

Proposals for the Improvement of China's Foreign Aid

■ LI Xiaoyun, XU Xiuli, TANG Lixia

Since its founding in 1949, China has experienced roughly three different stages in terms of international status. In the first stage, from the early 1950s to the early 1980s, China was relatively independent and self-reliant for most of the time, except for a short-lived honeymoon with the former Socialist camp. At first, China focused its international strategy on ensuring its own security and supporting other socialist brothers. Later, however, it shifted the focus onto breaking blockades and expanding its international presence by lending extensive support to developing countries. Though experiencing difficult times itself, China provided an appreciable amount of foreign aid to developing countries. At this stage, China's foreign aid yielded no immediate payback. On the contrary, the aid was unilateral, altruistic and even hardly affordable most of the time. At the second stage, from China's reform and opening-up in the early 1980s till the early 2000s, China entered a more comfortable period as various sanctions were lifted. Particularly when China launched comprehensive cooperation with western countries, the geopolitical factors that used to block China off began to subside. By availing itself of this favorable situation, China was able to grow its own economy. Thus China readjusted its foreign aid policies towards mutual benefit and compliance with economic goals, geopolitical factors and other considerations. In a third stage, since the early 21st century, great changes have taken place in the international setting. As China has gained higher international status, its rise is arousing concerns from the western world. Among the emerging geopolitical factors, economic globalization has been particularly favorable to China. China is forging and consolidating interdependence with both developed and developing countries. While working together, China is also competing and even confronting or conflicting with partners here and there.

With China becoming a new leading force in the world, current foreign aid policies should be adjusted once more to fit the new situation. We here put forward the following proposals as a contribution to this adjustment.

First, **China should redefine foreign aid as an international public policy and lift its strategic status.**

In the new global landscape, China should view foreign aid as a means to advance its leadership in the world, rather than a means simply to widen its own margins for exercising self-interest. Assuming a role as a global leader, China should take on international obligations and support or even lead the production of global public goods, which means China should prioritize the global public interest, alongside its own interests, in foreign aid. Therefore, China's foreign aid should be accorded the same strategic importance as political diplomacy, economic cooperation and military capacities. Only a nation running such a four-wheeled vehicle can effectively safeguard international justice, world peace and its own legitimate interests. China has shaped up a foreign aid system with unique features and emerged as a new type of aid provider. However, except for some key international issues, China rarely engages itself in discussions on international development assistance, due to its limited organizational resources and other factors. The consequences are obvious. China lacks influence or voice in global foreign aid decision-making and also lacks a clear-cut strategic positioning of foreign aid as the provision of international public goods.

It is thus proposed that, as well as actively taking part in the UN and G20 international development agendas, China should engage more in activities initiated by the OECD Development Assistance Committee, the Global Partnership for Effective Development Cooperation, various multilateral development organizations and individual countries, etc. Activities initiated by the first two organizations in particular are decisive complements to the UN's development agenda and climate change discussions and they also influence development and cooperation policy makers from developing countries.

In view of the huge workload involved in international development agendas across current organizational settings, it is proposed that China designate a full-time minister-level chief representative for international development affairs. The chief representative would have full engagement in various international development discussions and decision-making processes, and interact with foreign aid and development counterparts from other countries.

Second, **China should link up its fragmented foreign aid system, making it adaptive to changing situations.** With their increasing strategic importance, scale and geographic coverage, China's foreign aid policies should be adjusted urgently and fundamentally. Ideally, China should have a policysystem that can ensure the task of streamlining and centralizing foreign aid bodies and resources. But the reality is that different types of resources are held by different government bodies. Though they all excel at their own foreign aid projects, for example Chinese medical teams in Africa, they have limited financial and human resources to spare for foreign aid due to heavy workloads at home. Meanwhile, as more Chinese actors join in, each representing their own sectoral focus, the cost of coordination is inevitably growing. In fact, a fragmented foreign aid system is detrimental to optimizing the outcomes of foreign aid. Besides, with its slow administrative ranking and insufficient staffing levels, the existing foreign aid organizational setup fails to match up with China's global goals. Thus it is an urgent task for China to integrate the current fragments within a relatively centralized system.

It is proposed that China should integrate its existing administrative resources while maintaining the practice that foreign aid projects are implemented by different entities. This implies that at the macro level, China should establish a regulatory mechanism including foreign aid legislation, policy making, project planning and management, internal and external communications, etc.

Third, **China should do more research and form the fruits of this research into a theoretical system combined with China's own experience.** Foreign aid in western countries has always been followed up by systematic production of development-related knowledge. This is why western countries can sustain such aid and dominate development-related discourse internationally. The establishment of a foreign aid knowledge system involves multiple disciplines, especially economics, sociology, anthropology and politics. With more than 60 years of experience, China has all the necessary theoretical elements for establishing such a system, but the system is yet to take its full shape.

It is proposed that universities and research institutes should be encouraged and supported to build up their own think tanks to concentrate on international development studies. It is also proposed that prestigious international research institutes should be invited to view China's foreign aid practices from their international perspectives.

Fourth, **China should establish a scientific foreign aid assessment and monitoring system.** As China keeps increasing the scale and expanding the coverage of its foreign aid, it is necessary to have such a system in place, in order to respond to concerns or queries from international society or to explain the foreign aid effort to Chinese citizens. Furthermore, systematic management itself requires a scientific assessment system that can monitor and evaluate the whole process from planning, through implementation till completion. At present, only implementation is monitored and evaluated at a very preliminary level, whilst scientific assessment of outcomes and impact is lacking.

China has received aid from international development organizations for more than 30 years. During these years China has ushered in monitoring and evaluation technologies and trained local specialists in this profession. It is thus proposed that China should absorb these nutrients from years of practice and make full use of the accumulated human resources. At the same time, such technical and institutional obstacles that hamper these professionals should be removed.

Fifth, **China should learn from western countries who have built up international development aid systems with multiple co-existing patterns of bilateral, multilateral and NGO channels.** Through open-minded interactions, China can draw from the experiences of western countries in terms of providing grant assistance, concessional loans and other types of foreign aid. China should particularly value experiences and practices on aid effectiveness evaluation, most important of which is project planning, monitoring till ex-post evaluation. While learning from western countries, China should avoid the practice of imposing political criteria and shortcomings such as high administrative costs and small economic impacts.

Author

LI Xiaoyun, Professor of development studies, former Dean of College of Humanities and Development Studies, China Agricultural University; Chairman of the China International Development Research Network (CIDRN), xiaoyun@cau.edu.cn.

XU Xiuli, Associate Professor at College of Humanities and Development Studies, China Agricultural University, xxl@cau.edu.cn.

TANG Lixia, Associate Professor at College of Humanities and Development Studies, China Agricultural University, tanglx@cau.edu.cn.