

China's implementation structure of development cooperation

Office of the Central Commission for Foreign Affairs of the CPC Central Committee **Central Government** Office of the Leading Group for Promoting the Belt and Road Initiative State Council (BRI) (Department of Regional Development, National Development and Reform Commission (NDRC)) National Health Commission (NHC) Ministry of Education (MOE), Ministry of Agriculture and Rural Affairs (MARA), Ministry of Human Resources and Social Security (MOHRSS), Ministry of Emergency Management (MEM), etc. People's Bank of official bilateral creditor China (PBOC) China International Development Ministry of China Export Cooperation Agency (CIDCA) Ministry of Commerce and Credit **Foreign Affairs** Ministry of Finance Foreign Aid Support Center of CIDCA -(MOFCOM) Insurance (MFA) Global Development Promotion Center (MOF) Corporation (SINOSURE) official bilateral creditor commercial creditors Agency for International Economic Cooperation (AIECO), China International Center for Economic and The Export-Import Bank of China China State-owned Technical Exchanges (CICETE), Academy International (China Eximbank) Developcommercial Business Officials (AIBO), etc. ment Bank bank (3)Prefer Buyer's Conces -ential credits Local -sional buy-(1) Grants Government loans er's Foreign (2) Interest-Depart-(GCL) curcredits free loans ment of **Overseas** rency loans (PBC) Multi-Commerce loans lateral etc. **Embassy of** Insti-China Chinese enterprises, research institutions, and universities in central and local level tutions Complete projects, Goods and materials, Technical cooperation Human resource development cooperation, Emergency humanitarian assistance, etc.

Developing countries

Note: Figure by author based on Kitano, N. and Y., Miyabayashi. "China's foreign aid as a proxy of ODA: Preliminary estimate 2001-2022. "Journal of Contemporary East Asia Studies. Forthcoming.



Belt and Road Forum for International Cooperation (BRF)

BRF I (May 2017)

Cooperation Principles a) Consultation on an equal footing, b) Mutual benefit, c) Harmony and inclusiveness, d) Market-based operation, e) Balance and sustainability: Emphasizing the importance of economic, social, fiscal, financial and environmental sustainability of projects

The MOF Released Guiding Principles on Financing the Development of the Belt and Road.

BRF II (April 2019)

- Substantiate the guiding principles for high-quality development of Belt and Road cooperation. ... The BRI must be open, green and clean, and follows a high-standard, people-centered and sustainable approach.
- Make our support for the UN 2030 Agenda, align our cooperation with universally accepted rules, standards and best practices...
- The MOF published the Debt Sustainability Framework for Participating Countries of the Belt and Road Initiative to provide guidance for BRI financing cooperation.

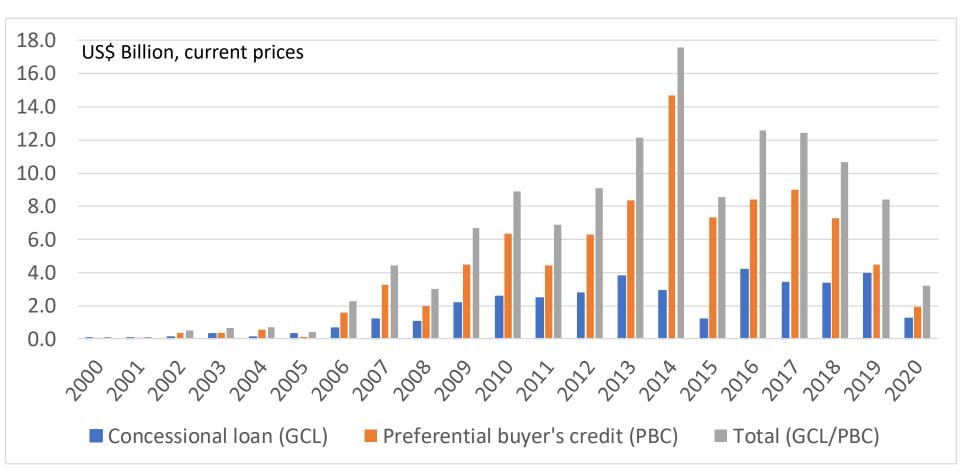
Source: Joint Communique of the Leaders Roundtable of the Belt and Road Forum for International Cooperation, 16 May 2017 http://2017.beltandroadforum.org/english/n100/2017/0516/c22-423.htm Guiding Principles on Financing the Development of the Belt and Road https://eng.vidaivilu.gov.cn/p/13757.html

Opening Remarks by H.E. Xi Jinping at the Leaders' Roundtable of the Second Belt and Road Forum for International Cooperation, Beijing, 27 April 2019

https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1659454.shtml



Annual commitment amount of China Eximbank's concessional facilities (GCL-PBC) (2000-2020)



Source: Kitano, N. and Miyabayashi, Y, China Eximbank's "Two Concessional Facilities": Current status and issues" RIETI Discussion paper, No. 23-J-025, Research Institute of Economy, Trade and Industry, 2023.

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Global Development Initiative (GDI)

- The GDI was proposed at the United Nations (UN) General Assembly in September 2021
- Aims to accelerate the implementation of the 2030 Agenda and is committed to building a global community of development.
- Open to the whole world and welcomes the participation of all
- The GDI proposed eight priority areas of cooperation covering all 17
 Sustainable Development Goals (SDGs): poverty alleviation, food security, pandemic response and vaccines, financing for development, climate change and green development, industrialization, digital economy, and connectivity in the digital era
- Established the Global Development Promotion Center (GDPC) under the CIDCA and held international fora in various sectors



Eight major steps announced in BRF III (Oct. 2023)

- Waseda University
 - **1. Building a multidimensional Belt and Road connectivity network**: high-quality development of the China-Europe Railway Express; build a new logistics corridor across the Eurasian continent
 - **2. Supporting an open world economy**: establish pilot zones for Silk Road e-commerce cooperation
 - **3. Carrying out practical cooperation**: promote both signature projects and "small yet smart" livelihood programs; 1,000 small-scale livelihood assistance projects; enhance vocational education cooperation through Luban Workshops
 - **4. Promoting green development:** implement the Green Investment Principles for the Belt and Road; provide 100,000 training opportunities
 - **5. Advancing scientific and technological** innovation: increase the number of joint laboratories built with other parties to 100 in the next five years
 - 6. Supporting people-to-people exchanges
 - **7. Promoting integrity-based Belt and Road** cooperation: establish the Integrity and Compliance Evaluation System for Companies Involved in Belt and Road Cooperation
 - 8. Strengthening institutional building for international Belt and Road cooperation

Source: Building an Open, Inclusive and Interconnected World For Common Development, Keynote Speech by H.E. Xi Jinping, President of the People's Republic of China, at the Opening Ceremony of the Third Belt and Road Forum for International Cooperation, October 18, 2023, Xinhua News Agency https://english.www.gov.cn/news/202310/18/content WS652fc328c6d0868f4e8e064e.html

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Financial measures for BRI and GDI

BRI: BRF III

- China Development Bank and China Eximbank: RMB 350 billion (USD 48 billion) financing window for each
- Silk Road Fund: additional RMB 80 billion (USD 11.0 billion →in total USD 64.7 billion)

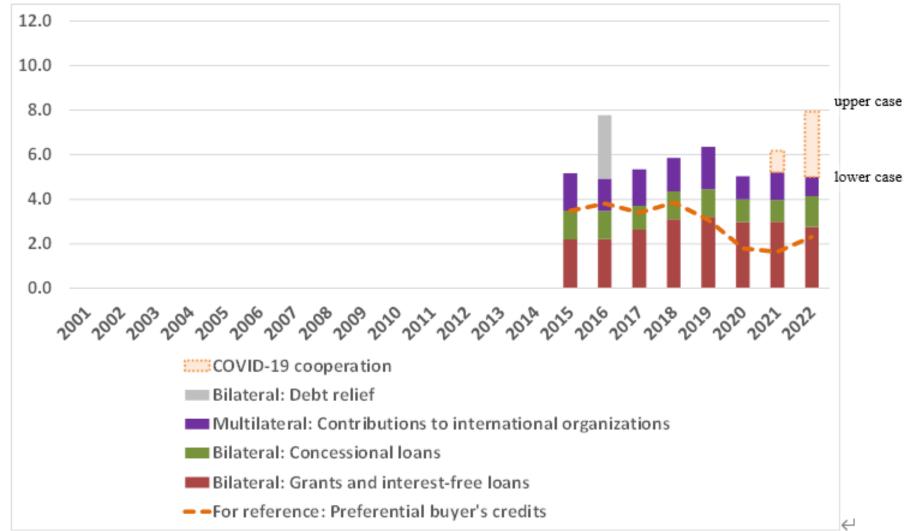
[GDI]

- Guidelines on Global Development Project Pool/ Global Development Capital Pool
- Properly using the Global Development and South-South Cooperation Fund (USD 3→4 billion) and the development fund newly raised in this meeting: CIDCA signed MOU with China Development Bank, China Eximbank and AIIB in total USD 12 billion, (at the 1st High-Level Conference of the Forum on Global Action for Shared Development in July 2023)

Source: Beijing Statement for the First High-Level Conference of the Forum on Global Action for Shared Development, July 10, 2023. http://en.cidca.gov.cn/2023-07/11/c_901797.htm
CIKD 2023 Progress Report on the Global Development Initiative 2023 http://en.cidca.gov.cn/2023-07/11/c_901797.htm
Full text of Xi Jinping's keynote speech at 3rd Belt and Road Forum for Int'l Cooperation, October 18, 2023 https://english.news.cn/20231018/7bfc16ac51d443c6a7a00ce25c972104/c.html
全球发展促进中心主任汤瑛就习近平主席出席金砖国家领导人第十五次会晤期间宣布的有关举措接受媒体采访实录 2023年8月30日
https://en.cidca.gov.cn/2023-08/30/c 1212262098.htm

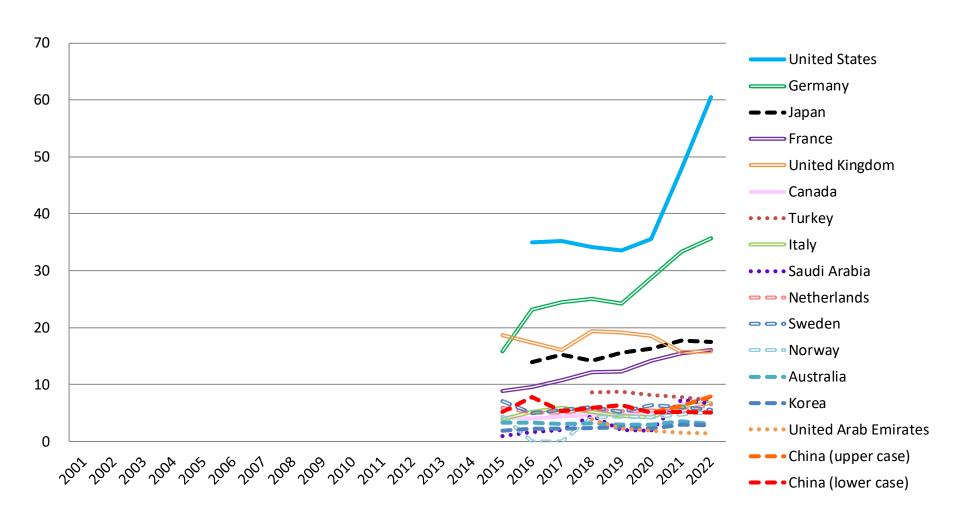


China's foreign aid as a proxy of ODA on a grant equivalent basis Billion USD, current prices





DAC and other countries' ODA and China's foreign aid on a grant equivalent basis Billion USD, current prices





How do developing countries proactively interact with China?: Host country agency

JICA Ogata Research Institute project "The New Dynamics of Peace and Development in the Indo-Pacific"

Kuik, C. C., & Rosli, Z. (2023). Laos-China infrastructure cooperation: legitimation and the limits of host-country.

"Laos's agency toward the BRI has been mixed and uneven, with both active and passive elements. ...while Laos actively initiated cooperation with China on the Vientiane-Boten railway..., during the negotiation and implementation phases it was at times passive and acquiescent."

Camba, A. (2023). From Aquino to Marcos: political survival and Philippine foreign policy towards China.

"a combination of domestic politics, geopolitical considerations, and economic realities have shaped the approach of the Philippines toward China."



Waseda University

Prospects of China's development cooperation

- **Transparency**: establishing foreign aid statistics survey system, issuing new white paper on China's international development cooperation →Annual publication of a white paper with detailed
- data, disclosure of evaluation resultsDebt sustainability: substantially increase foreign aid budget
- Debt sustainability: substantially increase foreign aid budget including interest subsidies, make loan conditions for Global Development Capital Pool to be as concessional as possible
- → Future research: continue to comprehensively examine (1) how China proceeds in improving its development cooperation in both bilateral and multilateral channels and (2) how developing countries proactively make use of China's development cooperation

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