

China: Research Notebook for Colombia, Liberia, Nepal and Sri Lanka¹

CATEGORY: COUNTRY STRATEGY

Q1. Does China publish the country strategy paper for the recipient countries?

No

Partially

Yes

China does not have publicly available country strategy papers for any of the four recipient countries.² However, China's country strategies may be informally identified through recipient government aid information systems as well as an overview of Chinese projects in-country.

Colombia: The Colombian government's bilateral cooperation document outlines areas of focus with China, including cultural exchange, technical cooperation and in-kind donations.³ Chinese cooperation in Colombia still remains highly-tied to commercial ventures. Indeed, since 2010, China has been Colombia's second largest trading partner after the U.S.⁴ Recent high-level talks between Chinese Vice Premier Li Keqiang and Colombian Minister of Foreign Affairs Maria Angela Holguin in Beijing in February 2012 underscore a political focus on these commercial ties to, *inter alia*, "strengthen trade...and offer secure and favorable conditions for Chinese companies in their investment and participation of infrastructure building in Colombia."⁵ However, China has increasingly introduced new forms of development-oriented technical cooperation with Colombia.⁶ This is evidenced by a US\$ 6.5 million⁷ project to assess the exploitability of the Magdalena River involving Chinese and Colombian firms.⁸

Liberia: China's approach to the country is framed through its Economic and Technical Cooperation (ETC) agreement with Liberia which is not public.⁹ Like the US,¹⁰ China uses the four pillars of Liberia's Poverty Reduction Strategy to determine funding areas.¹¹

¹ For all the findings presented in this report on China's activities in Nepal, primary data could not be gathered. It was not possible to secure an interview appointment with Chinese representatives in Nepal despite the following documented requests:

10/01/2012: Email to the Economic and Commercial Counselor's Office of the Chinese Embassy (chinaemb_np@mfa.gov.cn); 17/01/2012: Call to the Economic and Commercial Counselor's Office of the Chinese Embassy (no response); 18/01/2012: Call to the Economic and Commercial Counselor's Office of the Chinese Embassy (Mr. Chen), request to resend email, email sent to the above address; 23/01/2012: Call to the Economic and Commercial Counselor's Office of the Chinese Embassy (Mr. Chen), request to send a fax by Mr. Chen's secretary, fax sent to number given; 25/01/2012: Call to the Economic and Commercial Counselor's Office of the Chinese Embassy (Mr. Chen), conversation with Mr. Chen's secretary, response provided that Mr. Chen will get in touch when he is available.

² In interviews, Chinese officials did not recognize that a country strategy exists. Online English-language sources consulted: Department of Aid to Foreign Countries, Ministry of Commerce: <http://yws2.mofcom.gov.cn/>; Department of Outward Investment and Economic Cooperation, Ministry of Commerce: <http://hzs2.mofcom.gov.cn/>. Last accessed on 12 November 2012.

³ "Manual de Acceso a la Cooperación Internacional", Acción Social, March 2007 p. 121.

⁴ http://www.accionsocial.gov.co/documentos/1944_Manual_de_Acceso_a_la_Cooperaci%C3%B3n.pdf.

⁵ Colombia Country Commercial Guide, *export.gov*, online:

<http://export.gov/colombia/marketresearchoncolombia/countrycommercialguide/index.asp>. Last accessed 10 October 2012.

⁶ "Chinese vice premier vows closer cooperation with Colombia", *Xinhua*, 28 February 2012:

http://news.xinhuanet.com/english/china/2012-02/28/c_131436472.htm. Last accessed 10 October 2012.

⁷ Mladen Yopo Herrera, "China y América Latina: una relación positiva con varias interrogantes", Friedrich Ebert Stiftung, Policy Paper 38, October 2011, Executive Summary.

⁸ Note that this figure may include the Colombian contribution to this project; according to the *mapa de cooperación*, China contributed US\$ 5.718 million and Colombia US\$ 710,000 totaling US\$ 6.429 million.

⁹ For project description, see: Jairo Chacón González, "Los chinos, tras la resurrección del río Magdalena", *El Espectador*, 11 May 2011: <http://www.elespectador.com/impreso/negocios/articulo-271628-los-chinos-tras-resurreccion-del-rio-magdalena>; Online information on firms HydroChina (www.hydrochina.com.cn) and CORMAGDALENA (<http://www.cormagdalen.com.co/>).

¹⁰ Kofi Blankson-Ocansey et al., "Looking East: China Africa Engagements - Liberia Case Study" (Accra: African Center for Economic Transformation, December 2009). <http://acetforafrica.org/wp-content/uploads/2010/08/Looking-East-Liberia-China-case-study-August-20101.pdf>. Also see: <http://www.fmprc.gov.cn/eng/wjib/zjjg/fzs/qjlb/3024/t16533.htm>.

¹¹ Kofi Blankson-Ocansey et al., (2009), p. 24. Also see: <http://liberia.usaid.gov/node/189>.

¹² Republic of Liberia, "Liberia Poverty Reduction Strategy" (Monrovia: Republic of Liberia, April 2008).

<http://emansion.gov.lr/doc/Final%20PRS.pdf>; Also see: <http://www.imf.org/external/pubs/ft/scr/2012/cr1245.pdf>.

Nepal: China does not publish a country strategy paper for Nepal in either English or Chinese on the internet.¹²

Sri Lanka: China's strategy is not public but as in Liberia, it is frequently aligned with the Sri Lankan national development strategy as a result of specific requests made by the government of Sri Lanka for funding.¹³ In cases where China's investment projects in Sri Lanka have been incorporated into individual ministries' activities, specific information on China's cooperation can be discerned.

Q2. What are the main modalities used in Chinese operations in the recipient countries?

Partial information can be gathered to assess this question.

The Chinese 2011 Foreign Aid Policy¹⁴ outlines eight "Forms of Foreign Aid":

1. Complete projects¹⁵
2. Goods and materials
3. Technical Cooperation
4. Human Resource Development Cooperation
5. Chinese Medical Teams Working Abroad
6. Emergency Humanitarian Aid
7. Overseas Volunteer Programs
8. Debt Relief

In addition, the policy describes three financial instruments, which China uses to provide financial resources: 1.) grants, 2. interest-free loans; and 3. concessional loans.

Chinese cooperation in Colombia, Liberia, Nepal and Sri Lanka can be generally grouped into two categories (although there is limited public information on the specific modalities):

Preferential loans and credit: Preferential or concessional loans for public projects appear to be China's most widely used modalities of those outlined in China's 2011 aid policy.¹⁶ In Sri Lanka¹⁷ and Colombia,¹⁸ China offers soft loans with interest rates to be repaid by the recipient government. Loans are supplied by China's Exim Bank and the China Development Bank Corporation.¹⁹ Loan rates are not always fixed and may increase substantially over time. In the case of Sri Lanka, China offers export credit directly to the government.²⁰ Interviewed Chinese embassy officials in Sri Lanka emphasized that all loan-funded projects are undertaken on a strictly commercial basis.²¹ In Colombia, a middle-income economy aiming currently to rebuild areas affected by conflict, China's ability to provide loans for large-scale infrastructure

¹² Sources consulted: Department of Aid to Foreign Countries, Ministry of Commerce (English, Chinese): <http://yws2.mofcom.gov.cn/>; Department of Outward Investment and Economic Cooperation, Ministry of Commerce (English, Chinese): <http://hzs2.mofcom.gov.cn>. Last accessed last on 12 November 2012.

¹³ Interview: Analyst and former senior official of the Sri Lankan Ministry of Finance, Colombo, Sri Lanka.

¹⁴ Official Web Portal of the Chinese government: http://english.gov.cn/official/2011-04/21/content_1849913.htm. Last accessed on 10 October 2012.

¹⁵ Interview: Nepalese official, MOF, January 2012.

¹⁶ Due to the unavailability of data, this study could not quantify the ratio of preferential loans and credit in relation to other modalities of Chinese foreign aid. However, based on field observations and interviews, evidence points to this modality as the most used. "China's Foreign Aid," White Paper, (Beijing: Information Office of the State Council of the People's Republic of China, April 2011). http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm.

¹⁷ "Global Partnership in Development" (Colombo: Sri Lanka External Resources Department - ERD), p. 37-38.

¹⁸ Interview: Colombian government official, March 2012; A 2010 press release preceding Premier Hu Jintao's visit to Latin America cited nearly US\$ 20 billion in loans to the region, but no disaggregated figures are available. "Hu's visit to Latin America will boost relations," *Xinhua*, 14 April 2010, http://news.xinhuanet.com/english2010/indepth/2010-04/14/c_13250672.htm.

¹⁹ "Global Partnership in Development," Sri Lanka ERD, p. 37-38; "Sri Lanka Case Study" in Ivan Campbell et al., *China and Conflict-Affected States* (London: Safeworld, January 2012), p. 21-22.

²⁰ "Sri Lanka Case Study" in Ivan Campbell et al., *China and Conflict-Affected States* (London: Safeworld, January 2012), 19.

²¹ Interview: Chinese Embassy, Sri Lanka, March 2012.

projects and to manage them from inception to rapid completion makes it a valuable partner.²² A list of completed Chinese cooperation projects in Nepal suggests a similar focus on infrastructure and construction projects (highways, roads, factories, hydropower plants, irrigation, hospitals, sports facilities, bridges).²³

Gifts, grants and in-kind donations: In Sri Lanka,²⁴ Liberia²⁵ and Colombia,²⁶ “goods and materials”²⁷ are offered to recipient governments. In-kind donations are normally material goods such as vehicles, instruments or capital equipment.²⁸ Grants are offered in the form of direct cash or capital transfers to some partners. Grants are typically a marginal percentage of overall investment or loan-based cooperation.²⁹

In addition to these areas, cultural exchanges and educational and business tours provide a key area of support in Liberia³⁰ and Colombia.³¹ China sponsors various programs for cultural, business, government and educational exchange for citizens in partner countries to study in China, to showcase emerging enterprise sectors and cultivate government cooperation on industry, investment and collaboration opportunities. Nonetheless, it is important to stress that, according to OECD definition, these activities are not formally counted within funding classified as development cooperation.

Q3. Does China have a policy/protocol on mutual accountability?

No Partially Yes

China does not have a publicly available protocol on mutual accountability.

It does, however, have a clear policy of non-intervention and non-conditionality of development cooperation. In the case of Colombia, these principles figure into formalized relations, including agreements that are signed before yearly donation(s) are disbursed.³²

Another unique feature of Chinese development cooperation is the lack of conditionalities. In principle, there are no formal conditionalities, as evidenced in the information gathered on Liberia.³³ In Liberia, as with many other countries, Chinese development cooperation is principally based on “demands” made by the government as drawn from its national development agenda. However, in practice, Chinese development projects require that Chinese contractors and labors undertake implementation.³⁴

²² Interview: Maria Angelica Sánchez, Fundraising Coordinator, Transparencia por Colombia, January 2012.

²³ Nepali Ministry of Foreign Affairs: <http://mofa.gov.np/bilateralRelation/nepal-china.php>. Last accessed on 12 November 2012.

²⁴ Sri Lanka External Resources Department (ERD), “Global Partnership in Development,” 2011, p. 39.

²⁵ Interview: John B.S. Davis, former Comptroller General, Liberian Ministry of Finance, currently CEO, Liberian Bank for Development and Investment, March 2012.

²⁶ “Manual de Acceso a la Cooperación Internacional,” Accion Social, March 2007.

http://www.accionsocial.gov.co/documentos/1944_Manual_de_Acceso_a_la_Cooperaci%C3%B3n.pdf.

²⁷ “China’s Foreign Aid,” White Paper, (Beijing: Information Office of the State Council of the People’s Republic of China, April 2011). http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm.

²⁸ Interview: Chinese Embassy in Sri Lanka, Colombo, Sri Lanka, March 2012. According to the 2011 China’s Foreign Aid white paper, this would qualify as “goods and materials.”

²⁹ Sri Lanka External Resources Department (ERD), “Global Partnership in Development,” 2011, p. 37.

³⁰ Interview: John B.S. Davis, former Comptroller General, Liberian Ministry of Finance, currently CEO, Bank for Development and Investment, Liberia, March 2012.

³¹ Interview: Maria Angelica Sánchez, Fundraising Coordinator, Transparencia por Colombia, January 2012.

“Manual de Acceso a la Cooperación Internacional,” Accion Social, March 2007, p. 121.

http://www.accionsocial.gov.co/documentos/1944_Manual_de_Acceso_a_la_Cooperaci%C3%B3n.pdf; Interview: APC, Bogota, Colombia, January 2012; “Firman convenio para creación de Instituto Confucio en Colombia,” *Xinhua*, 3 November 2011, http://www.spanish.xinhuanet.com/spanish/2007-11/03/content_516373.htm.

³² Interview: Government Official, Bogota, Colombia, 20 March 2012

³³ Interviews: Mr. Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Liberian Ministry of Foreign Affairs; Mr. Thomas Nah, Country Director, CENTAL/TI Liberia; Mr. Lee Mason, Acting Assistant Minister for Regional Planning, Liberian Ministry of Planning and Economic Affairs; Mr. Samuel Z. Joe, Unit Director, Aid Management Unit, Liberian Ministry of Finance, March 2012.

³⁴ Interview: Mr. Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Liberian Ministry of Foreign Affairs, March 2012.

Q4. How are mutual accountability protocols determined and upheld within recipient countries?

China's approach to development cooperation is based on the Eight Principles for Economic Aid and Technical Assistance,³⁵ which is set up around a discourse of equality and mutual benefit and the respect of sovereignty and the unconditionality.³⁶

Neither China's 2011 Foreign Policy nor the Eight Principles for Economic Aid and Technical Assistance include an implicit or explicit (mutual) accountability mechanism.

As a result, this research revealed that China's mutual accountability protocols vary among partner governments. There may or may not be bilateral negotiations that precede delivery of development cooperation, investment prospects or in-kind gifts. There may or may not be frameworks where the terms of project agreements are outlined in detail. And there may or may not be agreements that make frameworks for cooperation binding.

Colombia: Most of the time, cooperation proposals are initiated by the Chinese embassy, normally expressed as a gift, to the Ministry of Foreign Affairs ("*Cancilleria*") or Presidential Agency for International Cooperation (APC). The Colombian national government counterpart either approves or rejects the offer, and only limited bilateral negotiations appear to precede it.³⁷ If accepted, the terms of distribution and allocation are then determined the Colombian counterpart.³⁸

Nepal: China and Nepal have established two Bilateral Consultation Mechanisms.³⁹ The Inter-Governmental Economic and Trade Committee (IGETC, 1982) is the main forum for discussion on bilateral economic and technical co-operation, established in 1982. The Committee heads are the Nepali Ministry of Finance and the Chinese Ministry of Commerce (MOFCOM). The Nepal-China Consultation Mechanism (1966) coordinates Chinese-Nepali bilateral relations, which is headed by the Nepali Foreign Secretary and the Chinese Vice Minister of Foreign Affairs. These mechanisms, particularly the IGETC, could be seen broadly as a mutual accountability protocol.

Liberia: Despite the fact that a bilateral agreement between both governments exists on paper, mutual accountability does not seem to be practiced.⁴⁰ In practice, while the government consents to an "undeclared conditionality" that Chinese projects are to be undertaken by Chinese contractors and laborers, China's accountability towards the government is severely lacking in return, according to officials from the Liberian government.⁴¹ Despite the request that information on cooperation funding be reported based on the government's distributed template, China provides information according to its own reporting template.⁴²

Sri Lanka: There is first a process in which the relevant government counterpart expresses its needs, and China responds with subsequent interest by submitting a proposal or declaration of interest with a project budget. Discussions then take place among those at the highest political ranks, and a committee is formed to outline specific procedures, loan terms and timeframes, all of which subsequently serves as a

³⁵ China 2011 Foreign Aid Policy (see above).

³⁶ Chin and Frolic (2007), p. 4.

³⁷ Interview, Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), 14 March 2012

³⁸ Interview: Colombian Ministry of Foreign Affairs, 21 January 2012.

³⁹ Nepali Ministry of Foreign Affairs: <http://mofa.gov.np/bilateralRelation/nepal-china.php>. Last accessed on 12 November 2012.

⁴⁰ Interview: Lee Mason, Acting Assistant Minister for Regional Planning, Liberian Ministry of Planning and Economic Affairs, Liberia, March 2012.

⁴¹ Interview: Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Liberian Ministry of Foreign Affairs, Liberia, March 2012

⁴² Interview: Samuel Z. Joe, Unit Director, Aid Management Unit, Liberian Ministry of Finance, Liberia, March 2012

framework for implementation.⁴³ A frequently expressed opinion among public officials interviewed is that China often enjoys greater clout in these negotiations than their Sri Lankan counterparts.⁴⁴

CATEGORY: DEVELOPMENT COOPERATION POLICIES

Q5. Does China publish allocation policies and procedures for development cooperation?

No Partially Yes

There are no publicly available allocation policies for any of the four countries. Below are some details from each of the countries.

Colombia: While both the Embassy of China and APC confirm that there are no conditions to Chinese development cooperation, related policies and procedures are not publicly available.⁴⁵

Liberia: No allocation policies or procedures are published. Even though there is no expressed policy, implementing partners are generally Chinese.⁴⁶

Nepal: No allocation policies or procedures are published. Despite the absence of an explicit policy, implementing partners are often Chinese.⁴⁷

Sri Lanka: Related data was not readily available even to members of parliament when they were interested in reviewing allocation disaggregation.⁴⁸ There is no description of policies by region or any other criteria.⁴⁹ As in Liberia, implementing partners are generally Chinese firms although this is not an explicit policy.⁵⁰

Q6. Does China use participatory mechanisms to involve local/national stakeholders?⁵¹

No Partially Yes

Participatory mechanisms are limited to forward-planning negotiations with the national government in recipient countries.

Government: Top-level officials and line ministers within the recipient governments commonly spearhead negotiations with their Chinese counterparts. After this process results in approved negotiations, participation from other implementing actors is not considered, as it is bound by a contractual, inter-ministerial agreement. A common assessment among recipient country officials interviewed is that these inter-government negotiations lead to impartial project selection and the delivery of assistance that is based on the articulated needs of the recipient country.⁵²

⁴³ Interviews: Senior official, External Resources Department, Colombo, Sri Lanka, March 2012; Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012.

⁴⁴ Interviews: Analyst and former senior official of the Ministry of Finance; Harsha de Silva, Member of Parliament of Sri Lanka, March 2012.

⁴⁵ Interviews: Government Official, Bogota, Colombia, March 2012; Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012.

⁴⁶ Interview: Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Ministry of Foreign Affairs of Liberia, March 2012

⁴⁷ Interview: Nepalese official, Ministry of Finance (MOF), January 2012.

⁴⁸ Interview: Harsha de Silva, Member of Parliament of Sri Lanka, March 2012.

⁴⁹ Interview: Ren Faqiang, Political Counselor and Deputy Head of Mission, and Gong Hui, Third Secretary (Political), Chinese Embassy in Sri Lanka, March 2012.

⁵⁰ Interview: Analyst and former senior official of the Sri Lankan Ministry of Finance; Colombo, Sri Lanka, March 2012.

⁵¹ In the Nepal study, the question reads: "Does (the development actor) use participatory mechanisms to involve local/national stakeholders in the formulation of its aid policy?"

⁵² This demand-driven approach contrasts with traditional donors, particularly the U.S., whose policies were commonly recognized as being swayed by 'ideology' such as concerns for human rights and equitable reconciliation. This sentiment was expressed in Sri

However, recipient government partners stated that they do not have negotiating power or influence over procurement processes, unless funding is received in the form of a direct grant. There are no publicly available formal mechanisms for supporting or opposing project implementation processes or outcomes.

Non-Government and Civil Society Stakeholders: There are no mechanisms or practices used by China to involve non-state actors or civil society in the implementation or oversight of cooperation activities, whether grants or investment projects.⁵³ Cited reasons include the principle of non-intervention, which China refers to as a defining feature of its cooperation policy, and the fact that democratically-elected officials in the recipient countries are the legitimate representatives of their citizens' interests.⁵⁴

Q6a. Do recipient governments use participatory mechanisms to involve local/national stakeholders?⁵⁵

Colombia: The Colombian government may solicit inputs from sub-national institutions⁵⁶ in order to allocate funding received from China, as well as communicate these needs to China before funds are given.⁵⁷ In this sense, these participatory mechanisms are a function of how cooperation is distributed generally in Colombia. Since the majority of Chinese grants reported by the Colombian government were allocated *within government institutions*,⁵⁸ officials from regional and departmental offices often are involved. Since civil society is not direct 'beneficiaries', this group is typically not included in the process.

No Partially Yes

Liberia: Each of Liberia's 15 counties has its own Development Agenda linked to the national development strategy, the Poverty Reduction Strategy, which is the organizing framework for development cooperation.⁵⁹ Each county's agenda is nominally developed in consultation with community leaders and civil society organizations.⁶⁰ However, the robustness of participation was hard to determine. This may be due to the fact that citizens at large and the media still have very limited access to public data.⁶¹ A *Right to Information Act* is in place but its implementation is considered to be slow.⁶²

No Partially Yes

Nepal: Nepal's last official aid policy was completed in 2002.⁶³ Over the last five years, the country has started on process of revising it, which provides insights into how the government is using participatory mechanisms to shape decisions on development cooperation.⁶⁴ According to interviews with a ministry of finance official from Nepal,⁶⁵ drafts of this policy have been circulated and discussed among various stakeholders, including civil society organizations as well as media, research institutes, universities and non-governmental organizations (NGOs). The engagement of NGOs and businesses is particularly seen as necessary because the government is not able to cover all areas and delivery points for the plan. In

Lanka where the recently concluded civil war has left behind persistent tension between the government, which is under scrutiny for alleged war crimes, and the international community. Analyst and former senior official of the Ministry of Finance of Sri Lanka; Saman Kelegama, Executive Director, Institute of Policy Studies, Colombo, Sri Lanka, March 2012.

⁵³ Interviews: Sylvester Grigsby, Deputy Minister for International Cooperation and Economic Integration, Liberian Ministry of Foreign Affairs, March 2012; Mr. Samuel Z. Joe, Unit Director, Aid Management Unit, Liberian Ministry of Finance, March 2012.

⁵⁴ Interview: Chinese Government Official, Bogotá, Colombia, 20 March 2012.

⁵⁵ In the Nepal study, the question reads: "Within the institutional framework, which participatory mechanisms have been put in place to involve the parliament, local government and/or non-state stakeholders in the formulation of (the development actor's) aid policy?"

⁵⁶ Under Colombia's central government institutions, there are regional, departmental, and municipal levels of government.

⁵⁷ Interview, María Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012.

⁵⁸ See website to download reported Chinese projects: "Mapa de cooperación", APC:

http://www.accionsocial.gov.co/new_mapa/main.asp (last accessed 10 October 2012).

⁵⁹ Apart from county involvement, the Poverty Reduction Strategy is also developed through an inter-donor coordination forum jointly sponsored by bilateral and multilateral development partners.

⁶⁰ The degree to which this consultation process is completed was not qualified in conducting field interviews.

⁶¹ Interview with Mr. Lamii Kpargoi, Program Director, Liberia Media Center, March 2012.

⁶² Ibid.

⁶³ See: <http://www.mof.gov.np/files/foreignaid.pdf>.

⁶⁴ The latest publicly available version (2009) is at: <http://www.aideffectiveness.org/Country/Nepal/Nepal-Draft-National-Aid-Policy.html>.

⁶⁵ Interview: Nepalese official, Ministry of Finance, Nepal, January 2012.

the consultation, local governments have also been included (parliament committees, political parties, etc.).

No

Partially

Yes

Sri Lanka: Regarding government institutions, the department of national planning engages a wide range of government counterparts in conceptualizing and further outlining the priorities for national development. Line ministries and agencies are engaged in an on-going dialogue on how to align activities of development-cooperation partners and priorities with *Mahinda Chintana*, the national development strategy.⁶⁶ Regarding non-state actors, the government has no formal consultation mechanisms with civil society players or other stakeholders.⁶⁷ No consultation actively takes place, as the government does not proactively involve civil society. NGOs appear to be particularly excluded from the government's decision making, since the current public (and the government's) perception toward NGOs is not positive.⁶⁸ There is no *Right to Information* law in Sri Lanka, severely limiting data access for citizens and the media and their ability to have informed engagement.⁶⁹

No

Partially

Yes

CATEGORY: BUDGETARY PLANNING

Q7. How much total development cooperation was effectively disbursed in calendar year 2011 for the recipient countries?⁷⁰

Figures of China's economic cooperation in individual recipient countries are not publicly available, including for calendar year 2011.⁷¹ The China Commerce Yearbook does contain aggregate data for foreign economic cooperation based on contractual values, turnover, region and persons sent abroad. However, the actual data is not available online; only the table of contents. English translations are available as hard copies upon request.⁷²

Moreover, the government does not report this information globally to the OECD or other third parties that track aid flows since Chinese cooperation generally does not fall under this category (a similar situation with India and Brazil which are also featured in the study).⁷³ According to officials in Colombia, China's cooperation practices are in a "gray area" between investment and foreign aid.⁷⁴

Any figures reported for Chinese cooperation tend to be those collected by the recipient government and which at times are published as part of their own development cooperation statistics.

Colombia: There are no official figures for cooperation provided that are publicly available. In interviews, the Presidential Agency for International Cooperation (APC) has estimated that China has provided US\$

⁶⁶ For more information, see: <http://www.treasury.gov.lk/publications/mahindaChintanaVision-2010full-eng.pdf>. Also see: <http://www.mea.gov.lk/index.php/missions/diplomatic-missions-in-sri-lanka-/264-mahinda-chinthana/3016-mahinda-chinthana>.

⁶⁷ Interview with Imran Furkan, CEO, Sri Lanka Press Institute, 22 March 2012.

⁶⁸ Interviews with NGO representatives indicated that the sector is currently viewed in an overall negative light as many think tanks have voiced criticism of government policy. Interviews with: Imran Furkan, CEO, Sri Lanka Press Institute, Sri Lanka Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives, Sri Lanka.

⁶⁹ Interviews with: Imran Furkan, CEO, Sri Lanka Press Institute; Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives; Dinouk Colombage, Editor, the Sunday Leader newspaper, Sri Lanka, March 2012.

⁷⁰ In the Nepal study, the question reads: "How much total aid was effectively disbursed in calendar year 2010? Which percentage was tied/untied?"

⁷¹ The 2011 China Commerce Yearbook lists Foreign Economic Cooperation in 2010 by country but this information is not available online and may not contain the entire portfolio of Chinese cooperation in-country:

http://www.yearbook.org.cn/english/yearbook_view/2011/2011contents.htm.

⁷² Cf. China Commerce Yearbook 2012: http://www.yearbook.org.cn/english/yearbook_view/2011/2011contents.htm (last accessed on 10 October 2012); there is only one hard copy available in English in Berlin for example.

⁷³ Sven Grimm, "Transparency of Chinese Aid: An Analysis of the Published Information on Chinese External Financial Flows," Publish What You Fund and Center for Chinese Studies, August 2011.

⁷⁴ Interviews: Carolina Tenorio, Advisor on Alignment of Private Sector and International Cooperation on Social Policy, Presidential Office, Bogota, Colombia, January 2012; Philipp Schönrock, Director, CEPEI, Bogota, Colombia, March 2012.

24 million in foreign aid between 2004 and 2012.⁷⁵ Colombia's cooperation agency maintains a public database but the information is not up-to-date.⁷⁶

Liberia: There is no official Liberian statistics on Chinese cooperation. Part of the problem is that China provides information to the government according to its own template rather than the requested reporting format used for other development cooperation providers.⁷⁷ Data that is available is often extracted from press releases. For example, a single and recent economic and technical cooperation agreement was signed in 2011 for US\$ 16 million in "gratuitous assistance".⁷⁸ According to Chinese Vice-Minister of Commerce, Fu Ziyang, over US\$ 700 million worth of aid had been provided to Liberia between 2003 and 2011.⁷⁹

Nepal: According to Nepal's Development Cooperation Report for Fiscal Year 2010-11, China disbursed US\$ 18.36 million in economic cooperation to Nepal for the respective fiscal year.⁸⁰ More specific country-level aid data is generally lacking.⁸¹ Data that does exist is based on media coverage of partnership agreements between the two countries such as an announcement in March 2011 of a US\$ 87.7 million loan and grants package.⁸²

Sri Lanka: China is the dominant player on the development-cooperation landscape. Government figures show that the total disbursements for 2010 to be US\$ 629.2 million and US\$ 785 million in 2011.⁸³ Between 2007 and 2010, the Sri Lankan government stated that China committed US\$ 2.13 billion in funding.⁸⁴ The size of China's development cooperation has been estimated by country experts at between US\$ 600 million and over US\$ 1 billion in recent years.⁸⁵

Q8. Does China publish forward planning budget or documents for the institutions they fund in the recipient countries for the next three years?⁸⁶

There is no publicly available forward planning budget document for any of the four countries. While the Chinese budget ('external assistance') provides data on annual spending,⁸⁷ forward planning data is not publicly available. In some cases, there is an annual forecast budget agreement, parts of which are made available by the recipient government.

Colombia: Financial and technical commitments in Colombia are ultimately ad hoc, and are most often discretionary funds or capital provided directly to the government. They are decided on a year-by-year basis and, once allocated by Chinese authorities, the Colombian government's Presidential Agency for

⁷⁵ Interview: Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012.

⁷⁶ Interview, Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012; see website to download reported Chinese projects: "Mapa de cooperación", APC: http://www.accionsocial.gov.co/new_mapa/main.asp. Last accessed 12 November 2012.

⁷⁷ Interview: Mr. Samuel Z. Joe, Unit Director, Aid Management Unit, Liberian Ministry of Finance, March 2012.

⁷⁸ Signed on 27 September 2011. See: http://www.mofa.gov.lr/press.php?news_id=434.

⁷⁹ Liberia's Executive Mansion Press Release, "President Sirleaf Welcomes China Union Agreement Launch", 27 April 2011, http://www.emansion.gov.lr/press.php?news_id=1531

⁸⁰ Ministry of Finance – Nepal, 2012, p. 5.

⁸¹ Aid Data: <http://aiddata.org/content/China-foreign-aid>. Last accessed on 30 May 2012.

⁸² For media coverage, see: <http://www.asiantribune.com/news/2011/03/01/china-pledges-over-nrs-754-billion-grant-and-loan-assistance-nepal>, <http://www.nepalmountainnews.com/cms/2011/03/01/chinese-grants-for-road-hydro-projects>, and <http://www.ekantipur.com/the-kathmandu-post/2011/08/17/top-story/aid-quantum-china-the-rising-sun-on-nepal-economic-horizon/225275.html>.

⁸³ "Performance Report 2011," Department of External Resources (ERD), Ministry of Finance and Planning, p. 8.

<http://www.erd.gov.lk/files/Performance%20Report%202011%20-%20English%20Version.pdf>.

⁸⁴ Ibid.

⁸⁵ "Sri Lanka Case Study" in *China and Conflict-Affected States*, p. 36; Nilathi Samaranyake, "Are Sri Lanka's Relations with China Deepening? An Analysis of Economic, Military, and Diplomatic Data," *Asian Security* 7, no. 2, June 2011. Samaranyake estimates the size of loans equaling US\$ 1.2 billion in 2009 and US\$ 821 million in 2010.

⁸⁶ For this question in Nepal, the phrasing was "Does China publish the total development budget for the next three years, as submitted to parliament?"

⁸⁷ Grimm 2011, p. 7.

International Cooperation determines how to use these resources.⁸⁸ The Rio Magdalena project is an exception, being budgeted US\$ 6.5 million over a two-year contract and announced publicly.⁸⁹

No Partially Yes

Liberia: There is no publicly available information on forward planning budgets. However, the Economic and Technical Cooperation framework (in hard copy) lists Chinese projects to be implemented in 2011-2012 with their corresponding budgets, which is renewed on an annual basis, and currently lists 3 large-scale projects with a cumulative expected amount of US\$ 5.6 million.

No Partially Yes

Nepal: Data available to the Nepali government is scattered and pertinent to current disbursements only.⁹⁰

No Partially Yes

Sri Lanka: Publicly available reports published by the Government of Sri Lanka list Chinese project commitments for the following three years as well as cumulative budgets, offering insight for future planning (alongside similar data for other development partners).⁹¹ The list is not necessarily comprehensive, nor is it necessarily binding.

No Partially Yes

CATEGORY: MONITORING & EVALUATION

Q9. Does China monitor and evaluate the implementation of operations?⁹²

No Partially Yes

According to official government documentation, monitoring and evaluation (M&E) of Chinese activities is carried out at a centralized level by the Department of Outward Investment and Economic Cooperation (MOFCOM) which fulfills, among others, three related functions.⁹³

1. "Approve, monitor and manage enterprises engaged in outward investment (excluding financial services) in line with laws;
2. Monitor and analyze the operation of outward investment and economic cooperation, establish, perfect and implement the statistical system on foreign direct investment, foreign contracted projects and labor service cooperation;
3. Formulate and implement measures on performance evaluation and annual inspection of outward investment and measures on hierarchical classification of enterprises undertaking foreign contracted projects, guide the work of credit rating of enterprises engaged in foreign labor services cooperation;"⁹⁴

However, national governmental institutions that could be classified as "development cooperation" agencies (e.g. the Exim Bank, China Development Bank and Chinese embassies) do not engage in

⁸⁸ Interview: Maria Peña, Advisor, Presidential Agency for International Cooperation (APC), Bogota, Colombia, 14 March 2012; Interview: Wei Lin, Second Secretary, Chinese Embassy, Bogota, Colombia, 20 March 2012.

⁸⁹ Jairo Chacón González, "Los chinos, tras la resurrección del río Magdalena", *El Espectador*, 11 May 2011:

<http://www.elespectador.com/impreso/hnegocios/articulo-271628-los-chinos-tras-resurreccion-del-rio-magdalena>.

⁹⁰ Interview: Nepalese official, MOF, January 2012.

⁹¹ A number of projects under negotiation as of 2011, along with the corresponding prospective budgets, are listed in the recent comprehensive overview of Sri Lanka's development-cooperation landscape, published and made publicly available by the External Resources Department. The same document also provides a broad estimate for the project disbursement for China (among other development partners), 2011 to 2014. "Global Partnership in Development," ERD, p. 13-15.

⁹² In the questionnaire for Nepal, this read: "Does China monitor the implementation of operations?"

⁹³ Source: <http://hzs2.mofcom.gov.cn>. Last accessed on 10 October 2012.

⁹⁴ Interview: Nepalese official, MOF, January 2012.

monitoring and evaluation.⁹⁵ Moreover, field research shows that there is no budgetary reporting done at the country level back to the Chinese development cooperation providers. From the side of the Chinese embassy, such oversight of projects is seen as difficult given that the number of staff tend to be very small in a country and without the capacity to undertake these activities.⁹⁶

In the event of major failures in planning, as was the case with a port under development in Sri Lanka, the mechanisms for holding the Chinese implementers accountable have appeared insufficient. The US\$ 40 million price differential for the port was ultimately absorbed by the Sri Lankan government.⁹⁷

Q10. Does China publish the evaluations of its aid programs in recipient countries?⁹⁸

Related information from MOFCOM is not publicly available nor are country-level evaluations of Chinese implemented projects.⁹⁹ China does have a National Audit Office (NAO), but publications available online refer to domestic matters and information on international cooperation could not be obtained.¹⁰⁰

Q11. How are disagreements dealt with between China and recipient countries?

Overall, disagreements with recipient country governments appear to be infrequent.¹⁰¹ This may be due to the fact that cooperation has an explicitly commercial nature and is governed by negotiated agreements (as is the case for loans) or has been politically negotiated, through grants and in-kind gifts. Disagreements would also not necessarily be in the interest of the recipient country government focused on continuing ambitious development plans.¹⁰² When disagreements do arise, details are generally brought to the surface by the media and civil society and are not publicized by the government.¹⁰³

⁹⁵ Interview: Chinese Embassy, Colombo, Sri Lanka, March 2012.

⁹⁶ Interview: Ren Faqiang, Political Counselor and Deputy Head of Mission, and Gong Hui, Third Secretary (Political), Chinese Embassy, Colombo, Sri Lanka, March 2012.

⁹⁷ Sudha Ramachandran, "Rock blocks Sri Lanka's flagship port," *Asia Times Online*, 30 August 2011, http://www.atimes.com/atimes/south_asia/mh30df01.html.

⁹⁸ In the Nepal study, the question reads: "Does (the development actor) publish its annual audit of its aid programs in Nepal?"

⁹⁹ Interviews: Samuel Z. Joe, Unit Director, Aid Management Unit, Liberian Ministry of Finance, March 2012; Analyst and former senior official of the Sri Lankan Ministry of Finance, Colombo, Sri Lanka, March 2012.

¹⁰⁰ National Audit Office: http://www.cnao.gov.cn/main/Article_ArtID_14.htm. Last accessed on 10 October 2012; An interview with a Nepalese official, MOF (January 2012), did not suggest otherwise.

¹⁰¹ Interviews: Ren Faqiang, Political Counselor and Deputy Head of Mission, and Gong Hui, Third Secretary (Political), Chinese Embassy, Colombo, Sri Lanka, March 2012.

¹⁰² Interviews: analyst and former senior official of the Ministry of Finance, Sri Lanka; Harsha de Silva, Member of Parliament, Sri Lanka; former top official of the External Resource Department, Sri Lanka, March 2012.

¹⁰³ This was the case, for example, with the construction of the Hambatota Harbor in the south of Sri Lanka. Interviews: Imran Furkan, CEO, Sri Lanka Press Institute, March 2012; Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives, Sri Lanka, March 2012.