-DAC denotes the established donors or the traditional donors of the international aid architecture.

The standard definition of foreign aid also comes from the OECD-DAC, which defines foreign aid as “financial flows, technical assistance, and commodities that are designed to promote economic development and welfare as their main objective and are provided as either grants or subsidized loans” (Radelet, 2006). According to OECD-DAC, official development assistance (ODA) is defined as

those flows to countries and territories on the DAC List and to multilateral development institutions which are “i. provided by official agencies, including state and local governments, 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 (calculated at a rate of discount of 10 per cent) (OECD, 2008:1).

This definition of aid dates back to 1969 and was further concretized in 1972. Although its interpretation has broadened over the years, it is a definition drafted by donors, without taking into account the concerns or the needs of the recipients and the changing contours of international politics. The OECD-DAC's definition of ODA still remains the major parameter for quantifying and evaluating foreign aid.

The end of Cold War changed the political and economic situations that existed after the Second World War. The transition economies of Eastern Europe had new aid requirements and the East Asian countries had progressed economically in a big way by this time which reduced their demand for foreign aid. This made the OECD to adopt a new list for potential recipients.

The consolidated list of recipient countries was divided into two parts until 2005:
Part I: Only aid to "traditional" developing countries was counted as ODA, for which there is a long-standing United Nations target of 0.7% of donors' national income.
Part II: Aid to "more advanced" developing and eastern European countries were recorded separately as "official aid" (OECD, 2016).

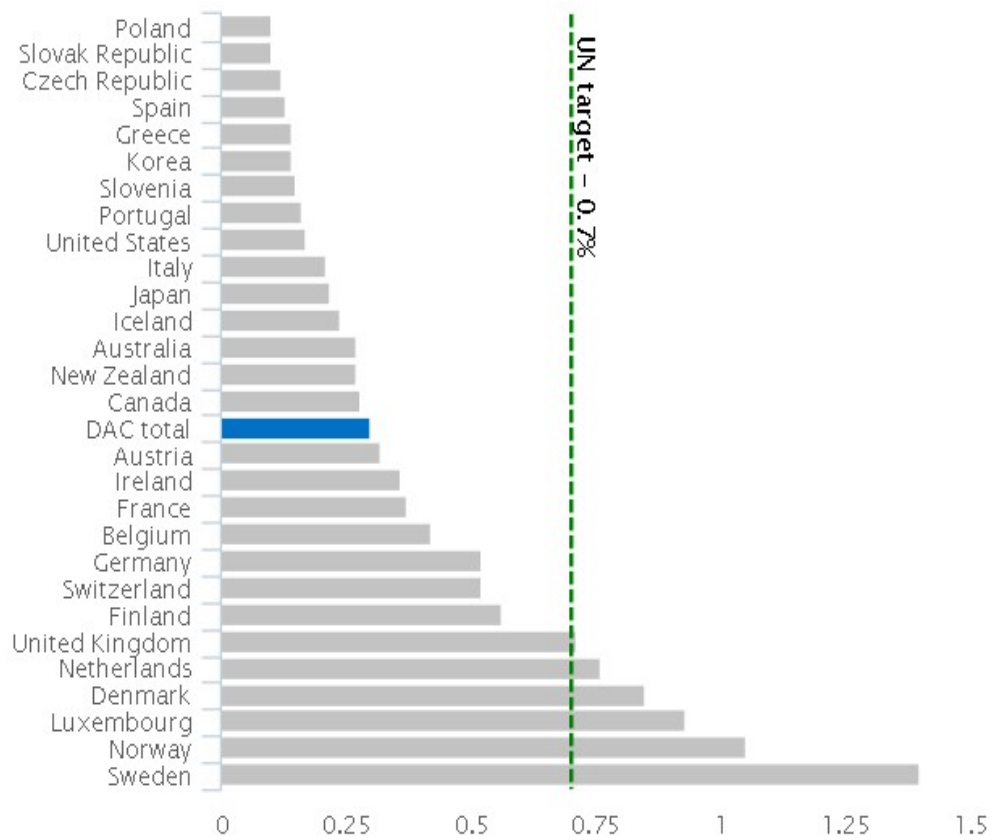
From 1970, the UN has set a target for Part I countries, that they should receive 0.7 per cent of donors' Gross National Income (GNI)³¹ as aid³². Aid to the Part II countries in the list was documented separately as "Official Aid (OA)" which is not included in ODA. Figure 2.2 clearly demonstrates that only a few DAC countries give aid that crosses 0.7 percent of their GNI. The giant economy like that of the US provides less than 0.2 percent of its GNI. Only 4 countries i.e. Sweden, Luxembourg, Norway and Denmark are meeting the target and both Sweden and Luxembourg have even crossed the mark of 1.0 percent.

³¹Initially, a target of 1% of aid from developed countries was recommended by the World Council of Churches in 1958. This was followed up by a proposal by Jan Tinbergen who was appointed as the Chairman of the United Nations Committee on Development Planning in 1964. Tinbergen proposed "a target of official flows of 0.75% of gross national product to be reached by 1972 based on the estimated capital inflows developing economies needed to achieve desirable growth rates" (OECD, 2010:1).

The Pearson Commission Report *Partners in Development* in 1969 proposed "a target of 0.7% of donor Gross National Product (GNP) which should be achieved by 1975 and in no case later than 1980"(OECD, 2010:2). In 1993, after the revised System of National Accounts, "gross national product was replaced by gross national income (GNI), an equivalent concept" (OECD, 2010:3).

³²Only few States give aid according to the UN target of 0.7% GNI of which the most important are the Scandinavian countries. See, Figure 2.2

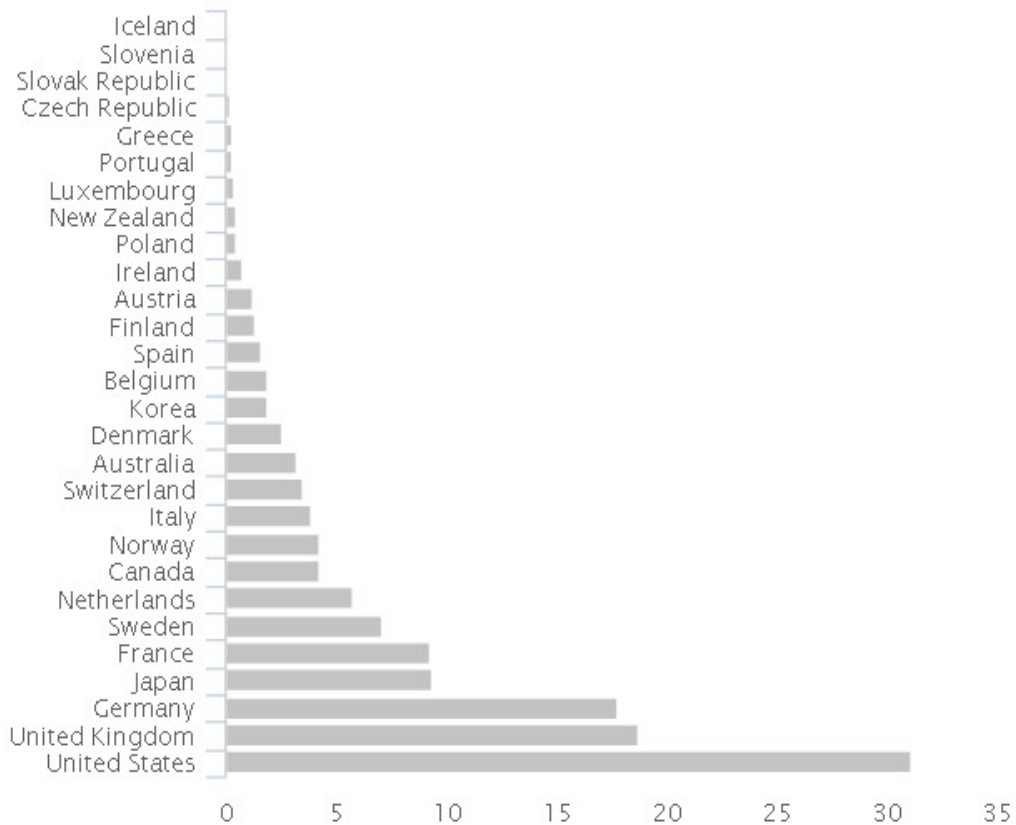
Figure.2.2 Net ODA/GNI (%) ratios from DAC donors, 2015



Source: OECD (2016a)

Even though the US falls much below in the list of countries giving aid commensurate with their 0.7 % commitment, when it comes to the net ODA disbursements, the US tops the list (see, Figure 2.3). This has been mainly because of the size of the US economy which makes even a 0.2 percent of its aid coming to a sizeable amount. Unquestionably, the ODA from the traditional donors will remain a critical source of development finance in the coming times despite the reduction in the amounts of ODA allocated by these countries since the 2008 financial crisis (ECOSOC, 2014:2/20).

Figure.2.3: Net ODA Disbursements from DAC Donors (in USD billion), 2015



Source: OECD (2016a)

Though the DAC still occupies the top position in terms of the net flow of aid (see, Figure 2.3), recent DAC statistics suggests the increasing presence of developing countries, not belonging to the OECD, as donors or development assistance providers in the international aid architecture. With the economic gravity changing, emerging powers like China, India and Brazil are increasingly playing a prominent role in the international aid architecture, though with their own set rules and regulations. However, it still remains to be seen as what proportion of the emerging powers' development assistance would qualify as ODA under the OECD-DAC definitions as these countries do not give a clear definition of aid and the sparse data on their assistance makes any classification difficult. But these developing countries are making their presence felt in the international aid architecture. Even though in a limited capacity, these countries have made the Global South a relevant player in changing the discourse on development cooperation.

South-South Development Cooperation (SSDC)

South-South cooperation (SSC) is defined as “a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains” (UNOSSC, 2016a). SSC has expanded through the increased volume of trade, foreign direct investment (FDI) and regional integration of the Southern countries apart from technology transfers and capacity-building programmes, sharing of area experts, and several other forms of South-South exchanges to achieve economic growth and development of the Global South through their concerted efforts.

Even though SSC is a much wider concept; the purview of this study is the role of the Global South in development cooperation. Furthermore, SSC can operationalise on a bilateral, multilateral, regional, sub-regional or inter-regional basis with the developing countries of the Global South coming together in order to achieve their development goals. The principles of SSC first emerged in bilateral or regional contexts which were slowly incorporated into the global context. In this research, bilateral South-South Development Cooperation (SSDC) is the focussed upon understanding emerging powers’ development cooperation with other countries of the Global South.

SSDC has gained greater momentum with the emerging powers like China, India and Brazil’s increasing development assistance volume and scope. In addition, the new ideas and perspectives brought by the Global South into development cooperation has garnered attention and curiosity, from both the traditional donors and the recipient countries, in their development cooperation activities. Furthermore, the Global South has always emphasised that their definition of SSDC is much wider and different from that of ‘foreign aid’ as defined by OECD-DAC.

The Global South albeit with different histories, political systems, economic capabilities, and institutional set up, has been involved in addressing a variety of development challenges they face through SSDC. The driving principles of the SSDC, as observed from the policies and practices of these developing countries as development assistance providers, include “respect for national sovereignty, ownership and independence; non-interference in domestic affairs; alignment with national priorities; and unity, solidarity and equality among partners” (UN, 2010;

ECOSOC, 2014: 11/20). This has been also emphasised in the outcome document³³ of the High-level United Nations Conference on South-South Cooperation (UNDP, 2010).

The principles of SSC evolved with geopolitical changes and economic developments in international politics. Developing countries have been pushing for greater SSC in several ways with the changing contexts. Southern countries, with the backing of ECOSOC's Development Cooperation Forum (DCF), have successfully laid down the key features of SSC, including

the diversity of approaches; horizontality, as a voluntary process and mutually agreed relationship; equal distribution of benefits; non-conditionality; comprehensive vision, cultivating the capacity for longer-term sustained development; results-orientation, aimed at enhancing mutual benefits and promoting win-win outcomes and complementarities; flexibility, in ways of sharing their own development experiences and knowledge; and visibility, with a focus on concrete results and through demand-driven projects that target country needs (ECOSOC, 2014: 11/20).

Furthermore, certain countries of the Global South have also used an “integrated approach”, that encompasses both “non-concessional loans and commercial transactions in trade and investment”, as an important aspect of their development cooperation (ECOSOC, 2014: 11/20).

Within the Global South, only a few countries have been successful in repositioning themselves into the position of development assistance provider. While over the past decade, some Southern countries have been able to overtake certain Northern economies on economic growth rate, most countries in the Global South are still aid recipients and heavily dependent on foreign aid for running their economies. Consistent high growth in major emerging powers like China, India and Brazil has placed them in a different league from other developing nations in the Global South. However, these countries do not fall in the category of the ‘developed’ nor do they align themselves with the North. Even though their growth rates are much higher than that of many developed countries, their per capita income remain much lower than many other developing countries.

China and India could be considered as major countries involved in the development cooperation to the Global South. Besides them, Brazil, South Africa, Indonesia, and

³³See, the High-level United Nations Conference on South-South Cooperation, held in Nairobi in 2009 at <http://southsouthconference.org/>.

Colombia are all equally significant in offering development assistance, despite most of them enjoying modest per capita incomes.

While these emerging powers prefer to distance themselves from the OECD-DAC donors for both political and diplomatic reasons, OECD has shown an interest in reaching out to these countries. OECD proposed for “enhanced engagement” procedures with China, India, Brazil, Indonesia and South Africa; and termed them as “key partners” of the OECD (OECD, 2016b). However, these emerging powers have given a lukewarm response to the OECD’s proposals and they have clearly stated that they prefer to be called as ‘development partners’ rather than ‘donors’ and their ‘development cooperation’ is very different from the ‘foreign aid’ of the traditional donors.

Furthermore, the Global South is not a homogenous entity. Inequality as well as diversity within as well as between nations suggests that even within the Global South there will be a ‘North of South’ and ‘South of South’, just like every country has its own North and South (Chisholm, 2009:4). Even though the emerging powers as development assistance providers are similar in many ways, they are equally diverse. Within this context, a renewed call for South-South development cooperation has emerged based on equality and mutual benefit for transforming the growth trajectory of its partners.

Emerging Powers as Development Assistance Providers

The increasing South-South development cooperation that was not much discussed earlier has gained a renewed focus with the major powers of the Global South increasing their presence in the arena of development cooperation. They do not conform to the rules and regulations set by the OECD-DAC and consider their development cooperation as ‘different’ from the foreign aid that these traditional donors give. These countries are, therefore, making changes to the existing structure of development cooperation and bringing in new rules and regulations, and carving out a niche of their own.

The Western narrative has dubbed the emerging powers who provide development cooperation as “emerging donors.” Many emerging powers that have been categorised as emerging donors have been giving aid since the 1950s which is when most of the

traditional donors also started their aid programme. Hence, their development assistance programme is nothing new, even though the volume of their assistance and the geographic spread has increased considerably. Therefore, it would be unfair to call them ‘emerging donors’ and these countries has officially conveyed their disapproval for these terms introduced by the traditional donor countries and the Western scholars. In the interviews conducted with the ABC officials in Brasilia in March 2015, they were keen that their development cooperation be not labelled as foreign aid. Marcio Correa, the Coordinator-General of ABC’s multilateral cooperation division, during an interview conducted with him on March 9, 2015 at the ABC in Brasilia, made clear that the official position of Brazil on development cooperation is very different from the Western concept of foreign aid. Mr. Correa emphasised, “we would not like ourselves to be called donors as we do not give foreign aid. We are partners”. The preferred term for the cooperating countries would be partners. The same views were reflected during my interviews with DPA officials in New Delhi in March-April 2016. A senior DPA official, who was interviewed on May 10, 2016 at his office in New Delhi, underlined that India’s development assistance should not be viewed from the Western perspective and stressed that India is not a donor but a partner who supports other developing countries.

According to Sato et. al. (2010), it is recent effects of the “emerging donors” that can be considered as “emerging, regardless of when these countries actually initiated their aid-like activities” (Sato et. al, 2010:1). They claim that these developing countries are emerging not only as important source of aid, but also as influential players in international aid architecture which makes it impossible to ignore them. Apart from their increasing foreign aid volume, it is the impact of these countries on the institutions that have been established by the traditional donors that adds sheen to their emergence (Sato et. al, 2010:2).

However, for the developing countries of the Global South who have been involved in development cooperation for nearly six decades, both the terms ‘emerging’ and ‘donors’ are problematic. The term ‘emerging’ does not make much sense in terms of the timeline of providing assistance. Also, these countries do not consider their development cooperation with other developing countries of the Global South as foreign aid and have made it clear in most international platforms that they believe in

horizontal cooperation and equality amongst the provider and the beneficiary countries. Their preferred term is ‘development cooperation partners’ which emphasizes horizontality unlike the hierarchical donor-recipient relationship of the traditional donors. For that reason, throughout this study, instead of ‘donor’ the term ‘development assistance provider’ has been used, ‘development partner/beneficiary’ has been used in place of ‘recipient’, and ‘development cooperation partnership’ has replaced the hierarchical donor-recipient relationship, whenever there is a mention of emerging powers and SSC. However, when the traditional donors and their foreign aid is analysed or compared, the terms that has been in use traditionally by OECD-DAC would be put to use.

Most of the emerging powers like China, India, Brazil and South Africa are not a part of the OECD-DAC. However, some of the emerging powers like Turkey, Mexico and Saudi Arabia are part of the OECD³⁴. This makes the situation quite ambiguous with some countries eager to join the rich donors club of the OECD and some totally against the idea of getting into the developed country club. Therefore, it differs from one country to the other whether they consider OECD rules and standards as relevant to their foreign aid policy (Dreher et. al., 2010:3). Countries like China, India and Brazil have not shown any interest in joining the OECD-DAC and have been quite vocal about their position about the systemic reworking of the aid architecture. Therefore, emerging powers as development assistance providers are not a homogeneous group. There are differences and similarities among them as there is with the OECD-DAC.

Even though emerging powers’ development assistance is much less in comparison to the aid given by the OECD-DAC, their prominence has been increasing considerably. Noticeably, certain tenets of emerging powers’ development cooperation are appealing to other developing countries. This include their high economic growth, own policy experiences which are relevant to their development process; the technology and expertise provided by these countries prove to be a good match for the level of economic, political and institutional development of their partners; absence of aid conditionality and the political neutrality derived from its colonial history. Above all, their own experience as a recipient of foreign aid makes them better equipped to

³⁴ These countries belong to the OECD but are not part of DAC.

understand the needs and demands their recipients (ODI, 2010:2). These countries continue to receive aid from certain traditional donors which makes them recipients and donors simultaneously. For example, India and China play dual role as donor and recipient at the same time. Despite being recipients of foreign aid from the OECD-DAC, these countries have been providing development assistance as early as the 1950s (Kragelund, 2010:1). This has also been the case with many emerging powers who are development assistance providers.

The major trends in allocation of development assistance from emerging powers suggest that most of the emerging powers provide more development cooperation to their neighbouring countries³⁵, except China. Even though geographical proximity is a major indicator of the direction of development assistance flows, it cannot be considered as the single-most determinant. Undoubtedly, factors like language, historical links, cultural similarities, search for markets, opportunities for increasing trade and strengthening political and economic relations also play an increasingly prominent role (Kragelund, 2010).

Development cooperation has also been used by the emerging powers as a tool to further SSC. Most of their development cooperation has been in the form of loans or credits. Unlike the traditional donors, emerging powers like China and India consider debt cancellation an important component of their development assistance (Kragelund, 2010). The focus of China and India's debt cancellation programme has been largely in Africa. The emerging powers' development assistance has been focussed on varied aspects depending on the foreign policy priorities of each of them. While South Africa provides maximum development assistance for democracy promotion and conflict resolution, China and India focus on infrastructure development and capacity-building. Further, China has shifted its focus from its neighbourhood to African continent. It provides more than half of its development assistance to African countries. Unlike China, the development assistance policies of countries like Brazil, India and South Africa prioritises their immediate neighbourhood. However, this does not stop Brazil and India from providing development assistance to far away countries and continents (Kragelund, 2010: 18).

³⁵ India and Brazil gives maximum development assistance to South Asia and Latin America respectively.

All these signify the expanding global ambitions of the emerging powers that they hope to fulfil through their enhanced development cooperation. This has led them to expand their development assistance activities to maximum countries of the Global South. However, they favour the policy of non-interference in the domestic affairs of their partners which has put them in a good stead when compared to the OECD-DAC. And this policy is, in turn, an upshot of their post-colonial country status and their history as victims of direct or indirect Western colonialism and intervention.

There is little doubt that the global development finance is changing rapidly. Though the OECD donors and their foreign aid are important for the developing countries of the Global South, there is much demand for development cooperation from the emerging powers. The emerging powers have been successful in creating a niche for themselves in the international aid architecture. The recipient/beneficiary country is left with more options to choose. This could be a major advantage for these underdeveloped or developing countries. Furthermore, the idea of SSC binds the Global South in a manner in which there is more equality and partnership in relationship between the provider and the beneficiary. The trends in emerging powers' development cooperation suggest that there is tremendous increase in their volume and scope. This has further increased their political and economic clout in the Global South. For example, in Asia, traditional donors such as Japan are no longer overwhelmingly dominant in terms of volume, and emerging powers' development cooperation, especially by China and India is increasingly becoming significant.

The OECD vs. The Emerging Powers as Development Assistance Providers

This section analyses both the policies and positions of both the traditional donors and emerging powers as development assistance providers. It also explores the possible differences between North-South cooperation and SSC in their approach and outcomes.

One of the biggest challenges in analysing the developing cooperation programmes of the emerging powers like China, India or Brazil is that they do not have a clear official definition of what development cooperation means to them. Similarly, what constitutes development cooperation differs from country to country and this lack of a single definition leads to the need of taking up individual countries for analysis.

Clubbing the emerging powers as a monolithic group becomes near to impossible. Also, there is limited availability of data regarding their development assistance volume and its scope (O’Keefe, 2007: 6; Manning, 2006). This makes the task of calculating their development cooperation volume further difficult. On the other hand, the OECD-DAC member states functions on clear definitions and principles laid down by the OECD.

The volume of development assistance from emerging powers is found to be steadily increasing. However, they do not meet higher standards for governance and transparency (O’Keefe, 2007: 7). For example, Chinese government has been hesitant to disclose information on its development cooperation. Even though they have come up with two³⁶ White Papers on Chinese Foreign Aid, there are several gaps in the data and the data is not published regularly. Moreover, Chinese development assistance is managed by several government institutions that look into the allocation, implementation and delivery, making it difficult to quantify its financial flows (Kragelund, 2010:5).

The emerging powers which are development assistance providers are yet to develop institutions that exclusively focus on their development assistance. In contrast, the OECD has strict rules for its member countries. Sato et. al. (2010) observes that “the lack of institutional constraints” has given the emerging powers “a certain level of freedom to pursue their short-term national interests” through development cooperation (Sato et. al., 2010: 24). Brautigam (2009) argues that a DAC-like separation of aid from investment and trade has actually reinforced underdevelopment. Emerging powers’ development cooperation is many a times accompanied by trade and investments. In order to increase the trade flows, they pay particular attention to trade-related development cooperation, support big infrastructural projects, and provide training and technical assistance for capacity-building (Kragelund, 2010:23). This could be mutually beneficial to both the partners. Since these donors are not constrained by the rules of any institutions, they have a free-hand in taking decisions and making rules unlike the DAC.

Besides the emerging powers’ development cooperation is found to be affirmative in several ways. Given their own experience as a recipient of foreign aid from the

³⁶ The First White Paper on Chinese Foreign Aid was published in 2011 and the second one in 2014.

traditional donors, the emerging powers has a competitive advantage in providing development cooperation which would be both need-based and merit-based (Dreher et. al., 2010:1). Emerging powers' development cooperation has no conditionalities attached that make it more lucrative for the partners (O'Keefe, 2007: 6). Rather than adhering to conditions attached to OECD aid, the recipient countries are more comfortable in taking development cooperation from emerging powers. The increased involvement and support of the emerging powers in disaster relief and post-conflict resolution efforts reflects their readiness to support their peers during crisis as well as their enduring need-based support to the developing countries of the Global South (Dreher et. al., 2010:1).

Furthermore, the emerging powers' development cooperation is said to be "tailor-made" as they are found to be comparatively more considerate about their partner's domestic situations and policies. They also act based on the demands of the partners and this demand-driven approach favour the partner countries. Their assistance is more predictable than traditional aid which helps the beneficiary country tremendously in continuing with the running projects without many hurdles. Since the inception of the SAPs in the 1980s, traditional donors' aid has been characterized by a "one-size-fits-all" approach (Kragelund, 2010:22). This policy was applied to almost all the aid-recipient countries on an equal footing. In order to make the economies of the developing countries market-oriented, apart from being encouraged to move towards privatization, they forced them to concentrate more on trade and production to boost their economy. Many developing countries, especially in Africa, were burdened by these programmes that were hard to be implemented in those countries because of the lack of required infrastructure and experience in dealing with such situations which worsened the domestic situations of the recipient countries.

When compared to the OECD countries, the emerging powers' speedy response to the demands of the recipients has been seen in a positive light by the beneficiary countries. DAC rules and regulations to enhance the quality and effectiveness of aid make aid-giving a time-taking process. Emerging powers are rather quick with their decisions in providing development cooperation. For example, China has been famous for responding much quicker to the demands of its partners. They are also known to complete their development projects within the timeline for completion. However,

democratic countries like India and Brazil take somewhat longer than the Chinese to respond to the call for help from their partner countries.

Sato et. al. (2010: 34) argue that “emerging donors are beginning to serve as real alternatives to traditional donors.” This might not be essentially true as the development cooperation volumes and programmes of the emerging powers are still very small when compared to that of the traditional donors’ aid and some of the developing countries are severely dependent on foreign aid for their subsistence which cannot be met with the humble assistance from the emerging powers alone. The emerging powers are not yet equipped to replace aid from traditional donors. However, what is interesting is that the emerging powers are “offering recipients a choice, thereby initiating a healthy competition” (Sato et. al, 2010:34).

Another reason for the emerging donors’ development cooperation getting more attractive is their generosity when compared to the established donors whose aid has become less generous and therefore, less attractive (Woods, 2008).

The rise of the emerging powers has also been considered by some scholars in terms of a rising tension between the North and the South (Schirm, 2006:2). Woods (2008) hints at “a new silent revolution” that is bound to take place with the increasing presence of emerging powers in international aid architecture. The emerging powers’ efforts have not been focussed on overturning or replacing the rules set by the traditional donors. Rather, they have been offering more choice to the recipient countries thereby “introducing competitive pressures into the existing system and are weakening the bargaining position of Western donors” (Woods, 2008).

Changing Identities and Motives of the Emerging Powers

The motivations driving emerging powers’ development cooperation activities and their changing identity from a recipient to a development assistance provider has been a topic of great interest in the 21st century. Like any country that provides development cooperation, emerging powers are also seen in both positive and negative light.

The ethical justification for foreign aid has been largely dismissed by scholars of international relations (Hattori, 2003). While the advocates of aid argue that it has

been quite effective and should be expanded, the critics of aid claims that aid has been largely ineffective and should be reduced. Even though aid was supposed to promote growth and poverty reduction abroad, in reality, it has been used for a variety of purposes (Lancaster, 2007a). Hence, the way the actors shape the reality of aid in a given context is quite crucial, be it the traditional donors or the emerging powers who are development cooperation providers (Hilhorst and Jansen, 2010:1122).

Motivations guiding the emerging powers for providing development assistance have been plentiful. Traditional donors blame them for pursuing their own commercial and political interests by using development cooperation as a means to promote exports and securing access to natural resources and raw materials in partner countries. Woods (2008) explains that through their development assistance, the emerging powers hope to fulfil their “quest for energy security, enlarged trading opportunities and new economic partnerships” (Woods, 2008: 1205). Further, the traditional donors blame the emerging powers for granting aid to corrupt and undemocratic regimes, which they consider would undermine their efforts to grant aid according to the merit of their recipients. The emerging powers are also criticised by the Western donors for supporting African dictators. For example, China and India are accused of providing aid to all African states, including the “rogue states” like Sudan (Kragelund, 2010: 19).

The emerging powers are also accused of not sufficiently focussing on poverty-alleviation programmes through their development cooperation. However, these countries are quick to respond to humanitarian crisis and natural disasters, despite significant budget constraints (Dreher et. al., 2010:14).

Today, development cooperation has become an integral part of the economic diplomacy efforts of the Global South. The emerging powers are using development cooperation as a tool for economic statecraft. For example, Chinese development assistance has been used as a tool by Beijing to meet its demands. Even though China has a no-conditionalities-attached policy for its development assistance, it has been using geopolitical and project-specific conditionality in order to bring desired results. One such case is China putting pressure on its partner countries to drop their diplomatic recognition to Taiwan. Many countries chose China over Taiwan for which they received economic, political and diplomatic support from China. For

example, China opposed U.N. sanctions against Sudan for its human rights violations in Darfur (O'Keefe,2007: 8).

Furthermore, the emerging powers have always showed their readiness and commitment to strengthen and deepen SSC as a means of transforming the Third World after several decades of decimation by “poorly phased, externally induced programmes of structural adjustment and trade liberalization, fluctuating aid flows, and unfulfilled promises of technology transfer” (Nel, 2010: 958).

Jordaan maintains that emerging powers are “semi-peripheral, materially inegalitarian and recently democratised states that demonstrate much regional influence and self-association”. Behaviourally, they are more likely to opt for reformist and not radical global change and exhibit a strong regional orientation favouring regional integration. However, they also seek to construct identities distinct from those of the weak states in their region (Jordaan, 2003). The emerging powers are also strong regional powers who exhibit considerable influence in the region. However, they also form coalitions with the other powerful countries of the Global South to become new power centres of the Third World. For instance, BRICS and IBSA have become important players in the international system with the economic powerhouses of the Global South coming together. These countries are perceived to become “the agents of change” (Nel, 2010:952). The establishment of the New BRICS Development Bank is considered to an effort on the part of these emerging powers to bring alternatives to the institutions, especially the World Bank and IMF, established by the developed countries of the Global North,.

The struggle for recognition between the North and the South has been a reality. Nel (2010) makes a case that this struggle is not only on the part of the developing countries “to be recognised as full and equal partners in the society of states, but also as states with specific developmental needs” (Nel, 2010:952). He interprets the goals of these emerging powers in terms of the notions of redistribution and recognition. He argues that the major regional powers of the Global South are much more integrationist in their outlook to the international political economy. This shows the significant presence of the “extractive, manufacturing, financial, agricultural, and service sectors” of these states in the global economy can lead to a positive change in

recognition, respect, and esteem, on which the redistribution of the wealth, privilege, and power depends (Nel, 2010: 973).

Hurrell (2006) maintains that emerging powers are important in the international system because they possess “a range of economic, military and political power resources; some capacity to contribute to the production of international order, regionally or globally; and some degree of internal cohesion and capacity for effective state action”. Besides, these countries believe that they are entitled to a more influential role in international affairs (Hurrell, 2006:1). The emerging powers have also been questioning the existing world order and has been pushing for a system that is more pluralist or multipolar (Hart and Jones, 2010:67). India, Brazil and South Africa’s bid for a permanent seat in the United Nations Security Council (UNSC) as well as these countries’ leading role in the founding of the G-20 at the Cancun meeting of the World Trade Organization (WTO) is an evidence of the growing presence as well as increasing ambitions of the emerging powers. Henceforth, the emerging countries could be labelled as the “new influentials” in world politics (Lima and Hirst 2006: 27).

There are certain reasons for both success and failure of emerging power leadership and some of them fail to reach their goals. One of the reasons for the lack of their success is the resistance from the powerful countries of the West, especially the US. The industrialised developed countries of the North feel challenged by the emerging countries’ call for changing the existing power structures. However, these countries have been supportive of the emerging countries playing the role “as regional stabilizers and strategic partners in their regions” (Schirm, 2006: 3). The neo-marxists and neo-gramscians often argue that the emerging powers would “build a bulwark against neo-liberal imperialism” (Harris 2005: 7). According to them, both the set of countries would try to stop each other from gaining power- emerging powers would battle against the developed countries’ hegemonic project while the Global North would try to ensure that the emerging powers would never attain power in the international system. However, one of the important factors that is pulling back the emerging powers from successfully pursuing their goals has been the lack of support from their neighbouring countries. In order to perform successfully, any leadership has to be accepted by followers (Schirm, 2006). The appreciation and support of

neighbours become important to enhance their regional and global power projections. Schirm (2006) avers that emerging countries should “offer material as well as political-ideational incentives to potential followers which are perceived as superior to the option of not following or of following other ‘leaders’” (Schirm, 2006:5). Furthermore, another factor crucial to the emerging powers’ quest for increasing role in the world order is whether they are able to commit themselves to regional and international organisations that would help them bring more credibility and legitimacy into their actions by adhering to multilateral setting. Also, emerging powers have the additional responsibility to project themselves as role models in political, economic and security matters in order to be accepted by others, especially by immediate neighbours and the western powers.

Hart and Jones (2010), puts forth three important factors that might explain emerging-power’s global influence, comprising their ties with the weak and fragile states, disunity among the Western powers during negotiations, emerging powers’ unity at multilateral platforms. Emerging powers are often in a position to exert much greater economic leverage over many weak and fragile states than the Western powers, especially through trade and investment linkages. Hence, there are deep, bilateral economic and political ties these states have with certain ‘fragile’ or ‘rogue’ states. Also, the Western disunity has given the emerging powers an edge in the multilateral negotiations as they are bargaining against a fractious, undisciplined, and often internally competing set of Western actors with somewhat divergent goals. Furthermore, these states can often wield influence disproportionate to their individual economic size or formal voting power within some multilateral institutions, especially at the UN. At the UN, these emerging powers wield substantial influence over decisions through their capacity to mobilize regional blocs (Hart and Jones, 2010:74).

Small countries in particular are already finding that bilateral South-South development cooperation from the emerging powers could be of great significance for them as it brings extra financial resources to their economy. Also, the experiences of emerging powers as recipients of traditional aid would make them more considerate to the recipient need and therefore, are seen to provide better targeted aid.

The emergence of new sources of assistance or cooperation that are outside the established OECD-DAC fold are offering not merely new opportunities but also greater political leverage for aid recipients (Chaturvedi et. al., 2012). However, their benefits would depend on how they are using this increased choice of development assistance providers.

Conclusion

The efforts of the Global South in expanding SSC has resulted in sizeable changes in the international aid architecture that was designed and set up by the developed countries of the Global North.

The South has brought a new approach to development cooperation based on the core principles of SSC. Even though this is not new, their increased presence and visibility in the international aid architecture has brought a greater interest in their development assistance programmes. The change in approach from unequal and conditionality-based aid to a more equal and balanced engagement with beneficiary countries was rather novel. Furthermore, their “dual” position as that of a donor and recipient at the same time, that brings a greater edge in understanding the needs and constraints of developing countries as aid-recipients (ODI, 2010: 2; Brautigam, 2009: 311). This has helped them in garnering more support than criticisms from the recipients, unlike the traditional donors.

The emerging powers are trying to create a new discourse on development assistance based on SSC. These emerging powers of the Global South have been interested in making their own definition, institutions, development cooperation policies and agendas. Distancing themselves from the OECD-DAC agenda, these countries are making their unique identity as a “provider” of development assistance to their partners. The emerging powers, through their development assistance, are trying to alter their ‘Third World’ status and trying to reposition themselves into a more influential and legitimate stand. Hence they are using a combination of ‘hard’ and ‘soft’ powers to “lead” the developing countries. Though there are varied constraints and challenges in front of the emerging powers, countries like China, Brazil and India are showing their readiness to play the “leadership” role not only in their respective regions but also in the developing Global South. Hence, the emerging powers are

instrumental in bringing about systemic change in international aid architecture and international political economy.

While these countries have been asserting their Third World identities and positioning themselves as an equal partner, the reality of power relations still haunt the development landscape. Often the principle of equality is enunciated at the policy level but struggle to materialise at the practical level. This further brings us to the issues of inequalities within the Global South and the existence of a “South within the South”. The weak and poor countries of the Global South cannot match the political and economic clout of the powerful countries within the Global South.

The growing economic and political relevance of the South in global affairs will be the hallmark of the 21st century. With the decline in foreign aid from the OECD-DAC, and the growing development cooperation from the emerging powers, they are making their presence felt in the development landscape (Sotero, 2009). Today, there are more countries receiving aid than ever before. One cannot disagree with the claim that “the sun does not set on foreign aid” (Burnell, 1997). With the increasing presence of emerging powers, the flow of resources has definitely increased. However, SSC is perceived to be “at best a complement, and not a replacement,” for North-South cooperation (Nel, 2010: 958). To replace traditional donors’ development assistance, the emerging powers have to go a long way in terms of increasing the volume and scope, setting up of institutions, formulating clear-cut definitions and policies, and issues of effectiveness, impact assessment and evaluation. All this would take some time to materialise. However, SSDC has eroded the exclusive competence of the West on matters of development (Six, 2009, 1117).

Nevertheless, emerging powers’ development cooperation efforts have brought a fresh air into the development landscape. These countries have been bringing more choice for the recipient countries and creating competition in the international aid architecture. However, the emerging powers in the Global South are not a homogenous group and have different approaches to SSDC. This makes generalisations of emerging powers’ development cooperation an arduous task. Yet, development cooperation is an inevitable component of the emerging powers’ economic diplomacy. These countries have been enhancing their economic diplomacy efforts in order to rise in the international system.

In the subsequent three chapters, the role of the three key emerging powers of the Global South, i.e. Brazil, China and India have been examined in detail to understand their development cooperation policies, agendas and motivations. Brazil, China and India will act as a lens for building a general understanding of the emerging powers' development cooperation, their nature, behaviour, motives and markedly their changing identities. What new approaches and ideas do the emerging powers bring to the table of international aid architecture is important in order to understand the changing landscape of international politics.

CHAPTER 3

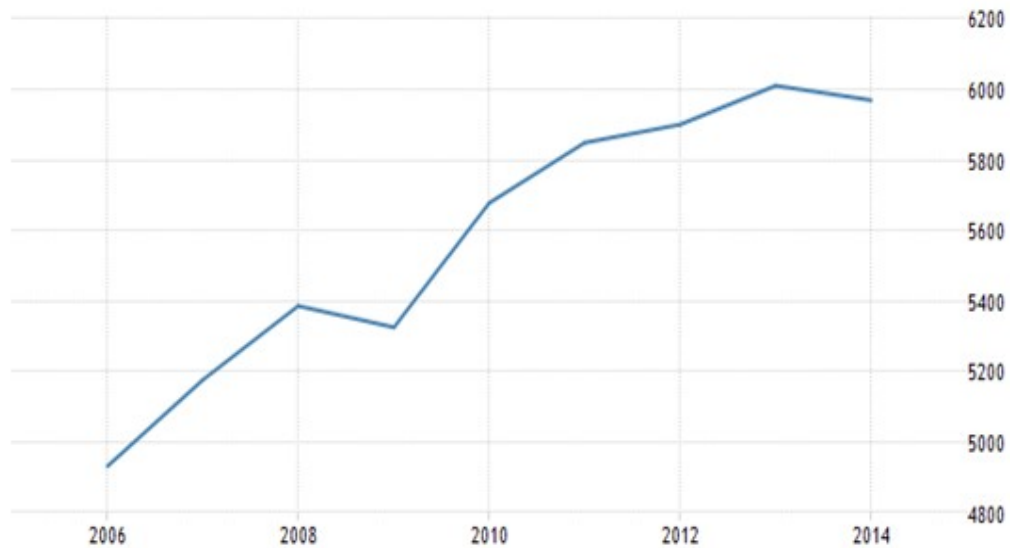
BRAZILIAN COOPERATION FOR INTERNATIONAL DEVELOPMENT (COBRADI)

Increasingly being termed as an emerging power with enormous potential for economic growth and development, Brazil has come a long way from being a Portuguese colony and an underdeveloped country to an upper middle-income country with a high GDP per capita (World Bank, 2016) (see, Figure 3.1). Despite alarming rates of poverty and income inequality, Brazil has ensured its position as one of the most influential emerging powers in the global order. Brazil fulfils most of the parameters set by scholars in order for a country to be classified as an emerging power, as discussed in the previous chapter. The Brazilian economy is the seventh largest economy in the world and the largest in Latin America with a GDP percent share of 45.2% in 2015 (World Bank, 2016a; ICWA, 2016)). It has the world's fifth largest population. It is the world's second biggest food exporter, the fourth largest food producer, and ranks ninth in oil production. Moreover, it has stabilised its multi-racial and multi-ethnic society over the past 25 years (Dauvergne and Farias, 2012: 905). As Brazil has embedded its position among the largest economies in the world, it has successfully ensured that it uses its soft power in order to increase its political and economic clout both domestically and internationally.

In the international aid architecture, Brazil was increasingly viewed as an ODA recipient from the OECD-DAC and continues to receive aid from them, in particular sectors like environment and climate change. However, like many other emerging powers, Brazil has successfully transformed itself from a recipient to 'a development cooperation partner'. Development cooperation to the Global South was slowly but steadily incorporated into the foreign policy considerations of the Brazilian government from the mid-nineteenth century. Since the 1950s, Brazil has had modest beginnings in the field of development cooperation and, since then, its development cooperation has been expanding steadily to include most sectors and geographical zones into its development cooperation agenda. This agenda got a boost in the 21st century with the coming into power of Luiz Inácio Lula da Silva government in 2003.

Now, Brazil is involved in shaping the development discourse of other developing countries by being an active partner in the development concerns of the Global South.

Figure.3.1: Brazil's GDP Per Capita (USD), 2006-2014



Source: Trading Economics (2016).

The growing importance of development cooperation in Brazilian foreign policy clearly demonstrates Brazil's increasing emphasis on using development cooperation as a tool of economic statecraft, thereby putting soft power as the key driver of Brazilian foreign policy. Even the federal government, considering the ever-expanding role of Brazil in international development has acknowledged the use of development cooperation as "an instrument of foreign policy" (IPEA, 2011:11).

With development cooperation becoming a foreign policy priority, Brazil has been careful in its usage and definition. The Brazilian officials assert that Brazilian development cooperation is personalised and do not adhere to any traditional definitions or norms set by the developed countries. The Brazilian Minister of External Relations, Ambassador Celso Amorim asserts that "the country is today characterised by an innovative diplomacy, but which does not stray from the fundamental values of the Brazilian nation-peace, pluralism, tolerance and solidarity" (IPEA, 2011:9).

What promoted Brasília to initiate its development cooperation programme is said to be Brazil's own development experiences that had been successful in rescuing millions of Brazilians out of extreme poverty. Brazil boasts of successfully dealing with the inequalities of income and the promotion of opportunities leading to "introducing similar measures in other developing countries facing similar challenges" through its development cooperation projects (IPEA, 2011:9). Moreover, Brazil's readiness to replicate the best practices in order to address the pressing issues faced by other countries' similar to that of Brazil has also been on their agenda for initiating and expanding its development cooperation. Furthermore, Brazil's development cooperation policy with the Global South is also fostered by its own experiences of a recipient of foreign aid.

In 2010, Cobradi³⁷ totalled USD 923 million. Of this, USD 752 million was allotted for multilateral cooperation, which accounts 81.4% of the total; and USD 171 million (18.6% of the total amount allocated) was for bilateral cooperation. Regarding the geographical spread of Cobradi, Latin America and the Caribbean got maximum assistance from Brazil amounting to USD 111 million followed by Africa which received USD 37 million (IPEA, 2014).

As the chapter focuses on Brazilian development cooperation, it is pertinent to focus on its development cooperation policies, patterns and modalities, the motivations and agendas behind its position as a development assistance provider and the factors driving the selection process of its recipients/partners. A few questions are posed in this particular chapter on Brazil, such as the following: What does Brazilian development cooperation look like and where does it mostly go? What drives Brasília to be a development assistance provider? Does Brazil bring to the table a new agenda for development cooperation? And if yes, then how is it different from the OECD aid? What principles and paradigms, in comparison to the existing structures, is Brazilian development cooperation based on? Does Brazil's own experience of being a foreign aid recipient shape Brazilian development cooperation? Is Brazil a revisionist power or status-quoist in international aid architecture? As a global player in development assistance, does Brazil bring its own norms and agendas at play? Hence, this chapter aims at focussing on Brazil as an emerging power who is a development assistance

³⁷ Cobradi refers to the Brazilian Cooperation for International Development.

provider, in order to delve deep into how countries like Brazil brings changes in how development assistance is traditionally understood and operationalised.

Historical Overview

For Brazil, the concept of development is nothing new. Development as a concept gained weight both in the national and foreign policy landscape since the birth of the Brazilian constitution, which upholds development not only in its preamble and Article 3 as the ‘Fundamental goals of the Federative Republic of Brazil’- but also repeats the term over 50 times throughout. This makes the idea of development “a fundamental value with great political and policy resonance within Brazil’s political discourse” (Dauvergne and Farias, 2012: 906). Even though not all previous governments have promoted developmental activities with same degree of intensity, the idea of development has always been prominent in Brazil’s national and foreign policy considerations.

In the domestic realm, the focus on development began in the 1930s, when Brazil adopted the national-developmental paradigm. This was formally articulated in the late 1940s, particularly through the work of the Economic Commission for Latin America (CEPAL)³⁸. The primary aim was the economic development of Latin America and strengthening economic ties among nations of the region and with the outside world (CEPAL, 2016). This also meant adopting an industrialisation model based on import substitution along with active state intervention in the country’s economy (Dauvergne and Farias, 2012: 907). Many of these ideas gradually spilled into foreign policy.

Inoue and Vaz (2012) classify the evolutionary phase of Cobradi into four periods based on the shifts in its development cooperation policies and priorities: the first (1969-1978)³⁹, the second (1978-1987)⁴⁰, the third (1987-2003)⁴¹ and the fourth phase

³⁸ CEPAL is the Spanish acronym for the Economic Commission for Latin America, established in 1948. It has its headquarters in Santiago, Chile. CEPAL is one of the five regional commissions of the UN. In 1984, the commission’s work was broadened to include the Caribbean countries and hence, it was called the Economic Commission for Latin America and the Caribbean.

³⁹ During this period, Brazil’s efforts were in the direction of creating a national system for coordinating its technical cooperation. It also signed its first agreements with partner countries during this phase (Inoue and Vaz, 2012: 509).

⁴⁰ This phase is marked by a considerable increase in the number of aid projects funded by Brazil in other countries of the global south (Inoue and Vaz, 2012: 509).

(2003-present)⁴² (Inoue and Vaz, 2012: 509). While this classification is a useful division of time frames, the period from 2003 has seen major shifts in the foreign policy considerations of the successive government under Lula. Although the period from 2003 has seen an enormous increase in the development cooperation from Brazil, this was a change attributed rather exclusively to the Lula government which took a special interest in promoting Brazil's development cooperation agenda. Therefore, after Lula, this trend has discontinued. The past five years of the Dilma government, since 2011, has seen a gradual shift in this proactive development cooperation policy and has seen a downfall in Brazilian development cooperation. While several factors have led to this trend, both domestic and international, the new government is more actively pursuing its domestic goals. Therefore, the fourth phase would rather be from 2003 to 2010, and the fifth phase (2011-present) could be added to this classification in order to denote the major shifts in the development cooperation policies and agendas of the new government under Dilma Rousseff, since her coming to power in January 2011.

The origins of Brazil's international development cooperation policies date back to the 1950s (Inoue and Apostolova, 1995; IPEA, 2011:16). The end of the military regime brought about significant changes in the Brazilian political-institutional order, like "the strengthening of social movements, the consolidation of democracy, constitutional reform, the reshaping and consolidation of social policies, international recognition and a greater economic and financial stability", that guaranteed growing volume and visibility of Cobradi (IPEA, 2011:16). The main priority throughout the 1960s and 1970s was the overall development of the country and its economy to gain economic power in the international arena. Brazil's Minister of Foreign Affairs, Joao Augusto Araujo Castro (1963–64), had explained Brazil's ambitions of economic power as follows: "for Brazil the quickest, most direct path for the strengthening of its national power is the path of its own economic development and industrial expansion" (Dauvergne and Farias, 2012: 907). For this, the government strongly emphasised foreign trade and improving economic ties with the region and the outside world. The outcome of this policy was Brazil's active engagement with multilateral groupings

⁴¹This was a major turning point in Cobradi as the Brazilian Cooperation Agency (ABC) was set up in 1987 as an important step in the institutionalisation process of Cobradi. This phase continued till 2003 when President Lula came to power.

⁴² This phase started when President Lula took office. It was the golden period in the history of Brazilian development cooperation so far (Inoue and Vaz, 2012: 509).

with other developing countries, such as the G77 and joining the call for a New International Economic Order (NIEO) (Dauvergne and Farias, 2012: 907).

In 1978, the Buenos Aires Plan of Action (BAPA) for Promoting and Implementing Technical Cooperation among Developing Countries (TCDC) was signed and became a turning point for developing countries of the Global South as providers of technical cooperation⁴³. Since then, Brazil underscored the importance of delivering technical assistance between developing countries as an essential component of its foreign policy. Many developing countries pushed for an inter-governmental consensus on international technical cooperation between developing countries to be achieved through the UNDP platform. Their efforts materialised when the UN World Conference on Technical Cooperation among Developing Countries (TCDC) was held in Buenos Aires in September 1978. The Buenos Aires Action Plan adopted at this conference introduced technical cooperation among developing countries into the international system. Thereafter, Brazil, with its scientific and technological advances, became a confident technical cooperation partner for developing countries of the Global South with its increasing focus on horizontal cooperation among developing nations (Cervo, 1994: 44). Hence, Brazil maintained its own position on international cooperation and did not follow the traditional concept of foreign aid, given by the OECD, since the very beginning.

With the establishment and expansion of TCDC programs, Brazil began to reach out to countries in its neighbourhood and also to the African continent. Therefore, most of its initial projects and technical cooperation agreements were negotiated with countries in Latin America and Africa (Vaz and Inoue, 2007:5). From the mid-1970s, Brazil's policy towards the Portuguese-speaking African countries (PALOPs) also took a positive turn with the independence of PALOPs. Earlier, Brazil could not build ties with these countries as the Treaty of Friendship between Brazil and Portugal restricted Brasilia from doing so (Vaz and Inoue, 2007:5). With their independence, the PALOPs, having linguistic, cultural and historical ties with Brazil, became a foreign policy priority for the Brazilian government. Technical cooperation between Brazil and the PALOPs opened new avenues for political, social, cultural and

⁴³ BAPA provided the conceptual underpinnings as well as a practical guide for realising the objectives of TCDC (UNDP, 1994).

economic cooperation. This, however, did not change Brazil's focus on its region, Latin America, which continued to be the foremost priority and sphere of influence.

International development cooperation gained weight in Brazil's foreign policy considerations which further led to the creation of the ABC in 1987. This agency was created within the Ministry of External Relations (MRE)⁴⁴. This was an attempt to provide central coordination for international development cooperation or more specifically, technical cooperation, at that point of time. Brazil, as a recipient of foreign aid, was supposed to implement its own delivery of technical assistance, keeping in mind the lessons it learned as a recipient, working on the limitations of the North-South flow of aid, and improving on it.

Brazil's efforts to promote development in its foreign policy slowed during the domestic economic crisis of the 1980s and the revival of the Cold War. By the 1990s, the meaning and importance of development for domestic and international policy strategies were shifting. The path towards national development was detaching from the national-developmental economic model of state intervention and import substitution. Brazil's financial instability was also undermining such efforts and pushing aside those wanting to position Brazil as a 'leader' of developing nations (Dauvergne and Farias, 2012: 907).

Major shifts in Brazilian foreign policy came about with the election of Lula da Silva as president in 2003. However, the domestic and foreign policy of Lula (2003-2010) was not so much of a departure from Fernando Henrique Cardoso's (1995-2002), particularly if we look at Cardoso's last years in office. The major difference between the two was in their approach to development and the mechanisms that would enable Brazil gain a better position in the world order. While Cardoso focussed on strengthening alliances with developed countries, Lula's approach underlined or rather questioned the international status quo that he found was impeding development (Dauvergne and Farias, 2012: 907). What makes the Lula administration different from its predecessors would be the degree to which he aimed to project Brazil as a global emerging power, which had SSC as the cornerstone of its foreign policy (Dauvergne and Farias, 2012: 907; Inoue and Vaz, 2012:514). Even though Brazilian technical cooperation started to grow in the 1980s, it did not get a boost in

⁴⁴ MRE is also famously referred to as Itamaraty.

the 1990s and remained almost stable until Lula came to power. It was only during the second term of Lula (2006-2009) that TCDC got much-needed push from the administration (Inoue and Vaz, 2012). Under President Lula, SSC was underscored as the driving factor behind Cobradi. The SSC was recognised by the government as a broader concept that not only constitutes technical cooperation but also non-technical aspects of cooperation including humanitarian assistance and economic cooperation (Inoue and Vaz 2012:510). Brazil's South-South cooperation reinforces the idea of horizontal partnerships that envisages equality among partners that goes against the donor-recipient hierarchy advocated by the OECD.

Under the Lula government, there was a clear increase in volume of Brazilian development cooperation. While Brazil has been giving more emphasis to SSC, regionalism, multilateralism and universalism in its foreign trade, the "liberal economic orthodoxy" it had adopted in mid-1990s continues to remain the basis for economic policy, both domestic and foreign (Vaz and Inoue 2007:4). Despite this, Cobradi has remained an important component of its foreign policy that has been inevitable for it to advance its international cooperation efforts. Brazil has underscored the importance of the concept of international development cooperation over the western concepts like foreign aid or ODA. It considers itself as a partner for other developing countries in the Global South. Lula's Brazil was able to create more partnerships with other developing countries and emerged as one of the important providers of development cooperation in the developing world.

After a proactive policy of development cooperation under the Lula administration, President Dilma's first term in office has seen a major shift in priorities from external affairs to domestic issues. One common concern raised by the officials of the MRE and ABC during my interviews with them was that Dilma's increasing focus on the domestic affairs has led to the decline in the funds for development cooperation, with not many new projects initiated and very few foreign visits to the partner countries made during her tenure⁴⁵.

⁴⁵ The MRE and ABC officials on the assurance of anonymity also disclosed that among all the ministries, the MRE gets the least attention from the President and she has ordered for a cut in funds to both the MRE and ABC. Hence, many running projects might have to be halted, some projects will not be renewed after the current allocation of funds gets exhausted and taking up new external development projects seems unlikely.

With the recent domestic turmoil followed by impeachment of President Dilma in early 2016 for the charges of allegedly manipulating the public funds, it is expected that the new government under interim President Michel Temer (earlier, the vice-president) is also likely to focus on domestic policies. Foreign policy will mostly be secondary for him. The political events in Brazil are yet to unfold with another two rounds of voting to go in order to complete Dilma's impeachment. There is still hope that Dilma might come back to power after the 180 days dismissal from power as there is no corruption charges levelled against her and she might be able to convince the Congress to support her in the coming months. Challenges confronting interim President Temer are no less, with several corruption charges levelled against him and his involvement in various scams raised by the opposition, raising questions on his legitimacy and integrity to take up the role of the President for the next three years if fresh elections are not held. Apart from these issues, Brazil is going through the worst economic recession in recent years that would further restrict its funds being used on foreign policy. Domestic policies and development issues are likely to remain the priority for any government in the following years and Cobradi budgets are indeed expected to fall considerably.

Brazilian Development Cooperation: An Instrument of Brazil's Economic Statecraft

With the Brazilian government committing to contribute to “the promotion of global development, with emphasis on Latin America, Africa and Asia”, international development cooperation was prioritised as a major component of Brazilian foreign policy (IPEA, 2011:10). As per the Brazilian government, cooperation for development was not limited to the interaction between donors and recipients; they considered it “as an exchange between equals, with mutual benefits and responsibilities” (IPEA, 2011:8).

Brazil's efforts in sharing of knowledge and successful experiences, its capacity to replicate best practices in supporting other developing countries to overcome development challenges etc. points to the fact that Brazil, through its horizontal cooperation hope to play an important role in correcting the “social and economic asymmetries” in other developing countries (IPEA, 2011:9). Cobradi's focus has mostly been on sectors in which they have expertise, such as the technical and

infrastructural support in the agricultural sector⁴⁶ or conditional cash transfer programmes like the Bolsa Familia⁴⁷ programme (Usher 2011:2). Furthermore, the aim was to make use of domestically created solutions, especially in priority sectors like agriculture and education, in order to support countries similar stages of development as that of Brazil.

The major characteristic of Brazilian development cooperation is the respect for sovereignty, non-interference and the defence of self-determination that has traditionally defined Brazilian diplomacy. Brazil's official position does not allow it to impose conditionalities, nor does it aim at immediate political goals (IPEA, 2011:8). This was a major shift from the traditional concept of foreign aid or development assistance endorsed by the OECD countries, as Brazilian development cooperation was based on the idea of SSC and horizontal partnership that enabled Brazil to engage in the development story of the fellow developing countries, thereby also forging stronger bilateral ties and regional arrangements with them.

The two reports jointly published by the IPEA and ABC with other arms of the Federal government in 2011 and 2014 gives a comprehensive assessment of Cobradi for the years 2005 to 2010 (IPEA, 2014:13). These are the only official reports available on Cobradi and more reports are expected to be released by the IPEA in future. However, Brazil has not been keen to disseminate its Cobradi data on a regular basis which makes it difficult to undertake an overall assessment, and also raising questions about its transparency.

The following sections looks at how Brazil defines its international development cooperation, the institutions involved and the policy-framework guiding Cobradi.

⁴⁶ Major examples of Brazil's support to other developing countries in agriculture sector have been the Mozambique Tropical Savannah Agricultural Development Project (ProSavana) and the Cotton-4 Project. ProSavana has been an attempt to replicate Brazil's success in its Cerrado (Savannah) region, where it could achieve high agricultural productivity using appropriate technologies, in Mozambique's Savannah region. This project has been a triangular cooperation project between Brazil, Mozambique and Japan. Cotton-4 project has been executed in four African partner countries of Benin, Burkina Faso, Chad and Mali. This project focuses on improving the production of cotton as well as improving its quality thereby giving the economies of these countries a boost.

⁴⁷ Bolsa Familia has been Brazil's flagship social programme, based on conditional cash transfer, started during the Cardoso regime that got tremendous boost from the subsequent Lula administration. Initiated to stimulate growth and social development, it has been considered as one of the success stories with a large number of people coming out of extreme poverty in Brazil.

Defining Brazil's Development Cooperation

The lack of a definition for development cooperation, one of the biggest challenges faced by most emerging powers that provide development assistance, has also been observed in the case of Brazil. It did not have a definition until 2011, when the Cobradi report was released jointly by MRE, through ABC, and IPEA. The responsibility to define and quantify Brazilian international cooperation for development rested with the MRE which in turn proposed to the Presidency of the Republic (PR) the need for a survey of Cobradi, which later initiated the development of the Cobradi report in 2011 and later in 2014, for years 2005-2009 and 2010 respectively. This report is the first to acknowledge what development cooperation means for Brazil (IPEA, 2014:14).

The major challenge facing Brazil in defining the volume of Cobradi was the lack of coordination among different institutions of the federal government that also posed difficulty in quantifying the volume and defining Brazilian development cooperation with precision and clarity (IPEA, 2011:11). However, with the federal government agencies and entities cataloguing the amount allocated by Brazil to other developing countries, the lack of transparency conundrum raised by the traditional donors has been put to rest for now (IPEA, 2011:11).

The MRE, through the ABC, and the IPEA worked towards defining Brazilian development cooperation; understanding various modalities and their characteristics; identifying, recovering and systematizing the data and information on federal government investments for projects and programmes (IPEA, 2011:11). Eventually, they arrived at a common definition for Brazilian development cooperation on the basis of which the data was collected and organised in order to finalise the report. As per the definition given by the ABC and IPEA, Cobradi is

The total funds invested by the Brazilian federal government, entirely as non-repayable grants, in governments of other countries, in nationals of other countries in Brazilian territory or in international organizations with the purpose of contributing to international development, understood as the strengthening of the capacities of international organizations and groups or populations of other countries to improve their socio-economic conditions (IPEA, 2011:11).

For the Brazilian federal government, financing⁴⁸ and debt pardons do not constitute development cooperation and was therefore omitted from the expenditures calculated as a part of Cobradi (IPEA, 2014:14). There are mainly two types of expenditures made by the federal government for Cobradi: firstly, expenditures on federal government officials and collaborators, “including airfares, per diems, salaries, work hours, scholarships and donations”, and second, those expenditures “resulting from commitments and obligations of the Brazilian federal government with international organizations” (IPEA, 2014:14).

In the Cobradi 2010 report, the following expenditures made by the federal government have been included:

personnel, infrastructure and financial resources used in training individuals, and strengthening organizations and institutions abroad; organizing or participating in missions or peacekeeping operations; managing of joint programs and scientific-technological projects with other countries and research institutions; offering humanitarian cooperation; supporting the integration of refugees in the country; paying contributions and participation shares in international organizations, and official donations, organized in this publication by modalities in accordance with prevailing international terminology (IPEA, 2014:17).

The position of the Brazilian government to define its development cooperation as only grants, clearly demonstrates that it doesn't identify itself with the OECD's definition of foreign aid or development assistance. For the OECD, its ODA could have a grant element of 25% and above. However, Brazil categorically states that its Cobradi would include only those funding with 100% grants. This takes out the investments, and commercial lending and loans out of the purview of Cobradi.

Further, Brazil promotes the idea of SSC which is based on solidarity of the Global South and striving towards a greater horizontal relationship amongst the partner countries. However, this definition does not prevent either ABC or the Federal government from signing trilateral cooperation agreements with the OECD-DAC countries⁴⁹ or with other international organisations.

⁴⁸ This mainly constitutes investments with varying rates of returns.

⁴⁹ Brazil has several trilateral cooperation projects running, in Latin America and Africa, with the Japan International Cooperation Agency (JICA), the U.S. Agency for International Development (USAID), German Federal Ministry of Economic Development and Cooperation (BMZ) and French Development Agency (AFD).

Institutional Structures

Like most emerging powers, Brazil does not have a single agency to manage development cooperation which could have brought coherence into the development cooperation efforts of Brazil. Despite numerous efforts by the Federal government to set up a centralised structure for Brazilian development cooperation, nothing bore fruit. Several government institutions are still a part of Brazilian development cooperation without much coordination with each other. Apart from the federal government, there are several other state and non-state actors involved in Brazil's international development cooperation. This makes it hard for the ABC and the IPEA to calculate the volume of Cobradi and hence make the volume quoted in the Cobradi report problematic and inaccurate by a huge margin.

Since the mid-1980s, Brazil has been involved in institution-building efforts in order to organise and institutionalise its development cooperation. The creation of ABC, in 1987, points to the efforts of the Federal government in the direction of establishing a centralised system in order to coordinate Brazilian development cooperation. Before the creation of ABC, Brazil's technical cooperation was managed by two institutions within the Federal government; first, the Division of International Technical Cooperation (DCOPT) linked to the MRE is responsible for undertaking and establishing Brazil's technical partnerships with other countries and; and second, Sub-secretariat for International Technical and Economic Cooperation (SUBIN) related to the Secretariat for Planning (SEPLAN) looks after the national coordination of Cobradi. Centralising the institutional structure was considered important for a greater coordination of its internal development needs and the external development assistance (more of which was in the nature of technical cooperation in the 1980s), which led to the idea of merging these two institutions (Inoue and Vaz 2012:512). And in 1987, these institutions were finally merged and ABC was set up with the following functions at its disposal:

The ABC, established by the Decree nº 94,973 of September 25th, 1987, under the Ministry of External Relations (MRE), is responsible for the coordination, negotiation, approval, monitoring and evaluation, at national level, of cooperation for development in all areas of knowledge; both that received by Brazil from other countries and international organizations, as well as that given by Brazil to other developing countries (IPEA, 2014:26).

Despite the creation of the ABC, the centralised coordination of Brazilian development cooperation remained a distant dream. The state actors involved in Cobradi also includes the “non-traditional” state actors like domestic ministries, federal agencies⁵⁰, subnational entities⁵¹; non-state actors who defend public and national interests; and private sector businesses (Milani, 2014:5)⁵². These actors do not work under the authority of the Presidency of the Republic of Brazil. They could advance their own agendas, different from that of the state agendas, which could affect the authority of the state as the real centre of power in executing development cooperation policy of the state (Milani, 2014:5). For example, the state of Rio de Janeiro has been granting scholarships, especially to students from African countries, to study in different universities in their state, which is in addition to the scholarships given by the Federal government to study in Brazil. Similarly, the state of Sao Paulo has been actively involved in rehabilitation of the refugees, especially from Syria, coming to Brazil and has been diverting a lot of funds for this purpose from their budget. This has not been taken into account while measuring the volume of Cobradi. The plurality of actors and agendas makes it a herculean task to manage, quantify and access accurate data on Brazilian development cooperation. This rather becomes impossible with no state control on the international agendas of the non-state and private sector actors.

Different individual ministries continued to remain in charge of administering different modalities of cooperation. For instance, the scientific and technological cooperation is coordinated by the Ministry of Science and Technology (MCT) along with its arm National Council for Scientific and Technological Development (CNPq).

Decentralisation of the Brazilian development cooperation was further encouraged and legitimised by the federal government in 2012 through the Decentralised

⁵⁰ Like the Brazilian Agricultural Research Corporation (Embrapa), which is linked to the Ministry of Agriculture or the Oswaldo Cruz Foundation (Fiocruz), related to the Ministry of Health.

⁵¹ This includes federated states and municipalities.

⁵² Prof. Carlos Milani, during an interview with him on 3rd April 2015 at Rio de Janeiro, explained this issue in detail. Similar views were expressed by the interviewees in the MRE, ABC and IPEA. However, the IPEA officials said that they are trying to get this data for incorporating it into the next report that they are planning to come up with. But this is a very time-taking process and data is not shared publicly and there are not any options to access it unless it is provided by the authorities on request of the Federal Government.

Programme for South-South Technical Cooperation.⁵³ This allowed further diversification of actors and agendas in the sphere of Brazilian foreign policy in general and its development policy in particular. The debate on building centralised institutional structures for Cobradi was further diluted with this move and Itamaraty further lost its monopoly over its development cooperation programme. With growing international actions embarked by the federated states and municipalities, it is now “difficult to find a ministry or governmental agency that does not have its own budget devoted to international affairs” (Milani, 2014:11).

Policy Framework

Brazil’s Federal Constitution (FC) envisages cooperation for “the progress of humanity” in the “Article 4 of the FC of 1988” as an important principle of Brazilian foreign policy (IPEA, 2014:13). Hence, Cobradi has been also been driven by these principle underlined in its constitution, leading to the usage of ideals like equality and social justice as guiding principles of its foreign policy and economic diplomacy. The positive results of its social policies like Bolsa Família, which lifted thousands out of extreme poverty, were well received around the world. Broadening of these social policies domestically had a great impact on Brazil’s economic development and social well-being which raised demands from the outside world to replicate similar policies in other developing countries. Brazil, then, incorporated these successful domestic policies into its Cobradi thereby sharing its experiences, best practices and technological transfer with its partner countries in the similar stages of development. These policies “guaranteed Brazil growing international recognition, especially during the first decade of 21st century” (IPEA, 2011:16).

Emphasis on SSC and Building Alliances with the Global South

Brazil started associating itself with the Global South since mid-19th century and therefore, its development cooperation programmes also resonated with the idea of SSC. As was mentioned in the previous sections, the definition and the concept of Brazilian cooperation for international development varied considerably from that given by the OECD-DAC donors and Brazil’s position was a clear demonstration of

⁵³ The main objective of this programme was to encourage Brazilian states and municipalities to develop international technical cooperation projects with their counterparts in other developing countries (Planalto, 2016).

how it did not want to be identified as belonging to the traditional donor club. Minister Marco Farani (2011), former Director of ABC, laid out the basic difference between Brazilian international cooperation for development and the OECD aid:

In Brazil, when we talk about aid, we are talking about cooperation: South-South Cooperation (SSC). This involves collaboration and knowledge-sharing through a horizontal structure, not the vertical structure that is at the core of developed countries' approaches and embodied in the terms 'aid' and 'assistance' (Farani, 2011:3).

He also suggested that the Cobradi has gained popularity among developing countries as a result of Brazil's non-intervention policy and its involvement in peaceful conflict solution, their multicultural and multi-ethnic society, Brazil's positive economic growth, and finally their efforts for international development which is based on SSC (Farani, 2011:4). Farani also emphasised Brazil's position as an active supporter of development and solidarity in the international arena (Farani, 2009).

In the interviews conducted with the government officials from ABC, IPEA and MRE in Brasilia during first two weeks of March 2015, most of them emphatically suggested that Brazilian international development cooperation is horizontal and demand-driven, with no-conditionalities attached and that Brazil follows a policy of non-interference in the domestic affairs of the partner countries.

President Lula focussed his efforts on positioning Brazil "not only as a developing country but as a leader among them" (Dauvergne and Farias, 2012: 909). Dauvergne and Farias (2012:909) claim that Brazil's policy of strengthening its ties with other developing countries through its policy of SSC is "in tandem with the idea of 'development-as-goal' and 'development-as-identity'". Former Minister of Foreign Affairs (2003-2011), Celso Amorim, considered Brazil's efforts to build strong ties with other developing countries as a crucial component in advancing Brazil's international position. He explains his take on SSC and building alliances with the Global South in his article "*Brazilian Foreign Policy under President Lula (2003-2010): An Overview*" where he emphasise that

South-South cooperation is a diplomatic strategy that originates from an authentic desire to exercise solidarity toward poorer countries. At the same time, it helps expand Brazil's participation in world affairs. Cooperation among equals in matters of trade, investment, science and technology and other fields reinforces our stature and strengthens our position in trade, finance and climate negotiations. Building coalitions with developing countries is also a way of engaging in the reform of global governance in order to make international institutions fairer and more democratic (Amorim, 2010:231).

According to Dauvergne and Farias (2012: 909) Dilma Rousseff's former Foreign Affairs Minister, Antonio Patriota (2011-2013), also adopted a similar stand on SSC and reiterated the prominent role that SSC would continue to have in Brazil's foreign policy.

Like former Foreign Affairs Minister Celso Amorim (2010) had mentioned in his article, building Southern coalitions is an important agenda in Brazilian foreign policy and a pioneer in this regard was IBSA, a major player in advancing SSC in poorer countries. IBSA Fund, which was established in 2004 and became operational in 2006, is financing or has financed development projects⁵⁴ in Haiti, Guinea-Bissau, Cape Verde, Cambodia, Palestine, Sierra Leone and Vietnam. Even though the budgets are extremely small when compared to other multilateral development organisations, such South-South flows remain notable (IBSA Fund, 2016).

With greater budgets and more hype, BRICS has evolved into an important coalition of the Global South where the most important Southern countries have come together. The rise of BRICS as a coalition has been phenomenal in recent years. BRICS Development Bank is a major success in this regard. These countries are also expected to get involved in multilateral development cooperation arrangements once the Bank gets fully functional.

Regional Cooperation and Solidarity

Brazil gives maximum development cooperation to its region, Latin America and the Caribbean. For Brazil, its region occupies the top-most position in its economic diplomacy. Brazil is the largest power in the region and it hopes to boost its political and economic clout through its development cooperation activities in its region.

Brazil is a proactive member of the regional organisations, including Southern Common Market (MERCOSUR), Union of South American Nations (UNASUR), Organisation of American States (OAS), and Community of Latin American and Caribbean States (CELAC), for free trade and free movement of people. Brazil has

⁵⁴ However, the exact details on the projects are unavailable as the website has these relevant sections password-protected, leading to much speculation on the lack of transparency. The annual reports issued by IBSA Fund are another link to look into the projects running or already completed (IBSA Fund, 2015).

been supportive of regional integration and has tried to maintain cordial relations with its neighbourhood and its development cooperation is geared towards that agenda.

Triangular Cooperation, Multilateralism and Legitimacy

Successful implementation of sound domestic policies, innovative programs and new development approaches that saw a great improvement in the socio-economic indicators of Brazil has been a significant aspect of Cobradi, which it hopes to replicate in other developing countries. Gradually, some of these programmes that showed positive result in Brazil was converted into forms of international cooperation, initially bilateral and later triangular cooperation with both developed and developing countries. Although the bilateral South-South cooperation has always been a priority for Brazil, triangular partnerships began to be considered as “valuable mechanisms to strengthen the impact of development initiatives” (Corrêa, 2009:3). Triangular cooperation, therefore, emerged as primary modality of Brazil’s international development cooperation (Corrêa, 2009; Inoue and Vaz, 2012). While there has been no internationally agreed definition of triangular cooperation, the term has gained credence since the Buenos Aires Plan of Action and has evolved over time (OECD, 2013:9). The ABC has defined triangular cooperation as:

an international cooperation modality for the development of a complementary nature of South-South bilateral cooperation, with shared governance, value-added and identifiable comparative advantages, which can take different arrangements of implementation involving developing countries, developed countries and / or international bodies (ABC, 2016).

For Brazil, triangular cooperation is a platform which favours “the optimized use of the comparative advantages of the partners involved” (Corrêa, 2009:4). Brazil’s comparative advantage could be counted in terms of its cultural diversity, multi-ethnic composition and using development as a tool for reducing social and economic asymmetries (Corrêa, 2009:4; Inoue and Vaz, 2012:522, IPEA, 2014: 27). Besides, Brazilian technology and knowledge has been considered to be easily adaptable to the developing country realities. On the other hand, the comparative advantage of the other partner, usually a traditional donor, remains to be mobilisation of greater resources and technical assistance, expanding the scale of the projects, and focusing on bigger impact (Corrêa, 2009:4).

Japan has been the most important triangular partner for Brazil, followed by Germany and the United Kingdom (UK) (ABC, 2016). Apart from these three countries, France, Canada, Argentina and Spain are also involved in triangular cooperation with Brazil (IPEA, 2014: 27). Triangular cooperation projects of Brazil range from health, public administration, reforestation and professional education. The beneficiaries of these projects are Latin American Countries (especially Haiti and Bolivia) and Portuguese-speaking countries in Africa (Inoue and Vaz 2012:522).

Brazil has also been successful in establishing triangular cooperation⁵⁵ with several multilateral organizations, including the UNDP, the International Labour Organization (ILO), the UN Population Fund (UNFPA), the Amazon Cooperation Treaty Organization (ACTO), the Ibero-American States Organization (IASO), the World Food Program (WFP), the Food and Agriculture Organization of the UN (FAO), the World Bank, the European Union (EU), the Inter-American Institute for Cooperation in Agriculture (IICA) and others (IPEA, 2014:27; Inoue and Vaz 2012:523).

One of the major achievements of Brazil in the field of international cooperation is that it could break ‘the North-South-South pattern’ of triangular cooperation and bring in the ‘South-South-South’ triangular cooperation that has taken SSC a step ahead. For example, Brazil collaborated with Argentina and Chile to assist Haiti after the acute political crisis in 2004; a Memorandum of Understanding (MoU) was signed between Brazil and Egypt in 2009 for promoting technical cooperation in African countries. The focus areas of South-South-South triangular cooperation have been capacity-building, knowledge sharing and information exchange, and technical support (Inoue and Vaz 2012:525).

For Brazil, OECD-DAC has never been an ideal platform to discuss and debate their development cooperation. In an interview with a senior official from ABC on 9 March 2015 at Brasilia, the interviewee maintained that Brazil views OECD as a forum for Western countries where the concerns and interests of the emerging powers, who choose not to join the OECD, are not taken into consideration. Brazil’s idea of development assistance has been different from the OECD definitions and guidelines, which remains the dominant strand in international aid architecture. OECD’s enduring

⁵⁵ (ABC, 2016a)

influence on the aid architecture has pushed the emerging powers to look for other platforms where their voices are heard.

The lack of a neutral body which accepts different points of view on development has been a major hurdle in bringing the South to the development debate. However, Brazil has been more than ready to be a part of the multilateral set up to discuss development under the UN umbrella. Brazil considers UN as a better platform to discuss SSDC and maintains that the UN could do more to promote SSC, which works closely towards understanding the priorities and needs of the developing countries of the Global South. Brazil has actively supported the UN in shaping the ECOSOC's Development Cooperation Forum (DCF), which they consider as a legitimate forum for discussions on Cobradi (Inoue and Vaz 2012:516).

Brazil has been rather careful to avoid imitating the traditional North-South patterns of foreign aid. It has been keen on following the principles of SSC in triangular cooperation and even supports it in different multilateral forums.

Patterns and Modalities of Development Cooperation

While the exact data on the aid flows is not available, there have been two reports released by the IPEA in coordination with the ABC and the External Affairs Ministry, and this official data has been used throughout this research as the base data. The expenditure headings under which Brazil gives its development cooperation include

the provision of personnel, infrastructure and financial resources, by training individuals and strengthening organizations and institutions abroad; organizing or participating in missions or peacekeeping operations; managing of joint scientific-technological programs and projects with other countries and research institutes; offering humanitarian cooperation; supporting the integration of refugees in national territory; paying contributions and participation shares in international organizations, and official donations, organized by modalities according to prevailing international terminology (IPEA, 2014).

Cobradi also includes money spent on Brazilian government officials who have the responsibility to carry out “treaties, conventions, agreements, protocols, institutional acts or international commitments”. Hence, in order to obtain the data on Cobradi disbursements, the federal government had to involve “approximately 91 federal institutions” that were involved directly or indirectly in Cobradi. The process to get hold of the data was a tough job for the IPEA and the ABC who had to coordinate with all these organisations for data. More than 250 government officials and

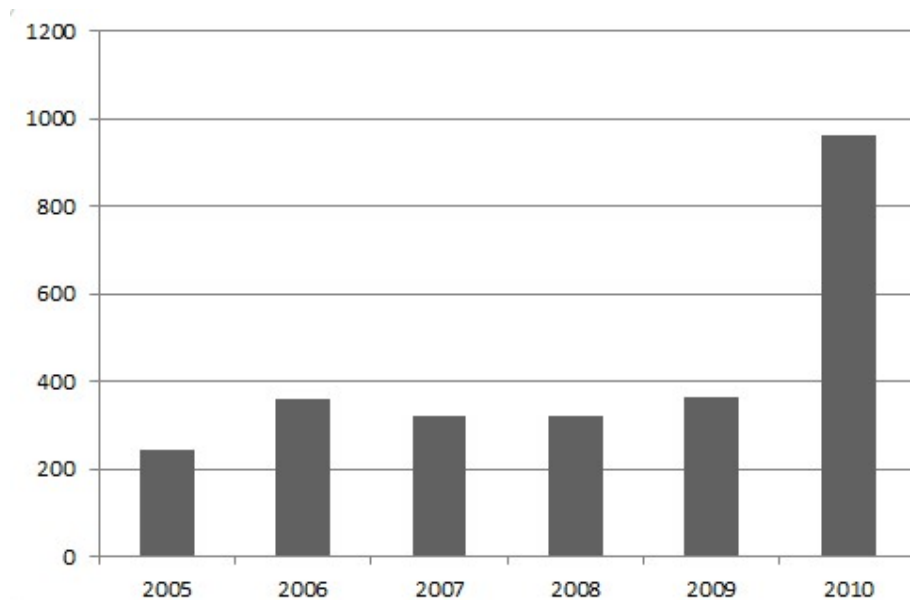
collaborators were deployed to get the Cobradi data records from these institutions (IPEA 2014).

While these reports have been an innovative and positive move from Brazil, which deviates from its earlier policy of not disclosing the data to the international community which has led to speculations from the developed countries regarding the motives of Brazil because of the lack of transparency. Even though these reports have helped Brazil create a positive opinion in front of the international community, what has been alarming is that these reports have been identified with a few discrepancies, which the IPEA and ABC hope to correct in the future reports. The major cause for these discrepancies has been the large number of organisations involved in development cooperation apart from the ABC. It was hard to bring together data from these organisations which range over a hundred in number.

As per the IPEA reports, the total amount given as Cobradi is approximately USD 923 million in 2010, with maximum assistance given to Latin America and the Caribbean followed by Africa and Asia (IPEA, 2014). However, the OECD figures suggest that Cobradi was only USD 369 million in 2009 which increased to about USD 500 million in 2010 (OECD, 2016c).⁵⁶ The huge difference between the IPEA and OECD figures results from the different mechanisms used by both these organisations. OECD has used the data given by IPEA as the base, even though the components of OECD aid are different from Cobradi as defined by Brazil. However, from this total amount of Cobradi mentioned in IPEA reports, they have deducted that component of multilateral assistance given by Brazil, which are not used for economic development of any developing country and omits the expenditures incurred for Brazil's bilateral peace-keeping activities from its data on Cobradi (OECD, 2016c).

⁵⁶ The OECD has given Cobradi figures based on the IPEA report and has not be able to come up with independent data on Cobradi. Hence, Cobradi figures from 2010 to present are not available as it has not yet been published by IPEA, the only agency that disseminates the official data on Cobradi.

Figure 3.2: Brazilian Development Cooperation, 2005-2010 (in USD million)

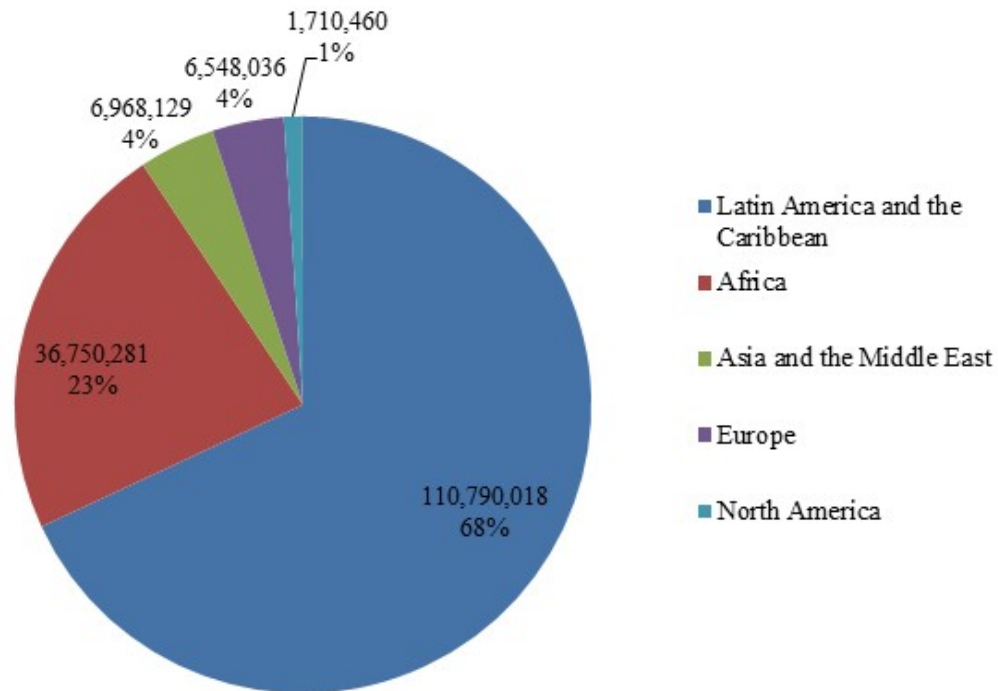


Source: IPEA (2011; 2014)

Geographical Patterns

Geographical distribution of Brazilian development cooperation suggest that Brazil's focus has been predominantly on its region, the Latin America and the Caribbean, as its neighbouring countries have received the maximum development assistance (see, Figure 3.3). However, Africa is also a priority for Brazil and it has been increasing its foothold in Africa. Earlier, it was just the PALOPs that used to be the foci but Brazil has been spreading its wings to other parts of the continent with Brazil's expanding political and economic clout as an emerging power with a global role as well as its increasing trade and commercial interests in the region. Furthermore, Brazil aims to diversify its partners and hence has been slowly expanding its influence in other parts of Africa based on its "new commercial promotion strategy" initiated by President Dilma (Abdenur and Neto, 2014).

Figure 3.3: Geographical Distribution of Brazilian Development Cooperation, 2010 (in USD)



Source: IPEA (2014:19)

Latin America and the Caribbean

President Lula clarified the importance Brazil attaches to its region during his first term in office:

South America is a priority in Brazilian external policy. Our region is our home (de Freitas Barbosa et al., 2009:65).

For Brazil, its foreign policy and economic diplomacy has been focussed on its region since long. Brazil has increasingly been considered as a regional power despite its global ambitions and efforts in realising its dream of being a global power. Undoubtedly Brazil is the largest political and economic entity in the region and exerts considerable amount of political and economic influence in its neighbourhood. The fact that around 68% of Cobradi is diverted to the region underscores Brazil's priorities and interests that are attached to its neighbourhood.

Even though President Cardoso (1995-2002) adopted more idealistic policy in multilateral relations, his approach was more pragmatic as far as Brazil's neighbourhood was concerned (de Freitas Barbosa et. al., 2009:64). In 2000, his foreign policy priority was rather made clear with Brazil hosting the first High-Level Meeting of South American countries (Cervo, 2002; de Freitas Barbosa et. al., 2009:64). This continued under Lula administration (2003-2010) when the Cobradi funds to South America increased tremendously with the overall increase in total Cobradi in the first decade of the 21st century. President Lula used Cobradi as "a tool for regional integration" (Inoue and Vaz 2012:518). Brazil has incorporated both regional and bilateral projects as a part of its Cobradi in South America. The following countries receive maximum Cobradi in Latin America and the Caribbean (See Table 3.1).

Table 3.1: Country-wise Distribution of Brazilian Development Cooperation in Latin America and the Caribbean, 2010

Country	Values (USD)	Proportion
Haiti	52,534,130	47.4
Chile	18,087,052	16.3
Argentina	9,481,047	8.6
Peru	4,958,115	4.5
Paraguay	3,962,262	3.6
Colombia	3,726,054	3.4
Uruguay	2,847,684	2.6
Cuba	2,663,593	2.4
Bolivia	2,504,251	2.3
Jamaica	1,992,043	1.8

Source: IPEA (2014:20).

Haiti has been the most important beneficiary of Cobradi with 47.4% of all assistance to Latin America and the Caribbean in 2010 (IPEA, 2014). Brazil has been actively involved in efforts towards political stabilisation, and maintaining peace and security in Haiti since the political crisis of 2004. To promote peace and security in Haiti, the UNSC had formed the United Nations Stabilisation Mission in Haiti (MINUSTAH) under the leadership of the Latin American countries including Brazil, Argentina and

Chile. Following the 2010 earthquake, the efforts of MINUSTAH further intensified for the rehabilitation and reconstruction of the devastated country (MINUSTAH, 2016). Since 2004, Brazil has been actively involved in supporting Haiti through both multilateral and bilateral efforts. Under the Lula government, Brazil has expanded its Cobradi and Haiti became the major recipient of Cobradi in the region. Between 2005 and 2010, Brazil is expected to have given approximately USD 7 billion to Haiti as development cooperation (Feldman et. al, 2011). The earthquake became far more challenging scenario for all the donors, including Brazil, with whatever they had done starting in 2004 washed away within no time. Apart from providing immediate relief measures on the aftermath of the earthquake, President Lula committed to “a 100% increase in its military presence in MINUSTAH” (Hirst, 2011). In 2010 alone, Brazil had given USD 52.53 million as Cobradi to Haiti (IPEA, 2014:29). It was also the first country to contribute to the Haiti reconstruction Fund (HRF), USD 55 million was contributed in this regard (World Bank, 2010). Apart from defence support and police training; technical assistance, agriculture, infrastructure, public health and environment were important areas of cooperation with Haiti (IPEA, 2011:50). The 2010 earthquake was followed by a Cholera epidemic which forced the Ministry of Health (MS) to increase its assistance to Haiti. All the agencies involved in Cobradi coordinated their efforts for assisting Haiti to recover from the crisis.

Aside Haiti, the top beneficiaries of Cobradi is Brazil’s immediate neighbours in South America, including Chile, Argentina, Peru and Paraguay. In the case of Chile, maximum assistance is given in the field of education, and science and technology. For Brazil, Argentina is not only a beneficiary of Cobradi but also a partner in trilateral cooperation. It gives assistance to Argentina in sectors like education, science and technology, and humanitarian assistance (IPEA, 2011). Peru became one of the largest recipients of Brazil’s humanitarian assistance in 2005-2009 after the earthquake and the floods (IPEA, 2011:26). It also receives considerable amount of Cobradi as technical assistance, education, and for science and technology. Jamaica and Cuba were the beneficiaries of humanitarian assistance from Brazil after the hurricane that jolted both the countries.

Brazil has been actively involved in strengthening its regional ties and creating goodwill in its neighbourhood. Development cooperation has been an important instrument of Brazil’s economic statecraft in the region. Brazil’s efforts in promoting

SSC in the region has been mainly done by extending Cobradi in those sectors in which Brazil has proved its expertise and knowledge, like agriculture, education, humanitarian assistance and health. The region's priority in Brazilian foreign policy is evident from the increasing development assistance to its neighbourhood.

Africa

Brazil has had close economic, political and cultural relations with several countries in Africa from the colonial period. Brazil initiated its efforts towards reviving these ties with African countries in the 1960s and 1970s (de Freitas Barbosa et al. 2009:59). However, President Lula's foreign policy engagements could be counted as a step forward as far as Africa is considered. According to him, Brazil's earlier attitude towards Africa was "turning our back to Africa" and this had to be changed in order for Brazil to maintain and strengthen its ties with the region. In the article written by President Lula in *Valor Economico* in October 2007, he emphasised that "Brazil has all the conditions to contribute to this 'African Renaissance'" (de Freitas Barbosa, Narciso, and Biancalana 2009:73). President Lula also said,

We feel ourselves connected to Africa through cultural and historical threads. Having the second largest black population in the world, we are committed to share the challenges and the destiny of the region (de Freitas Barbosa et al. 2009:65).

President Lula, during his term (2003-2010), visited 27 countries in Africa, which is higher than any other president of Brazil had managed to do. Lula's proactive foreign policy and economic diplomacy towards Africa was seen as a way "to consolidate Brazil as a global player" (Inoue and Vaz 2012:518). However, priority was given to the PALOPs in Africa and several efforts were made in consolidating Brazilian relations with all of the Lusophone countries in Africa. For example, President Lula was quick to set up an embassy at Sao Tome and Principe in 2003, the same year he came to power. Sao Tome and Principe was the only PALOP country where Brazil did not have an embassy. The embassy was set up the same year on an urgent basis which showed renewed focus on these countries. Even now, the PALOPs are the largest beneficiaries of Cobradi and has the most number of projects in the region. Even though Brazil has started giving assistance to other countries in Africa, linguistic affinities still continue to be a driving factor in deciding Brazil's development cooperation partners in Africa. For country-wise distribution of Cobradi in Africa; see, Table 3.2.

Table 3.2: Country-wise Distribution of Brazilian Development Cooperation in Africa, 2010

Country	Values (USD)	Proportion
Cape Verde	8,953,437	24.4
Guinea Bissau	7,804,779	21.2
Mozambique	4,901,040	13.3
Sao Tome and Principe	3,812,296	10.4
Angola	2,643,276	7.2
Senegal	1,237,643	3.4
Democratic Republic of Congo	700,433	1.9
Liberia	689,111	1.9
Mali	563,953	1.5
Benin	509,903	1.4

Source: IPEA (2014:21).

Even though African continent receives just 23% of the total Cobradi⁵⁷, the PALOPs topping the list of the countries receiving maximum Cobradi to Africa re-emphasises Brazil’s efforts to strengthen its historic, cultural and linguistic ties with the continent. The top five beneficiaries are the PALOPs including, Cape Verde, Guinea Bissau, Mozambique, Sao Tome and Principe and Angola.

Cape Verde gets one-fourth of all Cobradi given to Africa (IPEA, 2014). The sectors include technical assistance, urban infrastructure, health, environment, and science and technology. In order to solve the housing infrastructure problem in Cape Verde, Brazil replicated its successful urban infrastructure programme called “Minha Casa Minha Vida (My House, My Life)” in Cape Verde⁵⁸ (IPEA, 2014). This project garnered a lot of positive response from Cape Verde that was going through a huge housing crisis.

⁵⁷ See, Figure.3.3.

⁵⁸ In Cape Verde, this programme was called “Casa para Todos (Homes for All)” (IPEA, 2014).

With 21.2% of the total Cobradi for Africa, Guinea-Bissau could be considered as one of the most important countries for Brazil in Africa. The most important areas of assistance has been education, technological support and humanitarian assistance. Brazil's oldest bilateral development cooperation project has been for Guinea-Bissau. This project was developed by Brazil for registering and documenting birth in Guinea-Bissau (IPEA, 2014: 35).

Mozambique, Sao Tome and Principe, and Angola receive much less than what Cape Verde and Guinea Bissau gets. In Mozambique, agriculture has been the priority sector for cooperation. The ProSavana project has been the landmark project of Brazil, based on its own innovative agricultural practices, skills and technology for increasing the agricultural productivity of Mozambique. This project is also an instance of Brazil's triangular cooperation with Japan. Other areas of cooperation with Mozambique has been education, science and technology and health.

In Africa, PALOPS receive more than 75% of all Cobradi to Africa (see, Table 3.2). Brazil's focus on Africa has been driven by the efforts to strengthen linguistic and historical ties. The linguistic similarities have helped in deepening the level of understanding between these countries and have increased the prospects of sharing technology and expertise through the SSC platform.

Apart from strengthening historical and cultural bonds, Brazil definitely have geopolitical and economic interests in the region. Support from African countries is of vital importance to fulfil its dream of a permanent seat in the UNSC (de Freitas Barbosa et. al., 2009:72). Boosting trade with the continent is also a major concern for Brazil. Furthermore, the quest for natural resources and the search for new markets have also made Africa an important region. Brazil has increasingly been keen to maintain its relations with Africa and with the mounting pressure from the private sector to maintain these ties, the engagement with Africa is only expected to increase.

Modalities

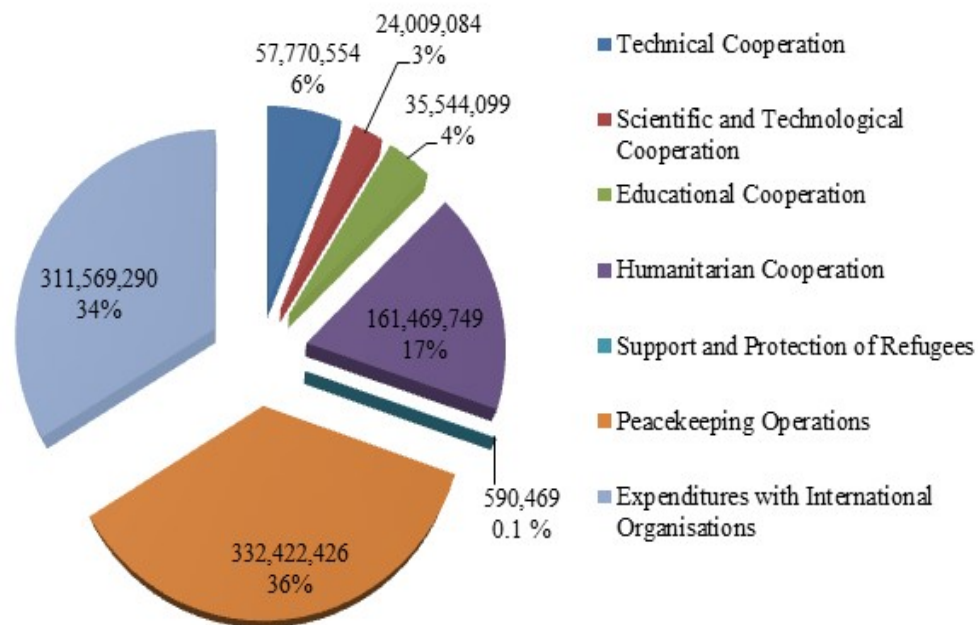
The Brazilian development cooperation has increased steadily over the first decade of the 21st century and ranges across a growing number of areas, including health, education, technical cooperation, humanitarian assistance, peacekeeping operations, refugee assistance, and science and technological cooperation. The modalities of

Cobradi in the year 2010, as given by the IPEA report gives a clear picture (see, Figure 3.4).

Peace-keeping operations (36%) and funding for international organisations (34%) combined would take 70% of total Cobradi. Humanitarian cooperation forms the third largest component of Cobradi with 17% of all expenditure from Cobradi (IPEA, 2014).

The data of each modality of Cobradi remains highly dispersed mainly because of the numerous governmental agencies involved in the process causing a lack of coordination and monitoring of Cobradi. However, the IPEA reports manages to capture maximum available data from over a 100 agencies involved in Cobradi.

Figure 3.4: Modalities of Brazilian Development Cooperation 2010, Expenditures (in USD)



Source: IPEA (2014:17).

The modalities of Cobradi are decided as per the priorities and interests of Brazil that inevitably depends on domestic and international factors; Brazil's capacity to deliver; its experience and expertise in relevant sectors as well as its bilateral relations with the beneficiary country.

Domestic sectoral interests also play a prominent role in deciding the foreign policy priorities of Brazil as in certain cases the interests of political parties and bureaucratic organisations are taken into consideration when development assistance patterns and modalities are decided. Several organisations such as EMBRAPA, Fiocruz and National Service for Industrial Training (SENAI)⁵⁹ that play an inevitable role in Cobradi, are especially proactive in advocating for increased external cooperation ties.

Technical cooperation has been an important component of Cobradi since its early days. The responsibility to send and supervise the technical missions to the partner countries rests with the ABC. These missions are usually composed of Brazilian experts from its own institutions, who prepare technical programmes for its partners. The ABC overlooks all preparations for the smooth execution of these technical cooperation programmes, including their assessment as well as financing the projects.

As per the IPEA report, the main features of Brazilian technical cooperation is that it is horizontal and demand-driven. The demands of the partners who need technical assistance from Brazil reaches “through embassies and Brazilian delegations abroad, the embassies and offices of international organizations in Brasília, or visits to Brazil made by foreign official missions” (IPEA, 2014:26). In the interviews conducted with the ABC officials in Brasilia in the first two weeks of March 2015, most of the interviewees maintained that the official position on Cobradi is that it is mostly demand driven and the technical cooperation component of it is always demand-driven. However, some of them also revealed that development cooperation from Brazil is not always demand-driven despite Brazil’s officially stated principle of it being demand-driven. In some cases, Brazil advises its partner to choose a particular programme that would be mutually beneficial for both the provider and the beneficiary. In certain cases, the partner country approaches without any particular demands and these countries are bound to get funding for projects chosen by Brazil.

In 2010, more than half of Brazil’s total technical cooperation was for Latin America and the Caribbean (53.3%), followed by Africa (39.5%) and Asia (7.0%) (IPEA, 2014:29). Haiti and Peru topped the list of partner countries that received maximum technical assistance from Brazil. The figures suggest that the technical cooperation

⁵⁹ SENAI is a non-profit organization that provides formal training and education for workers in the industrial sector.

budget of Brazil has seen a four-fold increase from 2005 (USD 16 million) to 2010 (USD 58 million) (IPEA, 2014:28).

More than 170 institutions of the federal government, “including ministries, public entities, foundations and companies” are responsible for carrying out Brazil’s technical cooperation. All the technical cooperation of Brazil is overseen by the MRE, through the ABC; different ministries; and the embassies abroad. It is provided in areas as diverse as “agriculture, education, vocational education, health, environment, public administration, transportation, energy, sanitation, construction of popular housing, culture and justice” (IPEA, 2014:26).

Through its South–South technical cooperation, Brazil aims at knowledge-transfer from its social and economic development experiences and success stories, notably with regard to health, agriculture and professional qualification. Through technical cooperation agreements Brazil has been fortifying its bilateral relations in the Global South (Dauvergne and Farias, 2012:909). President Lula considered technical cooperation with developing countries as a way to strengthen Brazil’s bilateral ties with the rest of the world, thereby elevating the country’s profile in international politics.

Brazil’s educational cooperation forms just 4% (USD 63 million) of its total Cobradi in 2010 (IPEA, 2014). However, it is an important form of cooperation with the African countries, mainly the PALOPs, and in Latin America and the Caribbean. Several students from low-income countries get scholarships for studying in Brazil. The students from PALOPs coming to Brazil find it easy to adjust to the new country setting because of language and cultural similarities. Most universities in Brazil have students from Africa smoothly integrating into the Brazilian set up. During my field visit to University of Brasilia (UnB), University of Sao Paulo (USP) and Federal University of Rio de Janeiro (UFRJ), there were several students from PALOPs and Latin American countries in all the three campuses. Many of the foreign professors who teach in these universities have also been students in these universities earlier who preferred to stay back in Brazil. The main institutions involved in disbursing education cooperation are the Ministry of Education (MEC), MRE and the Ministry of Science and technology (MCT). However, the federal units also have the capacity to offer scholarships separately as per their discretion. For example, the state of Rio de

Janeiro extends scholarships to students from Africa and Latin America to study in the State University of Rio de Janeiro (UERJ), which comes under its administration. This was clarified by Professor Carlos Milani of the UERJ during an interview with him on 26th March 2015 at the UERJ campus, Rio de Janeiro. All the development assistance given by the federal units has not been included in the volume of Cobradi as depicted in the IPEA report. In case, this gets included in the future reports by the Federal government, the Cobradi volume would be much higher than what it is projected now.

The scientific and technological cooperation (STC), though less (2% of total Cobradi) has been an important component for Brazil's cooperation. In the IPEA 2011 report, it was clubbed into the technical cooperation component. In the IPEA 2014 report, scientific and technological cooperation was separated from what was called technical and scientific cooperation earlier. It is the Ministry of Science, Technology and Innovation (MCTI) that is responsible for STC. However the MEC and MRE are also involved in Brazil's cooperation efforts abroad. Latin America and the Caribbean countries are the largest beneficiaries of STC, with 43.6% (IPEA, 2014:65).

Brazil has supported several countries in emergency situations and political distress through its humanitarian cooperation that forms 17% of the overall Cobradi (IPEA, 2014). The main tenets of Brazil's humanitarian cooperation are "humanity, impartiality, neutrality and independence" (IPEA, 2014:71). It is also inspired by programmes initiated by President Lula in 2003 to fight against hunger and extreme poverty, like Zero Hunger programme (Fome Zero). Under the coordination of MRE, an Inter-ministerial Working Group on International Humanitarian Cooperation (GTI-CHI), comprised of fifteen ministries of the Federal government, was set up in 2006 to manage the humanitarian cooperation efforts of Brazil.

Supporting refugees has been an important concern for Brazil in the 21st century. While the Ministry of Justice has been the most important Federal agency involved in formulating Brazil's refugee policy, the National Committee of Refugees (Conare)⁶⁰ has been the agency involved in its execution. Because of Brazil's relaxed refugee laws, there has been a huge influx of refugees, especially from Haiti and Syria. In an interview conducted with an official from IPEA on 11th March in Brasilia, the

⁶⁰ Conare is an agency affiliated to the Ministry of Justice.

interviewee opined that the increased influx of refugees to Brazil have brought new challenges for the country. While the relaxed immigration rules for nationals of countries suffering humanitarian crisis has helped several people to stay and work in Brazil, the major concern is that the country is not yet equipped to deal with such mass migration and has been finding it difficult to support the refugees with their rehabilitation and settlement.

For Brazil, the most important modalities have been peace-keeping operations and expenditures with international organisations that comprise 70% of the total Cobradi in 2010 (IPEA, 2014). Brazil's increasing presence in peace-keeping operations under the UN umbrella demonstrates its commitment to peace and security around the world. In 2010, it was the 13th largest contributor of troops to the UN peace-keeping missions. The authorisation from the Congress is mandatory for deploying troops for peace-keeping operations. The MRE and Ministry of Defense (MD) have to initiate the process after which they have to get the nod from the President before submitting it to the Congress for approval. Brazil has been involved in several peace-keeping missions in countries including Haiti, Cyprus, Sudan, East Timor, Ivory Coast, Lebanon and Liberia.

Thirty-four percentage of total Cobradi are given as contributions to international organisation. These contributions are managed by the Secretariat of International Affairs in the Ministry of Planning, Budget and Management (MP). These contributions are made to both multilateral organisations like the UN and multilateral development funds like African Development Fund (ADF).

The different modalities of Cobradi suggest that Brazil is most actively involved in multilateral development cooperation. More than 70% of Cobradi is provided through the UN or its agencies. The survey of geographical patterns and modalities of Cobradi suggest that 1) Brazil's focus has been on Latin America and the Caribbean, and Africa and 2) that it prefers multilateral cooperation to bilateral cooperation. The following section will focus on what prompts Brazil to adopt these policies: philanthropy or national-interest?

Motivations and Agendas

In the 21st century, the strategies and practices of international development cooperation have witnessed changes with the emerging powers increasingly playing an instrumental role in this transformation. As Brazil provides more development cooperation to the Global South and gets more actively engaged in international cooperation, it becomes important to understand whether Brazil is using its development cooperation for political and economic gains or is it more altruistic in nature. As noticed in the case of traditional donors or other emerging powers, the motivations and agendas of Brazil would be varied and complex, which forms the crux of this section.

The official position of Brazil about its development cooperation is that its cooperation is horizontal, demand-driven and has no similarity to the North-South pattern of foreign aid-flows. Brazilian officials claim that Cobradi is motivated not by economic or political interests, but by international solidarity and its sincerity towards its Southern partners. While the official position points mostly to the altruistic motivations, the research on Cobradi shows that national interest plays an important role in Brazil's development cooperation initiatives and it is not completely divorced from the broader foreign policy objectives. Many of the senior diplomats from ABC and MRE, interviewed in Brasilia during the first two weeks of March 2015, were of the opinion that Brazil is more concerned of its solidarity, equality and support to the Global South. However, some of them did not castoff the idea that Brazil might have mixed motivations for providing development assistance. However, most of them were hesitant to admit that there could be clear motivations behind Brazil's development cooperation endeavours. A senior diplomat from ABC, interviewed on 9th March 2015, explained that Cobradi is based on SSC and horizontality which make it more altruistic. He clarified that if Brazil is gaining something out of its development cooperation efforts, it is coincidental.

The detailed analysis of Cobradi makes it clear that it inevitably entails a degree of national interest and is not just philanthropy. However, all this does not mean that Brazil has not been able to bring positive difference in the partner countries. Like Inoue and Vaz (2012) have maintained "the dual motivations of altruism and national

interest are not necessarily mutually exclusive. International relations could be seen as a positive sum game, in which there is some room for mutual gains” (Inoue and Vaz, 2012: 509).

Based on the available data on Cobradi, the following motivations of Brazil can be discussed.

Regional Solidarity and Neighbourhood Policy

The geographical distribution of Brazil’s development cooperation signifies the priority it attaches to its region. The fact that Latin America and Caribbean gets around 68% of Cobradi is in itself the evidence of how much the growth and development of its region is important for Brazil. While there are several factors driving Brazil’s development cooperation, including trade and investments, search for new markets and historical linkages; regional solidarity and stability in the region is of utmost importance to Brazilian foreign policy. Because it is the largest country in the region in terms of area, population, economic growth as well as political and economic clout, Brazil’s role in regional integration and stability is huge. Brazil’s willingness to shoulder the responsibility of supporting the countries of its region through development cooperation has been evident from its foreign policy considerations based on enhanced economic diplomacy in the neighbourhood.

Linguistic, Cultural and Historic Affinity

One of the important driving factors in deciding Brazil’s development cooperation partnership has been its emphasis on close cultural and historic relationship with other developing countries, especially in Latin America and the Caribbean, and in the PALOPs (Corrêa, 2009:1). Apart from the regional stability factor, Latin America and the Caribbean’s historical linkages and cultural similarities with Brazil has been important for Brazil.

Despite Brazil’s long-lasting historical ties with Africa, it was never so much of a priority until President Lula revived Brazil’s ties with the continent. The decision to build closer ties with Africa was a direct outcome of President Lula’s adoption of “solidarity diplomacy as a guiding principle of its foreign policy” (Pino and Leite, 2010). Under Lula, Brazil was an emerging country aspiring to be a global power.

Lula considered SSC as a way to strengthen the bilateral ties with the Global South thereby promoting Brazil's image as a developing country with huge potential.

In Africa, Brazil's focus has been the PALOPs which share linguistic, cultural and historical links with Brazil. Around 80% of total development cooperation to Africa goes to the PALOPs and other countries in Africa receive less than 20% of Cobradi⁶¹. Clearly, this demonstrates Brazil's focus on linguistic and historical ties.

Trade, Business and Search for Markets

With the increasing amount of Cobradi flowing into Africa in the first decade of the 21st century, there were more trade prospects emerging between Brazil and Africa. Under President Lula, trade "multiplied five-fold between 2002 and 2008" with Africa (de Freitas Barbosa et. al., 2009:73). Brazil's trade with Africa grew from USD 6 billion to USD 24 billion under President Lula (BBC, 2010: July 4). From 2002-2012, their trade between increased from USD 4 billion to USD 27 billion.

Brazil's 36 embassies in Africa shows its renewed commitment to Africa. President Lula made record number of visits to Africa. Brazil opened 12 new embassies in Africa between 2003-2006 (the first tenure of president Lula) and on a whole 17 embassies during President Lula (2003-2010) (Abdenur and Neto, 2014). President Lula travelled far and wide in Africa during his tenure, made at least 12 trips covering 21 countries. Brazil, in turn, received 47 visits of African leaders from 27 nations (World Bank and IPEA, 2011:3).

There are several countries which were visited more than once by President Lula thereby emphasising Brazil's priorities as well as political and economic interests in the region. Within Africa, South Africa became the most visited country with President Lula visiting it thrice. Being the most powerful country in the region and the main export destination of Brazilian goods in Africa, South Africa was on top of Lula's list for high-level visits. Furthermore, South Africa is also a partner in both the BRICS and the IBSA initiative, which is aimed at promoting SSC and bringing together the emerging powers of the Global South to collaborate on important issues of global concern. Some countries were visited twice by Lula, including Angola, Nigeria, Sao Tome and Principe and Ghana. Angola is the most favoured destination

⁶¹ These values have been calculated on the basis of the figures given in the IPEA report 2014.

of Brazilian investments in Africa which made Lula visits this Lusophone country twice. Brazil has one of its largest current account deficits with Nigeria, as a consequence of oil imports (de Freitas Barbosa et. al., 2009:73). Ghana is important as the headquarters of Embrapa's office in Africa is located there. Even though Lula visited Mozambique and Gabon only once, these visits were considered as most important from the economic diplomacy perspective as the rationale behind this strategic visit was to back Companhia Vale de Rio Doce (CVRD) investments in these countries.

President Lula's economic diplomacy endeavours were welcomed by a growing number of private sector companies as they reaped the benefits of Brazil's trade and investment in Africa. Lula has always been supportive of the expanding interests of Brazilian businesses and his team for bilateral visit always included a group of businessmen interested in investing in Africa (de Freitas Barbosa et. al., 2009:75). Despite this, the businesses are getting more demanding for government support in expanding their interests abroad. They have been disappointed at times with the insufficient support from the government. Therefore, the Brazilian businesses have been pushing the government for boosting its economic diplomacy endeavours in Brazil that could be mutually beneficial for both.

Expanding the reach of Brazilian companies is become part of the country's external strategy. Brazil's foreign direct investments (FDIs) have increased at an average of 14 per cent a year since 2005 (Cervo, 2010: 19). Brazil has promoted domestically-owned firms through its economic diplomacy efforts, for example, Gerdau (steel) has operated in 13 countries, Vale (mining) in 25, Petrobras (energy/oil) in 26, Votorantim (various sectors) in 14, Camargo Correa (various) in 13 and JBS (meat) in 14 countries. The Federal government has adopted an explicit policy to stimulate investment abroad (Baumann, 2010:47). To strengthen the smaller Brazilian private firms in specific sectors and to equip them to handle international competition, the Brazilian Development Bank (BNDES) has financed mergers with and acquisition of larger companies (Baumann, 2010: 47).

Diplomatic Reciprocity

Lula's foreign policy priorities have always been clear with him placing more "emphasis on North-South cleavages" and pushing for bilateral relations with the

Global South. The main reason behind this has been the quest for a multipolar international political order as well as to shape a “new trade geography” (de Freitas Barbosa et al. 2009:66). An important feature of this relatively new approach in Brazilian economic diplomacy has been the attempt to link diplomatic agreements with business missions and supported by Brazilian government agencies and enterprises such as the BNDES, Petrobras and the Brazilian Agricultural Research Cooperation (EMBRAPA).

Lula government’s efforts in building bilateral ties was rather impressive with a 30 per cent increase in the number of countries where Brazil maintains diplomatic representations (Inoue and Vaz 2012:529). Even though Lula was criticised for his foreign policy moves such as opening new embassies in supposedly unimportant countries in Africa, he had been sure about Brazil’s strategic interests in Africa, despite him not stating it explicitly. President Lula defended his position in the country by saying that his approach was not informed by utilitarian interests and that such measures could create new economic ties with the Global South. However, his foreign policy was diplomatically sound with a great understanding of the changing geopolitics.

One of the major agendas in Brazil’s economic diplomacy has been garnering support for Brazil’s permanent candidature in the UNSC. Pino and Leite (2010) argue that Brazil uses its development cooperation as an instrument that can be used to “disseminate a particular image of modernity” of Brazil that would help in getting support for Brazil gaining a permanent seat on the UNSC. Apart from establishing a strategic partnership among the emerging powers of the Global South, one of the major factors driving the multilateral groupings like the IBSA is their common interest in gaining a permanent seat at the UNSC. However, these countries have not been able to tap on the potential of their economic ties. They seem not to go much beyond informal consultations and small-scale technical partnership agreements (de Freitas Barbosa et al. 2009:66).

Brazil’s development cooperation programme has helped Brazil tremendously in internationalization of its economic, political, diplomatic and commercial interests.

Conclusion

Brazil has successfully repositioned itself from a recipient of the OECD-DAC aid to a major development assistance provider. Brazilian development cooperation has been anchored on SSC. It has been a conscious effort on the part of Brazil to distance itself from the traditional aid, which it considers is based on donor-recipient hierarchy and conditionalities. Brazil latches on to its identity as a “Third World” country which garners a lot of legitimacy and support from the developing countries of the Global South. By placing SSC as the cornerstone of its development cooperation, Brazil’s efforts have been in the direction of making the emerging powers’ voice getting heard. The emerging powers of the Global South are demanding for a new discourse on development based on the demands and needs of the developing countries.

While development cooperation from Brazil has focussed on the principles of SSC and Third World Solidarity, the informed recipient choices of Brazil clearly demonstrates the strategies of Brazil towards advancing its national interest and leveraging the recipient countries for political, economic and diplomatic gains. The geographical patterns of development cooperation-flows from Brazil signify the factors driving its financial outflows. Therefore, Brazilian development cooperation should be seen in relation to the country’s broad policy objectives as well as in the context of international power shifts in which Brazil is an emerging power capable of shaping the architecture of global governance. Brazil uses development cooperation as an instrument of economic statecraft that also serves to enhance its international power. Brazil’s longstanding tradition of attracting allies through its development cooperation, multilateral initiatives and diplomacy has been commendable. Through its development cooperation efforts, it aims to achieve its foreign policy goals.

The definition and structure of development cooperation propounded by Brazil has clearly been first of its kind from any emerging power. Despite not being a part of the Paris Declaration⁶², Brazil has initiated its efforts for more transparency in its development cooperation. It is a model still under construction, which despite

⁶² Paris Declaration on Aid Effectiveness is a roadmap for improving the effectiveness of aid. It was signed in 2005 by the OECD countries. Brazil voiced its opinion against this declaration stating that it is harsh and unfair on the recipients and do not take into consideration the voice of emerging powers who are development assistance providers. The major tenets outlined in this declaration are “ownership, alignment, harmonization, managing results and mutual accountability (OECD, 2016d).

revealing a few of its features, still lacks greater systematization and debate. Despite Brazil's comprehensive involvement in SSC, the Brazil government has not established a central agency for national coordination of its development cooperation. Nor has it set up a nationally coordinated and standardized system to collect, process and publish information about the growing amounts of development assistance. Brazil also lacks an official external development cooperation policy, or any regulations on how its contributions should be reported (Inoue and Vaz, 2012:531). However, Cobradi is considered as a global model in waiting.

The recent developments in Brazilian domestic affairs have put the focus of the President Dilma on the domestic affairs. It is also unclear whether Brazilian economy has the strength to sustain its development cooperation policy as it was during Lula's period. The present domestic issues, a corruption scandal involving the ruling government, seems to have affected Brazil's development cooperation and the chances of expanding Cobradi seems very unlikely at the present juncture.

CHAPTER 4

CHINESE DEVELOPMENT ASSISTANCE

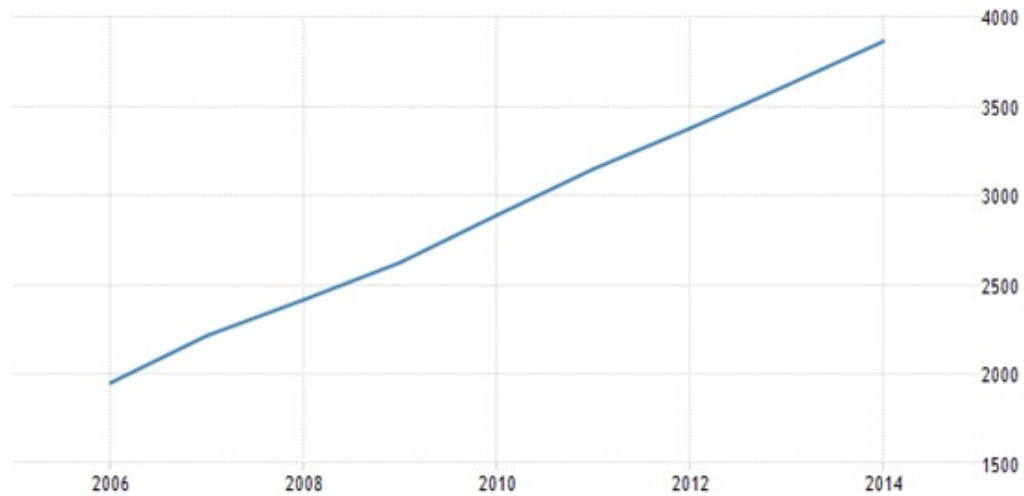
In recent years, China's emergence as an economic superpower has been the most important development in the international political economy. Since China discarded its centrally planned economy for a market-oriented economy beginning in 1978, it has experienced rapid economic growth which averaged 10 percent a year, to become the second largest economy after the US (World Bank, 2016b). Despite its high economic growth and improving GDP per capita,⁶³ China is still an upper middle income country that has several challenges at home (World Bank, 2016c). With 1.3 billion population, the largest in the world, China had challenges including extreme poverty and income inequality, which has to be tackled effectively for it to increase its footprint around the world.

Earlier, there were doubts over China's capability to play a global role in international politics that could challenge the global governance architecture dominated by the West. Zbigniew Brzezinski argued that "China was still a developing country and therefore no serious challenge to the United States" (Brzezinski, 2004). However, in just more than a decade's time, China has evolved itself into a formidable economic powerhouse that could leverage political outcomes. Therefore, the dynamic rise of China as a global economic and political power is a major topic of current academic and political discussion around the globe.

Development assistance has emerged as one of the important instruments of economic statecraft for China. Until recently, China has been a net recipient of aid, but has gradually made a transition from an aid recipient to a development assistance provider. Chinese development assistance expanded dramatically, both in volume and geographical scope, in the last decade. Historically, Chinese development cooperation was focused on Eastern Europe and Southeast Asia. However, this has changed with China's expanding focus on Africa and Latin America, containing varied activities from commercial investment to humanitarian assistance (White Paper, 2014).

⁶³ See, Figure 4.1. Even though China's GDP per capita is increasing, it is nowhere near the GDP per capita of the developed countries of the global North.

Figure 4.1: China's GDP Per Capita (in USD), 2006-2014



Source: Trading Economics (2016b).

Even as China increases its development cooperation with developing countries in Africa, Asia, and Latin America and the Caribbean, the traditional donors are feeling the competition from the overflow of Chinese money and expertise. China has been successful in making in-roads into international development landscape that was supposedly the traditional donors' sphere of influence in entirety.

In terms of volume, China gave 89.34 billion Yuan (USD 14.41 billion) in 2010-2012 period which amounts to USD 4.8 billion annually, if the volume is equally distributed over the three years. Maximum assistance went to Africa (51.8%) followed by Asia (30.5%), and Latin America and the Caribbean (8.4%).

Medeiros and Fravel (2003:22) argue that China has recently been taking “a less confrontational, more sophisticated, more confident, and, at times, more constructive approach toward regional and global affairs”. The primacy of development assistance in Chinese foreign policy indicates how China uses its soft power capabilities to enhance its political and economic clout. Its growing economic and military capabilities, diplomatic power, increasing presence in regional and global financial institutions, and its own initiatives in setting up new institutions for global governance are all indicative of China's increasingly ambitious foreign policy goals; and development cooperation acts as a means to achieve it (Shambaugh, 2004/05: 64). Lack of willingness to join the OECD-DAC suggests China's positioning as ‘an

emerging power of the Global South' in international development landscape and its reluctance in being identified as a member of the developed country club by its development cooperation partners.

China's increasing economic and political clout has enabled China to challenge the Western institutions that neither accommodates the concerns of the developing countries nor allows the developing countries of the Global South play any role in these institutions.

This chapter shall focus on China's increasing role as a development assistance provider, its development assistance policy, geographical reach, modalities, and the motivations and agendas behind its recipient selection and development cooperation.

Historical Overview of Chinese Development Assistance

Though often branded as 'new donors', most of the emerging powers are not really new to development cooperation. Chinese case is no misnomer. It began its development assistance to other developing countries since its birth as People's Republic of China (PRC) in 1949 (Woods, 2008:1205).

In 1950, China started by giving assistance to its close neighbours, the Democratic People's Republic of Korea (DPRK) and Vietnam, with whom China had friendly relations. This was also ideological-driven as both the recipient countries belonged to the Communist block. Chinese assistance in Vietnam and DPRK included infrastructure projects like building railways, roads, ports, and bridges; assistance for agriculture and industrial development, and technical cooperation, thereby making significant contributions to their post-war reconstruction and economic development. The origin of concessional loans, an important modality of China's foreign aid even in the present times, dates back to the 1950 when its assistance to Vietnam and DPRK was tied to goods and services from China (Li et. al., 2014: 25). China, during this period focused on its region and hence maximum assistance was directed to the Asian countries.

Raposo and Potter (2010:179) have classified Chinese foreign aid into five phases based on the changing trends in nature of assistance and the recipients over a period of time. The five phases include first phase (1950-55), second phase (1956-78), third

phase (1979-82), fourth phase (1983-1999) and fifth phase (2000-present). The period from 1950-55 was the first phase of Chinese external aid-giving. This was the period when China sensed the threat from the West and decided to strengthen its relations with its neighbouring Communist countries (Cooper 1976: 120). Foreign aid became an important instrument to build strong bilateral ties with neighbouring countries with similar ideologies. In exchange China received international recognition and support from these developing countries.

Following the Bandung Conference of 1955⁶⁴, the scope of Chinese development assistance expanded from the socialist countries to other developing countries of the Global South. China increased its efforts to build strong bilateral ties with countries in Asia and Africa. The aim was to change its image among the Afro-Asian nations (Cooper 1976: 15). China began to project its image as a developing country without any ideological considerations when it comes to supporting its partner countries when need be. Also, it was in need of diplomatic recognition for its One-China Policy against Taiwan, which prompted it to build relations with those countries that might lend it diplomatic support. China realised the importance of the developing countries' support in international organisations, and its forays into Africa began in 1956 with its development assistance to Egypt (Brautigam, 2010).

Another crucial factor that changed China's development assistance priorities was the Sino-Soviet dispute in the 1960s, which forced China to move away from ideological motives, thereafter focussing on economic diplomacy. The basic tenet for China's development assistance was formulated in this decade with China declaring the Eight Principles for Economic Aid and Technical Assistance⁶⁵ to Other Countries in 1964, the main content of which includes equality, mutual-benefit, respect for sovereignty of the recipient, and assistance without any conditionalities. Henceforth, these three decades, starting 1950, proved important for China in consolidating its development assistance that began to be considered as an important instrument of economic statecraft.

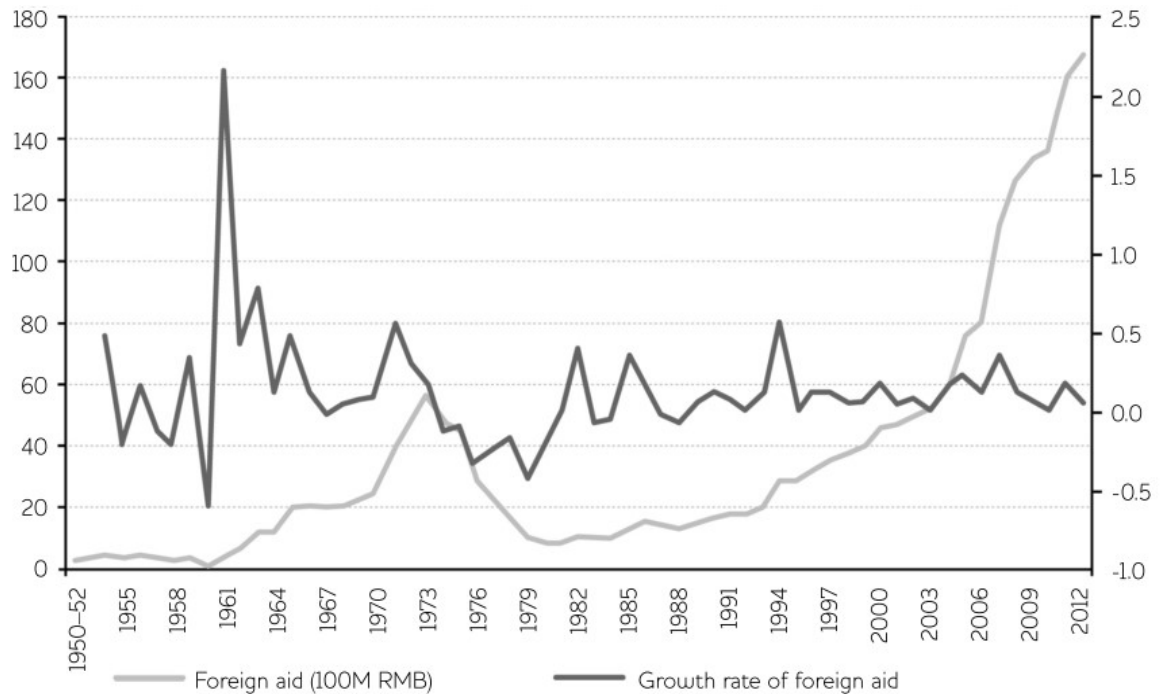
In 1971, China regained its permanent seat in the UNSC from Chinese Taipei with the support from friendly developing countries. Most of the developing countries, 51 out

⁶⁴ The Asian-African Conference of the Non-Aligned Movement (NAM) in Bandung, Indonesia(1955).

⁶⁵ See, Annexure. 1.

of 76 that voted for China, were found to be recipients of its foreign aid (Li et. al., 2014). This prompted China to establish close links with more developing countries, through development assistance and economic cooperation. China increased its technical cooperation during this period and funded many important infrastructure projects. Brautigam (1998:4) finds that China had development cooperation activities in more African countries than the US during this period. Hence, the 1970s was a period when China expanded its development assistance commitments to most countries in the Global South in order to strengthen its diplomatic ties (See, Figure 4.2). China also provided assistance to several developing countries in their efforts to achieve independence from colonial rule and assisted them in achieving economic development and growth.⁶⁶ This was instrumental in laying a strong foundation for “its long-term friendly cooperation with developing countries” of the Global South (White Paper, 2011).

Figure 4.2: Chinese Development Assistance 1950-2012



Source: Li et. al. (2014: 25)

⁶⁶ China provided economic as well as military aid to these countries under the colonial rule to fight for their independence (Li et. al., 2014).

With the economic reforms and adoption of market-based economy in 1978, China renewed its focus on the economic aspect of its domestic and foreign policy, and worked towards strengthening its economic ties with other developing countries through SSC. Even though China maintained its economic ties with partner countries, the volume of external development assistance showed a decline in this period mainly because of its increased focus on its domestic economy that was changing under the reforms.

In the early 1980s, the focus was on sustaining and consolidating its projects in developing countries, even when the quantity of Chinese assistance had dipped (Brautigam, 2010: 4). China's development assistance policy also got a much needed push after the visit of Chinese Premier Deng Xiaoping to Africa in 1982. By emphasising cooperation and mutual benefit, he proclaimed China's commitment to SSC that respects the sovereignty of the partners, non-interference in their domestic affairs, and no conditionalities attached (Brautigam 1998: 49-50). During this period, China also expanded its development assistance to include loans and grants, apart from concessional loans that were in place since the beginning of China's development assistance (Li et. al., 2014).

Initially, China focussed on funding small and medium development projects in agriculture, industry, infrastructure, technical support and capacity-building. Since the 1990s, China's economic cooperation diversified to include sectors like large-scale infrastructure projects, manufacturing, trade and investments, finance, mining and quarrying, and telecommunications (Raposo and Potter, 2010:180). China's foreign aid volume showed continuous increase from 1990 and it has only grown since then (see, Figure 4.2).

China evolved as a major development cooperation partner in the 21st century with tremendous increase in its development assistance volume and scope. Moreover, China's increasing economic might has complemented Chinese development assistance thereby raising its volume to the level of some of the OECD-DAC donors. Kitano and Harada (2014: 17) find that China was the sixth largest donor, just behind US, UK, Germany, Japan and France, in both 2012 and 2013, out of the list comprised of all the OECD-DAC donors' ODA and China's foreign aid.

China's "multidimensional approach" to development assistance, embracing cooperation in political, economic, commercial, social and cultural spheres has made it one of the most important players in international development finance (Alden 2007: 27). The following sections will look into China's unique ways of consolidating its position as a development assistance provider, and the motivations and agendas behind its development assistance.

Chinese Development Assistance: Spreading the Wings

With increasing presence and visibility in international development landscape, China has proactively developed a development assistance policy of its own which differs much from the OECD-DAC.

However, the lack of transparency has always been a hurdle in analysing China's development assistance programme (Lancaster, 2007). The reasons for the reluctance to publicly disseminate Chinese development assistance data might range from the diplomatic row with Taiwan over its One-China policy to its domestic concerns about backlash from its citizens over its burgeoning external development assistance (Brautigam, 2009: 167,168; Lum et. al., 2009:4). Furthermore, Chinese leadership has always been careful not to portray itself as aid donor, as it does not consider itself as belonging to the elite club of developed country donors and continues to be a recipient of foreign aid from the OECD-DAC.

However, China is gradually disclosing some of the data on its development assistance. The release of two White Papers on Foreign Aid, in 2011 and 2014 respectively, points to China's readiness to bring certain level of transparency into its development assistance. Neither does China adhere to the Paris Declaration on Aid Effectiveness (2005) which advocates transparency, accountability, impact evaluation and monitoring of aid, nor does it want to be in the league of the developed donors. China also opted out of the aid transparency reporting initiatives of the Western powers, such as the International Aid Transparency Initiative (IATI).⁶⁷ However, its efforts in the direction of sporadically publishing its development assistance data and moving towards transparency indicates its readiness to shoulder more responsibilities

⁶⁷ IATI aims at enhancing donor coordination, and minimising duplication and waste.

as a development assistance provider and ensuring its position as one of the important players in international development finance.

Defining Chinese Development Assistance

There is no officially stated definition of what development assistance is for China. The only way to characterise its development assistance is by identifying the main components of Chinese development assistance. China's foreign aid includes grants, interest-free loans and concessional loans.

Grants are generally aimed at financing social welfare schemes in the partner countries. The projects that come under grants could range from small to medium-scale projects. This could include building hospitals, schools and houses, as well as projects for ensuring food and water supply to the deprived. Grants are also used to finance "human resources development cooperation, technical cooperation, assistance in kind and emergency humanitarian aid" (White Paper, 2011).

Interest-free loans are given to partner countries to help them construct public amenities to improve life of the common people in that country. The partner country is expected to pay back the loan amount within 20 years that includes "five years of use, five years of grace and ten years of repayment" (White Paper, 2011).

Concessional loans are the most important component of Chinese development assistance, constituting more than half of its total assistance. These loans have a low annual interest of 2-3%, mainly used for the purpose of financing industrial and infrastructure projects in partner countries. The repayment of these loans is expected to be completed within a time span of 15-20 years along with a grace period of five to seven years (White Paper, 2011).

Institutional Set-up

The decision-making power on Chinese development assistance rests with the central government. The institutional structures responsible for China's development assistance have been gradually established and improved (White Paper, 2011). The main institutions that share the responsibility of Chinese Development Assistance are

the Ministry of Commerce (MOFCOM), Ministry of Finance, Ministry of Foreign Affairs and the Export-Import Bank of China (China Exim Bank).⁶⁸

The Department of Foreign Aid at the MOFCOM of China is the governmental department authorised by the State Council to administer its development assistance. It is responsible for the formulation of foreign aid policies, regulations, annual plans, examination and approval of foreign aid projects and management of the project execution. Other departments of the MOFCOM that are involved in implementing China's foreign aid projects, especially technical assistance and capacity-building and training programmes, include the Executive Bureau of International Economic Cooperation, Academy of International Business Officials, and China International Center for Economic and Technical Exchanges. The departments that take care of commercial activities at the local level also cooperate with the MOFCOM to manage China's development assistance that comes within its jurisdiction. The China Exim Bank deals with the concessional loans to developing countries. It is also entrusted with the allocation of these loans and its recovery (White Paper, 2011). The work on ground is directly coordinated and managed by the Chinese embassies or consulates located in the partner countries.

All the related government departments involved in Chinese development assistance communicate and cooperate with each other regularly. In drafting development assistance programmes for each partner country, the MOFCOM communicates regularly with the Ministry of Foreign Affairs, Ministry of Finance and China Exim Bank and seek their suggestions. Help also comes from other departments of the State Council in managing those foreign aid projects that require better professional expertise. Furthermore, China also established a foreign aid inter-agency liaison mechanism in 2008 to strengthen the coordination of different government departments involved in China's foreign aid. In 2011, China upgraded its inter-agency liaison mechanism into an inter-agency coordination mechanism in 2011 (White Paper, 2011).

The Ministry of Finance, which is the central governmental body in charge of the overall expenditure of the state, also allots the budget for China's external

⁶⁸ China Exim Bank is one of three "policy banks", the other two being the China Development Bank and China Agricultural Development Bank, both set up in 1994 "to better enable the government to directly finance its development goals as it transitioned to a market economy" (Brautigam, 2010:4).

development assistance to different government agencies involved in aid-giving. Each ministry that is involved in running foreign aid projects are allocated money for running different projects in their respective jurisdiction on a yearly basis. Each of these departments draw up a budget for foreign aid projects every year and submits it to the Ministry of Finance for examination, and then to the State Council and the National People's Congress for approval and implementation. The foreign aid funds that are given to these government departments are supervised and audited by the National Audit Office with the help of Ministry of Finance (White Paper, 2011).

Despite the involvement of several institutions in the disbursement of Chinese development assistance, China is able to bring coherence into its development assistance programme mainly because of its disciplined institutional framework for assistance flows and the interconnectedness of these institutions involved.

Development Assistance Policy

The official position on China's foreign assistance was elucidated in the two White Papers released in 2011 and 2014. The White Paper (2011) clarifies that China's development assistance falls into the category of SSC and consider itself as a development assistance provider of the Global South. Despite the fact that Chinese development assistance is increasing in volume and scope, China does not want to be associated with the traditional donors thereby striving to create a niche of its own in the international development finance.

China upholds the principle of "mutual respect, equality, keeping promise, mutual benefits and win-win" in its foreign aid to other developing countries (White Paper, 2014:1). White Paper (2011) also lists five basic tenets of China's foreign aid policy: helping the recipient countries build up their self-development capacity, no conditionalities, equality, mutual benefit and common development, maintaining a tailor-made approach to assistance, and focussing of reform and innovation in accordance with the changing times (White Paper, 2011). China's official position on foreign aid underscores its position as a development assistance provider that has altruism at the core of its foreign aid policy. However, this does not divulge the real motivations driving China's external aid, and continues to be far from reality.

China claims to give development assistance without any political or economic conditionalities. However, Chinese development assistance is not entirely devoid of conditionalities as some economic and political conditions do apply. Chinese aid, especially its concessional loans are tied to goods and services from China, and are only given those countries with which it has strong diplomatic ties (Brautigam, 2010: 23). Even though China does not emphasise on democracy-promotion or good governance⁶⁹, its development assistance conditions mainly include the recipient country's adherence to the 'one-China' policy. For China, Taiwan is its integral part. Therefore, it does not provide development assistance to any country that recognises Taiwan as an independent country. The aid rivalry between the China and Taiwan has been mainly concerned with diplomatic recognition for themselves (Lin, 2001). This has created problems for the recipient countries as they are forced to choose one donor at the expense of the other (Raposo and Potter, 2010:197). The recipient country's affinity to one donor would distance the other, making it necessary for them to take a political stand to ensure continuous flow of aid from their preferred donor.

Another important tenet of China's foreign aid has been its policy of non- interference in the domestic affairs of its partners. This is in sharp contrast to the traditional donors who emphasise institutional transformation and good governance as an inevitable condition for giving foreign aid to their recipients. The White Paper (2011) clearly mentions that "China never uses foreign aid as a means to interfere in recipient countries' internal affairs or seek political privileges for itself". Non-interference has been an important concept in Chinese foreign policy since the "Five Principles of Peaceful Coexistence" initiated in 1953 by China, India and Myanmar. These principles include,

Mutual respect for each other's territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other's internal affairs; equality and mutual benefit; and peaceful co-existence (UN, 1958:70)

This has been the cornerstone of Chinese foreign policy since then. These principles were also incorporated in its "Eight Principles of Economic Aid and Technical Assistance to Other Countries"⁷⁰ that form the basis of Chinese foreign aid policy. Furthermore, China also asserts that it encourages every recipient country to discover

⁶⁹ Democracy-promotion and good governance are the conditionalities inherent to OECD-DAC aid to development countries.

⁷⁰ See, Annexure.1

a development path that suits its actual conditions at home. Here, the emphasis was on the freedom that China gives to its recipients to choose their path of development and how Chinese assistance is need-based or demand driven. However, there is no clarity as how much of Chinese assistance is provided based on demands from its recipients.

Nonetheless, Beijing's emphasis on non-interference and no-conditionalities approach has added legitimacy into their development assistance policy. Furthermore, China is keen to project itself as a partner of developing countries that is genuinely interested in their welfare. In 1964, Chinese Premier Zhou Enlai stressed that China focussed on "experience sharing" with its partner countries (Li et. al., 2014: 29). This was later used by the successive governments as an important dimension of Chinese foreign aid. China's efforts continue to be in the direction of showcasing itself as a reliable partner, sharing its economic growth and development experience with the partner countries for their overall development.

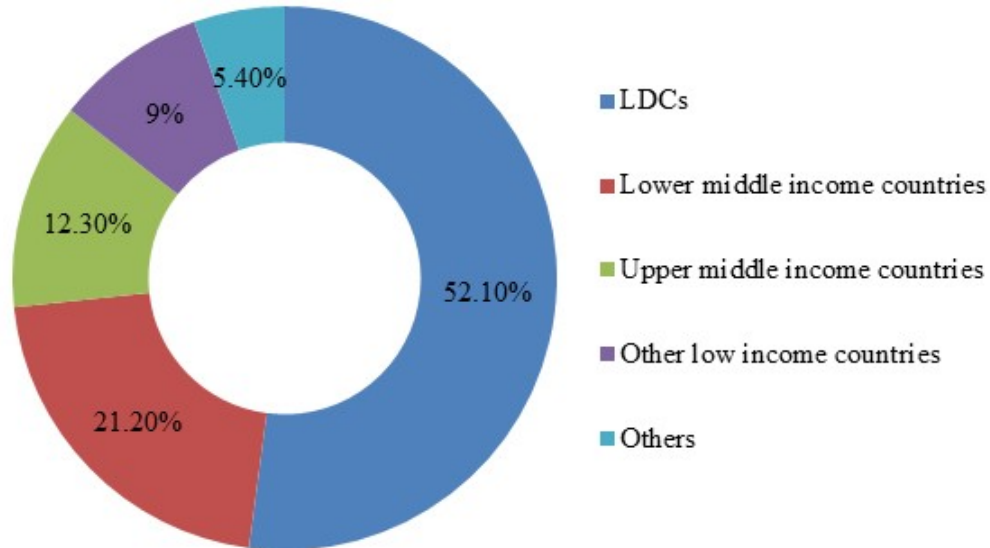
China also asserts that its development assistance strives to make the recipient more self-reliant by fostering technical assistance and capacity-building, building infrastructure, and developing and utilising domestic resources (White Paper, 2014).

However, there has been backlash in several countries in Africa as most of the projects funded by China have Chinese workers on ground, bringing no potential employment opportunities or technical know-how to the local population. However, a study on the Chinese workers in Africa suggests that China does not hesitate to take African workers in its projects, even though the percentage of Chinese and local workers might vary widely (SAIS-CARI, 2016).

Regarding the distribution of its foreign aid, China claims to give assistance on the basis of the level of economic development of the partner country. According to the White Paper (2014), the recipients of China's development assistance are mainly low-income developing countries (see, Figure 4.3). However, the White Paper does not clarify as to which Least Developed Countries (LDCs) get how much assistance and what kind of projects and programmes are running in those countries. The overall figures on the assistance going to LDCs do not allow us to conclude that Chinese development assistance is purely altruistic. There might be several other important

factors- political, economic and strategic- driving Chinese assistance to these countries.

Figure 4.3: Distribution of Chinese Development Assistance According to the Income Level of the Recipient Countries, 2010-2012



Source: White Paper (2014)

In the 21st century, China has expanded its development assistance to fulfil its economic interests like trade, investments, energy and search for markets as well as political interests in terms of diplomatic reciprocity at international organisations and multilateral groupings. China's development assistance policy based on horizontal cooperation, non-interference and no conditionalities has helped China make a favourable image amongst its partners. This has proved to be of great advantage for China to spread its wings to other countries of the Global South, especially in Africa which is still dependent on aid for sustenance and find China a better choice of funding. However, this has not gone well with the traditional donors who accuse China of supporting authoritarian regimes and nullifying their efforts to push for democracy and good governance in these countries. Furthermore, China's rise as a supplier of arms to Africa and Asia has also been a source of concern for many countries (Tull, 2006: 476). For instance, China has been increasingly giving military aid to Pakistan and Sudan. This has been of great concern for even other developing countries in Africa and South Asia. China is Pakistan's close ally and has been providing aid to Pakistan for a very long time. This has created tensions between India and China as India considers this move as a threat to its security. Also, China

has increased its assistance to Nepal, a sign of strengthening ties between the two neighbours. Nepal has also been accused of using ‘China Card’ after India’s blockade on Nepal. China has come to help Nepal during this difficult period that has not gone down well with India.

China maintains that its development assistance is driven by the concept of mutual help. Apart from fulfilling its own interests, the recipient countries’ interests are accommodated into the broader framework of aid (White Paper, 2011). China has been keen to use its soft power capabilities to push for stronger diplomatic ties with other developing countries. China’s efforts in this direction has mostly been successful as China could get diplomatic support from other developing countries at various international platforms and China has shown great readiness to reciprocate with greater economic cooperation and political support on various occasions. China has also been able to create an alternative source for multilateral funding including the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) of the BRICS grouping.

Proposed by Chinese President Xi Jinping in 2013, the AIIB is an international financial institution focussed on promoting interconnectivity and economic development through large-scale infrastructure projects and development of productive sectors. This China-led⁷¹ USD 100 billion strong multilateral organisation got the support of countries from both the Global South and North. AIIB is a bold move by China to create alternate financial institutions as against the organisations dominated by the Western countries, like the IMF and the World Bank. It has already approved four projects worth USD 509 million, out of which three projects⁷² are co-financed with the World Bank, Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD). The power grid project in Bangladesh is the independent project run by the AIIB. Even though AIIB was made to finance the infrastructure and developments needs of Asia, it is expected that AIIB would expand in future to include Africa and Latin America.

Established by BRICS countries, the NDB is a multilateral development bank that is focussed on financing infrastructure projects and sustainable development projects.

⁷¹ China has the maximum voting shares, 26.06%, followed by India, 7.51%.

⁷² This includes the highway construction projects in Pakistan and Tajikistan, and slum renovation in Indonesia.

With an initial capital of USD 50 billion, NDB is expected to be an important source of financing for the developing countries. Both AIIB and NDB are expected to finance the increasing demand for infrastructure development in developing countries. While both these institutions might expand their mandate to include more countries, the current focus of AIIB is financing projects in Asia and NDB is to finance projects in the Global South. China's role in these organisations is crucial, both for expanding its economic diplomacy endeavours abroad and to cement its role as potential leader in development financing.

Clearly, China does not want to be identified as another member of the rich countries' aid club. Beijing has always claimed to be a developing country of the Global South. This resonates with its policy of SSC and the idea is to bring credibility to its principle of horizontal partnership in development assistance where both the partners are deemed equal, belong to similar stages of development and face similar concerns. According to Lancaster, China is keen to project its distinctive image as a developing country of Global South, with a clear understanding of the issues and concerns of other developing countries (Lancaster, 2007).

The following sections in this chapter will analyse the expanding geographical reach of China around the globe and its changing priorities in terms of its partner countries as well as its motivations and agenda behind its development assistance.

Geographical Outreach and Modalities of Assistance

China has been expanding its footprint around the globe through its economic prowess and diplomatic endeavours. Chinese development assistance has expanded tremendously; both in volume and scope, with special focus on certain countries and regions of the Global South.

While the White Paper on Chinese foreign aid remains the primary source of data to analyse Chinese development assistance, other secondary sources of data, including AidData⁷³ and SAIS-CARI⁷⁴ have also been relied on to understand the geographical

⁷³ AidData is a research lab set at the College of William and Mary in the US, to address the issue of data deficit in the case of 'Non-DAC donors'. For China, AidData has a special dataset (china.aiddata.org/) that analyses Chinese aid and disseminates data. However, the data published by AidData on China uses parameters of the OECD-DAC to define and compare foreign aid. Most of their publications are comparative study of the Chinese foreign aid either with the OECD-DAC countries or

reach and the different modalities used by China in its efforts to be an indelible part of international development assistance. This became necessary because China does not disclose its development assistance data regularly. Also, the figures given in both the White papers, for the years 2009 and then 2010-2012 do not give a real picture of how much goes where, when and in what form.

This section explores China's geographical reach and the different modalities used by China to give assistance. The focus would be to analyse the changing patterns and understand whether China prioritises certain regions over the other and what kind of project and programme assistance flows to these regions.

Geographical Patterns

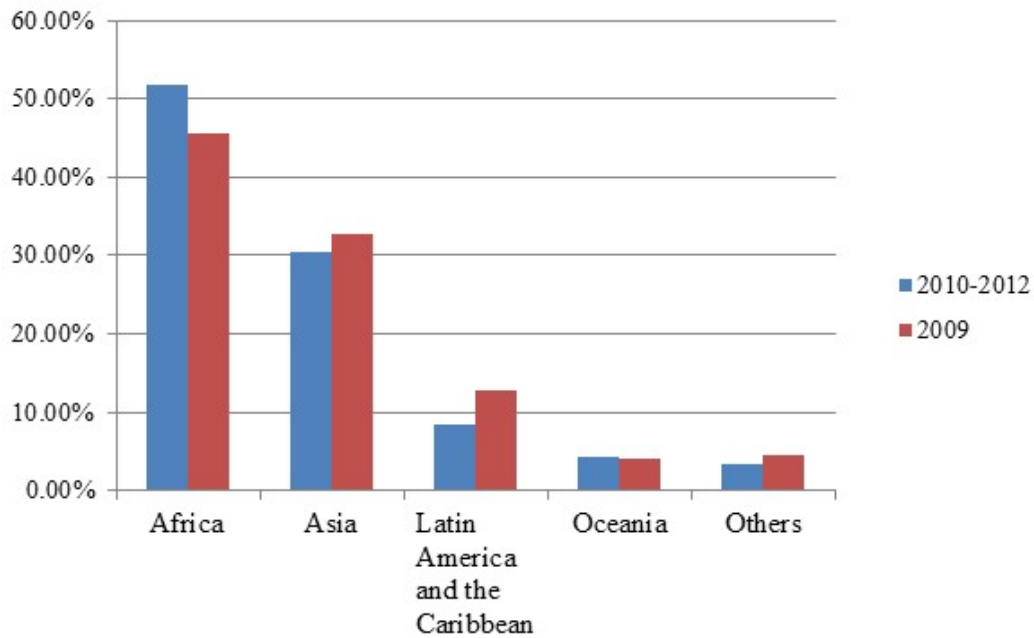
Chinese development assistance flows to most of the developing countries in Asia, Africa, Latin America, the Caribbean, Oceania and Eastern Europe. Even though Chinese development assistance was focussed on its neighbouring region in the earlier times, there has been a shift in its priorities in the 21st century. Presently, the focus has shifted to Africa with 51.8% of overall assistance flowing to the continent (White Paper, 2014).

From 2010 to 2012, China's total development assistance amounted to 89.34 billion Yuan (USD 14.41 billion). This would amount to USD 4.8 billion per year, if considered on a yearly basis. Out of this, 51.8% went to Africa, 30.5% to Asia, 8.4% to Latin America and the Caribbean. When compared, the data published in two White Papers suggest that Chinese development assistance to Africa has been increasing while its assistance to other continents has seen a decline (see, Figure 4.4). This confirms that Africa has become a priority for China and its stakes in Africa is expected to increase in the coming times as well.

with the assistance given by the Bretton Woods institutions, especially the World Bank. Therefore, the figures given by the AidData might not match with the official Chinese projections of their development assistance.

⁷⁴ School of Advanced International Studies (SAIS)-China Africa Research Initiative (CARI) is based at John Hopkins University has several datasets and articles published on Chinese presence in Africa. See, www.sais-cari.org/.

Figure 4.4: Geographical Distribution of Chinese Development Assistance, 2010-2012 and 2009



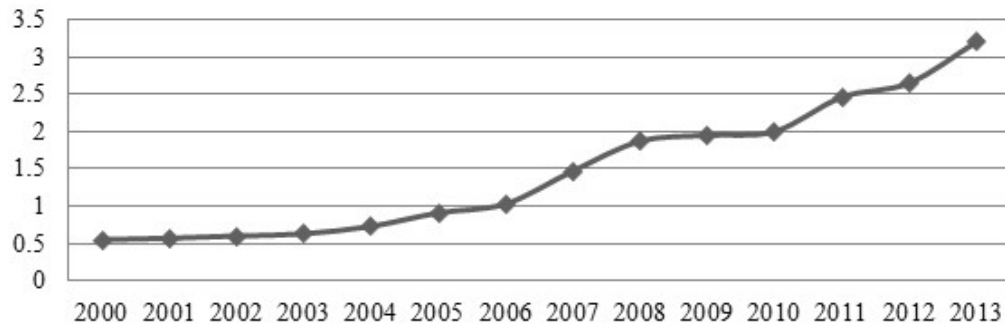
Source: White Paper (2011, 2014).

Africa

Apart from other components of economic diplomacy like trade and investments, China's focus on Africa is indicated by its growing development assistance to the continent. As per the White Paper on Chinese Foreign Aid (2014), China gives 51.8% of its development assistance to Africa in the years 2010-2012. In 2009, Chinese assistance to Africa amounted to 45.7% of its total aid flows (White Paper, 2011). The SAIS-CARI study on Chinese development assistance gives the figures from 2000-2013, which also notes the significant rise in Chinese foreign aid⁷⁵ to Africa (see, Figure 4.5). From 2000-2010, Chinese assistance to Africa has grown four times. Since 2010, there is a steady increase in Chinese assistance to Africa indicating the increasing importance of Africa in China's foreign and economic policy.

⁷⁵ These figures are supposedly devoid of China's medical assistance, scholarship assistance or contributions to international organisations. Hence, if those figures were to be included in its development assistance, the amount disbursed might be much higher than projected (SAIS-CARI, 2016a).

Figure 4.5 Chinese External Assistance Expenditures to Africa, 2000-2013 (in USD Billion)



Source: SAIS-CARI (2016a).

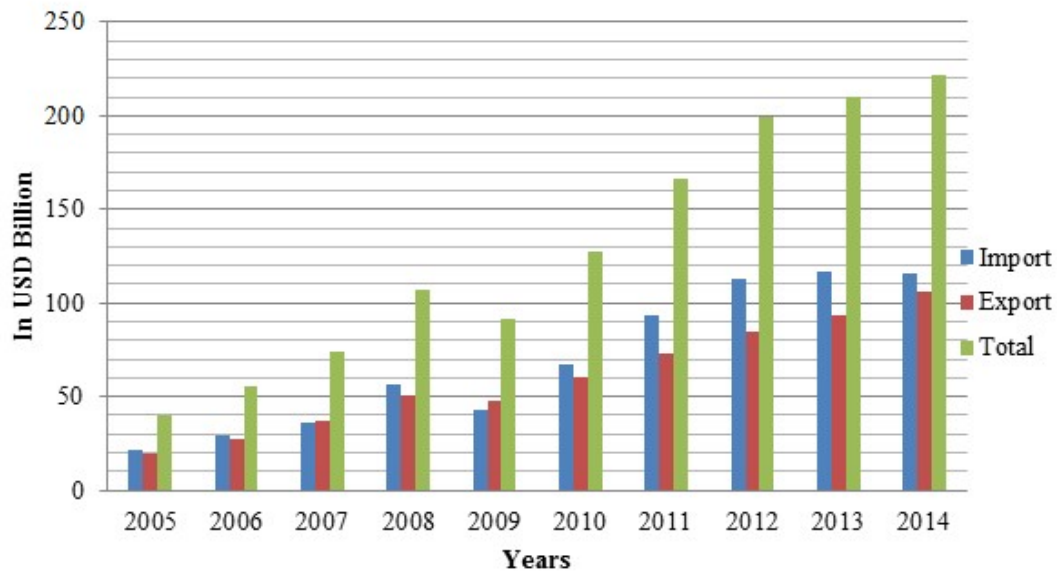
The major principles and objectives of China’s Africa policy include “sincerity, friendship and equality; mutual benefit, reciprocity and common prosperity, mutual support, and close coordination and learning from each other and seeking common development” (Manning, 2006:6). However, China’s growing development assistance to Africa is attributed to several factors.

China’s trade with Africa has seen tremendous growth in the 21st century (See, Figure.4.6). In the past ten years, China’s trade with Africa has increased more than six-fold, making it imperative for Beijing to maintain and strengthen its bilateral and multilateral ties with the region in order to expand its trade and secure its assets. China’s expanding trade and aid in Africa are invariably linked. To sustain its growing trade, China supports its trading partners with economic assistance that would enable Beijing to increase its trade volume. Henceforth, majority of assistance is provided for infrastructure development, especially for building roads, highways, railways, ports and airports that would link different trade hubs, which would in turn make things easier for China to improve its trade and diversify markets.

In 2000-2014, the top five bilateral trade partners of China in Africa were South Africa, Angola, Nigeria, Egypt and Sudan, all of which are resource-rich countries (SAIS-CARI, 2016b). Nigeria, Angola, Egypt and South Sudan⁷⁶ are the highest oil-producing countries in Africa. Further, South Africa is rich in minerals, which are important for feeding China’s burgeoning industries.

⁷⁶ Sudan was the second largest oil-producer in Africa before splitting into Sudan and South Sudan in 2011.

Figure 4.6 China's Trade with Africa, 2005-2014



Source: SAIS-CARI (2016b).

China has been accused of using varied strategies for strengthening economic and diplomatic ties with the resource and energy rich countries in Africa. Gu et. al. (2007:286) claim that China's interests in Africa are overwhelmingly resource-based and consider China's increased ties with African countries like Sudan, Zimbabwe, Nigeria as "energy driven" foreign policy. China's increasing presence in Africa is also considered as its effort to find resources to sustain its rapidly-growing population as well as its economy (Gu et. al., 2007).

In Africa, Chinese projects range from large infrastructure projects⁷⁷ to priority sectors like agriculture⁷⁸, public welfare facilities⁷⁹ and health⁸⁰. China's approach to various sectors in recipient countries resembles the Western donors except that China

⁷⁷ China has been involved in large-scale economic infrastructure projects including Tanzania-Zambia Railway, railway projects in Botswana, the Lagdo Hydropower station in Cameroon, and the Gotera interchange in Addis Ababa (White Paper, 2011).

⁷⁸ China has several agricultural projects in several African countries including, Rwanda, Burkina Faso, Ghana and Niger. In order to share agricultural technology with its partners, China has opened several institutions in Africa like the Agricultural Demonstration Centre in Tanzania and Zimbabwe (Li et. al., 2014).

⁷⁹ This includes water supply projects in Mauritania, Tanzania and Niger.

⁸⁰ For example, Hospitals were built in different countries in Africa including the Taizz Revolution Comprehensive Hospital in Yemen and hospitals in the Guinea-Bissau, Zimbabwe, and Chad

has shown less interest in environmental issues (Strange et. al., 2013). According to Taylor, China has used African leaders' historic suspicion of Western intentions for its benefit in the continent (Taylor, 2006: 938). China has to a large extent also benefitted from its image as a colony and not a coloniser that makes China a "returning friend"⁸¹ for several African countries (Kjollesdal and Welle-Strand, 2010:8).

However, there are diverse views on why China gives assistance to Africa. Some argue that Chinese development assistance is not always driven by selfish interests and have been at times beneficial to the recipients. According to Woods (2008:1206), the intensified trade links with China might have helped Africa in reaching "higher growth rates, better terms of trade, increased export volumes and higher public revenues." And there is "little evidence that China is re-indebting the highly indebted poor countries (HIPC)" as claimed by the developed countries (Woods, 2008:1206). Furthermore, the claim that China allocates more aid to authoritarian countries in Africa also does not hold ground as China is found to be not solely driven by selfish motives and quest for natural resources (Dreher et. al., 2015; Parks, 2015). Instead, China is found to give maximum assistance to LDCs in Africa and sometimes based on socio-economic and humanitarian needs of its recipients (Parks, 2015). Hence, Chinese aid could not be considered 'rogue aid.'⁸² The AidData study on Chinese assistance to Africa finds that Chinese aid is not any more selfish than other donors in Africa and concludes that less concessional loans that are more commercial in nature tend to go to the countries with authoritarian regimes and resource-rich countries (Dreher et. al., 2015). Even though these loans are a part of what China considers its development assistance, these could not be considered as ODA as defined by the OECD-DAC because of its lesser grant element (Parks, 2015). Hence, if these loans are excluded from the ODA calculated by the West, then the motivations behind Chinese development assistance could not be counted as any different from traditional donors' foreign aid. Therefore, the motivations driving China's development assistance is multi-faceted, like any other donor country.

⁸¹ Considering the shared history of anti-colonial struggles, China can build more friendly and symmetric relations with Africa.

⁸² Moises Naim (2009) calls countries like China, Saudi Arabia and Venezuela as "rogue aid providers" who don't care anything other than their self-interest and give aid to authoritarian regimes.

Initially, ideological and political interests dominated China's development cooperation with other developing countries. In the 21st century, strategic economic considerations as well as strengthening its diplomatic ties have dominated China's development assistance flows. For proactive engagement with the African countries, China also initiated the Forum on China-Africa Cooperation (FOCAC), with the first summit organised in 2000 in Beijing. China has also established strong ties with the African Union (AU). Its most prestigious infrastructure project in Africa has been the AU headquarters in Addis Ababa made with Chinese aid of USD 200 million (BBC, 2015: April 20).

China has benefitted immensely from its relationship with the African governments, especially in multilateral forums where China has been getting diplomatic support from them. For example, African countries have been voting in favour of China in the United Nations General Assembly. China has reciprocated it with generous development assistance (Dreher et. al., 2015, Parks, 2015).

Since China's export-oriented economic reforms in the 1970s, the pursuit of strategic interests has been broadened to include the search for markets and access to natural energy and natural resources.

Asia

For China, Asia is of top priority in historical, political, cultural and strategic terms. However, its relations with Asia has been rather complex. While its economic ties with the continent have been on a high in the present century, its political and strategic interests in the region has led to several tensions including border disputes with its neighbours including India, Japan and Vietnam, and increasing tensions regarding the exploration of natural resources in the South China Sea. With increasing economic might, China has been able to push its bilateral ties with other Asian countries foregoing the historical discontent to a greater extend. China's improved relations with Russia, which had gone cold in the second half of the 19th century and its efforts in binding Asian countries through economic regionalism and multilateralism has borne fruit in recent times. China's One Belt and One Road

Initiative (OBOR)⁸³ and its push for AIIB are expected to bolster trade and investment, and infrastructure development in Asian countries. China's efforts have been in the direction of improving its prestige and goodwill in Asia, in order to be recognised as the leading economic powerhouse. Importantly, China wants to “persuade its neighbours that its rise is not a threat but an opportunity” (Schuller and John, 2011).

China's foreign aid was earlier mostly concentrated in Asia. While the initial development assistance was focussed on the Communist countries, including DPRK and Vietnam, it slowly expanded to the rest of Asia. China's focus was mainly on the infrastructure projects, including several highways⁸⁴ and ports⁸⁵ in South and Central Asia. However, it was also involved in human resource development cooperation (like hosting training courses in Vietnam and DPRK), humanitarian development assistance like assistance to Pakistan during floods and earthquakes, and Myanmar during tropical storm. China also extends food aid to countries like DPRK, Bangladesh, Nepal and Afghanistan (White Paper, 2011).

Asia received about 32.8% of Chinese assistance in 2009 which was further reduced to 30.5% in 2010-2012 (see, Figure 4.4). Even though its focus has shifted to Africa, Beijing is careful not to drastically cut short development assistance to its region. Chinese development assistance has been an important source of funding for the developing countries in Asia and some of these countries have been dependent on Chinese assistance. For example, Pakistan receives a huge amount of aid from China especially in the form of grants and loans. In 2015, China sanctioned USD 46 billion to Pakistan in development deals, which amounts to about 20% of Pakistan's annual GDP (Stevens, 2015).

China has also been keen to reach out to South Asia in order to expand its economic and strategic influence in the region. China's trade volume with all the South Asian nations is increasing year to year. The largest beneficiaries of Chinese development assistance in the region are Pakistan, Sri Lanka, Bangladesh and Nepal. All of these

⁸³ OBOR is also referred to as the Belt-Road Initiative. It comprises of both the Silk Road Economic Belt and the 21st Century Maritime Silk Road which would ensure continental and maritime connectivity and cooperation among countries in Asia and Europe.

⁸⁴ For example, the Karakoram Highway in Pakistan, the Greater Mekong Sub-region Information Highway in Myanmar and the No.7 Highway in Cambodia.

⁸⁵ For example, Gwadar Port in Pakistan and the Hambantota port in Sri Lanka.

countries affirm the “One-China” policy of PRC. Some of these countries have facilitated in expanding China’s political and economic clout in the region thereby helping China curb India’s supremacy in the region. For example, Nepal has been using China and India against the other to secure its interests and curb their influence in Nepal’s domestic affairs. Both China and India compete to give assistance to Nepal, a country of great strategic significance to both the countries.

Apart from South and South-east Asia, China’s focus has also shifted to the energy-rich Central Asian region. Chinese aid for Central Asia has been mostly for funding projects on oil, natural gas and mining (Wolf Jr. et. al., 2013). Energy and natural resources were the prime concerns for China for its enhanced engagement with the region. The fact that the Silk Road Economic Belt⁸⁶ runs through Central Asia also makes the region strategically important for China. It has been vigorously pursuing its aim of connecting its western regions- that are less developed and economically backward compared to the affluent east- to Central Asia and Europe through its infrastructure and connectivity projects.

Latin America and the Caribbean

Latin America and the Caribbean together received 12.5% of total Chinese aid flows, which declined to 8.4% in 2010-2012 period (White Paper, 2011; 2014). The official documents underline the main tenets of China's policy towards the LAC countries,

The Chinese government views its relations with Latin America and the Caribbean from a strategic plane and seeks to develop a comprehensive and cooperative partnership featuring equality, mutual benefit and common development with countries in the region (Xinhuanet, 2008).

China has expanded its bilateral and multilateral cooperation in Latin American in diverse sectors like trade and investment, infrastructure, agriculture, natural resources, and energy (Ishmael, 2009). Recently, China has emerged as an attractive partner in the Latin American region. Despite the colonial links with the Europe and its dependency on the US, Latin American countries have welcomed China as an alternative source of finance. Erikson (2009) claims that China is seen as a more benevolent partner as opposed to the Western donors. The West, especially the US, has also been considered as neglecting the region as its focus has shifted to Asia and

⁸⁶ It starts from Xinjian region in the western part of China to Europe via Central Asia.

Africa. The traditional donors' assistance to the Latin America and the Caribbean has also been dwindling. This has helped China make in-roads into the American neighbourhood. The requirements of the region for enhanced infrastructure development, better education and health facilities, and creating employment opportunities and technical knowhow, have been ignored by the developed countries of the Global North and this gap is being filled by China with its economic prowess. China is pumping a lot of money into the region and has taken up several large-scale infrastructure projects of strategic importance. One of the biggest Chinese projects in Latin America has been the proposed USD 50 billion Nicaragua Canal, called the Grand Inter-Oceanic Canal, which would rival the Panama Canal. This would help China get easy access to the Atlantic as this canal would link the Pacific to the Atlantic.

China's relations with the Latin American countries have focussed on trade, investments and its ever-increasing demand for energy and natural resources (Ishmael, 2009; Ray and Gallagher, 2015; Peters, 2015). China-Latin America trade ties has grown exponentially in the last one and a half decades. It grew from USD 12 billion in 2000 to USD 289 billion in 2013 (Elson, 2014:44). Since 2012, it has also become the third largest source of FDI for Latin America, only after the US and Japan (Peters, 2015). Brazil is China's largest trading partner in Latin America. Brazil gets more than half of the total FDI inflows from China to the region, followed by Peru and Argentina (Peters, 2015). Beijing also pledged to increase the annual trade to over USD 500 billion and expanding China's FDI stock to USD 250 billion by 2025 (Peters, 2015:7; Saxena, 2015).

Energy is also an important factor driving China's economic diplomacy with Latin-America. The oil-rich Venezuela has been the most important partner for energy. Venezuela alone gets half of total loans from China to Latin America, apart from nearly 42% of the total infrastructure projects sanctioned to the region (Peters, 2015). Even though Venezuela is of great importance for China for its quest for oil, China makes sure that it engages with even the smaller countries in Latin America and the Caribbean, especially for strengthening its diplomatic support for one-China policy. For instance, in order to cut its relations with Taiwan, Dominican Republic was offered USD 122 million in assistance (Ishmael, 2009). Dominican government

reciprocated by breaking its diplomatic relations with Taiwan to recognize the PRC (Sanders, 2011).

At the multilateral level, China cooperates with the important regional organisations including the Southern Common Market (MERCOSUR), the Andean Community,⁸⁷ and the Caribbean Community (CARICOM). In 2004, China also got a permanent observer status in the Organization of American States (OAS) and became a member of the Inter-American Development Bank (IDB) in 2009. The first ministerial meeting of the Forum of China and the Community of Latin American and the Caribbean States (CELAC) was held in Beijing in 2015, in which a Political Declaration, a Plan of Action, and the CELAC-China Cooperation Plan (2015-19) that covers diverse areas was finalised and approved.

China's strategy for the Caribbean is driven by its search for new markets, quest for energy and natural resources, ensure diplomatic support for China in multilateral organisations, and promote its "one-China" policy (Erikson, 2009). Among the 23 nations that maintains official relations with Taiwan, the LAC countries account for half of these. This makes the region crucial for both Beijing and Taipei, giving rise to stiff competition.

Multilateral Development Cooperation

Even though China's priority remains its bilateral assistance, it has its presence in multilateral development initiatives as well. Even though China has been unwilling to be a part of the OECD-DAC, it has showed its readiness to support development initiatives under the UN umbrella (White Paper, 2011). Beijing had been active member in the UN Sustainable Development Summit, UN High-Level Meeting on Financing for Development, UN High-Level Meeting on the MDGs, UN Development Cooperation Forum, and WTO Global Review on Aid for Trade. It has also been keen to cooperate and strengthen its relations with other development assistance providers of the Global South. It has been an ardent supporter of SSC that remains an inescapable component of its development assistance policy (White Paper, 2011).

⁸⁷ It is a customs union comprising of Colombia, Ecuador, Peru and Bolivia.

In addition, China started its trilateral and regional cooperation activities with international organisations and certain developing countries in sectors like capacity building, technical training and infrastructure construction. In 1981, China began to support the UNDP in implementing TCDC programmes and it has been giving training to technicians from other developing countries since then. Even though China was involved in bilateral agricultural cooperation with several developing countries, especially in Africa, it was only in the 1990s that China began to cooperate with the UN on agricultural support to developing countries. Chinese agricultural experts were sent to developing countries in cooperation with the United Nations Food and Agriculture Organization (UNFAO). The official data suggest that more than 700 agricultural experts and technicians were sent to other developing countries, including Africa and Latin America by the end of 2009 (White paper, 2011). China has also been keen to support technical cooperation efforts of multilateral organisations, including the World Bank, the UN Conference on Trade and Development (UNCTAD), and the UN Industrial Development Organization (UNIDO). Further, China has also been collaborating with regional organisations in development assistance. For example, China cooperated with the Asian Development Bank (ADB) and Thailand within the framework of the Greater Mekong Sub-regional cooperation, for building the Laos section of the Kunming-Bangkok Highway that was completed in 2008 (White Paper, 2011).

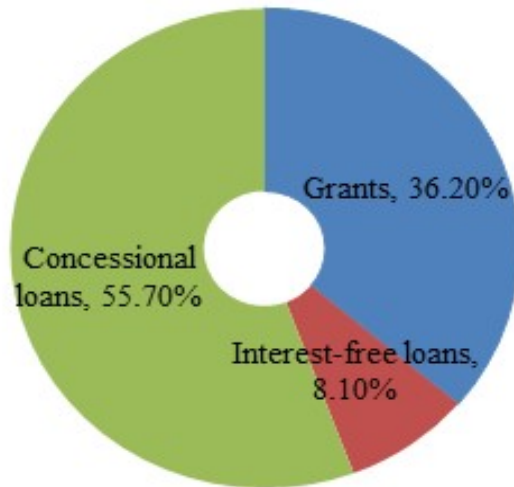
Modalities

Chinese development assistance is comprised of grants, interest-free loans and concessional loans (see, Figure 4.7). Concessional loans form the largest component of China's development assistance. These are usually given for completing infrastructure projects that are implemented by Chinese corporations, in partner countries. For China, two-thirds of its overall assistance is in the form of loans while the grant component is only one-third of its assistance. The finances for loans and interest-free loans are derived from the state budget while the concessional loans come from the China Exim Bank of the Chinese government (White Paper, 2014).

The concessional loans given by China are tied to the goods and services from China, helping it promote trade and investments in its partner countries. Concessional loans are therefore an inevitable part of its development assistance strategy and are given

preference over grants, which bring no financial returns to the country. Furthermore, China has been able to use loans for financing large-scale infrastructure projects in the partner countries that generate a lot of positive perceptions in the partner countries.

Figure 4.7 Modalities of Chinese Development Assistance



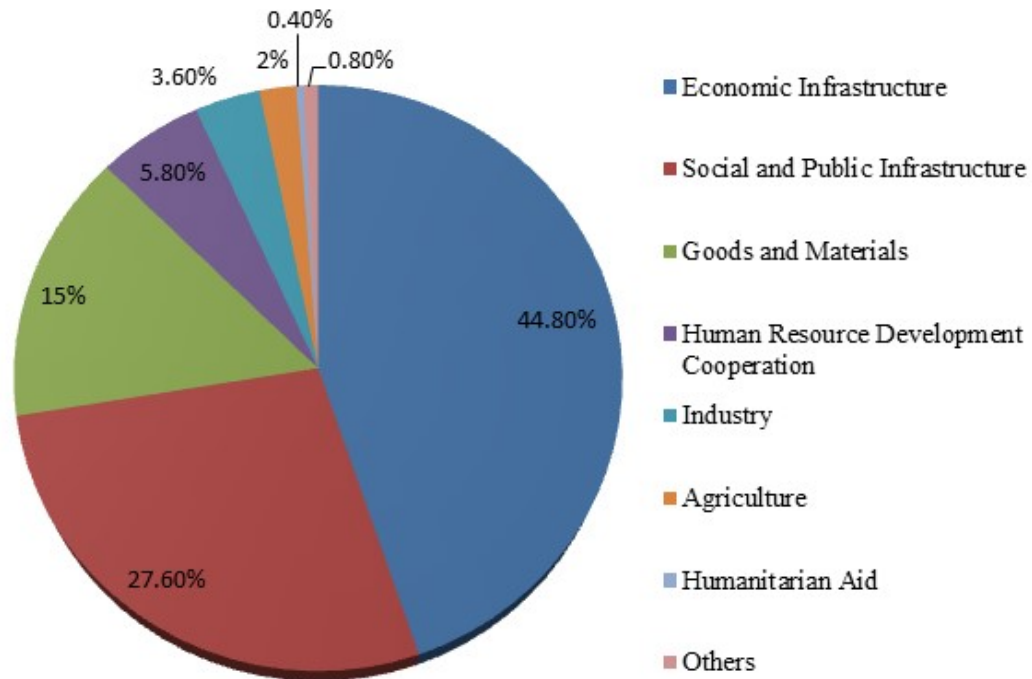
Source: White Paper (2014).

Chinese development assistance is comprised of eight forms of assistance;

complete projects, goods and materials, technical cooperation, human resource development cooperation, medical teams sent abroad, emergency humanitarian aid, volunteer programs in foreign countries, and debt relief (White Paper, 2011).

The focus of Chinese development assistance is on infrastructure projects that form approximately 73% of China's overall assistance when economic infrastructure projects (44.8%), and social and public infrastructure projects (27.6%) are taken together (see, Figure 4.8).

Figure 4.8 Sectoral Distribution of Chinese Development Assistance, 2010-2012



Source: White Paper (2014).

Complete projects form a major component of China’s development assistance. These projects are usually financed by Chinese grants or interest-free loans. The responsibility of the whole or part of the process rests on China. Once the project is completed, it is handed over to the partner country. The complete projects were a part of Chinese assistance since the early days when it started by giving assistance to DPRK and Vietnam. Infrastructure projects were the main focus during those times. However, China expanded its scale and scope in the later years to cover varied sectors including agriculture, industry, health care, education, energy, and transportation. Thus, the expenditure on complete projects rose in proportion among the expenditures on foreign aid and accounted for 40% of its expenditure by 2010 (White Paper, 2011). China has overall financed 580 complete projects in approximately 80 countries by 2012 (White Paper, 2014)

Initially, complete projects, and goods and materials were the major components of Chinese aid (White Paper, 2011). What comes under the goods and materials are

“materials for production and living, technical products or single-item equipment, and necessary technical services covered by foreign aid financial resources provided by China” (White Paper, 2011). The materials and goods made in China was also used in complete projects which helped China benefit more out of its commitments abroad and reduced the cost of the project.

Another important sector for China’s development assistance has been technical cooperation. China sends its area experts to partner countries for guiding and supporting them in maintaining and operating the complete projects once they are handed over to the partner country. It also gives training to local people as a part of its capacity-building efforts in partner countries. This has helped the partner country in being technically self-sufficient. China’s technical cooperation projects are usually short-term projects that last no more than two years and only extended upon request (White paper, 2011).

For China, its human resource development cooperation, which started in 1953, is carried out not only bilaterally but also through multilateral channels. This comprises “different kinds of research and training programs for government officials, education programs, technical training programs, and other personnel exchange programs for developing countries” (White Paper, 2011). From 1953-1979, China had organised training programmes for people from countries like Vietnam, Cuba and Albania, mostly Communist countries, in sectors ranging from agriculture, forestry, and water conservation to transportation and health care. Since the early 1980s, China started cooperating with the UNDP for technical cooperation and hosted training courses in practical techniques in various fields. China also started to give technical training and seminars for government officials of other developing countries since the late 1990s. By 2012, China has trained 49,148 people from its partner countries and conducted 1951 training sessions (White Paper, 2014). These programmes garnered a lot of goodwill for China as these officials trained in China went back home and became bridges for strengthening China’s political and economic ties with their home country.

Medical assistance has been one of the important sectors for China’s foreign aid. China has been sending medical teams to its partner countries since early 1960s. The first medical team from China was sent to Algeria in 1963. Since then, China has been actively involved in providing medical teams and medical services to its recipients.

The aim of these medical teams is to ensure that the people living in remote areas and harsh living conditions get medical support and care. They also give training to the local medical staff thereby helping the partner country to improve its local medical and health services. Furthermore, China has been actively involved in building infrastructure for medical assistance, especially in Africa. More than 100 hospitals and medical care centres have been constructed in different countries using Chinese aid. For example, several hospitals and health centres were made in Yemen, Guinea-Bissau, Zimbabwe, and Chad using Chinese aid. Furthermore, it has also financed medical equipment and medicines in several countries.

China has also been involved in emergency humanitarian assistance. In situations of natural calamity or disaster, it provides emergency relief either on its own accord or on request from the victim state. In December 2004, when Indian Ocean countries were hit by the Tsunami, China provided 700 million Yuan as emergency assistance. There have been several occasions when China has provided assistance during a humanitarian crisis. For example, China helped Nepal by providing emergency assistance of USD 500 million during the 2015 earthquake. Pakistan has also received assistance on several instances after earthquake and the floods. African countries, including Liberia, Sierra Leone and Guinea, got assistance from China to tackle the Ebola crisis (FOCAC, 2016). Numerous medical teams were sent to these countries along with medicines and medical equipment that were in urgent need in these countries. Medical assistance was given to Latin American countries during the recent Zika spread. Furthermore, it also provided medical assistance to fight against dengue in Ecuador, influenza in Mexico and cholera in Guinea-Bissau. It also assisted Haiti and Chile after severe earthquakes. In addition, emergency food aid was given to several countries including Nepal, Afghanistan, Burundi, Zimbabwe and Mozambique (White Paper, 2011).

Besides, volunteers from China take up assignments in different countries and work on medical support, health care, education and emergency relief operations. One of the important sectors in which a huge number of volunteers are sent from China is education. Many of them are posted as Chinese-language teachers in countries that have good diplomatic and trade relations with China. Initially, the language teachers were sent by China to its neighbourhood, the very first time to Laos in 2002.

Subsequently, it sent volunteers to Indo-China and far off countries in Africa and Latin America. China had sent around 7,590 Chinese-language teachers to over 70 countries around the world by the end of 2009 (White Paper, 2011). Promoting language has also been a way to enhance its cultural diplomacy and promoting its soft power around the world.

For China, debt relief⁸⁸ is one of the key components of its foreign aid. Most of the heavily indebted countries are never asked by China to pay back their debts. China has also been lenient with those countries that find it hard to repay their interest-free loans. Through bilateral discussions, China makes it easier for friendly governments to repay the loans by extending the deadlines. Many a times, China has cancelled the debts incurred by mature interest-free loans owed to China by HIPCs in order to bail them out of the debt burden (White Paper, 2011). Ordinarily, these recipient countries are those that maintain strong diplomatic ties with China. It is also claimed that debt relief is used by China as a reward for forging stronger relations with its partner countries (Pehnelt, 2007:3). China cancelled debts burden of several countries and announced it during the FOCAC Ministerial Summits and the UN High-Level Meetings on the MDGs. Until now, China has relieved many countries from debt, most of which are from Africa, including Tanzania, Mali, Sudan, Cameroon and others (White Paper, 2014).

Assistance for agricultural development and poverty reduction in partner countries has also been prioritised by China. It has increased its assistance for agricultural activities, including transferring agricultural technology, providing technical training and support for the local staff, and providing them high quality agricultural machinery, seeds and fertilisers (White Paper, 2014). For example, China set up agricultural demonstration centres in countries, including Mozambique, Rwanda, Liberia, Guinea-Bissau, Benin and several others, to increase the agricultural productivity and to transfer agricultural technology to the local farmers in the partner countries (White Paper, 2014). In Guinea-Bissau, eleven demonstration centres were opened by China to increase the production of rice. They also assisted in producing hybrid rice that increased the production up to three times than the normal. Furthermore, China helped

⁸⁸ The mature governmental debts of some developing countries that they owe China are cancelled as a part of its debt relief programme.

Mali in increasing its sugarcane production and helped it is establishing sugarcane farms and sugar mills, thereby Mali self-sufficient in to growing and processing sugar.

Since the early days of its aid-giving, China was increasingly involved in providing industrial aid to many of its neighbouring countries which it later expanded to include the rest of Asia and Africa. The aim was to enable its partner countries to develop their industrial sector that was important for their economic growth and development. Industrial aid constituted an important component of China's complete projects. China encouraged industries managed by the state. However, it reduced its industrial aid when countries slowly moved to privatise their industries in the 1980s. In 2012, industrial aid was just 3.6% of the overall assistance (White paper, 2014). However, China has a few important projects to its credit, including, the cement factories in Rwanda, the Republic of Congo and Peru, the Hama Textile Mill in Syria, and the Agriculture Machinery Factory in Myanmar.

For China, funding economic infrastructure has always been a priority. It constitutes 44.8% of its total development assistance. China has completed several infrastructure projects in transportation, power and energy supply as well as in communication sector. China channels its technical capacity, goods and materials and human resource into its projects that cuts the cost considerably and helps China complete the projects within short time periods. Some of the important projects include Sika Highway in Kenya, Mattala Rajapaksa International Airport in Sri Lanka, and energy projects like the Bui Hydropower station in Ghana and the power grids in Senegal (White paper, 2014).

Public facilities are important part of Chinese assistance. Even though this is aimed at improving the life of people of the partner country, China considers this as prestige projects. These are mostly huge infrastructural projects with little use for the common people of the partner country. The most common of these are huge convention centres, sports stadiums, halls and theatres, including the National Stadium in Tanzania, Sports Centre in Kenya, Fiji's Multi-Functional Sports Stadium, the Stade d' Angondje stadium in Gabon, the Friendship Hall in Sudan, Convention centres in Egypt and Myanmar, the Bandaranaike Memorial International Conference Hall in Sri Lanka, and the theatres in Senegal and Ghana. Apart from these, a few welfare

projects are also undertaken by China, the most important being the water supply project in Mauritania, Tanzania and Niger (White Paper, 2011).

China prioritises education as an important component of its development assistance. It started providing aid for education since the 1950s when it began its development assistance in Asia. China gave scholarships for students from Asia and Africa to visit and stay in China for studies. It also supported its partners in building schools, training teachers, technical education and gave numerous scholarships to students. It has been sending its teachers to partner countries since the 1960s.

Environment protection also became an important concern for China in the 21st century. In the early years of its development assistance, China's concerns were on infrastructure development and industrial aid that did not prove to be environment friendly in the later years. Industrial production and economic growth were given priority over environmental protection and sustainable development. It was only in the 1980s that conservation of the nature and safeguarding environment started to figure in China's development assistance policy. Since then, it started working with the UN on clean energy programmes and environmental protection. At a multilateral level, China started working with the UN on bio-gas technologies and later shared these technologies with partner countries through bilateral partnerships, like in Uganda, Tunisia and Guyana. It also started financing projects on clean energy in different countries, like the solar and wind energy projects in Morocco, Lebanon and Mongolia, and hydropower stations in Cameroon and Burundi. It also started training sessions on clean energy, environmental protection and sustainable development in its partner countries. With China's increasing concern for climate change and pollution, it decided to establish a "super ministry of Environmental Protection" in 2008 (Brautigam, 2010:29). Since then, the environment factor started figuring in while deciding different projects financed by Chinese assistance.

China's development assistance grants and its zero-interest loans have helped it promote its broad diplomacy objectives. However, it is the concessional loans that have been highly beneficial for China in fulfilling its interests. The fact that it has been tied to goods and services from China, which has boosted its trade, investments and businesses, also makes it the most important aspect of china's development assistance. However, it is evident that some of the modalities of China's development

assistance overlap with each other making it difficult to analyse which modality is altruistic and which one is focussed on self-interest. Moreover, it could be largely viewed as a combination of varied motivations that drive China in its aid policy, dealt in detail in the next section.

Motivations for Providing Development Cooperation

Radelet (2006) asserts that the motivations driving donors to give foreign aid to less developed countries could range from self-interests to pure philanthropic pursuits. However, it is not one single motivation that is driving the donors but a multitude of them depending on their interests, the partner country and the nature of projects the donor choose to finance. The case of China is no different. China's motives are also important in several respects to understand the emerging power's point of view and the way foreign aid is used as an instrument of foreign policy.

According to Brautigam (2009:18), one of the important factors that have had considerable effect on China's development assistance is its own experience as a foreign aid recipient. By closely analysing its role as a recipient of aid, it realised that its donors had benefitted immensely by giving aid to China. The conviction that "aid could also serve China's own development goals" led to the beginning of China's role as a development assistance provider (Brautigam, 2009:18).

Furthermore, China has not been able to strike a right balance between economic and social development, creating problems for its overall growth (Bijian, 2005). China's growing population along with high industrial development to sustain the economic growth has resulted in a severe shortage of resources and daunting environmental issues. The increasing scarcity of its natural resources, especially energy and raw materials for its burgeoning industries has forced it to look out for these in other energy-rich and resource-rich developing countries (Bijian, 2005). China has been using development assistance to meet these demands at home so that it can continue to start rising in the global world order with its economic, political and diplomatic clout.

Hence, it is amply clear that the motivations behind china's development assistance are not purely altruistic or humanitarian. China's development assistance policy could be considered as a part of its broader foreign policy strategy that is referred to as the

“Grand Strategy” (Goldstein, 2005). Since the 1970s, China has been successful in coordinating its foreign and defence policies with its domestic priorities. China has been careful that its growing capabilities do not alarm or provoke others, which would create difficulties in its growth. This approach has been referred to as the strategy for propagating its “peaceful rise” (Goldstein, 2005). Since the mid-1990s, China’s efforts in this direction have been centred on two broad policies. China has tried to enhance its reputation as a more responsible and cooperative international actor as well as a friendly neighbour. Reassuring its neighbours has been the priority for China since the 1990s. Hence, China began pushing for regionalism since the last decade of the 19th century. China began playing a key role in the Shanghai Cooperation Organization (SCO), facilitated greater cooperation with ASEAN and took constructive role in resolving the nuclear crisis that loomed on the Korean Peninsula in a peaceful manner. Another policy priority for China, since 1996, have been to improve bilateral ties with the great powers, especially the US and its allies, so as to reduce the chances that they might come together to balance against China. Hence, China’s “grand strategy” emerged as a reaction to the challenges faced by Beijing as a country whose growing power and influence has been a matter of concern for other countries who might later oppose China. The goal was to protect its key strategic interests that would help it endure its economic and strategic rise. The combination of policies that make up its “grand strategy” is designed to enhance China's standing as a responsible global power. The efforts to nurture partnerships with its neighbours and other major powers seek to ensure that China continue to have the opportunity to carry on its decades-long process of modernisation, that is important for it to become truly a great power (Goldstein, 2005).

In the late 1980s, China was also concerned about escaping political isolation caused by the Tiananmen Square massacre in 1989. The gross human rights violations that occurred led to the Western countries⁸⁹ cutting off China from their diplomatic radar (NSARCHIVE, 2016). However, it is notable that several Asian countries remained silent during this period and some countries, especially Communist countries, even went on to support China (NSARCHIVE, 2016).⁹⁰ The support from these countries

⁸⁹ It included the US, Canada, Western Europe, Australia, New Zealand, Japan etc.

⁹⁰ This group include, East Germany, Cuba, North Korea and Czechoslovakia.

prompted China to further hike its development assistance and strategic investments that became instrumental in boosting China's bilateral ties with several countries.

China has therefore used its economic diplomacy to enhance its presence and visibility in the Global South. It became a major source of development assistance to the developing countries in Asia, Africa and Latin America. Initially, development assistance was given to these regions to garner diplomatic support for a permanent seat in the UNSC. Today, its development assistance appears to be tied to its interests in energy, natural resources and raw materials, for its growing industrial sector as well as trade, investment and for supporting Chinese businesses. While economic interest is the driver for China to enhance its foreign aid, the political and strategic interests also come to occupy centre-stage with its rise as a formidable economic power in the 21st century. Gaining support for one-China policy and cutting out Taiwan's diplomatic support also governed China's foreign policy to other developing countries. It has also been opposing Japan's quest for a permanent seat in the UNSC. China aims to build strong ties with developing countries so that they provide support for Chinese domestic and foreign policies in international fora (Lancaster, 2007). In order to expand its political influence, China has also been keen to form alliances with small developing countries of the Global South and promotes SSC in order to expand its influence amongst the Third World countries (Pehnelt, 2007:5).

With the high economic growth achieved by China in the 1990s, economic and diplomatic considerations became priority for China. Efforts were made to advance the interests of Chinese businesses as well as to find new markets for Chinese goods and services. The involvement of MOFCOM in China's development assistance is a reminder of how China strategically pursues its economic interests through foreign aid (Pehnelt, 2007: 6). It is on a continuous look out for economic opportunities in its partner countries including trade and investment opportunities, search for new markets, supporting Chinese business interests in foreign countries as well as getting raw materials for its own industries (Brautigam, 2009).

Like any regional and aspiring global power, China's policies and agendas head towards ensuring its legitimate position among the great powers. For this, it needs support and recognition from developing countries of the Global South which it aspires to achieve through aid.

Chinese Development Assistance: Prospects and Challenges

China has ensured its position as the largest development assistance providers outside the OECD with an annual foreign aid volume of USD 4.8 billion (White Paper, 2014). Even though China has been giving development assistance since the 1950s, it has garnered a whole lot of attention in the last one decade with the massive increase in its foreign aid flows and its expanding geographical outreach.

China has been giving assistance according to its own rules and regulations and has distanced itself from the traditional donors' style of foreign aid giving. China's development assistance is more or less governed by Beijing's principles on foreign policy and economic diplomacy.

The OECD-DAC's foreign aid and China's development assistance differs mainly in terms of conditionalities, the donor-recipient relationship and the modalities of assistance (McCormick, 2008:84; Kjollesdal and Welle-Strand, 2010:3). China maintains that it gives assistance based on equal partnership between the two countries involved in development assistance. Chinese development assistance is based on the principles of SSC which opposes hierarchical relationship between the donor and the recipient. Instead, equality, mutual benefit and win-win situation is underlined by the partners involved in SSC.

Furthermore, China underscores that it provides aid without any conditionalities. This no-conditionalities policy, according to Li (2007), has its origin in China's domestic politics. China does not impose conditionalities like democracy and good governance, which are the most important tenets of OECD aid. It is no wonder that China, which has an authoritarian Communist government, shows no interest in promoting democracy or institutions for good governance. China also observes a policy of non-interference in the domestic politics of the partner country which in turn helps Beijing escape the questions on its occupation in Tibet and its one-China policy. China's policy of non-interference in domestic affairs helps several developing countries from not being excluded from China's aid programmes. Moreover, China also does not take into account the human rights records of the partner country. Having remained a human rights violation offender several times, China does make any reservations against those countries involved in gross human rights violations. This has helped "rogue states" like Zimbabwe and Sudan get aid from China even when the Western

countries have stopped giving aid to these countries. The Western countries have constantly criticised China for giving assistance to these states (Manning, 2006). When the Western donors cut down aid to “pariah states”, those projects left incomplete by the traditional donors are taken over and completed by China, thereby filling the gaps that the traditional donors have left behind (Pehnelt, 2007: 9).

However, Chinese aid is not entirely devoid of any conditionalities. One of the political conditionalities imposed on the recipients is to adhere to one-China policy. Further, its concessional loans, which form 55.7% of its total assistance, are attached to goods and services from China. China also involves Chinese firms, to manage most of the projects, which in turn would use Chinese machinery and equipment, as well as bring labourers from China. The flow of labourers from China has also been criticised widely by the Western governments and also by the recipient countries. It has been claimed that China’s development assistance has helped Chinese people to relocate to several parts of the world (Tso, 2009:3)

Even then, Chinese foreign aid is attractive to many developing countries which hope that China’s own development experience and economic growth strategies could be replicated in their country to achieve high economic growth (Kjøllesdal and Welle-Strand, 2010:4). Schuller et. al. (2010) claims that the recipient countries warmly welcome Chinese aid as relatively fewer conditionalities are imposed. Further, it also supports infrastructure projects that are greatly needed by the recipient countries and development assistance is complemented by closer trade and investment relations with China (Schuller et. al., 2010: 15).

China traditionally funds high-profile and prestigious infrastructure projects like ministry buildings, state houses, dams, rails, roads, stadiums etc. Even though these projects are popular in many developing countries, the traditional donors do not prefer to finance these high-scale infrastructure projects. China is said to be following a “niche strategy, i.e., filling the gap other donors have left” (Pehnelt, 2007: 10). Certain partner countries’ governments, especially in Africa, demand such huge infrastructure projects from China that not only help China push its interests in the partner country but also help the recipient country governments to show off to their people the achievements of their government. China also projects itself as a development assistance provider that gives need-based and demand-driven assistance.

The changing aid scenario in the early 1990s, with the end of Cold War along that ended strategic aid and aid fatigue among traditional donors, provided ample opportunity for China to rise as an important development assistance provider (Raposo and Potter, 2010:177). Even though China was giving development assistance since the 1950s, it began to be recognised as a prominent player outside the OECD-DAC only in the late 1990s.

With the emerging powers playing a greater role in development assistance, the recipients got more options to choose from. With the mounting pressure from the traditional donors on the recipient countries to liberalise their economic and political system, many of them chose China over OECD-DAC to escape the tricky situation. This further prompted China to boost its development assistance to these recipient countries (Taylor 1998:450). For example, Fiji got assistance from China to escape the international pressure to go democratic (Tso, 2009: 2).

The traditional donors consider China's policy of helping "rogue states" and a lack of OECD-like conditionalities derailing their efforts to bring policy reforms in their recipient countries (Zafar, 2007). Even though China's policies are popular in many countries, the traditional donors criticise Beijing for the lack of focus on democracy, human rights, good governance, sustainable development, and lack of concern for environmental protection⁹¹ (Zafar, 2007:106; Lum et. al, 2009:1). Furthermore, the West has blamed China for increasing corruption by giving aid without conditionalities and supporting corrupt elites in several recipient countries (Tso, 2009:1; Raposo and Potter, 2010:192). For example, World Bank's efforts to curb corruption in Nigeria were allegedly derailed by China by giving loans for constructing railways, without any conditionalities attached. Nigeria is an important partner for China in Africa because of its huge oil reserves, and its trade and investments. Similarly, a new aqueduct was constructed in Manila, Philippines with Chinese assistance. This was supposed to be funded by the ADB, but was later taken over by China without imposing any conditionalities for financing.

However, aid is not free of donor interests, be it traditional donors or China. Most donors use aid for fulfilling their national interests. The traditional donors are also

⁹¹ China assisted Indonesia in expanding its electricity grid. However, China used highly polluting coal-based technology to build the power plants thereby increasing pollution in the country.

involved in trade facilitation and resource extraction through aid. Hence, there might not be too many differences between China and traditional donors as far as development assistance motives are concerned. Therefore, aid could be more of a bane than a boon for many recipient countries.

Furthermore, the traditional donors who blame China for encouraging repressive regimes are themselves involved in giving foreign aid to those countries that are undemocratic and have a history of human right violations. For instance, the US is a major foreign aid donor to Israel and Pakistan.

The normative liberal discourse that has criticised China on several grounds fails to acknowledge that Chinese assistance could also have been beneficial for those countries, which are entirely dependent on foreign aid but fails to get it from the traditional donors or has been unsuccessful in bringing policy reforms and democratic institutions (Tan-Mullins et. al., 2010: 857). Also, for some countries Chinese development assistance is an additional source of aid. Even though Chinese development assistance volume is much lower than the OECD-DAC donors, it is still important for certain developing countries of the Global South.

Despite all the drawbacks in Chinese assistance, it would be clearly unfair to “uncritically assume Western aid to be morally superior and more effective in terms of development outcomes” (Tan-Mullins et. al., 2010: 857). Moreover, development assistance has contributed to China’s inescapable global reach and impact on the outside world.

Conclusion

Around one and a half decades back, Segal had claimed that China is a small market that matters little to the world and therefore is not a threat to the West economically, politically or culturally (Segal, 1999). But China cannot be underestimated to the degree that Segal has done in the late 1990s. In the present times, China is far more powerful and competent, and holds much more powerful position in international politics (Hart and Jones, 2010: 64). China is one of the fastest growing economies in the recent times with an average 9% growth registered in the past two decades.

Since 1950, China has been providing development assistance to developing countries. But its aid volume, recipients, motives and strategy behind aid has changed

considerably. Earlier, it used to give maximum aid to its neighbours. The recent trends suggest that it gives more aid to Africa. Various reasons contribute to the changing geographical scope of Chinese development assistance ranging from political to economic to diplomatic. Interestingly, China has a clear development assistance policy. It has been quite clear about its interests while disbursing aid, may it be trade and investments, quest for natural resources and energy, or its assertion of its “One-China Policy”.

Though Chinese aid cannot be said as very different from the aid given by traditional donors, Chinese aid has its own characteristics. China is an emerging power that does not want to join the traditional donors club. For China, its identity as a country of the Global South is extremely important and distances itself from the developed donors’ club of the OECD-DAC. Its aid is mostly centred on the SSC and it prefers its recipients to be considered as partners. This has been advantageous for China on several occasions, especially in international institutions where its development partners have come to its rescue. Thus it considers its Third World identity as an inalienable part of its aid policy for now. At the same time, it cannot be ignored that China is an aspiring great power and it has been using development assistance as a tool of economic statecraft. Omuruyi argues that the Chinese “foreign aid behaviour indicates its aspirations to attain great power status” (Omuruyi 2001: 123). Kupchan (2001:14) argues that “the rise of China will confront the United States and the West with economic and geopolitical dilemmas similar to those that America’s rise posed to Britain”.

China has been very keen to formulate its own rules, regulations and institutions in various aspects of development finance. The way China has expanded its development assistance volume and visibility demonstrates the importance of development assistance in its foreign policy and economic diplomacy. Despite criticisms from many the West, China has been unapologetically pursuing its interests through foreign aid. The traditional donors find tough competition from China in several developing countries, mostly in Africa that is presently the priority area for China. It is slowly trying to change the rules of the game that were made by the traditional donors. China is, without doubt, rising. Accurately predicting China’s trajectory of growth is quite hard, but it can be mentioned that China is surely in a stage of transition. Whether its rise will be peaceful or not is something to be

contemplated. But we can be quite convinced that it will be in a much favourable position in the coming years. This global power shift in which China has evolved as a global power could be considered as one of the key developments in international politics (Gu et. al., 2007). Moreover, China and India are expected to be in the forefront of this change.

In the next chapter, India's role as both an emerging power and a development assistance provider would be analysed to understand how the emerging powers are changing the international development landscape.

CHAPTER 5

INDIAN DEVELOPMENT COOPERATION (IDC)

In 1947, when India gained independence, its position in international politics was that of an underdeveloped country struggling to preserve its hard gained freedom. The huge territory and population looked rather disadvantageous for a country suffering from poverty and illiteracy that could derail any newly independent country from the path of democracy, and might possibly slip away into the hands of dictators for the pathetic economic situation that existed in the country at that point of time. India, like other underdeveloped countries, started receiving foreign aid from developed countries of the world since the early days after independence. During the course of time, Indian economy survived the shocks, both domestic and international and its economic boom started in the last decade of the 20th century. India's status of being a recipient of foreign aid has given way to its repositioning in international aid architecture as that of a donor. Even though India received foreign aid from most of the traditional donors, what is commendable is that it has never been entirely dependent on foreign aid. Though foreign aid came as a relief for an impoverished India, the realisation that developing its own economy would bring it out of the aid-dependency cycle and poverty at large, made India prioritise economic self-sufficiency as an important tenet of India's foreign and economic policy since early days after independence. This confident approach of the Indian leadership led India to initiate its own programme for development that eventually achieved tremendous economic growth, pulling India out of the category of underdeveloped and impoverished country to an emerging power to reckon with.

What is more impressive is that even while India was struggling with its own development issues, it started giving development assistance as early as the 1950s. Though its development assistance was rather small, India was still a development assistance provider to its small neighbours who also were struggling with difficulties similar to that of India's. Gradually, India has expanded its development cooperation programme in volume, focus and strategy to become one of the biggest development cooperation providers in the international aid architecture which has been monopolised by the affluent countries of the Global North, the OECD-DAC. Indian

development cooperation is nothing new, therefore. It has been in existence for as long as the traditional donors' aid programme if the time-span of aid-giving is measured. While many scholars have used the term "emerging donor" to denote India as a development assistance provider, India does not really belong to this group of countries whose development assistance programme is new. India has been an old donor but does not belong to the OECD-DAC and consider its development cooperation as very different from the OECD-DAC's definition of foreign aid.

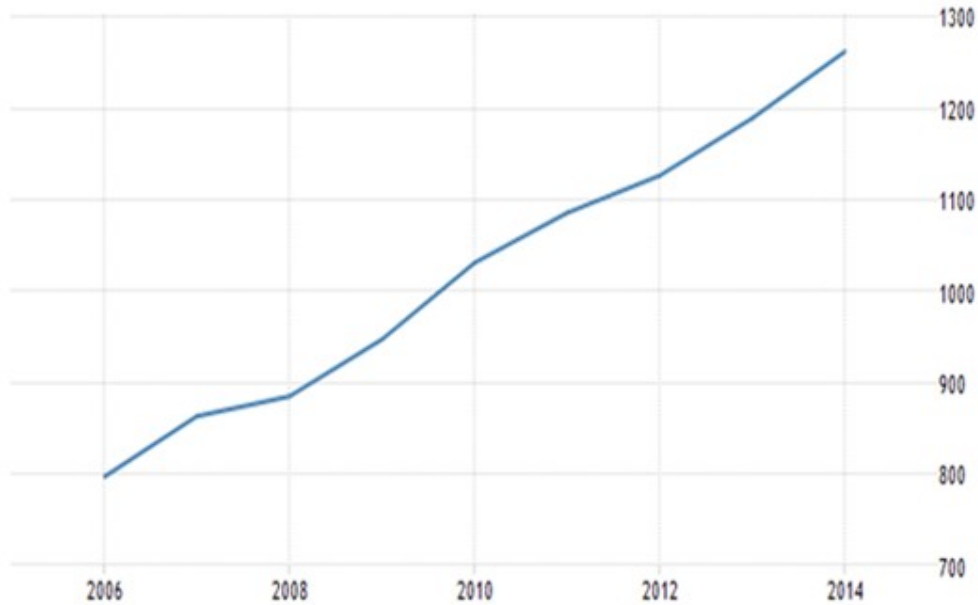
Therefore, it becomes even more difficult to tag India as an 'emerging donor' if the term means a new donor whose development assistance programme is rising. However, India might fit into this category of 'emerging' if the word 'emerging' refers to an emerging power that has its own development assistance programme. Then again, the official discourse of India's development cooperation totally discards the idea of emerging donor and calls itself a 'partner'. India vows for horizontal cooperation and detaches itself from traditional aid hierarchy. In this chapter, India has been called as 'a partner' and not 'a donor', and the term Indian development cooperation (IDC) has been used instead of foreign aid as these are the official terms used by the Government of India (GOI).

Nehru had assumed that "India, along with the United States, the Soviet Union, China, and the British Commonwealth, would be among the world's major powers" (Nehru, 1946). The consistency of India's economic growth has made India the third largest economy⁹² in the world with enhanced capacity and means to contribute to international development efforts more systematically. India's economic boom and geo-political importance has raised expectations of the fellow developing countries from India, particularly with whom India had teamed up for various initiatives, especially on international forums for restructuring of global trade, finance and other developmental aspects (Chaturvedi, 2008:3). India's growing role as a leader for the developing world, as an active proponent of SSC and as a key player for regional stability in South Asia seems to be important factors in garnering attention from the developed world (Jobelius, 2007:3). Global powers like the US, UK has taken note of

⁹² India's GDP (PPP) is USD 8027 billion and ranks third after China and the US. In GDP (nominal terms), India stands at seventh position. However, in GDP per capita terms, India stands much below the world average (Statistics Times, 2016: February7). But its GDP per capita has been growing steadily (see, Figure.5.1).

India's economic and political revaluation, and has been keen to boost economic, political and strategic ties with India.

Figure.5.1: India's GDP Per Capita (USD), 2006-2014



Source: Trading Economics (2016c).

This evolving interest of the Western countries in India's development cooperation has generated an interest in the academia and policy circles to study India's position in the international aid architecture. India, which was considered as an aid recipient⁹³, has been redefined to that of a development assistance provider. However, India's dual position as that of a recipient and a provider continues even in the 21st century, 65 years after it first started its development assistance programme.

While India has maintained close contacts with the great powers and all the major powers in international politics, New Delhi has also been keen in establishing lasting political and economic ties with other developing countries in Asia, Africa and Latin America. This is also reflected in its selection patterns of the beneficiary countries which India has diversified its development cooperation beyond South Asia to include most countries in the Global South.

⁹³ Between 1951 and 1992, India received USD55 billion in foreign aid, becoming the world's largest recipient, although when translated into per capita terms it appears much less reliant on aid (Bijoy, 2010:65).

Apart from bilateral ties, India has been involved in forging stronger relations with other countries through active participation in multilateral organisations⁹⁴ and ensuring a prime position for itself in international regimes, including a permanent seat in the UNSC (Jobelius, 2007:4). All these efforts from New Delhi point to India's system-shaping capabilities and its increasing global aspirations.

With the setting up of a specialised agency for providing development assistance, the Development Partnership Administration (DPA) in 2012, institutionalisation of IDC has reached a new dimension that emphasise on the priority India attaches to its development cooperation programme and making its own rules and regulations without getting pulled down by the pressure of being drawn into the traditional donor club.

This chapter examines India's role as a development assistance provider with deeper analysis on its development assistance policy, patterns of giving, modalities, agendas and motives behind its development assistance programme and the criteria for the selection of the partner countries. This chapter would also scrutinise how Indian development cooperation is different from the traditional foreign aid and whether India has been able to devise its own aid programme with its own rules. In addition, this chapter aims to analyse whether India could successfully use its development assistance programme to realise its national interest.

Historical Overview

India's development assistance programme started off since early years after independence. Therefore, the novelty regarding IDC exists only in the increased volume, geographical reach and its strategic dimension behind extending development support to developing countries of the Global South, and not in its time-span. Since IDC had been in existence since 1950, it becomes essential to look into the scope and dimension of IDC during its early years in order to sketch the growth, institutionalisation, geographical spread, policies and genesis of IDC. This would also help us bring out the trajectory of IDC and plot the diversions in IDC over the last 65 years. The modest beginnings gave way to more ambitious projects, especially in the 21st century.

⁹⁴ Like the G-20, BRICS, IBSA, G-77 and NAM.

Initially, IDC budget was small and was focused on local capacity-building and manpower training. India's foreign policy was based on its support for Non-Aligned Movement (NAM) which stressed on partnership and solidarity between the developing countries. India's development cooperation framework was also guided by the Colombo Plan⁹⁵ of 1950 and the Panchsheel agreement⁹⁶ signed in 1950. Colombo plan was "based on the partnership concept for self-help and mutual help in the development process" with a focus on technical cooperation, skill development, infrastructure development and south-south cooperation (The Colombo Plan, 2016). With changing times, the focus has been on "providing advance skills and experience sharing aimed at arriving at the best practices in different fields of economic and social activities as a means of good policy making and governance." With the signing of the Panchsheel agreement, the principle of "mutual respect for each other's territorial integrity and sovereignty" became the guiding principle of Indian foreign policy (UN, 1958:70). Moreover, India incorporated these five principles- "mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence" - as the basis of its own development programme, which started off soon after (UN, 1958:70).

IDC started off with its assistance to Nepal⁹⁷ in the early 1950s. Nepal has always been a priority for Indian foreign policy since India's independence. Furthermore, the institutionalisation of IDC was first tried and tested in Nepal, where India felt the need to assess and evaluate its development cooperation programme. Consequently, India established an Indian Aid Mission (IAM), the first of its kind, in Kathmandu in 1954. The scope of the IAM was to coordinate and monitor implementation of various development cooperation projects. The IAM also participated in a major development exhibition organised by the Nepal government at Kathmandu in 1963, which was a

⁹⁵ Colombo plan was conceived by the seven developed and developing Commonwealth Countries- Australia, Britain, Canada, Ceylon, India, New Zealand and Pakistan-at the Commonwealth Conference of Foreign Affairs in Colombo, Ceylon (now Sri Lanka) in January 1950. It was instituted as a regional intergovernmental organization for the developing countries in Asia-Pacific region (The Colombo Plan, 2016).

⁹⁶ Also known as the Five Principles of Peaceful Coexistence, signed between India and China, outlined the principles that govern the relationship between these two neighbours (UN, 1958:70).

⁹⁷ During the initial years, India's aid to Nepal constituted grants, especially toward developing agriculture, transportation infrastructure, and power generation. Some of the important projects that India helped Nepal to build were the airport in Kathmandu and the Kosi Dam, followed by various irrigation projects.

major event attended by more than 75,000 people (MEA, 1965:37; Chaturvedi, 2012:560). In 1964, the two governments also announced an agreement for undertaking “a periodic review of the progress made on Indian-aided projects”, the first of which was held in Kathmandu between 29 October 1964 and 2 November 1964 (MEA, 1965:35). Within a span of a decade, IDC projects in Nepal expanded in volume and got diversified in terms of modality. India started to focus extensively on infrastructure development and humanitarian assistance apart from technical cooperation. This was instrumental in re-designating the IAM into Indian Cooperation Mission (ICM), in 1966, to emphasise India’s position as a larger stakeholder in Nepal’s social and economic development, as well as to underline India’s readiness to cooperate in Nepal’s overall development (MEA, 1967:7). Later, in 1980, the ICM was replaced by an Economic Cooperation Wing (ECW) which was established at the Indian Mission at Kathmandu to address several other important economic activities such as expanding trade and investments that went much beyond development cooperation projects (Chaturvedi, 2012:560).

Like in Nepal, India decided to take periodic review of IDC projects in other countries of strategic importance, like Afghanistan⁹⁸ (Chaturvedi, 2012:560). However, this time, India went on with establishing a new Joint Commission (JC) at the ministerial level in 1970 with a much wider mandate than earlier institutions set up for reviewing IDC. JC was set up mainly “to study and plan various projects for the mutual benefit of the two countries based on the coordination of the resources and capabilities of each country” (MEA, 1970:21). The first meeting of the Commission was held in New Delhi and the mandate of the Commission included undertaking immediate measures for the expansion of trade between India and Afghanistan. Later, JCs were established for several other countries, for example, Sri Lanka, Iran⁹⁹ and Czechoslovakia, with the idea of boosting India’s economic cooperation and technical assistance with these countries (MEA, 1970, 80).

⁹⁸ Prime Minister Indira Gandhi visited Afghanistan in 1969, where both the countries discussed economic and technical cooperation, by identifying areas of mutual interest. The leaders from both the countries also agreed to work towards boosting economic cooperation and trade by ending the difficulties in land transit trade in the region on an urgent basis (MEA, 1970:21).

⁹⁹ India-Iran Joint Commission was established in 1969 and its first meeting was held in 1970 in New Delhi where a Protocol for economic, trade and technical cooperation was signed between both the countries which was expected to strengthen and diversify the cooperation between them (MEA, 1970:50).

At the Central level, the institution-building mechanisms started off in the 1960s. In 1961, the Economic and Coordination Division (ECD), was established within the Ministry of External Affairs (MEA) exclusively to deal with India's development cooperation programmes. Until January 1961, the development cooperation programmes¹⁰⁰ were originally based at the Ministry of Finance (MoF), which was later transferred to the MEA and, six months later, to the ECD (MEA, 1963: 54). ECD was also responsible for India's aid and trade relations with Nepal which were previously dealt with by the Eastern Division (MEA, 1963: 54). ECD also played an advisory role in matters such as "trade agreements, credit and payments agreements, foreign aid negotiations and other technical agreements including air and shipping agreements" (MEA, 1963:54). It also assumed direct responsibility for all projects related to technical assistance with the exception of schemes and programmes within the scope of the Colombo Plan, which remained with the MoF. ECD also dealt with political and economic conferences other than the regular conferences of the UN which are the responsibility of the UN Division (MEA, 1963:54). This division also established inter-ministerial committees and study groups, in order to understand whether India's economic aspects had a bearing on its foreign policy (MEA, 1964: 80; Chaturvedi, 2012: 562).

Eventually, with the steady expansion of India's training programmes, New Delhi soon realised the need for a new programme dedicated for technical cooperation, named as the Indian Technical and Economic Cooperation (ITEC) which came into being in 1964. ECD was entrusted with the ITEC projects, particularly in Asia and Africa. The Indian Missions abroad were assigned the task of expanding India's exports and exploring markets in its partner countries so as "to utilise surplus capacities and talents to mutual advantage" (MEA, 1970: 77). Moreover, India accumulated experience in skills development by being part of several multilateral programmes for skills development and capacity-building, such as the Colombo Plan, the Special Commonwealth Assistance for Africa Programme (SCAAP), the US Third Country Programme and the Technical Assistance Programme of the UN and its specialised agencies (MEA, 1965: 84). What comprised the economic activities of MEA include "technical assistance, promotion of economic collaboration and analytical and advisory functions on matters related to aid and trade" (MEA, 1970:

¹⁰⁰ This mainly includes Indian development projects in Nepal.

79). Under the ITEC programme, several techno-economic surveys for industrial development were carried out under the National Industrial Development Cooperation (NIDC) of India in several countries, including Afghanistan, Yemen, Fiji, Iran and Mauritius. The ITEC programmes also provided support for countries like Ghana, Nigeria, Tanzania and Uganda in developing small-scale industries (MEA 1970, 79).

In 1995, the Economic Division was restructured which resulted in the creation of a special administrative division within the MEA to deal with the ITEC programme. This new ITEC division had other related programmes like SCAAP¹⁰¹ and Aid to Disaster Relief (ADR) added to its purview. However, within a year ITEC was merged with the Technical Cooperation Division. In 1994, India added a new dimension to its policy of SSC through the Special Volunteers Programme (SVP), to provide development assistance to the partner countries in Asia and Africa (MEA, 1995:113). The main aim of sending the special volunteers through the SVP was to assist its partner countries in their development programmes. Initially, only as few as ten countries were identified as “target countries”. The target country list was revised periodically by the Committee on SVP based on the assessment of SVP undertaken by the Indian Missions in target countries. Based on the positive responses from the target countries in Asia and Africa, the list was expanded to include the countries in Central Asia. New Delhi also decided to send its volunteers based on the inputs received from the partner countries so that their development priorities and interests are very well taken into consideration (MEA, 1995:113). However, there is not much known about this programme after the initial years of its launch (Chaturvedi, 2012: 563).

With the start of 21st century, there were major developments taking place in India’s position as both a recipient and a development assistance provider. In the early 2000s, India decided to stop accepting tied aid and in 2003, India laid out its new policy on accepting foreign aid and also decided to bring changes in its own development assistance programme under the India Development Initiative (IDI). This initiative, with an allocation of Rs. 200 crores for 2003-2004, was supposed “to promote India as both a production centre and an investment destination” (GOI, 2003:20).

¹⁰¹ The SCAAP programme is aimed at providing technical assistance by India to 15 African countries which are the ex-colonies of UK. Activities under SCAAP are directed at extension of training to nominees from these countries in Indian institutes.

Established under the MoF, the IDI was expected “to leverage and promote strategic economic interests abroad” (GOI, 2003:20). Under this initiative, India borrowed capital from the international capital markets so as to “lend on concessional terms to less creditworthy countries” (Bijoy, 2010:68). The Minister of Finance and Company Affairs, Jaswant Singh, while presenting the annual budget in 2003, announced:

A stage has come in our development where we should now, firstly, review our dependence on external donors. Second, extend support to the national efforts of other developing countries. And, thirdly, re-examine the line of credit route of international assistance to others (GOI, 2003: 21).

The decision to reorient its aid policies was followed by extensive meetings to establish the guidelines and operational strategies that were issued in 2003 (Chaturvedi, 2012:563).

The India Development and Economic Assistance Scheme (IDEAS) was also introduced to provide LOC through the EXIM Bank rather than from the government of India (GOI). The IDEAS was intended to provide professional support and technical guidance in managing loan portfolios for partner countries. It was designed to finance exports from India of project equipment, goods and services (Chaturvedi, 2012: 567).

In 2003, India decided to accept bilateral aid only from five countries, namely the US, UK, Japan, Germany and Russia in addition to the European Union (EU). However, in 2004, a few donors including Canada, France, Italy and the Scandinavian countries were reinstated with a caveat that the bilateral cooperation with these donors would not be renewed after the completion of the on-going programmes. Yet, these donors could still direct their aid through either non-government organisations (NGOs) or any multilateral agency (Bijoy, 2010:67; Chaturvedi, 2012: 559). In 2003, New Delhi also decided to pay back some of its bilateral debt to all but Germany, Japan, the US and France. The MoF announced that it would repay bilateral credit involving USD1.6 billion owed to 15 countries¹⁰² (Bijoy, 2010:67). During this period, India’s contribution to the UN also increased “from Rs.185.9 million in 2002 to Rs. 279.9 million in 2004” (Bijoy, 2010:68).

¹⁰² This includes the Netherlands, Canada, the Russian Federation, Italy, Sweden, Belgium, Denmark, Kuwait, Austria, Switzerland, Spain, Australia, Saudi Arabia and the Czech and Slovak Republics.

In 2007, the institutional structures were called for renewal with the announcement of a new agency called the India International Development Cooperation Agency (IIDCA) which was a step towards unified administration and management of the India's outgoing development assistance. IIDCA was supposed to be represented by the MEA, Ministry of Finance and Commerce and other stakeholders involved in Indian development Cooperation (GOI, 2007). In the budget speech of 2007–2008, the Finance Minister P. Chidambaram announced that,

In keeping with India's growing stature in international affairs, we must willingly assume greater responsibility in promoting development in other developing countries. At present, India extends development cooperation through a number of Ministries and agencies and the total sum is about US\$ 1 billion per annum. It is felt that all activities relating to development cooperation should be brought under one umbrella (GOI, 2007: para107).

The guiding principle for India's decision to set up this new agency was New Delhi's position on its development assistance reaching those developing countries that were in greater need of external aid than India. Chaturvedi (2012:65) notes that "all the announcements related to IIDCA were either in Parliament or in the media there was no mention of this in any of the MEA documents". In 2011, the name of IIDCA was changed to the Indian Agency for Partnership and Development (Chaturvedi, 2012:565).

In January 2012, a Development Partnership Administration (DPA) was setup within the MEA. The primary responsibilities of DPA include ensuring speedy and efficient implementation of India's external economic assistance programme, especially with developing countries for capacity-building; and overall responsibility for projects falling under grants or lines of credit through the "stages of concept, launch, execution and completion" (MEA, 2012: xviii).

At best this seems to be one step short of setting up a full-fledged development cooperation agency. In hindsight, this seems to be a far more balanced approach, as the MEA has now more time to connect together various relevant divisions dealing with the evaluation of credit lines and projects (Chaturvedi, 2012: 565).

Indian Development Cooperation in the 21st Century

As an emerging power that gives development assistance to other developing countries, India has repositioned itself from a recipient to a provider of development

assistance thereby joining the club of the most powerful and influential countries in international politics. India is not a part of the OECD-DAC and does not align with the OECD definition and guidelines of foreign aid. India prefers to not call its development assistance as foreign aid and has even been very articulate about its position on development assistance which is a way different from the OECD criteria. New Delhi has been very adamant about its position as partner and discards the term donor which denotes a vertical relationship rather than a horizontal one.

In accordance with the philosophy of India's foreign policy, "an approach of friendship and cooperation with the aim of peaceful co-existence" became the founding principle of India's development cooperation policy (Chaturvedi, 2012: 558). The framework of SSC and its associated values facilitate the overcoming of multitudes of problems, differences and conflicts that might pull all the efforts for cooperation in different directions.

With the DPA established in 2012, India asserted its prominence as a development assistance provider.

Definition

Several scholars have attempted to define IDC. Bijoy (2010:68) describes India's "overseas development assistance as a combo of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs and many more, incurred by the Indian government". The non-plan grant is inclusive of humanitarian assistance as well as technical and economic assistance (Bijoy, 2010:68). Chanana (2009:11) defines India's "aid-related activities" as "grants, contributions to international organisations (IOs) and international financial institutions (IFIs), direct loans, and subsidies for preferential bilateral loans". These definitions however are more of a comparison of the IDC with OECD definitions of the ODA.

However, the reality is that there exists no standard definition for IDC. Details of IDC are not easily available since India does not report its aid flows to any international aid agency nor does it publish any status paper on its development assistance. Even though several components constitute IDC, these components vary from time to time

and whether some of the components are still added while calculating IDC is unknown. The MEA Annual Report 2015 describes IDC as

a combination of lines of credit, grant assistance, technical consultancy, disaster relief, humanitarian aid, educational scholarships and a wide range of capacity-building programmes including short-term civilian and military training courses (MEA, 2015: xvi).

IDC, therefore, is composed mainly of three elements: LOCs, grants and ITEC (MEA, 2015:162; Chaturvedi, 2012:566).

It appears that LOC have occupied a major place in India's development cooperation landscape compared with activities like grants and training programmes. This is not very different from India's own experience as a recipient of aid over the last 60 years (Chaturvedi, 2012:566). Among all the instruments being deployed as part of India's development assistance scheme, LOC occupy a huge share of India's total assistance to other countries.

Institutional Structures

The institutional structures for the implementation of the IDC have seen slow and steady development. Even though several institutional innovations have been attempted at various levels and at different points of time for improving delivery mechanisms and also for bringing the idea of impact evaluation and assessment into the IDC programmes, what is striking is the lack of consistency in these efforts. Nevertheless, the concerned divisions within the MEA dealing with planning and delivery (at the end of missions) have gone through several changes with more institutional innovations seen in the 21st century.

The three important institutions that are involved in India's development assistance are the MEA, MoF and MoCI. MEA has the coordinating role and enjoys a greater power over the others despite the fact that other ministries are equally important players in India's development cooperation. The other important player, the Department of Economic Affairs (DEA) in the MoF coordinates India's bilateral assistance with its partner countries. The MoCI also plays an important role due to the interweaving of trade and IDC flows. The EXIM Bank¹⁰³ is the topmost financial

¹⁰³ The bank extends LOCs to overseas financial institutions, regional development banks, sovereign governments etc. to enable buyers in those countries to import projects, goods and services from India on deferred credit terms and plays an important role in the implementation of needed foreign exchange

institution that is involved in financing, facilitating and promoting India's international trade relations with other countries (EXIM Bank, 2015:21). Apart from financing LOCs, it also takes care of budget support and loans. Further, the payment and settlement of IDC is generally administered by Indian embassies and consulates located in the partner countries (Jobelius, 2007:7). Even though several efforts were made towards reforming and developing the institutional mechanisms for IDC, the major changes came about only in the 21st century.

There were speculations of a centralised agency for IDC being set up within the MEA since 2003, however, it was only in January 2012 that the DPA was set up within the MEA, for “efficient execution and monitoring of India's development projects through the stages of conceptualization, launch, implementation and commissioning” (MEA, 2015:xvi). Initially, DPA focussed on its key projects under the LOC to various partner countries as well as different development projects in Africa and its neighbourhood, including Afghanistan, Nepal, Myanmar, Sri Lanka, Bangladesh (MEA, 2015: 162). However, DPA was soon involved in streamlining and upgrading the processes involved in the delivery of the key components of IDC, including grants and ITEC. It also works in close coordination with different territorial divisions of the MEA. The territorial divisions are “the main interlocutors with partner countries on the prioritization and selection of projects” covered under the IDC initiatives, which makes it important for the DPA to closely coordinate with them (MEA, 2015:162). DPA is also entrusted with the responsibility of “developing the expertise required to handle projects in varied sectors and regions through the stages of project appraisal, implementation, monitoring and evaluation” (MEA, 2015:162).

The DPA has three divisions- DPA I, DPA II and DPA III- each of which manages different aspects of IDC (MEA, 2016). While DPA I controls the project appraisal and LOC, DPA II deals with capacity-building programmes, disaster-relief and ITEC; and DPA III deals with project implementation. All the three divisions are led by Joint Secretary-level officers.

DPA-I handles all LOC, grant projects in the East, South and West African countries, grant assistance projects in Bangladesh and the Sri Lanka Housing project. DPA-II is

and capacity provision for the implementation of the projects (EXIM Bank, 2015: 21; Chaturvedi, 2008:34, 2012:567).

in charge of the grant assistance projects in South-east Asia, Central Asia, West Asia and Latin America. It handles over 8500 civilian and 1500 defence training slots allocated under the ITEC /SCAAP/Technical Cooperation Scheme (TCS) of Colombo Plan during 2012-13 to 161 partner countries. Annually, around 280 courses are conducted by forty-seven empanelled institutions. Furthermore, humanitarian assistance and disaster relief is also handled by this division. DPA – III deals with the implementation of grant assistance projects in neighbouring countries, including Afghanistan, Maldives, Myanmar, Nepal and Sri Lanka.

In 2003, New Delhi decided to channel its foreign loans through the EXIM Bank. From an organisational perspective, this implied that the MEA lost its monopoly on IDC, which indicated the growing influence of the MoCI in India's aid allocation. Such a change was even reflected in the allocation of bilateral loans from MEA that "fell from 32% to 6.7% of its total aid budget" (Chanana, 2009: 12). Also, there was an increase in EXIM Bank loan approvals that "grew at a CAGR of 37.7% during the period" (Chanana, 2009: 12).

The EXIM Bank works closely with the Investment and Technology Promotion Division (ITP), now part of DPA, the DEA and India's overseas diplomatic missions to ensure effective implementation of LOC. The government support is in terms of providing repayment guarantees and interest subsidy/equalisation to the EXIM Bank in order to compensate the Bank for the interest differential between the market rates and the amount it charges from its partners (Chaturvedi, 2012:567).

In several countries, LOC have played an important role in providing industrial competitiveness and improved infrastructure. One of the facets of this programme is that the EXIM Bank suggests neither the nature of projects nor the individual entitlement of a country. It is left to the countries to decide, provided they come up with their own procurement laws as enunciated in their government documents. The EXIM Bank runs two separate programmes under the LOC scheme. One is on commercial terms and the other is on non-commercial concessional terms. The difference from the international market rate of interest is borne by the GOI (Chaturvedi, 2012:567).

The importance of evaluation and impact assessment was also one of the concerns that ran through the MEA at several points of time but no standing institutional arrangement was established for undertaking a periodic review of progress made on India's development assistance projects (Chaturvedi, 2012:560). However, there is no arrangement at the central level to coordinate and harmonize various policy decisions across countries and associated institutional changes. Immediate need, rather than long-term vision, seems to be the prime driver of India's approach in the area of development cooperation (Chaturvedi, 2012:562).

Policy Framework

Indian government has not published any White Paper or policy statement on IDC. Besides, India does not seem to have a clear-cut policy on its development cooperation. However, there are several factors that signify IDC, which also make it stand out from the traditional concepts of foreign aid as well as enabling it carve out a niche of its own.

Since India is not a part of the OECD-DAC, it does not follow the definition and the guidelines set by the traditional donors that give it certain discretion in its own policy and strategy for development cooperation. Most Indian government officials, during interviews conducted with them during March-April 2016, reiterated that IDC is horizontal cooperation which is given to the partner country for its development. India bats for an egalitarian relationship with its partner countries which is in sharp contrast to the vertical and hierarchical donor-recipient relationship maintained by the traditional donors. India has made its position clear in the international arena by refusing to be a signatory of the Paris Declaration, Accra Agenda for Action (AAA) and the Busan Partnership Agreement; which New Delhi considers as hierarchical and harsh on the country on the receiving end.

India position on development cooperation has always been governed by the principles of SSC, including respect for sovereignty of the partners, ownership, non-conditionalities, and mutual-benefit, which is of great prominence from the very beginning of IDC. India, considers itself as a developing country partner to those countries which it provides development assistance. For India, IDC has also been an instrument to enhance its solidarity with the Global South.

Since the early days after independence, India has been following the principle of non-interference in other countries as well as respect for sovereignty of partner countries (Mullen, 2013:5). With the signing of the Panchsheel agreement, Indian establishment has upheld these ideals both in its foreign policy and development cooperation policy. Furthermore, India gives its partner country the choice to determine the development assistance it wanted from India. This makes IDC need-based and largely demand-driven. In most cases, the partner country identifies the kind of development assistance projects it requires and then the aid-request is routed through the Indian embassy in their country for the consideration of the MEA. The MEA, upon receiving the request from the partner country, coordinates with different ministries and agencies for finalising the partnership. India's demand-driven approach differs significantly from the approach used by traditional donors. Furthermore, India's commitment to not impose any conditionalities on the partners gives them a greater voice in the whole process. For example, the African Union (AU) had full freedom to decide on the participants of the India-Africa Business Summit, with little or no interference from India. This allows the partner countries to set their priorities and action plans without any interference/ pressure from the provider of development cooperation (Chanana, 2009:12).

Furthermore, while providing development assistance, New Delhi prioritises its neighbourhood more than any other region in the world. From the figures projected by the MEA annually, it is amply clear that India gives maximum assistance to South Asia, including Bhutan, Nepal, Afghanistan, Myanmar, Sri Lanka and Bangladesh. Bhutan receives the maximum assistance with more than 60% of IDC flowing into the country in 2014-2015 (MEA, 2014). This clearly demonstrates the strategic significance of the neighbourhood in India's foreign policy and economic diplomacy. India's foreign policy regarding its development cooperation has more or less been stable despite the change in governments and there has not been any dramatic increase or decrease in the quantum of development cooperation (Chaturvedi, 2012:568).

India has created its own institutions for development cooperation based on its interests and preferences. At the international level, even though it is not inclined to join the OECD-DAC, it has been very keen to be a part of the institutions under the UN umbrella. It was one of the countries that propelled the creation of DCF under the ECOSOC in 2007. For India, DCF has been an organisation with an egalitarian

perspective on donors and recipients unlike the OECD-DAC that is biased towards developed country donors (Chanana, 2009:12). India has showed its continued belief and support for multilateralism. New Delhi's readiness to sidestep institutions created by the traditional donors implies that India is not simply a passive observer, but an active participant in the multilateral system (Chanana, 2009:12).

Furthermore, India's role as a development assistance provider has been based on its own experience as a recipient of foreign aid as well as a developing country that could successfully achieve enviable economic growth in the 21st century, despite having several domestic issues and limitations to deal with. India has been trying to create a new discourse on development assistance using its foreign policy considerations and development experiences. Even though it has very less resources at its disposal for development assistance, it has been trying to use these resources to fulfil its own interests while also keeping in mind the welfare of its partners.

However, in order to make its development cooperation policies more acceptable and legitimate, it has to incorporate accountability into its development assistance. Being accountable to its citizens as well as the partner countries would enable its policymakers make more coherent development assistance policies based on a clear assessment of its strengths and weaknesses.

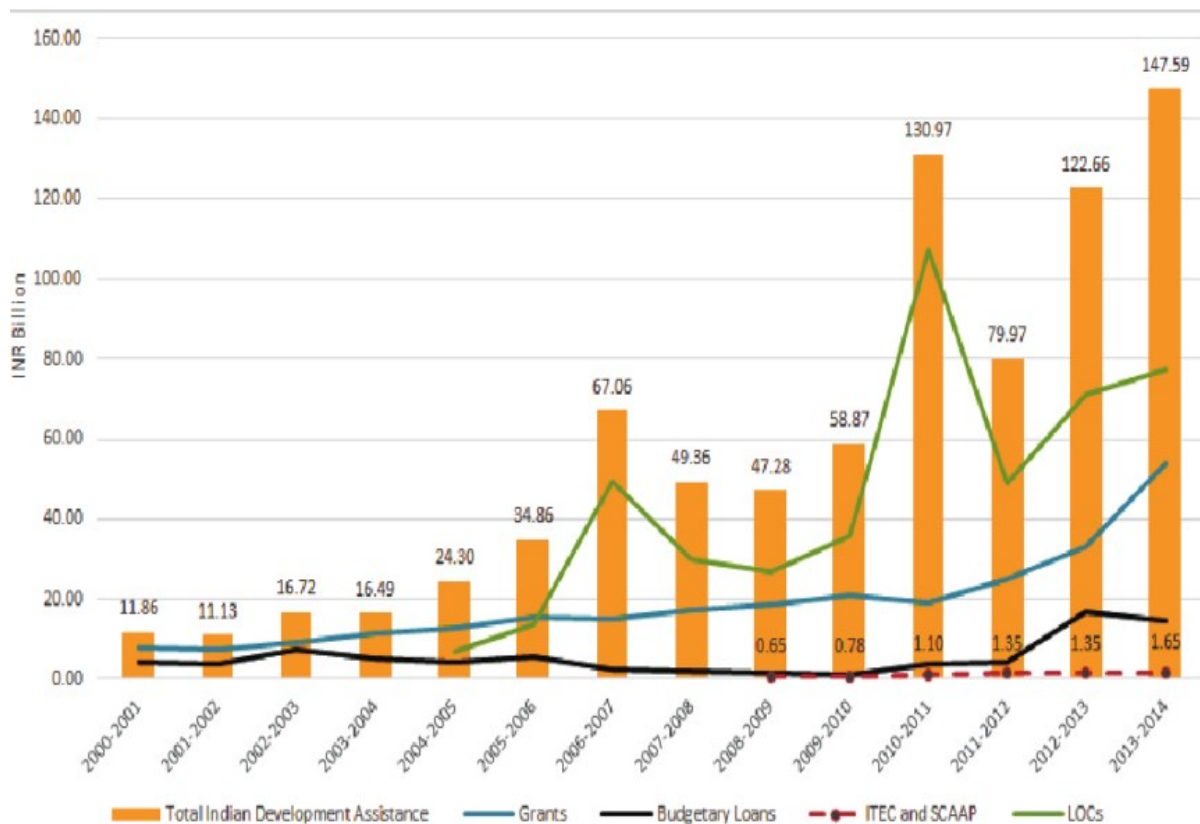
Patterns of IDC Flows

As there are no consolidated estimates of IDC, the annual budgetary allocations by the government have been used to assess India's development assistance volume, geographical outreach and modalities. The data is dispersed and some data is not available. However, the available data has been used to comprehend the sectoral allocation and geographical patterns of Indian's development cooperation.

As per the OECD figures, the volume of IDC allotted to partner countries reached USD 1.4 billion in 2014 (OECD, 2016e). In 2013, it was USD 1.2 billion. India's assistance to partner countries has seen a slow and steady rise over the years. The Indian Development Cooperation Research (IDCR) initiative at the Centre for Policy Research (CPR) has calculated the overall IDC volume as Rs.147.59 billion in the year 2013-2014 (IDCR, 2015). However, the IDC figure published by them is much

higher than the OECD figures and goes up to USD 2.4 billion,¹⁰⁴ one billion USD more than the OECD data projections.

Figure 5.2: Indian Development Cooperation by Volume (2000-2014).



Source: (IDCR, 2015: 3)

This section would also give a fair idea of the factors that go into India's selection of the partner countries and the major tools used by India for its development assistance allocation and delivery.

Geographical Patterns

India's development assistance had been South Asia-centric since inception. However, in the past few years New Delhi has diversified and expanded its development cooperation to Africa and Latin America. Apart from growing geographical reach, there has also been a marked increase in the quantum of assistance, range of activities and nature of development assistance. This largely

¹⁰⁴ The conversion has been done based on the yearly average exchange rate of conversion for rupees and USD, which was 1USD= Rs.60.93 for the year 2013.

means greater emphasis on coherence in India's other policies that support development across partner countries. For instance, India announced granting unilateral market access to most exports from the least- developed countries (LDCs) in 2008. This scheme covers products that account for 92.5 per cent of the LDCs' total global exports (and 94 per cent of India's total tariff lines) (Chaturvedi, 2012:565).

This section will elaborate on the expanding geographical footprint of India.

Asia

For New Delhi, the immediate neighbourhood continues to be the main focus of its development cooperation policy. Within South Asia, Bhutan has received the largest amounts of development assistance (Rs.6074 crore), followed by Afghanistan (Rs.676 crore) and Nepal (Rs.450 crore) in the financial year 2014-2015 (MEA, 2014: 12).

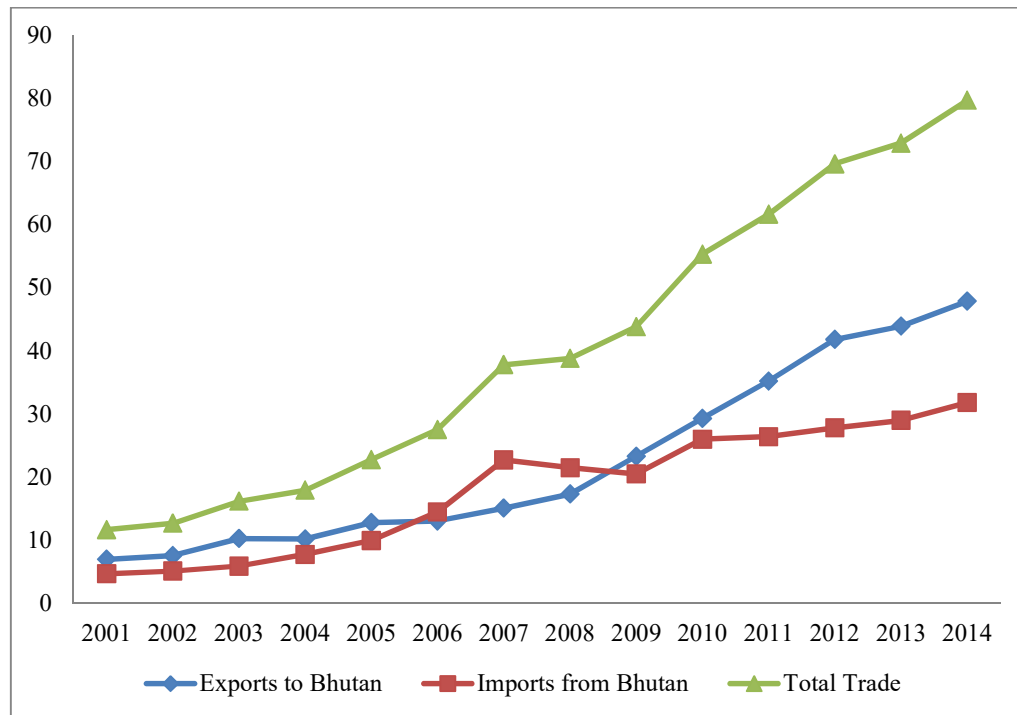
Figure 5.3: Indian Development Cooperation in South Asia, 2014-15



Source: MEA Outcome Budget, 2014-15 (MEA, 2014:13)

Bhutan has been India's most important development partner since the 1950s. It continues to be the top priority for IDC. India shares close historical, political and cultural ties with Bhutan and this was reaffirmed by the Treaty of Friendship and Cooperation signed between the two countries in 1949. Bhutan received more than 60% of India's overall grants and loans in 2014-15 (MEA, 2014). Initially, most of the grants for Bhutan were in the form of budgetary support that helped Bhutan develop its infrastructure and hydro-electric capacity. Further, India also started contributing towards Bhutan's five year plans from 1961, to help Bhutan walk on the path of development and economic growth. With the beginning of India's ITEC programme in 1964, Bhutan also began to get a significant amount of assistance in the form of technical assistance and capacity-building. For example, there was a tremendous increase in the number of ITEC slots received by Bhutan from 20 slots in 2000 to 217 slots in 2014 (Mullen, 2014: 13; IDCR, 2015: 13). From the 1970s, India began to extensively finance Bhutan's hydroelectric power projects which later became a major boon for India as most of the power harnessed from these stations is exported to India once the local demands are met. The major hydroelectric power projects funded by India include Chhukha hydroelectric project, Kurichhu hydroelectric project and Tala hydroelectric project. Several other projects have been commissioned by India and are expected to be completed soon. Further, India's trade with Bhutan has been steadily expanding (see, Figure. 5.4).

Figure 5.4: India-Bhutan Trade, 2001-2014 (in billion Rs.)



Source: (Embassy of India Thimphu, 2016; MEA, 2012a: 4)

Nepal has been another important development cooperation partner and foreign policy priority for India. The historical and cultural links with Nepal has been a key reason behind India's political and economic cooperation with Nepal. However, when compared to Bhutan, Nepal gets lesser volume of development assistance from India. It has been giving development assistance to Nepal since the early days after independence. The most important sectors for development cooperation have been infrastructure, health, education, and technical assistance and capacity-building (MEA, 2013a). India initiated its development assistance with its assistance to Nepal to build the Kosi dam and the airport at Kathmandu. Similarly, it also started developing and upgrading its institutions for development cooperation from its experience in Nepal. Apart from being historically and culturally important, Nepal has geopolitical and strategic significance for India. New Delhi was also cautious of Nepal's growing proximity with China and wanted to ensure Nepal's continuous support and cooperation. For this, New Delhi has been providing generous assistance for Nepal's development and its transition to democracy. India provided Rs.450 crores as loans and grants (LOCs not included) in financial year 2014-15 (MEA,

2014: 12).¹⁰⁵ Furthermore, it has also been cooperating with Kathmandu in rehabilitation and reconstruction efforts after the earthquake in 2015. In this regard, India pledged USD 1 million as assistance (The Indian Express, 2015: June 25). Furthermore, India is also the largest trading partner for Nepal and also a major source of FDI. India's development assistance has, since the beginning, been focussed on Bhutan and Nepal and continues to be so. However, the partner that has gained greater prominence in IDC has been Afghanistan, which is getting a heightened volume of IDC.

Despite having strong historical and cultural linkages, Afghanistan was not a major development cooperation partner for India until recently. India deepened its economic and political ties with Afghanistan after September 2001. Afghanistan was allocated Rs.676 crore in loans and grants in the financial year 2014-2015 (MEA, 2014: 12). The main areas of IDC in Afghanistan are infrastructure development, humanitarian assistance, health, education, and technical assistance and capacity-building (MEA, 2012b: 2). The most prestigious project for India in Afghanistan has been the Parliament building, a Rs.969 crore project, inaugurated by Prime Minister Modi in December 2015 (The Indian Express, 2016: January 28). Other important projects include the Salma Dam in Herat, the Zaranj-Delaram Road, the Women's Vocational Training Centre in Kabul and Agricultural University ANASTU in Kandahar. Linked to this, India-Afghan trade relations have improved considerably since the early 2000s, standing at USD683.02 million in 2013-14 (Embassy of India Kabul, 2016). Even though economic, political and strategic motivations drive India's development assistance to Afghanistan, one of the most important considerations for India has also been bringing long-term stability and peace in the country.

Amongst its immediate neighbours, Bangladesh began to receive assistance from India soon after its birth in 1971. India's development assistance as loans and grants to Bangladesh was Rs.350 crores (MEA, 2014: 12). India also extended two LOCs worth USD1 billion and USD2 billion respectively to Bangladesh for various development efforts (MEA, 2015a). The major sectors of cooperation include energy, technical assistance and capacity-building, humanitarian assistance and infrastructure (MEA, 2015a). For India, better infrastructure facilities in Bangladesh meant

¹⁰⁵ This amounts to USD70.9 million (annual average exchange rate of 1USD= Rs.63.46 in 2014)

increased connectivity with its north-eastern states. India has been pushing for greater political and economic engagement with Bangladesh through its development assistance efforts.

India also shares close historical and cultural ties with Sri Lanka. India's bilateral relationship has improved considerably after the end of the civil war in 2009. India's development assistance to Sri Lanka in 2014-15 was Rs.500 crore (MEA, 2014: 12). Indian assistance to Sri Lanka is focussed on infrastructure, humanitarian assistance, education, technical-assistance and capacity-building. Some of the important projects include the Housing Project, Cultural Centre at Jaffna, Vocational Training Centres, upgrading the rail link between Colombo and Matara, and coal power plant at Sampur (MEA, 2015b).

South Asia continues to be the priority for India. The key areas of development cooperation in South Asia are infrastructure, health, education and capacity-building. Even though economic and commercial interests are important for India, what has been crucial for its engagement in South Asia is its strategic considerations and its vision of regional leadership that New Delhi expects to fulfil through its enhance development cooperation efforts.

Africa

Even though there has been consistent increase in IDC to South Asia, another region that is gaining more prominence is Africa. The allocations to African countries have increased from Rs.9 crores in 1990-1991 to Rs.125.8 crores in 2009-2010 (Chaturvedi, 2012: 570). There have been significant fluctuations during certain years, but the trends show the increasing focus on Africa. In 2014-2015, Indian development assistance to Africa in the form of loans and grants were estimated as Rs.350 crores, nearly six-fold increase in the volume from financial year 2005-2006 when it was Rs.60 crores (MEA, 2014: 12). Apart from loans and grants, India's LOCs to Africa has also been rising. It increased from USD 304 million in 200-2005 to USD 5.1 billion in 2012-2013 (Mullen, 2014: 5). More than half of India's total LOCs go to African countries, the important ones being Sudan, Ethiopia, Tanzania, Kenya, Democratic Republic of Congo, and Mali. The development assistance to Africa has ranged across technical assistance and capacity-building, educational scholarships, medical support and infrastructure building and maintenance.

India's increasing development cooperation with Africa has been complimented by increasing trade and commercial ties that has been growing. In 2002, India launched its "Focus Africa" programme that was aimed at improving India's trade and commercial ties with Africa in the 21st century, through enhanced economic diplomacy (WTO, 2013: 38). India's trade with Africa increased substantially from USD 5.5 billion in 2001-2002 to USD 63 billion in 2011-2012 (WTO, 2013: 15). While India's relation with Africa was governed by historical ties and political considerations in the second-half of 20th century, it is now overwhelmingly governed by economic and commercial interests in the region. The India-Africa Forum Summit (IAFS)¹⁰⁶ has been an important way by which India has enhanced its engagement with the African continent. All the three summits were considered to be huge successes in building long-lasting political and economic ties between India and Africa.

Latin America and the Caribbean

India's visibility in the Latin America and the Caribbean has increasingly become prominent in the recent times. Earlier, the geographical distance and language barriers were important roadblocks in establishing stronger ties with the region. However, this is slowly changing with India's increasing engagement with the region.

The volume of development assistance allocated for Latin America and Caribbean has been much less when compared to what India gives to Asia and Africa. It got a meagre sum of Rs.30 crore as loans and grants in the year 2014-15 (MEA, 2014:12). However, there has been a fifteen-fold increase in assistance given as grants and loans since 2009-2010 levels, which was Rs.2 crore. The major sectors of assistance in the region include infrastructure, technical assistance and capacity-building and pharmaceuticals.

Furthermore, India has consciously been trying to push for a greater engagement with the region, especially in trade and commerce. There has been a twenty-fold increase in India-Latin America trade from 2000 to 2012. What was just USD 2 billion in 2000 jumped to USD 46 billion in 2012 (MEA, 2013b). However, the region accounts for only five percent of India's total trade. Also, India's economic engagements are

¹⁰⁶ The IAFS was initiated for strengthening India-Africa relations. Until now, three summits have been held; two in New Delhi (2008 and 2015) and one in Addis Ababa (2011).

mostly with a few big countries in Latin America including, Brazil, Mexico, Venezuela, Colombia and Chile. Other countries, mostly smaller ones, do not figure in New Delhi's foreign policy considerations.

India is keen to engage with Latin America and the Caribbean, seemingly more for of economic and commercial interests, and less for political and strategic considerations. However, multilateral diplomacy could be one of the important considerations for India to engage with this region. A permanent seat in the UNSC cannot materialise without the support of countries in the Global South.

Multilateral Development Assistance

In addition to its bilateral aid initiatives, India has made increasing contributions to support other developing countries in their social and economic development, and in the process enabling them to attend to their Millennium Development Goals (MDGs) goals. Along with the rapid expansion of India's economy, the government is also showing a keen interest in expanding India's role in various multilateral fora.

New Delhi's growing amount of humanitarian assistance through the UN's initiatives indicates India's increasing role in international aid architecture. India has also joined several global public-private partnership programmes which are dedicated to attracting and allocating additional resources to prevent and treat communicable diseases. One such example is the Global Fund¹⁰⁷, which has focused specifically on dealing globally with HIV/AIDS, tuberculosis and malaria, and has received high-profile support from the Clinton Global Initiative and the Gates Foundation (Chaturvedi, 2012: 572). India has become the host country for two major Asian regional research centres for advance technologies, namely the International Center for Genetic Engineering and Biotechnology (ICGEB), and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), both operating under the UN umbrella. These institutes coordinate and support research in medicine and agriculture in Asia. Furthermore, India also hosts the UN Educational, Scientific and Cultural Organization (UNESCO), Regional Centre for Biotechnology (RCB) and the

¹⁰⁷ Global Fund, created in 2002, with approved funding of USD18.4 billion for more than 572 programmes in 140 countries, provides a quarter of all international financing for AIDS globally, two-thirds for tuberculosis and three-quarters for malaria. India has contributed USD11 million to this programme (Chaturvedi, 2012:573).

Asian and Pacific Centre for Transfer of Technology (APCTT) of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).

Being the largest democracy, India has been actively involved in strengthening democratic institutions around the world through its support and contributions to the UN Democracy Fund (UNDEF). India is the second-largest contributor to this fund, having contributed US\$ 31.56 million by 2014 (PMINEWYORK, 2016). The Fund supports various projects for developing democratic institutions in different countries. India has a strong history of sharing experiences in conducting and managing election processes; for example, in Nepal¹⁰⁸, Burma¹⁰⁹ and Sudan.¹¹⁰ However, these efforts are guided by India's policy of non-interference and respect for each other's territorial integrity and sovereignty, as envisaged in the Panchsheel principles. Unlike the West which tries to thrust democracy on other countries, India's efforts have been in the direction of supporting developing partner countries in smooth transition to democracy based on its own experience of transforming itself from a British colony into the largest democracy in the world.

Under the IBSA initiative, India has contributed to the IBSA Fund, established in 2004. Its work has been managed and disbursed through the Special Unit for SSC of the UNDP, "thereby helping to 'de-nationalize' a portion of the countries' national aid flows" (Chaturvedi, 2012:574). Through the UN's special agencies, India has provided assistance to victims of the earthquake in Haiti as well as to the victims of floods in Pakistan.

India has been supportive of the development assistance efforts through the UN and its agencies because it considers UN as an egalitarian organisation. However, IDC is mostly bilateral assistance and very little multilateral. From the previous sections, it could be concluded that India prefers giving assistance through bilateral means which would allow it to better influence its partner countries and help fulfil its interests.

¹⁰⁸ India sent a team of experts for supporting the smooth conduct of an election in 1959.

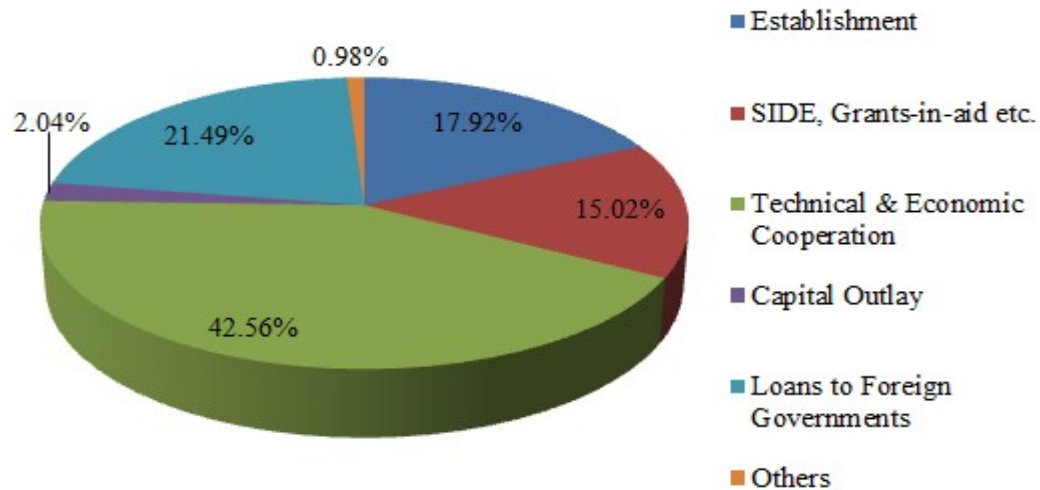
¹⁰⁹ Burma Election Commission visited India to observe the conduct of general elections in India in 1962 with the support of the Indian government.

¹¹⁰ India's Election Commissioner visited Sudan in 1953 in order to facilitate the implementation of the Anglo-Egyptian Agreement for self-government and self-determination in Sudan.

Sectoral Distribution

The three broad sectoral heads that India focuses are the LOCs, grants and the ITEC. This section would focus on each of these sectors in detail in order to capture IDC's priorities and interests.

Figure 5.5: Sectoral Allocation, Budget Expenditure, 2014-15



Source: MEA Outcome Budget 2014-15 (MEA, 2014:13).

ITEC:

India's ITEC programme was initiated in 1964 by a decision of the Indian Cabinet. The Cabinet observed that,

a programme of technical and economic cooperation is essential for the development of our relations with the other developing countries on the basis of partnership and cooperation for mutual benefit (ITEC, 2014:1).

Since then, ITEC programme has emerged as a flagship programme of the MEA. All the capacity-building programmes of the Indian government, including the ITEC, SCAAP and TCS of Colombo Plan are managed by the DPA-II (ITEC, 2016).

India's own experience as a receiver of aid in capacity-building has proved to be tremendously beneficial for India's development which inspired and paved the way for the ITEC programme that aimed at sharing the lessons in development imbibed by India in the early years after independence. More than 160 countries were invited during a span of five decades, under the ITEC, SCAAP and TCS of Colombo Plan

programmes, to share India's developmental experience after independence (ITEC, 2014:1).

Conceived initially as a bilateral programme, ITEC has grown tremendously to become a multilateral one with slots being allotted to multilateral groupings like the G-77, ASEAN, AU, CARICOM, IOR-ARC, IAFS and WTO (ITEC, 2016a). With the expansion of the ITEC programme, the competence of India as a provider of technical know-how and expertise is accepted and appreciated by several countries. India aims to show its solidarity with other developing countries of the Global South which would also generate immense goodwill for India. India also grants assistance under ITEC based on the needs and demands of its partners, which make it one of the important modes of cooperation for partner countries.

The ITEC programme has several components:

organising training (civil and defence) in India of nominees from ITEC partner countries, deputation of Indian experts abroad, aid for disaster relief, gifts/donations of equipment at the request of the ITEC partner countries, study tours and project and project related activities such as feasibility studies/consultancy services (ITEC, 2014:4).

One of the most important components of ITEC programme is giving training to government officials and professionals from partner countries. This includes both civilian and defence training courses. The civilian training courses are fully funded by GOI. The courses have been divided into seven broad categories: "Accounts, Audit, Banking and Finance Courses; IT, Telecommunication and English Courses; Management Courses; SME/Rural Development Courses; Specialized Courses; Technical Courses; and Environment and Renewable Energy Courses" (ITEC, 2016a). In 2013-2014, 8280 slots for civilian training were allocated to India's ITEC/SCAAP partners. These courses are considered as important platform for skill development and capacity-building and are in great demand from partner countries that also send their senior level officials for training in India (ITEC, 2016a). During 2014-15, over 8300 civilian training slots were offered to 161 partner countries under the ITEC Programme and SCAAP. In addition, 500 civilian training slots were provided separately under the TCS of Colombo Plan (MEA, 2015: xvii).

India also gives defence training to those nominated by the partner countries and it covers all the three wings of the Defence Services, i.e., Army, Navy and Air Force.

The areas of training include security and strategic studies, defence management, and aeronautical and marine engineering. Trainings are given in India's most prestigious institutions like National Defence College, Defence Services Staff College and Indian Military Academy. India's defence training facilities is not just available for the developing countries of the Global South. Developed countries can also request for India's defence training services on self-financing basis.

New Delhi also provides its partner countries with assistance in technical activities by sending experts who could analyse the issues and suggest solutions based on the socio-economic and political situation of the partner countries. Indian experts are sent only on the request of the partner country for assistance on technical matters. Some important areas covered under this project include military training, IT, medicine, English teaching, telecommunications, and agricultural research. Furthermore, other developing countries find India's experience and expertise as matching to their stages of development and technological advancement. The success achieved by India in the areas of small and medium scale industries, agriculture and financial management are of great interest and curiosity to other developing countries (ITEC, 2016a).

Further, India has also been providing study tours to its partners as a part of its ITEC programme. These tours are completely demand-driven. Upon the request of its partner countries, New Delhi send invitations to their delegates to visit and stay in India for study programme of two to three weeks duration in which they are taken to different institutions and training centres in various parts of India.

Apart from assistance to other developing countries in the form of gift or donations, India under its aid for disaster-relief programme of the ITEC supplies humanitarian assistance in the form of food grains, medicines and other important items to those countries struck by natural disasters.

The increasing number of participants coming for ITEC programme signifies its utility and relevance to other developing countries. With the increasing number of participants, India has also increased its budgetary allocation for ITEC. It rose from Rs.4.46 lakhs in 1964-1965 to more than Rs.1 crore in 1971-1972, and to Rs.200 crores in 2013-14 (ITEC, 2014:3).

Technology transfer is an important mode of assistance to other developing countries. In 2007, India created a Pan-African e-Network to foster digital connectivity between India and Africa. Through this initiative, it became possible to connect schools and hospitals in Africa with top institutions in India using advanced satellite technology. Usually large public sector enterprises under the ITEC umbrella are entrusted to implement these kinds of projects (Chanana, 2009:12). Pan-African e-Network project was implemented by Telecommunications Consultants India Limited (IDCR, 2015:5). Under ITEC, India has been successful in expanding its relations with other developing countries of the Global South.

One of the advantages that India has over other developed countries that give development assistance is the significantly lower overhead costs. The fact that most of the ITEC courses were conducted in India ensured that the overall cost of training given per head was a fraction of similar kinds of training conducted in developed countries. Also, the impact of an ITEC course for bureaucrats was much greater than the rupee value of the development cooperation provided by India. Because of this, IDC could train more people for the assistance given through ITEC provided to each of its partner country (Mullen, 2013:7).

Furthermore, ITEC programme has been instrumental in creating a lot of goodwill for India through the huge network of ITEC alumni who develop a “powerful cultural bridge between India and the country concerned” (ITEC, 2014:6). With most of the ITEC alumni holding important positions at home, in different fields like ministry, academia, policy-making and business, India has the support of a powerful group of people in its partner country who would help in facilitating the bilateral ties between the two countries (ITEC, 2014:6).

The ITEC programme could also be considered as a symbol of India's role and contribution to SSC, a partnership based on a shared sense of solidarity, the idea of national ownership and no conditionalities approach. Furthermore, India's respect for sovereignty of its partners, lack of conditionalities and demand-driven approach is markedly different from the aid given by most of the traditional donors. Henceforth, India's competence in providing technical assistance and capacity-building has been recognised around the world through the ITEC programme. As a result, India is being

increasingly recognised and branded as a “provider of technical know-how and expertise” (ITEC, 2014:6).

Lines of Credit (LOCs)

EXIM Bank defines “a line of credit is a financing mechanism through which EXIM Bank of India extends support for export of projects, equipment, goods and services from India” (EXIM Bank, 2013:2). In 2003-2004, New Delhi formulated the Indian Development Initiative (IDI), now known as Indian Development and Economic Assistance Scheme (IDEAS) to extend concessional LOCs routed through EXIM Bank. The main idea was to share India’s development experience through capacity building and skills transfer. Through LOCs, trade and infrastructure development also became a part IDC. LOCs, therefore, are essentially concessional loans with a certain grant element which are administered by the EXIM Bank of India on its own and coordinated by DPA-I.

EXIM Bank extends LOCs to

the foreign governments or their nominated agencies such as central banks, state owned commercial banks and para-statal organizations; national or regional development banks; overseas financial institutions; commercial banks abroad and other suitable overseas entities (EXIM Bank, 2013:2).

LOCs are extended to developing countries on concessional terms with the condition imposed on the recipients that they “import Indian equipment, technology, projects, goods and services on deferred credit terms for a minimum of 75% of the contract value” (EXIM Bank, 2013:8; 2015a:2). Therefore, LOCs provide “a safe mode of non-recourse financing option to Indian exporters”, especially the Small and Medium Enterprises (SMEs). This helped the Indian businesses to easily enter the new export markets as well as in expanding their business in existing export markets “without any payment risk from the overseas importers” (EXIM Bank, 2013:2). These, therefore, function as instruments for facilitating trade and less of development assistance (Roychoudhury, 2013:23, Chaturvedi et. al., 2014:2).

In 2014-15, seventeen LOCs worth USD1.67 billion were provided by the EXIM Bank in order to support Indian exports including goods, projects and services. The countries that received maximum LOCs from India include Nigeria, Vietnam, Democratic Republic of Congo, Fiji Islands, Gambia, Mauritius, Nepal, Nicaragua,

Djibouti and Senegal. Most of the LOCs were provided for projects like “cement plants, electrification expansion, transmission lines and substation, rice self-sufficiency programme, fertilizer plant and upgradation of the sugar industry” (EXIM Bank, 2015:21).

In 2012, more than 50% of total LOCs went to sub-Saharan Africa, followed by South Asia with 39% (Chaturvedi, 2012: 568). As far as the sectors of allocation are concerned, maximum assistance was provided to the power sector (28%), followed by railways (19%), engineering and construction (14%), sugar production (9%) and agriculture and irrigation (8%) (Chaturvedi, 2012: 568). In 2014-15, LoCs of about USD 881.17 million was given to Africa and USD 1392.44 million were sanctioned to countries in Asia and Latin America (MEA, 2015: xvii).

Grants/Loans

India’s grants were mainly focussed on the neighbourhood. However, grant component of IDC is relatively small compared to ITEC and LOCs despite an overall increase in grant element in IDC since 1990. From Rs.2.6 billion grant in 1990-1991, it increased to about Rs.28.5 billion in 2009-2010 and reached Rs.48 billion in 2012-2013. The key sectors in which grants got allocated were education and information technology sector (Chaturvedi et. al., 2014:2).

It appears that LOCs have occupied a major place in India’s development cooperation landscape compared to other components of IDC like grants and the ITEC programme. This has similarities with India’s own experience as a recipient of aid over the last 60 years. Since 1981-1982, the share of loans and grants in the overall inflow of aid has not changed much in the Indian context. In 1981, India was receiving external assistance of USD 2079 million, out of which USD 1694 million was loans while USD 385 million was grants (Ministry of Finance, 2012). In 2010-2011, India received overall assistance of USD 8287 million, out of which loans constituted USD 7679 million while grants totalled USD 608 million. According to Chaturvedi (2012: 566), the analysis for the period (1981-1982 to 2010-2011) shows that the share of loans in the total assistance moved from 81 per cent in 1981-1982 to 93 per cent in 2010-2011. The major providers of development assistance in 2010-2011 at the bilateral level included Japan (17 per cent), the United Kingdom (4 per cent) and Germany (4 per cent). At the multilateral level, the major providers were the

International Bank for Reconstruction and Development (IBRD) (38 per cent), Asian Development Bank (ADB) (20 per cent) and International Development Association (IDA) (13 per cent) (Chaturvedi, 2012:566).

The reduced grant element and the surge in LOCs in IDC significantly demonstrate New Delhi's growing trade and commercial interests that accompany its development assistance. LOCs have been greatly beneficial in facilitating trade and pushing India's economic diplomacy abroad as it has always been tied to Indian goods and services. Behind India's development cooperation are varied interests and motivations. The following section would analyse the motivations and agendas driving IDC to the Global South.

Motivations and Agendas

India's increasing presence in the international aid architecture has raised questions about the motivations and agendas behind its development cooperation. Is IDC purely altruistic or is it guided by self-interest? This question would be analysed in detail in this section.

In the early days after independence when India started giving assistance, IDC was focussed more on helping the newly independent countries of the Global South, especially Asia and Africa, by focusing on their common history of colonial subjugation. India forged a sense of shared history and culture, especially in South Asia, which acted as the driving force behind India's development assistance programme. This sense of shared history with other newly independent countries is said to have created a perception of equality amongst many developing countries "in their quest to develop and modernize" (Mullen, 2013:3). Furthermore, the Cold War and India's leadership in the NAM provided a greater impetus for New Delhi to focus on SSC and provide assistance to developing countries in Asia and Africa.

However, the later years have seen changes in IDC with its volume increasing manifold, introduction of different modalities and its expanding geographical spread. Jobelius points to two important factors that has ensured the strategic value of IDC within Indian foreign policy: first, the country's dynamic economic growth that contributed to new economic motives in its SSC, and second, New Delhi's increasing prominence in international politics and its greater claim to status of a "South Asian

hegemonic power and global spokesperson of other developing countries” (Jobelius, 2007:3). Even though these factors are relevant to India’s changing development assistance policy, there are several other factors that played a key role in India’s growing development assistance and its increasing scope.

India, after economic liberalisation in 1991, began to reach out to the outside world. Development cooperation became an important instrument for India’s economic statecraft. Since the beginning of the 21st century, IDC gained greater importance in India’s foreign policy. India began to orient its development assistance in accordance with its interests and preferences. This part of the chapter would look into these motivations.

Regional Leadership

For India, South Asia has always been the top priority. India shares close historical, cultural, political and economic ties with the countries in its immediate neighbourhood. South Asia remains a foreign policy priority for India.

The maximum volume of India’s development assistance is allocated to its closest neighbours, with its volume steadily increasing over the years since independence. Bhutan is the largest recipient of IDC and received more than 60% of its grants and loans in 2014-2015 (MEA, 2014). Other important partners include Nepal, Afghanistan, Bangladesh and Sri Lanka. All these countries are of great strategic significance for India.

South Asian countries are politically, economically and strategically significant for India. For New Delhi, maintaining its influence in the region has always been a concern and a priority. India faces tough competition from China in the region. China has wooed all the countries in the region with its increasing soft power capabilities and economic might. China’s growing foreign aid and investments in the region has always been a concern for India that wants to restrict Chinese influence in the region. Furthermore, India is also concerned about Pakistan’s growing proximity with China. One of the ways through which India is trying to tackle the China-Pakistan problem in the region is through development assistance to its small neighbours. However, China has also been using similar tactics to maintain its influence in the region as well as to balance India. Moreover, one of the prime concerns of India is maintaining stability in

the region. India, through its development assistance, has also been supporting its neighbours to maintain political stability and economic growth.

Apart from political interests, trade, investments, energy and natural resources has also been important motivations driving IDC in the region.

Trade, Markets and Business

With the liberalisation of the Indian economy in the early 1990s, the approach of IDC has shifted to incorporate its growing economic interests into its external development assistance. Even when India continue to be one of the most dynamically growing markets in the world, to sustain its economic growth, it has become imperative to get access to new markets; to improve deficits in the trade balance; secure the supply of raw materials for its growing industries, and obtain energy resources (Jobelius, 2007:3). This had a significant effect on India's foreign policy towards other developing countries thereby making Indian development cooperation invariably linked to trade and search for new markets.

Indian business has had a favourable time since the 1990s and the IDC has also been seen in a favourable light as these businesses have benefited enormously from New Delhi's emphasis on economic diplomacy. Chaturvedi et. al. (2014) argues that it is India's development assistance partner countries that receive most of India's foreign direct investment (FDI) and capital as well. Slowly, Indian businesses and trading interests have diversified to meet these ends. There is widespread support for the increasing role of businesses in development, both among the political classes and the bureaucracy. Numerous "public-private partnership models" that are currently operational supports these claims (Chaturvedi et. al., 2014:2).

The institution that has played the most important role in merging the interests of the business in IDC has been the EXIM Bank, which has been supporting "the Indian industries in their globalisation efforts through a comprehensive range of financing and advisory support programmes encompassing all stages of the export business cycle" (EXIM Bank, 2013:1). The Bank's vision is "to go beyond traditional financing and facilitate exports of a variety of products and services which have the potential to go overseas, by creating a niche for them in the international market" (EXIM Bank, 2013:1). With the Bank's support, many Indian companies operate as

either Engineering Procurement Construction (EPC) contractors or consortium members in export markets. Companies like Tata Motors,¹¹¹ the state-owned RITES¹¹² and oil companies such as ONGC Videsh and Indian Oil Corporation Ltd. (IOC) have got lucrative deals in Africa and Asia (Bijoy, 2010:71). EXIM Bank has been supporting and encouraging Indian companies to venture out to different countries and to seek project opportunities thereby facilitating project exports from India.

The fact that Indian LOCs has been tied to goods and services from India also demonstrates how India has made trade and investments an integral part of its development cooperation. This has given a boost to India's trade and investments, especially in Africa and Latin America and the Caribbean. Furthermore, with the increasing geographical outreach of IDC, Indian firms have also expanded their businesses to several countries that were not earlier in their agenda. Hence, Indian government and businesses began to coordinate their functions for mutual benefit.

Clearly, LOCs have helped India in facilitating trade and investments in far-off countries in Africa and Latin America. More than 50% of India's total LOCs go to Africa. It should be noted that India's trade and investments with Africa has grown exponentially. Indian interests in Latin America and the Caribbean has also been trade and investment-related. Apart from trade and investments, India has been on a look out for energy and natural resources to support its growing industrial sector as well as fulfilling the energy demands of its growing population.

Despite India's expanding economic diplomacy and outreach, New Delhi is adamant about its foreign policy principles based on SSC. Even though it is encouraging the Indian businesses to expand their circle, it has given clear guidelines for the businesses to respect and follow the rules of the country where they have invested in projects (Chaturvedi et. al., 2014:2). For the Indian businesses, India's expanding development cooperation activities and its enhanced economic diplomacy with the Global South has proved to be highly beneficial in expanding their business interests in far-away countries where they have ample opportunity to grow and make profits.

¹¹¹ Tata Motors got a USD 19 million World Bank tender to provide 500 buses to Senbus, a transport company in Senegal.

¹¹² RITES has been involved in the sale of locomotives to Sudan Railways and other involvements in Tanzania, Ethiopia and Uganda.

Henceforth, India has been relatively successful in complementing its development assistance with trade and investments. Also, its increasing developing cooperation programme of India has given a much needed push to the Indian businesses.

Diplomatic Support

Apart from India's interests in regional stability, expanding its trade and investments and its quest for energy and natural resources, another important dimension of its development cooperation is gaining diplomatic support from the developing countries of the Global South in international platforms.

India, since independence, has been a supporter of the Global South and adheres to the principle of SSC in its foreign policy and economic diplomacy. It has also helped many colonies in Asia and Africa in the struggle for independence. Furthermore, India was an important figure in NAM and worked for solidarity and self-determination of the Global South. India has also been giving assistance to other developing countries since its independence. Apart from bringing solidarity and goodwill, India considers its development cooperation as a way to gain diplomatic support from its partner countries in global governance institutions like the UN, IMF or WTO.

Permanent Seat in the United Nations Security Council (UNSC)

Like several other developing countries, India has also been aspiring for a permanent seat in the reformed UNSC, and has been pushing for an early reform in the present system to incorporate more emerging powers into the high table. Efforts in this direction has been undertaken by these countries as the P-5 countries¹¹³ at the Security Council represent the power equations of the Second World War and has not be reformed since then to address the changing power dynamics in the international system. They are also perturbed by the unequal representation and are questioning the hegemony and over-representation of the West in the UNSC.

India has been an important contender for the permanent membership which has made it important for New Delhi to garner support from other developing countries of the Global South. One of the reasons why India has been expanding its development cooperation from its neighbourhood to other countries in Africa and Latin America

¹¹³ The P-5 countries are the permanent members of the UNSC, including US, UK, China, France and Russia. They have veto powers.

has been its desire to mobilise support for its candidacy from the Global South. While the reforms might take several years or might not happen in the near future, New Delhi has been engaged in gathering diplomatic support for this distant dream.

Even though several motivations drive IDC, these are not entirely focused on fulfilling its selfish interests. India also gives assistance for helping countries to achieve economic growth and development. India has always provided assistance in time of need, for example, New Delhi's humanitarian assistance to those countries affected by natural disasters or humanitarian crisis. India's development assistance to Nepal, Sri Lanka and Afghanistan, has humanitarian elements. Through development cooperation, India also hopes to present itself as a powerful and self-reliant country that has the capacity to help others as well as readiness to take responsibilities in the international system.

India, the Development Partner: Prospects and Challenges

While India has several prospects as an emerging development partner in terms of its approach towards development cooperation and the ideals it bring to the table as a partner, there are several challenges that needs to be addressed. With India's increased development cooperation volume and its diversified geographical focus and modalities, New Delhi has shown its readiness to be an important development cooperation partner for the countries of the Global South. However, India needs to build on its strengths and do away with its weaknesses to be able to be a reliable and responsible partner to the Global South.

The future of India's development assistance will depend on whether it can overcome some of the main institutional and policy constraints. The lack of coordination among the different ministries involved in development assistance and no central agency for implementation and management of development cooperation is restricting India from utilising its full potential. A central agency would also help in reducing administrative costs, overlaps and duplication of assistance, and would bring more transparency into the horizon with all data in one place. This could also make easy project evaluation and impact assessment, which is totally absent from India's development cooperation for now. With the increasing scale and scope of development cooperation, India will have to address this issue on an urgent basis for optimum results for its development cooperation agenda.

India has to recognise its strength in development cooperation and improve and build on its successes. India's technical assistance and capacity-building has helped in local capacity building in the partner countries. This has been a huge success for India and has set India apart from other donors in the eyes of its partners. This has increased India's goodwill and strengthened its bilateral ties with its partner countries. Being less intrusive and cooperative has also served Indian interests rather well as building lasting social and cultural links would usually bring better political and economic outcomes (Chanana, 2009: 14).

Another issue that India needs to sort out is its lack of commitment to multilateral and trilateral development cooperation. Even though India has shown its readiness to cooperate under the UN umbrella, it has been hesitant to make use of the prospects of multilateral and trilateral cooperation. For example, it has not fully tapped the potential of cooperation with other countries of BRICS or IBSA. Teaming up with these countries, especially in Africa, and Latin America and the Caribbean would have better outcomes for all the partners.

Discussions on India's challenges for advancing its economic diplomacy would lead us to the domestic challenge. India's domestic situations have not been highly encouraging for India to go generous abroad. India is still strangled by issues like poverty, illiteracy, unemployment, population explosion, economic inequalities, and lack of infrastructure to support its growing population. There are increasing concerns as to whether India should be using its resources for development cooperation or for its own internal development considering the problems at home (Chanana, 2009: 11). While domestic issues would definitely need to be managed and resolved in the coming years, India is not left with a choice to not undertake its economic diplomacy efforts abroad as increasing trade and investments, ensuring access to energy resources, and strengthening diplomatic ties are all necessary to ensure India's unhindered rise, predominantly for maintaining high economic growth rate. Hence, IDC should focus on India's strengths and address the issues hampering its development cooperation and economic diplomacy. India's forays into economic diplomacy need to be expanded if it has to rise from its emerging power status and fulfil its great power ambitions.

Conclusion

Indian development cooperation has six decade long history which is a story of slow and steady development of an underdeveloped country into an emerging power with system-shaping capabilities. The marked shift in the volume, scope and geographic reach of India's development cooperation signifies political, economic and strategic significance of development cooperation for New Delhi in advancing its economic diplomacy abroad.

IDC has expanded its wings to expand its geographical scope, modalities and volume. Yet, there are no clear definitions, accounting and monitoring mechanisms and coordination among different institutions involved in IDC. These are important drawbacks that India needs to address. The lack of a clear development cooperation policy will not do India any good in advancing its economic interests abroad.

The development cooperation trends suggest that India's development cooperation is focused on its neighbourhood. India, being a regional power in South Asia, has the responsibility of building solidarity with its neighbours and ensuring stability and peace in the region. Furthermore, the increasing tension with its neighbours, Pakistan and China, has also been a major concern for India.

India's footprint in the developing countries of Asia, Africa and Latin America has been increasing with a keen interest in being a partner in their development efforts. These countries have been India's partners for a long time and India has historical ties with most of the countries in these continents. However, India has been criticised for resource-extraction and its search for new markets in Africa and Latin America. Yet, the only factor driving India's development cooperation could not be self-interest. Instead, it is India's efforts to build solidarity across the Global South and its own national interest which takes India to its southern partners. Although trade, investments, search for markets and energy resources comprise India's interests in these continents, India expects these countries' support in jointly working for a common end in various multilateral forums on behalf of the developing South. India also needs their support to realise its dream to become a permanent member of an expanded UN Security Council. India, being a developing country that has played a

major role in NAM, and its continuing role as a staunch supporter of SSC, it has not shed its Third World identity and speaks on behalf of the developing South in most multilateral forums. Another important factor for India's expanding development cooperation is its wish to create goodwill and solidarity in the Global South. India's technical assistance and capacity-building efforts have been in this direction and has borne fruit. India's development assistance has been effective in several ways and has helped pushing its partner countries in the path of economic growth and development.

India has been keen not to be branded as an 'aid donor.' It does not want to be identified as belonging to the developed countries club. IDC is different from the traditional donors' aid, as it is anchored on principles of SSC making IDC more egalitarian, no-conditionalities attached and based on mutual gains and win-win situation. India attaches great importance to its developing country identity despite its increasing prominence in the international world order. With its long nurtured and cherished Third World identity, it hopes to earn legitimacy both at home and abroad and build a long lasting relation with its partners based on hope and trust.

CHAPTER 6
COMPARING BRAZIL, CHINA AND INDIA AS DEVELOPMENT
ASSISTANCE PROVIDERS

Foreign aid evolved as a dominant paradigm under the traditional donors. However, the current state of international development is very different from what it was in the 20th century. The increasing presence and visibility of the emerging powers as development assistance providers have changed the international development landscape forever. What was generally considered as an exclusively North-South flow of money and resources has now accommodated the idea of SSC in development. The exclusive competence of the West in development assistance has been challenged by the emerging powers. These emerging powers of the Global South have emerged as an indelible force in international development with a greater impact and influence.

In the previous three chapters, the three largest development assistance providers of the Global South, Brazil, China and India's development assistance was evaluated and explained in order to understand the emerging powers' development assistance policies, geographical scope, modalities, and motivations behind their development assistance. This chapter would analyse these three countries' development cooperation in a comparative perspective.

The development assistance policies and patterns of these three countries show several convergences and divergences. Brazil, China and India as development assistance providers share several similarities as well as dissimilarities. They consider their development cooperation different from that of the OECD-DAC aid and do not belong to the Western donors' club. The cornerstone of emerging powers' foreign policy as well as development cooperation policy has been SSC, the key factor driving their development cooperation making them stand out in the international development landscape.

While it is important to compare these emerging powers and their international development cooperation, the lack of comprehensive and reliable data on each of their development assistance makes it difficult to make useful comparisons in terms of the amount or volume of development assistance provided by them. Even though the

exact numbers are not available, the broader patterns and values have been used to compare these three countries' development assistance.

Emerging Powers' Development Cooperation: Definitions

There is no single definition for emerging powers' development assistance. Each country has its own definition for development assistance and therefore no common definition for emerging powers' development assistance exists.

As per the IPEA report, Brazil's definition of development cooperation is the following:

The total funds invested by the Brazilian federal government, entirely as non-repayable grants, in governments of other countries, in nationals of other countries in Brazilian territory or in international organizations with the purpose of contributing to international development, understood as the strengthening of the capacities of international organizations and groups or populations of other countries to improve their socio-economic conditions (IPEA, 2011:11).

The MEA Annual Report 2015, GOI describes IDC as

a combination of lines of credit, grant assistance, technical consultancy, disaster relief, humanitarian aid, educational scholarships and a wide range of capacity-building programmes including short-term civilian and military training courses (MEA, 2015: xvi).

China gives "foreign assistance in three types: grant (aid gratis), interest-free loan and concessional loan" (White Paper, 2014). The official definition of what constitutes each of these modalities is given below:

Grant is mainly offered to help recipient countries build small or medium-sized social welfare projects, and to fund human resources development cooperation, technical cooperation, material assistance and emergency humanitarian aid... Interest-free loan is mainly used to help recipient countries construct public facilities and launch projects to improve people's livelihood... Concessional loan is mainly used to help recipient countries undertake manufacturing projects and large and medium-sized infrastructure projects with economic and social benefits, or for the supply of complete plants, machinery and electronic products (White Paper, 2014:2).

Amongst the three countries, it is only Brazil that has a clearer definition for its development cooperation. It was only in 2011 that Brazil initiated its efforts towards bringing more clarity towards its development cooperation. Until then, there were no official reports on Cobradi and Brazil had not defined as what constitutes development assistance. Both China and India does not give any specific definitions for their development assistance. Their development cooperation is based on the modalities of assistance they offer.

The concept of “100% non-repayable grants” offered by Brazil differentiates Cobradi from Indian and Chinese development cooperation. For both China and India, their development assistance need not be 100% grants as it could be any percentage of grant element. Moreover, debt relief and LOC/concessional loans are included in their development cooperation. Debt-relief is not considered as a component of development cooperation by Brazil.

Both the Indian LOCs and Chinese concessional loans are tied to the goods and services from these countries. The EXIM Bank under the Ministry of Finance manages Indian LOCs. Indian LOCs are 75% tied with goods and services from India (EXIM Bank, 2015a:2). China also gives concessional loans, managed by China Exim Bank, and is tied to goods and services from China. For China and India, these loans constitute the majority of their development cooperation to their partners (see, Figure.4.7 and Figure.5.2). These are primarily aimed at facilitating their trade and investment opportunities with their partner countries as well as in supporting their domestic firms in expanding their businesses in those countries. This however would not be classified as development cooperation for Brazil as for them development cooperation is ‘non-profit’ and will not include loans of any kind.

China and India are more similar in what constitutes their development assistance. The fact that Brazil does not include its loans to foreign governments as development cooperation might make its development cooperation volume much lesser than what it actually is. However, if its loans are calculated, the actual volume might increase considerably.

Emerging Powers and their Institutions for Development Cooperation

The institutional set-up of Brazil, China and India shows more similarities than dissimilarities. For all the three countries, there are several institutions managing their development assistance. There is no single development cooperation agency, for any three of them, to manage, coordinate and implement their development assistance.

For Brazil and India there are specialised agencies, ABC and DPA respectively, devoted to take care of their development cooperation activities in partner countries. However, these agencies are just one of those several institutions involved in the

business. The creation of these agencies has done little towards coordinating their development assistance.

For Brazil, more than 100 government agencies and many more federated states and municipalities take care of Cobradi (IPEA, 2014). There is little or no data exchanged by these ministries and there is no centralised record keeping of Cobradi projects and its volume. Despite the existence of ABC as a central agency for exclusively managing Brazil's incoming and outgoing assistance, there is no rule that requires development assistance to be diverted through ABC. Instead, most ministries directly manage their development assistance funds without channelling it through the ABC. Mostly, ABC is entrusted with the responsibility to handle the assistance through the MRE while other ministries deal with their development assistance partners on their own. Hence, the role of ABC is not more than an agent of the MRE.

For India, three ministries, MEA, MoF, and MoCI manage IDC and there is a lack of coordination among all three of these ministries. All the institutions involved in development cooperation of Brazil and India mostly work in silos. Furthermore, it was alarming to see that even the three divisions of the DPA - DPA I, DPA II and DPA III do not work in coordination. During my interviews with the officials of these three divisions, it was evident that there is a lack of coordination between these divisions and at times one division is not aware of the workings of the other. This brings less coherence into IDC. Further, the lack of a concrete development assistance policy for India also stems from India's inability to bring all its institutions together to develop a pragmatic development cooperation policy.

In the case of China, there is no specialised agency to look after its development assistance. The main institutions that manage Chinese development assistance are the Ministry of Commerce (MOFCOM), Ministry of Finance, Ministry of Foreign Affairs and the China Exim Bank. All the related departments of the Chinese government communicate and cooperate with each other regularly. Despite the involvement of several institutions in the disbursal of Chinese development assistance, China is able to bring coherence into its development assistance programme mainly because of its disciplined institutional framework for development assistance and the interconnectedness of these institutions involved.

For all the three countries, the institutionalisation process has been rather too slow. Brazil has the oldest development cooperation agency amongst the three countries. Brazil set up ABC in 1987. However, it took India more than 60 years, after it started its development assistance, to set up DPA in 2012. And, China has not even set up an agency for its development assistance. Despite all these institutional constraints, Brazil, China and India continue to give development cooperation to other developing countries. The volume of their assistance and their visibility as development assistance provider has been on a rise, especially in the 21st century.

Development Assistance Policies

None of the three countries have any concrete development cooperation policies. There is no official statement released by any of these countries regarding their development cooperation policies leaving enough space for ambiguity and confusion. Existence of several features that are common to the development cooperation policies of the three countries emphasise on the priorities of emerging powers as development assistance providers.

The most common feature of Brazil, China and India's development cooperation is that they emphasise on SSC, based on respect for sovereignty of partners, non-interference in their domestic affairs, no-conditionalities attached, equality, mutual benefit, demand-driven approach and win-win situation. They consider their partners as equals and vouch for horizontal development cooperation with them. It is because of their support for SSC that they refuse to consider themselves as donors and their development cooperation as foreign aid. They distance themselves from the OECD-DAC and have clearly articulate their position as development assistance providers of the Global South.

Because these countries do not belong to the OECD-DAC, they have no obligations to provide development assistance based on any set rules and regulations. Therefore, each of them have their own approach to development and their development assistance policy is based on their own preferences and interests. None of them publicly disseminate comprehensive data on their development cooperation. The lack of transparency and absence of impact evaluation or measurement of their development cooperation could be considered as major difficulties in analysing their development assistance.

All the three countries achieved considerable economic growth in the 21st century and are important global economic powers. They are keen to share their own experiences of economic growth and development and their policy successes. These countries focus on their strengths, especially technology and knowledge sharing that could be considered as a good match for their partner countries. They do not want to be a part of the developed donors' club and want to be considered as a part of the Global South.

Both Brazil and India give maximum assistance to their neighbours. While Brazil gives nearly 68% of its overall Cobradi to Latin America and the Caribbean, India gives 80% of its grants and loans to South Asia. This clearly demonstrates the importance of neighbourhood for these countries and their aim to maintain their influence in the region through their development cooperation. However, China gives maximum assistance to Africa, which clarifies that its priorities have in recent years shifted from its neighbourhood to other economically and strategically important areas around the world. China has expanded its footprint around the world, much more than Brazil or India. Even though Brazil and India has expanded their development cooperation to Africa, their region continues to be of foremost importance in their foreign policy considerations.

For Brazil, multilateral cooperation and trilateral cooperation form important vehicles for allocating its development cooperation. Even though bilateral SSC is important for Brazil, triangular partnerships are considered as “valuable mechanisms to strengthen the impact of development initiatives” (Corrêa, 2009:3). Most of Brazil's development cooperation is given through multilateral organisations. Brazil gives about 81.4 % in multilateral assistance especially to the institutions under the UN umbrella. Brazil also cooperates with the OECD countries for triangular cooperation in other developing countries of the Global South. However, both India and China prefer bilateral development cooperation to multilateral assistance. Unlike Brazil, they do not prefer to engage in triangular cooperation involving the OECD countries.

However, Brazil, China and India have been keen to cooperate under the UN umbrella. They consider UN as more egalitarian organisation when compared to OECD-DAC. For them, UN is a platform that gives them adequate space for discussions and debates on development, and is considered to be unbiased. For this reason, they have been active members of the DCF.

Geographical Patterns

Brazil, China and India have expanded their geographical reach to far-off countries and regions. Their increased presence in most continents has raised curiosity and interest in their development cooperation activities. The geographical patterns of the development assistance flows signify the prioritising of certain countries over the others and the driving force behind the selection of their recipients.

While India and Brazil focus on their region, Chinese development assistance is focussed on Africa. The trends suggests that more than 80% of Indian grants and loans were given to South Asia, 68% of Cobradi goes to Latin America and the Caribbean and 51.8 % of Chinese development cooperation flows to Africa.

Being the largest economic and political entity in Latin America and the Caribbean, Brazil's foreign policy has been focussed on exerting political and economic influence in its region. Brazil's development cooperation also aligns with its foreign policy priorities. Out of all Cobradi that goes to its region (around 68%), around half of it is allocated to Haiti, which would amount to around 34% of total Cobradi (IPEA, 2014). Apart from Haiti, other major partners include its close neighbours, Chile, Argentina, Peru, Paraguay and Colombia (see, Table 3.1). Brazil's forays into Africa are driven by linguistic ties followed by quest for energy and natural resources, and trade and investments. More than 75% of Cobradi into African continent goes to the PALOPs (IPEA, 2014:21). The driving factor has been strengthening its linguistic, historical and cultural ties with these countries. Most of the assistance to these countries is in the areas of education, technical assistance, agriculture and humanitarian assistance. Furthermore, Brazil is also trying to expand its development cooperation to other parts of Africa, including Francophone and Anglophone Africa.

Initially, Chinese development assistance was based on ideological and political considerations and was therefore mostly given to its close neighbours in its region and the Communist countries. Presently, China gives more than half of its total assistance to Africa (White Paper, 2014). For China, Africa has become a priority region with its increasing trade and investments, quest for energy and natural resources and search for new markets. Apart from the strategic economic ties, diplomatic considerations have also dominated China's increasing development assistance to Africa. The focus areas of China's development assistance in Africa have been large infrastructure

projects, agriculture, health and technical assistance. Asia received 30.5% of Chinese development assistance from 2010-2012. Its neighbourhood has been of great political and strategic significance to China. However, its development assistance has slowly been declining to its neighbouring region. This is attributed to what China aims to achieve through its foreign assistance. China's focus has been to achieve economic benefits through its development assistance and economic diplomacy, which it has been doing in Africa. Furthermore, China has become more assertive in its region with its increasing political and economic weight, no more relying entirely on soft power and economic diplomacy. Regarding political and strategic interests in its region, China does not hesitate to use hard power to achieve its interests as well as to reinforce its position as a dominant power in East and South-east Asia. Economic interests have been achieved in Asia through its large-scale infrastructure and connectivity projects. China also aims to achieve its economic interests through its development cooperation in Latin America and the Caribbean, most important interests being trade and investment opportunities, energy and natural resources as well as exploring and capturing new markets. Further, China has also been strengthening its ties with Africa and Latin America for diplomatic support at various international forums. It also has expanded its ties with even the smallest countries in these regions in order to garner support for its one-China policy.

For India, South Asia continues to be the topmost priority. More than 80% of all grants and loans from India are allocated to this region. The important concerns for India are maintaining regional stability and increasing its goodwill in its region. In South Asia, Bhutan gets the largest share of IDC. In 2014-2015, it received more than 60% of loans and grants from India (MEA, 2014). Afghanistan, Nepal, Bangladesh and Sri Lanka also get a major part of IDC. India has expanded its development assistance allocation from Asia to Africa and Latin America and the Caribbean. The most important reason driving IDC to the countries in Africa and Asia has been trade and investments, energy and natural resources, and search for new markets. Even though the IDC volume is much lesser to these regions when compared to the volume of IDC given to its neighbours, it is still important to denote that India has been keen to strengthen its ties with the Global South through its development assistance.

While all these countries started their development cooperation with providing assistance to their neighbourhood, in case of China there has been a strategic shift in

its geographical outreach through development assistance. While India and Brazil continues to give maximum development assistance to their neighbours, China gives maximum assistance to Africa. Both India and Brazil's regional focus has remained the same since the beginning of their development cooperation activities in the mid-20th century. But China has moved on confidently to pursue its changing interests through its development assistance programme to the Global South.

Modalities

Brazil, China and India started their development assistance in the form of technical cooperation and capacity-building which was later expanded to varied sectors including infrastructure, agriculture, health and humanitarian assistance. Infrastructure development became a key component of their development assistance in the initial days itself.

In the case of Brazil, maximum Cobradi goes into multilateral assistance (70%) (IPEA, 2014). This includes assistance for UN peace-keeping (36%) and expenditures with international organisations (34%) (see, Figure 3.4). For India, technical and economic cooperation is of topmost priority and allocates about 42.56 % of its development assistance to it (see, Figure 5.5). This has been helpful in creating a lot of goodwill and solidarity for India as its technical cooperation has been a huge success with many countries coming forth asking for more assistance in this area. In China's case, maximum focus has been on economic infrastructure (44.8%), and social and public infrastructure (27.6%) which amounts to a total of 72.4% for infrastructure projects (see, Figure 4.8). Infrastructure development has been a priority area since the initial days of China's development assistance and it continues to remain so.

For Brazil, the only modality of Cobradi is grants as it does not give loans nor is its development cooperation linked to trade and investments. However, for China and India, loans with varied rates of interests also form an important modality. These loans are usually tied to the goods and services from China and India.

Apart from grants, China gives interest-free loans and concessional loans. The concessional loans form the largest component of its development assistance (55.7%) followed by grants and interest-free loans (see, Figure 4.7). China's concessional

loans are tied to Chinese goods and services, which makes it the most preferable modality. Even though China's grants and interest-free loans have helped it in fulfilling its broad diplomatic objectives, concessional loans have proved to be of greater benefits. Concessional loans are an important way to facilitate Chinese trade, investments and businesses in its partner countries.

For India, grants, ITEC and LOCs form the three main modalities of its development assistance. India provides more assistance in the form of ITEC and LOCs as opposed to grants. The surge in LOCs points to India's growing trade and commercial interests that are attached to its development assistance. Furthermore, ITEC programmes has also been India's key development cooperation modality focussed on India's strength as a competent entity in providing technical assistance and capacity-building that has generated immense goodwill for India.

While India and China has directly incorporated their economic interests into their development assistance programmes, LOCs for India and concessional loans for China, Brazil has not directly incorporated any economic interests into Cobradi. While tied assistance from China and India could be considered as a form of conditionality, Brazil has kept itself out of this by making grants as the only component of Cobradi.

Motivations Behind Emerging Powers' Development Assistance

The official position of most of the emerging powers is that their development cooperation is driven by altruism. However, the previous chapters on Brazil, China and India's development cooperation clearly demonstrate that these countries are driven by varied motivations to provide development assistance to other developing countries. This could range from altruism to political, economic and strategic interests. Their development cooperation inevitably entails a degree of national interest and is not completely divorced from their broader foreign policy objectives.

Based on the geographical coverage of their development assistance, we can conclude that for India and Brazil, the priority is their region. India gives maximum assistance to South Asia and Brazil to Latin America and the Caribbean. Regional stability, building solidarity and goodwill, expanding trade and investments, and building historical and cultural ties remain the important agendas. Moreover, the regional

stability and building solidarity and good will seems to take primacy over economic interests. China, however, cuts a different picture with economic and strategic interests playing the most vital role in deciding its recipients. It gives maximum assistance to Africa followed by Asia and Latin America and the Caribbean.

Furthermore, both Brazil and India gives maximum assistance to Africa after their respective regions. In Africa, PALOPs get maximum assistance from Brazil. This is based on the linguistic, cultural and historical ties with the region. India also has close historical ties with Africa, with India playing an important role in their anti-colonial struggles as well as its role in NAM. Moreover, a common thread in Brazil, China and India's development assistance to Africa is strengthening their trade, investment and businesses in Africa. They also have interest in Africa's energy and natural resources. Another important reason for pushing stronger ties with far-off countries has been garnering diplomatic support from these countries through stronger bilateral ties. Brazil, China and India seek diplomatic support in international fora and consider development assistance as an important tool for fulfilling their interests. Furthermore, China also seeks support for its one-China policy and both Brazil and India are seeking support for a permanent seat in the reformed UNSC. For all the three countries, diplomatic support has been an important driver of their development assistance.

Brazil, China and India have been using their development assistance to facilitate their trade and investments. They are also on a constant look out for new markets. For China and India, Africa and Latin America are important trade and investment destinations and have been expanding their footprint in these regions. Even though Brazil is pushing for greater ties with Africa, it has not shown its interest in expanding its presence in Asia.

Regarding the modalities, Brazil gives Cobradi as full grants which could be considered as more of philanthropic in nature. However, China and India gives loans with varying rates of interest. Chinese concessional loans and Indian LOCs are that are tied to goods and services from China and India respectively. This is targeted to facilitate their trade and investments with their partners.

Furthermore, both China and India prefers bilateral assistance over multilateral assistance. On the other hand, Brazil gives maximum assistance through multilateral

and triangular cooperation. Bilateral assistance has been more useful in influencing partners because of its direct engagement with them. Multilateral assistance brings lesser leverage to the development assistance provider because of the lack of direct ties between the partners. Hence Brazil could be said as slightly less strategically inclined than China or India as far as its development cooperation is concerned.

The motivations behind Brazil, China and India's development assistance show more similarities than dissimilarities. The main agendas include trade and investment, quest for energy and natural resources; search for new markets; establishing diplomatic ties; building historical, cultural and linguistic ties. For Brazil and India, a permanent seat in a reformed UNSC is also high on the list. Since China is already a P-5 member state, China's prioritises other motivations to serve its interests. All three of them have set priorities as to suit their foreign policy requirements and interests. The only difference amongst these emerging powers would be the level of importance they attach to each of these motivations.

There are criticisms against the emerging powers' development assistance, both from the traditional donors and from their development cooperation partners. The traditional donors blame emerging powers for supporting rogue governments and giving aid without prescribing conditionalities like democratisation and good governance. Further, there are concerns among partner countries that the emerging powers, especially China, are exploiting their resources. There was backlash from several countries in Africa against China. For example, Ghana deported several Chinese workers from its gold mines where they were involved in illegal mining work (The Guardian, 2013: July 15). Similarly, India and Brazil has been blamed for allegedly influencing the domestic politics of Nepal and Haiti respectively.

While national interest and strategic motivations might drive emerging powers' development cooperation, they are not devoid of altruistic motivations. Their technical cooperation and capacity-building efforts are all considered to be of great benefit to their partner countries. Also, emerging powers are quick to respond to humanitarian crisis and give humanitarian assistance to countries in distress. Further, they also provide need-based and demand-driven assistance to countries that are in need.

For these countries, building solidarity and promoting goodwill are also of great importance which will in turn help establishing friendly relations with partners and gaining legitimacy. Also, all these countries being regional powers, are also entrusted with the responsibility of building regional stability and solidarity. Furthermore, these countries are also aiming to build lasting political and economic solidarity with the Global South.

For all the three countries, development cooperation is an instrument of economic statecraft. However, there is no single motivation that is driving their development cooperation, but a multitude of them.

Effectiveness of Development Cooperation

Brazil, China and India do not adhere to the international standards of aid-effectiveness that has been developed by the traditional donors. While this could be attributed to their absence in the traditional donors club, they have categorically stated that they do not give 'aid' but 'development cooperation'. Because they do not give 'aid' there comes no reason to join the aid effectiveness debates initiated and conducted by the traditional donors.

What is interesting here is that even though they do not want to join the traditional donors' aid effectiveness platforms, they could have initiated their own mechanisms to understand their development cooperation, its implementation in the partner country and its effectiveness. However, the emerging powers who give development assistance, including Brazil, China and India have neither constituted any agency nor entrusted any organisation to undertake such measures nor are there any initiatives to set up any agency for impact evaluation and assessment of their development cooperation. One of the reasons why they are not initiating impact evaluation mechanisms is that it could be too expensive for both the partners and that money could be invested for other development activities.

However, the lack of transparency has brought little benefits for these countries. The regular dissemination of data could have been beneficial for their own assessment of the effectiveness of their assistance on the partner countries. Furthermore, it would also have enabled them and their partners in rectifying the flaws in their assistance and adopting more efficient mechanisms to provide assistance.

Competition and Cooperation amongst Brazil, China and India

The similarities and dissimilarities amongst these countries also give rise to enough scope for cooperation as well as competition.

Scope for Cooperation

Even though the scope for cooperation between these emerging powers is plentiful, these countries have not utilised their full potential for development cooperation. Even though they are part of important groupings like BRICS or IBSA, they have not been using these platforms to cooperate with each other for development assistance. BRICS being one of the most important grouping consisting of all three of these countries could be an important platform for cooperation. Though BRICS is in its formative phase, there is ample scope for cooperation among these three countries. Other groupings like IBSA and BASIC are all important groupings of the emerging powers that could be used for enhancing development cooperation to the Global South. Despite the fact that these institutions lack much-needed political and economic muscle, these institutions remain important considering the fact these emerging powers could benefit immensely by cooperating with each other.

Apart from cooperating in multilateral forums, these countries could advance trilateral development cooperation in the Global South which could be to their advantage. The fact that these countries can contribute to different aspects of development of other developing countries makes it even more crucial for them to work together. There are prospects for trilateral cooperation, especially in Africa, where all three of them have high stakes. While these countries might compete with each other in their own region, prospects of cooperation in Africa are high.

Also, these countries could think of coming to an acceptable common definition of development assistance which could be a useful first-step in the direction of bringing the perspectives of the Global South to the international aid architecture. This would also bring more coherence in their development assistance and take out the ambiguity surrounding their assistance because of the lack of proper transparency and accountability.

Further, these countries could also use the best practices from other emerging powers in their own region to enhance their development efforts in the region. China and

India are making forays into Latin America and the Caribbean. Brazil has not been looking at East of Africa for its development cooperation. Brazil could cooperate with China and India, especially in agriculture and technical assistance in Asia. Brazil has not been in competition with both China and India. However, China and India are competing in different countries for greater influence, especially in South Asia and Africa. China has an edge over other countries as India and Brazil lack the economic weight and the political muscle that China has. However, with whatever little resources they have, they are pushing for a greater influence in the Global South.

Areas of Competition

While there is ample scope for cooperation, there also exists severe competition amongst these countries. This is especially true for China and India, which are close neighbours and competitors in their region. China and India have fought one war and have border disputes which have hampered any prospect of enhanced cooperation. Also, China's assistance to Pakistan has been a disturbing factor for New Delhi since long. China is also unhappy with India's support to Tibetan refugees and its involvement in giving refuge to Dalai-Lama. Another important factor has been China's efforts in distancing its close neighbours from India. Despite India's efforts in undoing the damage done by China, it has not been successful in taking its neighbours into confidence. There are also several instances when their neighbours have played one against the other escalating tension in the region and hampering their bilateral relations. For example, Nepal has been using one against the other so that none of them could have an upper hand in deciding Nepal's domestic matters through development cooperation.

However, Brazil seems to be less in competition with India or China. Geographic distance has helped in maintaining this cordiality in relationships with these countries. Yet, the increasing footprint of China and India in Africa and Latin America has led to some uneasiness and discomfort in its relationship with both China and India. The external interference in its turf has not gone down well with Brazil and has been trying to regain its influence in its region. Nevertheless, Brazil has also welcomed investments from China and India especially for infrastructure building and transport. Apart from the extra source of money, the realisation that the presence of China in the

region could dilute the influence of the US has also prompted Brazil as well as other countries in the region to welcome China.

Conclusion

Despite the fact that Brazil, China and India are emerging powers that provide development assistance, there are several similarities and dissimilarities existing in their development assistance policies and patterns. Emerging powers as development assistance providers are not a homogenous community.

Historically, these three emerging powers, Brazil, China and India, started their development cooperation by giving assistance to their neighbouring countries in the mid-20th century. All three countries were former colonies that could achieve high economic growth rates. They transformed themselves from recipients to development assistance providers despite being developing countries with severe domestic challenges, and limited money and resources at their disposal. They continue to receive aid and provide development assistance, a dual role that they have been playing for more than six decades.

Brazil, China and India prefer to be considered as developing countries of the Global South and vouch for SSC both in their foreign policy and economic diplomacy. Even though their development assistance is small in volume when compared to the traditional donors, they began to practice a development assistance design that was different from the traditional donor's foreign aid. Their own experiences of being a recipient resulted in bringing new ideas into the international aid architecture that is more in sync with the development concerns of the South and is based on equality and solidarity amongst the partners.

In the 21st century, the emerging powers' development assistance has gained greater momentum. They have increased their volume and are making their presence felt. These countries do not identify themselves with the traditional donors and have been pushing for a Southern discourse on development cooperation. Currently, the emerging powers are a heterogeneous group with their own development assistance programme that share similarities as well as dissimilarities, considering the diverse group they are.

In the case of definition for development cooperation, there is no single definition as what it means for emerging powers. It keeps changing from country to country. For Brazil, it is entirely comprised of grants; but for China and India, apart from grants, it also constitutes concessional loans that are tied to goods and services from their country. This has been helping China and India facilitate trade and investments with their partners.

Regarding institutions, all the three countries have several institutions managing their development cooperation. There is no central agency that coordinates, facilitates and implements their development assistance. In the case of Brazil and India, there are separate institutions set up for exclusively taking care of their development cooperation, ABC and DPA respectively. Even then, there exist several institutions that take care of their development cooperation apart from ABC and DPA. These countries have created institutions for development cooperation according to their interests and preferences. The evolution of their institutions for international development has been rather slow, ad hoc but steady. However, these institutions were not made with the vision and mandate as it should have ideally been.

The development cooperation policies of Brazil, China and India are based on SSC. They push for horizontal development cooperation that is based on equality and goodwill. By giving assistance based on SSC, these countries hope to gain legitimacy and support from the countries of the Global South. Hence, they distance themselves from the traditional donors' club, OECD-DAC, and hence do not have the obligation to follow the rules and guidelines made by the developed countries. Therefore, each country has its own policy for development cooperation based on their interests and preferences. However, none of these countries publicly disseminate the data on their development cooperation. Lack of transparency, accountability and the absence of impact evaluation are the major roadblocks in measuring the precise volume of their development assistance.

Furthermore, the geographical outreach of their development cooperation demonstrates that emerging powers are continuously expanding their footprint in the Global South through their development cooperation. For Brazil and India, their immediate neighbourhood continues to be the priority and maximum assistance is allocated to these countries. But for China, the focus has been Africa. This signifies

the changing foreign policy priorities of China and its evolving global power ambitions. Further, the trends of development assistance flows also demonstrate the prime motivations of these countries. While Brazil and India give more priority to regional solidarity and strategic considerations, China is more inclined to fulfilling its economic and commercial interests through its development assistance. All the three countries also focus on trade and investments, energy and natural resources, and diplomatic support at international platforms. The motivations behind emerging powers' development assistance are more or less similar. The difference is only in the levels of importance attached to their interests that they hope to achieve through development assistance. Yet, their development assistance is not just driven by strategic motivations, they are also involved in humanitarian cooperation, and technical cooperation and capacity-building that are considered to be mostly altruistic and intended to promote solidarity and goodwill amongst their partners.

Regarding modalities of assistance, China and India are more similar. They facilitate trade and investments through their concessional loans and LOCs. However, Brazil gives assistance as grants and hence does not explicitly promote its economic and commercial interests in the partner countries. Furthermore, Brazil prefers multilateral assistance to bilateral assistance. China and India give maximum assistance through bilateral means that gives them more leverage over their recipients.

The presence of the emerging powers has transformed the international development architecture, dominated by the Western countries. These countries have brought their own rules into development assistance and have been trying to carve out a niche of their own. Their efforts in the field of development cooperation have been commendable albeit their limitations in terms of financial resources and domestic constraints. Most of them are regional powers and development cooperation has helped in internationalisation of their political, economic, commercial and diplomatic interests.

CHAPTER 7

CONCLUSIONS

Foreign aid has since long occupied a prominent place in debates on development. However, perceptions of its role and significance have changed dramatically over the years. Foreign aid, as a foreign policy tool, initiated by the Western countries had mixed motivations, strategic as also symbolic, which is expected to be met through the giving of aid. With the Marshall Plan in 1948, the US set an example of how foreign aid can be used as a mode to fulfil the national interest of the donor. With the passing of time, the West has used foreign aid as a leverage to affect the policies of the recipient countries and to gain access to natural resources. However, the motives behind aid-giving have never been straight and simple. The donor motivations are highly complicated and vary from donor to donor. Although, strategic self-interest has remained the single strongest influence on the allocation of aid; quest for natural resources, markets and the ambition to wield power has been some of the variables that have been motivating the donors to give aid.

For recipient countries, foreign aid has mostly proved to be a bane rather than a boon in many cases. They are forced to comply with donor's interests and strict conditionalities, ranging from privatisation to democratisation and institutional reforms for good governance. All this is known to adversely impact their domestic policies because of the top-down approach of foreign aid. Notwithstanding this, equally notable is the fact that foreign aid still continues to hold despite having its inherent flaws and limitations for both the donors and the recipients, and it has been invariably used as an instrument of economic statecraft.

Keeping in mind the demands of the developing countries to mitigate the inequalities inherent in the global economic architecture, the UN set an aid target for the developed countries in the year 1970. Under this, the developed countries were expected to meet the UN target of 0.7% of GNI as official development assistance. Only a few countries have reached this target and a very few manage to cross this which shows that the West is quite reluctant and disinterested in bridging these gaps.

Earlier, aid used to be largely a unidirectional flow of money and resources, i.e. from the richer industrialised countries to the poorer developing or underdeveloped countries. It was largely a flow of resources from the Global North to the Global South. However, this has been changing with the increasing presence of emerging powers as development assistance providers that are pushing for increased SSC in international aid architecture. The increasing development assistance from these countries has transformed the international aid architecture established by the traditional donors' club of the OECD-DAC.

Attendant to the changing face of the global order, many developing countries that were net recipients of aid till recently have started to enhance development assistance to other fellow developing countries. Propelled by the emerging powers of the Global South, SSC started gaining momentum in the international aid architecture. However, SSC in development assistance is not new as these emerging powers have been involved in giving development assistance to their peers since the mid-20th century. Counting years, their assistance is as old as the traditional donors' foreign aid. The major difference is that they were playing a dual role, both as a recipient of traditional donors' aid and as a provider of assistance to other developing countries. This made their development assistance unique in approach and perspective.

The emerging powers' development assistance is based on the principles of SSC, including equality, respect for sovereignty, non-interference in domestic affairs of the partners, no-conditionalities, demand-driven approach and mutual benefit. By bringing up the idea of horizontal cooperation in development assistance, the emerging powers put the recipient countries at par with themselves in discussing and debating their needs and concerns on development assistance. This novel approach from emerging powers put the hierarchical donor-recipient relationship employed by the traditional donors under the scanner. Further, by calling the recipient countries as partners, they try to build their relationship on the basis of friendship, trust and solidarity with the developing country. These instances were completely new to the international aid system that was dominated by the ideas of the developed countries of the West.

Therefore, the emerging powers' development cooperation became increasingly appealing to their partners. Apart from the principles of SSC, the emerging powers'

development cooperation had more features that could help their partner countries to walk on the path of development. For the partner countries, the emerging powers' own policy experiences of achieving high economic growth and development could be of great relevance in building similar development strategies in their countries. Further, the technology and expertise offered by the emerging powers are found to be of very good match for the level of economic and institutional development of the partner countries. Furthermore, the emerging countries' experience as a colony and their development process are considered as a successful model of development for countries that has historically been through colonial subjugation (ODI, 2010:2). Moreover, their experience as a recipient of traditional donors' aid give them a better understanding of the needs and constraints facing developing countries as aid recipients as well as the limitations and flaws of traditional aid.

The increasing prominence of the emerging powers as development assistance providers has challenged the role of the Global North as the only group of donors in the international aid architecture. They have been critical of not only the role of emerging powers as development assistance providers but also the development cooperation policies of emerging powers. They criticise the emerging powers on several grounds. Firstly, they are criticised for limited availability of data regarding their development assistance volumes (O'Keefe, 2007: 6; Manning, 2006). The lack of transparency and accountability has been one of the important points raised against the emerging powers. Further, emerging powers are blamed for their economic, political, commercial and strategic motivations behind their development cooperation. They are also targeted for providing assistance to corrupt and undemocratic regimes, which could undermine efforts of the OECD-DAC that give aid according to merit of the recipients.

On the other hand, the traditional donors consider themselves as superior to the emerging powers as they follow strict guidelines and rules set by the OECD-DAC and they regularly publicise their data on foreign aid. However, traditional donors have long been criticised for imposing harsh conditionalities on the recipients, for using their aid to fulfil their strategic interests as well as for supporting the donor-recipient hierarchy where the recipients are considered inferior. Hence, the change in approach from an unequal and conditionality-based aid of the traditional donors to a balanced

and egalitarian engagement of the emerging powers is rather novel and helps in garnering more support than criticisms from the partners.

However, emerging powers are not a homogenous group. There are many convergences and divergences in their approaches to development cooperation. They share similarities and dissimilarities among themselves and with the traditional donors. The three emerging powers, Brazil, China and India are the key development assistance providers of the Global South. As regional powers and emerging global powers, their contribution to international aid architecture is increasingly important.

Brazil, China and India do not belong to the OECD-DAC and give assistance based on the principles of SSC. They have been trying to create a new discourse on development assistance based on SSC. These countries have been aiming at making their own definitions, institutions, development cooperation policies and agendas. By distancing themselves from the OECD-DAC, these countries emphasise on their unique identity as development assistance providers to their partners. Even while these countries continue to assert their status as a developing country of the Global South, they are also trying to reposition themselves into a more influential and legitimate status in international politics. Despite the varied constraints and challenges in front of these emerging powers, they are showing their readiness to play the leadership role not only in their respective regions but also in the developing Global South.

While several similarities define Brazil, China and India as development assistance providers, there are several dissimilarities that make them equally distinct. All the three countries have different definitions for what they consider as development assistance. Unlike the traditional donors, there is no single definition that defines emerging powers' development assistance. Further, they have different institutional set up for managing their development assistance. This is also in sharp contrast to the OECD-DAC that is guided by established rules and regulations.

Further, these countries give assistance based on their foreign policy interests and preferences. For both Brazil and India, the geographical patterns of development assistance indicate the importance they attach to their respective regions. Brazil has been involved in developing closer relationship with countries in Latin America and

the Caribbean, and has been a torch-bearer of regional solidarity because it is the largest economy in the region and other countries look up to it for taking regional initiatives as well as in implementing those. For India, regional stability and support from its smaller neighbouring countries has been a priority. Being the largest country in the region and the largest democracy in the world, India, to a large extent, assumes the responsibility of maintaining peace and stability in the South Asian region. Furthermore, it has been facing challenges from its rivals in the region, China and Pakistan, which makes it important for India to maintain its influence in the region and use its development cooperation as an instrument of economic statecraft. However, for China, increasingly Africa has been a priority region which is important to ensure its trade and investments, energy and natural resources, and diplomatic support at international forums. In recent years, China's neighbourhood is not the highest priority when its development assistance patterns are considered.

Emerging powers are also expanding their footprint into far-off continents which were earlier not included in their development cooperation map. Initially, all these countries focussed on allocating their development assistance in their region and slowly expanded it to other parts of the world. Brazil expanded its development cooperation to PALOPs, the main reason being strengthening its linguistic, cultural and historical ties with these countries as well as to gain their diplomatic support in international organisations. Brazil's trade and investments in Africa has increased considerably with the increase in its development assistance to the region. Further, it has been slowly expanding its base from PALOPs to other countries in Africa. Similarly, India has also increased its development cooperation with both Africa and Latin America and the Caribbean. The key motivations behind India's assistance to these regions have been trade and investments, energy and natural resources and diplomatic support in international forums. Both India and Brazil are also eyeing for a permanent membership in an expanded UNSC. The main motivations behind Chinese development assistance in Africa and Latin America and the Caribbean has been trade and investments, energy and natural resources, and to gain diplomatic support for its one-China policy.

Unlike India and China, Brazil has been involved in trilateral cooperation. Brazil has been closely working with traditional donors in the development projects in the

Global South. This is so unlike other emerging powers like China and India who do not prefer to coordinate with traditional donors, as they do not want their partner countries to view them in the same light as the traditional donors. Also, Brazil has been more involved in multilateral assistance than bilateral assistance. But India and China, like the traditional donors, give maximum aid through bilateral means.

Development cooperation is an inevitable component of the emerging powers' economic diplomacy. These countries have been enhancing their economic diplomacy efforts in order to rise in the international system. These countries have been bringing more choice for the recipient countries and creating competition in the international aid architecture. It could be concluded that Brazil, India and China are using development assistance as an instrument of economic statecraft. Though the way they use aid is different from the traditional donors, the motivations behind their assistance have been quite similar. For all these countries that give development assistance, their national interest and foreign policy priorities have been driving their assistance.

In SSC, enhanced by emerging powers, the states' economic power is more equally matched than in asymmetric North-South relationships. The increased SSC is a welcome change. However, SSC is perceived to be "at best a complement, and not a replacement," for North-South cooperation (Nel, 2010: 958). Moreover, the developing South has not yet attained a position where it can replace the West. To replace traditional donors' foreign aid, the emerging powers have to go a long way in terms of increasing the volume and scope, setting up of institutions, formulating clear-cut definitions and policies, and issues of effectiveness, impact assessment and evaluation. All this would take some time to materialise. It is now no more about replacing the West, rather it is about exerting ones increasing power and influence in the world order by challenging the existing system. SSDC clearly has eroded the exclusive competence of the West on matters of development (Six, 2009, 1117). .

Brazil, China and India are showing their readiness to play the "leadership" role not only in their respective regions but also in the Global South. They do not want to be branded in similar ways as the Western donors. It is very much evident from these cases that these "emerging" powers very much harp on their existing identities even as they make a bid for great power status and systemic shifts.

The emerging powers are trying to transform the existing international aid architecture dominated by the OECD-DAC. They are bringing new approaches to development partnership based on equality and solidarity of the Global South. By not following the rules created and established by the developed countries of the West, the emerging powers are asserting their increased power and capability to change the system. While the traditional donors continue to dominate the system, they are feeling the competition that the emerging powers are giving them.

Undoubtedly, emerging powers are carving out a niche for themselves in the international aid architecture. By emphasising on SSC, they are giving clear indications that the Global South is capable of creating enduring and equitable partnerships without the support of or interference from the Global North. The 21st century is for the emerging powers to discover their potential to change the system and institutions made by the Global North. Development Assistance could be the first step towards that end.

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Annexure I

China's Eight Principles for Economic Aid and Technical Assistance to Other Countries (January 1964)

1. The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.
2. In providing aid to other countries, the Chinese government strictly respects the sovereignty of recipient countries, and never attaches any conditions or asks for any privileges.
3. China provides economic aid in the form of interest-free or low-interest loans, and extends the time limit for the repayment when necessary so as to lighten the burden on recipient countries as far as possible.
4. In providing aid to other countries, the purpose of the Chinese government is not to make recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.
5. The Chinese government does its best to help recipient countries complete projects which require less investment but yield quicker results, so that the latter may increase their income and accumulate capital.
6. The Chinese government provides the best-quality equipment and materials manufactured by China at international market prices. If the equipment and materials provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them or refund the payment.
7. In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology.
8. The experts dispatched by China to help in construction in recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.