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# CHINA'S FOREIGN AID



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KR International Business

**China's Foreign Aid**

**Writing Group of CIECOS.China**

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# Chapter I Trends and Characteristics of International Foreign Aid

## Section 1. Overall Growth of International Development Aid

Western developed countries had experienced a great debate about the purpose, effectiveness and utilization of foreign aid as well as the relationship between the recipient countries and the support countries. Corresponding with the debate, the amount of worldwide foreign aid was significantly reduced. From 1995 to 2000, the official development assistance net total value of the member countries of the OECD Development Assistance Committee declined from \$ 53.749 billion to \$ 58.78 billion USD.

However, the Kosovo war and the war in Afghanistan at the turn of the century recalled people's concern for foreign aid. The war and the spread of terrorism resulted in the international community's concern for development issues. It was widely deemed that extreme poverty and underdevelopment were the breeding ground for terrorism while development was closely correlated to peace, security and other issues. The war itself could not solve the problems of poverty and development, and it was also difficult to solve the security issues in non-traditional areas. In such an atmosphere, the United Nations held the first general assembly themed by international development financing issues in Monterrey, Mexico, in March 2002. The General Assembly reaffirmed the United Nations Millennium Development Goals ", required all countries to" increase development-oriented international financial and technical cooperation" and ensure that a certain amount of funds "are stably flowing to developing countries and countries in economies in transition". Major donor countries in Europe and the United States were committed to a substantial increase in the budget for development cooperation. Since 2002, the world's major donor countries have generally increased development assistance funding with an annual increase of more than \$ 10 billion USD.

Economic Cooperation and Development(OECD) released the official development assistance(ODA) data in 2010, which was inspiring yet worrisome. The OECD report pointed out that official development assistance(ODA) had achieved a record high, but still could not honor the commitment raised in the Gleneagles G8 Summit.

The net value of the official development aid from the OECD Development Assistance Committee(DAC) member countries reached \$ 128.7 billion in 2010 with a year-on-year growth of 6.5%. That was the biggest amount ever since the initiation of official development assistance, even larger than the accumulated value by 2005. The special debt relief of that year promoted an increase in official development assistance. The net value of official development assistance in 2010 accounted for 0.32% of the gross national income(GNI) which was equivalent to that of 2005 and higher than any other year since 1992.

Core development programs and projects of bilateral assistance(excluding debt relief and humanitarian assistance grants) rose 5.9% compared with 2009. New loans(13.2%) grew faster than grants(6.8%).

Bilateral official development assistance for Africa reached \$ 29.3 billion USD, of which \$ 26.5 billion was directed to sub-Saharan Africa, an increase of 3.6% and 6.4% respectively compared with 2009. However, apart from the debt relief grants, bilateral official development assistance to Africa fell by 0.1% while aid to sub-Saharan Africa was increased by 1.7%.

## **Section 2 .the percentage of grants offered by western donor countries is significantly increasing and the political purpose is more prominent**

Recent years saw a general increase in the proportion of grants in foreign aid from Western donor countries. Compared with loans, grants are more favorable and have stronger leverage, and it will be relatively easy for the donors to achieve non-economic objectives. Repayment is not required and that is why recipient countries tend to "unconditionally" accept "additional conditions" set by the donor countries. The grants which are generally used for poverty alleviation, environmental protection, basic education, public health, and even government, grassroots democracy and human rights dialogue and other non-economic or super structural usually take the forms of (soft) technical consulting, training and other ways that facilitate the exportation of ideas and experiences. Meanwhile, in recent years, major Western aid countries cut the number of the recipient countries, highlighting the focused countries. U.S. President George W. Bush gave an explanation to this policy: "more foreign aid shall be tied with political, legal and economic reforms ... while these funds shall be directed to countries that 'govern impartially, invest in people and encourage economic freedom'."

The rise of grant percentage is proportional to the dominant position of the donor countries. This dominance "softens" development assistance in recent years and the key areas are transferred from the initial areas of agricultural development and industrial infrastructure construction, human resources development, basic education, public health, environmental protection, and women's development in the medium term to ideology and superstructure areas and a number of policy consulting projects are provided in legislature and judiciary, good governance and democracy as well as human rights dialogues.

Many third world countries are facing severe challenges of survival and development because of property. In 2011, a severe drought not encountered in sixty years hit Eastern Africa and tens of millions of starving victims could only be desperately waiting for assistance. More than 50% of the population in the central and southern regions in Somalia was suffering acute malnutrition. The Dadaab refugee camp on Kenya and Somalia border was overcrowded, and nearly 500 thousand people gathered here in this camp originally planned to receive 90,000 refugees.

According to UN's Least Developed Countries Report in 2007, there are a total of 49 least developed countries worldwide, including 33 in Africa, 10 in Asia, 5 in Oceania, and 1 in Americas. 53% of the population of the least developed countries in 2007 was living on less than 1.25 USD in a situation of extreme poverty and 78% of the living expenses of the average daily population were less the 2 dollars. Nine economic entities of the LDCs had experienced negative growth in 2010.

Developed countries had made a commitment long before, claiming to contribute 0.7% of the national income for official development assistance to developing countries. However,

most developed countries actually failed to keep that promise. According to a report released by the OECD in 2010, the official foreign aid from major developed countries accounted for only 0.32% of total national income. In recent years, some developed countries even took the financial crisis as an excuse to sharply reduce aid to third world countries. In 2011, the U.S. Congress cut about \$ 8 billion foreign aid funds, and proposed a further reduction of \$ 8.6 billion in the fiscal year of 2012.



## Chapter II Foreign Studies on Foreign Aid

From the point of view of international relations, foreign studies on foreign aid practices are carried out with "national interest" theory, "supranational" theory and multilayered governance theory or theories on externalization of internal factors.

### Section 1. Traditional Foreign Aid Theories

Theories of "national interest" are the most common one for the developed countries to provide foreign aid, of which Theory of realism is most representative. As Morgenthau sees it, foreign aid, regardless of its form, is essentially political, and its main objective is to promote and protect national interests. Some realists also emphasize on the role of foreign aid as a tool of foreign policy of the country. Waltz argues that in the bipolar structure of the system, the foreign aid policy is a hegemonic instrument; Riddell considers that European donor countries use foreign aid tools to continue the original various post-colonial and colonial relationships.

Multilateral actors active in the field of foreign aid, advocate the "trickle down theories" and "industrial development substitution theories" which will take the process of industrialization in developed countries as the typical pattern in search of necessary conditions for the development, trying to replace the necessary conditions through international financial transfers. For example, foreign aid funds shall be invested in infrastructure construction in developing countries as an alternative to capitals obtained through primitive accumulation; foreign aid capitals can also be used to purchase necessary technologies as an alternative of technological revolution and management personnel training which otherwise might demand more time and energy. In short, Theory tends to promote the development path of developed countries, ignoring the own development path and logic in developing countries.

### Section 2 .New Century Theories

Human exchanges are not limited to economic, trade or political relations between countries in the era of globalization, on the contrary, in-depth exchanges in thoughts, ideas, culture and other fields between societies, citizens are gradually involving. These exchanges have many carriers, and one of them is foreign aid. Through the implementation of foreign aid policies, many domestic policies may cause an impact in the distant and countries, however, these phenomena is neither covered by Theory of the "national interest" nor explained by the "super-state" theory. In developed donor countries, change of political parties, government composition, and social pressure groups are likely to become the key element in the process of foreign aid policy formulation and foreign aid will deliver those domestic beliefs, procedures and methods to the recipient countries. These phenomena are continually explained by the multilayered governance theory and Theory of externalization of internal factors.

An example of externalization of national internal factors is the "condition theory" proposed by Norwegian scholar Stoke who believes that since the mid-1970s the donor countries have been attaching "economic conditions" to its development assistance, requesting developing countries to conduct economic policy reforms (such as the

mercization, privatization, etc.) as precedent condition to provide foreign aid. After the end of the Cold War, the conditions of foreign aid are transferred from "economic conditions" into "political conditions", namely, democracy, human rights, rule of law and good governance" are required as a precondition for development assistance. Stoke pointed out that the practice of decades of foreign aid did not achieve its original intention of "benefiting the whole world", instead, it forced the recipient to accept the conditions which were initially declined by exerting pressure(of stopping allocation of funds). The conditional assistance represents interference in internal affairs considering the powers of donors and recipient countries are not comparable. Moreover, these "conditions" are not only presented by the governments of the donor countries, but also the multiple donors.

## Chapter III Perspective of Foreign Aid Studies

Foreign aid studies should proceed with the motivation of foreign aid donors, international background, domestic factors as well as the concepts and approaches of involved foreign aid.

### Section 1 .Change of donors, motivation, and international background of foreign aid

The main donors of bilateral aid are sovereign countries which provide 60%-70% of the total foreign aid. Large countries are more inclined to provide bilateral aid. The national interest and identity manifested by bilateral donors in foreign aid are essentially not different from those indicated in other areas. Foreign aid studies help us to understand the identity and interest of the modern countries as well as contemporary international relations. For example, the "Marshall Plan" and the "Stability Pact for South Eastern Europe" were aids provided on basis of security. After the 1970s Middle East oil crisis, Japan quoted "economic security insurance" as the grounds to expand its foreign bilateral aid recipient countries to the Middle East; German's foreign aid has been carried out in compliance with the "watering can principle" which embodies the German's global trade interests; U.S. food aid programs are closely relevant to the needs to solve the problem of agricultural product redundancy. Of course, foreign aid providers are not limited to sovereign states considering that multilateral aid organizations and non-governmental organizations(NGOs) are playing increasingly important roles. They are not only exerting the impact by 30% to 40% of the transfer of funds, but also take advantage of a variety of international platforms to air their opinions on foreign aid investment direction, organization, or attached conditions, trying to regulate the behavior of various foreign aid providers. For example, the United Nations Development Program, discussed the issue of military spending in developing countries in its "Human Development Report" in 1991, this caused the emphasis on "political conditions" by the whole foreign aid providing world. The new concepts of "sustainable development" and "participatory management" are first recognized in international assistance platform before universally accepted by the rest of the world.

The assistance providers are changing aid policies, modalities and themes along with the continuous changes of international situations in the implementation of foreign aid policies over 50 years. Before the end of the Cold War, U.S. foreign aid was focus on the Middle East and other strategic places in the Western Hemisphere and Eastern Hemisphere's strategic frontier, while military aid accounted for a large proportion. After the Cold War, the U.S. aid target was transferred eastward to the eastern hinterland of the former Soviet Union. Nordic countries originally adhered to neutrality security policy also started to provide aid to surrounding areas, this tendency of regionalization also occurred in Germany which used to pursue Pratt & Whitney principles. In the era of globalization, foreign aid policy areas also undergo changes, many previous sovereign state policies such as environmental protection, human resources development, health and crime control are becoming the subjects and objects. The World Bank, the United Nations and the OECD change Themes of foreign aid year by year so as to guide the main trends of world development.

## First: Policy objectives

The Policy objectives of official development assistance are very complex and often a combination of several purposes, but in most cases there will be a major policy goal. To sum up, the policy objectives of the official development assistance mainly fall in the following three categories.

1. Economic goals. It is the most basic policy objectives of official development assistance. Assisting backward countries and regions to achieve economic and social development to improving the living standards of the local people are the official development assistance goals recognized by the international community and also the essential, even primary policy goals.

Other economic objectives are:(1) reconstruction aid, such as the "Marshall Plan" of the United States and the assistance of the international community for the reconstruction of Afghanistan;(2) stabilizing the region and world economy and helping recipient countries to overcome the economic crisis, e.g. International Monetary Fund helped Mexico, Argentina and South East Asia out of the financial crisis,(3) strengthening economic penetration and impact, e.g. one of the objectives of U.S. bilateral aid is to increase the level of foreign investment". The trinity of assistance, investment and trade is the key feature of postwar Japanese foreign aid. The donor countries will take the advantage of foreign aid to maximize the impact of the national currency in the world and other countries and to expand the market for products of their companies, even including the occupation of the markets of other countries and grabbing economic benefits.

2. Political goals. Political goals can be roughly divided into five situations:(1) fostering countries and regions of the same economic and political systems, such as the "Marshall Plan";(2) establishing and consolidating the country's influence in a particular country or region, e.g. U.S.'s aid to Latin American countries, Soviet's aid to Vietnam, Japan's aids to ASEAN;(3) improving the country's international political status, e.g. Japan tried to exert influence in an attempt to become a permanent member of the UN Security Council by providing aid to ODA;(4) achieving a direct political purposes and interests, e.g. U.S. provided a \$ 900 million aid in exchange for the extradition of Milosevic;(5) rescuing, fostering a country's regime or changing the nature of a regime, e.g. U.S. provided a large number of military and economic aids to South Vietnam Ngo Dinh Diem regime in the 1950s to the early 1960s.

3. Public goals. Public goals can be divided into five categories, each reflecting the characteristics of foreign aid as a foreign transfer payment, namely: non-profit, altruistic, non-exclusive characteristics of public goods. For example, the implementation of assistance projects by some donors in the recipient country's infrastructure, education, health and other areas reflects non-profit. Humanitarian aid and assistance aiming to realize altruistic moral values reflect the characteristic of exclusiveness. E.g. Japan requires that all recipient countries shall purchase goods and services through all qualified suppliers or contractors through international competitive bidding in the dissemination of government loans, reflecting the non-exclusiveness characteristic.

## Second: Basic Modes

The foreign aid of Western countries has formed three basic modes after the evolution of the post-war foreign aid practice and international relations:

First: strategic aid. This type of aid is designed on the basis of a certain diplomatic strategy or ideology and is directly linked to military and political objectives and conditions. Lancaster, professor of Georgetown University, former Deputy Director of the United States Agency for International Development, wrote an article in "Foreign Affairs" magazine claiming that "U.S. foreign aid successfully curbed the spread of communism in Asia, Africa and Latin America before the end of the Cold War", "foreign aid as a symbol of U.S. intervention played a key role in peacekeeping and diplomatic issues", "will become an important tool of American 's globalization diplomacy" "and "is an integral part of the values-based diplomacy ", that is to day, the foreign aid shall follow the three criteria of "U.S. security, "solving global problems," and "exporting values".

Second: development aid. The short-term goals of this kind of assistance include expanding exportation and ensuring the availability of resources, directly linking assistance with their economic interests; the medium-and long-term goals are aiming to obtain a long-term foreign economic interests and promoting the economic development of developing countries through economic assistance.

Third: humanitarian aid. No special foreign interests will be pursued and no political or economical conditions are attached, this kind of foreign aid is purely motivated by improving economic and social conditions of other countries.

Most countries are combining loans and other grants and concessional funds so as to expand the size of foreign aid,(as the export credit), and this is generally known as mixed credit. The main purpose of mixed credit is to provide financial support to large-scale development project while requiring the recipient countries to purchase goods and services from the donor countries to varying degrees, and that is why it is called tied aid.

According to the Helsinki Accords, except loans for the least developed countries, tied aid shall not provided to financially feasible projects that can be supported with commercial loans. This provision is mainly to prevent the use of tied credit for non-development-oriented commercial purposes and hence avoiding commercial loan subsidies. So OECD has been promoting the release of the export restrictions, however, the donor countries are always taking measures to bypass the administrations and limits, trying benefit the country's exports.

## Third: Management System

The government departments of different countries in charge of foreign aid share similarity while keeping their own characteristics. The multilateral aid in most countries is handled by the ministry of finance. The bilateral aid which is very different is either handled by Ministry of Foreign Affairs, Ministry for Economic Cooperation or several government departments, in this case, an inter-ministerial committee will be established as a permanent body for coordination.

The foreign aid management systems in Western powers and international organizations are more mature and stable. In general, the system has a clear overall policy for foreign aid, the country assistance plan, the direction of development, but also the government, intermediary organizations, enterprises and social forces to actively participate in the three-dimensional coordination mechanism, foreign aid became a comprehensive diplomatic means; CARE effects assessment mechanism, specializes in the collection of information on foreign aid projects, statistics, assessment and other infrastructure work.

Japan's foreign aid has a clear overall objective and target recipient country planning. The Japanese government introduced the recently adjusted "ODA Commitments", recommending that the Japanese government should positively and flexibly implement ODA aid, and through this it will achieve its "national interests". In the area layout, Japan proposed to extend the focus of its foreign aid from East Asia, Southeast Asia to South Asia and Central Asia". Asia is a significant impact to Japan's security and prosperity and is a key target of the Japanese foreign aid for which East Asia was the most important. Management of Japan's Official Development Assistance has been formed to improve the planning, implementation and evaluation system. As for management structure, Japan's ODA operations involves almost all central ministries and agencies, while the Ministry of Foreign Affairs is responsible for ODA harmonization and implementation as the execution agency, and the coordination and cooperation among ministries are enhanced through a variety of regular joint meeting mechanism. When it comes to evaluation mechanisms, the Japanese Ministry of Foreign Affairs since 2001, the establishment of the ODA evaluation of internal feedback liaison meetings and "external knowledgeable evaluation feedback committee will help to improve the objectivity and impartiality of the evaluation, in addition, the third party Japan Association of Evaluation will provide particular assessment of ODA's review, assessment and the release of evaluation reports.

France's foreign aid management system consists of four levels: First, International Cooperation and Development Inter-Ministerial Committee pro-chaired by the Prime Minister and composed of 12 ministers related to development assistance, its main function is to prepare a general annual planning to determine the direction of the French aid and supervise the consistence between the aid recipient regions / fields by relevant agencies of the French development cooperation and specified related priority policies. Second, the Ministry of Foreign Affairs and the Ministry of Economy, finance and Industry are responsible for the specific determination, management and monitoring of foreign aid and cooperation contents, of which the Ministry of Finance, Economy and Industry plays a decisive role. Third, the French Development Agency, the agency is the foreign aid execution department responsible for the implementation and management of foreign aid cooperation of foreign aid cooperation plans and technological cooperation projects. The fourth is French Superior Council of International Cooperation and the French International Cooperation Public Interests Group, the main task of the former is to propose suggestions to aid policies schemed by government departments while the latter is to promote the French technical assistance agencies to better adapt to the new requirements of the bilateral cooperation, and enhance the competitiveness of France in international tender market in this area. This multi-level, multi-angle foreign aid management structure strengthens the functions of the foreign aid from both the macroscopic and microscopic angles, making the foreign aid more transparent and efficient.

#### Four: Decision-making Mechanism

Generally speaking, the decision-making mechanism of the western countries' foreign aid is dispersed and decentralized and decision-making body is diversified and balanced.

Taking U.S. for example, the White House and the State Council is responsible to propose recommendations on foreign aid, while the White House Office of Management and Budget would suggest to the president on annual projects of bilateral and multilateral assistance. The State Council would present the views of the geographic distribution of bilateral aid funds to the Congress which will impact foreign aid policies through legislation, plus, the Senate and House of Representatives are responsible for determining the recipient countries and amounts of U.S. foreign aid. The U.S. government and the Congress are counterbalanced in the formulation of policies. The President has a powerful say, and he will sometimes directly intervene in the foreign policy decisions or exert pressure to the Congress through budget team. In addition, a large number of specialized ministries such as Treasury Department, Department of Agriculture, Department of Commerce, Department of Energy as well as Department of Defense and Department of Labor are involved in U.S. foreign aid. Since the 1990s, many departments of the United States started direct foreign aid and expanded their influence through international assistance channels.

Japan's official development aid is primarily executed by the Ministry of Finance(okurasho), Ministry of Foreign Affairs, Ministry of International Trade and Industry and the Economic Planning Agency(four ministries and one agency), in addition, a total of eighteen ministries or agencies including the Ministry of Agriculture, the Ministry of Forestry and Fisheries, the Ministry of Transportation and the Ministry of Education are involved in the affairs of foreign aid. The foreign aid of Japan is substantially centralized by the Ministry of Foreign Affairs is, but its domestic policies are mutually agreed among ministries and agencies holding respectively privileges. The Ministry of Foreign Affairs is charge of non-reimbursable assistance, while the loans in Japanese yen which account for more than half of official aid are jointly decided by the Ministry of Finance(okurasho), the Ministry of Foreign Affairs, the Ministry of International Trade and Industry and the Economic Planning Agency. Each of these ministries and agencies is involved in the registration and decision-making processes from varying policy perspectives and applies the "veto system" or "agreed system". The 1990s witnessed the new changes of Japan's foreign aid decision-making system and process. The trend of Japanese official aid decision-making system will be a combination of centralization and decentralization. The official aid policy is evolving towards centralization for better implementation of its economic and diplomatic intents, while Japan's official aid decision making system requires more participation of local governments of the donor and recipient countries, showing significant decentralization trend.

The management mechanism of foreign aid in France is very fragmented despite of its statist tradition. Over the times, France's official aid is divided into three types respectively managed by different departments of which the Cooperation Department is responsible for 37 countries, and the Foreign Affairs Department is responsible for three overseas territories in Oceania and Mayotte Island while the Ministry of Foreign Affairs is responsible for nearly 100 other countries. France takes different approaches for different types of recipient countries and establishes respective assistance tools,



management methods and competent authorities. Each authority has a separate budget on foreign aid. In 1998, France introduced reforms to external aid management and founded International Cooperation and Development Inter-Ministerial Committee pro-chaired by the Prime Minister and composed of 12 ministers related to development assistance, and its main function is to prepare a general annual plan to determine the direction of French aid. The determination, management and monitoring of specific foreign aid contents will be co-directed by the Ministry of Foreign Affairs and the Ministry of finance, economy and industry while the latter continues to play a decisive role.

German's foreign aid decision-making mechanism may be an exception. Before and after 1963, a total of 231 offices in 16 ministries of the German Government were involved in development assistance to varying degrees. The severe overlapping functions, low efficiency and the lack of a specialized agency urged the federal government to make mechanism adjustment. In 1972, the Department of Economic Cooperation became the government agency taking full responsibility of foreign trade and began to exercise unified leadership for development aid, and since then a new situation was brought about in the development aid of the Federal Republic of Germany.

#### Five: Implementation Agencies

The decision-making, finance and implementation of foreign aid are separated in most Western countries. Regardless of the significant differences in implementation agencies, most countries have a dominant aid agency. Technical assistance and capital assistance are respectively executed by two agencies. A specialized financial institution is designated in most countries for assistance loans.

The implementation agency of the Japan's foreign aid is Japan Bank for International Cooperation and the International Cooperation Agency, of which the former is primarily responsible for the operation of Yen loans and government funds for foreign economic cooperation, while the latter is mainly responsible for foreign technical cooperation and non-reimbursable assistance.

The implementation agency for foreign in France is the Development Bank of France which is a formal sector of the economy and a special financial institution co-directed by the Ministry of Foreign Affairs and the Ministry of Economy and Finance .

German's development aid implementation agencies include Kreditanstalt fuer Wiederaufbau(KfW) and Germany Technical Cooperation(GTZ), of which the former is responsible for external grants and bilateral aid loans while the latter is responsible for external technical assistance.

United States Agency for International Development(USAID) is the main performing agency of its national foreign policies and its aid funds account for two thirds of all U.S. foreign aid. But USAID only has the advisory powers in the political decision making of recipient selection and aid allocation. USAID is a pure political implementation department, so it emphasizes on the evaluation of foreign aid projects in the process of execution of foreign assistance.



## Six: Funding Sources

Official development aid funds are primarily derived from the financial capitals and other sources of funding are merely auxiliary.

(1) Financial budget accounts for the prevailing majority of the aid funds. E.g. JBIC loan assistance loans are completely derived from financial budget and public investment and financing plans; approximately 67% of foreign aid funds of KFW came from financial budget. The financial budgets in most countries used to require that the funds shall be expended in the very current budget year which caused a lot of pressure and problems in project selection and operational aspects. At present, many countries have been formulating multi-year budget plans or allowing cross-year utilization of funds.

(2) Payment of principals and interests of assistance loans: in the past, the funds were required to turn into the state treasury for government budget. However, recently the principals and interests are directly used as relief funds, e.g. the repayment of loans in Yen are directly transferred to the assistance account of Japan Bank for International Cooperation (JBIC), the U.K. also includes the principals and interests in its assistance programs.

(3) Loans from capital markets: only the multilateral aid funds of some countries are derived from this channel, accounting for a small proportion. E.g.: KFW's mixed loans, includes some of the funds from the capital markets and are mainly used for large infrastructure and industrial projects. Part of the funds of multilateral aid agencies such as World Bank is obtained from the capital markets.

(4) Government lottery: E.g. Belgium and U.K.

(5) Local government aid: some countries advocate local governments to provide financial assistance, but most of which is focused on the field of education, specially subsidizing international students.

The decision-making processes of assistance funds are distinctive, e.g. in the U.S. Congress, the Budget Committee shall decide on the total amount of funding and then the Appropriations Committee will then determine a maximum amount of the grants, before the total amount is allocated to the 13 subcommittees of foreign funding. The White House Council on Foreign Relations and the Committee on Foreign Relations of the Senate are authorized to treat bilateral aid budget while the Senate and the House Committee are responsible for multilateral aid budget hearing. Sometimes, the Congress is also likely to agree to add a small amount of funds for some particular projects.

Japan Congress considers the total amount of official assistance budget and the total budget of the Ministries. Japanese ODA budget normally includes general expenditures and financial investment and financing funds and the latter becomes the main source of Yen loans. The amount of the contribution to development financial institutions is included in the special accounting budget in all ministries and agencies. All these elements together form the official aid budget.

The German Ministry of Finance and Budget Committee of the German Parliament jointly determine the amount of the budget. German development aid are jointly executed