

China

Development Report on South-South Cooperation

China's Foreign Aid
to Developing Countries

Edited by Li Ronglin

China Development Report on South-South Cooperation

China's Foreign Aid to Developing Countries

Edited by Li Ronglin

China Intercontinental Press

图书在版编目 (CIP) 数据

中国南南合作发展报告：英文 / 李荣林主编. —北京：五洲传播出版社，
2016.8

ISBN 978-7-5085-3502-9

I. ①中… II. ①李… III. ①南南合作—研究报告—中国—英文②对外贸易
关系—研究报告—中国—英文 IV. ①F114.43②F752.7

中国版本图书馆CIP数据核字 (2016) 第182557号

中国南南合作发展报告

主 编 李荣林

责任编辑 樊程旭

设计制作 北京翰墨坊广告有限公司

出版发行 五洲传播出版社

地 址 北京市海淀区北三环中路 31 号生产力大楼 B 座 7 层

邮政编码 100088

电 话 010-82005927 82007837 (发行部)

网 址 www.cicc.org.cn

印 刷 虎彩印艺股份有限公司

开 本 787mm×1092mm 1/16

印 张 24.5

字 数 200 千

版 次 2016 年 8 月第 1 版

印 次 2016 年 8 月第 1 次印刷

定 价 88.00 元

ACKNOWLEDGEMENTS

This is the third report on south-south cooperation focusing on China's foreign aid to other developing countries and the cooperation in two parties. In all the reports, we have made an overall investigation on south-south cooperation from the economic perspective of trade, investment, and aid. Even though China's aid to other developing countries is not only in the field of economy but also in other broader fields like social development and humanitarian relief etc., the economic assistance has been taking the dominant position, which is closely related to the foreign trade and investment of China in recent years. From this point, the foreign aid has greatly pushed the trade and investment of China with other developing countries.

The Information Office of State Council, the People's Republic of China, has released *The White Paper on China's Foreign Aid* on April 21st, 2011 and July 1st, 2014 respectively, which outlined the general development of China's foreign aid in both bilateral and multilateral context. The information embodied in the White Papers constitutes an important basis for this report. In order to provide a more comprehensive and deeper investigation on China's foreign aid, however, this report has expanded the study in the following four aspects. Firstly, it subdivides the foreign aid into different regions of Asia, Africa, and Latin America. Secondly, it investigates the aid and aid-related cooperation in agriculture, science and technology, and social development fields like education and medical care. We expect that the crosscutting study would help the reader have a better understanding on the basic features of China's foreign aid. Thirdly, it also makes a primary assessment on the effect of the aid and its impacts on both sides of donor and recipient. The reader would see that China's foreign aid has not only effectively reduced the poverty by pushing the economic development in recipient countries, but also driven the economic growth by increasing the trade and investment of China. Therefore, China's foreign aid to other developing countries actually features itself with mutual benefit. Fourthly, this report includes the discussion on some hot issues. The international community has paid

great attention to China's foreign aid to developing countries with both concerns and expectation, which encounters both the challenge and opportunity. The report provides deep insights on why China insists on the principle of "political un-conditionality" in foreign aid, makes positive response to the criticism of neo-colonialism over China, and reveals the urgent problems in China's foreign aid. It is supposed in the report that China should set up a special institution, China Agency for International Development (ChinAID), and improve the related legislation of foreign aid law at the same time in order to improve the aid and cooperation.

Many domestic experts and fellows in our center participate into the study and drafting of this report. Their efforts have greatly contributed to the result. I would like to show my great respects for their efforts and notify their special contribution to the report (shown in the brackets after the name) here in the following. Mr. Zhu Zidong (chapter 5), Director of Institute of Foreign Cooperation, Foreign Economic Cooperation Center, Ministry of Agriculture; Mr. Zhao Gang (chapter 6), research fellow of Chinese Academy of Science and Technology for Development, Ministry of Science and Technology; Mr. Li Kunxian (chapter 10), deputy director of south-south cooperation division, CICETE, Ministry of Commerce; Madam Zhang Chuanhong (chapter 5), associate professor, Beijing Agriculture University; Madam Geng wei (chapter 7), professor, Tianjin Financial and Economic University; Madam Wang Weiwei (chapter 6), Associate professor, Tianjin Financial and Economic University; Madam Yu Mingyan (chapter 3), associate professor, Tianjin Municipal Party School; Madam Tang Weihong (chapter 8), associate professor, Tianjin Science and Technology University; Mr. Zhu Tong (chapter 9), professor, NanKai University; Mr. Liao Xianchun (4), associate professor, NanKai University; Mr. Zheng Zhaoyang (chapter 2), associate professor, NanKai University; Mr. Li Jianzhong (chapter 1), guest researcher in our center. Some of the PhD students, Ms. Mu Xiuru and Ma Xia, and graduates, Ms. Li Wenhua, Yu Xingwang, Gao Yalin, Wang Huimin, and Mr. Yang Xuan, Zhang Jiaxing, Guo Weijun in our center, also contribute to the study. Mr. Gu Xin, lecturer, Hangzhou College of Commerce, Mr. Li Kunxian, Madam Zhang Chuanhong, and Ms. Li Lili, PhD in our center, have greatly contributed to the translation of the report into English.

United Nation Office of South-South Cooperation and China International Center for Economic and Technology Exchange (CICETE) directly support the study and publication of the report under the project of South-South Development Center (SSDC). Actionaid China also provides financial assistance to the study. I would like to forward my gratefulness to Mr. Yiping Zhou, formal director, and Mr. Francisco Simplicio, project coordinator, UN office of SSC; Mr. Yao Shenhong, director of CICETE, Mr. Zhao Yongli and Madam Zhang Wei, director and deputy director of SSC Division in CICETE; Mr. Liu Zhonliang, Dr. Mo Xiugen, and Ms. Yang Man in Actionaid China. The final thanks go to Dr. Fu Ping and Madam Fan Chengxu, deputy director and Editor, Publication Center of China International Press for their great help in publication.

The Study Center of South-South Cooperation, NanKai University, conducts the report and all the possible mistakes in the report are attributed to the center, however, the points of view in the chapters are belong to author themself. We sincerely welcome critiques and comments.

Li Ronglin

The Study Center of South-South Cooperation

NanKai University

May 16, 2016

Table of Contents

1. Introduction	1
1.1 The Definition and Categories of Foreign Assistance	1
1.1.1 The Definition of Foreign Assistance	1
1.1.2 Categories of Foreign Assistance.....	1
1.1.3 Categories of China's Foreign Assistance	2
1.2 Policies and Institutes in China's Development Assistance	7
1.2.1 History of China's Development Assistance	8
1.2.2 The Objectives of China's Development Assistance	12
1.2.3 Principles in China's Foreign Assistance.....	15
1.2.4 Institutions of China's Foreign Assistance	18
2. China's Foreign Assistance in Asia	21
2.1 A Historical Review	21
2.1.1 The Beginning Stage of China's Assistance in Asia (1950 - 1970)	21
2.1.2 Dramatic Growth Stage of China's Assistance in Asia (1971-1978).....	24
2.1.3 Adjustment and Reform Stage of China's Assistance for Asia (1979-1994)....	25
2.1.4 Further Reform Stage of China's Assistance for Asia (1995 till now)	26
2.2 Characteristics of China's Assistance	27
2.2.1 Scale and Scope	27
2.2.2 Main Channels of China's Foreign Assistance	28
2.2.3 Main Areas in Foreign Assistance	38
2.2.4 Main Characteristics of China's Foreign Assistance in Asia	41
2.3 Main Countries in China's Foreign Assistance	42
2.3.1 China's Assistance to Cambodia.....	43
2.3.2 China's Assistance to Burma	49

2.4 Summary	53
3. China's Foreign Assistance in Africa	55
3.1 A Historical Review	55
3.1.1 The Beginning Stage of China's Foreign Assistance in Africa.....	55
3.1.2 The Adjustment Stage of China's Foreign Assistance in Africa.....	56
3.2 Current Status of China's Foreign Assistance in Africa	57
3.2.1 Scale of China's Foreign Assistance in Africa.....	57
3.2.2 Main Sectors and Countries in China's Foreign Assistance	59
3.2.3 Categories of China's Assistance in Africa.....	63
3.2.4 Characteristics of China's Foreign Assistance in Africa.....	67
3.3 Major African Countries in China's Foreign Assistance	72
3.3.1 China's Assistance in Ghana.....	72
3.3.2 China's Foreign Assistance in Angola	79
4. China's Foreign Assistance in Latin America	87
4.1 A Historical Review	87
4.1.1 The Early Phase of China's Assistance in Latin America (1960s - 1970s)	87
4.1.2 The Adjustment and Development Phase (1980s - 1990s)	89
4.1.3 The Fully Consolidating Phase (since 21 century)	91
4.1.4 Evolution of Historical Characteristics	93
4.2 Characteristics of China's Foreign Assistance in Latin America	94
4.2.1 Scale and Scope	94
4.2.2 Major Ways of China's Foreign Assistance in Latin America.....	95
4.2.3 Major Sectors of China's Foreign Assistance in Latin America.....	102
4.3 Main Country of China's Foreign Assistance in Latin America	108
4.3.1 China's Foreign Assistance in Cuba	108
4.3.2 China's Foreign Assistance in Guyana	115

4.4 Concluding Remarks	121
5. China's Assistance and Cooperation in Agricultural	124
5.1 China's Agricultural Aid and SSC	124
5.1.1 China's Agricultural Aid to other Developing Countries	124
5.1.2 SSC between China and other developing countries	133
5.2 SSC between China and Key Countries in Agriculture	136
5.2.1 Sino-Africa Agricultural Cooperation	136
5.2.2 China's Agricultural Cooperation with Asian Developing Countries.....	144
5.2.3 China's Agricultural Cooperation by Region	147
5.3 Opportunities and Challenges in Agricultural Cooperation	150
5.3.1 Opportunities in Bilateral Aid and Cooperation	150
5.3.2 Challenges in Bilateral Aid and Cooperation of Agriculture.....	152
5.4 China's Agricultural Cooperation in the Future	154
5.4.1 Make More Contributions to SSC	154
5.4.2 Continue the SSC in Agriculture	155
5.4.3 Agricultural Cooperation in "One Belt, One Road" Initiative.....	156
5.4.4 Policy Recommendations for Agricultural Aid and Cooperation.....	157
5.5 China's SSC under the FAO's FSSP	159
5.5.1 Basic Situation	159
5.5.2 Main Characteristics and Effects	161
5.5.3 Encountered difficulties	166
5.5.4 Trends and Prospects.....	167
6. China's Foreign Assistance and Cooperation in S&T	171
6.1 Background and Significance of Foreign Assistant Cooperation	171
6.1.1 Background.....	172
6.1.2 Significance.....	175

6.2 China's STC with Typical Developing Countries	180
6.2.1 Technological Cooperation with Emerging Developing Countries	180
6.2.2 Technological Cooperation with Other Developing Countries	186
6.3 Typical Cases of Technological Assistance and Cooperation	192
6.3.1 Rail Transportation	192
6.3.2 Artemisinin	194
6.3.3 Hybrid Rice	195
6.3.4 Biogas	197
6.3.5 Earth Resources Satellite	198
6.3.6 Manned Submersible	199
6.3.7 Geochemical Mapping	200
6.4 Features and Problems of China's Assistant Cooperation in S&T	202
6.4.2 Existing Problems	206
6.5 Suggestions for China's Foreign Assistant Cooperation in S&T	210
6.5.1 Strategic Focus	210
6.5.2 Action Arrangements	213

7. China's Foreign Assistance and Cooperation in the Field of Society

218

7.1 China's Assistance and Cooperation in the Field of Education	218
7.1.1 General characteristics	218
7.1.2 China's education assistance to Africa	222
7.2 China's Assistance and Cooperation in the Field of Health Care	231
7.2.1 General Characteristics	231
7.2.2 China's Medical Assistance to Africa	234
7.2.3 China's Medical and Health Assistance to Cameroon	236
7.3 China's Foreign Assistance in Disaster Relief	238
7.3.1 General Characteristics of China's Aid in Disaster Relief	238
7.3.2 Cases of China's Assistance in Disaster Relief	243

7.3.3 The Development of China's Foreign Disaster Assistance.....	247
7.4 China's development assistance in the field of infrastructure	249
7.4.1 The Basic Situation of China's Infrastructure Assistance.....	249
7.4.2 Case Analysis of China's Foreign Infrastructure Assistance	251
7.4.3 The Effect and Opportunities for China's Infrastructure Assistance	257
8. Economic and Social Impact of China's Foreign Aid	262
8.1 Impact of China's Foreign Aid on China Itself	262
8.1.1 Economic Impact of China's Foreign Aid on China Itself	262
8.1.2 Impact of China's Foreign Aid on Domestic Politics	266
8.2 Foreign Aid and Economic Growth in the Recipient Countries	267
8.2.1 Aid and Economic Growth	268
8.2.2 China's Foreign Aid and Economic Growth of the Recipient Countries.....	273
8.3 China's Aid on Social Progress in the Recipient Countries	278
8.3.1 Foreign aid and poverty reduction in the recipient countries	278
8.3.2 Foreign Aid and Environmental Protection in the Recipient Countries	284
8.4 Recommendations to Enhance Aid Effectiveness	289
8.4.1 Recommendations to the Recipient Countries.....	289
8.4.2 Recommendations to China.....	290
9. Challenges of China's Foreign Assistance	294
9.1 The Principle of Non-Attachment of Political Conditions	294
9.1.1 Denotation of Non-Attachment of Political Conditions	295
9.1.2 Why Non-Attachment of Political Conditions in Foreign Aid	296
9.1.3 Impacts of Western Aid on the Political Systems of Developing Countries ..	299
9.1.4 Effectiveness of China's Development Assistance	302
9.2 China's Foreign Aid and the So-called "New Colonialism"	304
9.2.1 Major Opinions of "Neo-Colonialism"	304

9.2.2 Definition of Neo-Colonialism	305
9.2.3 Impact of China's Assistance to Africa.....	307
9.3 Issues in China's Foreign Assistance	313
9.3.1 Strengthening Multilateral Development Cooperation.....	313
9.3.2 Learn the successful experiences in international development aid	318
9.3.3 Enhancing Transparency and Public Information Disclosure	323
9.3.4 Bring into Play the Role of NGOs in Development Cooperation	324
9.4 Brief Summary	326
10. Strategy, Administration, and Legislation	328
10.1 Formulation of Overall Foreign Aid Strategy	328
10.1.1 Foreign Aid VS Foreign Policies and National Security	329
10.1.2 Foreign Aid VS Trade and Investment	329
10.1.3 Aid Providers and Participants Should Be Diversified	335
10.1.4 Strategic Priorities in Chinese Foreign Aid	336
10.2 Setting up China Agency for International Development	339
10.2.1 Types of Aid Management Systems in the World.....	339
10.2.2 China's Current Foreign Aid Management System and Reforms	345
10.3 China's Foreign Aid Legislation	348
10.3.1 The History of Foreign Aid Legislation.....	348
10.3.2 Necessity of Adopting A Unified Foreign Aid Law	349
10.3.3 General Design of the Chinese Foreign Aid Law	356
10.3.4 Forms of Chinese Foreign Aid Legislation.....	357
10.3.5 Purposes and Principles of Chinese Foreign Aid Law.....	357
10.3.6 Conditionality and Others	359
10.3.7 Other Issues in Chinese Foreign Aid Legislation	368
Appendix	371

1. Introduction

1.1 The Definition and Categories of Foreign Assistance

1.1.1 The Definition of Foreign Assistance

Foreign assistance, also known as International Development Assistance, is an important way of international economic cooperation. It has a leap forward in the aftermath of the Second World War. Foreign assistance is the activities that assist other developing countries in economic development and social welfare enhancement, in various ways such as funding, physical resources, equipment, technologies or other resources by a country, institutions, social organizations or individuals. International development assistance breaks down into two forms, repayable and non-repayable, which includes medium-and long-term no-interest or low-interest loans, and grants and detailed solutions of economic and technical developments for assisted countries. The purpose of it is to stimulate economic development and increase social welfare for developing countries, and to fill the development gap between developed and developing countries. International development assistance is in the spectrum of capital movement, and capital movement takes the lead, following with international transfer of resources, technologies, and productivity and among other factors. It has various forms and solutions, and all are derived from capital movement.

1.1.2 Categories of Foreign Assistance

By channels, foreign assistance has bilateral and multilateral assistance. The former is the agreement by two countries or two regions in areas of development assistance or economic and technical cooperation, in which one country (an assisting country) directly provides repayable or non-repayable funds, technology, equipment and resources, to help another country (an assisted country) to develop its economy or survive short-lived hard times. The latter, on the other hand, is multilateral institutes take foreign assistance plans

to offer assistance for developing countries or regions, by utilizing member countries' donation, equity input, favorable rate loans, borrowings from international financial markets, and returns on business etc..

By methods, foreign assistance has fiscal and technical assistance. The former is assisting countries or multilateral institutes provide assistance in forms of funds or resources, to meet demands for economic and social development from assisted countries, and to ease fiscal difficulties. Fiscal assistance breaks down into grants and loans. Loans have no-interests and interests, and the rate of the latter is usually lower than that of international financial markets. The term to maturity of loans is relatively longer, in most cases more than 10 years, with renewable maturity dates. Technical assistance is where technical advanced countries or multilateral institutes support less advanced ones with intelligence, techniques, consultation, resources, craftwork skills and training. It also has repayable assistance and non-repayable one.

By utilization, foreign assistance has project assistance and solution assistance. The former is assisting countries or multilateral institutes directly fund assisted countries with a specific project. The name of project assistance comes from the fact that each assisted target is one project. Solution assistance, also known as non-project assistance, is assisting countries or multilateral institutes offer assistance based on explicit plans, not on specified projects. It is usually applied in export-import appropriation, budget planning subsidies, international payment subsidies, debt repayment, and regional development and planning, and so on.

1.1.3 Categories of China's Foreign Assistance

There are eight categories of China's foreign assistance: a package of projects, ordinary resource, technical cooperation, human resource development and cooperation, medical team in foreign assistance, humanitarian assistance in emergency, foreign assistance volunteers, and debt relief.

1. A Package of Projects

A package of projects is where China provides non-repayable assistance and no-

interest loans to support assisted countries in construction for productive and civilian projects. China is held responsible from on-site research, to design, and to construction, and offers all or part of equipment, construction materials, and panels for construction organization, installation and pilot production. Meanwhile, China provides all-round technical support, such as on-site training, related skill acquiring for assisted countries, and implementation after the completion of the project.

A package of projects is the most important way of China's foreign assistance. Since 1954, China, through such a channel, has assisted Vietnam and North Korea in repair of railway, highway, ports, bridges and civilian transportation during the post-war periods. Together with construction of industrial backbones, it is greatly contributed to after-war reconstruction and economic development for both countries. Thereafter, the scale and scope of such foreign assistance expands, taking a large proportion in foreign assistance in most time. To date, it accounts for 40% fiscal expenditure in China's foreign assistance. By the end of 2009, the package of projects by China has totaled 1960, ranging from a variety of areas related to local's production and living, such as industry, agriculture, culture and education, health, telecommunication, electricity, energy and transportation.

2. Ordinary Resource

Ordinary resources are where China, given assistance funding projects, supports for assisted countries such as productive and living materials, technical products, equipment, and associated technical services. China starts foreign assistance with ordinary resource support. During the 1950s and 1960s, China offered a great number of productive and living resources for Asian and African countries, to back up national liberation and national economic development, even though China faced with shortage of domestic resource. Besides resource assistance for individual countries, China also provides a package of projects with various supplementary equipment and resource. China always distributes home-produced high quality products in foreign assistance. Resources include mechanical equipment, medical facilities, detection equipment, transport vehicles, office appliances, food and medicine. Such assistance does not only feed emergent needs of assisted countries, but also strengthens the capacity and industrial development of assisted

countries by equipment like engines and container detection.

3. Technical Cooperation

Technical cooperation is where China sends experts to help developing countries for laboratory cultivation regarding Chinese agriculture and traditional techniques, or to complete a specific on-site search, exploration, planning, research and consultation. In addition, China expatriates experts, requested by assisted countries, for maintenance, operation, and technical assistance with completed projects. It is also included that management and technical personnel training in assisted countries, to ensure them would acquire project management skills.

Technical cooperation is the most important way for China to build independent development capacities for assisted countries. It ranges from industrial production and management, cultivation in agriculture, embroidery and many other handicraft, culture and education, physical training, health and Medicare, small biogas and hydropower stations and many other clean energy development, geological research and exploitation, economic planning and so on. The term of technical cooperation usually lasts for one to two years, and can be extended when necessary or requested.

4. Human Resource Development and Cooperation

Human resource development and cooperation is where China supplies with management and expertise training for developing countries through bilateral and multilateral channels. It takes the forms of management official's seminars, and exchanges with governors from assisted countries in different industries and areas.

China started human research development and cooperation from 1953. Between 1950s and 1970s China has taken a great amount of interns from countries such as North Korea, Vietnam, Albania, Cuba, and Egypt; it includes more than 20 industries like agriculture and forestry, irrigation, light industry, textile, transportation, health and many others. Since 1981 China worked closely with United Nations Development Program (UNDP) to convene training programs in many areas related to applicable techniques for other developing countries. From 1998 Chinese government has started seminars for

governors. The covered sectors, areas and scale have been extended substantially. By the end of 2009, China has hosted 4,000 training programs for other developing countries, and benefited 120,000 people, including interns, managers, technicians and governors. The content of training includes 20 strong areas like economics, diplomacy, agriculture, medicine and health, and environmental protection, and many others. Between 2010 and 2012 China has hosted 1,579 seminars for governors, has invited approximately 40,000 governors from developing countries to do research, and has given 357 training programs for technicians, the number of trainees more than thousands. In the same period, China also has provided 15 part-time education programs for 359 governors from 75 different developing countries with master degrees of public management, education, international relation and international communication. To date, there are 10,000 people training in China each year. Besides, China offers in-site training for assisted countries.

5. Medical Teams in Foreign Assistance

Medical teams in foreign assistance are the ones that Chinese government sends out based on request by assisted countries, to provide some free medical equipment and medicines. It is also responsible for medical service provision in assisted countries. In April 1963, as requested by Algeria government, Chinese government sent out the first medical team. Till now, China has delivered medical teams to 69 countries in Asia, Africa, Europe, Latin America, Caribbean and Oceania. Medical teams in foreign assistance works at less developed areas without sufficient medical staff and medicines, but with tough work conditions. Team members have healed many common and reoccurring diseases. They also apply acupuncture, Chinese message, and many other medical solutions combining Chinese and Western methods in treatments, saving many lives. Medical teams are willing to provide medical techniques for local medical staff, to increase the regional health quality. Their excellent medical service, respectable working ethics, heart-felt responsibility and missionary passion for assisted countries have won respect and applause. By the end of 2009, China has sent out 21,000 medical staff in foreign assistance, and there are 260 million people treated by Chinese medical staff. In 2009 alone, there are 60 medical teams in foreign assistance, including 1,324 medical staff. They have served in