

# Comparing PRC and U.S. Foreign Assistance Approaches

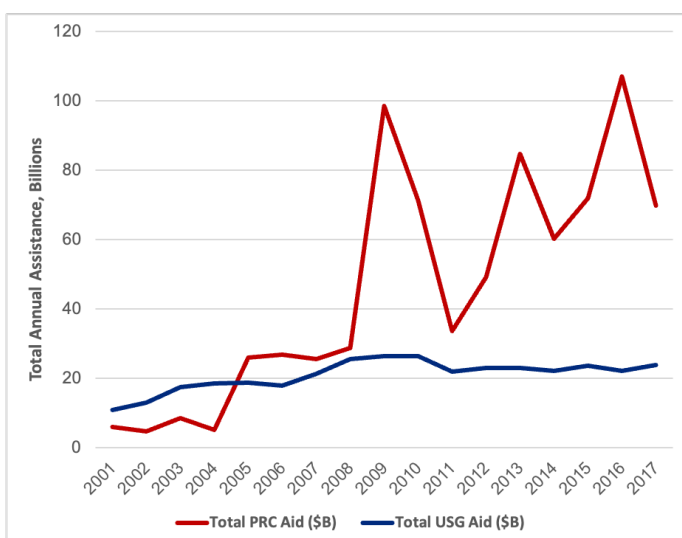
## Top-Level Summary

- **USG and PRC approaches to foreign assistance are qualitatively different: While the USG provides grants and humanitarian assistance targeted for development, the PRC provides loans to build new markets for PRC goods.**
- **PRC assistance is concentrated in a few countries: PRC flows are nearly quintuple USG flows in the past decade, but PRC assistance is concentrated among PRC allies and neighbors, whereas USG assistance is more evenly distributed among lower-income countries.**
- **PRC assistance is directed to Africa: A plurality (42%) of PRC assistance goes to Africa. Even though PRC assistance dramatically declined after COVID, Africa received more assistance from the PRC than from the USG in 2022.**

## Recent Rise in PRC Assistance

The People’s Republic of China (PRC) is expanding its role in global foreign assistance. For example, the ambitious Belt and Road Initiative (BRI) aims to spend over \$1 trillion on global infrastructure projects—roughly seven times the size of the Marshall Plan in real dollars. The BRI involves countries that account for more than 60% of the world’s population and one-third of global GDP (Perlez & Huang, 2017). The sheer magnitude of PRC foreign assistance is captured in Figure 1, showing spikes in PRC assistance after the 2008 financial crisis and again in 2013 when the BRI was first announced by President Xi Jinping.

FIGURE 1. TOTAL AMOUNT OF ASSISTANCE FROM PRC AND USG



## USG and PRC Approaches are Qualitatively Different

United States Government (USG) foreign assistance is primarily in the form of grants focusing on public health, economic development, and democratic governance — traditional official development assistance (ODA). PRC assistance focuses on strengthening diplomatic ties and securing the PRC’s long-term economic interests. PRC policy communiqués note that a primary aim of the BRI is to develop a healthy export market for PRC products by expanding the infrastructure capacity of prospective trading partners (CSIS, 2020). PRC projects are typically financed through loans with onerous interest rates rather than grants (Malik et al., 2021).

Reports also suggest that PRC-funded projects come with undue burdens for the recipients or have little oversight in corrupt nations, thereby hindering the growth of accountable institutions (Zengerle, 2018). Additionally, while most Western donors tend to hire local workers to complete their projects, the PRC often brings in Chinese laborers to complete large infrastructure projects (Larmer, 2017).

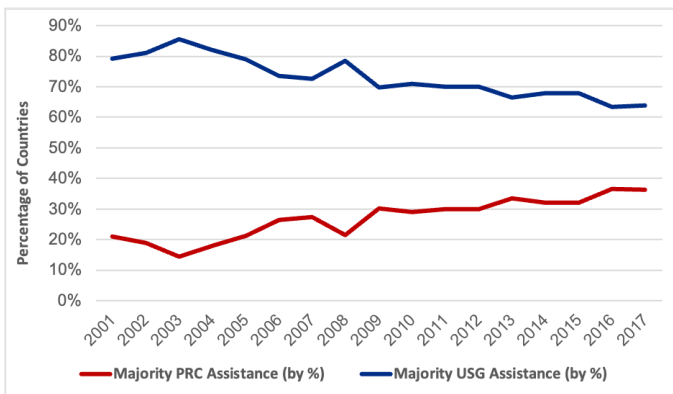
## PRC Assistance is Concentrated in a Few Countries

In comparison with PRC assistance, U.S. foreign assistance is distributed relatively evenly. Between 2001 and 2017, the top ten recipients of PRC aid accounted for \$314.6 billion in assistance — 40.4% of all PRC outflows. The top ten recipients of USG aid received 27% (\$146.2 billion) of USG assistance. This heavy skew in PRC assistance illustrates how Beijing is leveraging its foreign assistance for economic and security purposes — concentrating the bulk of its aid in a small handful of nations. In 2016, the top recipients of PRC assistance included Angola (\$19.2 billion), Russia (\$16 billion), and Pakistan (\$6.2

billion); in contrast, the single largest recipient of USG foreign assistance that year was Afghanistan, at \$1.26 billion.

This difference in **USG** and **PRC** assistance strategies is captured in Figure 2, which shows the percentage of all countries that receive more foreign assistance from either the USG or the PRC. Even though total PRC assistance has skyrocketed over the past two decades, most nations still receive more assistance from the USG.

**FIGURE 2. SHARE OF COUNTRIES RECEIVING MAJORITY OF ASSISTANCE FROM PRC OR USG**



## PRC ODA Goes to Africa

When only focusing on assistance that qualifies as official development assistance, countries in Africa received 42% of all PRC ODA between 2001 and 2017 (Malik et al., 2017).

This targeted assistance is because the PRC has long looked to Africa as a source of economic opportunity and as a burgeoning market for PRC goods. In 2009, the PRC surpassed the U.S as sub-Saharan Africa’s largest trading partner, when the PRC became the top exporter to 19 out of 48 countries in the region. To supplement PRC ODA, throughout the 2000s, the PRC’s Export-Import Bank loaned roughly \$65 billion to the continent as a whole, more than 500% of combined World Bank loans to Africa during this same period. From 2015 to 2016, PRC-funded projects in Africa increased by more than 100% as BRI first began to ramp up (USGLC, 2018). Of note, almost all PRC projects on the continent are designed around enhancing African infrastructure capacity; however, these projects’ respective interest rates ultimately determine whether or not they are classified as ODA (Dreher et al., 2017).

While not shown in the graphs above, PRC ODA dropped precipitously in 2020 with the global pandemic and an inward shift in President Xi’s policy focus. PRC assistance to Africa was no exception: at the triennial 2021 Forum on China- Africa Cooperation, the PRC committed only \$40 billion to the continent, a 33% reduction in PRC investment compared to 2018 and 2015 commitments (US Foreign Affairs Committee, 2022). Nonetheless, 2022 PRC assistance to sub-Saharan Africa through the BRI still outstripped USG assistance in 2023, with the PRC providing \$7.5 billion in infrastructure investment to the region compared to \$6 billion in foreign assistance provided by USAID, DHHS, MCC, Peace Corps, and others (Nikkei Asia, 2023; USAID, 2022).

### REFERENCES

- Center for Strategic and International Studies. August 2020. “How will the Belt and Road Initiative Advance China’s Interests?” *CSIS China Power Team*.
- Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin M. Strange, and Michael J. Tierney. 2017. “Aid, China, and Growth: Evidence from a New Global Development Finance Dataset.” *AidData Working Paper 46*.
- Larmer, Brook. May 2nd 2017. “Is China the World’s New Colonial Power?” *The New York Times*.
- Malik, Ammar A., Bradley Parks, Brooke Russell, Joyce Jiahui Lin, Katherine Walsh, Kyra Solomon, Sheng Zhang, Thai-Binh Elston, Seth Goodman, Malik, A., Parks, B., Russell, B., Lin, J., Walsh, K., Solomon, K., Zhang, S., Elston, T., and S. Goodman. 2021. “Banking on the Belt and Road: Insights from a new global dataset of 13,427 Chinese development projects.” Williamsburg, VA: AidData at William & Mary.
- Nikkei Asia. March 2023. “China’s Africa Belt and Road investment drops as West spends more.”
- Perlez, Jane and Yufan Huang. May 13th 2017. “Behind China’s \$1 Trillion Plan to Shake Up the Economic Order.” *The New York Times*.
- USAID Office of Press Relations. December 2022. “United States to Provide \$2 Billion in Humanitarian Assistance for the People of Africa.”
- U.S. Foreign Affairs Committee. November 2022. “China Regional Snapshot: Sub-Saharan Africa.”
- U.S. Global Leadership Coalition. May 2018. “China’s Growing Influence: Is America Getting Left Behind?” *USGLC Fact Sheet*.
- Zengerle, Patricia. October 3rd 2018. “Congress, eying China, votes to overhaul development finance.” *Reuters*.

## ABOUT V-DEM INSTITUTE

Varieties of Democracy (V-Dem) is a unique approach to conceptualization and measurement of democracy. The headquarters – the V-Dem Institute – is based at the University of Gothenburg with 20 staff. The project includes a worldwide team with 5 Principal Investigators, 22 Project Managers, 33 Regional Managers, 134 Country Coordinators, Research Assistants, and almost 4,000 Country Experts. The V-Dem project is one of the largest ever social science research-oriented data collection programs.



Department of Political Science  
 University of Gothenburg  
 Sprängkullsgatan 19, PO 711  
 SE 405 30 Gothenburg Sweden  
[contact@v-dem.net](mailto:contact@v-dem.net)  
 +46 (0) 31 786 30 43  
[www.v-dem.net](http://www.v-dem.net)  
[www.facebook.com/vdeminstitute](https://www.facebook.com/vdeminstitute)  
[www.twitter.com/vdeminstitute](https://www.twitter.com/vdeminstitute)  
[www.linkedin.com/company/vdeminstitute](https://www.linkedin.com/company/vdeminstitute)