

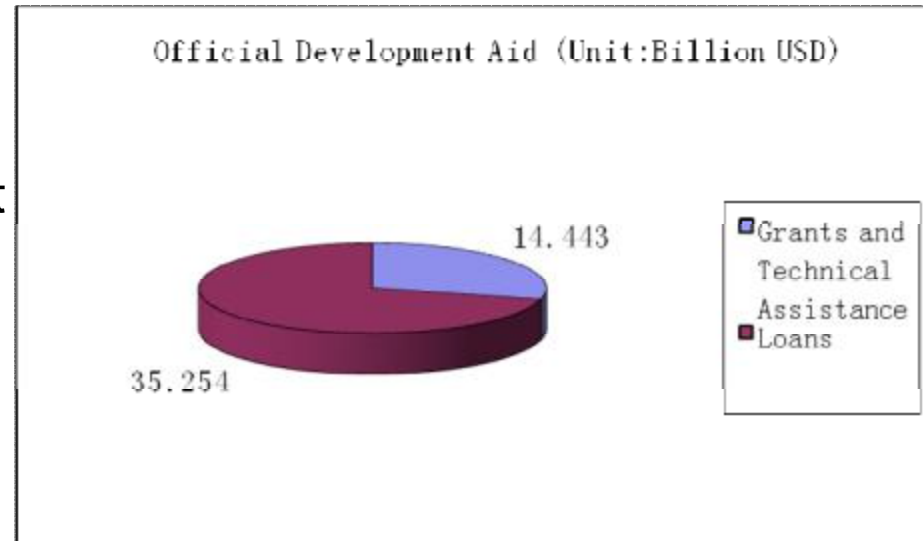


China's Management of Donor Contributions

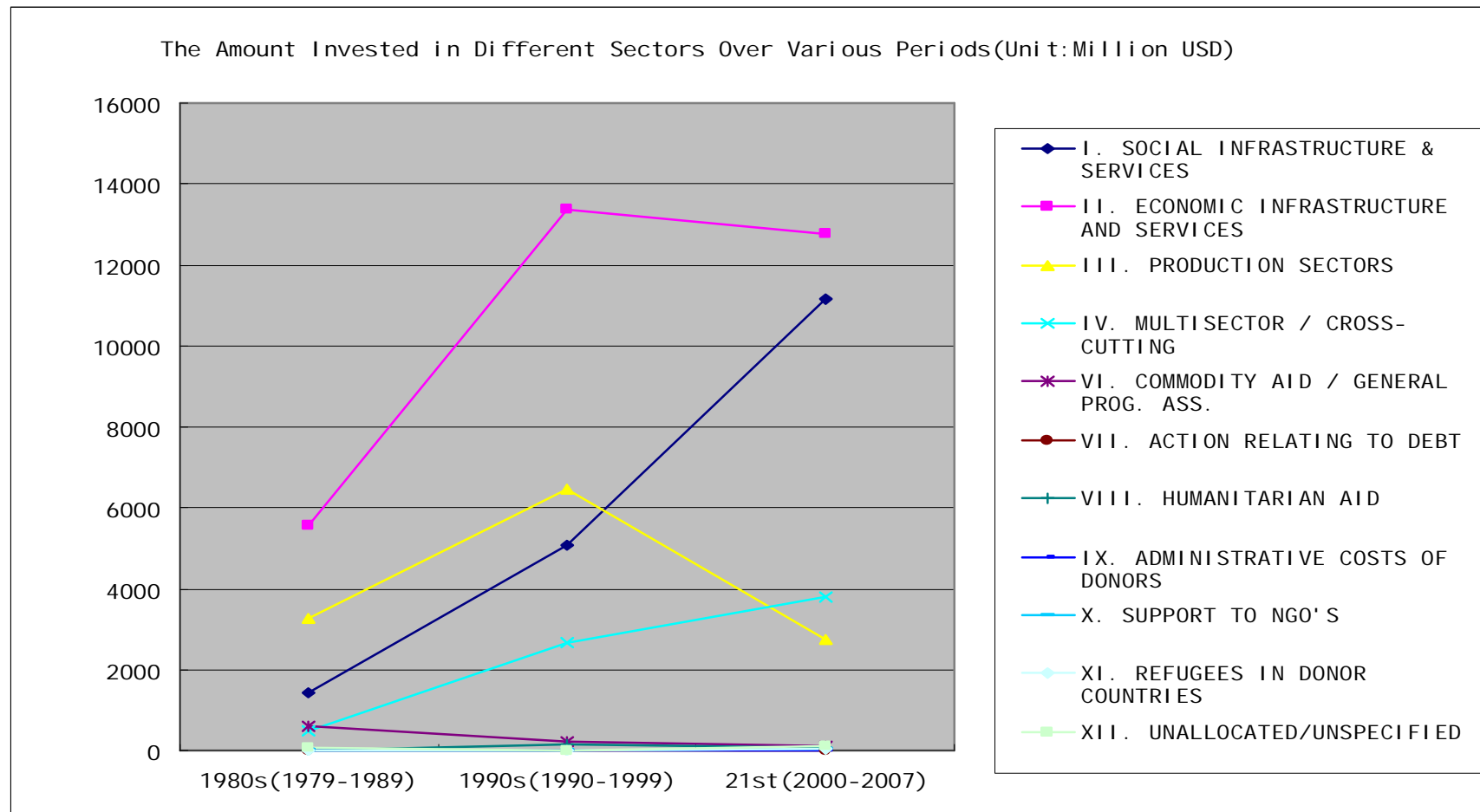
Beijing IPRCC
Zhou, Hong / CASS
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Seeking for foreign aid

- n Before the establishment of the People's Republic in 1949,
- n Before Open-Door and Reform in 1979,
- n Chinese statistics: by the end of 2007, over US\$ 6.6 billion of grants and much more concessional loans and other forms of assistance landed in China.
- n OECD/DAC statistics, between 1979 and 2003,
- n a sum of US\$ 14.443 billion of grants and technical assistance and US\$ 35.254 billion of loans have been sent by over 30 donors to China.



Trend of ODA to China by sector





Understandings and principles

1. Aid as special, reliable and preferential capital (building roads, alleviate poverty),
 2. Aid brings “the latest information and technologies” (upgrading research and training),
 3. Aid stimulates reform and change, improve government functions and the transfer of public financial resources toward social reform and development.
- n But aid also brings “conditions” \Longrightarrow
- n Thus: the principle of self-reliance in receiving foreign aid—solution: integrate aid China’s own Five Year Planning.



Chinese conditions for aid

- n A list of national development priorities and projects to donors,
- n 3 criteria for project application:
 - .. the project should be in accordance with China's long term national economic development policy;
 - .. it should be coherent with China's long-term plan for poverty alleviation; and
 - .. it should be relevant to the local economic development plan.With the new criteria,
- n separate managerial agencies and methodologies for receiving aid and foreign direct investment.




Work together with donors

- n Natural collaborators
- n In order to synchronize China's "Five-Year Plan" with its aid project, UNDP formulates its Country Action Plan for China once every five years, sets priorities according to the central tasks specified in the Chinese government's "Five-Year Plan", and tailors its development assistance to China's actual situation.



Give full play to donors advantages

- n Setting the rules and managing the process,
- n As “teachers” and policy advisors, (The World Bank has even earned the name of “knowledge bank” and “experience bank” in China).
- n In spite of its rapid economic development and growing financial power, China has continued to receive World Bank loans, albeit at less concessionary rates.

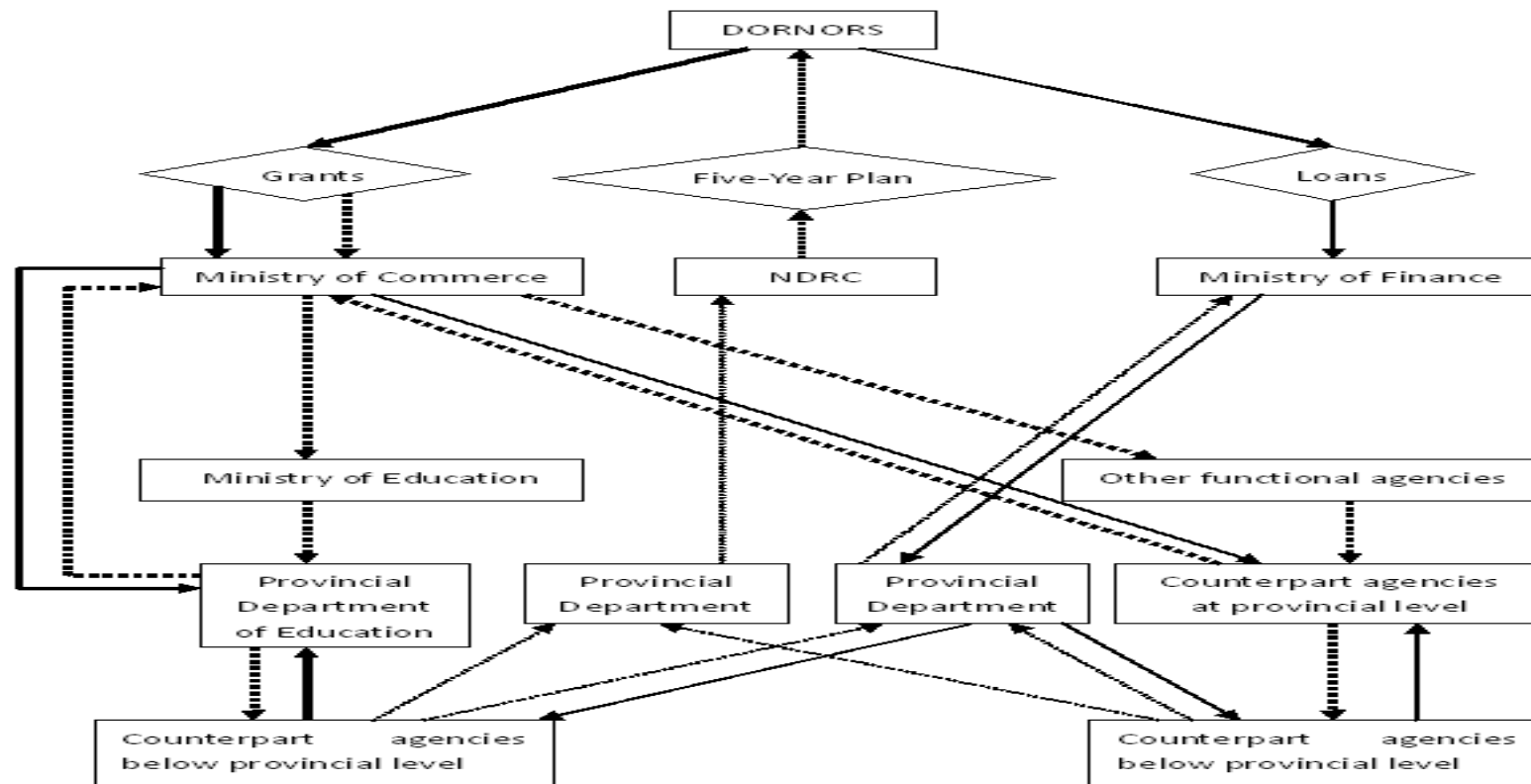


Chinese Government in a holistic aid management system

n The government acts as:

- .. initiator,
- .. information provider,
- .. application organizer,
- .. negotiator on behalf of applicant agencies.
- .. It co-finances and supervises the projects with potential donors, and
- .. work together with donors in the process of surveillance and evaluation.

The foreign aid management and coordination mechanism



Note: “**→**” denotes the policy flow (i.e., policy declaration or notification), “**→**” denotes funds flow (i.e., funds disbursement). Where the dotted line “**→**” denotes the loan policy flow; the solid line “**→**” denote the funds flow.

The bold dotted line “**→**” denotes the grants policy flow; the bold solid line “**→**” denotes the grants funds flow,

“**→**” means that NDRC submits Five-Year Plans to donors.

“counterpart” arrangement

Ministry of Finance	WB and ADB
Ministry of Commerce	UNDP and bilateral donors
Ministry of Agriculture	FAO
Ministry of Finance	IFAD
Ministry of Education	UNESCO and UNEP
National Development and Reform Committee	Examine the feasibility and environmental/social impacts of all aid projects
China Association for NGO Cooperation	international NGOs



“Program Offices”

- n “program offices” of different scales have been established on different levels and staffed with English speaking officers who act to bridge differences between cultures and systems.



Concluding Remarks

- n The amount of aid to China is not significant in quantity, yet it generated remarkable effects.
- n The main reason is that China maintained final responsibility and ownership of the development assistance.
- n By managing development assistance, China has launched an incremental and peaceful development which is built upon digestion of others' experiences, while contributing to the general development practices of mankind.