

2 China's rise as a global actor in international development finance

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China has become an important player in the changing international development aid landscape. The aim of this chapter is to provide a general discussion of China's evolving policy toward international development cooperation. It offers a preliminary analysis of the motivation and objectives behind China's policy toward international development cooperation and analyzes its approaches to international development finance at a time of an increasingly uncertain global aid landscape, especially after the Trump administration's dismantling of USAID.

The chapter compares the divergence and convergence between the Chinese model and the traditional Western approaches and argues that China is unlikely to replace the United States as a major provider of international aid, nor will it play a more proactive role in the official development assistance (ODA) space in the near term, due to both the capacity of its principal aid agency and the fact its ODA-equivalent budgets remain small.

Introduction

The international aid landscape is undergoing significant changes. Three factors explain what has been described as ‘a generational shift’ in overall official development assistance (ODA) reduction in recent years. The first is the general economic downturn that both traditional and emerging donor countries—with the majority being OECD members in the former group, while China, Brazil, Türkiye, and Gulf states such as Saudi Arabia and the United Arab Emirates form the latter—have experienced since COVID-19. China, for example, has risen as a major new player in international development finance over the past two decades, but has reduced its lending to developing countries given its own slower economic growth at home and the need to prioritize resources. Many governments have adjusted fiscal policies to place greater priority on domestic economic recovery. Announced ODA reductions by these countries as of April 2025 translate to about a 15 to 22 percent decrease against 2023 (Sabow et al., 2025), with the OECD projecting a 9 to 17 percent drop in ODA in 2025 after the 9 percent drop in 2024 (Ahmed et al., 2025). In 2024, eight of the top ten donor countries in the OECD Development Assistance Committee (DAC) reduced their foreign aid budgets. At the same time, some donor countries are increasingly placing more emphasis on how they can use aid to help their companies in overseas markets rather than the needs of recipient countries (Swiss, 2021). The closedown of USAID in mid-2025 adds further woes to an already depressed international aid landscape.

Second, and related to the economic slowdown, has been the assessment of the efficacy of ODA in delivering its promised outcomes, including the United Nations Sustainable Development Goals (UN SDGs) and economic development targets in recipient countries. Discussion is now taking place on future directions and forms of international aid (Tooze, 2025; Usman, 2025). Indeed, some African leaders have in the past called for more independence and greater self-reliance on indigenous resources in funding domestic develop-

ment projects rather than overdependence on international development assistance.

Third, since Russia's full-scale invasion of Ukraine in February 2022, defense has become a priority for many European donor countries to strengthen their military capabilities in order to deter and defend against future aggression. Combined with the urgent need to provide military assistance to Ukraine, governments in donor countries have by and large reallocated spending to defense at the expense of foreign aid. The UK, for instance, has increased its defense spending to 2.5 percent of GDP while simultaneously reducing its development aid, bringing ODA/GNI (gross national income) from 0.5 to 0.3 percent (Welch and Laub, 2025). Likewise, Sweden plans to spend 300 billion SEK in defense spending increases over the next few years to reach 3.5 percent of GDP by 2030. At the same time, the government is reducing its aid budget from 56 to 53 billion SEK per year for 2026–2028 and has abandoned its goal of allocating 1 percent of its GNI to ODA (Donor Tracker, 2025). At the same time, there has been a shift in aid to focus on Ukraine and refugees since 2022. Overall, the loss of foreign aid will be nearly impossible to replace; in 2023, governments spent 230 billion USD, while private foundations only spent 11 billion USD, in foreign aid (Usman, 2025).

Against this background, China's role in international development finance has drawn growing attention by academia and policy analysts alike. With overseas loans and grants worth over 2.2 trillion USD during a 24-year period (2000–2023) to both developing and developed countries, China is now the world's largest official creditor. However, its ODA budget has been relatively small, with an annual average of 5.7 billion USD over a period of 24 years (2000–2023) (Parks, 2025). Will China play a more prominent role in international development cooperation? This is a serious question, one that is informed by at least two sets of perceptions: (1) China, as one of the largest suppliers of international development finance, is capable of stepping up to fill the void as a result of the USAID closedown and the declining trends in foreign aid over the past few years; and (2) Chinese international

development finance in terms of lending practices, debt restructuring, and the overall focus in the coming years sets it apart from the OECD/DAC-defined foreign aid norms, regimes, and practices. These in turn could also have significant implications for geopolitical influence, soft power exercise, and economic benefits in general, and traditional areas of foreign aid focus such as public health, governance and civil society, education, and humanitarian assistance. There is some truth to each of these perceptions, e.g., the expectation of China filling the international aid void, or China undermining the existing international aid norms and practices. However, the suggestion that Beijing seeks to remake the international aid regime in its own image does not reflect the reality nor present the whole picture. But the issues raised are important enough that a careful analysis of China as an international development actor is warranted.

The aim of this chapter is to provide a general discussion of China's evolving policy toward international development cooperation. It offers a preliminary analysis of China's approaches to international development finance at a time of an increasingly uncertain global aid landscape, especially after the Trump administration's dismantling of USAID. This analysis has also been informed by the growing geopolitical rivalry between China and the United States; therefore, international development finance cannot be viewed as purely economic and sustainable development only but must be placed within the broader and intensifying competition for political and diplomatic influence, economic development models, access to critical mineral resources, and the security of supply chain resilience.¹ It examines the motivations and the institutional framework behind Chinese development finance and provides a preliminary assessment of how effectively this development finance model supports China's strategic and foreign policy goals and benefits the recipient countries, with a brief case study of China–Africa development in bilateral trade. The chapter compares the divergence and convergence between the Chinese model

¹ For a detailed analysis, see Michael Schiffer's chapter in this volume, 'Development assistance in an era of strategic competition and global fragmentation'.

and the traditional Western approaches and argues that China is unlikely to replace the United States as a major provider of international aid, nor will it play a more proactive role in the ODA space in the near term, both because its ODA-equivalent budgets remain small and due to the capacity of its principal aid agency. However, its influence in the overall international development finance space is substantial and will continue to grow, with important implications for the future direction and forms of the international aid landscape.

Brief overview of the evolving Chinese approaches and motivations

China has had a long tradition of advancing its strategic and foreign policy goals using economic statecraft, including foreign aid to developing countries. Initially driven by its diplomatic objective of winning friends in the developing world to counter the isolation imposed by the United States and Western allies in the 1950s, China's approaches to development cooperation and finance have evolved over the past three decades. This evolution is guided by strategic objectives aimed at securing access to resources including energy and raw materials, expanding markets for Chinese goods, enhancing global connectivity to facilitate Chinese investment, trade, and influence in critical regions of the world, and promoting China's soft power and image in the world. Specifically, Beijing seeks to achieve the following objectives:

- Securing access to strategic resources, markets, and trade routes.
- Building political capital and influence within key Global South countries.
- Helping Chinese domestic manufacturers with their overcapacity, especially in infrastructure, steel, cement, etc.
- Supporting an alternative model of global development and governance that conforms to the People's Republic of China's (PRC) interests.

These objectives reflect China's long-term strategy of cementing its leadership position in the Global South but also gaining recognition of its approach to global governance, through both the UN and regional organizations (Shanghai Cooperation Organization (SCO), BRIC², etc.), and its growing involvement in multilateral development banks. China's assessed fees to the UN are 20 billion USD compared to the US's 22 billion USD (Haug et al., 2024).

Before proceeding to the discussion of China's evolving approaches to international development cooperation and foreign aid, some definitional issues need to be addressed. While foreign aid typically refers to what is understood as ODA, China's preferred reference is international development cooperation, which is a much broader concept. In that context, China's international development finance includes what the OECD/DAC defines as ODA but is broader in terms of both the goals and forms. ODA refers to grants (financial and in-kind), development-motivated loans that are concessional in nature and "convey a grant element of at least 25 percent (calculated at a rate of discount of 10 percent)," and technical assistance. Other official flows (OOF) refers to "official sector transactions that do not meet [ODA] criteria": non-concessional loans (e.g., by DFIs); grants for commercial or representational purposes; private sector instruments; and officially supported export credits. In China's case, it uses the term development finance to describe the various types of official financial flows to promote development cooperation with other developing countries in the forms of grants and concessional loans, but also through trade, investment, and non-concessional financing by policy banks and state-owned enterprises (Russel and Berger, 2025). While China used to refer to its grants and other financial flows to developing countries as foreign aid, it has now adopted the term South-South cooperation to characterize the relationship between China and countries receiving its development finance as one of equality and mutual benefits. Indeed, Beijing has

² Intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia in 2025.

placed greater emphasis on how such a relationship enhances mutual economic development and focuses on achieving practical results and on responding to the needs of and benefits for the recipient countries, especially the latter's capacity for independent economic development (The State Council Information Office of the People's Republic of China [SCIO], 2021).

China's development finance therefore is much broader in both conceptual and practical terms. Apart from what would be recognized as ODA, i.e., with at least 25 percent in grant components and concessional loans with free or low interest rates, two other forms of Chinese development finance are non-concessional loans and export credits issued primarily by the Export–Import Bank of China (Exim Bank) and the China Development Bank (CDB), China's two policy banks that have funded infrastructure and industrial projects in numerous emerging markets and developing countries (Chen, 2024); and loans and credits provided by Chinese state-owned commercial banks and enterprises and guaranteed or insured by an official export credit agency. In fact, Chinese foreign aid accounts for only 11 percent of its total official outflows. The broader concept and practices largely draw on China's own experiences as a recipient of ODA from Japan, which itself has emphasized the combination of aid, trade, and investment in promoting development in China (Qian, 2024).

China's international development finance has expanded exponentially over the past 25 years. In its 2021 white paper on international development cooperation, Beijing explicitly stated that it “has been upgrading its foreign assistance to a model of international development cooperation.” This model includes the Belt and Road Initiative (BRI) as a major platform to facilitate China's development finance, which has accumulated to over 1 trillion USD over the past decade since BRI was officially rolled out in 2013. Chinese development finance has also been linked to the United Nations 2030 Agenda for Sustainable Development. Helping developing countries to achieve the UN Sustainable Development Goals (SDGs) of Agenda 2030 through development finance will also help China to increase its soft

power, gain political and diplomatic influence in the Global South, and provide alternative models of development cooperation. With its growing influence and reach, more recently, the Chinese government has introduced the Global Development Initiative (GDI) that aims to present an alternative economic development model, of which its development finance model is a critical and integral component. GDI is committed to “development as a priority, a people-to-people approach, benefits for all to leave no country and no one behind, innovation-driven development, harmony between human and nature, and results-oriented actions.”

Both the scale and scope of what China characterizes as international development cooperation have registered significant growth in recent years, placing it among the top international donor countries even when assessed using OECD ODA criteria—grants, interest-free loans, and government concessional loans. Given the lack of transparency in Chinese development aid data, its limited engagement with the OECD/DAC, and the fact that China only publishes aggregated foreign aid statistics in white papers—only three have been published between 2011 and 2021—data beyond 2019 are not available. A recent study estimates that in 2022, China was placed 6th with 7.9 billion USD on a grant-equivalent basis (which also includes China's contributions to international organizations as multilateral foreign aid), behind the United States (over 60 billion USD), Germany, France, Japan, and the United Kingdom. However, using a net disbursement basis, Chinese foreign aid in 2022 was 5 billion USD, dropping its rank to 13th place (Kitano and Miyabayashi, 2025). AidData puts the figure at an average of 5.7 billion USD between 2000 and 2024, while Johns Hopkins University School of Advanced International Studies' China–Africa Research Initiative gives an even lower number at 3 billion USD annually.

However, China's role and footprint as an international development provider is much more pronounced than what is measured if only using the standard OECD/DAC criteria. China's development finance is much bigger, placing it as the top lender in the world. Between 2010

and 2021, China’s overseas lending to developing countries increased from under 100 billion to over 1 trillion USD, before falling to 800 billion USD in 2023. As of May 2025, cumulative Chinese development finance amounted to 1.34 trillion USD disbursed in 17,956 projects. In comparison, combined US/OECD development finance during 2002–2021 was 2.787 trillion USD, more than double the Chinese amount for the same period. Importantly, a significant amount in recent years was disbursed to resource-rich countries under US and Western sanctions, including Russia and Venezuela, with the two receiving a combined total of 282 billion USD in loans. It is no coincidence China is also the largest importer of crude oil from these two countries (AidData, n.d.-a). The geopolitical implications of China’s role as a major provider of international development finance are obvious and indeed have become a source of friction between Beijing and Washington/European capitals.

Figure 1. Development finance from the PRC, the U.S., and other OECD countries by flow type, 2002–2021

Commitments, 2002-2021

Constant 2024 USD

■ "Aid" (ODA) ■ "Debt" (OOF) ■ Vague

United States



Other OECD (31 countries)



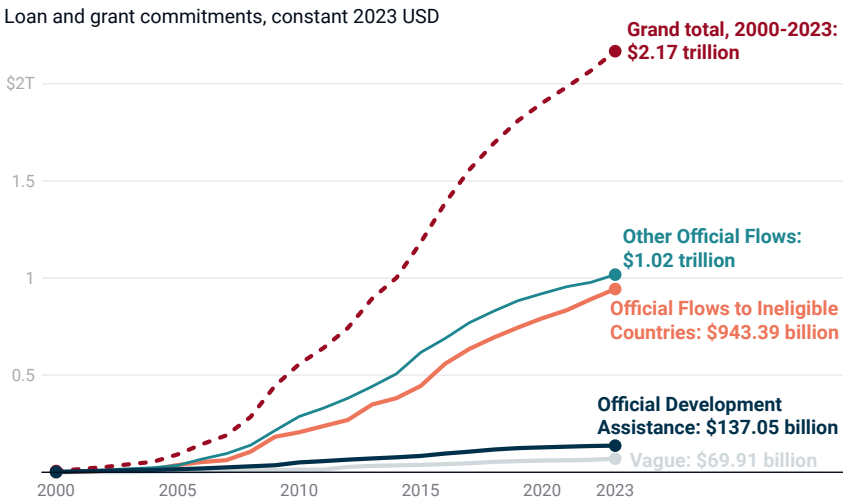
China



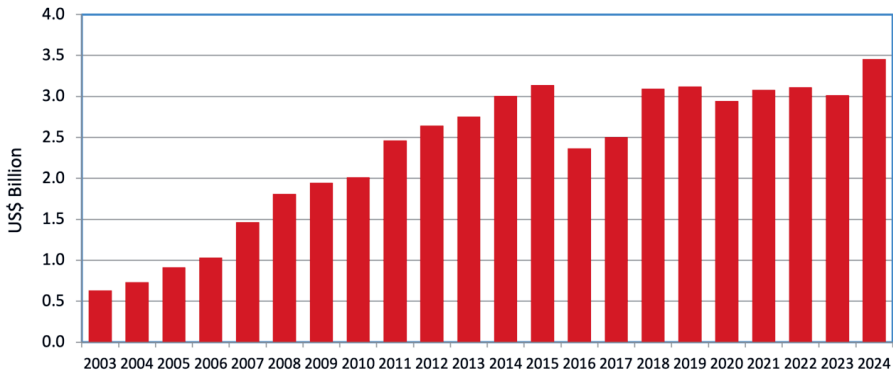
Source: AidData, Into the Breach, Figure 4, p.8.

China combines economic, diplomatic, and strategic objectives with various stakeholders (governments, enterprises, and financial institutions) to forge a coordinated, systematic, and phased development program on a grand scale with an extensive reach. It is important to note that China's own development experiences underline how investments in infrastructure were essential in facilitating manufacturing, trade, and economic growth. While recognizing some of the problems, many Chinese observers continue to view the BRI not only as a continuation of the "going out" policy but also, with modifications, as a useful development model that can benefit the Global South (Nedopil, 2026).

Figure 2. Cumulative official financial flows from China to the world



Source: AidData, Chasing China, p.63.

Figure 3. Chinese global foreign aid expenditure

Source: China Africa Research Initiative (2025)

<https://lucid-cari.squarespace.com/data-chinese-global-foreign-aid>

Since 2016, when China’s development finance reached its single-year peak in lending, primarily disbursed through BRI projects in loans and export and import credits, total year-on-year lending has decreased because of both the economic slowdown at home and an overall reassessment of its lending practices in the previous decades. According to China’s Overseas Development Finance Database managed by Boston University’s Global Development Policy Center, between 2008 and 2021, China made 1,099 loan commitments in more than 100 countries totaling 498 billion USD. However, in 2020–2021, when COVID-19 lockdowns were lifted, only 28 loan commitments worth 10.5 billion USD were registered. A new approach, “small is beautiful,” has been adopted (Ray, 2023).

The past twenty years have witnessed rapid expansion of China’s international development cooperation, as the country’s state-owned enterprises have been encouraged to “go out” to secure access to resources crucial for energy security and economic growth, expand China’s economic activities, and build infrastructure linking China’s production hubs to major international markets. China’s development finance concentrates on the following sectors: industry/mining/ construction (404 billion USD), energy (280 billion USD), transport and storage (199 billion USD), banking and finan-

cial services (96 billion USD), over 73 percent of total loans/grants commitments. The top recipients of Chinese development finance are: Russia (169 billion USD), Venezuela (113 billion USD), Pakistan (70 billion USD), Angola (65 billion USD), Kazakhstan (64 billion USD), Indonesia (55 billion USD), Brazil (54 billion USD), Argentina (38 billion USD), and Vietnam (29 billion USD (AidData, n.d.-b). It is quite obvious that China's development finance has been heavily tilted toward infrastructure construction that helps facilitate connectivity for trade and commerce, access to resources and raw materials, and power generation. China's development finance also goes to countries that are either its strategic partners, traditional friends, countries in strategic locations, or with significant deposits of crude oil or critical minerals. As a recent report by the Asia Society Policy Institute succinctly summarizes: "development assistance has increasingly become a battleground for geopolitical rivalry rather than a tool for promoting economic stability and growth" (Russel and Berger, 2025).

As China's international development cooperation took a major leap in the early 2010s, with the launch of the BRI, the earlier decentralized system—which involved a dozen ministries, with the Ministry of Commerce taking the lead—in managing foreign aid was no longer fit for purpose given its lack of strategic planning and central coordination. As a result, China has streamlined its development finance structure to improve domestic coordination and better align aid decisions with foreign policy objectives. In 2018, a deputyministerial -level body, the China International Development Cooperation Agency (CIDCA), was established, which is composed of departments and bureaus in various ministries under the State Council, for instance, the Department of Aid to Foreign Countries and part of the Department of Outward Investment and Economic Cooperation under the Ministry of Commerce. These agencies used to perform the function of formulating policies, allocating resources, and implementing aid disbursement to recipient countries. CIDCA today serves as the central coordination point that seeks to centralize decision making through better interagency consultation and deliberation, information sharing, duplication minimization, and greater implementation efficiency.

CIDCA has several departments with specific responsibilities, such as policy planning, regional affairs, supervision and evaluation, and international cooperation. It “aims to formulate strategic guidelines, plans and policies for foreign aid, coordinate and offer advice on major foreign aid issues, advance the country’s reforms in matters involving foreign aid, and identify major programs and supervise and evaluate their implementation” (China International Development Cooperation Agency [CIDCA], 2018, para. 1). This has included integrating development finance with the BRI and interacting and cooperating with traditional OECD-DAC and ODA criteria and practices (Cordell, 2020).

International development aid after USAID: will China step up?

With the Trump administration slashing its international development aid, there is speculation by the media that China may step in to fill the gap left by the US (63 billion USD/year). In the aftermath of the USAID dismantlement, international media and the global aid community inevitably raise the following questions: Will China step up and step in after the dismantling of USAID and given the decline of foreign aid in recent years? Given China’s growing role in international development finance, will the Chinese model and practices offer alternatives to, if not replace, the existing ODA model and its focus? On the one hand, Beijing will seize the opportunity to promote its brand of development finance, with the emphasis on infrastructure (e.g., Chinese motto: to become rich, build the road first) and trade promotion. On the other hand, given the purposes and level of China’s current ODA spending, it will be impossible for Beijing to fill the gap left by the US. For instance, USAID spent 12 billion USD per year in Africa on public health, which alone is twice China’s entire annual global ODA spending. Even if China were willing and able to spend more, it would face enormous challenges in managing disbursement because it simply does not have the institutional capacity nor the experience. USAID had over 10,000

staff, and there are around 20 more US government agencies and countless NGOs involved, while CIDCA has a staff of around 100 and far fewer NGOs. In sum, China may not want to seek leadership, but it will make the most of the void left by the US to promote its leadership without specific (and substantive) commitments.

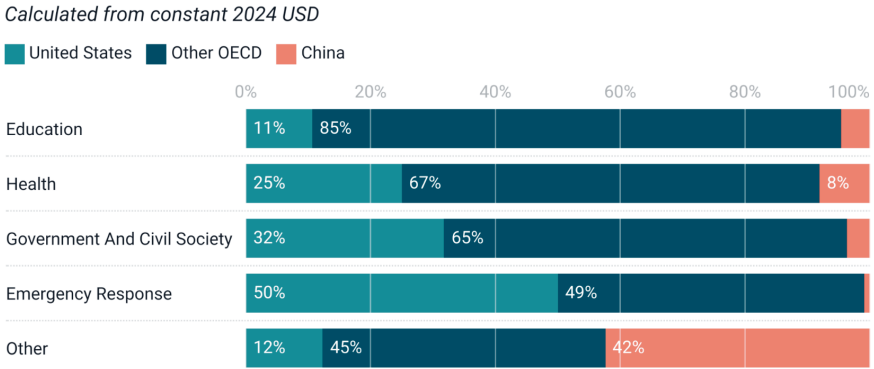
Indeed, largely for structural reasons, while China has increased aid amounts in areas where US aid traditionally concentrated, such as health, governance, and disaster relief, such support remains a small fraction of what the US used to provide. For instance, China, along with South Korea, sent 4 million USD to the African CDC to support its efforts after the USAID cancellation. US aid to the health sector in Africa in 2023 alone was more than 12 billion USD for combating HIV/AIDS and addressing emerging public health threats such as Ebola, malaria, and tuberculosis (Kenny, 2025). This is because China's development finance is structured in a way that over 85 percent are commercial loans; out of 1.34 trillion USD (in 2021 constant USD), only 139 billion USD is ODA. At the same time, China does not have the types of implementing agencies, either in numbers or with the experience, that USAID depended on to have its ODA money disbursed to recipients.

US and Chinese development finance is distinctive in terms of types, sectors, and amounts. Between 2001 and 2023, the US disbursed 1.24 trillion USD in foreign assistance to countries worldwide. Of this amount, economic assistance to support global development represented 72 percent, or 886.7 billion USD, while security assistance was 28 percent, or 348.7 billion USD. The three priority areas of US development assistance are public health, governance, and humanitarian aid. More than 80 percent of US development assistance is in the form of ODA, i.e., grants and concessional loans (with low or no interest; Custer et al., 2025). However, as a ratio to its Gross National Income (GNI), US ODA in 2024, about 63.3 billion USD and by far the largest among all donor countries, was only 0.22 percent (OECD, 2025). The top ten recipients that received USAID-managed funds in 2024 were Ukraine, Democratic Republic of

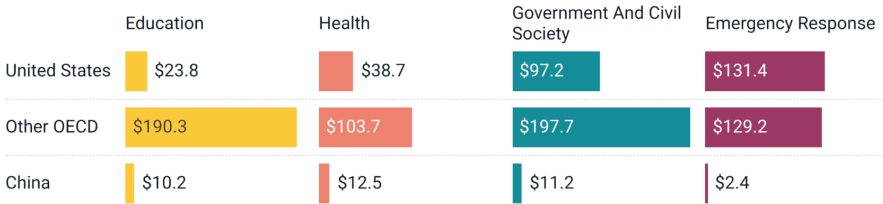
Congo, Jordan, Ethiopia, West Bank and Gaza, Sudan, Nigeria, Yemen, Afghanistan, and South Sudan. Of World Bank–determined low- and lower-middle -income countries, 66 out of 77 received US aid in 2024. Since 2004, more than 120 billion USD has been spent for the President’s Emergency Plan for AIDS Relief (PEPFAR) and, since 2020, on emergency assistance to combat COVID-19.

China’s international development finance, as discussed earlier, is largely in commercial lending and export credits, which constitute 85 percent or higher of total disbursement. On paper, CIDCA, China’s equivalent of USAID, provides strategic guidance and oversees the delivery and evaluation of Chinese-financed overseas projects. However, CIDCA’s remit is rather limited, both because of its rank in China’s bureaucratic system with a small staff and since its oversight is limited to planning and coordinating, not implementing traditional ODA -funded projects, which total between 5 to 8 billion USD annually in recent years. Whereas a large portion of US development finance has been concentrated in three sectors—governance, public health, and humanitarian assistance—Chinese development finance consists of two components. A small portion, equivalent to ODA, finances small-scale projects in education, health, disaster relief, among others. It supports many small-dollar goodwill projects with grants and in-kind support in the social sectors (health, education, government and civil society) in ways that are more reminiscent of the U.S.’s official development assistance. Indeed, the PRC has the highest number of its projects in sectors like health (21%), education (15%), and government and civil society (9%), although each project receives small amounts of funding from the Chinese government in comparison to what OECD donor countries normally would disburse in these sectors (Custer et al., 2025, pp. 13–14). In recent years, Chinese ODA funding has included, albeit still on a limited scale, humanitarian assistance and disaster relief, public health, and gender equality. It has supported gender equality and women’s rights by providing funding to the UN and by training and scholarships in women’s capacity building. Indeed, China’s emphasis is that only through economic improvement can gender equality be achieved (Zhang and Huang, 2023).

Figure 4. Proportion of development finance from the U.S., China, and the OECD, 2002–2021



Selected Sectors, 2002-2021
Constant 2024 USD (Billions)



Source: Custer, S., Burgess, B., & Sritharan, N. (2025). Into the Breach: Will China Step Up as the U.S. Retreats from Global Development? Policy Brief, AidData. p. 20–21. Available: https://docs.aiddata.org/ad4/pdfs/Into_the_Breach.pdf.

While Chinese foreign aid continues to be predominantly bilateral, since 2015 it has become more involved in multilateral development cooperation, through the UN system, such as with the UN Development Programme (UNDP), and multilateral development banks (MDBs), such as the World Bank’s International Development Association (IDA). It has also played a critical role in establishing two development banks—the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB). Over time, both its voting weight and influence in MDBs have increased, giving it a growing voice in these international development finance institutions (Humphrey and Chen, 2021). In 2019, China ranked as the fifth -largest overall donor (assessed plus voluntary) to UN agencies focusing on development programs.

China's growing role as a key player in international development finance has allowed it to gain greater voice in discussing and debating models of development in the Global South, as it seeks to demonstrate that its model of development is a better fit for the conditions of developing countries and has delivered concrete outcomes. China's engagement with traditional donors and multilateral organizations, therefore, has shifted from learning from the former to promoting its alternative model of development finance. Trilateral cooperation, which would involve China, an international organization such as UNDP or another donor country, and the recipient country, can serve as an important channel for China to participate in global governance and to increase its discourse power and expand its influence in international and regional affairs, including in international development finance with Chinese characteristics (Hofman and Srinivas, 2024).

One of the criticisms of China's development finance through commercial lending is that developing countries can be drawn into the so-called "debt trap." A few cases readily come to mind: Sri Lanka, Laos, Angola, Ethiopia, Zambia, even though it is not entirely clear who is to blame for debt exposure of borrowing countries. Multiple factors may have contributed to such developments: lack of institutional capacity in recipient countries to absorb and use loans efficiently; politicians pursuing personal gains; failure in accruing economic returns on investments due to misjudgment and changing economic conditions; among others (Himmer and Rod, 2022). Since 2016, China's overseas lending has exceeded all the major multilateral institutions and the 22 members of the Paris Club combined. A few borrower countries have become heavily indebted as a ratio against GDP. The five countries with the highest China debt/GDP ratios are Djibouti (38%), Kyrgyzstan (35%), Congo (34%), Tonga (27%), and Cambodia (27%). One of the implications of China becoming a major creditor in international development finance is its approach to debt restructuring. While traditional donor countries, members of the Paris Club, have adopted debt forgiveness, China's policy banks instead prefer debt repayment rescheduling and rollover rather than cancellation. Other concerns over China's growing role

in international development finance are the lack of transparency and conditionalities in Chinese lending, and its potential challenge to existing foreign aid norms, practices, and the OECD/DAC regime (Caria and Ghinoi, 2025). Clearly, further integrating China into multilateral institutions, including debt relief, is one way of encouraging the country to take greater responsibility and engage in international development aid coordination. One such effort is through the G20 Debt Service Suspension Initiative (DSSI) that was launched on 15 April 2020 as the COVID-19 pandemic was sweeping across the world. China joined the DSSI framework and fulfilled its role in implementing its programs in suspending, rescheduling, and forgiving debts from developing countries (Bräutigam and Huang, 2023).

Clearly, China has adopted a different approach to development finance, with a primary focus on infrastructure and capacity building, hoping that these would enable the recipient countries to industrialize and more fully participate in the global economy. While Chinese ODA-equivalent development aid remains relatively small compared to its total overseas development lending, it is increasing, albeit slowly, given the economic headwinds it has been facing in recent years. Given the recent debate on development aid (Tooze, 2025; Usman, 2025; Foreign Policy, 2025), there could be an opportunity for China and DAC to coordinate to make development assistance work, especially for recipient countries. China's development paths provide some useful lessons but cannot be replicated because conditions are quite different. US tariffs and growing protectionism also do not help the Global South move from aid recipients to newly industrializing markets.

Conclusion

China has become an important player in international development finance. While its ODA spending remains relatively small but not inconsequential, placing it among the top ten donor countries in the world, it is its overall international development lending that makes it the largest lender in the world, surpassing the United States. Driven by a multitude of considerations, from gaining access to critical resources, increasing political and diplomatic influence, to facilitating trade and expanding markets for Chinese goods, Beijing has introduced its development model and provided alternative sources of financing of which developing countries have enormous needs, and which traditional foreign aid cannot and will not meet given the priority areas ODA typically focuses on.

The chapter presents an overview of the scale, scope, and evolution of Chinese international development finance over the past two decades. With the demise of USAID, two questions have become more salient and important. First, how do we understand China's role as an international development actor and how is this assessed—by traditional criteria that define ODA or some other measurements? Second, whether China will replace traditional donor countries such as the United States and other OECD countries depends on Beijing's evaluation of its interests, capacities, and its interactions with other donor countries and multilateral lending institutions. At the same time, important issues that need to be addressed also include whether the traditional approaches to development aid and finance are adequate or even correct in delivering what are the original targets of foreign aid in the first place: economic development and human development.

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