

**JICA Research Institute<sup>1</sup>**  
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## **A Note on Estimating China's Foreign Aid Using New Data: 2015 Preliminary Figures**

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This note presents revised and updated estimates of China's foreign aid from 2001 to 2015<sup>3</sup> using new data.<sup>4</sup> These estimates may be used as a proxy for China's Official Development Assistance (ODA), as defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), and allow comparison with the net ODA flows of major DAC member countries and emerging providers that report to the DAC.<sup>5</sup>

Net foreign aid is estimated to have increased until 2013 (to US\$5.2 billion), but then decreased to US\$5.0 billion in 2014, before rising to US\$5.4 billion in 2015 (Figure 1 and Table 1).<sup>6</sup> It is rather surprising that in looking at the figures in detail, the grants and interest-free loans components of bilateral foreign aid were downgraded for three consecutive years from 2012 to 2015, while concessional loans increased steadily. Multilateral net foreign aid increased in 2013 but then decreased significantly in 2014 (to US\$0.4 billion),<sup>7</sup> before increasing to US\$0.6 billion in 2015,

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<sup>1</sup> This note is based on the Institute's Research Project "Development Cooperation by Emerging Countries." The views expressed are those of the author and do not necessarily represent the official positions of either the JICA Research Institute or JICA.

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<sup>3</sup> Kitano (2016). Also see Kitano and Harada (2014, 2016).

<sup>4</sup> Published disbursement data for concessional loans and preferential export buyer's credits by the Export-Import Bank of China (China Eximbank) between 2004 and 2014 (except for 2009) were obtained from the Almanac of China's Finance and Banking reports for each year, and used to replace the previous estimates.

<sup>5</sup> See Luijckx and Benn (2017). Disbursement data is available in the development finance statistics data sets in OECD.Stat. Accessed May 20, 2017. <http://stats.oecd.org/Index.aspx?datasetcode=TABLE1>.

<sup>6</sup> Estimates of net foreign aid in 2012 and 2013 were smaller than the previous estimates, which were US\$ 5.2 billion and US\$5.4 billion respectively, while the figure in 2014 was slightly larger than the previous estimate, which was US\$4.9 billion.

<sup>7</sup> This was because China had already completed the capital increase for the World Bank's 2010 shareholding realignment: Selective Capital Increase (SCI) for the International Bank for Reconstruction and Development (IBRD). See Kitano (2016).



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mainly due to China's contribution to the Seventeenth Replenishment of the World Bank's International Development Association (IDA 17).

In 2015, the share of bilateral foreign aid stood at 88.9%, and the proportion of concessional loans to total foreign aid stood at 47.9%. The difference between net foreign aid (Figure 1) and gross foreign aid, amounting to US\$6.1 billion (Figure 2 and Table 2) is still not large though, since the repayment of concessional loans was a relatively low 4.1 percent of outstanding loan amounts in 2015.

As a reference point, the net disbursements of preferential export buyer's credits,<sup>8</sup> which some recipient countries treat as ODA, are estimated to have totaled US\$4.9 billion in 2012, US\$5.2 billion in 2013, US\$6.0 billion in 2014, and US\$6.6 billion in 2015.<sup>9</sup> The net disbursements of preferential export buyer's credits in 2014 and 2015 thus exceeded the amount of total net foreign aid. If these figures are combined as net concessional flows, total disbursements are estimated to have reached US\$11.0 billion in 2014, and US\$12.0 billion in 2015.

The Almanac of China's Finance and Banking 2016 does not disclose 2015 disbursement data for concessional loans and preferential export buyer's credits. Thus, the figures from 2015 need to be used with considerable caution, and may overestimate or underestimate the actual situation, depending on the rates of increase in the cumulative disbursement of concessional loans and the outstanding amount of preferential export buyer's credits. The components of multilateral net foreign aid also need to be further scrutinized.

When compared with the net ODA flows of the top ten DAC member countries and emerging providers that report to the DAC plus Korea as an East Asian country, China was ranked at number 9 in 2015, next to Saudi Arabia and the Netherlands (Figure 3).

Recently, China has made a number of new commitments. As outlined in the 13th Five-Year Plan (2016-2020), the total amount of China's aid is expected to increase significantly. Further, China's commitments include not only additional foreign aid and preferential export buyer's credits but also changes in other types of finance. The estimated value of China's foreign aid and preferential export buyer's credits reported on in this note is thus only part of the whole story of China's economic cooperation initiatives. Just for reference, compared with the total gross disbursement of the China Eximbank, which was US\$173.0 billion in 2015, the share percentages of the gross disbursement of concessional loans and preferential export buyer's credits were a relatively small 1.9 and 4.2 percent

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<sup>8</sup> Preferential export buyer's credits are in US dollars with preferential conditions similar to the terms of concessional loans.

<sup>9</sup> The current estimates of preferential export buyer's credits in 2013 were substantially larger than the previous estimates, at US\$4.7 billion, and showed an increase rather than a decrease from the previous year.



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respectively. The China Development Bank (CDB) also provides foreign currency loans, which amounted to US\$127.4 billion in 2015.<sup>10</sup> Therefore, as the definition of Total Official Support for Sustainable Development (TOSSD) has been under discussion in the international community, how to capture China's TOSSD could be an important future research topic.

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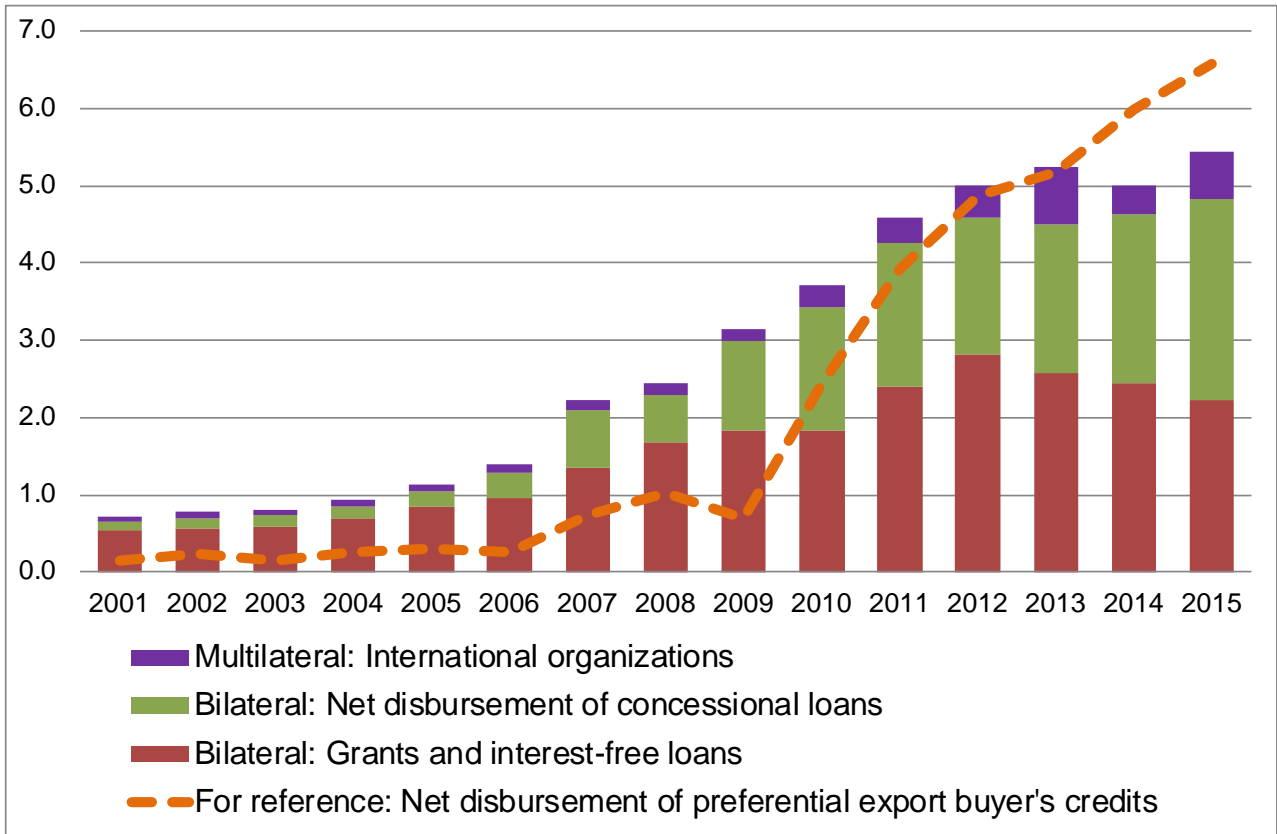
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<sup>10</sup> These loans of both the China Eximbank and the China Development Bank are not necessarily provided to other developing countries.

Figure 1 Net disbursement of China's foreign aid

US\$ billion





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Table 1 Net disbursement of China's foreign aid

US\$ billion

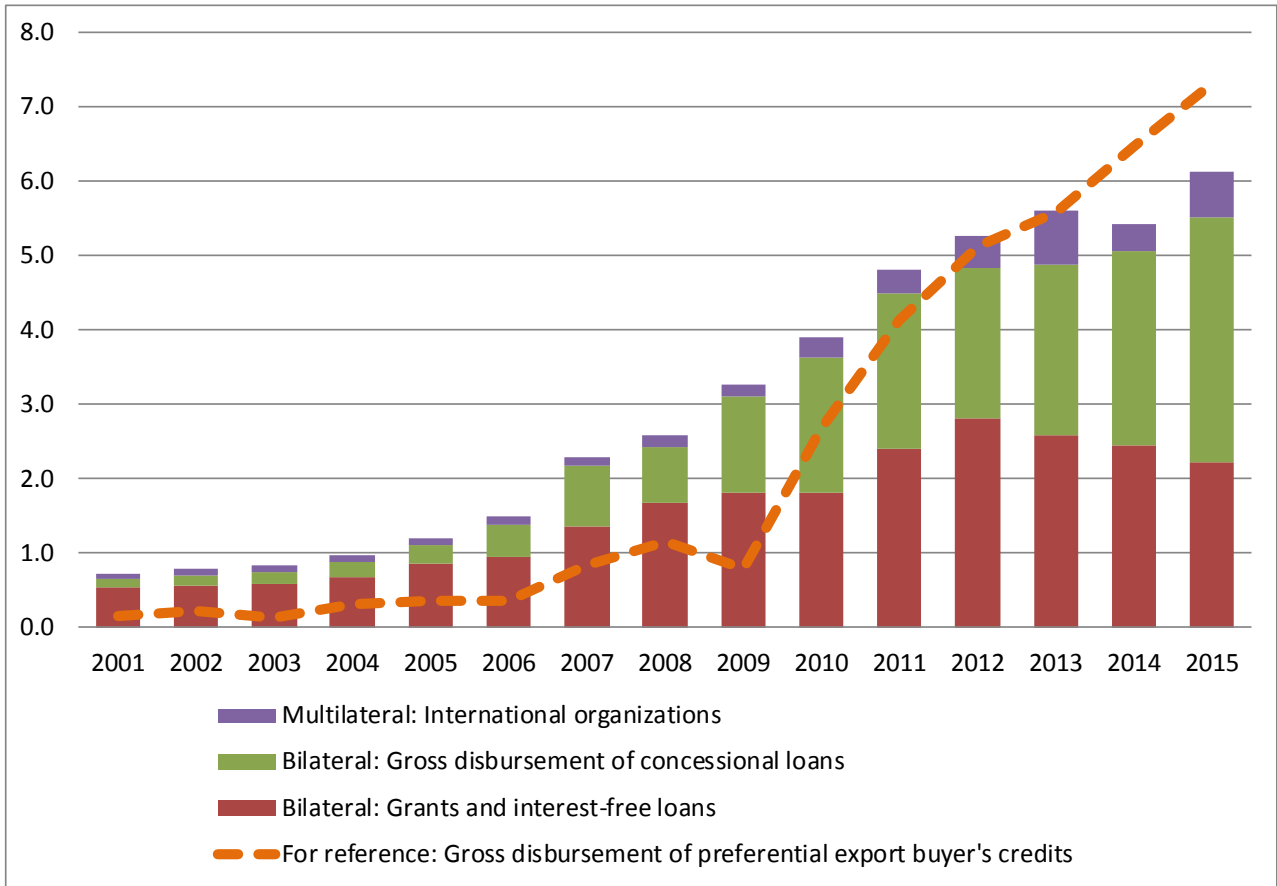
Year	Bilateral: Grants and interest-free loans	Bilateral: Net disbursement of concessional loans	Bilateral: Net foreign aid	Multilateral: International organizations	Total: Net foreign aid	For reference: Net disbursement of preferential export buyer's credits	Total: Net foreign aid + Net disbursement of preferential export buyer's credits
2001	0.5	0.1	0.7	0.1	0.7	0.1	0.9
2002	0.6	0.1	0.7	0.1	0.8	0.2	1.0
2003	0.6	0.1	0.7	0.1	0.8	0.1	0.9
2004	0.7	0.2	0.9	0.1	0.9	0.3	1.2
2005	0.9	0.2	1.0	0.1	1.1	0.3	1.4
2006	1.0	0.3	1.3	0.1	1.4	0.3	1.7
2007	1.4	0.7	2.1	0.1	2.2	0.8	3.0
2008	1.7	0.6	2.3	0.2	2.5	1.0	3.5
2009	1.8	1.2	3.0	0.2	3.2	0.7	3.8
2010	1.8	1.6	3.4	0.3	3.7	2.4	6.1
2011	2.4	1.9	4.3	0.3	4.6	3.9	8.5
2012	2.8	1.8	4.6	0.4	5.0	4.9	9.9
2013	2.6	1.9	4.5	0.7	5.2	5.2	10.4
2014	2.4	2.2	4.6	0.4	5.0	6.0	11.0
2015	2.2	2.6	4.8	0.6	5.4	6.6	12.0
2015	41.1%	47.9%	88.9%	11.1%	100.0%	121.0%	



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Figure 2 Gross disbursement of China's foreign aid

US\$ billion





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Table 2 Gross disbursement of China's foreign aid

US\$ billion

Year	Bilateral: Grants and interest-free loans	Bilateral: Gross disbursement of concessional loans	Bilateral: Gross foreign aid	Multilateral: International organizations	Total: Gross foreign aid	For reference: Gross disbursement of preferential export buyer's credits	Total: Gross foreign aid + Gross disbursement of preferential export buyer's credits
2001	0.5	0.1	0.7	0.1	0.7	0.1	0.9
2002	0.6	0.1	0.7	0.1	0.8	0.2	1.0
2003	0.6	0.2	0.7	0.1	0.8	0.1	1.0
2004	0.7	0.2	0.9	0.1	1.0	0.3	1.3
2005	0.9	0.3	1.1	0.1	1.2	0.4	1.6
2006	1.0	0.4	1.4	0.1	1.5	0.4	1.9
2007	1.4	0.8	2.2	0.1	2.3	0.8	3.1
2008	1.7	0.7	2.4	0.2	2.6	1.2	3.7
2009	1.8	1.3	3.1	0.2	3.3	0.8	4.1
2010	1.8	1.8	3.6	0.3	3.9	2.7	6.6
2011	2.4	2.1	4.5	0.3	4.8	4.1	8.9
2012	2.8	2.0	4.8	0.4	5.3	5.1	10.4
2013	2.6	2.3	4.9	0.7	5.6	5.6	11.2
2014	2.4	2.6	5.1	0.4	5.4	6.5	11.9
2015	2.2	3.3	5.5	0.6	6.1	7.3	13.4



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Figure 3 Comparison of net ODA flows of major DAC member countries and emerging providers that report to the DAC and China's net foreign aid

US\$ billion

