



Trends in China's financing for international development cooperation

Donor Tracker Webinar featuring Development Reimagined, May 20, 2021  
Zoe Johnson & Raimund Zühr – SEEK Development/Donor Tracker  
Jing Cai – Development Reimagined 1

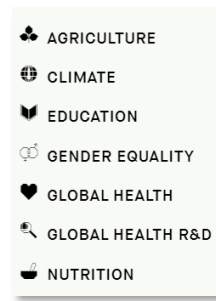
# Donor Tracker supports advocates by providing free, easy-to-access resources analyzing donor government funding and policy for international development



## 1 Donor Profiles

14 OECD donor profiles joining data with analysis of:

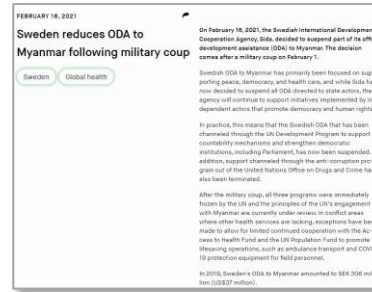
- ODA trends
- Policy priorities
- Actors & decision-making
- Budget structure & process



## 2 Sector Deep Dives

Closer look at donors across seven sectors:

- Agriculture
- Climate
- Education
- Gender Equality
- Global Health
- Global Health R&D
- Nutrition



## 3 Policy Updates

Weekly updates on latest policy developments in donor countries, drafted by our network of consultants based in donor capitals and delivered directly to users' inboxes in a 'Weekly Digest'



## 4 Cross-donor Insights & Partner Perspectives

Comparative analysis of donor funding and policy trends on 'hot' topics, for example:

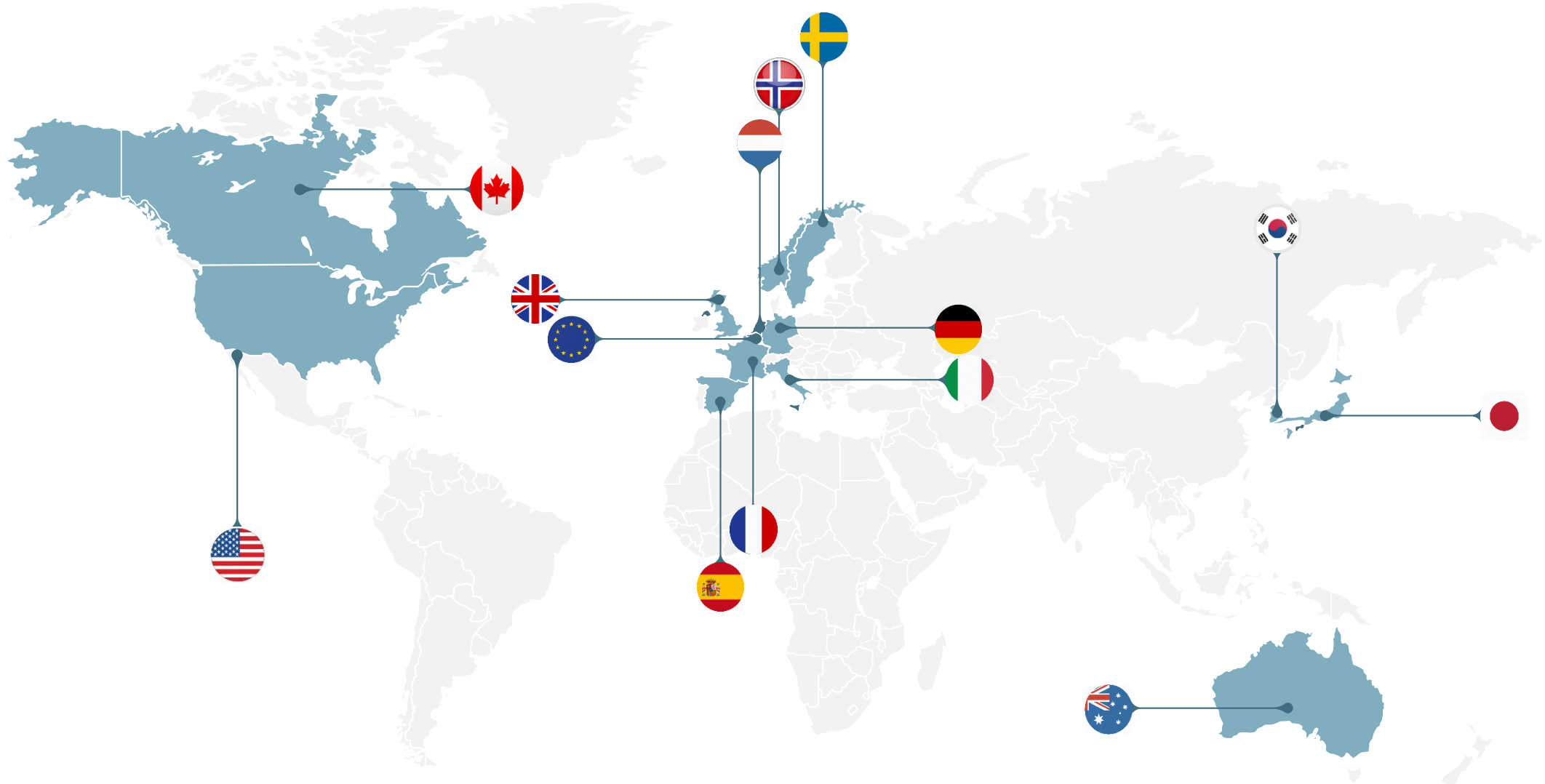
- International COVID-19 response
- Gender equality
- Climate finance



## 5 Digital content & outreach

Webinars and short videos bringing cross-donor insights to life and helping users interpret trends and data to support advocacy work

## Donor Tracker analyzes development policy and spending of the 14 largest OECD donors



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Our panelists are experts from SEEK's Donor Tracker team and Development Reimagined



Zoe Johnson

Donor Tracker Policy and  
Editorial Lead



DONOR TRACKER



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Policy Analyst



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# China's decision-making processes and structures

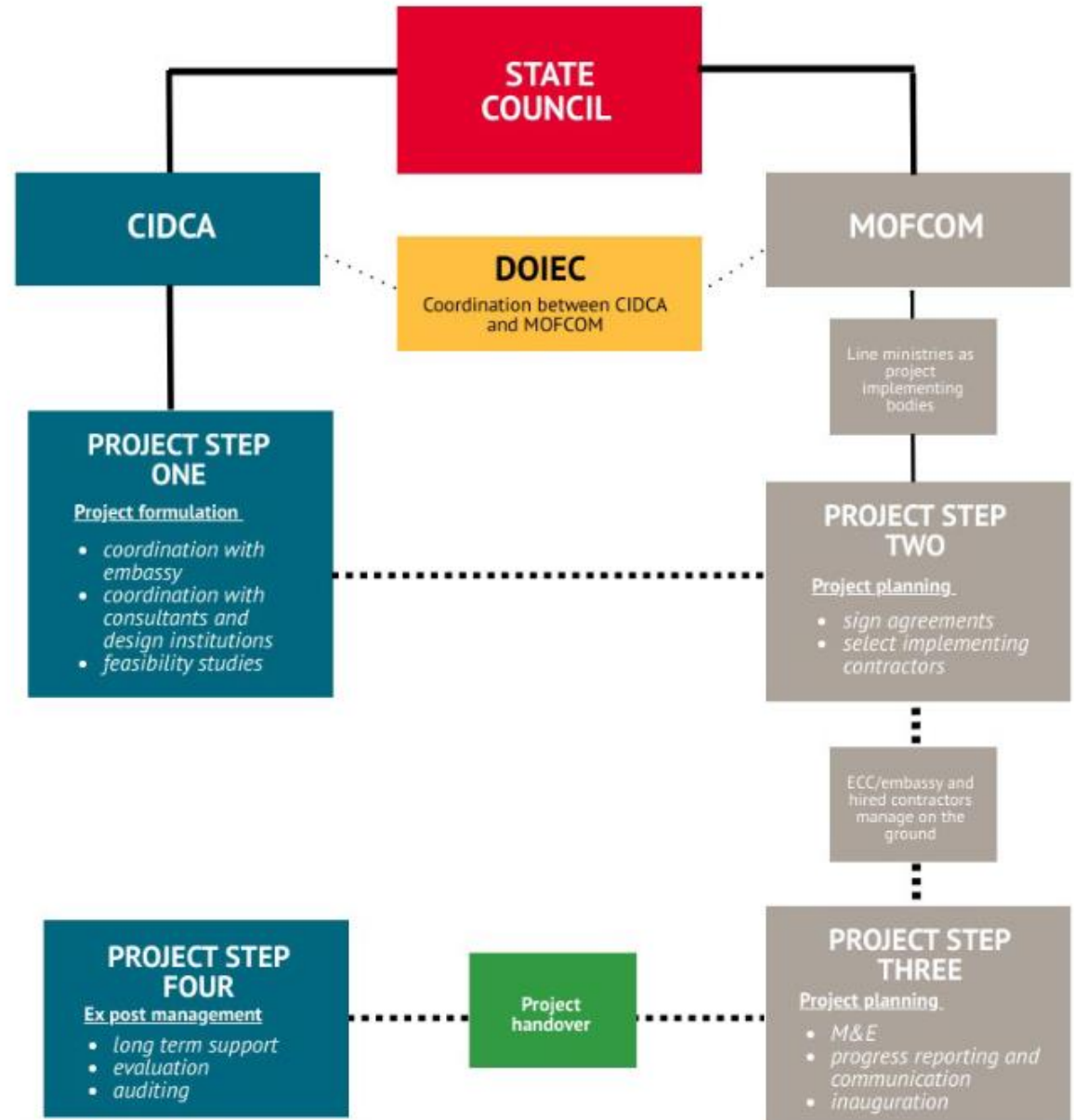
By Jing Cai

Research Analyst, Development Reimagined

# How does Chinese overseas development finance work?

China's aid model is not entirely managed by one agency. Instead, China's bilateral aid is delivered by an intra-ministerial collaborative management matrix

Figure 1. Management process of China's bilateral aid projects



# Challenges to Chinese overseas development finance

**Due to the high degree of complexity, there have been numerous internal coordination challenges to Chinese ODF**

## Challenges

Dispersion of aid responsibilities to sub-national actors

Limited oversight and accountability

Lack of progress in aid architecture

Misaligned priorities

Challenges to the Ministry of Commerce



In 2018, the CIDCA was formed to alleviate some of these challenges

The CIDCA aimed to address complexity through a clearer distinction among the various types of Chinese financial flows

Figure 6. CIDCA's organising structure







However, Chinese  
ODF still remains  
highly complex

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**1. Hospital built by AIECO**  
(budget from MOFCOM)

**2) Equipment procured  
through CICETE**  
(budget from MOFCOM)

**4) Direct coordination by  
Overseas Economic and  
Commercial Counselor's  
Offices**

**3) IHECC sends a medical  
team**  
(budget form NHFPC)



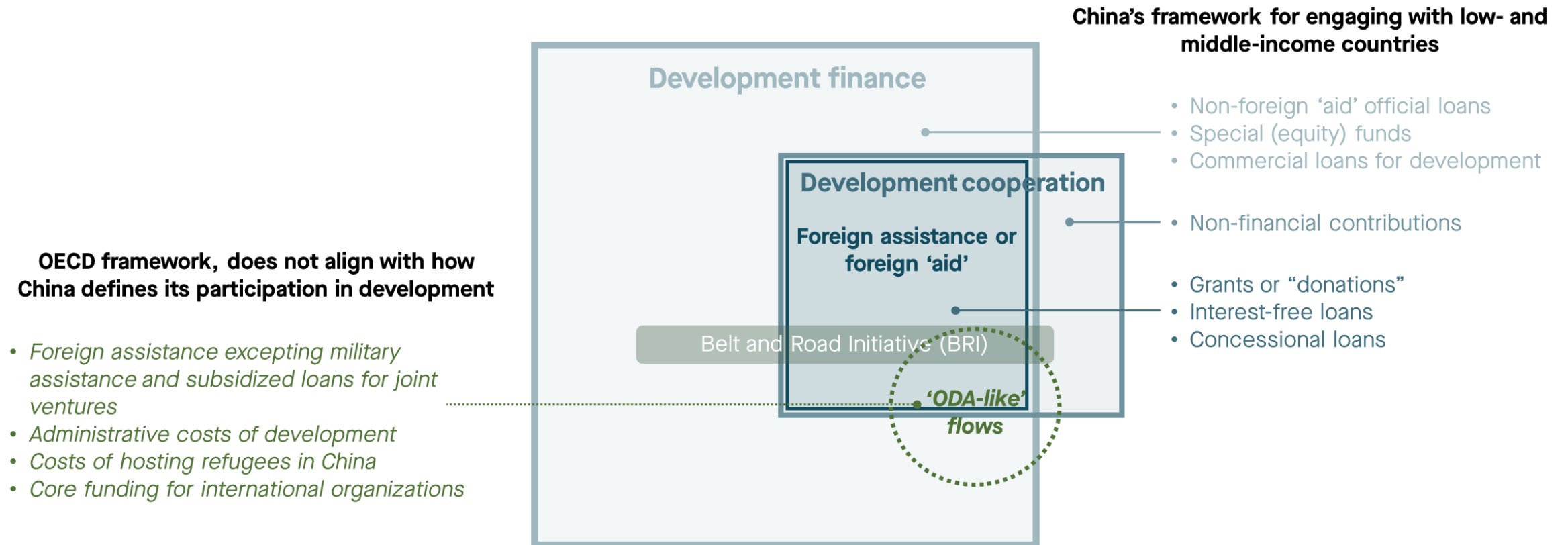
## **New Era? Trends in China's financing for international development cooperation**

**May 20, 2021**

**Zoe Johnson - SEEK Development/ Donor Tracker**

# China does not consider itself a ‘donor’ but rather a “developing country” and a provider of “South-South cooperation”

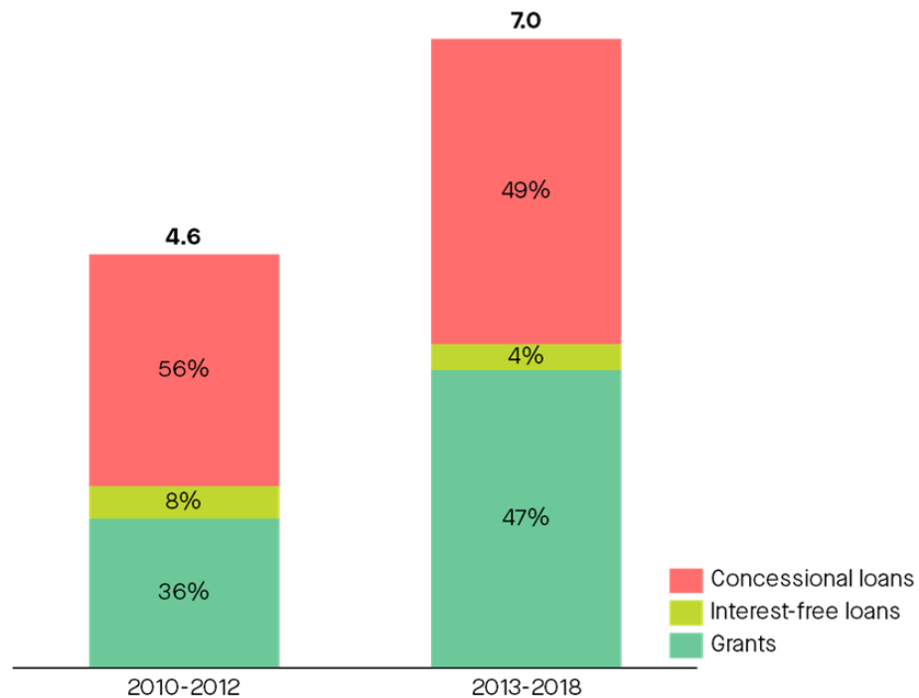
## Relationship between China and OECD frameworks for development assistance



## China's foreign assistance is on the rise, according to the 2021 White Paper

### China's annual foreign assistance by type of flow

US\$ billions



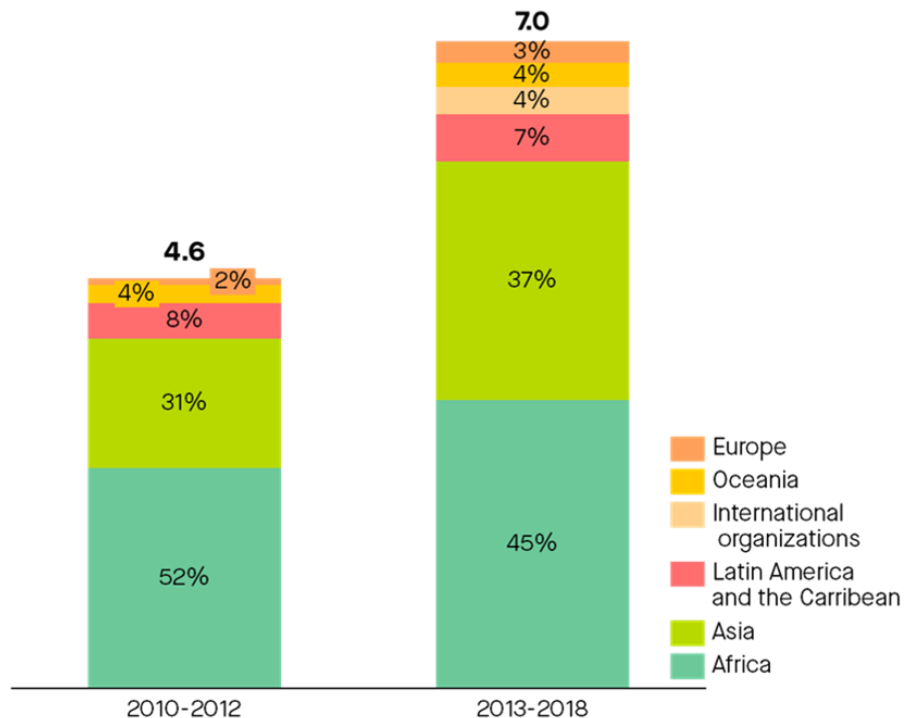
Source: Information Office of the State Council. 2014. 'China's Foreign Aid'. People's Republic of China; Information Office of the State Council. 2021. 'China's International Development Cooperation in the New Era'. People's Republic of China. US\$ conversions based on OECD exchange rates 2010-2012 average and 2013-2018 average.

- Average spending on foreign assistance between 2013-2018 **increased almost 50%** compared to 2010-2012
- Grants make up a larger share of foreign assistance, indicating it is becoming **more concessional**
- **Grants** fund social welfare projects, human resource development, technical cooperation, material assistance, and emergency humanitarian assistance
- **Concessional loans** are used for industrial and infrastructural projects and goods and materials
- **Interest-free loans** are used mainly for the construction of public facilities

# China's foreign assistance focuses on African countries

## China's annual foreign assistance by recipient region

US\$ billions



Source: Sun, Y. 2014. 'Africa in China's New Foreign Aid White Paper'. Brookings; Information Office of the State Council. 2021. 'China's International Development Cooperation in the New Era'. People's Republic of China. US\$ conversions based on OECD exchange rates 2010-2012 average and 2013-2018 average.

- China spends around **half of its foreign assistance in countries in Africa**
- **Asian countries receive around one-third** of China's foreign assistance
- The White Papers do **not specify which countries** within each region receive funding
- Emphasis is on **poverty alleviation in "least developed" countries** in these regions
- Share of foreign assistance to African countries has fallen but **total funding for the African continent has increased**

# The JICA Ogata Sadako Research Institute offers the most rigorous and up-to-date estimate of China's development assistance based on DAC standards

There is **no consensus on the appropriate methodological approach** for estimating China's ODA-like flows.



JICA Ogata Research Institute Estimates draw on **official data** from:

- China's Ministry of Commerce (**MOFCOM**) and other ministries
- China International Development Cooperation Agency (**CIDCA**)
- Export-Import Bank of China (**China Eximbank**)
- ODA-eligible **international organizations**



**OECD Development Co-operation Directorate** based on data from MOFCOM and multilateral organizations' websites



**AidData** based on official and recipient country data, along with a wide array of media sources

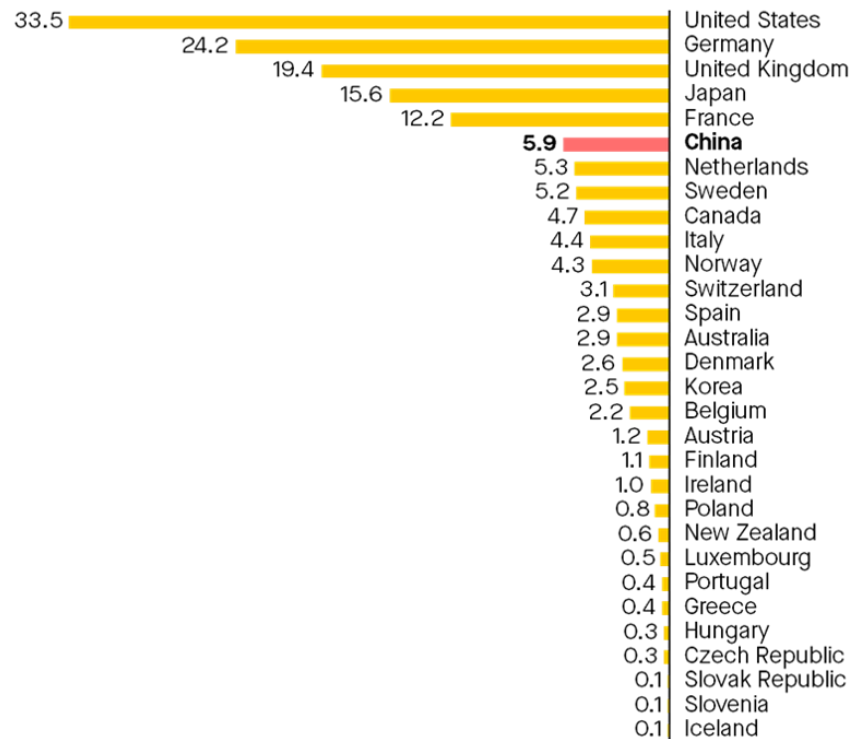


**SAIS China Africa Research Initiative (SAIS-CARI)**, based on figures officially published by China's Ministry of Finance

# China's 'ODA-like' flows in 2019 are estimated at US\$5.9 billion; China would be the 6<sup>th</sup> largest provider of ODA

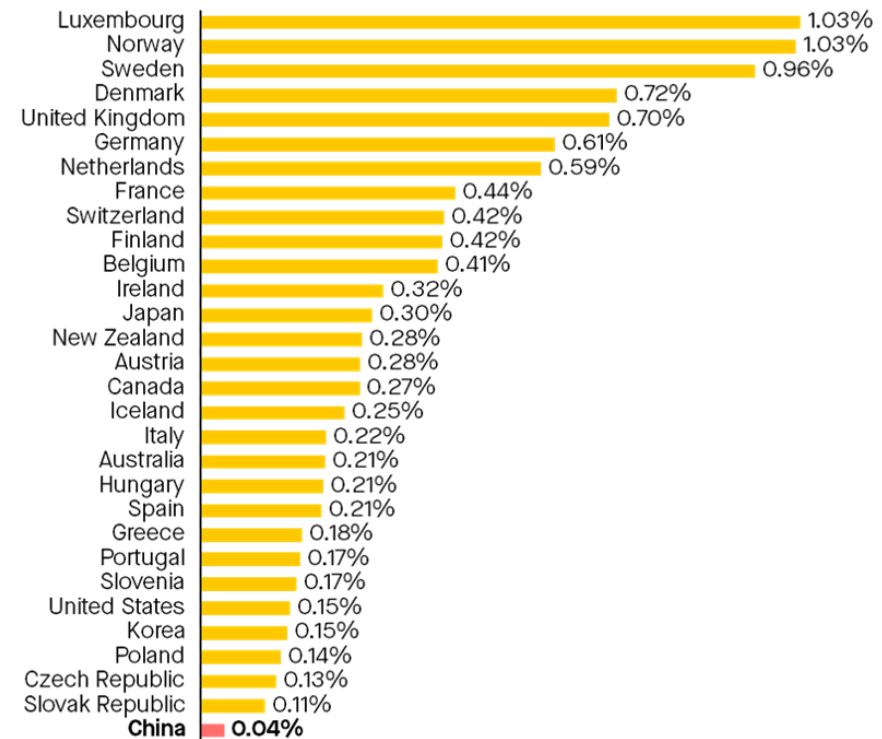
**China's 'ODA-like' disbursements in ranking of DAC donors, 2019**

US\$ billions



**China's 'ODA-like' disbursements as % of GNI in ranking of DAC donors, 2019**

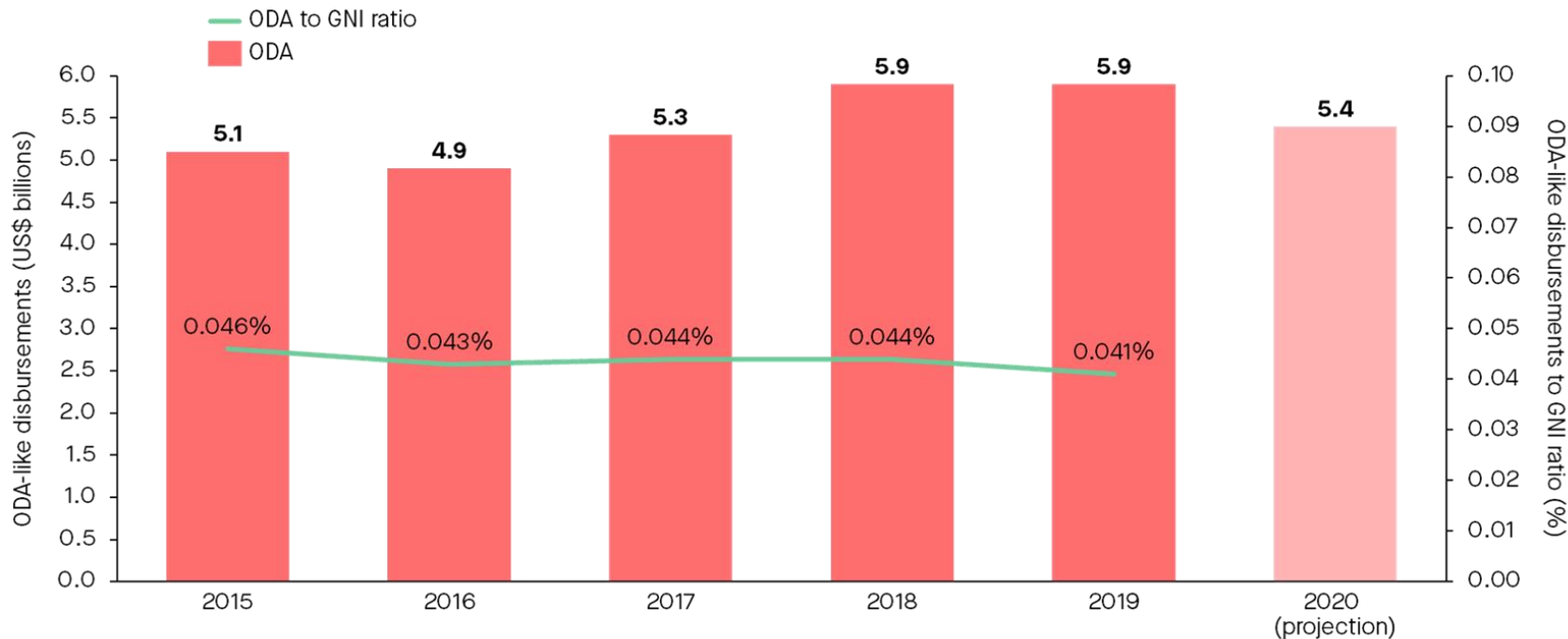
ODA as % GNI



Source: OECD CRS, Gross disbursements; Kitano, N. & Miyabayashi Y., 2020. 'Estimating China's Foreign Aid: 2019-2020 Preliminary Figures'. Ogata Sadako Research Institute for Peace and Development, JICA. Figures based on OECD's grant equivalent methodology. US\$ conversions based on current prices.

# China's ODA-like flows have remained relatively steady in recent years

## Estimates of China's total 'ODA-like' disbursements US\$ billions



Source: Kitano, N. & Miyabayashi Y., 2020. ' '. Ogata Sadako Research Institute for Peace and Development, JICA. Figures based on OECD's grant equivalent methodology. US\$ conversions based on current prices.

- Projections suggest that in 2020, China's **ODA-like flows will decline**
- **COVID-19 related cuts** to general expenditure contributed to this fall
- Cuts were offset by China's funding for the international response to COVID-19, including:
  - RMB2.0 billion (US\$284 million) in special funds for "anti-epidemic supplies"
  - US\$50 million contribution to the WHO



# There are a wide range of research initiatives on China's development policy and financing



# Questions?

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