

Chinese aid to Laos

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Chinese aid has become more visible in recent years. China has become more transparent about its aid by releasing two aid White Papers on 21 April 2011 and 10 July 2014, respectively. We now know that by the end of 2009, the cumulative amount of Chinese aid to recipient countries was around USD 39.59 billion, and that between 2010 and 2012 China provided USD 14.41 billion of aid.

The world pays close attention not only to the way China delivers its aid but also to the implications of its aid for governance and development. While Chinese aid is seen by many as a welcome development, there are also concerns that Chinese aid might have adverse side-effects, such as undermining the reform efforts supported by traditional donors.

These concerns have led to a growing volume of studies on the role of China and more broadly non-traditional donors within the context of international development. So far, while they express mixed views, several studies have reached rather positive conclusions about the role of Chinese aid, either dismissing the concerns around it as unfounded or expressing these concerns in a hypothetical way, rather than finding any direct evidence to support them. That said, the body of in-depth case studies looking at the rise of Chinese aid from the recipients' perspective is still very limited. This chapter utilizes a case-study approach to understand the rise of Chinese aid to Laos. We are particularly interested in the rapid growth of China's aid to Laos, how that aid is negotiated, why it is attractive to Laos, and what concerns, if any, Laos officials have about Chinese aid.

This case study highlights that Chinese aid to Laos is on the increase. Government officials welcome Chinese aid for reasons that are familiar from the literature, but also, a point neglected so far, because Chinese aid leads to tangible outputs which enhance political legitimacy. Importantly, however, our study also finds that Lao government officials have their 'eyes wide open.' The more frank among them, while still supportive of Chinese aid overall, are willing to admit that Chinese aid does undermine Western donor reform efforts, and threaten governance reforms and environmental standards. This study supports a balanced view of Chinese aid, intermediate to the extreme attacks on (Naim 2007) and defences of (Brautigam 2009) which currently dominate.