

S I D

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China's development cooperation – is it different (and more efficient) from ODA of Western donors?

Presentation by Ms Yao Shuai, Assistant Research Fellow at the Institute of International Development Cooperation, Ministry of Commerce of the People's Republic of China

Presentation

The speaker acknowledges that in the recent debate on China's development cooperation certain concerns have been raised by western observers. Therefore she wishes to clarify what China's approach to development cooperation is and which principles it follows.

Concerning terms and definitions, Ms. Yao points out, that from the Chinese perspective there is no difference between "aid", "assistance" and "development cooperation". Instead the wording used in the Chinese language translates to "helping foreign countries". The PR China provided its first aid to other states already in 1950. Since then the scope of this work has largely expanded and followed the political notion of South-South-cooperation.

The main objectives of Chinese aid also stem from this root. Foremost, China sees the recipients of its aid as being equals in terms of needs and abilities. Thus, it will not set any political or other conditions for its assistance, as to let receiving countries freely choose their own path of development. Therefore, Chinese aid is termed as being non-interfering. Second, China follows the idea of mutual benefits of inter-state cooperation. By helping others, China tries to advance its own development as well. The means used and projects conducted are measured on the criterion of "development effectiveness", which in turn leads to predominance of technical and economic support. Also, China puts much effort in gearing projects towards the needs of the recipient. Third, Chinese cooperation is aimed at sharing experiences. Especially since the rapid economic growth China has seen in the last decades, it wants to advance its knowledge on this field to other states.

The financial modalities of Chinese aid are threefold: grants, used mainly for small projects of social welfare or media; interest free loans, mostly for public facilities and support of liveli-

hoods; and concessional loans, for infrastructure and other large projects. The funds are forwarded to the recipients in different forms: The main channel being complete projects, financed by a combination of grants and interest free loans, in the field of infrastructure or technical assistance. Also, China gives direct material assistance, like food, equipment, etc., sends medical teams to emergency areas, and is engaged in debt relief. Additionally China invites about 10.000 professionals from different fields for further training every year. The main recipients of Chinese aid are African (ca. 45%) and Asian (35%) countries.

Differing from most Western donors, the main actor in the field of Chinese development cooperation is the Ministry of Commerce (MofCom). Subordinate to it are three agencies, which are specialized on material assistance, training, and execution of complete projects respectively. The aid budget is managed by MofCom, but recently an inter-ministerial mechanism (Inter-agency coordination mechanism) has been established to have responsibility for and approval of funds used also from fields like health and education.

With its own economic development China's aid has gradually been expanded. The speaker laid out a number of trends for the near future: In terms of management a decentralization of the enactment of development cooperation is planned. Long-term MofCom will stay in charge of the planning, while different agencies will be responsible for implementation. Additionally Chinese aid actors shall be diversified, as to include civil society actors, Chinese NGOs and companies, etc. Concerning contents, the focus will shift towards LCDs and grants for low-income countries. Also, the focus will be more on social welfare and the needs of local people, instead of infrastructure alone. Another emphasis will be laid on global issues, like climate change and necessary structural adjustments. Concerning the effectuation of projects in the receiving countries, MofCom will focus more on involving local people as to increase ownership of projects. Already the ratio of Chinese experts to local staff in the project teams is one to seven.

Currently a White Paper on Chinese Development Aid is assembled to be published in Chinese and English till the end of 2013. This will be the 2nd White Paper after 2009, it contains financial and structural details of aid delivered by China. With this publication the Chinese government tries to increase the transparency of its development cooperation. Currently, the publication of regular yearly reports on a ministerial level is under discussion. Additionally, China is looking for more cooperation with other donors in the future.¹

Discussion

Question: In recent years the issue of evaluating projects and programs has attracted much attention in German development cooperation. How is that in comparison in China?

¹ In an e-mail Ms Yao Shuai gives the following website where one can find the official data: http://english.gov.cn/official/2011-04/21/content_1849913.htm. However, she recommends to follow up this website because the second report she mentioned in December in Bonn will also get published in the name of the State Council.

Answer: "Evaluation" in the Western sense is a new concept to Chinese aid. But MofCom undertakes certain steps to implement it in its work. For example, it has sent personnel abroad to learn from Western donors. Traditionally, China is doing "result management", in the way that it looks into the quality of buildings erected or infrastructure built and measures this as results of its development work.

Question: Are there any Chinese NGOs / civil society actors that take part in development cooperation or work with counterparts in receiving countries? Considering that only 10-15 years ago it was very difficult for NGOs to operate inside China itself, has this changed?

Answer: From a Chinese perspective the delivery of aid by civil society actors to other such actors is a very new thing. Still, there are organizations like the Chinese Red Cross, some foundations and others actively participating in this field. Altogether there are about 600 organizations in China that are related to international cooperation, from which a smaller number specifically works on development cooperation. The difficulty lies in the need for a change of mindsets: So far most Chinese NGOs have been themselves recipients of (international) aid and support. Also, they were mostly focused on domestic development. But the government supports the notion that civil society actors should participate in this kind of work. Also, one has to keep in mind that civil society itself is still evolving in China.

Question: From the perspective of the inquirer the way in which China conducts its development work (at least in Africa) has not changed over the last decades, just the quantity has risen. Still the focus is very much on infrastructure and agriculture. And in the past Chinese aid was focused on putting up complete projects on its own, without caring for others' engagement in the same field. Are there plans to change this and to work more closely with other donors' agencies?

Answer: From the Chinese perspective, the erection of infrastructure is very important if not fundamental for economic development. This is one of the lessons China learned from its own development path. First comes the satisfaction of immediate needs, including physical infrastructure, than one can care about social issues like providing education. And building upon the foundation that is set up by infrastructure projects, other actors will also be able to reach towards the local populations. As stated above, the Chinese government is also making efforts to increase its cooperation with other international actors.

Question: There is a Western perception about Chinese aid that it is very close to the interests of Chinese companies. Since these are very interested in commodities, there is also a strong need for infrastructure in countries providing these and hence this focus in Chinese development cooperation. Also, there is the perception that Chinese agencies take over the entire process, without granting ownership to or involving the recipients. But from the information provided here, this perception might be wrong, there seem to be changes.

Answer: In the past, China has indeed made the experience of setting up certain structures in receiving countries, where the locals were not able to run them later on. Therefore there is such a strong focus on training the recipients of the aid projects and trying to involve them in

the work. In the future MofCom wants to go a step further in that recipients are also involved in the stages of planning and execution of projects.

Question: Concerning the issue of “aid dependency”, China’s role might be judged as ambiguous. On the one hand, it claims to have managed its development without large scale foreign aid and asks others to follow its example. On the other hand, China is itself a large scale donor today. What could be China’s role in overcoming the problem of aid dependency, prevailing at least in certain countries?

Answer: China’s long-term goal is cooperation with the aid recipients, especially in economic terms. Therefore it follows a policy of successively changing the modes of financial support. First are grants, later these are switched to concessional loans from which should follow commercial loans. Not every project carried out by Chinese agencies falls under the term “aid”. Unfortunately though, the difference is not always clear, not only to Western analysts, but also for the governments of the receiving countries.

Question: To what extent is Chinese development cooperation supported by the broader public? Since there is still a large amount of poverty prevailing in China itself, this might be criticized as a dispensable use of public resources. What is the Chinese government doing on this issue?

Answer: This is indeed a large challenge for the Chinese government. The public is critically questioning China’s provision of aid to other states, instead of using the amounts domestically. Therefore there is a responsibility to educate citizens on these issues. The endeavors undertaken by MofCom towards higher transparency are also aimed at this. In Chinese culture it is unusual to speak about one’s work, but instead one lets the results speak for themselves. But on the field of development cooperation this strategy is not sufficient. Therefore the government puts effort into raising public awareness of the topic and that there are problems also outside the own realm. Today there are a number of university training programs on development work, to engage young people in the field. The government set up volunteer programs and TV documentations are run on the topic.

Christine Gabriel

Jürgen Wiemann