

**The Asia Foundation
China's Overseas Development Policy in a
World 'Beyond Aid'**

Estimating China's Foreign Aid

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Outline

1. Introduction of “Estimating China’s Foreign Aid 2001-2013”
2. How recipient countries utilize China’s foreign aid and other development finance
(1)Tajikistan, (2)Cambodia, and (3)Sri Lanka
3. Future research topics

JICA-RI's on-going research project

Comparative Study on Development Cooperation Strategy: Focusing on G20 Emerging Economies

- **Kitano N. & Harada Y. (2014). Estimating China's Foreign Aid 2001 – 2013. JICA-RI Working Paper No. 78***

http://jica-ri.jica.go.jp/ja/publication/workingpaper/estimating_chinas_foreign_aid_2001-2013.html

- **Furukawa M. (2014). Management of the International Development Aid System and the Creation of Political Space for China: The Case of Tanzania No.82**

http://jica-ri.jica.go.jp/publication/workingpaper/management_of_the_international_development_aid_system_and_the_creation_of_political_space_for_china.html

- *Originated from Kitano, N. (2014). “China's foreign aid at a transitional stage.” Asian Economic Policy Review 9, No. 2. 301–17.

Was published in the Journal of International Development (on-line)

Cited in Lin J. Y. & Wang Y. (2015). China's Contribution to Development Cooperation: Ideas, Opportunities and Finances. FERDI Working Paper No. P119. and

Zhang Y., Gu J. & Chen Y. (2015). Rising Powers in International Development China's Engagement in International Development Cooperation: The State of the Debates. IDS Evidence Report No 116.

Background of the paper

- China's definition of foreign aid is different from the definition of ODA
 - ✓ Consisting of grant and interest-free loans as well as concessional loans, but **not including multilateral aid**
- Chinese government so far has only disclosed aggregated amount of foreign aid
 - ✓ The first white paper on foreign aid (2010) aggregated data from 1950 to 2009.
 - ✓ The second white paper (2014) aggregated data from 2010 to 2012 which amounts to RMB 89.34 billion (US\$ 13.7 billion)
- MOFCOM is going to establish a Chinese government foreign aid statistical system
 - ✓ which was stated in **"Measures for the Administration of Foreign Aid"** issued in 2014 by the Ministry of Commerce (MOFCOM). However, this document only covers activities under the jurisdiction of MOFCOM.

Previous Literature on China's Foreign Aid

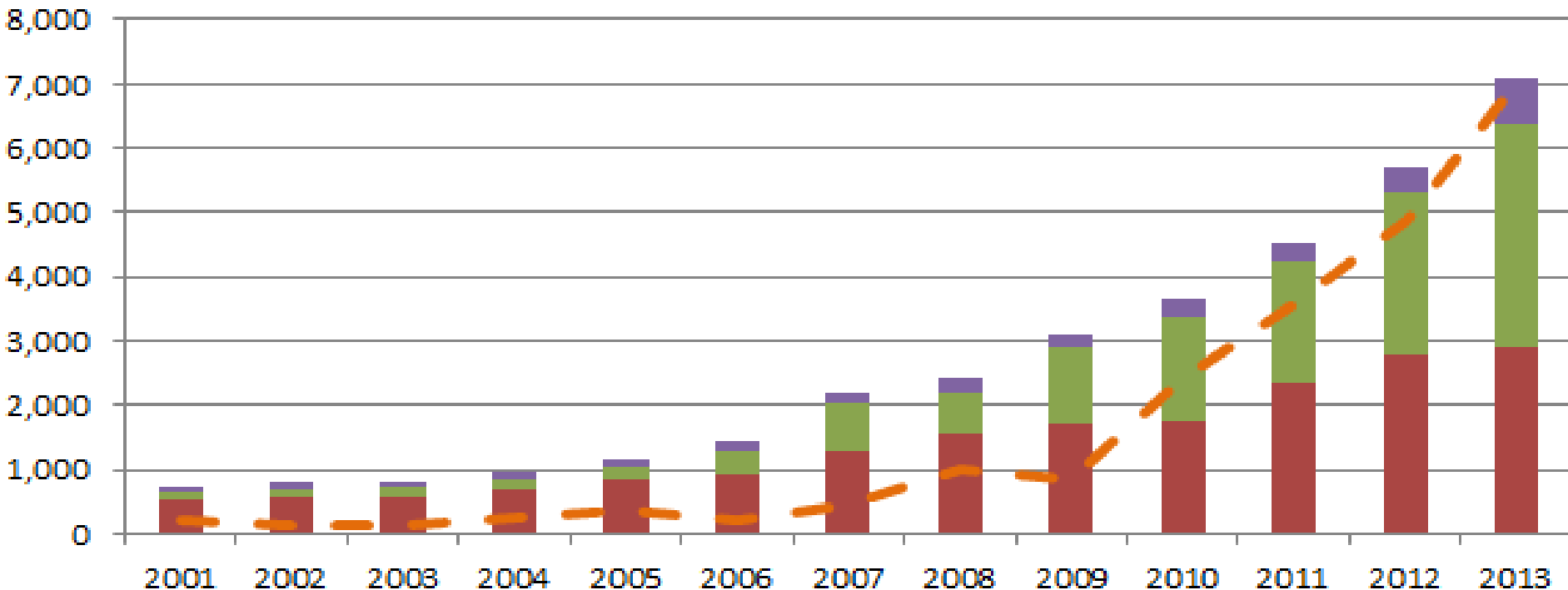
- Bräutigam(2011) estimated China's foreign aid as US\$ 3.15 billion in 2009. Estimation methods: Aggregating central government expenditures on foreign aid and China Eximbank's concessional loans.
- OECD (2015) estimated China's "ODA-like" flow (gross concessional financing for development) as US\$ 3.009 billion in 2013. Estimation methods: Aggregating central government expenditures on foreign aid and estimated development-oriented contributions to and through multilateral organizations
[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD\(2015\)3&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD(2015)3&docLanguage=En)
- Kobayashi & Shimomura (2013) estimated China's foreign aid as US\$ 7.81 billion in 2012. Estimation methods: Aggregating central government expenditures on foreign aid and concessional loans and deducting interest subsidies of concessional loans.

Features of our estimation

- Estimated China's foreign aid as proxy of OECD DAC-defined ODA
- Estimated both net and gross aid volumes
- Estimated bilateral and multilateral aid volumes
- Bilateral aid:
 - ✓ Grants: aggregating central government departments' foreign aid budget expenditures, estimating scholarships for foreign students from other developing countries
 - ✓ Concessional loans: deducting interest subsidies of concessional loans from the total amount of aid
 - ✓ Preferential export buyer's credits: estimated for reference
- Multilateral aid: aggregating amounts of expenditures by 44 departments with a budget for international organizations

Estimated China's net foreign aid amounting to US\$ 7.1 billion

US\$ million



■ Multilateral: International organizations

■ Bilateral: Net disbursement of concessional loans

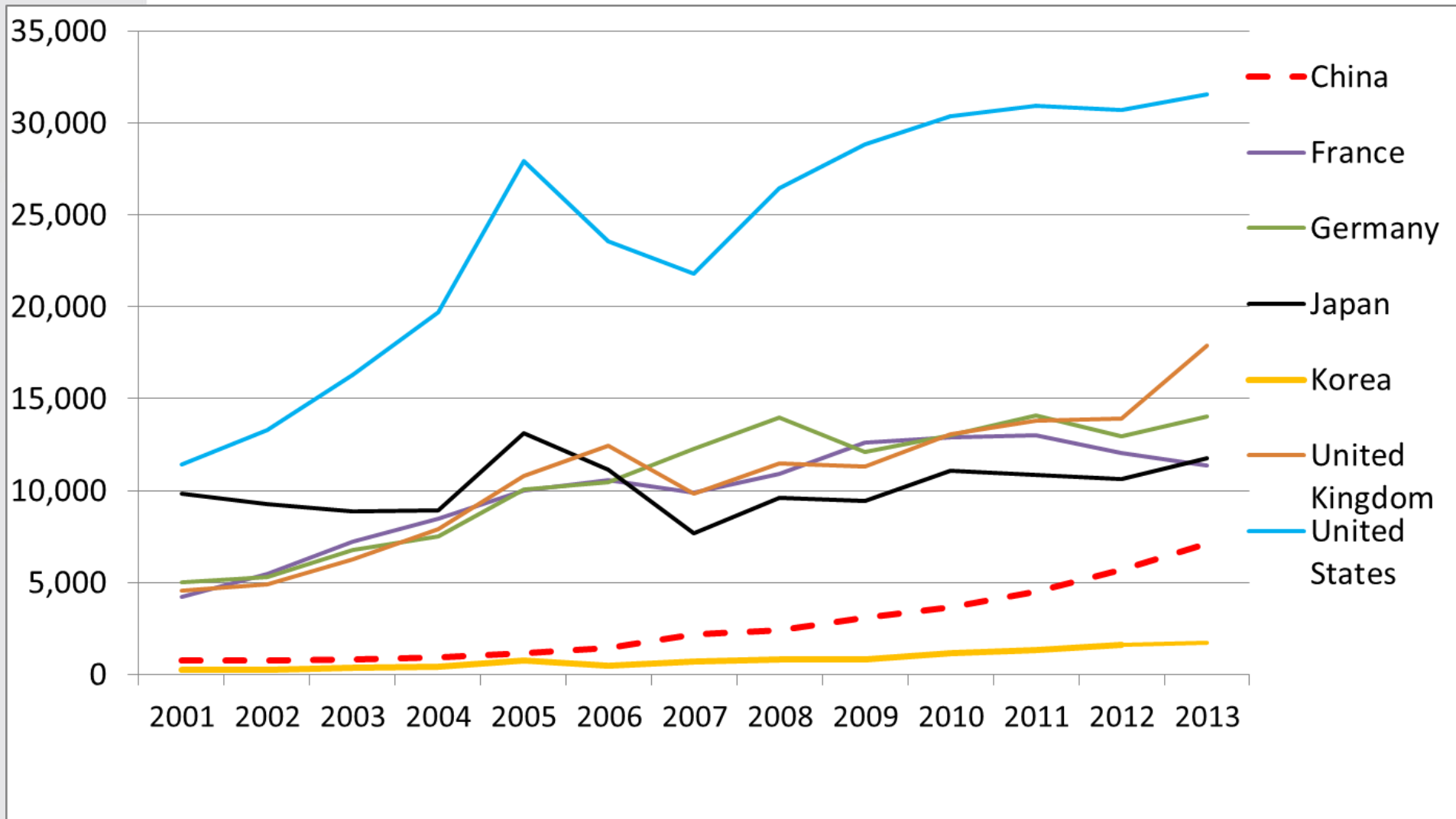
■ Bilateral: Grants and interest-free loans

— For reference: Net disbursement of preferential export buyer's credit *

*Preferential export buyer's credit, a loan in US dollars on preferential conditions similar to the terms of the concessional loan, is extended by the China Eximbank under the jurisdiction of MOFCOM

Comparison of DAC members' net ODA and China's net foreign aid

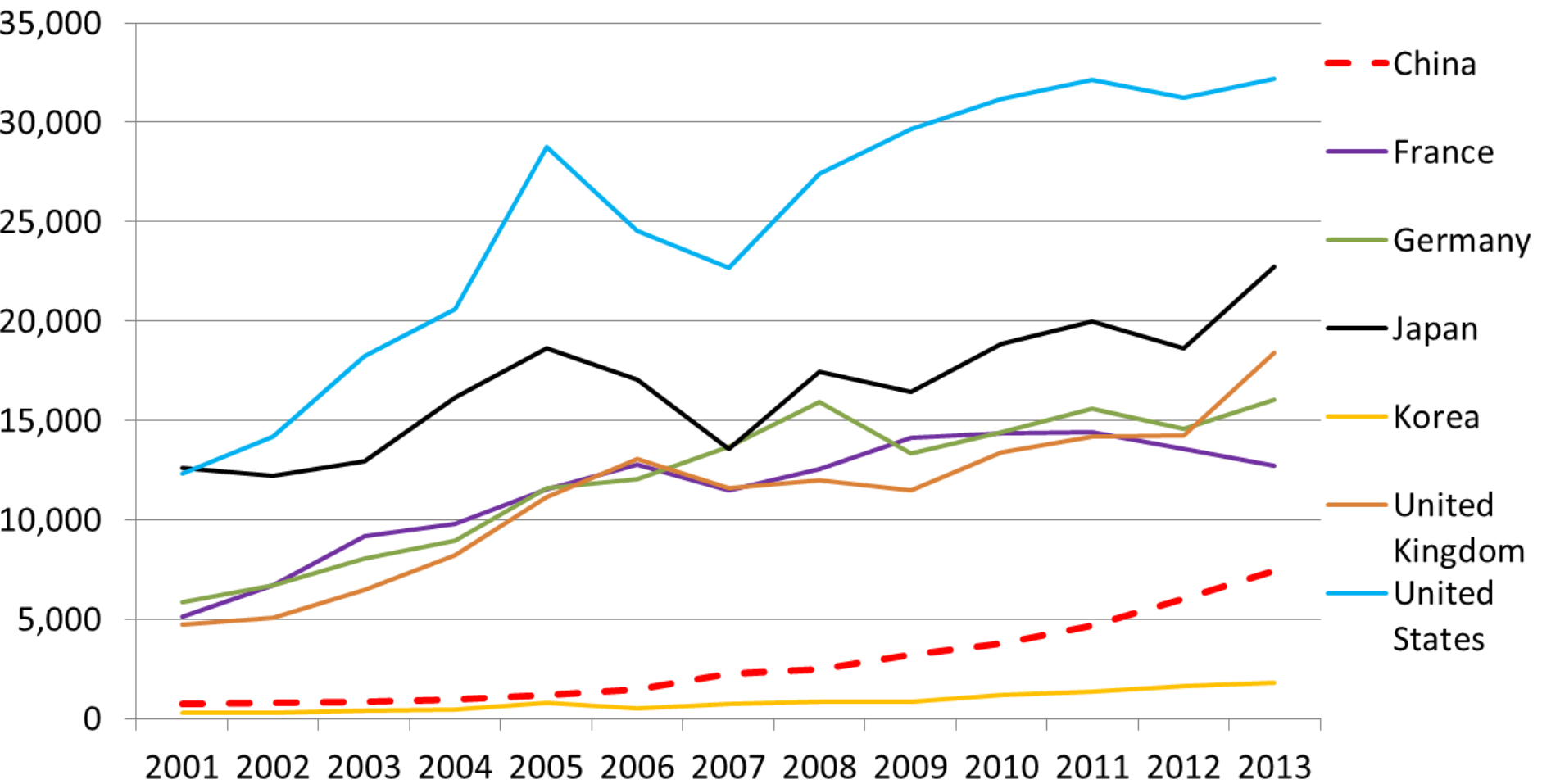
US\$ million





Comparison of DAC members' gross ODA and China's gross foreign aid

US\$ million

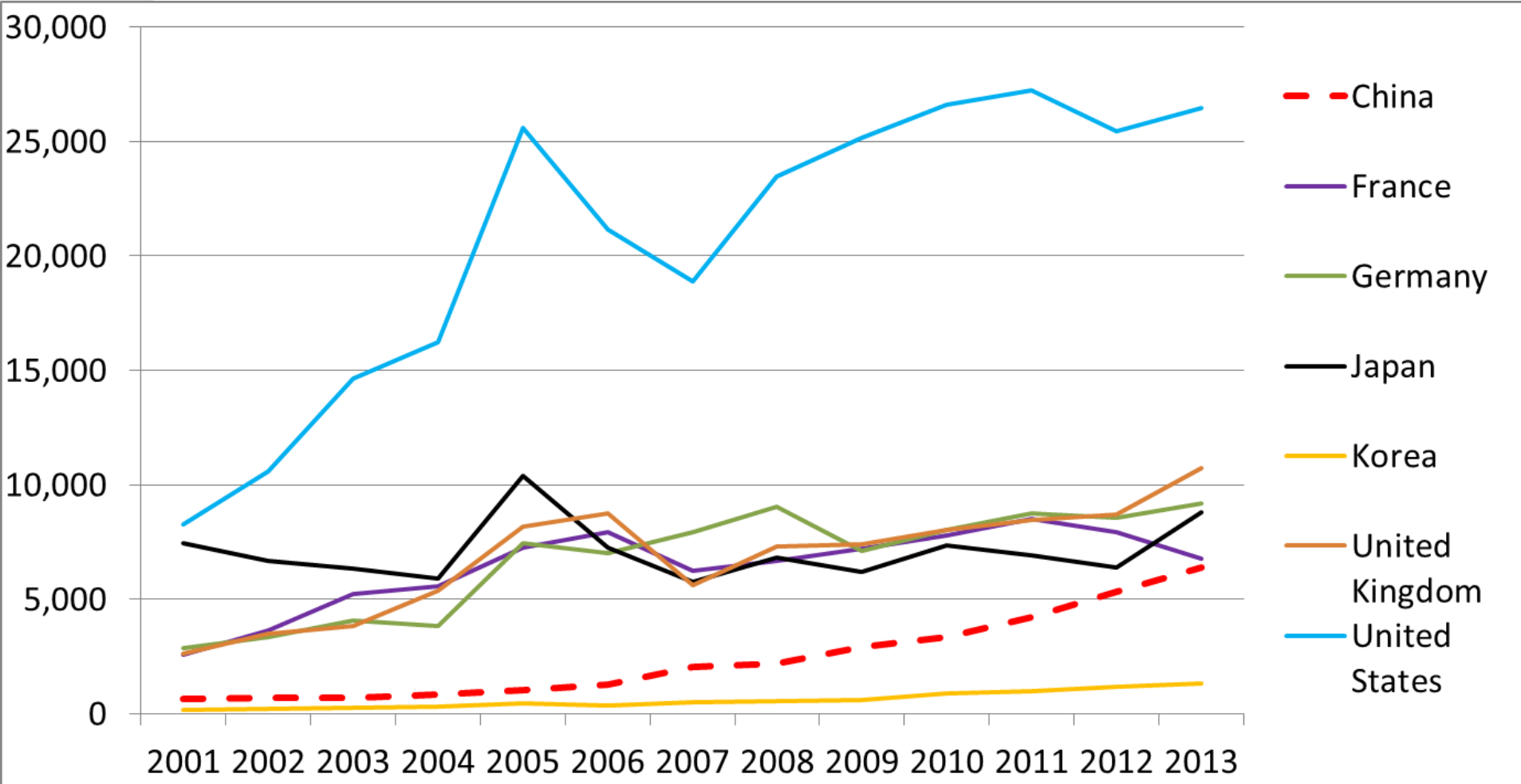


The difference between net and gross foreign aid is still small due to the fact that the repayment of concessional loans is still relatively limited.



Comparison of DAC members' net ODA and China's net foreign aid (Bilateral)

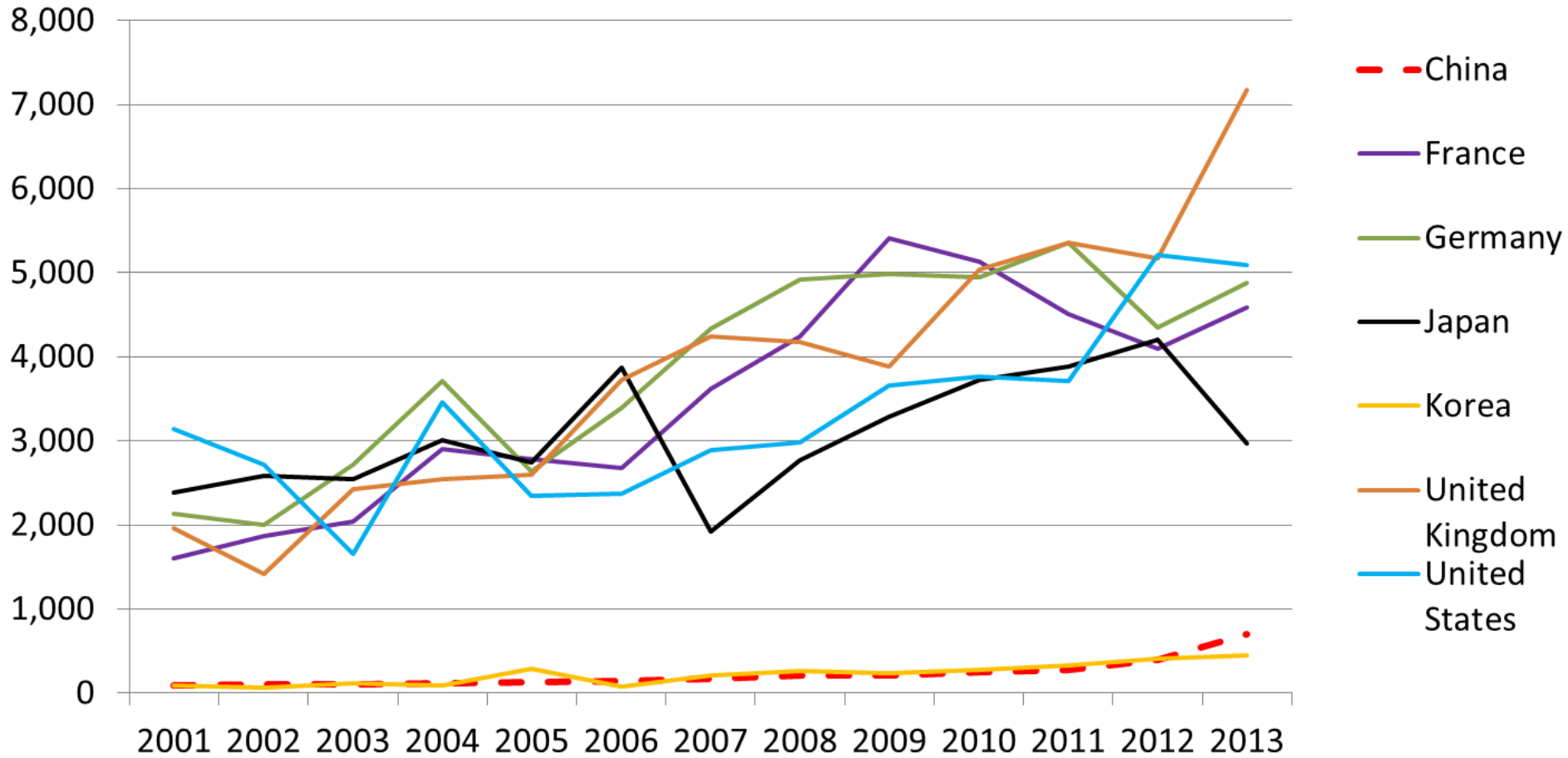
US\$ million





Comparison of DAC members' net ODA and China's net foreign aid (Multilateral)

US\$ million



Ranking on DAC members' net ODA and China's net foreign aid

Ranking	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	US	US	US	US	US	US	US	US	US	US	US	US	US
2	Japan	Japan	Japan	Japan	Japan	UK	Germany	Germany	France	UK	Germany	UK	UK
3	Germany	France	France	France	UK	Japan	France	UK	Germany	Germany	UK	Germany	Germany
4	UK	Germany	Germany	UK	Germany	France	UK	France	UK	France	France	France	Japan
5	France	UK	UK	Germany	France	Germany	Japan	Japan	Japan	Japan	Japan	Japan	France
6	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Spain	Netherlands	Netherlands	China	China
7	Spain	Italy	Italy	Sweden	Italy	Sweden	Spain	Spain	Netherlands	Spain	Sweden	Canada	Sweden
8	Sweden	Sweden	Sweden	Canada	Canada	Spain	Sweden	Italy	Sweden	Canada	Canada	Netherlands	Norway
9	Denmark	Canada	Norway	Italy	Sweden	Canada	Canada	Canada	Norway	Sweden	Australia	Australia	Netherlands
10	Italy	Spain	Canada	Spain	Spain	Italy	Italy	Sweden	Canada	Norway	Norway	Sweden	Canada
11	Canada	Norway	Spain	Norway	Norway	Norway	Norway	Norway	Italy	Australia	China	Norway	Australia
12	Norway	Denmark	Belgium	Denmark	Denmark	Denmark	Australia	Australia	China	China	Italy	Switzerland	Italy
13	Switzerland	Belgium	Denmark	Switzerland	Belgium	Australia	Denmark	Denmark	Denmark	Belgium	Spain	Italy	Switzerland
14	Australia	Australia	Switzerland	Belgium	Switzerland	Belgium	China	China	Australia	Italy	Switzerland	Denmark	Denmark
15	Belgium	Switzerland	Australia	Australia	Australia	Switzerland	Belgium	Belgium	Belgium	Denmark	Denmark	Belgium	Belgium
16	China	China	China	Portugal	Austria	Austria	Austria	Switzerland	Switzerland	Switzerland	Belgium	Spain	Spain
17	Austria	Austria	Finland	China	China	China	Switzerland	Austria	Finland	Finland	Finland	Korea	Korea
18	Finland	Finland	Austria	Finland	Finland	Ireland	Ireland	Ireland	Austria	Austria	Korea	Finland	Finland
19	Ireland	Ireland	Ireland	Austria	Korea	Finland	Finland	Finland	Ireland	Korea	Austria	Austria	Austria
20	Portugal	Portugal	Korea	Ireland	Ireland	Korea	Korea	Korea	Korea	Ireland	Ireland	Ireland	Ireland
21	Korea	Korea	Greece	Korea	Greece	Greece	Greece	Greece	Greece	Portugal	Portugal	Portugal	Portugal
22	Greece	Greece	Portugal	Greece	Portugal	Portugal	Portugal	Portugal	Portugal	Greece	Greece	New Zealand	Poland
23	Luxembourg	Luxembourg	Luxembourg	Luxembourg	New Zealand	Poland	Luxembourg	Luxembourg	Luxembourg	Luxembourg	New Zealand	Poland	New Zealand
24	New Zealand	New Zealand	New Zealand	New Zealand	Luxembourg	Luxembourg	Poland	Poland	Poland	Poland	Poland	Luxembourg	Luxembourg
25	Poland	Czech	Czech	Poland	Poland	New Zealand	New Zealand	New Zealand	New Zealand	New Zealand	Luxembourg	Greece	Greece
26	Czech	Poland	Poland	Czech	Czech	Czech	Czech	Czech	Czech	Czech	Czech	Czech	Czech
27	Iceland	Iceland	Iceland	Slovak	Slovak	Slovak	Slovak	Slovak	Slovak	Slovak	Slovak	Slovak	Slovak
28	Slovak	Slovak	Slovak	Iceland	Slovenia	Slovenia	Slovenia	Slovenia	Slovenia	Slovenia	Slovenia	Slovenia	Slovenia
29	Slovenia	Slovenia	Slovenia	Slovenia	Iceland	Iceland	Iceland	Iceland	Iceland	Iceland	Iceland	Iceland	Iceland

Regarding the ranking in terms of net ODA/GNI ratio, China (0.07) is 29th in 2012.

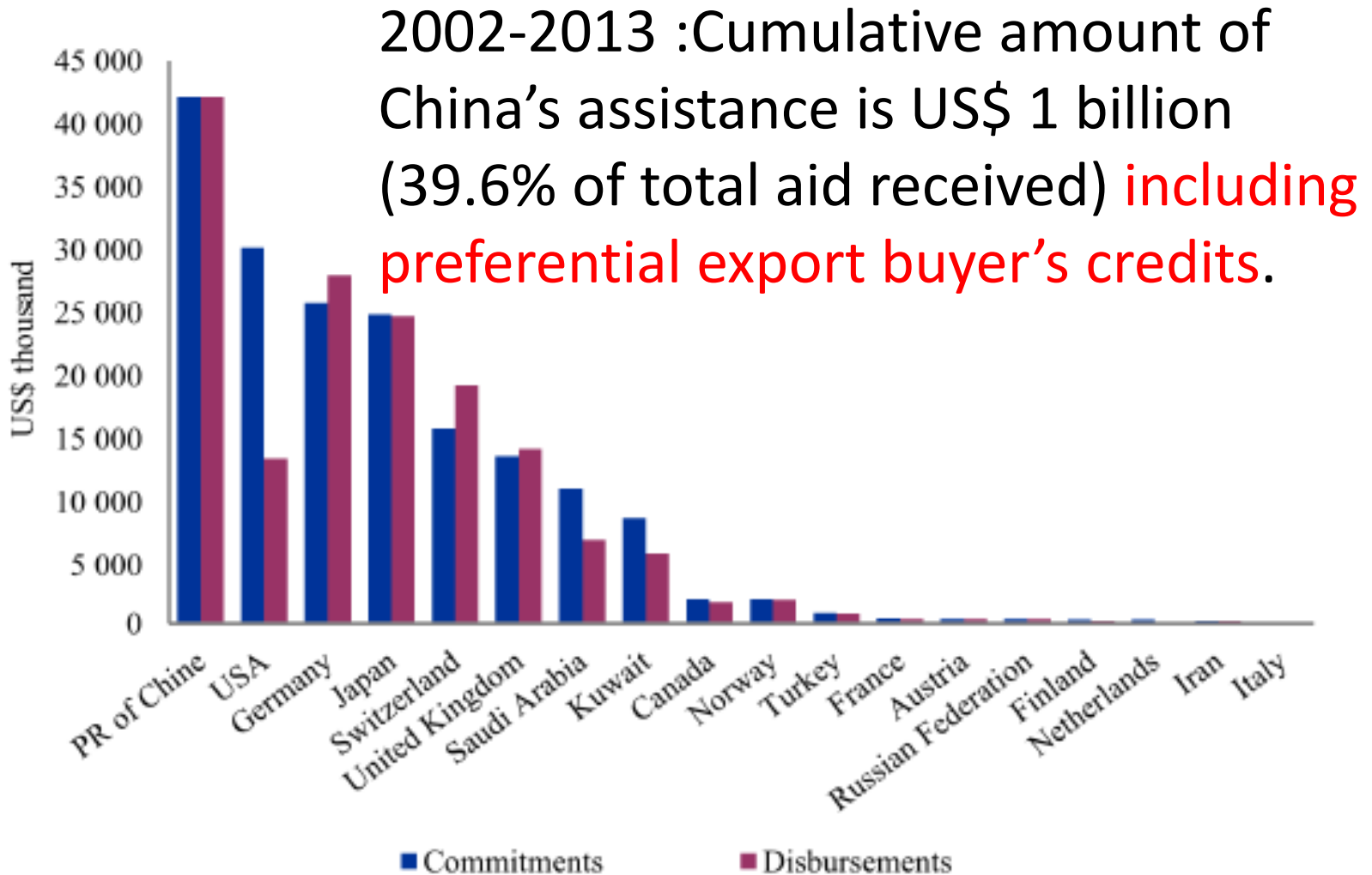


Case of Cambodia

No	Official Title	Program Number	PIP Number	Start Date	Completion Date	Budget	
▶ China (41 Projects)		RMB: Concessional loans					
1.	300 Biodigesters	US\$: Preferential export buyers credits					
2.	Construction and Rehabilitation Project of the National Road No. 78 from O Pong Moan (Stung Treng Province) to Ban Lung (Ratanakiri Province)		TPRT/2/038/30	18-Nov-2009	17-Apr-2013	510,770,000.00 CNY	
3.	Construction of NR 41 from junction NR4 Thnal Toteung -Chum Kiri (Kampot)		TPRT/2/59/30	29-Jun-2011	29-Jun-2015	44,992,000.00 USD	
4.	Construction of the Prek Kdam Bridge(975m)		TPRT/2/020/30	11-Jun-2007	30-Sep-2010	28,783,664.00 USD	
5.	Construction of the Prek Tamak Bridge (1060m)		TPRT/2/021/30	6-Jun-2007	30-Sep-2010	43,503,619.00 USD	
6.	Design & Construction Project of the National Road No. 62 of Cambodia from Tbeng Meanchey to Prasat Preah Vihear & Road No. 210 from Thanl Bek Village, the Junction of NR No. 62 to Srayang-Koh Ker		TPRT/2/031/30	5-Apr-2008	31-Dec-2011	57,800,000.00 USD	
7.	Design-Build of National Road 3762 Rehabilitation Project		TPRT/2/58/30	1-Sep-2010	1-Dec-2012	15,228,192.00 USD	
8.	Development Project of Design-Build Stung Pursat Dam		AGRI/5/162/30	20-Jun-2011	20-Jun-2015	63,134,700.00 USD	
9.	Enlargement Project of National Road No.6A of Cambodia		TPRT/2//30	20-Dec-2011	20-Dec-2015	68,392,600.00 USD	
10.	Feasibility Study Project on the Missing Link Section of Trans-Asia Railway in Cambodia		TPRT/3/042/30	1-Dec-2008	30-Dec-2009	2,898,500.00 USD	
11.	Kampong Trabek River Flood Control Project in Prey Veng Province		AGRI/5/159/30	24-Nov-2010	24-Mar-2014	31,014,469.00 USD	
12.	Kanghot Irrigation Development Project - Phase II		AGRI/5//30	1-Nov-2012	1-Nov-2016	209,000,000.00 CNY	

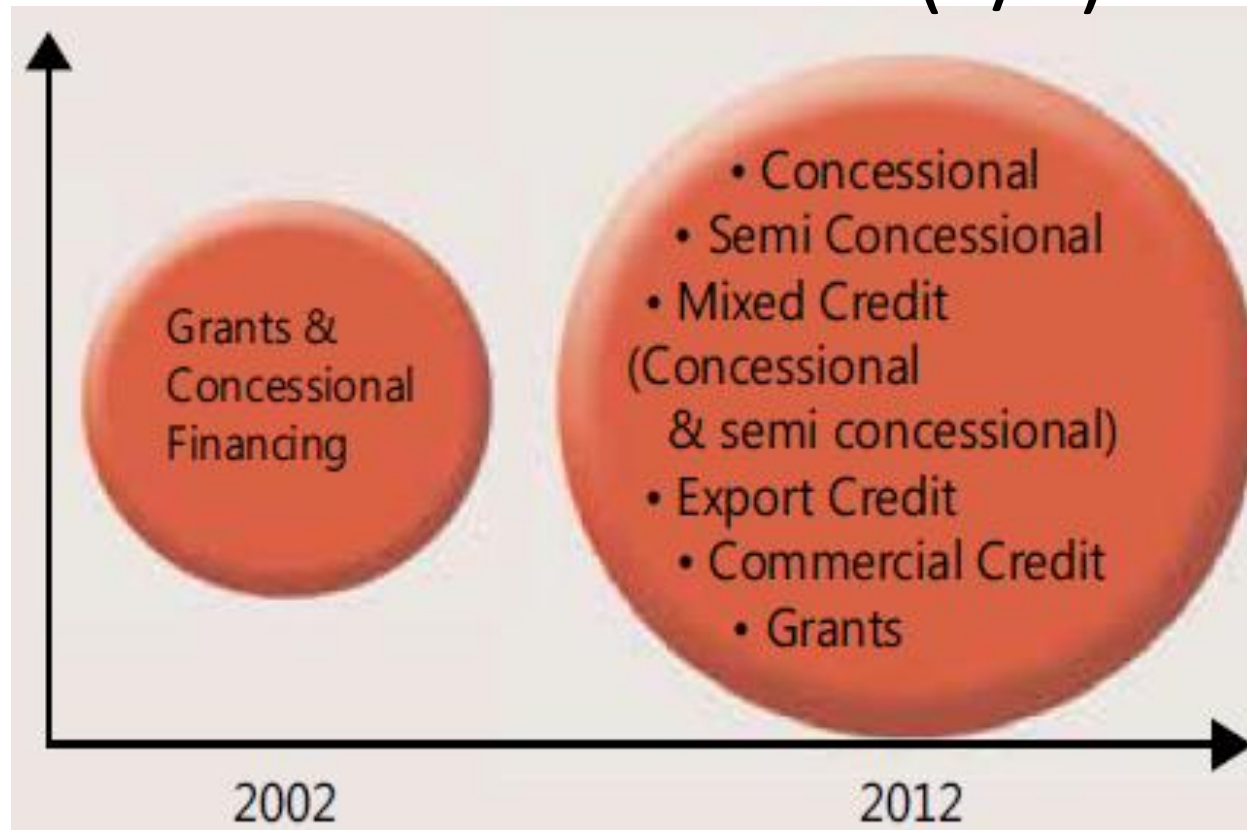
Case of Tajikistan

Donor countries' aid pledged and actual disbursements in 2013



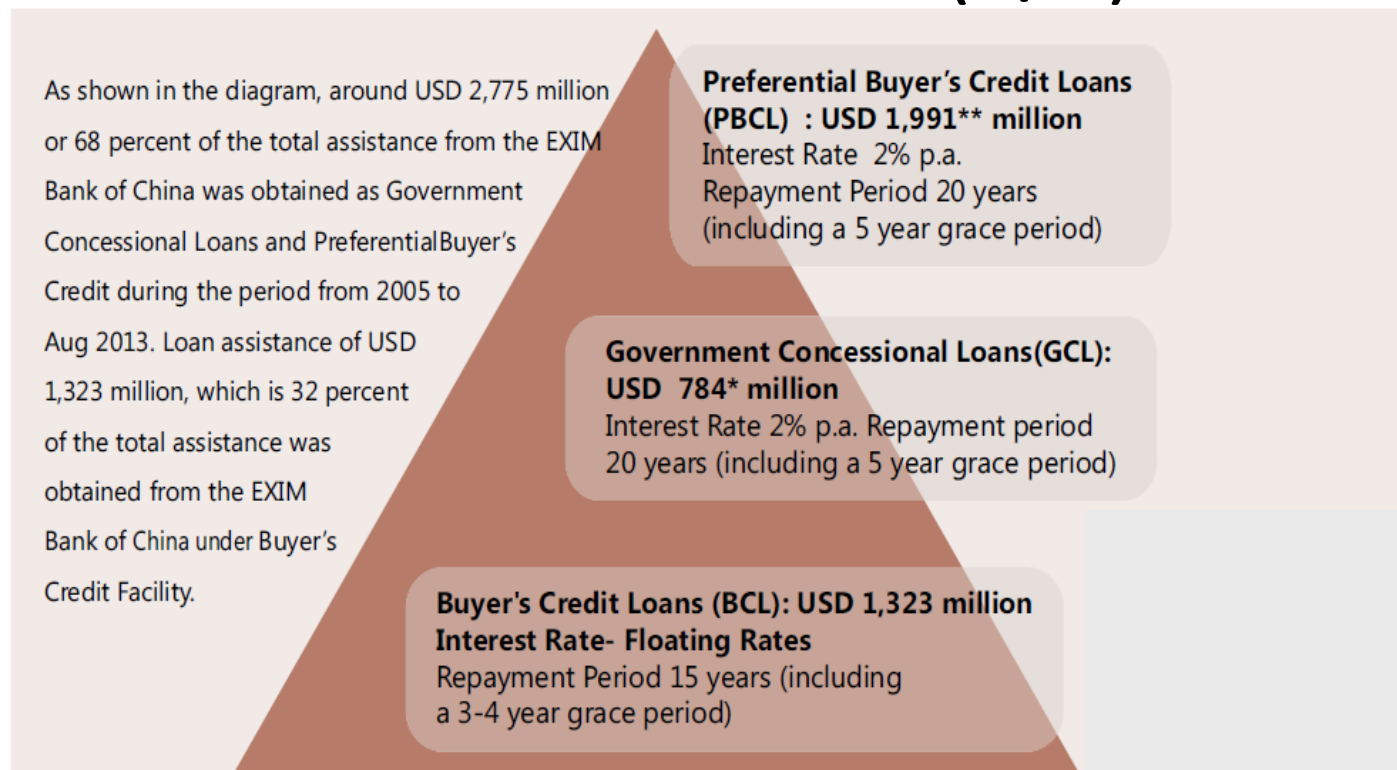
Source: Tajikistan State Committee on Investments and State Property Management. 2014.

Case of Sri Lanka graduated to a middle income countries (1/2)



The composition and form of external financing has changed over the last several years with the graduation of Sri Lanka to a middle income economy. In this background, steps have been taken to broaden the financing options while ensuring **a proper blend of concessional and non concessional financing from multilateral and bilateral sources as well as financial markets to keep the cost of borrowing at an affordable level.**

Case of Sri Lanka graduated to a middle income countries (2/2)



In line with the Government's borrowing strategy, a larger volume of Chinese assistance is obtained from the Preferential Export Buyer's Credit Facility of the China Eximbank **as this facility is provided in US\$ whereas Chinese Government Concessional loans are extended in RMB which is in appreciating trend at present in relation to US\$.**

Future Research Topics

- Disaggregating China's foreign aid by regions/countries and sectors.
- Examining whether the disbursed amount through AfDB's Africa Growing Together Fund (AGTF) , and IDB's China Co-financing Fund for Latin America and the Caribbean (CCF), as well as paid-in capital to AIIB and Silkroad Fund could be counted as multilateral aid
- Estimating foreign aid based on the DAC's revised system for measuring development finance
- Estimating China's official development finance (depends on the definition of the Total Official support for Sustainable Development (TOSD))

Sources: Africa Growing Together Fund (AGTF)

<http://www.afdb.org/en/news-and-events/article/afdb-announces-us-2-billion-fund-with-china-13165/>, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Financial-Information/Investor_Presentation_September_2014.pdf

China Cofinancing Fund for Latin America and the Caribbean (CCF)

<http://www.iadb.org/en/news/news-releases/2013-03-16/china-co-financing-fund,10375.html>, <http://cid.bz/u9Dwmj#1>

Managed Co-Lending Portfolio Program (MCPP)

http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Syndications/Overview_Benefits_Structure/Managed+Co-Lending+Portfolio+Program

DAC HIGH LEVEL MEETING FINAL COMMUNIQUÉ 2014

<http://www.oecd.org/dac/OECD%20DAC%20HLM%20Communique.pdf>