



**Title: In-House Discussion on “Aid for Public Diplomacy”**

**Event Date:** December 23, 2025

**Venue:** CAPES Office, Islamabad/ Online

**Time:** 15:30-17:00

**Moderator:** M. Asif Khan, Researcher, CAPES

Foreign aid has always been used as a development tool. But in recent times, it has been examined that it is also a core instrument of public diplomacy. Great powers hinge on shaping public sentiment rather than securing immediate policy concessions under their great power competition. In this context, CAPES hosted an in-house discussion with a PhD scholar at the Department of Political Science at the University of Illinois Urbana-Champaign, Michael Huang.

Michael Huang was of the point that Trump's closure of USAID attracted criticism from scholars and presented opportunities for China to expand its diplomatic footprint and soft power in recipient regions. While Chinese aid projects often generate tangible local benefits, their broader political and social impacts vary significantly across contexts and communities.

The primary contribution of Chinese aid lies in infrastructure and development financing, whereas secondary effects include shaping perceptions of China's global role. In Southeast Asia, Chinese aid has at times contributed to rising anti-China sentiment, driven less by aid itself and more by local political narratives and governance challenges.

In addition to this, aid inflows can intensify existing ethnic tensions and local backlash, particularly where resource allocation is perceived as unequal or opaque. Selectorate dynamics suggest that aid benefits are often targeted toward specific groups, reinforcing political support rather than broad-based social inclusion. From a donor utility perspective, Chinese aid reflects a calculated balance between economic returns, diplomatic influence, and strategic positioning.



Using the quantitative model for analysis, he pointed out that a U-shaped relationship exists between aid and recipient trust, where moderate engagement yields better outcomes than

minimal or excessive involvement. Obvious sectors such as housing, humanitarian relief, education, and health are prioritized to maximize public recognition and legitimacy.

Michael highlighted that, comparatively, shifts in U.S. engagement with the Muslim world have influenced China's relative appeal as an alternative development partner. High international criticism surrounding Xinjiang has affected China's external image, contributing to skepticism among certain Muslim-majority societies and disengagement of Chinese aid. The treatment of minority communities remains a sensitive issue that intersects with foreign aid perceptions, shaping global discourse beyond economic cooperation. Overall, Chinese aid functions both as a development tool and as a strategic instrument, with its effectiveness contingent on local governance, transparency, and social trust.

