Impact of China-Africa Aid Relations: A Case Study of Uganda

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List of abbreviations and acronyms

CJIC	Chinese Jaiangxi Co-op for international Economic and Technical Cooperation
FIFA	Federation for International Football Association
UIRI	Uganda Industrial Research Institute
DAC	Development Assistance Committee
OECD	Organization for Economic Cooperation and Development
GDP	Gross Domestic Product
GBS	General Budget Support
MFPED	Ministry of Finance Planning and Economic Development
PEAP	Poverty Eradication Action Plan
AfDB	African Development Bank
USAID	United States Agency for International Development
WFP	World Food Programme
IDP	Internally Displaced Persons
URA	Uganda Revenue Authority
EC	Electoral Commission
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
SSA	Sub Saharan Africa
IDA	International development Assistance
KCC	Kampala City Council

Abstract

Since the 1990's, China has substantially increased its aid to Uganda. However, the aid policies and aid distribution channels through which China provides its aid are not well known. Using available aid data from the various recipients and information from the Chinese consulate in Uganda, this paper provides insights on how China's aid has impacted on the economic and social welfare of the people in Uganda. The paper further analyses sector specific opportunities and challenges faced by Uganda as a result of the impacts generated through the growth of this economic relationship with China. The findings indicate that the aid which China provides to Uganda has mainly been in the form of technical assistance, with emphasis on training in Chinese institutions; grants; interest-free loans; preferential loans that have an interest subsidy; and debt relief. Indirect benefits have been felt for example, debts that have been cancelled have reduced Uganda's external burden hence have had a positive impact on peoples' welfare in Uganda. However, the created employment may not be sustainable in the long-run. The paper concludes that there is a strong need for government to contribute meaningfully to donor funded projects for sustainability and further poverty reduction of the beneficiaries of these services. In addition, urges government to re-strategize its position in order to benefit from its relations with China.

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The suggestions and comments notwithstanding, the authors bear responsibility for all errors and omissions. All views expressed in the paper are entirely those of the authors and not attributable to their institution.

1. Introduction

"We in China always say that you'd better teach someone how to fish than give him fish. The purpose of China's assistance to Africa is to enhance the self-reliance capability of African countries", Ministry of Foreign Affairs- China, 2007.

Economic ties between China and Africa have grown steadily and this has seen the former's aid to Africa increasing in recent years. In 2006, the latest official disclosure of China's aid indicated that it had provided about US$5.7 billion to Africa. However, most official aid is considered a state secret (Brautigam, 2008). China and Uganda have a long diplomatic history dating as far back as the post independence era. During the period 1962-1985, bilateral relations between the two countries remained steady in spite of the regime changes in Uganda. According to the information from the China Consulate in Uganda, development assistance from China to Uganda overtime has risen to the tune of US$4-5 million annually (Chinese Consulate, 2007). Since the establishment of diplomatic relations between the two countries during the aftermath of Uganda's independence, the Government of China has continued to provide development assistance to Uganda in the form of interest-free loans and grants to a cumulative value of approximately US$80 million in 2003[1]. The bulk of China's aid to Uganda is in the form of non-concessional loans (MFPED, 2007). China's contribution has been mainly directed towards infrastructural development in form of project aid, technical cooperation[2] and business related activities. Sectors that have benefited most include: transport and business related services, manufacturing, and agriculture. However, specific impacts within these sectors especially attributable to China's assistance have not been examined at a country level.

Uganda has recorded impressive annual economic growth that has averaged about 7 percent during the last decade, reduction in income poverty from 50 percent in 1992 to 31 percent in 2007. However, the country remains a low income country. Moreover, income inequality as measured by the Gini coefficient increased from 0.35 in 1992/93 to 0.41 in 2005/06 (Ssewanyana, 2008). Uganda is faced with fiscal challenges in her efforts to mobilize and effectively utilize resources for poverty reduction.

As a developing country, Uganda receives substantial amounts of aid in order to execute its development programmes. However, her dependence on donors to finance the national budget has reduced in recent years. Donor support to the total national budget declined from over 50 percent since 1992 to about 30 percent in 2007/08. It is however projected to temporarily

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[1] Embassy of the Peoples' Republic of China in the republic of Uganda (2004) "Sino- Ugandan Relations: 42 Years' Brother and Sisterhood", 28 Octoberhttp://ug.China-embassy.org/eng/sur/t168251.htm

[2] According to DFID definition which was employed, technical cooperation is the provision of advice and/or skills in the form of specialist personnel, training, scholarships and grants for research and associated costs. Technical cooperation (TC) should not be equated with capacity development which is a much wider concept. TC is one input to the capacity development process.

increase to 32.6 percent in 2009/2010 due to the global economic downturn. Available data indicates that Uganda's major donors in 2006/07 were; International Development Assistance (IDA)-27 percent, United Kingdom (UK)-13 percent, United States Agency for International Development (USAID)-7 percent, Netherlands, World Food Programme (WFP), African Development Bank (AfDB), & Denmark- 5 percent; Ireland- 4 percent, Germany -3 percent and other donors China inclusive was- 16 percent (MFPED, 2007). But, data on the precise nature and extent of the Chinese government's aid to Uganda including loan duration and interest charges are not generally available. China does not provide budget support to Uganda's aid portfolio. All Chinese aid is project aid. Loans and grants are often given as tied aid. For grants in particular, it requires the borrower to procure either Chinese goods or services, and sometimes grants are also provided in kind, meaning that China provides Chinese goods directly. In the case of loans without interest, these have mostly been written off in Chinese debt relief operations. The grant element included is suggested to be sufficiently high for the loans to be considered as Official Development Assistance (ODA)[3].

Studies such as Movrotas *et al.,* (2003); Kaplinsky *et al.,* (2006)and Collier and Reinikka (2001), have provided useful insights on how to analyze the effects of aid on growth, consumption, investment and its overall incidence on poverty. This paper is a contribution to several studies by providing insights on the key features and trends of the past, current and future evolution of aid relations between China and Uganda with a view to achieve a deeper understanding of the effect of China's aid on the Ugandan economy.

The paper critically reviews the following issues, among others:

- A review of international aid to the country (size and sectoral distribution) and the significance of Chinese Aid over time (1997-2007 or as far as the data permits).
- A review of key features of Chinese aid (fragmentation, volatility and coordination) versus aid from other donors.
- A detailed analysis of the disciplinary focus of Chinese training and scholarship programmes paying attention to the relative influence of national authorities and Chinese authorities in determining the disciplinary focus of such assistance, i.e., the extent to which the assistance is demand or donor driven.
- Analysis of Chinese aid-assisted construction of buildings and other infrastructures, with special emphasis on local labor content (by skill level), the presence or otherwise of implicit capacity building and the implication for project maintenance programme, the nature and extent of implicit technology transfer; the sources of material inputs used and the short and long term implications; the presence or otherwise of outsourcing to local suppliers and/or partnership with local contractors.
- Analysis of technical assistance with special emphasis on the presence or otherwise of training of local staff/counterparts necessary to ensure that the local staff gain

[3] UNCTAD/UNDP 2007, p. 57

competence to sustain activities at the end of the technical assistance; the presence of otherwise of implicit transfer of technology.

- Analysis of the risks of initiating another round of high indebtedness on account of China's aid to Uganda, most of which are in the form of concessional loans;
- Articulation and analysis of the risks of the country engaging in perverse response to the non-interference and no policy conditionality issues in Chinese Aid, i.e., local governance;
- Articulation and analysis of the alternative strategies necessary to ensure that the country maximizes the multiplier effects and sustainable development impact of Chinese Aid in the short, medium and long-terms;
- Articulation and analysis of the policy responses necessary to optimize aid relations with China if and when China acquires the attributes of an advanced industrialized economy and the associated changes in the features and pattern of its aid relations with the country.

The rest of the paper is organized as follows: section two provides a background to the nature of the Uganda's economy, its aid portfolio, trends and China's aid policy, aid and institutional arrangements with Uganda. Section three reviews related literature on aid. Section four describes the theoretical framework, method of analysis employed and data sources. Section five presents an analysis of findings of sector specific impacts and a case study. Section six concludes and provides some policy recommendations.

2. Background

2.1 Ugandan economy

Uganda's economy continued to grow at a high rate of 7.0 percent in 2008/09 at market prices despite the global financial crisis and recession which adversely affected the global economy. However, this was lower than the growth rate of 9.0 percent per annum in 2007/08. Despite the slight decline, the growth performance was much higher that that of other countries which experiences negative growth in economic output over the same period. The strong growth was attributed to the services sector, including transport and telecommunication which grew by 20 percent in 2008/09. Financial services grew by 21 percent while health services grew at 8.1 percent. Manufacturing grew at 8.3 percent as well as mining and quarrying with a growth rate of 9.2 percent (UBOS, 2009).

Although the on-going financial crisis affected household incomes in the form of reduced worker's remittances, the economy remained resilient mainly because of its diversified nature particularly the export and service sectors. The decline in worker's remittances had an effect in that, the pace at which construction sector grew slowed down considerably to 2.2 percent per annum in 2008/09 from an average of 15.5 percent per annum for the last four fiscal years (FY2004/05-FY2007/08). Table 1 below shows sectoral GDP growth rates for the last four years

Table 1: GDP growth rates by sector, 2004/05-2008/09

	2004/05	2005/06	2006/07	2007/08	2008/09
Agriculture, forestry and fishing	2.0	0.5	0.1	1.3	2.6
Industry	11.6	14.7	9.6	9.1	3.8
-of which Construction	14.9	23.2	13.2	10.8	2.2
Services	6.2	12.2	8.0	10.2	9.4
Indirect Costs	3.4	17.6	27.9	17.5	9.5

Source: Statistical Abstract, 2009, Uganda Bureau of Statistics

2.2 Review and analysis of Uganda's aid policy, structure and trends

Recognizing the high transaction costs, government promoted donor coordination and alignment throughout the 1990s. At the 1999 Stockholm conference on "Making Partnerships work", the Government laid out its intent for its relationship with donors and proposed a set of principles for the management of donor assistance that were later signed by both government and key donors in 2003. This spurred the birth of Poverty Eradication Plan Volume 3 "Building Partnerships to implement the PEAP". This further led to the establishment of joint sector working groups, the development of sector-wide approaches programs (SWAps) and pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services by development partners. Subsequently, the annual poverty reduction support credit (PRSC) process played an important role in strengthening donor harmonization. The PRSC has been a focus for donors that provide budget support to participate in joint discussions with government and to link their disbursements to the fulfillment of agreed prior actions that are themselves derived from the Poverty Eradication Action Plan (PEAP), (MFPED, 2007).

The PEAP provides an over-arching framework to guide public action to eradicate poverty. The PEAP defines this framework through which Government provides the public goods and services needed to support economic growth and development. Government will continue implementing the PEAP with the purpose of contributing to the long-term vision of transforming Uganda into a middle-income (industrialized) country. The PEAP has been extended for three years until the National Development Plan (NDP) has been finalized and adopted.

The need for improved partnership has been increasingly recognized both by government and development partners. As such a High-level Forum on aid harmonization was held in Rome (February, 2003) and a declaration on harmonization adopted. The core principles agreed at this High-Level Forum were put forward at the Marrakesh Roundtable on managing development Results in February, 2004. In 2005, another High-Level Forum for Ministers of developed and developing countries met in Paris and adopted the Paris Declaration on Aid effectiveness, ownership, harmonization, alignment, results and mutual accountability. At the Forum, Ministers recognized that while the volumes of aid and other development resources must increase to achieve the MDGs, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance (MFPED, 2007).

Thus, in a bid to improve partnership and aid effectiveness, Government embarked on the Division of Labour (DOL) exercise. The overall objective of the DOL exercise was to generate a more efficient development partner division of labour that ensures balanced spread of financial support and policy dialogue. Development partners would become increasingly selective in their programming and policy dialogue, with each concentrating efforts on sectors or areas based on their comparative advantage. The DOL was expected to result in reduced transaction costs in external resource mobilization and management.

By the end of the 1990s, donors' perceptions were that the Government of Uganda had been successful in reforming the macroeconomic situation as well as the public sector. Poverty seemed to decline and donors bought into the budget support linked to the Government's Poverty Eradication Action Plan (PEAP). Hence, between 2000/01 and 2003/04 there was an increase in general budget support (GBS) (Table 2). About half of total aid to central government was given as GBS and this share was envisaged to rise to 62 percent (MFPED, 2004). Uganda's development assistance portfolio has been volatile over time, increasing from 9.1 percent of GDP in 1998/99 to 13.3 percent during the fiscal year 2002/03 to 10.3 in 2006/07(MFPED, 2007). In 2005/06, aid declined significantly. This was as a result of elections at that time and hence most donors withheld assistance as a result of governance related issues. Nevertheless, since then, average donor aid to Uganda has been declining (Table 2). This volatility in donor inflows has had implications on long term planning of government's development programmes. This has been in addition to the fact that what is pledged is usually less than what is disbursed, not to mention the fact that disbursements are not always timely. From 1998-2007, project aid averaged 5.2 percent of GDP and was proportionately less compared to what was allocated for budget support of 5.4 percent. This trend changed starting from 2000/01 with budget support surpassing project aid. This was largely due to emphasis on "basket funding" and less on project support. Every donor has been urged by the Ugandan government to offer aid within the over arching framework of "*Poverty Eradication Action Plan*" (PEAP).

Table 2: Uganda Aid as a percentage of GDP

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06(Revised Outturn)	06/07 (projected Outturn)
Gross Aid (grants and loans)	9.1	9.3	11.3	13.3	13.3	12.9	10.2	6.3	10.3
Budget support	3.1	3.5	5.7	7.2	7.7	6.5	5.5	3.7	5.7
Project aid	6	5.8	5.6	5.9	5.6	6.3	4.7	2.6	4.5

Source: Various Backgrounds to the Budget, MFPED, 2008/09

Nonetheless, as a proportion of GDP, project support hardly decreased suggesting that the decreased importance of project support in the aid portfolio was mainly on account of increased budget support and not switching of aid from project support to budget support (Table 3). Has aid impacted anyway on Uganda's growth? To a great extent this could be true given that donor aid for sometime was financing half the government budget until 2007 and 2008 when donor financing fell to about 35 percent of GDP. This was partly explained by Government's objective to reduce reliance on donor support and the sustained tax to GDP ratio of 13 percent in the recent years.

Table 3: Aid distribution in million US$: 2001/02-2007/08 –

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08 Budget	2007/08 Proj. Outt
Gross Aid(Grants &Loans)	0.65	0.71	0.85	0.79	0.73	1.15	1.03	1.09
Grants	0.40	0.46	0.62	0.64	0.48	0.58	0.54	0.68
Budget support	0.21	0.26	0.44	0.44	0.26	0.39	0.28	0.28
Project Support	0.19	0.20	0.18	0.19	0.22	0.19	0.26	0.40
Loans	0.25	0.24	0.23	0.15	0.25	0.57	0.49	0.41
Budget support	0.18	0.18	0.03	0.01	0.04	0.25	0.11	0.10
Project Support	0.12	0.14	0.20	0.15	0.21	0.32	0.39	0.31

Note: Used the Exchange rate of Ush1860= US$1 for conversion

Source: Various Backgrounds to the Budget, MFPED, 2008/09

2.3 Review and analysis of trends in external assistance by donor and sectoral distribution in Uganda

The World Bank through the International Development Association (IDA) window has cumulatively remained the top donor. Development partners are increasingly appreciating the need to channel their support through the budget. China share in development assistance to Uganda was on average about 0.22 percent of the total aid to Uganda whereas the World Bank has the highest share of about 29.12 percent over the period between 2000/01-2007/08 (Table 4).

Table 4: Disbursements by Donor in US$M-Excluding HIPC Savings: 2000/01-2007/08

Donor	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	TOTAL
IDA	179.2	245.1	271.6	292.1	300.2	100.4	559.9	64.62	**2013.1**
UK	125.9	178.4	98.6	108.8	83.9	78.2	85.7	71.46	**830.96**
EU	33.3	35.5	61.9	122.9	132.03	82.55	109.17	74.57	**651.92**
USAID	34.7	68.2	80.2	4.2	45.6	100	117.1	0	**450**
NETHERLANDS	52.1	38.1	32.9	63.3	47	23.5	21.38	42.6	**320.88**
WFP	35.4	29.9	27.2	50	62.9	8.2	0	0	**213.6**
ADF	18.6	24.6	25.2	65.8	25	78.6	87.4	96.36	**421.56**
DENMARK	43.7	40.4	47.6	39.8	26.3	11.3	34.3	33.05	**276.45**
IRELAND	13.7	27.2	48.5	51.6	45.3	21.2	47.18	23.48	**278.16**
GERMANY	19.6	29.1	21.9	28.6	41.4	37.2	38.66	2.58	**219.04**
SWEDEN	25.5	17.2	30.4	33.4	37.47	0.8	17.66	6.05	**168.48**
NORWAY	12	13.1	20	20.3	24.5	14	26.45	25.08	**155.43**
IMF	23.1	0	2	5.8	6	2.9	0	0	**39.8**
UNICEF	11	8.4	14.4	18.3	9.2	0	0	0	**61.3**
EIB	6.2	5.4	0	41.1	5.6	0	15.6	0	**73.9**
ITALY	2.6	1.1	3.1	12.3	8.4	7.6	1.33	0	**36.43**
WHO	5.3	9.7	6.2	6.1	10	0	0	0	**37.3**
NDF	1.8	0.5	1.1	26.5	8	0	5.6	0	**43.5**
JAPAN	0.6	8.9	2	6.8	4.8	2.5	5.4	0	**31**
UNDP	2.7	2.6	5.9	6.4	5.3	8	9.6	0.9	**41.4**
IFAD	3.8	4.3	4.4	5.6	6.1	6.5	8.02	6.59	**45.31**
AUSTRIA	4.5	3.6	2.8	3.7	4.5	3.7	7.05	5.6	**35.45**
BELGIUM	1.3	5.9	0.3	1.6	1.7	7.3	6.42	2.81	**27.33**
FRANCE	0	0	2.9	4.9	9.1	0.6	1.8	2.14	**21.44**
SPAIN	0	3.7	8.6	5.1	1.4	0	0	0	**18.8**
CHINA	1.1	2.3	5.2	4.8	-	-	0.12	0	**13.52**
FAO	1.9	1.2	3	1.2	1.8	0.6	0	0	**9.7**
GLOBAL HIV/TB/MALARIA	0	0	0	0	20.6	41.2	13.2	2.57	**77.57**
GEF	2.7	2.7	1.5	0	0	0.8	0.8	1.37	**9.87**
UNFPA	2	2.4	0.2	0	0	1.4	1	0	**7**
CANADA	0	2.2	1.3	2	0.9	0	0	0.05	**6.45**
OPEC	0.6	0	0	0	0	0	0	0	**0.6**
SOUTH KOREA	0	0	0	3.7	0	0	0	0	**3.7**
EADB	0	0	0	3.5	0	0	0	0	**3.5**
ADB	0	0	3.1	0	0	0	0	0	**3.1**
NIGERIA	1	0.1	0.4	0	0	0	0		**1.5**
BADEA	0	0	0	0.2	1.7	0	3.1	0	**5**
CIAT	0	0.4	0.4	0	0	0	0	0	**0.8**
SAUDI ARABIA	0	0	0	0	0	0	0	0	**0**
SWITZERLAND	0.1	0	0	0	0	0	0	0	**0.1**
ACBF	0	0	0	0	0	0	0	0.25	**0.25**
TOTAL	**666**	**812.2**	**834.8**	**1040.4**	**976.7**	**639.05**	**1223.9**	**462.13**	**6655.2**

Note: From 2004/05 to 2005/06 on China aid data was not available/ documented

Source: Development Cooperation Report, 2007/08, Aid Liaison Department, MFPED

In addition to the above, Annex-Table (6), shows the trend of external assistance on a financial year basis for the period 2000/01 to 2006/07. It indicates that budget support is the highest and the most preferred mode of assistance of about 46.9 percent. The share in technical assistance[4] per year has been declining overtime from about 30 percent in the early 1990s to about 15 percent in 2001/02 and now the trend reversed to a steady increase up to about 20 percent to date. In 2005/06 the share of technical assistance was 32 percent of total aid, this was an outlier because a lot of budget support was cut back following delayed fulfillment of related good governance conditionalities and partly it was an elections period. The decline in the share of technical assistance was due to a significant increase in programme aid especially the budget support type. Emergency relief assistance has had an increasing trend throughout the period mainly going to cub security in North and North eastern parts of Uganda. Generally HIPC savings after 2000/01 increased by more than 30 percent per year and these are directly channeled through the Poverty Action Fund (PAF) to support priority sectors like primary education, primary health care, water & sanitation, feeder roads maintenance and agricultural modernization.

With regard to external assistance by sector, in Annex-Table 7, it's important to note that following an increase in budget support, there was a corresponding increase in project support for all sectors except Roads and Works. It should be noted however that budget support is also eventually channeled to sectors. In fact, some budget support is earmarked for certain sectors in which case it goes to those particular sectors. The share of external assistance going to the health sector has significantly increased since 2004/05. This is because Government realized that health indicators were still very poor and hence the need to invest more in the health sector in order to achieve the Millennium Development Goals (MDGs) for health.

2.3.1 Review and analysis of fragmentation, volatility and coordination of China's aid vis-à-vis aid from other donors

Looking at Table 4, of the total number of donors offering external assistance to Uganda, IDA has been consistently been the top donor for the last 8 years. Donor assistance from most countries has been relatively high and consistent over time. Even countries offering relatively lower donor aid, they have been consistent in providing it as can be seen from Table 4 above compared to China. China's aid has been inconsistent in its collection and recordings (this could be attributed to the non-disclosure policy China has with the recipient countries). In addition, most of China's aid has been in form of concessional loans and grants which are unpredictable. All in all compared to other donors, China's aid is relatively small that is only US$13.52 over the last 8 years has been recorded compared to US$2013.12 from IDA, implying China for the last 8 years has contributed only 0.2 percent of total aid to Uganda compared to 30 percent from IDA, this is very small . This indicates some of the inconsistencies in aid disbursements from China to Uganda and maybe the small magnitude can also be explained that given that China is not part of DAC; its small contribution reflects the level of importance Uganda is to China in terms of

[4] Development aid also known as *development assistance*, *technical assistance*, *international aid*, *overseas aid* or *foreign aid* is aid given by governments and other agencies to support the economic, social and political development of developing countries. It is distinguished from humanitarian aid by focusing on alleviating poverty in the long term, rather than alleviating suffering in the short term.

mutual benefits. On the other hand, much if China's aid is more projects oriented than contribution's towards the Uganda government's budget. More details can be seen in the next section.

2.4. Scope and nature of China's aid to Uganda

2.4.1 A review of China's aid policy and trends in its development assistance to Uganda

In 2005, the Chinese's president identified five measures for assisting other developing countries (Box1). These measures are currently being employed in China's relationship with Uganda.

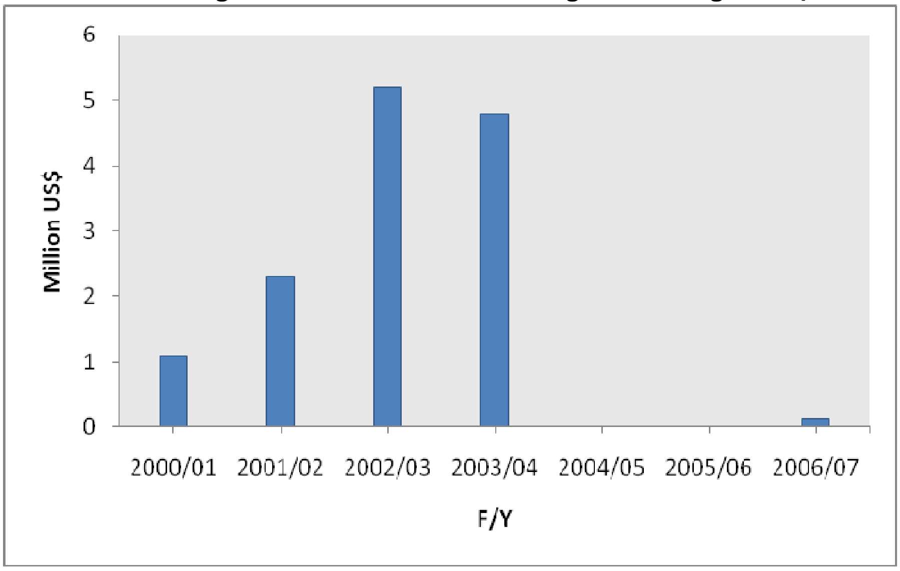
Box1: China's Changing Aid Strategy in Africa

1. Zero tariff treatment to some products from all the 39 LDCs having diplomatic relations with China, which covers most of the China-bound exports from these countries.
2. Further expand aid program to the Heavily Indebted Poor Countries (HIPCs) and LDCs and, working through bilateral channels, write off or forgive in other ways, within the next two years, all the overdue parts as of the end of 2004 of the interest-free and low interest governmental loans owed by all the HIPCs having diplomatic relations with China.
3. Within the next three years, China will provide US$10 billion in concessional loans and preferential export buyer's credit to developing countries to improve their infrastructure and promote cooperation between enterprises on both sides.
4. China will, in the next three years, increase its assistance to developing countries, African countries in particular, providing them with anti-malaria drugs and other medicines, helping them set up and improve medical facilities and training medical staff.
5. China will train 30,000 personnel of various professions from the developing countries within the next three years so as to help them speed up their human resources development.

Source: United Nations, New York, September 14, 2005, * Hu Jintao, "Promote Universal Development to Achieve Common Prosperity," written statement by Chinese President Hu Jintao at the High-Level Meeting on Financing for Development at the 60th Session of the United Nations, New York, September 14, 2005.

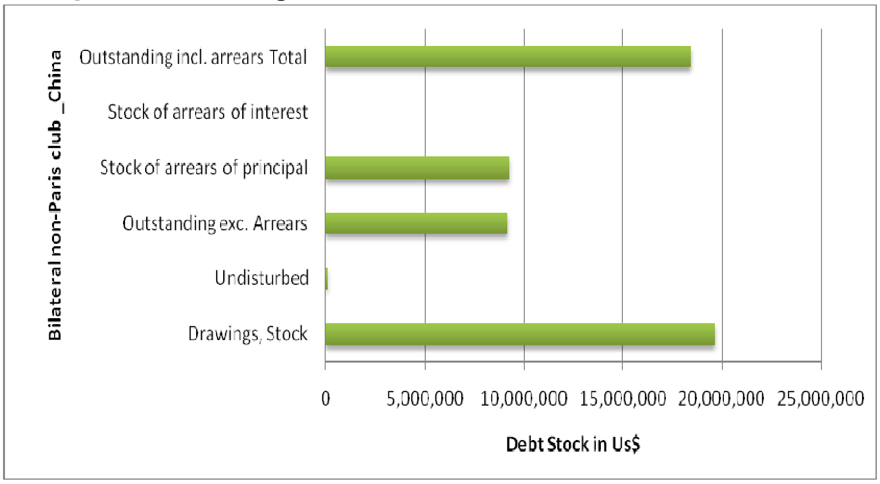
With the strategy in place, China has substantially stepped up aid to Uganda. As Figure 1 shows that aid from China has been steadily increasing from US$1.1 in 2000/01 to US$4.8 in 2003/04 and but declined considerably to 0.12 in 2006/07. Data for 2004/05 and 2005/06 was not documented though dialogue indicates continued receipt of China aid. The aid China provides to Uganda has been mainly in the form of technical assistance, with emphasis on training in Chinese institutions; grants; interest-free loans; preferential loans that have an interest subsidy; and debt relief. However, since China is not a member of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), which reports on members' international aid, it does not provide details about the level and terms of its own aid to other countries—so data and information with regard to types, purposes, conditions, thus the extent to which assistance is tied are rather sketchy. Furthermore, China is not under any obligation to adhere to the Paris declaration agreements as it is not a signatory. Uganda's standing debt Stock including arrears from China was about 1.7 percent of the total debt stock (Annex-Table 8). Figure 2 shows China to Uganda's debt stock as at 31st March, 2007. The stocks of arrears of interest were 0, undisturbed were US$88,000, outstanding debt including arrears and drawings were quiet high.

Figure 1: China aid to Uganda in US$ million-Excluding HIPC savings-2000/01-2006/07



Note: Data for the later years i.e. 2004/05, 2005/06 and 2007/08 are zero
Source: Development Cooperation Report, 2007/08, Aid Liaison Department, MFPED

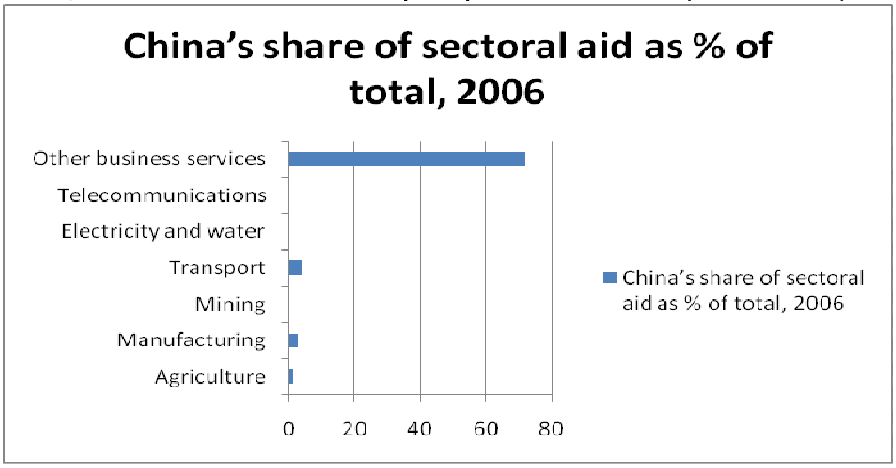
Figure 2: China to Uganda Debt stock as at 31st, March, 2007 in US$



Source: Development Cooperation Report, 2006/07, Aid Liaison Department, MFPED

As earlier mentioned, China's aid takes the form of technical assistance, budget support, emergency relief assistance and investment technical assistance. From this assistance, some sectors have greatly benefited which include: transport and business related services (Such as trainings, health equipment, and technical support), manufacturing, and agriculture (Figure 3). However, other sectors such as telecommunications and mineral exploration are yet to realize the benefits from the external assistance extended by China to Uganda. Reports indicate that some of the aid to Uganda is mostly provided in kind by Chinese companies, and tends to be on a ready-to-operate basis, mostly with Chinese inputs, including labor.

Figure 3: China's share of aid by recipient sector, 2006 (US$ millions)



Source: Development Cooperation Report, 2006/07, Aid Liaison Department, MFPED

2.4.2 A review and analysis of the institutional and sector wide agreements between China and Uganda

Documents reviewed from the MFPED, MAAIF, Ministry of Works and Transport, related websites revealed that Uganda and China had signed various agreements in various sectors within which China was to offer support. These have been in the following areas as categorized below;

i) *Training:* The Uganda Industrial Research Institute (UIRI) located at Nakawa, Kampala was set up in 2001 under a cooperation program between Uganda and China. The institute has been producing technical personnel for Uganda's light industry. According to institute statistics, 690 technical personnel have been trained since then. It also helped to push forward Uganda's industrial technologies. The program was also extended to community groups and small scale enterprises, and students from universities and colleges. Beginning from the latter half of the year 2001, UIRI started to test and determine raw materials and products for the local manufacturers like meat processing plants, soft drinks plant, dairy corporations, and pharmaceutical factory, helping them to control quality of products. According to the African Human Resources Development Fund (AHRDF) set up by the Chinese government, the institute was projected to train specialized talents from African countries between 2004 and 2006. Thus, the institute has become one of the strongest equipped industrial research institutes on the African continent. The UIRI aims at pioneering in industrialization, adaptation and popularization of advanced technologies, training of personnel for research institutes and enterprises, driving progress of the national industry. In operation and maintenance of facilities at Mandela National Stadium/Namboole Stadium, Ugandans are being trained in the fields which include: timer & score board, power maintenance, fire fighting, plumbing and sports.

ii) *Infrastructure*: In September 2007, an agreement for construction of Wakawaka fish landing site was signed between China and Uganda and the site was completed and handed over to MAAIF and its now in use. In the same year, China provided computers to the Office of the Inspector General of Government (IGG) worth US$0.02 million. Another agreement for the construction of a government office block was signed in 2007 and the project is expected to cost approximately US$20 million. The office block is expected to house the Office of the President, Office of the Vice President and the Office of the Prime Minister. The Ugandan government is providing the land –which has already been done- and the Chinese government will construct the building under their own terms. In the same year, an agreement for the construction of two rural schools was signed but the Chinese government is yet to dispatch a team to carry out a feasibility study on the project before it commences. The schools will be constructed in Sembabule and Kanungu districts in western Uganda.

iii) *Health*: In the last quarter of 2007, an agreement for the provision of health equipment worth US$266,000 was signed. It was further agreed that the Chinese government would deliver the equipment which they have not yet done. In 2006, the Chinese government sent an expert team to train Ugandans-various medics- on the latest anti malaria technology. The Chinese also agreed to construct a hospital in Kampala which would accommodate more than 100 people. The feasibility study of the project is yet to be carried out by the Chinese Government before the project can commence. An agreement was signed in 2006 during the Chinese Premier visit to provide a batch of anti malaria Medicine worth US$0.4 million and the first batch was delivered to the Ministry of Health. By mid 2007, an agreement to provide a second batch of anti malaria medicine worth US$$0.4 million was again signed but the government of China is yet to deliver the medicine since its currently on going. Specific Chinese aid allocated to health sector is not available and more specifically, according to information from Ministry of Health (MoH) China does not allocate monetary aid to health but provides inputs as good will and in other areas identified in which they can make a contribution.

iv) *Loans and debt cancellation*: Another concessional loan agreement worth US$30 million for the National Information Communication Technology (ICT) and e-government project was signed in 2007. This is part of the bigger loan expected to reach US$106 million at the time of completion of the project and the Chinese government is expected to provide the balance of the loan. During the construction of the Mandela National stadium, the Chinese Government provided an interest free loan of approximately US$ 32 million to the GoU for the construction of the stadium and repayment is on schedule. During the Chinese assistant Minister of commerce visit in 2007, a Protocol on cancellation of debt worth US$17 million was signed.

v) *Grants:* The purchase of trucks in 2002 came about after an agreement for a grant worth US$1.6 million was reached between the two countries. The grant was later used to procure 30 tipper trucks from China for use by Kampala City Council (KCC) in an effort to collect garbage from the city and they are currently in use. Other grants worth US$0.13 and US$4.04 million were extended to the Ministry of Foreign affairs to purchase common materials and construct the ministry's headquarters respectively. Both items are in place. In 2003, more grants worth US$2.67 million and US$4.0 million were extended and in 2004 and 2005, grants worth US$2.67 million & US$1.33 million were granted respectively with an agreement that both governments would agree on which projects should be implemented. In 2003, US$0.27 million was provided as emergency relief grant for assisting the 800,000 displaced people in Northern Uganda. In their support to the cooperative projects, the Chinese gave the GoU US$0.2 million for implementing the project. In addition, an agreement on Technical and Economic cooperation where the Chinese's government agreed to provide a grant of US$6.8 million was also signed. Table 5 details the status of some of the loans and grants by China to Uganda to date.

Table 5: China-Uganda: ongoing grant and loan listing

				NET COMMIT MENT	Pre-2002	2002	2003	2004	2005	2006	2007	TOTAL DISBURSME NT
Donor	**AGMTC ODE**	**AGMTTITLE**	**STATUS**	**(US$)**	**(US$)**	**(US$)**	**(US$)**	**(US$)**	**(US$)**	**(US$)**	**(US$)**	**(US$)**
China	G-1433	9 Experts to guide in UIRI	Disbursing	427,424	227,889	150,369	161,889	76,925				617,072
China	G-1483	Mandela stadium 2001 Econ Coop	Disbursing	4,451,357	330,484	80,000	74,351	-	-	-	-	484,835
China	G-1589	Medical team 2001	Disbursing	88,588	45,578	41,345	-	-	-	-	-	86,923
China	G-1650	Funds for shortage MOFA Comptn	Disbursing	3,129,890	-	3,090,683	-	-	-	-	-	3,090,683
China	G-1656	30 KCC JIEFANG tippers 2002	Disbursing	1,518,603	-	530,235	1,720,946	-	-	-	-	2,251,181
China	G-1712	Office building Ministry of Foreign Affairs	Disbursing	4,742,436	122,184	2,106,179	4,012,575	-	-	-	-	6,240,938
China	G-1900	Economic/Technical Cooperation 2004	Disbursing	3,594,536	-	-	1,761,180	-	-	-	-	1,761,180
China	G-1919	Emergency assistance	Disbursing	240,000	-	-	240,000	-	-	-	-	240,000
China	L-0114	Medical equipment	Disbursing	361,000	-	321,000	40,000	-	-	-	-	361,000

AGMTCODE-Agreement Code
AGMTTITLE-Agreement Title
Note: There may be a variance between Net commitment and Total disbursement due to exchange rate movements
Source: Development Cooperation Report, 2006/07, Aid Liaison Department, MFPED

vi) Technical cooperation: During the Chinese Premier's visit to Uganda in 2006, an agreement for technical and economic cooperation was signed between the two governments worth US$5.33 million. The money was to be utilized on projects that would have been jointly agreed upon by the two governments. In addition, an agreement for provision of two mobile container scanners was signed in 2006 between the two governments and they were delivered to Uganda Revenue Authority (URA) and they are in use. Technical assistance was provided to the UIRI at Nakawa through the provision of equipment as well as technical training in food in the fields of: electrical engineering, mechanical engineering, food technology, and ceramic technology. China is also developing human resource through training in China in different fields through sponsoring Ugandan government officials to attended seminars and conference in China on: fish farming, tropical disease control, rain harvesting, meat processing technology, capacity building for African women, agricultural development planning and sustainability, information technology, customs management, edible mushroom technology training, African economic management, rural development, civil compulsory education, African trade and investment cooperation, capacity building for rural education and finally management for economic and technological development zone.

vii) Others: In 2006, China provided and delivered lamps totaling 50,000 to the Electoral Commission (EC) worth US$0.6 million. They also agreed to provide a batch of farm tools worth US$0.13 million which the GoU distributed to the Internally Displaced Person (IDPs) in Northern Uganda.

viii) A*griculture sector:* In the agricultural sector, the implementation of the Agricultural Technology Demonstration centre for Uganda started in 2008 and a team of Chinese experts was sent to make a feasibility study for construction of the centre. The survey, planning and construction of the centre, providing machineries, equipment and materials needed by the project, the necessary engineers and technical staff were to be provided by the Chinese Government. The Ugandan Government is to provide land, connect roads, water and electric power to the project and bare the relevant expenses. GoU exempted custom duties on machinery, equipment, materials (including locally purchased) and household articles for the Chinese engineers and staff imported for the project and any other taxes. The Chinese government has signed a memorandum of understanding with the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) to carry out a feasibility study at the agriculture demonstration scheme in Kajjansi that will mainly focus on aqua-culture. Also three agriculture experts this year will for one year train Ugandan officials and practitioners in irrigation techniques, aquaculture planning and fishing. This training will start in August, 2009 and will be coordinated by MAAIF.

ix) *Trade promotion*: According to a discussion with the Ministry of Tourism Trade & Industry (MTTI) official, Chinese aid geared towards aid promotion in Uganda has been more of technical cooperation and not monetary aid. Most of the assistance has been indirect and some in form of training. For example China has signed a contract with the MTTI where it has offered MTTI free space in the upcoming Shangai Expo exhibition for Uganda to display its goods and services. The event will run for 6 months from 1st, June, 2010 to 30th, November, 2010. In addition, China is sponsoring 2-3 delegates from MTTI and paying for their stay for the duration of the exhibition. Through the Uganda Industrial Research Institute (UIRI), which indirectly supports MTTI through the training programme they offer, successful candidates have been recruited to work in the Uganda National Bureau of Standards (UNBS) which supports trade through certifying the goods coming on to the Ugandan market and those for export. China has signed an agreement with MTTI to construct the Uganda exports centre in Bugolobi, a Kampala suburb. The financing agreement and identification of land has been agreed upon and this will act as a location to the first glass company in Uganda. Put differently, Chinese aid has been of an indirect benefit to trade and this has been through infrastructure development like the Wakawaka landings site, which has led to value addition in the fishing industry and the Kibimba Rice Scheme which (was sold to Tilda (U) limited) has also added value to the produce industry in Uganda to mention a few.

3. Related literature on aid impacts on growth

3.1 Theoretical framework

There are far reaching views among researchers and aid practitioners alike on the link between aid flows and other macro variables, and that aid is successful only when associated with good policies in the recipient countries. In this section, we re-examine the literature on these relationships, and an appraisal of previous research contributions. In addition, a number of previous studies have been conducted to assess the impact of aid on economic development. The general issue of concern has been to establish a correlation between aid and growth and whether this growth depends on the policy environment.

The issue of whether or not, aid works has been approached from different methodological and ideological perspectives. First, the impact of aid has been evaluated at both the micro- and macroeconomic level; secondly cross-country as well as single-country case studies have been relied on; and finally, aid effectiveness research includes broad surveys of a qualitative and inter-disciplinary nature as well as quantitative analyses. The existing literature has been bogged down by inadequate analytical framework, to compare and evaluate the different causal relationships in the various studies. However, it is important to note that aid is given for many different purposes and in many different forms.

From an analytical approach, one can draw on both traditional growth theory and new growth models to illustrate how aid can potentially impact on economic growth through an array of channels. For instance, Cassen and associates (1994) contend that there is substantial evidence to prove that development projects have often yielded respectable economic rates of return; and this is so in spite of the disappointment with the project mode of operation. Additionally, numerous case studies support the World Bank (1998) observation that aid has, at times, made remarkable success. It is therefore not credible to contend from the outset that aid never works. The impact of aid on selected macroeconomic variables, including in particular savings, investment, and growth, incorporates such a set of specific and testable propositions, and it is in any case desirable to explore the impact of aid in a wider macroeconomic setting.

The macroeconomic impact of aid on savings is an indirect way of trying to come to grips with the aid-growth relationship. In the second generation of empirical work, focus turned to estimating the link between aid and growth. Some estimated the link via investment and some directly in reduced form equations. In so far as there is an underlying structural model, focus remains on capital accumulation and is consistent with the Harrod-Domar model or a simple Solow neoclassical growth model.

A strand of the second-generation literature explores the link between aid and growth in reduced form equations. Previous cross-country studies have tested whether or not a direct impact of aid on growth can be identified. While the original derivation of the Papanek specification was based on the Harrod-Domar growth model, this regression is also applicable when the underlying model is of the Solow type where substitution among production inputs is allowed. In this regard, the auxiliary assumptions are that the growth rates in the labour force and technology and, especially, the capital-output ratio are constant over time. These assumptions hold in steady state, and in the small open economy specification by Barro *et al.,* (1995) in which the user cost of physical capital is constant and given from abroad. To the extent that underlying assumptions do not hold, standard deviations on parameter estimates should increase even though the parameter estimates may still be unbiased.

In the previous studies on aid and growth in developing countries, foreign aid was perceived only as an exogenous net increment to the capital stock of the recipient country. It was assumed by pro-aid development economists such as Rosenstein-Rodan (1961) that each dollar of foreign resources in the form of aid would translate in an increase of one dollar in total savings and investment. In other words, aid was not treated as a component of national income adding to both consumption and investment. Hence, fungibility of aid resources was not allowed for, and aid for consumption purposes was skipped over in this type of macroeconomic aid impact analysis. The theoretical underpinning for this empirical work is the Harrod-Domar growth model with the causal chain running from aid to savings to investment to growth.

Papanek (1972) characterized the aid-impact approach embedded in the Harrod- Domar theoretical growth model as "curiously naive"[5].

The core of the Harrod-Domar model is the Leontief production function and the assumption of excess supply of labour. No substitution among production inputs is possible, and output is linearly related to capital, i.e., the scarce factor of production. Capital accumulation is then the key to development. The only way in which savings, domestic and foreign (including aid), can impact on growth in this model is through the accumulation of physical capital, i.e., investment.

3.2 Empirical Framework

According to Broadman, (2007), preliminary estimates compiled from public sources by the World Bank staff suggest that total China Ex-Im loans to Sub-Saharan Africa –that is non-concessional as well as concessional loans –amounted to over US$12.5 billion as of mid-2006 in the infrastructure sector. These loans finance projects in power, telecom, transport, water and sewerage sectors but exclude projects in the petroleum and mining sectors. These loans are highly concentrated in five countries namely: Angola, Nigeria, Mozambique, Sudan and Zimbabwe, which account for over 80 percent of the total. Moreover, support to the power sector makes up about 40 percent of total commitments, followed by "general" or multiple sector commitments (24 percent), transport (20 percent), telecom (12 percent) and lastly water (14 percent). However, without knowing what proportions of these loans are made on concessional versus non-concessional terms, let alone the duration and interest rates for these loans, it is difficult to compare meaningfully these China Ex-Im Bank financing commitments to Sub-Saharan Africa's infrastructure to more traditional forms of such aid. Overseas Development Assistance (ODA) from OECD countries to Sub-Saharan Africa's infrastructure-which generally is made on concessional terms-amounted to just over US$4billion in 2004, the most recent date for which data is available.

Stavolta, *et al.,* (2006) in their study on OECD policy dialogue with non-members on aid for trade: from policy to practice used a gravity approach to aid and trade nexus suggest that General Budget Support (GBS) tends to favour donor countries somewhat but received GBS does not increase Ugandan exports to donors. They also found that the money equivalent of technical assistance provided does not seem to influence exports. This might be expected since the bulk of the cost for technical assistance provided probably never enters the trade balance. On the other hand, it was expected that technical assistance would have a positive effect on exports if donor country representatives in Uganda acted as "donor country ambassadors",

[5] Papanek (1972) also pointed out carefully that some aspects of the simple Harrod-Domar model were modified in the Chenery-Strout-Bruno two-gap model (e.g., Chenery and Strout, 1966), which in his view greatly increased analytical sophistication and connection with reality. Import capacity was introduced as a separate potential constraint on growth, and the incremental capital-output ratio did not remain fixed. Yet, the assumptions about the contribution of foreign resources were not changed. It was maintained that they were *exactly additive* to domestic savings and domestically financed imports.

actively promoting business from their home country. This did not seem to be the case. Instead, types of aid other than technical assistance drove this relation. Focusing on aid received, a form of aid that is not technical assistance did not seem to influence Ugandan exports.

What are the effects of aid to Uganda? Collier and Reinikka (2001) estimate the contribution of aid to amount to 30 percent of the realized per capita GDP growth rate and of the fall in the incidence of poverty. They regard this to be a conservative estimate considering the positive effect that aid has had on policy reforms and the overall economic performance of the Ugandan economy. A drawback with Collier and Reinikka's study, shared with the bulk of aid effectiveness literature, is that it does not disaggregate aid. Aid comes in many different forms and it is clear that it can have potentially very different impacts on growth and poverty reduction depending on the sector to which aid is directed and what modality is used.

Mavrotas *et al*., (2003) make an attempt to find out how different types of aid affect consumption, investment and growth during the period 1980-2000 using regression analysis. Comparing project aid, programme aid, technical assistance and food aid, they found that project aid and food aid had a negative impact on public investment, while programme aid and technical assistance had a positive impact. Project aid also impacted negatively on private investments while other forms of aid affected private investments positively. Domestic savings were estimated to be negatively affected by technical assistance. The effect of programme aid instead was positive, while no effect of project aid on domestic savings was found. The government reduced borrowing considerably when programme aid, food aid and technical assistance were increased, whereas additional project aid only had a minor effect on this dimension. Considering short run growth effects, project aid had a zero effect, while technical assistance and food aid had a negative effect. The long-run growth effects from technical assistance and food aid however were positive while, project aid had a negative impact in the longer run. Programme aid had a positive impact on growth in both the short and the long run.

Inanga and Mandah (2008) analyzed the role of two foreign aid financing agencies, Enterprise Development Fund (EDF) and Export Development Programme (EDP), in promoting Zambia's economic growth. They looked at sectoral distribution of external aid, agriculture, infrastructure, manufacturing, coffee, floriculture & Horticulture, health and education. They conclude that although it may be difficult to separate the effects of foreign aid finance from those of other growth-inducing factors, efficient and effective utilization of foreign aid finance can contribute to growth in a stable macroeconomic environment.

Several cross-sectional studies have used simple regression models to establish a possible link between aid and growth. But the results have generally been negative (Mosley, 1987; Riddle, 1987, and White, (1992a&b). At the same time, project evaluation studies have shown majority of foreign aid financed projects to be successful. Anderson *et al.,* (2000) refer to this conflicting evidence as the macro-micro paradox, which could be explained by the fact that the direct effects of aid are positive, while indirect effects are negative. The direct effects alter production, incomes or consumption as a direct consequence of interventions, while the indirect effects are less easily identified. Aid to public sector projects, for example, releases resources, which can be used to cut taxes and borrowing, or increase in expenditure. The private sector is indirectly affected, for example, via changes in relative prices.

One of the best-known attempts to assess the impact of aid on growth is by Burnside and Dollar (1997) who use a more sophisticated approach than other previous analysts and model explicitly the interactions among aid, policy and growth. They use a two stage least squares to estimate simultaneously equations for growth, aid and policy. The study showed that aid has positive effects on growth in a good policy environment, while it does not work in a distorted environment. Good policy environments, according to Burnside and Dollar, are those that are open to trade, have low inflation rates, good share of the budget surplus in relation to GDP and balanced government consumption in GDP. They further argue that there appears to be no systematic impact from aid on policy. For example, in Ghana, good policies were rewarded, while in the case of Zambia, aid increased between 1970 and 1993, while policies deteriorated throughout the period. Burnside and Dollar thus found that aid significantly increased growth in good policy environments as measured by a composite measure of macroeconomic policies, had no effect in average environments, and was actually damaging in bad policy environments.

The evidence on the impact of aid on investment is mixed, but there is no clear evidence that aid contributes significantly to higher private investment. Rakner & Mulaisho (1999) have however argued that the objectives of the donors also play a vital role in the actual impact of aid on growth. They argue that most aid that has been flowing to developing countries has been tied to certain conditions. In cases where the objectives of the donors have converged with those of the recipient country, aid has been known to result in significant improvement in macroeconomic indicators. However, the opposite has proved to be ineffective in both promoting growth and inducing policy reforms.

The study by Anderson *et al.,* (2000) attempted to solve the problem that arises in attempting to measure the impact of aid on growth by using the Computable General Equilibrium (CGE) model. This model illustrated the difficulties of controlling other relevant factors that influence growth while simulating the effects of change in aid and at the same time, keeping other variables constant. Anderson *et al.,* (2000) study attempted to analyze the impact of various strategies with regard to foreign aid. They compared the impacts of foreign loans or grants to the private and public sectors, and also simulated the impact of a turn-around of Zambia's fortunes with regard to its external terms of trade. The results of their study showed the scope for growth to be highly dependent on the tightness of the external resource constraint. Their study also showed that most aid that has been channeled into the economy has had the Dutch Disease effect that led to the appreciation of the exchange rate, making it more difficult to export goods and services.

Kaplinsky et al, (2006) in their paper on the impact of China on Sub-Saharan Africa pointed out many key issues relating to the three primary channels through which China can impact Sub Saharan Africa (SSA). They identified trade, Foreign Direct Investment (FDI) & production, and aid. To measure China's impact through the channels, they categorized the impacts to either be competitive or complementary which can also either be direct or indirect. They concluded that direct impacts can easily be evidenced compared to indirect ones and that data is available for the trade component but very little on investment and aid. They also pointed out that no available methodology for providing a "net outcome", even for individual countries and regions. This is partly because some impacts are not-measurable, and partly because they involve trade-offs between winners. It was quite difficult to generalize across countries and sectors as they might experience the impacts in each of these channels in different ways. Various examples have been provided in their paper explaining the forms of impacts. Given that the authors also acknowledged that they generalized the impacts, it's the contribution of this study to make it country specific but following similar channels of analysis with focus on the China aid impact in Uganda.

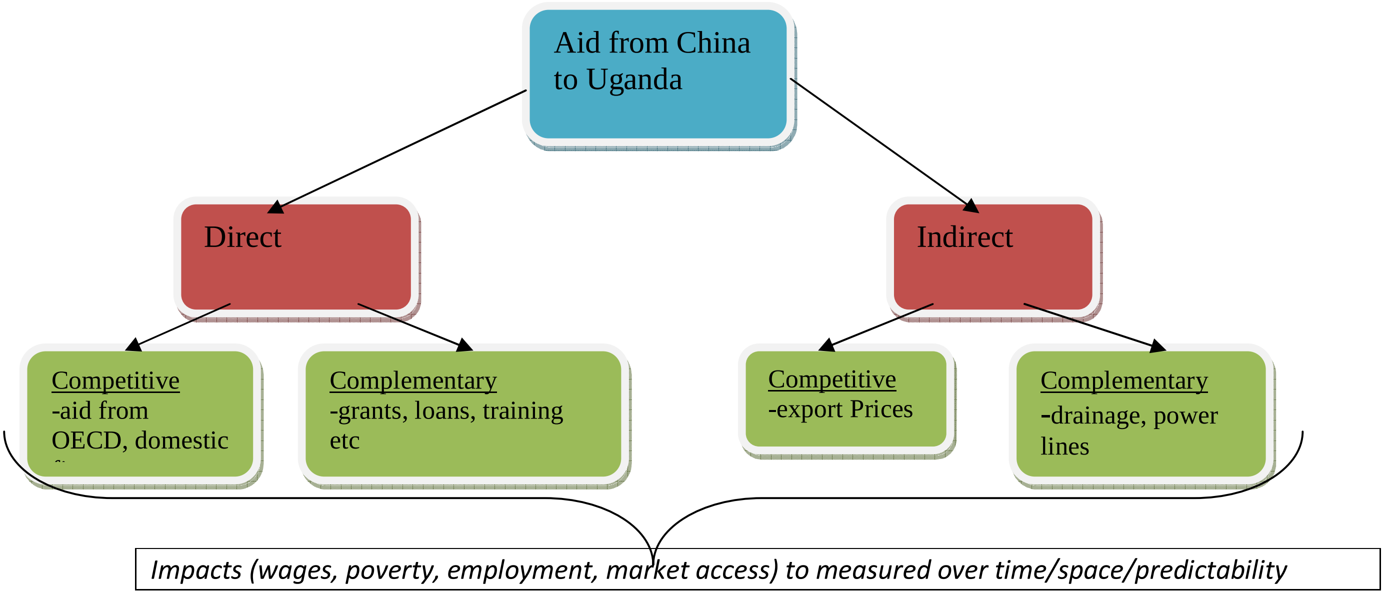
The conclusions from the literature are that positive evidence is convincing. The micro-macro paradox is largely non-existent. Microeconomic studies indicating that aid is beneficial are consistent with the macroeconomic evidence. While the extreme view that aid only works in an environment of sound policy appears wrong, this is not to say that economic policies have no impact on the marginal productivity of aid. The world is heterogeneous and noisy, and it turns out that many of those countries where aid works the best are, at the same time, among those that need it the least. In contrast, countries that are less fortunate in having good policies in place are the ones that badly need support to help bring them on track. They may need different forms of aid, but such real-world dilemmas remain unresolved. Single-cause explanations and mechanistic aid-allocation rules are not, for the time being, likely to be robust, and therefore useful guides to policy makers. Finally, the unresolved issue in assessing aid effectiveness is not whether aid works, but how and whether the different kinds of aid instruments at hand can be made to work better in varying country circumstances.

4. Theoretical Framework and Methodology

4.1. Theoretical framework

This study followed the Kaplinsky *et al.,* (2006) framework indicated in Figure 4 below where identification of the criteria relevant to the main issues, developed economic, social and infrastructure indicators and classified then into direct and indirect impacts, complementary and competitive impacts. The indicators selected for the assessment were divided into economic, social, and infrastructure indicators. The economic indicator was aid from China to Uganda, the infrastructure indicators identified included soft and hard infrastructure and social indicators included employment, occupational health, skill formation and wages. The qualitative and quantitative assessment of the trends, sectoral dimensions and magnitudes of the sectors, including how impacts are transmitted were investigated through a questionnaire and also gathered information on what the underlying objectives of the project were. Field visits were made to two specific projects that were implemented by China to access whether the objectives were met and if there was continuity post China.

Figure 4: Analytical Framework



Source: Adopted and modified from Kaplinsky et al, 2006

4.2. Data sources and limitations

Administrative data used in this paper on China-Uganda sector specific aid was obtained from the diplomatic community, Ministry of Finance Planning and Economic Development (MFPED)- in particular the aid liaison office, Ministry of Agriculture Animal Industry and Fisheries (MAAIF), Ministry of Education and Sports (MoES), Ministry of Works and Transport (MoWT), Chinese Embassy and Website, Uganda Bureau of Statistics (UBOS), China-Uganda-World Literature from OECD and World Bank Websites.

The study used micro level data arising from field survey information gathered using a simple questionnaire (Attached in Annex). Interviews with key informants were conducted from April, 2009 to June, 30th, 2009 by the study team where face to face interviews with about 20 individuals from relevant ministries and the Chinese Consulate in Uganda done.

In addition, in order to further analyze to a certain extent if in any way China's aid has impacted either directly or indirectly on the welfare of Ugandans considered as recipients of the aid, we used a case study of one of the projects that China built in Uganda. Our case study was the Wakawaka Fish Landing site located in eastern Uganda, in Iganga District. The study sample was suitable to our analysis because, the project is about 4 years old, so impacts can be felt/observed/ gauged. Given that it's new, specific in-depth studies have to our knowledge never been done to fully understand if the project has created any benefits to the community during and after it implementation. That is in terms of employments, wage/income improvements, poverty reduction and development of the community in general like spillover effects. The project is in a rural setting (suitable for assessing poverty reduction impacts over time). Iganga District is one of the districts in Uganda with the highest poverty lines in rural areas and high the highest population growth rates in the whole country.

The major data limitation was on comprehensive China Uganda aid data not being available other than what was being provided at that point in time. By the MFPED aid liaison department.

5. Analysis of findings

5.1 Sector specific finding arising from field visits and interviews

In this section, we present findings arising from field visits, general observations, interviews and cases studies to two projects that were implemented by the Chinese Government. We found that Uganda has been the main initiator of aid between the two countries. Aid though sometimes not specific has contributed towards meeting the goals of the Poverty Eradication Action Plan (PEAP). On the economic point of view, most project aid has been used for small scale plants producing light consumer goods grown on related agricultural schemes like Kibimba and Doho rice schemes. Here, infrastructure within the schemes such as drainages have been improved, machinery for processing and experts from China trained people in how to handle the machines at various levels of processing. At the start of the project, a demonstration farm was established to illustrate planting and harvesting of rice. Currently, there are about 4,385 famers utilizing the Doho Rice Scheme. This has greatly improved their incomes and a health facility was set up nearby to take care of the workers and the surrounding communities. Power lines and roads were constructed heading to the scheme and villages. Small businesses have been set up along the roads as well.

The Chinese-sponsored projects that have been completed are performing reasonably well such as the Ministry of Foreign Affairs and the Mandela National Stadium (Figure 5)-though maintenance by the Ugandan government has been lacking hence leaving the entire burden to China. Nevertheless, the road network leading to the Stadium is a state of art and is well maintained; this has eased transportation for the surrounding communities. The drainage system constructed has improved the health conditions of the slum areas surrounding the

Stadium. With the completed Ministry of Foreign Affairs building, more office space & parking lot were generated. This has created more jobs for the administrative staff such as secretaries, office attendants, security guards, and a restaurant was opened within the building hence waitresses were hired. As a result, more individuals earning government salaries were brought on board, though salaries were not influenced at all by this Chinese contribution.

Figure 5: The Mandela National Stadium/Namboole

Source: Authors' Graphics taken on 2/6/2009

In the agricultural sector, the China Government has greatly offered aid through projects and this directly fits into the PEAP which emphasizes modernization of agriculture in order to enhance farmers' outputs, livelihoods and incomes. Furthermore, as a result of the first two rice schemes that were set up by China, many Uganda farmers have learnt from experience and have set up their own rice firms. The Vice President of Uganda has for some time been advocating for the growth of upland rice developed by the National Agricultural Research Organization (NARO). Many farmers' incomes countrywide have improved as a result of following this mode of farming given that little water is required during the planting and growth stages and the harvest have been reported to be good. The Chinese started the first rice growing scheme in Uganda, the 1,721 acres farm at Kibimba inEastern Uganda. Thus, construction and improvement of the Kibimba and Doho rice schemes by China indirectly impacted on Ugandan farmers and has made them more competitive in the rice market regionally. Currently, rice imports have declined as a result of increased production of rice from within the country-. "It has become very popular countrywide especially among commercial farmers," Katamba Lwasa a rice trader reported. He said traders rarely import rice these days because the local varieties have a good market.

In the education sector, the impact of China has also been felt. According to the Ministry of Education and Sports, the government of Uganda and that of China have had a long standing agreement in which China has been offering up to 12 scholarships per year in higher education to Ugandans. The scholarships have mainly been in five fields of: Engineering, Computer Science, Medicine, Business Administration and Food Science. The scholarships have been fixed since 2000 up to-date. Upon return after studies, many of these students have managed to get better paying jobs in recognized institutions and industries as they are highly marketable given the hands on skills they have acquired during their stay in China. Many computer science graduates are working with the telecommunications companies in Uganda –MTN, UTL, ZAIN and WARID-and are in high ranking positions which attract high salaries.

Further more, the two rural schools constructed by China in Kanungu and Sembabule district have been handed over to the Ugandan government. Both schools are up to the highest level of primary schooling and currently are operational with about 130 pupils each. This created jobs for teachers who had to come and teach the pupils and reduced distance for pupils who were originally attending primary schools outside their parishes and villages. The Chinese government brought in 5 volunteers from China for one year for sports coaching in basket ball, table tennis, athletics and ICT in various primary & secondary schools and universities in the country. Also for the period 2007-2009, the Chinese government has fully funded 150 Uganda government officials from various ministries and departments for training lasting for 15 days in China in a variety of professional skills that range from telecommunication, banking, Information technology, aqua-culture planning and fishing, modern irrigation, surgery among other trainings. This has further enhanced skills in government officials.

With regard to the infrastructure sub-sector we found that with the recent discovery of oil reserves in Uganda and the planned delivery of heavy oil in the market by 2009/10 had implications for the national development agenda and investments within in the sub sector. As a result of this discovery in the Albertine-Graben Basin in Western Uganda we envisage the emergence of investors interested in offering all types of support in exchange for oil. China has not yet been participating in the oil sector in Uganda some Chinese firms have already expressed interest, but they have been challenged by the caveat of a lease for 40 years given to the European firms like Tullow Oil. Ugandans believe that China given its interests in natural resources in other Sub Saharan countries like Sudan and Angola, it will offer Uganda new aid agreements that will be tied to Oil like any other donor. It is hoped that the investments that will accrue will lead to increased levels of employment, livelihoods for the communities within and beyond, road construction, and health facilities. As a result, this will lead to overall reductions in poverty in the region and the economy- spillover effect. The Chinese government having fully funded the construction of Mandela national stadium will also renovate of this facility at accost of US$ 2 million in August 2009. The renovations will cover the score board, change of lights to better night mode lights, public address system, fire brigade system, electronic system among other renovations as Africa prepares for the 2010, world cup in the Republic of South Africa, since the stadium was chosen by the Federation for International Football Association (FIFA) committee for preparations for countries participating in the tournament. On road infrastructure, a Chinese firm is currently working on the Soroti-Dokolo road. This will further improve market access for the communities living within distance to the road.

With respect to health, the Chinese government contributed medical equipment and medicine to the National referral hospital, Mulago. In addition, four medical staffs from the hospital were trained for 45 days in modernized malaria management and treatment. Another team of experts from China are expected back in 2010 for 15 working days to train more staff. Also between 2007 and 2009, the Chinese government donated anti-malaria medicine worth US$ 500,000 per annum through the ministry of health. According to the secretary at the Chinese consulate in Kampala, the Chinese anti-malaria drug called Arco/Coartin has been proved to not only be very effective but also very affordable for the *wananchi* (the masses). However, he commented that despite the drugs being of quality, they haven't been put on the list of first line anti-malarial. The Naguru health centre, which was originally a health centre III mainly offering outpatient services was demolished and is currently being converted to a general hospital that will be able to admit at least 150 people (150 beds). The target population is the surrounding poor community that cannot afford proper medical care and the distance will be reduced for cases that were originally going to the National referral hospital for treatment. This fits into the PEAP which advocates bringing services closer to the people.

Regarding loans, the concessional loans have been granted for 2007-2009 worth US$100m to the Ugandan government to implement the national back bone that has to do with improving the ICT sector. Phase I of project is now complete and Phase II and III have already started. The China-Africa development fund has granted Uganda US$5 billion concessional bias credit, which Uganda has still failed to utilise, because one of the requirements is to ensure adequate infrastructure since it's also still categorized as a heavily indebted poor country (HIPC). However, the MFPED has sought views from the Chinese consulate on the potential of utilising the funds, especially with now two fiscal years of investment in infrastructural development. Also, with donors pulling out of the Karuma dam construction project aimed at enhancing electricity generation and distribution in the country due to the global financial crisis, the government of China is planning to participate in the construction so that the project continues on course. In 2007, the two heads of state signed a debt cancellation protocol for all the debts before 2005, which amounted to US$30 billion. So apparently there are no debts owed by Uganda to the Chinese government.

5.2 Case study findings

The Wakawaka landing site located in the eastern part of Uganda in Iganga District is among the projects which the peoples' Republic of China has been involved in. It was built as part of Chinese Development Assistance to the Republic of Uganda and also to enhance Social-economic and political cooperation between the two countries. In an interview with the Chairman of Wakawaka Beach Management Unit (BMU), the development of the beach by the Chinese Government started on 30th, June, 2005 up to 15th, January, 2006 under the project name: Wakawaka fish landing site with a Chinese contractor known as China Jaiangxi Co-op for International Economic and Technical Co-operation (CJIC). The project was valued at US$1.1 million. The components of the project include the following: A generator, an ice plant, water purifier, administration block, a perimeter fence, 2 fish shades, underground fuel tank, water pump plus a pier and a water treatment system (Figure 6).

Figure 6: Wakawaka landing site-features

Fish Shades

Source: Authors' Graphics taken on 16/6/2009

Water pump

Source: Authors' Graphics taken on 16/6/2009

Generator

Source: Authors' Graphics taken on 16/6/2009

Ice plant

Source: Authors' Graphics taken on 16/6/2009

Waste treatment plant

Source: Authors' Graphics taken on 16/6/2009

a) Limitations in project implementation

The project was mainly developed for fish collection, cleaning, freezing and selling. All construction was undertaken by Chinese expatriates, including the largest portion of construction materials. This highlights some of the limitations of Chinese development assistance to Africa, with regard to employment creation, and technological transfer; including skills transfer. The chairman reported that the local residents only provided labour on a marginal scale. This specifically had to do with mixing the construction materials and lifting the loads of materials. Because of the limitations in skills transfer and technology transfer, it was reported that this had made the operation of the landing site equipment very costly and a daunting task in the long-run let alone making some of the equipment to be operational. A case in point is if, there was a breakdown in the equipment, however minor the breakdown would be, this would inevitably call for the need to contract a Chinese expatriate from Beijing to come up for the repair. This in the end may prove less beneficial to the country receiving Chinese aid in this case.

b) Benefits arising from the project

It was however reported that despite these short comings, the development of the landing site has led to the realization of a number of benefits. These include:

- Increased revenue generation from the fish movement permits which prior to the development of the project were not smoothly operational.
- The site has become a fully-fledged business centre for fish products. Business people find it easy and convenient to transact their business. This is because of the facilities which were put in place as a result of China's development assistance.
- In a similar development, the farm-gate prices of fish have increased as a result of the increased competition. The surrounding fishing community has benefited as a result of this, through increased incomes, hence a reduction in the level of poverty. In line with this, the fishing community has greatly benefited from the advent of investors in the sub sector. An example is the Gomba fishing company which used to employ the local community but had to close only recently as a result of the declining fish catch in the area.
- The development of the project has made the landing site a gazette area for fishing activity there by making it easy for the area Beach Management Unit enforce and regulate fishing standards.

c) Challenges being faced

However, the development of the fishing community has not been without challenges. For instance, whereas it was reported that there has been increased revenue generation as a result of the development of the landing site, the mandatory 25 percent retention by the local community had not been realized for a long time. The local government has not been cooperative in remitting these funds for further development of the community. This has proved a loss to the community which would be the primary beneficiary. In addition, the local communities around the landing site were displaced in order to make way for the development of the landing site. These residents, however; were not compensated.

The community is yet to benefit from the piped water from the project. This hasn't yet been realized because the equipment which was installed to provide electricity by the Electricity Distribution Company was faulty and yet no attempt has been made by the company to have this faulty equipment replaced. Similarly, whereas the project development provided an underground fuel tank to facilitate the running of the project equipment, there is no funding available from the MAAIF to provide for this fuel, let alone providing facilitation in terms of

Boats, allowances to the BMU for surveillance on the lake's waters to enforce fishing standards and to curb illegal fishing.

In conclusion, the development of Wakawaka landing site has led to welfare improvement on the surrounding community in terms of employment, increased incomes and water facilities (once they become operational). This is not to say that there a number of challenges as highlighted above.

5.3 Likely impact of the Global Financial Crisis on Uganda

On the overall, the impact of the Global Financial Crisis (GFC) on the Ugandan economy in the short-run has been negligible. In Uganda, revisions on the 2008/09 government budget in particular social protection budget allocations to specific sectors such as agriculture, education, water & sanitation, health, energy, and infrastructure, have not been revised downwards post the Global financial crisis (MFPED, 2009). Within sectoral budgets, revisions and reprioritization of activities has been done. But aid from OECD donors is likely to fall as a result of the GFC. Specific with China's stance on the aid, discussions on 8th, June, 2009 with the Third Secretary on Economic Affairs at the Chinese consulate revealed that China's aid stance with Uganda would not change and that China was still committed to implementing the China-Africa 8 measures that will expire at the end of 2009. The measures include: strategic cooperation and partnership, trade and economic cooperation, investment, debt relief, tax exemptions, aid in building infrastructure, capacity building and provision of preferential loans. However, with the forth coming ministerial China-Africa summit due in Cairo this year, it is envisaged that the Chinese government will renew its commitments and even make the package better in the awake of the challenges that the African governments are facing. Furthermore, the limited impact of the global recession on the East African sub-region is attributed to diversification of their economies, underscoring the importance of diversification and regional integration in sustaining high economic growth. It is important to note that China has been a key player in driving the global economy out of the recession.

6. Conclusion and policy recommendations

6.1 Conclusion

This paper set out to understand the impact of china's aid to Uganda. We looked at China's assistance vis-à-vis international assistance, trends and nature of their assistance to Uganda. The paper further makes a case study to further provide input on whether China's aid mainly through projected has had any impact on Uganda's welfare and to what extent the impact is being felt.

Hence, the question of who the beneficiary is in the Uganda-China aid relations needs a closer assessment of the ultimate outcome of these economic relations as has been highlighted in the foregoing contained in the case studies. Another case in point is the national e-government project which China has given Uganda but a substantial component of the workforce is Chinese. This has been one of the major criticisms of China's involvement with Africa in that they tend to replace Uganda workers with their own and leaving very little room in terms of capacity building, skills training and technology transfer. This has greatly hindered capacity building for the already existing experts within Uganda given that it is a conditionality by China to provide its own inputs ranging from experts to raw materials.

Regional integration endeavors have not been affected by China's involvement and activities in Uganda. Instead, with the construction of the undersea fibre optical cables, China's investment and boost in the ICT sector will further enhancing regional integration processes between the five member states.

Debts that have been cancelled have reduced a burden on the Ugandan economy and have created room for government to channel resources that would have been diverted to cater for debt repayment into poverty reduction ventures such as improvement in infrastructure like the construction of the Karuma hydro-electric dam, health II units built and especially primary education.

Finally, there is a tendency for Government to not contribute meaningfully to development projects by donors. This in the end proves counterproductive. It should be noted and realized that the sustainability of projects largely depends on the support which such projects receive from Government long after the donor has handed them over. Hence, there is need for government to provide the necessary support to projects like these to ensure sustainability as well as give meaning to the host community. Thus, the limitation of technology and skills transfer by China's development assistance leads to questions of sustainability of some of this development assistance and how meaningful some of this assistance may be to the recipient communities.

6.2 Policy Recommendations

Projects should be fully agreed upon by both GoU and China prior to implementation. Hence the projects should not be about maintenance and who provides what but about government ownership and working in the interest of the Ugandan development framework which is geared towards poverty eradication.

We need to develop our own capacities to sustain the infrastructure otherwise China will continue to provide highly skilled man power to do so. The challenge is to focus on capacity, use

China's aid to build our own capacity. Internal capacity should be further developed in particular on how to negotiate and supervise in order for Uganda to have skills & resource endowment. China's technology can be assessed more easily that western technology. The issue is how we can strategise ourselves to benefit from the technology.

China's aid to Uganda is not bad but Uganda should have a better strategy in order to benefit meaningfully in its relations with China. Put differently, Uganda has to re strategise and negotiate to benefit the economy. China is organised, the south-south relationship China uses can be used by Uganda to benefit from it. At the moment as is documented in literature, only countries that are resource rich are having a bigger stake/intensive relationship with China and thus benefit.

It should be noted that what China brings is mainly competition with the other traditional donors thus it has made other donors more competitive when providing support to developing countries including Uganda. At the moment traditional donors are looking at their systems otherwise, they are going to be outcompeted. Now they are finding ways of making aid faster to speed up delivery without too much bureaucracy as China is currently providing assistance.

A continued build up of China-Uganda relationship is expected in the long run. Resource rich countries have been using oil resources to guarantee some investments and loans from China. Thus, given that Uganda in the near future will be mining its own oil, future relationships with China are most likely to change in this direction.

The way forward is to develop our own capacities to sustain the infrastructure otherwise China will continue to provide highly skilled man power to do so. The challenge is to focus on capacity, use China's aid to build our own capacity. Issues of environment, human rights and so forth should be further looked into. As China's economic strategy continues to grow, Uganda needs to find a way to benefit. If Uganda is to start mining oil, China will come in as we have seen from other economies that are resource rich like Angola and Sudan. Thus we need to look into this before time to re-strategise ourselves and learn from other countries that have similar relations with China given their resource endowments.

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Annex

Table 6: **Donor disbursements by type of assistance in US $: 2000/01-2006/07**

Type of Assistance	**2000/01**	**2001/02**	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**
Debt Relief	571,217				689,538	-	-
HIPC Debt Relief	4,390,000	71,060,000	68,390,000	61,650,000	65,080,000	81,200,000	51,620,000
Budget Support	54,594,063	451,339,060	376,272,554	454,319,015	441,643,231	225,945,095	485,399,838
Oil	-	-	-	-	-	-	-
Other Balance of Payments Support	-	-	-	-	-	-	-
Emergency Relief Assistance	18,461,276	24,740,590	24,740,590	46,988,679	59,946,613	468,600	-
Food Aid	7,221,304	254,701	200,014	1,400,000	2,500,000	6,711,182	-
Free Standing Technical Cooperation	47,801,855	41,258,595	46,395,392	56,554,502	35,201,324	57,474,083	48,095,600
Investment Project Assistance	229,843,941	205,416,711	195,837,157	350,837,978	277,754,190	172,782,474	244,686,380
Investment Related Technical Assistance	76,508,363	96,354,764	156,559,014	133,817,842	141,843,394	178,946,632	170,153,472
Other Project Related Assistance	22,802,965	17,627,629	29,484,906	15,202,312	14,844,062	10,367,906	35,501,032
Grand Total	**732,194,984**	**908,052,050**	**897,879,627**	**1,120,770,328**	**1,039,502,352**	**733,895,972**	**1,035,456,322**

Source: Aid Liaison Department, MFPED, 2006/07

Table 7: **Donor Disbursements by Sector: 2000/01-2006/07**

Sector	**2000/01**	**% Share**	**2001/02**	**% Share**	**2002/03**	**% share**	**2003/04**	**% Share**	**2004/05**	**% Share**	**2005/06**	**% Share**	**2006/07**	**% Share**
Security	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Roads & Works	112.78	13.42	93.63	9.78	52.91	6.38	113.85	10.75	105.70	10.17	41.14	5.64	122.01	11.78
Agriculture	48.82	5.81	45.59	4.76	56.58	6.82	29.92	2.83	35.53	3.42	33.82	4.64	35.34	3.41
Education	26.57	3.16	29.64	3.09	37.33	4.50	33.30	3.15	30.84	2.97	33.27	4.56	18.78	1.81
Health	90.08	10.72	76.23	7.96	100.79	12.15	78.93	7.46	112.76	10.85	147.71	20.24	141.22	13.64
Water & sanitation	61.07	7.27	50.31	5.25	24.41	2.94	29.89	2.82	28.77	2.77	31.85	4.37	34.48	3.33
Justice/Law & Order	2.90	0.35	3.07	0.32	6.19	0.75	4.71	0.44	4.07	0.39	0.70	0.10	2.00	0.19
Accountability	0.54	0.06	0.48	0.05	22.69	2.74	25.27	2.39	16.17	1.56	37.30	5.11	29.29	2.83
Econ. Fun./Soc. Service	71.45	8.50	68.11	7.11	66.18	7.98	119.16	11.26	87.80	8.45	58.70	8.05	63.20	6.10
Public Administration	96.70	11.51	68.39	7.14	33.30	4.01	27.99	2.64	19.71	1.90	19.03	2.61	20.08	1.94
Budget Support	***255.16***	***30.36***	***451.21***	***47.11***	***335.98***	***40.50***	***486.93***	***46.00***	***473.30***	***45.55***	***238.20***	***32.65***	***517.49***	***49.97***
Debt Relief/HIPC	74.39	8.85	71.06	7.42	68.39	8.24	61.65	5.82	65.08	6.26	81.20	11.13	51.62	4.98
Emergency Relief				0.00		0.00	46.99	4.44	59.28	5.71	6.71	0.92	0.00	0.00
Grand Total	**840.46**	**100.0**	**957.70**	**100.0**	**829.49**	**100.0**	**1058.59**	**100.0**	**1039.01**	**100.0**	**729.63**	**100.0**	**1035.51**	**100.0**

Note: 2006/07 figures are based on the available data as at 30th, June, 2007

Source: Aid Liaison Department, MFPED, 2006/07

Table 8: **Uganda's Stock of Debt as at 31st, March, 2007 in US$**

	Loan ID	Name	Drawings, Stocks	Undisturbed	Outstanding Exc. Arrears	Stock of Arrears of Principle	Stock of Arrears of Interest	Outstanding Incl. Arrears TOTAL
G. Total			4,786,629,864	868,270,487	1,088,288,163	C	1,746,394	1,111,585,072
Multilateral			4,400,021,243	868,142,098	900,110,946	3,243,391	810,848	904,165,185
Bilateral			386,608,621	128,389	188,177,216	18,307,124	935,546	207,419,887
Bank of China			**19,653,023**	**88,000**	**9,165,604**	**9,253,604**	**-**	**18,419,209**
Bank of China		**As Share of Total Debt Stock %**	**0.411**	**0.010**	**0.842**	**-**	**-**	**1.657**
	20483000	Food Research Stat. Construction	6,081,070	88,000	1,145,814	3,701,442		4,847,256
	20513000	Economic & Technical Co-op.	7,402,883	-	3,701,442	3,701,442		7,402,883
	20562000	Stadium Additional	6,169,070	-	4,318,349	1,850,721		6,169,070

Source: Aid Liaison Department, MFPED

QUESTIONNAIRE GUIDE

A study on the Impact of China-Uganda Aid relations

Issues to feature in our micro survey questionnaire to track the impact of China's aid on Uganda

(1) China's aid and what is Uganda's position in this?
(2) Identify projects that have been as a result of China's aid and the actual disbursements to the project.
(3) What were the project's objectives
(4) List the objectives and then visit the projects.
(5) Was the project timely or by the time it was put in place the need no longer existed.
(6) Formulate a matrix on how the project objectives been achieved vis-a-vis Uganda's objectives in poverty eradication action plan
(7) What has been the major output and impact of the project say road or dam to the community and the country in terms of employment, incomes and emergency of forward linkages.
(8) Who have been the major beneficiaries or losers of the project set up by the Chinese government for the Ugandan people in that area?
(9) In a wider perspective how does China's aid in Uganda's case through projects relate to economic development and Poverty reduction mandate of the country?
(10) Ask the community if they would have preferred an alternative project other than what the Chinese government set up for them and what project would it be?
(11) Has the Global Financial Crisis in any way affected your activities such as investments, trade and aid to Uganda or worldwide?
(12) How does China's Aid fit in the Ugandan strategic development plan?
(13) How does China's Aid impact Uganda's capacity building efforts?
"Do a sectoral analysis to see whether Uganda in its relation with China has benefitted from any capacity building or not, and how, if any, the capacity built is in conformity with Uganda's strategic development plan?"
(14) Is there any debt cancellation from China? If so, is the debt cancellation tied to some obligations on the Ugandan side?
(15) Could it be possible that China's Aid to Uganda might be a threat to regional integration?
(16) Find out the initiator of the process that leads to Aid. Is it the Ugandan Government the initiator or it is the Chinese?